Weekly Market Recap

The week in review

- Headline CPI rose 3.0% y/y
- Manufacturing PMI rose to 52.2
- Services PMI rose to 55.2

The week ahead

- FOMC meeting
- Consumer confidence
- Tech earnings

Thought of the week

The 3Q25 earnings season is off to a strong start. With 25% of market cap reporting, consensus is projecting year-over-year (y/y) EPS growth of 8.5%, slightly above the long-term median of 8.0%. Looking at the three main sources of EPS growth, sales, margins and shares are expected to contribute 5.9, 3.6, and 1.0%-pts, respectively.

Unsurprisingly, info tech and comm services are driving 60% of this quarter's earnings growth, even as depreciation costs from AI investments start to bite. Still, it's hard to argue with the results: the hyperscalers grew cloud revenues by an average of 24% in 2Q25. But at a 31x valuation, good just isn't good enough. Last quarter, one Mag 7 name beat earning by 26% overall, but missed slightly on cloud revenues. The stock sold off by 8.4% – three times higher than the average decline for companies that actually missed on earnings.

The financials sector is also contributing a significant share of this quarter's earnings growth. Consumers are cautious but not cracking, and deregulation, fed cuts and AI are compelling businesses to invest, boosting capital markets activity and loan balances. But risks abound. In the consumer sectors, discretionary and staples profit margins are under pressure as discerning customers dampen revenues and tariffs increase costs. Lower income consumers will be facing cuts to SNAP and Medicaid benefits, and many households will be squeezed by the resumption of full student loan payments. Though fiscal stimulus will boost spending in the first half of 2026, we're skeptical of the optimistic 15.4% and 15.0% EPS growth analysts are penciling in for 3Q26 and 4Q26.

Please see important disclosures on next page.

Weekly Data Center

		Index Returns (%)						Index Characteristics			
Equities	**Level**	**1 week**	**QTD**	**YTD**	**1 year**	**3-yr. Cum.**		**NTM P/E**	**P/B**	**Div. Yld.**	**Mkt. Cap (bn)**
S&P 500	6792	1.93	1.61	16.68	18.43	86.94		22.84	5.21	1.10	57929
Dow Jones 30	47207	2.24	1.82	12.49	13.32	58.83		20.57	5.47	1.63	21333
Russell 2000	6247	2.51	3.20	13.92	14.83	50.20		25.22	1.95	1.19	2878
Russell 1000 Growth	3175	2.10	1.81	19.36	25.88	121.20		31.14	13.62	0.46	32986
Russell 1000 Value	1253	1.70	1.30	13.10	10.44	52.10		17.27	2.88	1.82	29362
MSCI EAFE	2811	1.25	1.65	27.79	22.82	80.91		15.48	2.03	2.66	19868
MSCI EM	1389	2.05	3.27	32.41	25.89	79.91		14.10	2.03	1.91	10022
NASDAQ	23205	2.31	2.42	20.78	26.85	116.80		29.38	7.14	0.55	38127

Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.22	0.17	1.20	7.41	6.39	20.02
U.S. Corporates	4.69	0.31	1.25	8.21	7.15	27.62
Municipals (10yr)	3.20	0.31	1.27	5.42	5.74	16.62
High Yield	7.11	0.40	0.24	7.48	8.24	36.25

	Levels		
Currencies	**10/24/25**	**12/31/24**	**10/24/24**
$ per €	1.16	1.04	1.08
$ per £	1.33	1.25	1.30
¥ per $	152.78	157.16	151.91

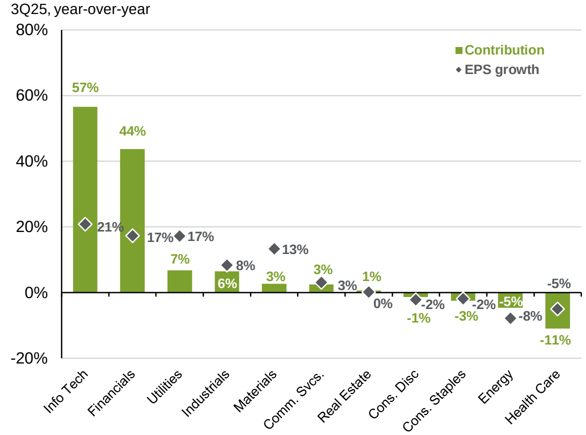
	Levels (%)					
Key Rates	**10/24/25**	**10/17/25**	**9/30/25**	**12/31/24**	**10/24/24**	**10/24/22**
2-yr U.S. Treasuries	3.48	3.46	3.60	4.25	4.07	4.50
10-yr U.S. Treasuries	4.02	4.02	4.16	4.58	4.21	4.25
30-yr U.S. Treasuries	4.59	4.60	4.73	4.78	4.47	4.40
10-yr German Bund	2.63	2.58	2.71	2.35	2.27	2.35
SOFR	4.24	4.18	4.24	4.49	4.83	3.01
3-mo. EURIBOR	2.07	2.01	2.03	2.71	3.07	1.56
6-mo. CD rate	1.90	1.90	1.91	2.29	2.31	1.24
30-yr fixed mortgage	6.32	6.39	6.36	7.28	7.15	7.30
Prime Rate	7.25	7.25	7.25	7.50	8.00	6.25

	Levels		
Commod.	**10/24/25**	**12/31/24**	**10/24/24**
Oil (WTI)	61.78	72.44	70.58
Gasoline	3.02	3.01	3.14
Natural Gas	3.34	3.40	2.04
Gold	4104	2609	2732
Silver	48.01	28.91	34.14
Copper	10807	8706	9413
Corn	4.11	4.53	3.94
BBG Idx	268.54	238.62	239.19

Chart of the Week

Sector contribution to S&P 500 EPS growth

3Q25, year-over-year



Style Returns

1 Week

	V	B	G
L	1.7	1.9	2.1
M	2.0	2.0	2.1
S	2.8	2.5	2.3

YTD

	V	B	G
L	13.1	16.7	19.4
M	10.1	11.2	14.1
S	12.0	13.9	15.7

S&P 500 Sector Returns

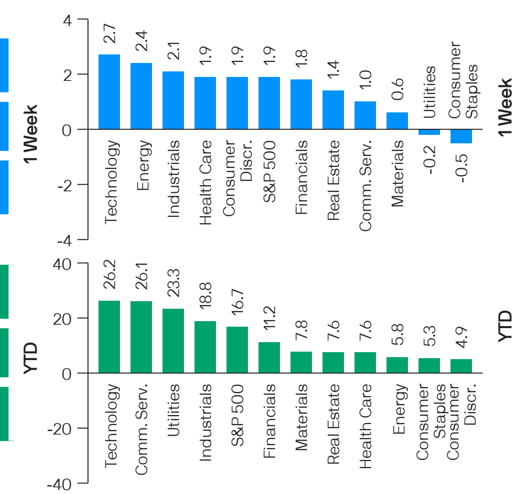


Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, Standard & Poor's , J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Blomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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Unless otherwise stated, all data is as of October 27, 2025 or as of most recently available.

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