

Capital Markets Snapshot

Courtesy of Summit Pointe Advisors

Week ending October 31, 2025

Markets ended October near record highs, shrugging off several potential headwinds including a more hawkish Federal Reserve, ongoing government shutdown, and high-stakes U.S.-China trade negotiations. The Fed cut rates by 25 basis points as expected but signaled further cuts, especially in December, are far from certain. Markets had previously priced in the near certainty of a December rate cut, so the Fed's news led to a sell-off in bonds and a rise in Treasury yields as expectations adjusted. The Trump-Xi meeting resulted in a partial easing of trade tensions, with both sides agreeing to roll back some tariffs and trade restrictions, which should provide relief to supply chains and corporate margins. Despite the government shutdown delaying key economic data, private sector indicators suggested underlying economic resilience. Corporate earnings were robust, with most S&P 500 companies beating expectations, especially in large-cap tech, which has helped propel major equity indexes to new highs. However, market breadth narrowed and volatility remains elevated, with small- and mid-cap stocks lagging their large cap peers. The AI-driven rally in tech continues, though some concerns about overvaluation are circulating. Overall, while volatility picked up, the market rally remained intact. Caution is warranted heading into November with the government shutdown still looming and increased uncertainty on the future actions of the Fed.

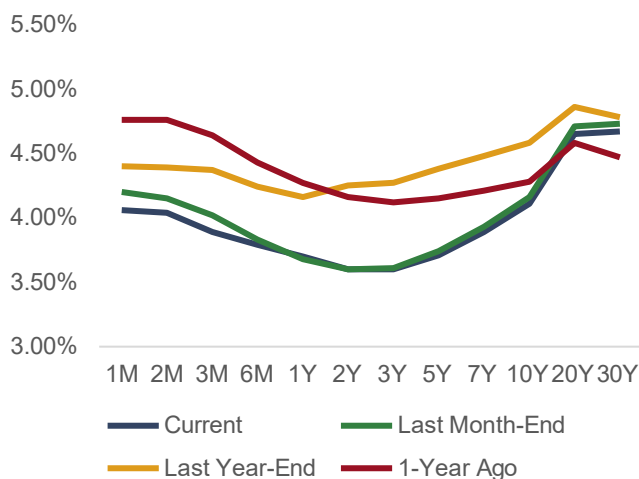
Fixed Income Markets Overview

- The Fed cut its benchmark rate by 25 basis points to a 3.75%–4.00% range, but signaled uncertainty about further cuts in December. The probability of a December rate cut dropped from 95% to 63% after the Fed's hawkish tone.
- Treasury yields rose across the curve, with the 10-year yield climbing to 4.11% from 4.02% the prior week.
- The Fed announced it will stop reducing its holdings of U.S. government bonds in December, as balance sheets return to normal levels.
- Kansas City Fed President Schmid dissented on the rate cut, and Dallas Fed President Logan echoed concerns about cutting amid persistent inflation.
- The Congressional Budget Office estimated the shutdown has already shaved 1% off Q4 GDP growth, with further impacts expected if it continues.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.1%	4.5%	4.9%	1.9%
	Core Plus				
Core Plus	Intermediate Govt/Credit	-0.4%	6.2%	5.5%	0.9%
	International Aggregate	-0.5%	7.6%	5.6%	-1.6%
	US Aggregate	-0.6%	6.8%	5.6%	-0.2%
	US Treasury	-0.5%	6.0%	4.3%	-1.0%
	US TIPS	-0.5%	7.2%	4.6%	1.6%
	US Corporate	-0.9%	7.3%	7.6%	0.5%
	US Corporate High Yield	-0.1%	7.4%	10.2%	5.5%
Other	Emerging Markets Aggregate	0.6%	10.4%	11.3%	2.3%
	Muni				
Muni	US Municipals	-0.1%	3.9%	5.5%	1.2%
	US Municipals High Yield	-0.1%	2.3%	7.9%	3.0%

Source: Bloomberg as of October 31, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of October 31, 2025

Interest Rates (%)

Date	10/31/2025	9/30/2025	12/31/2024	10/31/2024
Federal Funds Rate	4.06%	4.20%	4.40%	4.76%
3 Month Treasury	3.89%	4.02%	4.37%	4.64%
6 Month Treasury	3.79%	3.83%	4.24%	4.43%
2 Year Treasury	3.60%	3.60%	4.25%	4.16%
5 Year Treasury	3.71%	3.74%	4.38%	4.15%
10 Year Treasury	4.11%	4.16%	4.58%	4.28%
30 Year Treasury	4.67%	4.73%	4.78%	4.47%
US Aggregate	4.33%	4.37%	4.91%	4.73%
US Corporate	4.82%	4.81%	5.33%	5.16%
US Corporate High Yield	6.78%	6.70%	7.49%	7.33%
US Municipal	3.57%	3.66%	3.74%	3.66%
US Municipal High Yield	5.63%	5.69%	5.52%	5.44%

Spreads Over 10-Year US Treasuries

Date	10/31/2025	9/30/2025	12/31/2024	10/31/2024
30 Year Treasury	0.56%	0.57%	0.20%	0.19%
US Aggregate	0.22%	0.21%	0.33%	0.45%
US Corporate	0.71%	0.65%	0.75%	0.88%
US Corporate High Yield	2.67%	2.54%	2.91%	3.05%
US Municipal	-0.54%	-0.50%	-0.84%	-0.62%
US Municipal High Yield	1.52%	1.53%	0.94%	1.16%

Source: Bloomberg and U.S. Treasury as of October 31, 2025

Equity Markets Overview

- Major U.S. equity indexes (S&P 500, Nasdaq) hit new record highs, driven by strong mega-cap tech earnings.
- The S&P 600 Small Cap index lagged its large cap peers, finishing the week down 2.8%. Small caps had recently been trending upwards on the expectations of lower rates, and saw a sharp reversal in price action following the Fed's remarks.
- Market breadth narrowed, with fewer stocks participating in the rally—S&P 500 breadth dropped to a two-month low.
- Earnings season was strong: 67% of S&P 500 companies beat on revenue, 82% beat on earnings, with revenue growth at 8.44% and EPS growth at 10.34%.
- Tech stocks, especially those tied to AI, continued to outperform, though some (e.g., Microsoft, Meta) saw mixed reactions to earnings.
- Volatility increased, with the VIX rising nearly 10% to 18.50 at one point on Friday, potentially reflecting greater demand institutional demand for downside protection.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	0.5%	16.5%	21.7%	17.3%
	S&P 500	0.7%	17.5%	22.7%	17.6%
Large-Cap	S&P 500 Growth	1.7%	23.5%	28.5%	18.4%
	S&P 500 Value	-0.5%	10.9%	15.8%	16.1%
	S&P Midcap 400	-1.6%	5.3%	11.9%	13.0%
Mid-Cap	S&P Midcap 400 Growth	-1.1%	6.4%	12.9%	10.8%
	S&P Midcap 400 Value	-2.1%	4.0%	10.7%	15.2%
	S&P Smallcap 600	-2.8%	3.3%	8.2%	12.2%
Small-Cap	S&P Smallcap 600 Growth	-2.9%	3.8%	9.0%	10.5%
	S&P Smallcap 600 Value	-2.7%	2.8%	7.3%	13.7%
	Int'l.				
	MSCI ACWI ex-USA	0.0%	28.6%	20.3%	11.2%
	MSCI EM	0.9%	32.9%	21.1%	7.5%

Source: Bloomberg as of October 31, 2025

Alternative Markets Overview

- Gold's price continues to fall, posting a 3.4% loss for the week, but it was still up for the month of October, marking a third straight monthly gain for the precious metal.
- Crude oil prices fell slightly with Brent Crude closing the week around \$65 and WTI \$61. Overall, oil prices dropped in October due to expected increasing supplies from OPEC and major non-OPEC nations.
- Visa announced expanded support for stablecoins, now accepting four stablecoins across four blockchains and over 130 card programs in 40+ countries. Stablecoin-linked Visa card spend quadrupled year-over-year, highlighting growing adoption in digital payments.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.3%	7.5%	2.9%	18.7%
Gold	-3.4%	51.3%	34.5%	16.3%
FTSE All Equity NAREIT	-3.3%	2.2%	6.4%	7.2%
Bitcoin	-0.8%	17.5%	75.3%	51.4%
Ethereum	-1.1%	16.4%	35.5%	58.9%

Source: Bloomberg as of October 31, 2025



Upcoming Week

- Another week jampacked with releases, some notables ones include Palantir Technologies, McDonald's, and Robinhood Markets.
- The government shutdown continues and approaches the longest on record. ADP has decided to publish its labor market data on a weekly and monthly basis. Other releases we expect this week include ISM Purchasing Managers Index and University of Michigan's Consumer Sentiment Index.

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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