

CAPITAL MARKETS REPORT - OCTOBER 20, 2025



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SERVICE BEYOND COMPARISON

- Business Confidence Dips as Data Delays Mount
- Fed Signals Flexibility Amid Uncertain Outlook
- Markets Rebound as Trade and Gaza Talks Advance

US economic data continued to show signs of slowing momentum as small business confidence slipped and key indicators were delayed by the ongoing government shutdown. The NFIB Small Business Optimism Index declined in September amid uncertainty over fiscal policy, while regional reports showed mixed conditions — weaker manufacturing and services activity contrasted with improving homebuilder sentiment driven by lower mortgage rates. With many official reports on hold due to the shutdown, investors and policymakers faced limited visibility into near-term trends.

Federal Reserve officials maintained a cautious but supportive stance, signaling openness to additional rate cuts if labor market softness persists. Federal Reserve Chair Powell emphasized the need to “*sustain economic stability*” while noting risks from both the slowdown and data disruptions caused by the shutdown. Divergent views within the Fed reflected a difficult balancing act: some policymakers favor gradual easing, while others advocate larger adjustments to preempt potential weakness. Bond markets remained firm, Treasury yields fell to yearly lows, and investors priced in expectations for continued monetary support.

Globally, markets stabilized as President Trump struck a more measured tone on trade, calling high tariffs “unsustainable” and signaling plans to meet with China’s President Xi Jinping to reduce tensions. He did specifically mention rare earth metals, fentanyl and soybean purchasing as the top current issues. The two nation’s “trade truce” is set to expire on November 10th. Equities recovered as muted optimism returned to risk assets.

On the geopolitical front, the ceasefire in Gaza remains tenuous with both sides claiming violations in the terms of the agreement. Treasuries continue to rally with the 10Y opening the week just below 4%. **Have a great week....**

Market Last Week

	10/10/2025	10/17/2025	Weekly Change In Bps
2 yr. Note	3.50%	3.45%	-5
5 yr. Note	3.63%	3.59%	-3
10 yr. Note	4.03%	4.00%	-3
30 yr. Bond	4.62%	4.61%	-1
SOFR Rate	4.03217%	4.02374%	-0.843

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
10/22/2025 7:00 AM	MBA Mortgage Applications (Oct 17)	--	-1.80%
10/23/2025 8:30 AM	Initial Jobless Claims (Oct 18)	230k	218k
10/23/2025 8:30 AM	Continuing Claims (Oct 11)	--	--
10/23/2025 10:00 AM	Existing Home Sales (Sep)	4.07m	4.00m
10/23/2025 11:00 AM	Kansas City Fed Manf. Activity (Oct)	--	4.00
10/24/2025 8:30 AM	CPI YoY (Sep)	3.10%	2.90%
10/24/2025 8:30 AM	Core CPI YoY (Sep)	3.10%	3.10%
10/24/2025 9:45 AM	S&P Global US Composite PMI (Oct P)	--	53.90
10/24/2025 10:00 AM	U. of Mich. Sentiment (Oct F)	55.00	55.00
10/24/2025 10:00 AM	New Home Sales (Sep)	709k	800k
10/24/2025 10:00 AM	U. of Mich. Expectations (Oct F)	--	51.20
10/24/2025	Building Permits (Sep F)	--	--

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