



October 6, 2025

Government Shutdown Is Here

We are now in a government shutdown. Historically, shutdowns have not negatively impacted the economy or markets, and most have ended within just a few days. But current negotiations have stalled.

So, we took a look at Kalshi, a federally regulated exchange where investors trade on the outcome of real-world events. Its prediction market is now pricing a shutdown of roughly 14 days, and that data point has been rising. During President Trump's first term in office, there was a government shutdown that lasted 34 days, from December 22, 2018 to January 25, 2019. During that period, the equity market rallied 10.3%. But bear in mind that the average overall return during a government shutdown is zero (0.0%). So, while a shutdown might unnerve investors, historically, they have not had a material impact on the equity market.

Kalshi Market Betting The Government Shutdown Will Last 21 Days



How long will the government shutdown last?



21.3 Days forecast ▲ 20.8

Kalshi



Source: Kalshi, Oct 5, 2025 at 8:45am



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Government Shutdowns And Impact On S&P 500 Performance

President	Start	End	Days	S&P 500		From Start to End	Performance from day shutdown started				Performance from day shutdown ended			
				Start	End		+4 Weeks	+13 Weeks	+26 Weeks	+52 Weeks	+4 Weeks	+13 Weeks	+26 Weeks	+52 Weeks
Ford	Thu Sep 30, 1976	Mon Oct 11, 1976	11	105.24	101.64	-3.4%	-3.4%	1.6%	-6.5%	-8.9%	0.0%	5.2%	-3.2%	-5.7%
Carter	Fri Sep 30, 1977	Thu Oct 13, 1977	13	96.53	93.46	-3.2%	-4.1%	-1.5%	-7.6%	6.2%	-0.9%	1.8%	-4.5%	9.7%
Carter	Mon Oct 31, 1977	Wed Nov 9, 1977	9	92.34	92.98	0.7%	4.0%	-3.2%	5.8%	2.9%	3.3%	-3.9%	5.0%	2.2%
Carter	Wed Nov 30, 1977	Fri Dec 9, 1977	9	94.83	93.65	-1.2%	-0.1%	-8.1%	2.5%	-1.1%	1.2%	-6.9%	3.8%	0.1%
Carter	Sat Sep 30, 1978	Wed Oct 18, 1978	18	102.54	100.49	-2.0%	-7.8%	-6.3%	-1.0%	6.6%	-5.9%	-4.4%	1.0%	8.8%
Carter	Sun Sep 30, 1979	Fri Oct 12, 1979	12	109.32	104.49	-4.4%	-8.0%	-1.4%	-7.9%	15.6%	-3.8%	3.2%	-3.6%	20.9%
Reagan	Fri Nov 20, 1981	Mon Nov 23, 1981	3	121.71	121.60	-0.1%	1.9%	-7.0%	-5.6%	12.6%	2.0%	-6.9%	-5.5%	12.7%
Reagan	Thu Sep 30, 1982	Sat Oct 2, 1982	2	120.42	121.51	0.9%	10.9%	16.5%	27.0%	38.9%	9.9%	15.5%	25.9%	37.6%
Reagan	Fri Dec 17, 1982	Tue Dec 21, 1982	4	137.49	138.61	0.8%	6.7%	9.0%	23.0%	18.1%	5.8%	8.1%	22.0%	17.2%
Reagan	Thu Nov 10, 1983	Mon Nov 14, 1983	4	164.41	166.58	1.3%	0.5%	-5.5%	-2.7%	2.6%	-0.8%	-6.7%	-4.0%	1.3%
Reagan	Sun Sep 30, 1984	Wed Oct 3, 1984	3	166.10	162.44	-2.2%	-0.5%	0.1%	8.8%	9.1%	1.8%	2.4%	11.2%	11.6%
Reagan	Wed Oct 3, 1984	Fri Oct 5, 1984	2	162.44	162.68	0.1%	2.2%	1.8%	10.3%	13.3%	2.1%	1.7%	10.1%	13.1%
Reagan	Thu Oct 16, 1986	Sat Oct 18, 1986	2	239.53	235.97	-1.5%	1.5%	10.8%	19.8%	24.4%	3.0%	12.5%	21.6%	26.3%
Reagan	Fri Dec 18, 1987	Sun Dec 20, 1987	2	249.16	249.54	0.2%	1.2%	8.8%	8.6%	10.9%	1.0%	8.6%	8.5%	10.7%
H.W. Bush	Fri Oct 5, 1990	Tue Oct 9, 1990	4	311.50	305.10	-2.1%	0.1%	3.0%	20.5%	22.4%	2.2%	5.2%	23.0%	25.0%
Clinton	Tue Nov 14, 1995	Sun Nov 19, 1995	5	589.29	596.85	1.3%	5.0%	12.1%	12.9%	23.8%	3.7%	10.7%	11.5%	22.2%
Clinton	Sat Dec 16, 1995	Sat Jan 6, 1996	21	616.34	618.46	0.3%	-2.4%	4.1%	8.0%	18.2%	-2.7%	3.7%	7.7%	17.8%
Obama	Tue Oct 1, 2013	Thu Oct 17, 2013	16	1695.00	1733.15	2.3%	4.5%	9.0%	11.2%	16.4%	2.2%	6.6%	8.8%	13.8%
Trump	Sat Jan 20, 2018	Tue Jan 23, 2018	3	2810.30	2839.13	1.0%	-2.8%	-5.0%	-0.3%	-5.0%	-3.8%	-6.0%	-1.3%	-5.9%
Trump	Fri Feb 9, 2018	Sat Feb 10, 2018	1	2619.55	2656.00	1.4%	6.4%	4.1%	8.2%	3.4%	4.9%	2.7%	6.7%	2.0%
Trump	Sat Dec 22, 2018	Fri Jan 25, 2019	34	2416.58	2664.76	10.3%	10.5%	15.9%	22.1%	33.3%	0.2%	5.1%	10.7%	20.9%
Average						0.0%	1.3%	2.8%	7.5%	12.6%	1.2%	2.8%	7.4%	12.5%

Source: Congressional Research Service, Bloomberg, Sanctuary Wealth

Gold Best Performing Asset In 2025

Gold has risen 48% year-to-date, clearly beating all other asset classes. The question then is: could this outperformance continue? Our target on Gold has been \$4000, a level it is nearing as Gold recently hit \$3860. We do believe Gold will reach \$4000. Interestingly, round numbers in the market typically hit some resistance. But if the bull trend remains intact, Gold will most likely move higher, in our view. We are raising our longer-term target on Gold to \$5000. Gold is currently extended and very overbought - and it could correct - but we continue to see value in owning Gold.

Looking at Gold versus the S&P 500 (line in the bottom part of the accompanying chart), we see that it is possible Gold is reversing a downtrend to the S&P 500. This is something to watch!

Gold (Top) With Relative To S&P 500 (Bottom): Gold Performing Well



Source: Stockcharts.com, Annotations Sanctuary Wealth, October 3, 2025



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Gold Vs. Bonds Points To Gold Outperforming

The accompanying chart compares Gold and Bonds, and we see a major technical breakout pointing to Gold continuing to outperform Bonds. *This strongly suggests that part of a bond portfolio should incorporate Gold!*

Gold Vs. 30-Year Treasury: Gold Leading



Source: Stockcharts.com, Annotations Sanctuary Wealth

Gold Vs. A Balanced Portfolio

Here we take a look at Gold versus a Balanced Portfolio, using the Vanguard Balanced Index Fund (VBINX), and we again see a major breakout favoring Gold. *This in turn suggests that part of a balanced portfolio should also own Gold!*

Gold Vs. Vanguard Balanced Fund: Major Breakout!



Source: Stockcharts.com, Annotations Sanctuary Wealth



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Gold Mining Stocks In Secular Bull Market

With Gold so extended, we believe that investors looking for exposure to Gold may find better opportunity in Gold Mining stocks, which just broke out into a new secular bull market.

VanEck Gold Miners ETF (GDV) Vs. S&P 500: Secular Bull Breakout!



Source: Stockcharts.com, Annotations Sanctuary Wealth, October 3, 2025

Action In Emerging Markets

Major breakouts are underway in Emerging Markets (EM), as seen in the performance of the iShares MSCI Emerging Markets ex China ETF (EMXC). By clearing its prior highs, the ETF is signaling the start of a new secular bull market for EM, though performance still trails U.S. equities. We expect U.S. equity markets to maintain leadership.

iShares MSCI Emerging Markets ex China (Top) Relative To S&P 500 (Bottom)



Source: Stockcharts.com, Annotations Sanctuary Wealth, October 3, 2025



In China, internet stocks are showing strength, with a multi-year breakout suggesting further upside. The KraneShares CSI China Internet ETF (KWEB) is currently showing neutral performance relative to the S&P 500, but that could improve, making it worth watching closely.

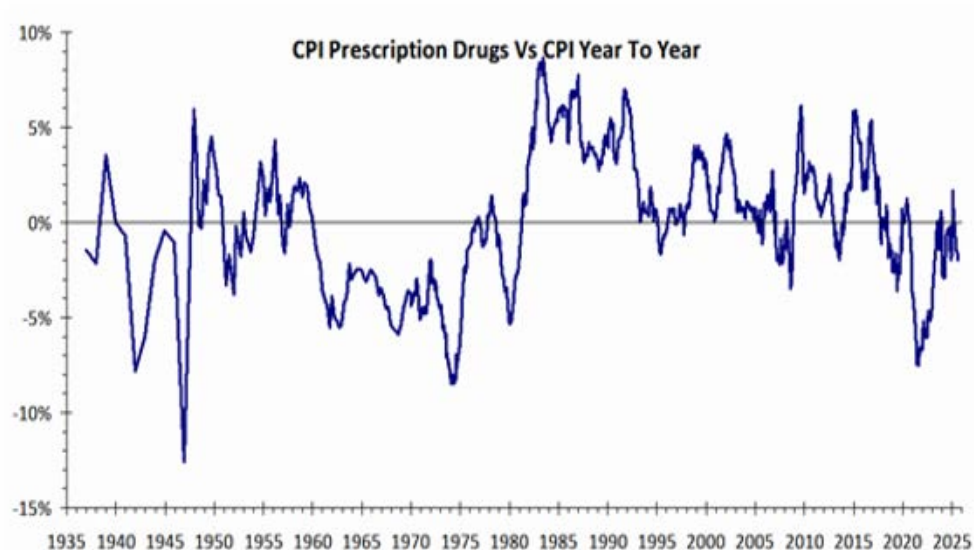
NYSE:KWEB InvescoShares CSI China Internet ETF AMEX • BATS

Open: **42.59** Ask: **42.80 x 2000** Bid: **42.79 x 3500** Mkt Cap: **9.88B** P/E: **59.5** Friday 3-Oct-2025 9:45 am
 High: **43.37** Low: **41.83** Last: **42.79 x 100** Prev Dividend: **0.04192** Div Yld: **0.10%** Change: **+4.19%**
 New Close: **41.67** Volume: **yes** SCIN (ETF) **91.5** Last Earnings: **1.12** Last: **62.79** Volume: **79,475,461**
 12 month (weekly): **42.79**

Price history chart for NYSE:KWEB from 2017 to 2025. The chart shows a significant peak in early 2021 followed by a sharp decline and subsequent volatility. The current price as of 3-Oct-2025 is \$42.79.

Health Care Stocks Rally But There Is No Drug Pricing

Pharmaceuticals Have No Pricing Power

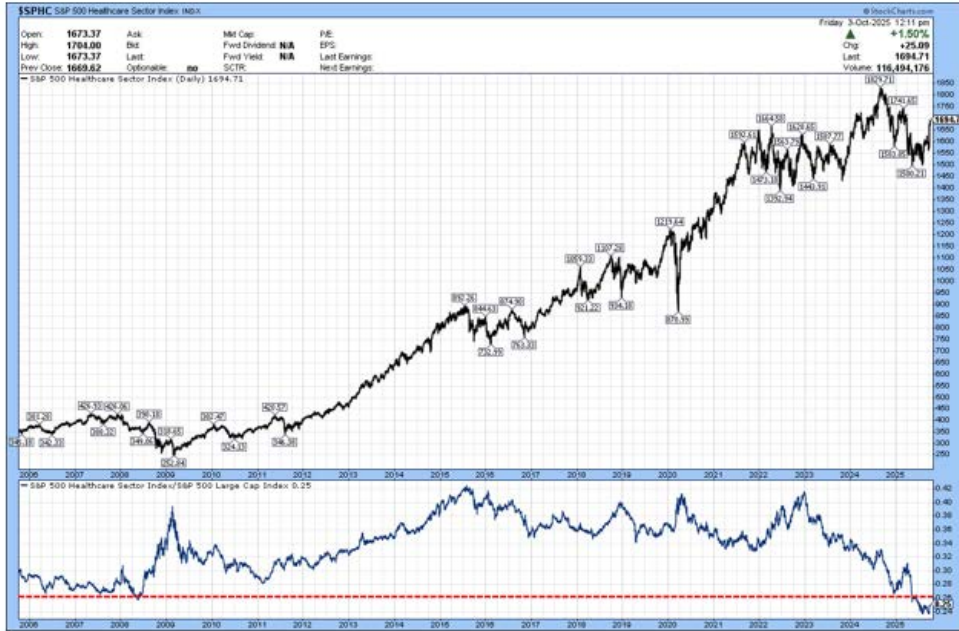


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S&P 500 Healthcare Sector (Top) With Relative To S&P 500 (Bottom)



Source: Stockcharts.com, Annotations Sanctuary Wealth

Sector Readings: Communication Services Strongest, Health Care Still Weakest

Last week, Information Technology took the lead position, with Communication Services dropping to second place. These two sectors have swapped the top two positions for the past 17 weeks, since June 13. Consumer Staples was in last place, followed by Real Estate. Health Care is no longer in last place, which it had held for 21 consecutive weeks, beginning May 9.

A sector rotation is underway to relieve the overbought and oversold conditions within the market. We maintain that Growth sectors should continue to outperform Value sectors.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Oct 3	Sep 26	Sep 19	Sep 12	Sep 5	Aug 29	Aug 22	Aug 15
Consumer Discretionary	5	5	3	3	3	4	4	5
Consumer Staples	11	10	9	8	8	10	8	8
Energy	9	7	10	10	10	8	10	10
Financials	6	6	5	5	5	5	6	6
Health Care	8	11	11	11	11	11	11	11
Industrials	3	3	4	4	4	3	3	3
Information Technology	1	2	2	2	2	2	1	1
Materials	7	8	7	7	7	7	7	7
Communication Services	2	1	1	1	1	1	2	2
Utilities	4	4	6	6	6	6	5	4
Real Estate	10	9	8	9	9	9	9	9

Source: Bloomberg, Sanctuary Wealth, October 3, 2025



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OBOS List: Communication Services And Information Technology Near Overbought; Consumer Staples And Materials Oversold

Earnings growth remains strongest in Communication Services and Information Technology, both of which are near overbought. There are two outright oversold sectors, Consumer Staples and Materials, while Financials, Industrials, and Real Estate are near oversold. After 21 weeks at the bottom of sector rankings, Health Care is no longer oversold or near oversold for the first time since May 9.

The extreme overbought and oversold readings that have prevailed over the past few months appear to be finally shifting and undergoing a tactical sector rotation.

Our tactical sector rotation model uses the S&P 500 GICs sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 3 October 2025

rank	S&P Sector	<i>normalized Oscillator</i>
1	Communication Services	0.6570
2	Information Technology	0.6023 <i>Near Overbought</i>
3	Utilities	0.3118 <i>Neutral</i>
4	Health Care	-0.0780
5	Consumer Discretionary	-0.0854
6	Energy	-0.4915 <i>Neutral</i>
7	Real Estate	-0.7675 <i>Near Oversold</i>
8	Industrials	-0.8529
9	Financials	-0.8781
10	Materials	-1.1325 <i>Oversold</i>
11	Consumer Staples	-1.8028

Source: Bloomberg, Sanctuary Wealth, October 3, 2025



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Market Performance: Gold Is Still The Best Performing Asset Year-To-Date

		Last 10/3/2025	Month End 9/30/2025	Month to Date	Quarter End 9/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 10/3/2024	Year To Year
SPX	S&P 500	6715.79	6688.46	0.4%	6688.46	0.4%	5881.63	14.2%	5699.94	17.8%
CCMP index	NASDAQ Composite	22780.51	22660.01	0.5%	22660.01	0.5%	19310.79	18.0%	17918.47	27.1%
QQQ index	NASDAQ 100	603.18	600.37	0.5%	600.37	0.5%	511.23	18.0%	481.59	25.2%
RTY index	Russell 2000	2476.18	2436.48	1.6%	2436.48	1.6%	2230.16	11.0%	2180.15	13.6%
S5COND	S&P Consumer Discretionary Sector	1902.44	1917.97	-0.8%	1917.97	-0.8%	1831.16	3.9%	1564.63	21.6%
S5CONS	S&P Consumer Staples Sector	864.05	871.10	-0.8%	871.10	-0.8%	853.65	1.2%	871.08	-0.8%
S5ENRS	S&P Energy Sector	680.10	682.82	-0.4%	682.82	-0.4%	654.85	3.9%	710.40	-4.3%
S5FINL	S&P Financial Sector	894.34	896.86	-0.3%	896.86	-0.3%	804.44	11.2%	747.37	19.7%
S5HLTH	S&P Health Care Sector	1688.46	1623.95	4.0%	1623.95	4.0%	1604.75	5.2%	1767.64	-4.5%
S5INDU	S&P Industrials Sector	1306.86	1306.11	0.1%	1306.11	0.1%	1115.65	17.1%	1139.08	14.7%
S5INFT	S&P Information Technology Sector	5661.33	5612.00	0.9%	5612.00	0.9%	4609.52	22.8%	4337.84	30.5%
S5MATR	S&P Materials Sector	571.14	570.71	0.1%	570.71	0.1%	529.77	7.8%	596.81	-4.3%
S5RLST	S&P Real Estate Sector	264.20	264.79	-0.2%	264.79	-0.2%	255.92	3.2%	274.87	-3.9%
S5TELS	S&P Communications Sector	417.58	422.60	-1.2%	422.60	-1.2%	341.66	22.2%	315.21	32.5%
S5UTIL	S&P Utilities Sector	451.49	443.18	1.9%	443.18	1.9%	384.95	17.3%	413.70	9.1%
Stocks	S&P 500 Total Return	14889.84	14826.80	0.4%	14826.80	0.4%	12911.82	15.3%	12472.39	19.4%
3m Tbill.p	3 month Treasury Bill Price	99.01	99.02	0.0%	99.02	0.0%	98.92	0.1%	98.85	0.2%
Cash	3 month Treasury Bill Total Return	265.47	265.32	0.1%	265.32	0.1%	256.97	3.3%	254.04	4.5%
TYA	10 Year Treasury Bond Future	112.67	112.50	0.2%	112.50	0.2%	108.75	3.6%	113.91	-1.1%
Bonds	10 Year Treasury Note Total Return	314.21	313.63	0.2%	313.63	0.2%	293.94	6.9%	305.04	3.0%
TLT US Equity	iShares 20+ Year Treasury Bond ETF	89.38	89.37	0.0%	89.37	0.0%	87.33	2.3%	96.74	-7.6%
SAPIMAIN	S&P Municipal Bond Total Return	285.91	285.56	0.1%	285.56	0.1%	278.14	2.8%	281.59	1.5%
MUBNV	iShares S&P National Municipal Bond NAV	106.22	106.35	-0.1%	106.35	-0.1%	106.40	-0.2%	108.51	-2.1%
SP5IGBIT	S&P 500 Investment Grade Corporate Bond Total Return	497.26	495.91	0.3%	495.91	0.3%	465.24	6.9%	477.86	4.1%
SPUIGBD	S&P Investment Grade Corporate Bond	93.22	93.02	0.2%	93.02	0.2%	90.28	3.3%	93.39	-0.2%
SPUIGBDT	S&P Investment Grade Corporate Bond Total Return	529.83	528.51	0.3%	528.51	0.3%	495.89	6.8%	507.49	4.4%
JNK	SPDR Bloomberg High Yield Bond ETF	97.47	97.99	-0.5%	97.99	-0.5%	95.47	2.1%	97.04	0.4%
HYG	iShares iBoxx High Yield Corporate Bond ETF	80.84	81.19	-0.4%	81.19	-0.4%	78.65	2.8%	79.69	1.4%
Gold	Gold	3886.54	3858.96	0.7%	3858.96	0.7%	2624.50	48.1%	2655.89	46.3%
BTC	Bitcoin	122545.41	114640.81	6.9%	114640.81	6.9%	93714.04	30.8%	60776.03	101.6%

Source: Bloomberg, Sanctuary Wealth, October 3, 2025

Shutdown Means All Quiet On The Data Front

This week, silence will not speak volumes – FedSpeak and FOMC minutes to fill the void.

With the government shutdown halting economic data releases, markets face a quiet backdrop on the data front. The key question for investors is whether the Federal Reserve can proceed with another rate cut in October without fresh evidence on inflation or jobs. If the Fed is leaning toward a pause, the lack of new data could give them cover.

This week, we'll get to scrutinize the minutes from the September FOMC (Federal Open Market Committee) meeting, plus we'll hear from a number of Fed speakers, whose views on the economy are likely to draw heightened attention. Looking ahead, earnings season kicks off with the Banks in a few weeks, and this is what the markets are really focusing on.



Calendar

Mon.

5:00 pm Kansas City Fed President Jeff Schmid speaks

Tue.

8:30 am U.S. trade deficit*
10:00 am Atlanta Fed President Raphael Bostic speaks
10:05 am Federal Reserve Vice Chair for Supervision Michelle Bowman welcoming remarks
10:45 am Federal Reserve governor Stephen Miran speaks
11:30 am Minneapolis Fed President Neel Kashkari speaks
3:00 pm Consumer credit
4:05 pm Federal Reserve governor Stephen Miran speaks

Wed.

9:20 am St. Louis Fed President Alberto Musalem opening remarks
9:30 am Federal Reserve governor Michael Barr speaks
2:00 pm Minutes of Fed's September FOMC meeting
3:15 pm Minneapolis Fed President Neel Kashkari speaks
5:45 pm Federal Reserve governor Michael Barr speaks
7:15 pm Chicago Fed President Austan Goolsbee speaks
8:30 am Federal Reserve Chair Jerome Powell opening remarks

Thu.

8:30 am Initial jobless claims*
8:35 am Federal Reserve Vice Chair for Supervision Michelle Bowman welcoming remarks
8:45 am Federal Reserve Vice Chair for Supervision Michelle Bowman speaks
10:00 am Wholesale inventories
12:45 pm Minneapolis Fed President Neel Kashkari and Fed governor Michael Barr discussion
3:45 pm Federal Reserve Vice Chair for Supervision Michelle Bowman speaks
4:10 pm San Francisco Fed President Mary Daly speaks
9:40 pm San Francisco Fed President Mary Daly speaks
Earnings Delta Air Lines, PepsiCo***

Fri.

9:45 am Chicago Fed President Austan Goolsbee opening remarks
10:00 am Consumer sentiment (prelim)
2:00 pm Monthly U.S. federal budget*

*Data subject to delay if government shutdown continues
**NA, Not available due to shutdown
***Earnings reflect highlights
Source: MarketWatch/Kiplinger's/CNBC

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