

## Primary Market Drivers

### Earnings & Economic Data

Despite the ongoing government shutdown, we will get the CPI report this week, though no PPI or Import & Export prices. If nothing changes, we will see the following data this week: NFIB Small Business Index (10/14), Empire Manufacturing (10/15), September CPI (10/15), Philadelphia Fed Index (10/16), Retail Sales (10/16), Housing Starts & Building Permits (10/17), and Industrial Production & Capacity Utilization (10/17). Expect heavy focus on the CPI figure (+0.4% m/m expected) and the Retail Sales number (also +0.4% expected). Earnings season officially kicks off this week starting with big banks on Tuesday. Most of the season's first batch of announcements focus on Financials. We will see results from Citigroup (C 10/14), Goldman Sachs (GS 10/14), JPMorgan Chase (JPM 10/14), Wells Fargo (WFC 10/14), Bank of America (BAC 10/15), Morgan Stanley (MS 10/15), Progressive (PGR 10/15), Bank of New York Mellon (BK 10/16), Charles Schwab (SCHW 10/16), US Bancorp (USB 10/16), and American Express (AXP 10/17), among others. Notable non-financials reporting include Johnson & Johnson (JNJ 10/14), United Airlines (UAL 10/15), Kinder Morgan (KMI 10/15), and Traveler's Cos (TRV 10/16). Expect a lot of scrutiny on this first week of earnings.

### Fed Policy

The Fed Minutes last week revealed that 10 members were in favor of 2 or more rate cuts, leading the market to place 96.7% odds for a 25bps cut in October, and 92.2% odds for a 25bps cut in December. Recall, the Fed cut rates by 25bps to a target of 4.00% - 4.25% at its last meeting, citing employment risks and a shift in balance of risks. The move was widely expected. The dot plot update showed that the majority of participants and median projection aligned at 3.50% - 3.75%, implying two more 25bps cuts before year end. Powell's press conference didn't offer a ton of insight either way, though he did stress a newfound concern over the strength of the labor market. The next Fed policy decision comes on October 29th.

### Tariff Policy

Just when we thought the tariff talk was over, China announced on Friday that it was implementing global export controls on rare earths. They indicated that foreign producers using Chinese rare earth materials must now obtain export licenses as well, which was met with heavy backlash. Trump sent out a long message on Friday condemning the move, citing it as "hostile." He vowed financial retaliation in the form of "massive" tariff hikes on China and "other measures." He also canceled his planned meeting with Xi at the end of October. Equities had their worst session since April following the news. However, over the weekend, the President sent out more upbeat posts assuring the public that this situation will be resolved and that relations with China weren't on the brink of collapse. Stock futures opened sharply higher on Sunday evening, so it will be telling to see how equities react early this week to discern whether this situation is news or noise. There is some that point out this is simply posturing before the next round of negotiations. Either way, expect some volatility this week.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

### Market Returns 10/10/2025

Category	Ticker	YTD%
<b>Domestic Equity</b>		
S&P 500	SPY	12.40%
Dow Jones	DIA	8.16%
Large-Cap Growth	QQQ	15.74%
Large-Cap Value	IVE	7.42%
Mid Caps	MDY	2.29%
Small Caps	IWM	8.46%
<b>International Equity</b>		
Developed Intl	EFA	24.10%
Emerging Markets	EEM	25.39%
<b>Fixed Income</b>		
Core Bonds	AGG	6.73%
Corporate Bonds	LQD	7.81%
High Yield Bonds	HYG	6.13%
ST Treasuries	IEI	6.38%
LT Treasuries	TLT	7.19%
International Bonds	BNDX	3.09%



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

## Current Environment Summary

What's Working	What's Not	What's Next
Inflation Subdued	Tariff Policy Uncertainty	September CPI (10/15)
Strong Earnings Growth	Stubborn Elevated Interest Rates	Big Bank Earnings
AI & Tech Revolution Bull Market	Uncertain Labor Market	Other Earnings: JNJ, UAL, KMI, TRV
Consumers Still Spending	Government Shutdown	Tariff developments expected
Trade & Global Investment Deals	China Rare Earth Export Controls	Government shutdown remains ongoing
		Does Friday's volatility continue?

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