

WEEKLY MARKET COMMENTS – OCTOBER 27, 2025

U.S. stocks reached new all-time highs on Friday due to the latest inflation update that was less painful than anticipated. In fact, as the numbers for the delayed consumer price index report for September were released, the S&P futures were higher by only 15. Due to the bullish interpretation for them and the fact that they will allowed the Federal Reserve to lower rates by one-quarter of a percent on Wednesday, the market broke out to new all-time highs with the index closing at 53 better to 6791. The Dow joined in to reach its best ever close at up 472 to 47,207 while ditto for the Nasdaq at 262 to 23,205.

The data on inflation is positive because it could help encouraging because it could mean less pain for lower- and middle-income households dealing with higher prices each month. It could also clear the way for the Federal Reserve to keep cutting interest rates in hopes of giving a boost to the slowing job market.

The Fed lowered its main interest rate last month for the first time this year, but it has been reluctant to promise more because lower rates can make inflation higher which could result from expanding the economy. After the inflation report, investors are certain that the Fed will cut rates at its next two meetings.

The market had been a little shaky in recent weeks following a tremendous rally of 35% for the S&P from its April bottom. Criticism arose that equities had become too pricey as they rose much faster than corporate profits. Worries that potentially bad loans from banks may have encouraged too much risk-taking. And the President also shook up markets after threatening much higher tariffs on China, the world's second-largest economy.

But stocks have rebounded each time, despite the C.E.O. from JPM saying that “once you have seen one cockroach, there is the possibility that many more are around”. Banks have characterized the industry’s uncertainties as one outstanding issues, while the President is about to meet with China’s leader, Xi Jinping, at a conference this week.

And most big U.S. companies are reporting stronger profits for the latest quarter than analysts expected, as is usually the case. The list included beaten-down F, which said company said its business is running at the high end of its projected range for financial performance this year that it set out in February.

INTC gained as well, in addition to GOOG after Anthropic announced an expansion worth billions, through which it would increase usage of Google cloud technologies for its AI chatbot, Claude. Dow component PG gained despite saying that there is “a challenging consumer and geopolitical environment”

These gainers counteracted a decline for NEM, which fell 6% even though it also reported a stronger profit than expected. The miner’s stock had gained 139% for the year so far, thanks to the surging price of gold. But gold’s run has stalled in the past few days since setting its latest record.

Many of the same factors that attracted buyers to gold this year are still there, including concerns about the mountains of debt that the U.S. and other governments worldwide are undergoing, with the U.S. gross national debt hit \$38 trillion, and the concern is that a continued acceleration will only worsen inflation.

In stock markets abroad, indexes rose across much of Europe and Asia. South Korea’s Kospi jumped 2.5%, and Japan’s Nikkei 225 rallied 1.4% for two of the world’s bigger moves.

In the bond market, Treasury yields held relatively steady, as the inflation readings intensified high expectations for coming cuts to rates by the Fed. The yield on the 10-year Treasury edged down to 3.99% from 4.01% late Thursday.

A report from the University of Michigan also said expectations for inflation among U.S. consumers remains mixed. Such numbers are important because expectations for high inflation can encourage behavior that pushes inflation even higher, bringing about an uncertain pattern.

And if last week was one of uncertainty, take a look at what is projected this week with the following all-important earnings with the following lineup such as on Wednesday – GOOG, META, MSFT ; Thursday – AMZN, AAPL. In addition, there are Dow components UNH, V, VZ, MRK, CVX and XOM.

And remember, the Fed interest rate decision arrives on Wednesday, so as I always say, if you are not forced into taking a position early, then you might as well wait until the 2pm decision and the 2:30pm conference with Chair Powell to decide what to do.

DONALD M. SELKIN – Chief Market Strategist

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