



WEEKLY ECONOMIC UPDATE OCT. 13, 2025

Stocks fell last week amid concerns about trade with China, following an unsteady rally to record highs over the first half of the week.

The Standard & Poor's 500 Index fell 2.43 percent, while the Nasdaq Composite Index declined 2.53 percent. The Dow Jones Industrial Average slid 2.73 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, slipped 1.64 percent.^{1,2}

Stocks Set Highs Before Friday's Drop

Stocks began the week mostly positive. However, Monday marked Day 6 of the government shutdown, and two of the three major averages powered through any bearish sentiment. The S&P 500 and the Nasdaq each advanced to record closes on fresh enthusiasm for mergers & acquisitions activity after the announcement of two deals. By contrast, the Dow fell slightly.^{3,4}

Stocks pushed higher midweek as investors looked past the Fed meeting minutes from September, which revealed somewhat divided opinions on interest rates. The S&P and Nasdaq both closed at record highs.⁴

On Friday, sentiment turned negative a little over an hour into the trading session after the White House announced a tariff increase on imported goods from China. The decline, led by chip manufacturers, erased the week's gains. It was the largest single-day decline for stocks since April.^{5,6,7}



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Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	5.28%	19.84%	26.72%	106.4%
S&P 500	3.51%	15.66%	17.81%	108.6%
MSCI EAFE	2.12%	26.87%	19.43%	71.68%
Dow Jones Industrial Average	1.51%	10.41%	10.91%	78.70%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 10/10/25	4.05%	4.04% 4.35% 4.09%	0.25% ▲ -6.90% ▼ -0.98% ▼

China In Focus

Meanwhile, focus turned to new export controls that China imposed on so-called rare earth metals—key ingredients for AI-powered microchips and vital resources for the defense industry. Investor concern centered mostly around AI chip companies, which have exposure to China both as customers and in terms of manufacturing.⁸

The White House threatened to cancel its upcoming meeting with the Chinese president over the dispute. China controls approximately 70 percent of the global supply of rare earth metals, meaning a policy change can impact markets.⁸

Separately, the government shutdown entered its second week. Shutdowns typically don't heavily impact markets, but the uncertainty continues to hang over trading.⁹

This Week: Key Economic Data

Monday: Philadelphia Fed President Anna Paulson speaks.

Tuesday: Small Business (NFIB) Optimism Index. Fed governors Michelle Bowman and Christopher Waller, and Boston Fed President Susan Collins speak.

Wednesday: Atlanta Fed President Raphael Bostic, and Fed governors Stephen Miran and Christopher Waller speak. Fed Beige Book.

Thursday: Retail Sales. Producer Price Index (PPI). Weekly Jobless Claims. Business Inventories. Home Builder Confidence Index. Richmond Fed President Tom Barkin, and Fed governors Michelle Bowman, Stephen Miran, and Christopher Waller speak.

Friday: Housing Starts. Building Permits. Import Prices. Industrial Production. Capacity Utilization.

Quote of the Week



“Truths are particularly valuable when applied to subjects where fallacies are more profitable”

– **David Bell**

Of Note



Gold has just topped the \$4,000/oz level for the first time ever, cementing its status as the year's best performing asset and most intriguing story in global commodities, not to mention the most important themes across broader financial markets - one of accelerating and relentless fiat destruction coupled with what Rabobank recently called passing the global fiscal event horizon (read letting inflation run amok in hopes of inflating away the \$330 trillion in global debt).

Spot bullion climbed as much as 1% to \$4,014 an ounce in a milestone moment for the metal that traded below \$2,000 just two years ago, with returns that now well outstrip those for equities this century.

Much of that upside has taken place in 2025 when gold soared more than 50% in the face of continued paper currency debasement and uncertainties over global trade and fiscal stability in the US (people also like adding "Fed independence" here but few believe the Fed was actually independent, ever). At the same time, geopolitical tensions have boosted demand for haven assets, while central banks have continued to buy gold at an elevated pace.

The recent re-start of the Fed's rate cutting cycle has also been a boon for gold, which benefits any time the Fed injects liquidity into the system like now. Investors have responded by piling into exchange-traded funds, with bullion-backed ETFs seeing their biggest monthly inflow in more than three years in September according to Bloomberg.

As Bloomberg notes, jumps in the price of gold typically track broader economic and political stresses. The metal breached \$1,000 an ounce in the aftermath of the financial crisis, \$2,000 during the Covid pandemic, and \$3,000 as the Trump administration's tariff plans washed over global markets in March.

"Gold breaking \$4,000 isn't just about fear — it's about reallocation," said Charu Chanana, a strategist at Saxo Capital Markets Pte. "With economic data on pause and rate cuts on the horizon, real yields are easing, while AI-heavy equities look stretched. Central banks built the base for this rally, but retail and ETFs are now driving the next leg."

Gold's rally is on pace for its best annual performance since the 1970s, a decade when soaring inflation and the end of the gold standard sparked a 15-fold rally of the precious metal. At that time, Richard Nixon pressured the Fed to lower rates. The central bank under then-chair Arthur Burns was clearly not independent and some speculate that a similar suppression of

monetary policy may emerge in the next year when Powell is gone and replaced with a Fed chair of Trump's choice. Ahead of the historic breakout, Goldman recently raised its 2026 gold price forecast from 4,300 to 4,900.

Elevated central bank buying is a “structural shift in reserve management behavior, and we do not expect a near-term reversal,” Lina Thomas, Goldman commodities strategist wrote in a September note. “Our base case assumes that the current trend in [central bank] accumulation continues for another three years.”

Gold spot prices, net speculative positions, and total gold ETF holdings are increasingly diverging, which in turn suggests that the traditional relationship between these market factors has broken down in recent months. This means recent price movements in gold is less about short-term speculation and more driven by longer-term factors, such as central bank purchases and robust inflows into gold-backed ETFs by the private sector. If private investment in gold intensifies, ETF demand could push gold prices well above current projections. Even if speculative positions remain stable and interest rates don't fall much further, these inflows could result in sustained or accelerated price appreciation.¹⁰

Footnotes and Sources

1. WSJ.com, October 10, 2025
2. Investing.com, October 10, 2025
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4. CNBC.com, October 8, 2025
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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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