

October 2025


Market Data

World Stock Market Indices
data as of 9/30/2025

	Change (8/29/2025)	%CHG
S&P 500		
6,688.46	228.20	3.53%
NASDAQ		
22,660.01	1,204.46	5.61%
DOW JONES		
46,397.89	853.01	1.87%
FTSE (UK)		
9,350.43	163.09	1.78%
DAX (Germany)		
23,880.72	(21.49)	(0.09%)
Hang Seng (Hong Kong)		
26,855.56	1,777.94	7.09%
Nikkei (Japan)		
44,932.63	2,214.16	5.18%

Source: Bloomberg. Please see descriptions of indices on Page 2.

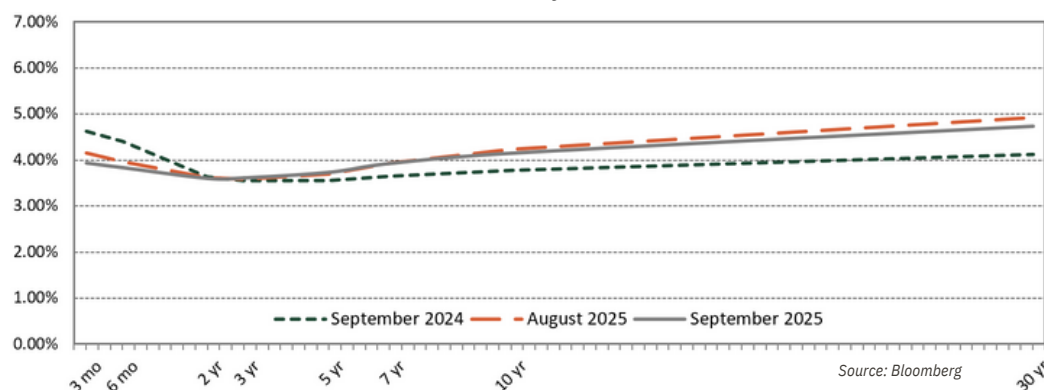
Market Summary

Gauging economic data for September has been inhibited by the Federal Government shutdown. Government agencies such as the Bureau of Labor Statistics (BLS) and Bureau of Economic Analysis (BEA) were shuttered, which halted the release of key economic data. At the same time, heightened trade policy uncertainty has added to market volatility. Core levels of inflation remain above the Federal Reserve's target, while tariffs continue to cloud forecasts. Signs of a softer labor market are emerging, prompting expectations that the Fed will move cautiously toward policy normalization. Given the economic outlook, we expect gradual normalization of monetary policy and a steepening yield curve.

The Federal Reserve lowered the Federal Funds Rate a quarter percentage point to the range of 4.00 – 4.25% upon conclusion of the September Federal Open Market Committee meeting. The move was telegraphed by the Fed and in line with market expectations. Stephen Miran was the only opposing vote in the 11-1 decision as Governor Miran called for a larger 50 basis point rate cut. Chair Powell said concerns over signs of a softening labor market prompted the policy shift. Policymakers also updated their economic forecasts, penciling in two additional quarter-point cuts through year-end.

The US Treasury yield curve flattened in September, as the 2-year Treasury yield declined 13 basis points to 3.57%, the 5-year Treasury also down 13 basis points to 3.66%, and the 10-year Treasury yield declined 14 basis points to 4.12%. The spread between the 2-year and 10-year Treasury yield points on the curve decreased to +54 basis points at September month-end versus +61 basis points at August month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was +14 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +21 basis points in September versus +8 basis points in August.

U.S. Treasury Yields



After the Federal Reserve cut the Fed Funds Rate 0.25% in September, the yield curve flattened as longer-term rates ended the month lower, the belly of the curve rose slightly, while short-term rates—inside of two years—followed the Fed Funds Rate lower. The Fed Funds Futures market is implying another 0.25% cut at the upcoming October meeting of the Federal Open Market Committee (FOMC). Furthermore, the 2-year Treasury Note, which is viewed as a proxy for the future Fed Funds Effective Rate, was at 3.60% as of September month-end signaling two additional 25 basis point cuts.

TREASURY YIELDS	Trend (▲/▼)	9/30/25	8/29/25	Change
3-Month	▼	3.94	4.15	(0.21)
2-Year	▼	3.61	3.62	(0.01)
3-Year	▲	3.62	3.58	0.04
5-Year	▲	3.74	3.70	0.04
7-Year	-	3.93	3.93	-
10-Year	▼	4.15	4.23	(0.08)
30-Year	▼	4.73	4.93	(0.20)

BOND MARKET REVIEW

Credit spreads were tighter in September

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.15	0.13	0.02
2-year A corporate note	0.34	0.39	(0.05)
5-year A corporate note	0.50	0.57	(0.07)
5-year Agency note	0.04	0.04	-

Source: Bloomberg

Data as of 9/30/2025

Crude oil prices decreased in September

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(78.31) \$B JUL. 31	(59.09) \$B JUN. 30	(78.64) \$B JUL. 31
Gross Domestic Product	3.80% JUN. 30	(0.50%) MAR. 31	3.60% JUN. 30
Unemployment Rate	4.30% AUG. 31	4.20% JUL. 31	4.20% AUG. 31
Prime Rate	7.25% SEP. 30	7.50% AUG. 29	8.00% SEO. 30
Refinitiv/CoreCommodity CRB Index	300.60 SEP. 30	302.35 AUG. 29	284.94 SEP. 30
Oil (West Texas Int.)	\$62.37 SEP. 30	\$64.01 AUG. 29	\$68.17 SEP. 30
Consumer Price Index (y/o/y)	2.90% AUG. 31	2.70% JUL. 31	2.50% AUG. 31
Producer Price Index (y/o/y)	1.90% AUG. 31	1.90% JUL. 31	0.30% AUG. 31
Euro/Dollar	1.17 SEP. 30	1.17 AUG. 29	1.11 SEP. 30

Source: Bloomberg

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Economic Roundup

Consumer Prices

Inflation may be trickling away from the Fed’s 2% target. Consensus estimates call for both the Headline and Core measures of the Consumer Price Index (CPI) to rise 3.1% in September from the prior year. The Personal Consumption Expenditures (PCE) price index rose 0.3% from July and 2.7% year-over-year in August. Core PCE, which strips out volatile food and energy costs, was up 0.2% on the month and 2.9% on the year. While higher tariffs have yet to generate broad inflation pressures, Fed officials see the impact as temporary.

Retail Sales

Although Retail Sales data is unavailable for September, private-sector spending data indicate U.S. consumers may have eased off in September after a back-to-school driven summer shopping surge. Credit-card transactions and other alternative measures point to moderating demand, particularly for discretionary goods like furniture and electronics. It should be noted that private indicators frequently diverge from official Retail Sales figures, which are seasonally adjusted. The Conference Board’s Consumer Confidence Index fell to 94.2 in September from a revised 97.8 in August, marking the lowest level since April 2025. Measures of current conditions and future expectations fell, signaling weaker sentiment toward employment and income. Consumers have remained resilient, but rising debt burdens, higher delinquency rates, lingering inflation worries, and emerging signs of labor market cooling could weigh on future spending.

Labor Market

As with most other BLS data, the Nonfarm Payroll (NFP) Report for September is unavailable due to the Federal Government shutdown. An alternative measure for job growth, the ADP private payrolls report, showed a 32,000 decline in September. However, the ADP report is typically not viewed as a close proxy for the official NFP report due to several differences in benchmarking data. If the government shutdown persists, it could cause the unemployment rate to spike materially with some estimates as high as 4.7% as furloughed government workers are counted as temporarily unemployed.

Housing Starts

Although the Housing Starts and Price Index reports are delayed, recent data indicates new home prices have been falling amid high inventory levels. For the past summer season, the median new home sales price fell below the median existing home sales price for the first time on record. Mortgage applications surged in mid-September, with the Mortgage Bankers Association’s Market Composite Index climbing 29.7% in the week ended September 12th. The rebound likely reflected a drop in borrowing costs: Freddie Mac’s 30-year fixed-rate mortgage fell to 6.3% by September month end, the lowest level since September 2024.

World Stock Market Index Descriptions
S&P 500–The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization.
NASDAQ–The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange.
Dow Jones–The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ.
The Financial Times Stock Exchange Group (FTSE)–The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.
DAX–The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.
Hang Seng–The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong.
Nikkei–Japan’s Nikkei 225 Stock Average is a price-weighted index composed of Japan’s top 225 blue-chip companies traded on the Tokyo Stock Exchange.

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