

MARKET MONITOR

Month in Review: October 2025

Index	Asset Class	2025		2024
		Oct	YTD	
Equity Indexes		Total Returns		
Russell 3000	U.S. Equity	1.81	16.85	23.81
S&P 500	Large Cap U.S. Equity	1.99	17.52	25.02
Russell 1000	Large Cap U.S. Equity	1.82	17.07	24.51
Russell 2000	Small Cap U.S. Equity	1.56	12.39	11.54
MSCI All Country World	Global Equity	1.44	19.97	17.93
MSCI All Country World (Ex U.S.)	International Equity	0.37	27.66	4.93
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	0.61	27.21	4.35
MSCI Emerging Markets (EM)	International Emerging Market Equity	3.67	33.59	8.05
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.38	6.80	1.25
Bloomberg Municipal Bond	U.S. Investment Grade Muni Bond	1.10	3.91	1.05
Bloomberg Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	0.97	2.31	6.32
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.08	7.39	8.19
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.55	18.16	14.09
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.25	15.28	10.77
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.96	12.42	7.53
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		0.67	9.59	4.35
Data as of 10/31/2025. Sources are Ycharts for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.				

Please see important disclosures at end of this report.

Market Overview

The S&P 500 gained about +2% in October 2025, hitting multiple record highs during the month.¹ Investors largely shrugged off macro uncertainty, with the rally broadening beyond mega-caps toward cyclicals and industrials. Market sentiment was lifted by moderating inflation and the Federal Reserve's second consecutive rate cut, which bolstered risk appetite despite lingering geopolitical and fiscal worries.

Large-cap equities maintained their leadership in October, but small-caps began closing the performance gap. The Russell 2000 rose +1.56% in October, bringing its year-to-date gain to about +12.4%, while the Russell 1000's YTD advance remained slightly stronger.¹ Small-cap stocks benefited from optimism surrounding rate cuts which typically lower borrowing costs and support domestic-focused firms while large-cap growth names continued to attract capital inflows. Overall, large-caps still outperformed on a year-to-date basis, but October signaled improving relative strength for small-caps as investors priced in a softer-landing scenario.

The U.S. Treasury market was shaped by the Federal Reserve's 25 basis-point rate cut at its October 29 meeting, lowering the target range to 3.75–4.00%.² Yields declined early in the month with the 10-year Treasury dipping to 3.93% as investors anticipated the move, before ending October near 4.11%, up slightly from 4.05% at mid-month.³ The 2-year yield finished at 3.60%, steepening the yield curve modestly after months of inversion.

Economic data in October painted a picture of moderate but resilient growth. Headline CPI inflation came in at +3.0% year-over-year, slightly below consensus, with a +0.3% monthly rise.⁴ Manufacturing PMIs remained near contractionary territory, while services stayed expansionary. Taken together, these indicators reinforced expectations for gradual Fed easing enough to sustain equity momentum but not so weak as to imply recession. Market focus going into November centered on inflation durability, consumer spending strength, and the pace of future rate cuts.⁵

Reference(s):

- 1) "Ycharts – Financial Research and Charting Platform." [Ycharts.com](https://ycharts.com), n.d. Web. 4 Nov. 2025.
- 2) "Fed Cuts Interest Rates by Quarter Point for Second Time in a Row." [New York Post](https://nypost.com/2025/10/29/business/fed-cuts-interest-rates-by-quarter-point-for-second-time-in-a-row/), 29 Oct. 2025,
<https://nypost.com/2025/10/29/business/fed-cuts-interest-rates-by-quarter-point-for-second-time-in-a-row/>
- 3) "Treasuries Erase Nearly All October Gains: The Market Is Reacting to Powell." [Barron's](https://www.barrons.com/articles/treasuries-powell-rates-december-cut-74d7ce16), 30 Oct. 2025,
<https://www.barrons.com/articles/treasuries-powell-rates-december-cut-74d7ce16>
- 4) Bureau of Labor Statistics. [Consumer Price Index News Release – September 2025 Results](https://www.bls.gov/news.release/cpi.htm). 24 Oct. 2025,
<https://www.bls.gov/news.release/cpi.htm>
- 5) "U.S. Manufacturing Mired in Weakness as Tariff Gloom Spreads." [Reuters.com](https://www.reuters.com/world/us/us-manufacturing-contacts-further-october-supplier-delivery-times-lengthen-2025-11-03/), Reuters, 4 Nov. 2025,
<https://www.reuters.com/world/us/us-manufacturing-contacts-further-october-supplier-delivery-times-lengthen-2025-11-03/>

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Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization.

Russell 1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

Bloomberg Municipal Bond – Broad benchmark of the US municipal tax-exempt investment grade bond market.

Bloomberg Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

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