



# Chartbook

As of October 31, 2025

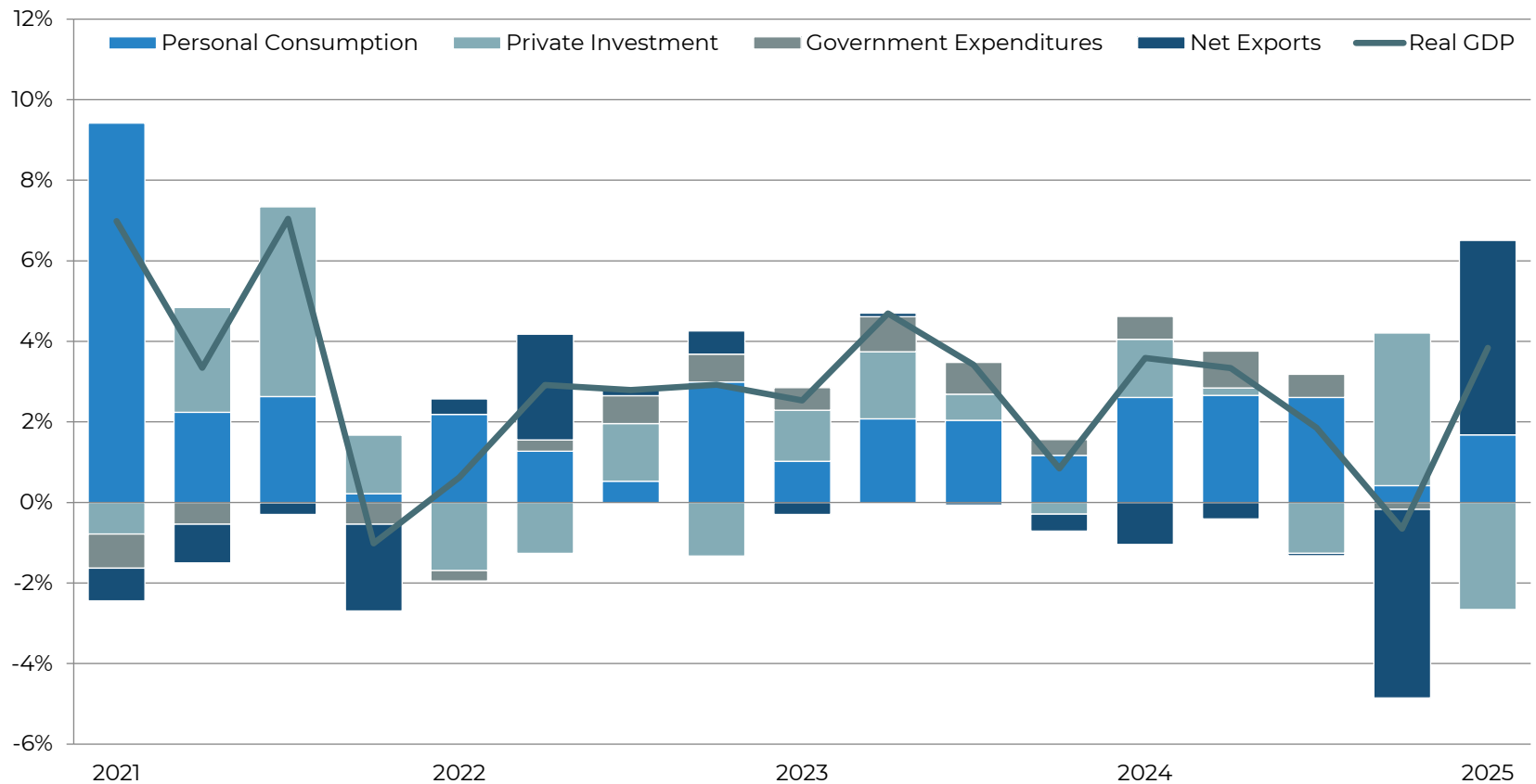
An aerial photograph of a bridge spanning a deep canyon, with a teal overlay. The bridge is a multi-lane highway with a small car visible in the distance. The canyon walls are rugged and rocky. The text "ECONOMIC PERSPECTIVE" is centered in white, bold, sans-serif font. A thin teal horizontal line is positioned below the text. In the bottom center, there is a graphic of several concentric teal circles.

# **ECONOMIC PERSPECTIVE**

Due to the government shutdown, the September GDP report has been delayed.

# Economic Growth

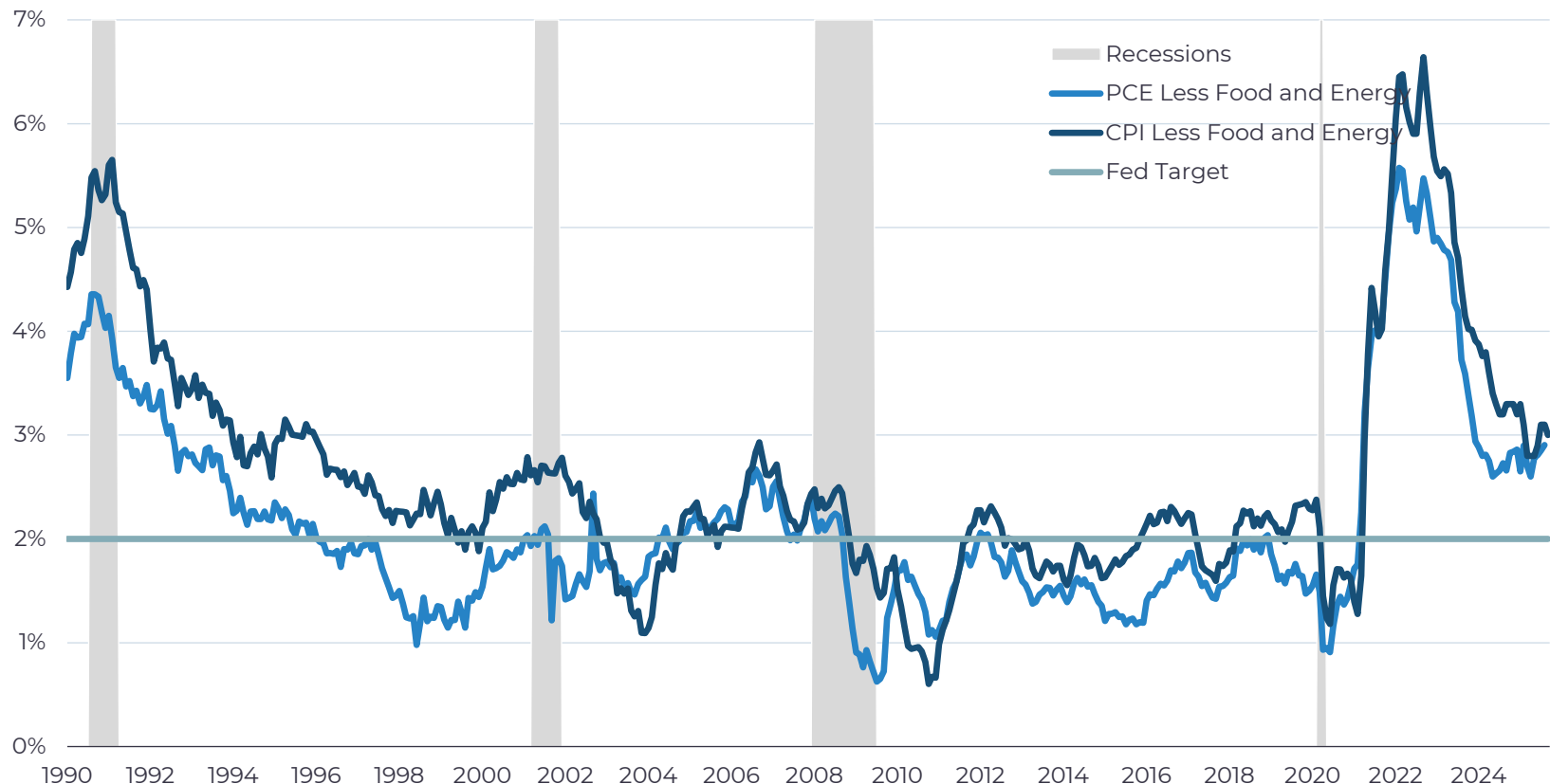
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. consumer prices rose 3.0% year-over-year in September, slightly below expectations of 3.1%. Excluding food and energy, core CPI increased 2.9%, mainly due to moderating rent inflation. Gasoline prices surged, but this was offset by declines in rents, airfares, hotels, and used car prices. However, tariffs continued to push up prices for apparel, furniture, and appliances, while labor shortages tied to immigration crackdowns increased costs for home care and gardening services. Despite the ongoing U.S. government shutdown, the Labor Department released the report to assist the Social Security Administration in setting a 2.8% cost-of-living adjustment for 2026. The shutdown delayed other key data, including the Personal Consumption Expenditures (PCE) index, which economists estimate rose 2.9% annually.

## Inflation Outlook

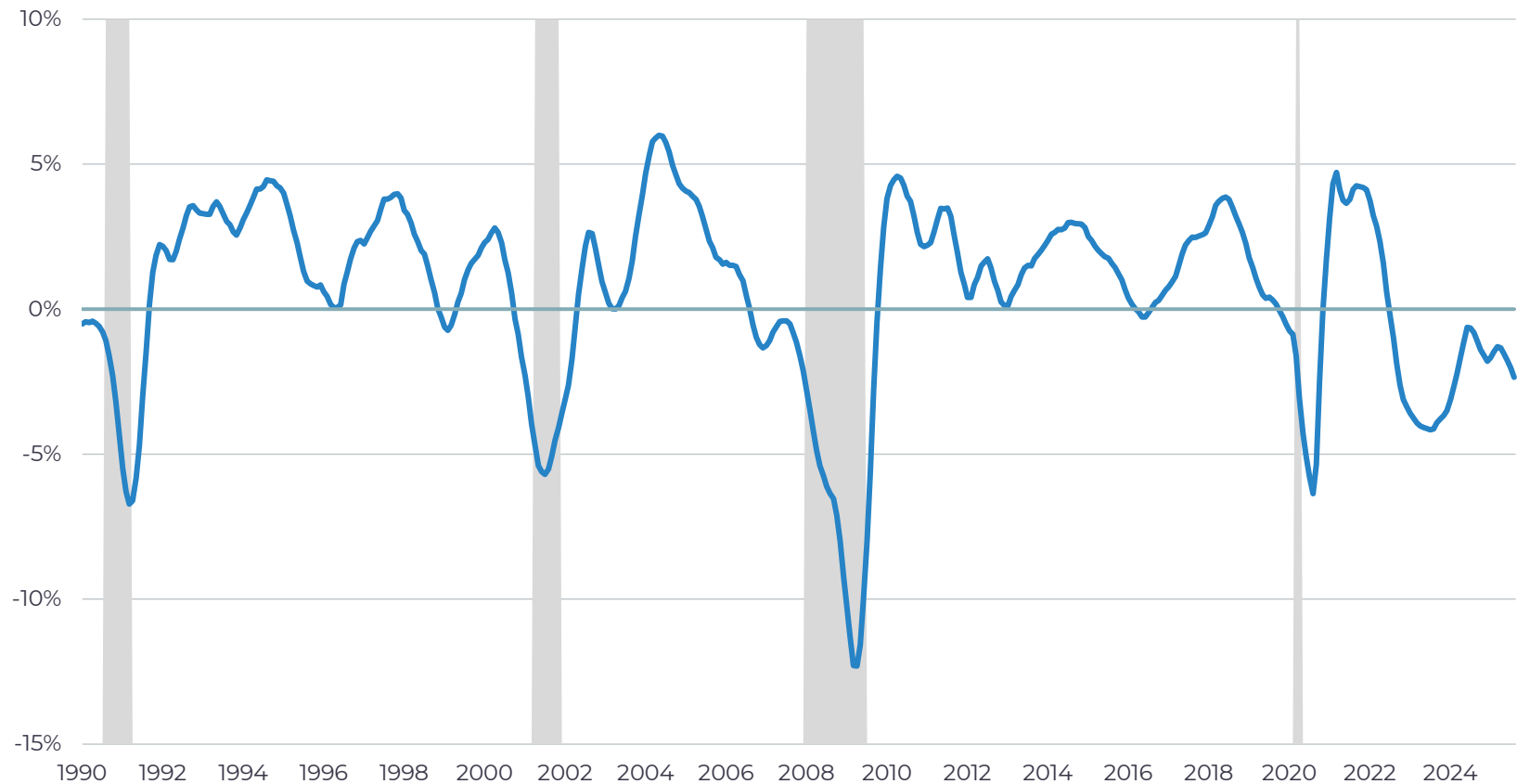
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



Due to the government shutdown, the September LEI report has been delayed.

# U.S. Economic Outlook

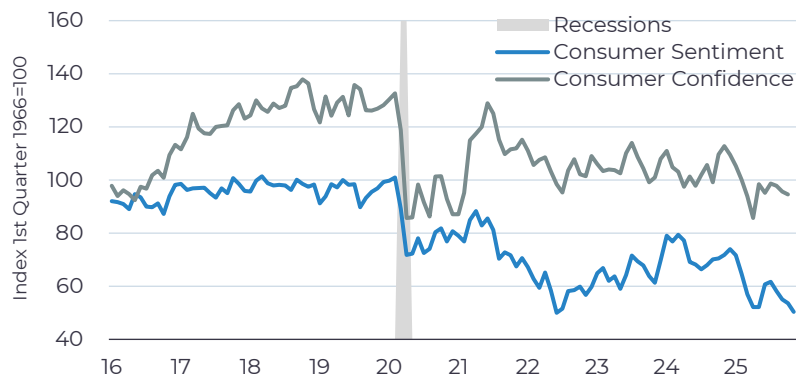
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



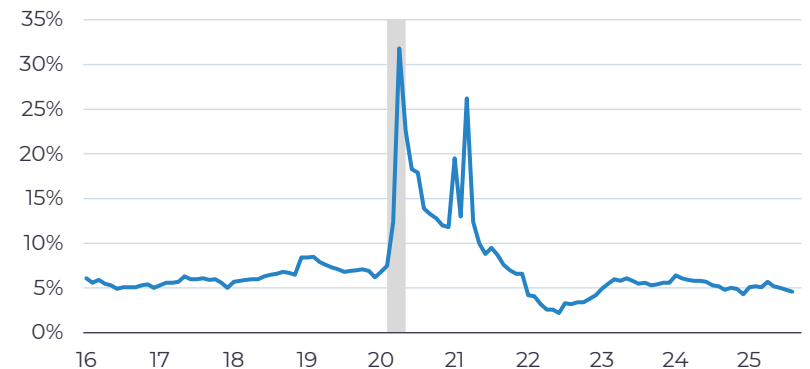
The Conference Board Consumer Confidence Index® slipped slightly in October 2025, falling 1.0 point to 94.6 from a revised 95.6 in September. The Present Situation Index rose 1.8 points to 129.3, reflecting modest improvements in views of business conditions and job availability, while the Expectations Index dropped 2.9 points to 71.5, remaining below the recession-warning threshold of 80 for the ninth consecutive month. Overall confidence was largely unchanged, with gains in current conditions offset by weaker short-term expectations for jobs, income, and business prospects. By demographics, confidence fell among those under 35 and over 55, but improved for ages 35–54. By income, confidence declined below \$75K and rose above \$75K, especially for earners over \$200K.

# Consumer Outlook

## Consumer Sentiment & Confidence Indexes



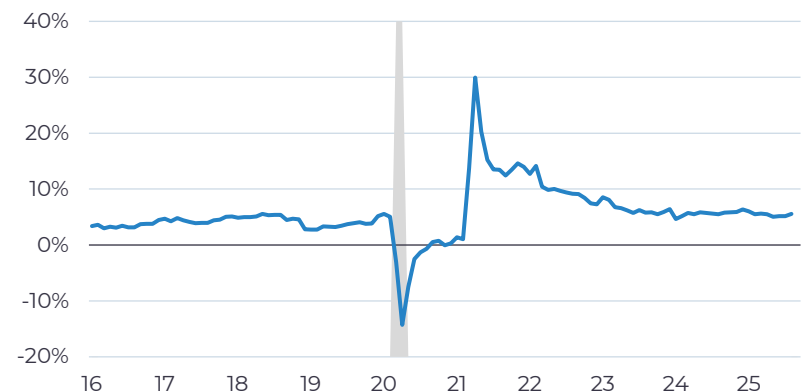
## Personal Saving Rate (Seasonally Adjusted Annual Rate)



## Disposable Personal Income (Y/Y % Change)



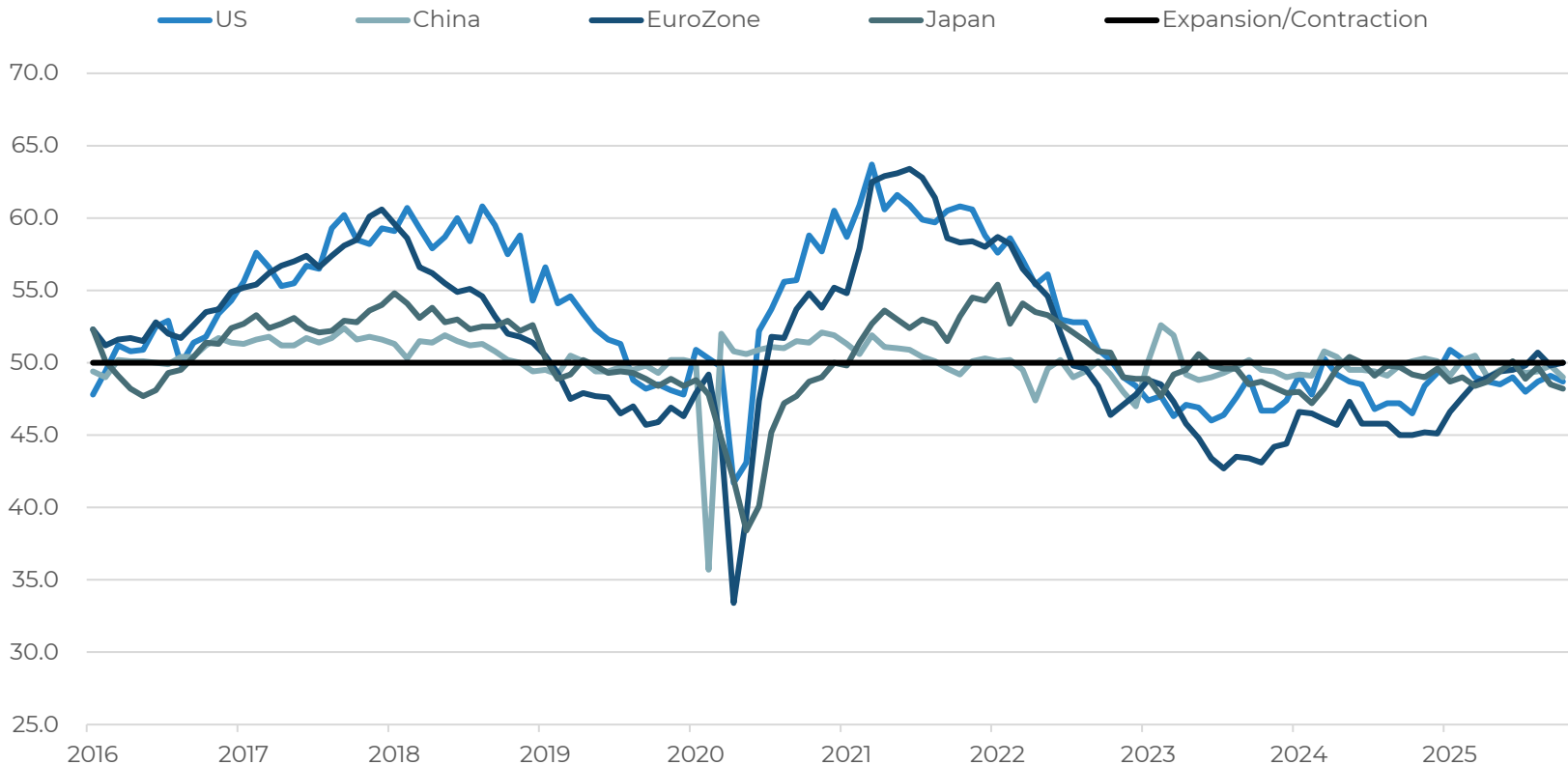
## Personal Consumption Expenditures (Y/Y % Change)



Global economic growth strengthened at the start of the fourth quarter, as the J.P. Morgan Global Composite PMI rose to 52.9 in October from 52.5 in September, matching the highest level in 17 months. The data suggest global GDP is expanding at about a 3.0% annualized rate, up from 2.8% in Q3, indicating a solid recovery from April's slowdown tied to U.S. tariff uncertainty. Growth accelerated across major developed economies, led by the United States, which saw faster expansion in both manufacturing and services. The eurozone recorded its strongest growth since May 2023, driven by services. The UK saw faster growth as manufacturing rebounded after a cyber-attack disrupted auto production in September.

# Global Economic Outlook

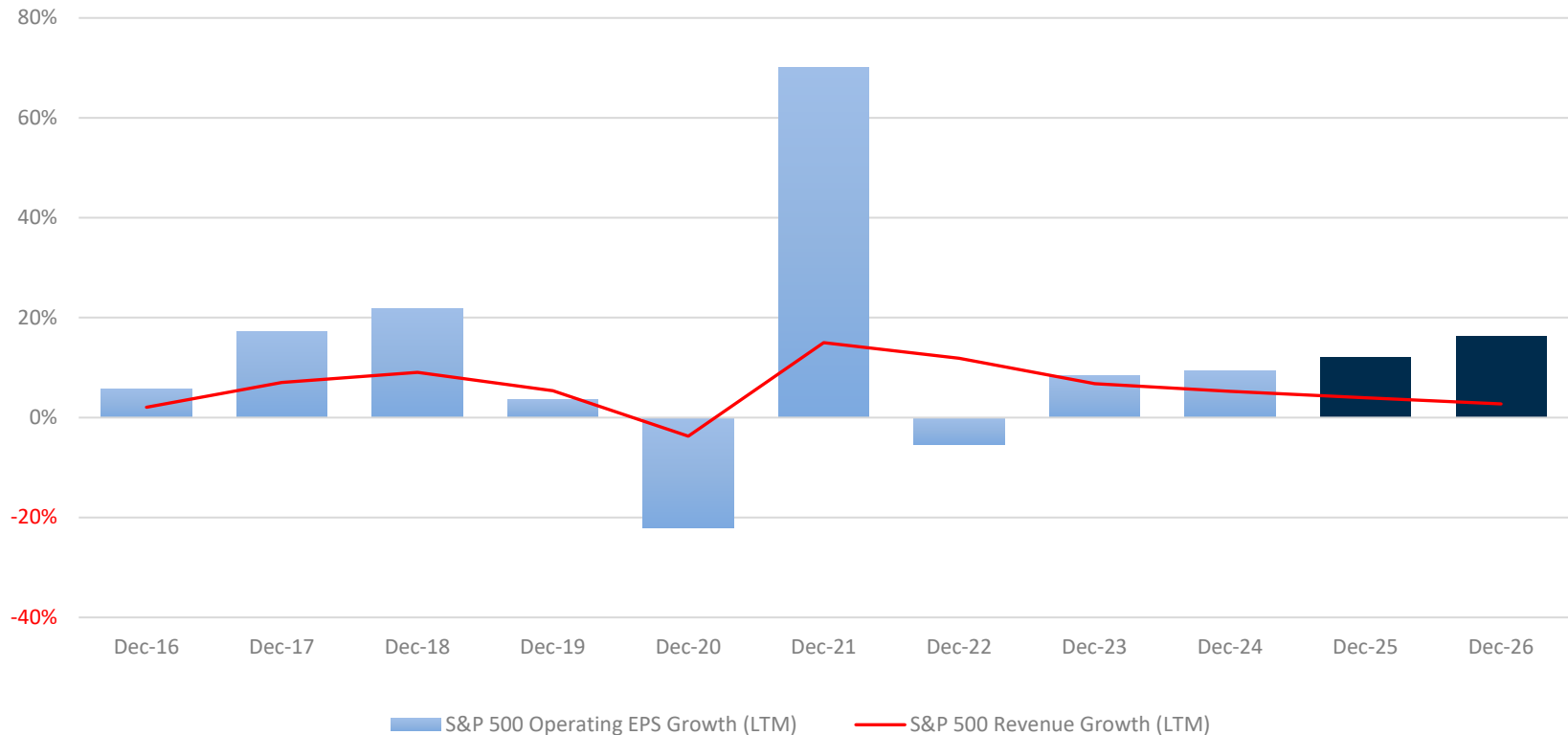
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6720. At the sector level, the Communication Services (+22.8) and Materials (+22.4%) sector is expected to see the largest price increases. On the other hand, the Utilities (+12.4%) sector is expected to see the smallest price increase. Overall, there are 12,581 ratings on stocks in the S&P 500. Of these 12,581 ratings, 56.3% are Buy ratings, 38.5% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Information Technology (65%), Energy (65%), and Communication Services (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

## Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



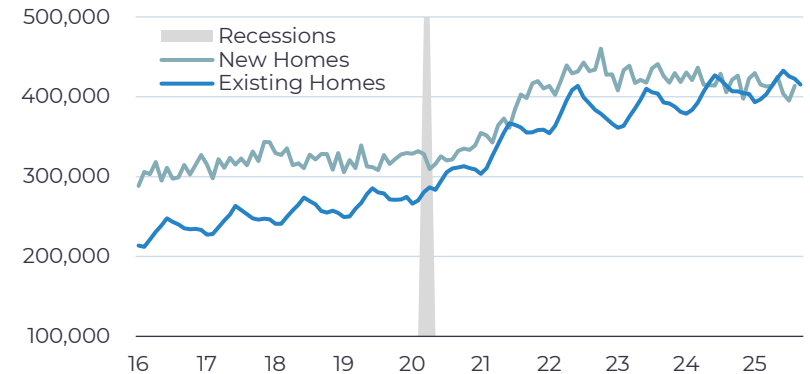
Due to the government shutdown, the September Housing report has been delayed.

# Housing Market Outlook

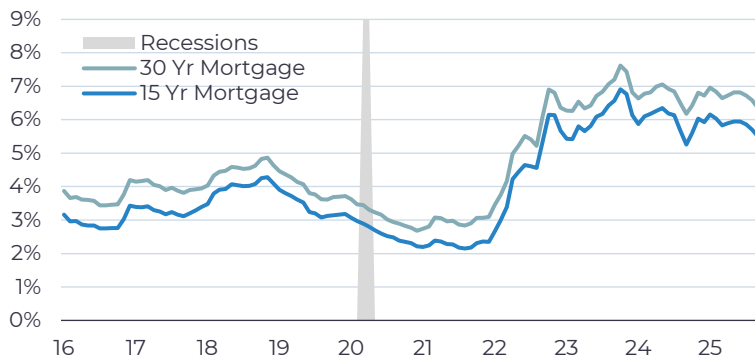
Housing Affordability (higher = more affordable)



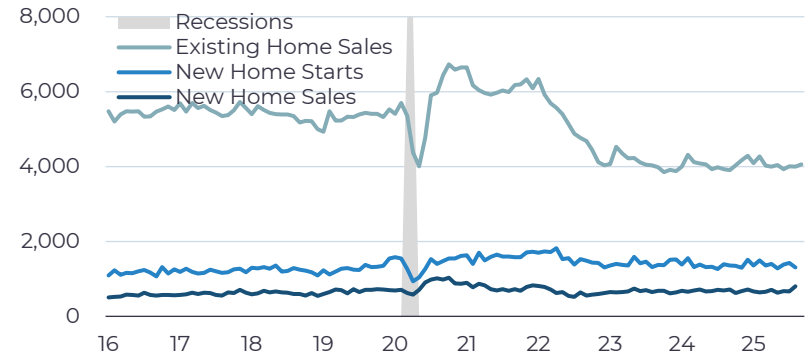
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



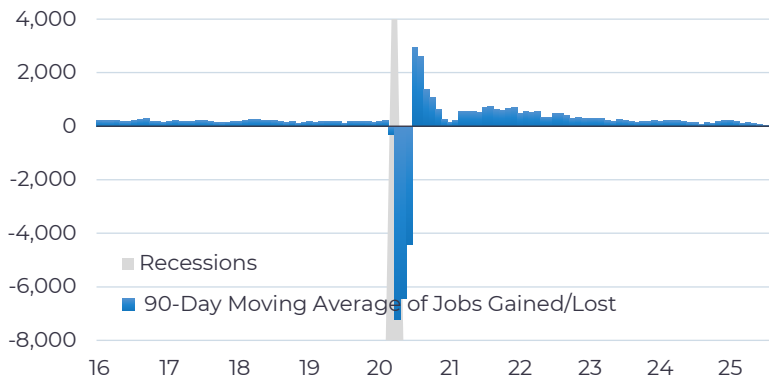
Housing Starts, Existing Home Sales and New Home Sales (000's)



Due to the recent government shutdown, the September and October U.S. jobs report have been delayed.

# Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



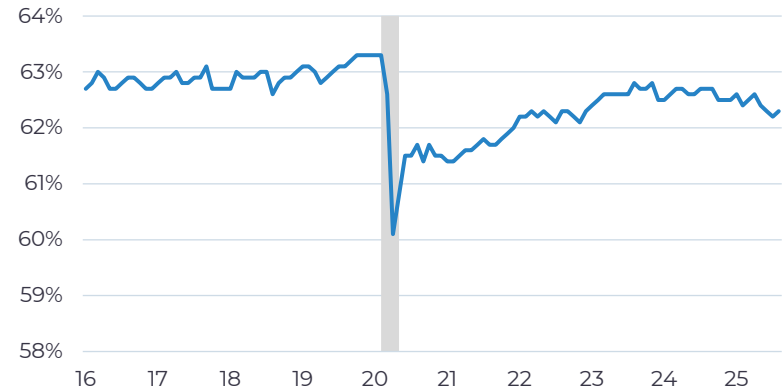
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



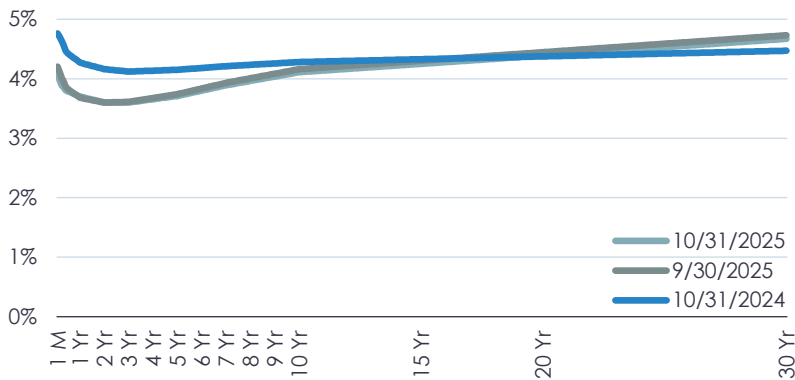
The background is an aerial photograph of a bridge spanning a river, with rocky banks on either side. A solid teal color is overlaid on the entire image. In the center, the text "BOND MARKET PERSPECTIVE" is written in white, bold, sans-serif capital letters. A thin teal horizontal line is positioned directly below the text. At the bottom center, there is a graphic of several concentric teal circles.

# **BOND MARKET PERSPECTIVE**

In October, global government bonds posted positive returns amid a risk-off market mood triggered by the U.S. government shutdown, tariff concerns, and the collapse of two U.S. firms (First Brands and Tricolor). A hawkish Federal Reserve later reversed some of the gains. High-yield corporate bonds underperformed as spreads widened in the U.S. and Europe, while investment-grade performance was mixed – U.S. spreads widened, but European ones tightened slightly. The Fed cut rates by 25 basis points to 3.75–4% and ended its quantitative tightening program. However, Chair Jerome Powell surprised markets by pushing back against expectations of another rate cut in December.

## U.S. Treasury Market

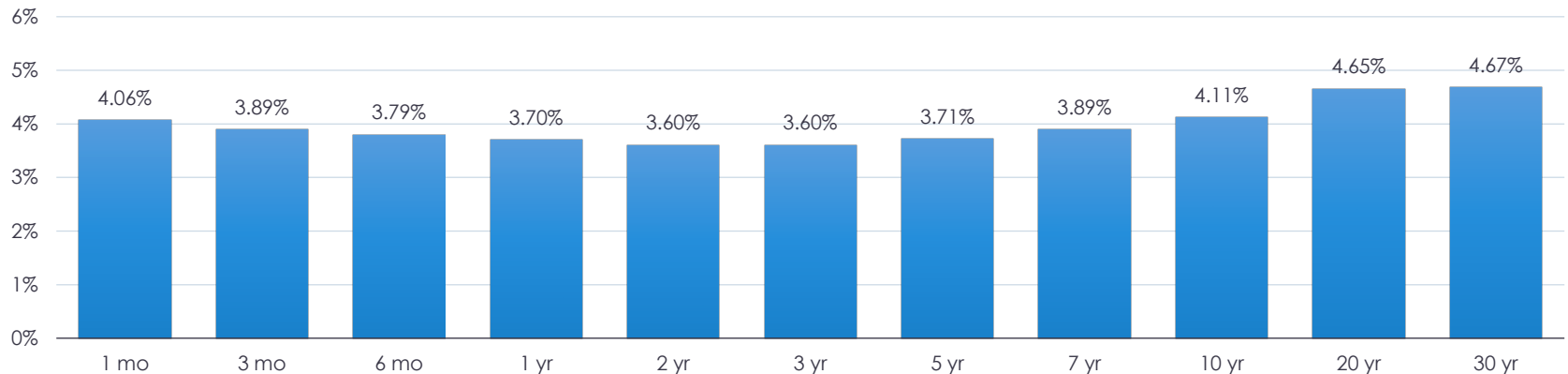
### U.S Treasury Yield Curve



### Historical U.S. 10-Year Treasury Rate

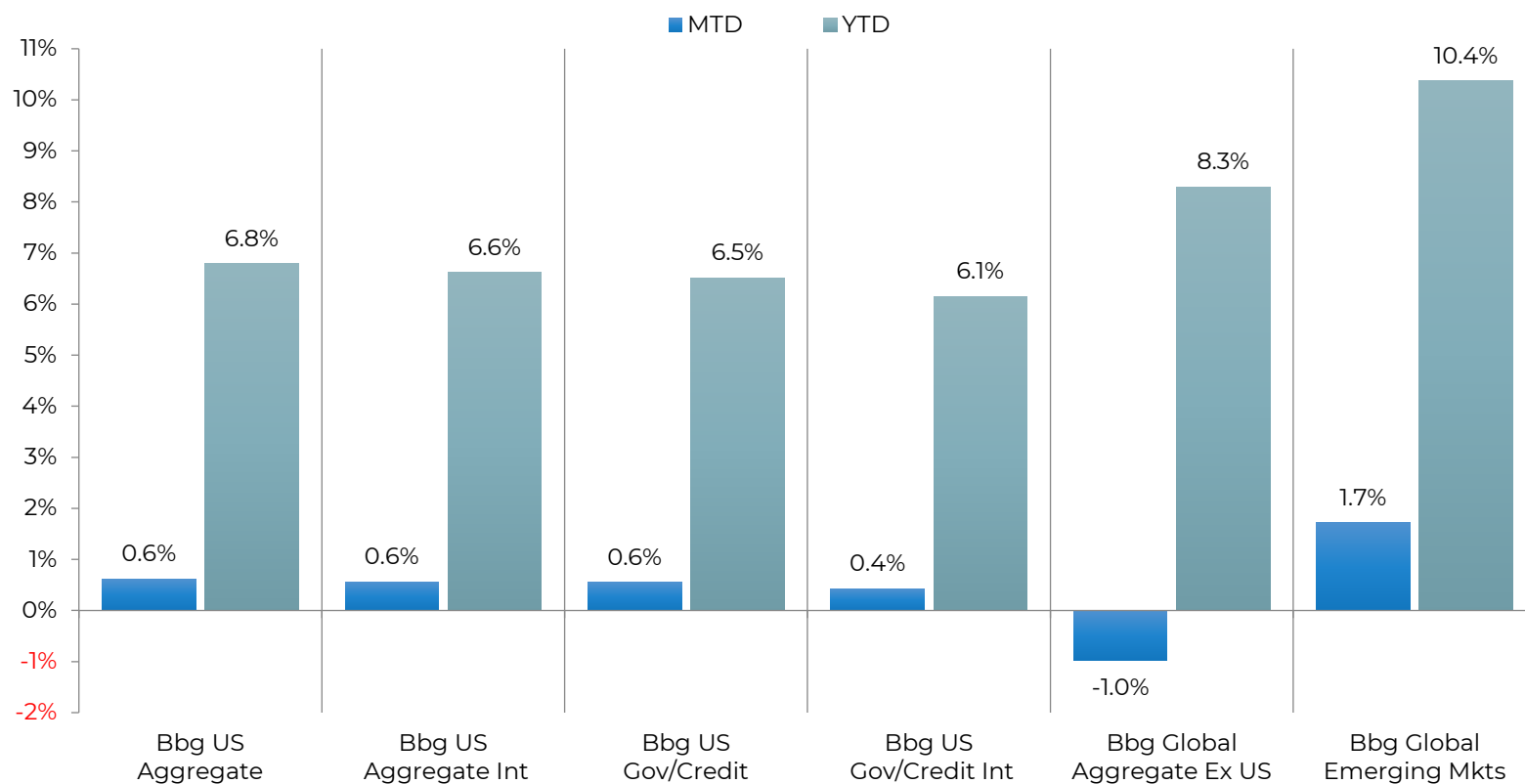


### Current U.S. Treasury Yields by Maturity



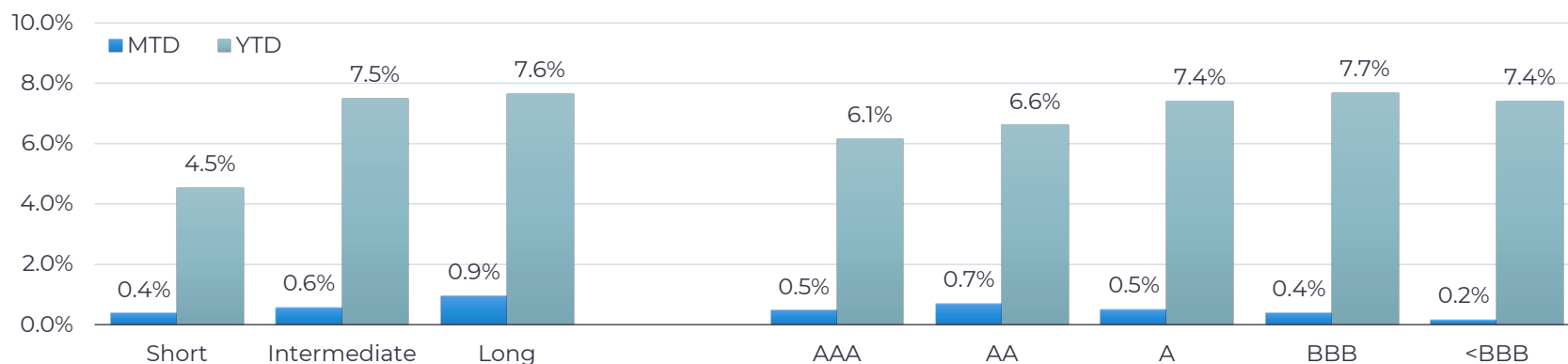
Source: U.S. Department of Treasury

# Global Fixed Income Returns by Bellwether Index

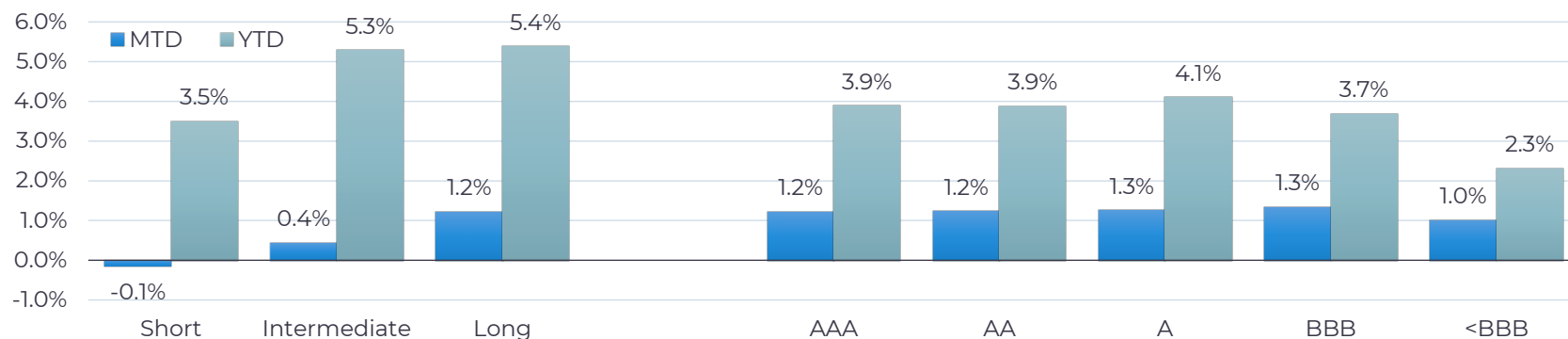


# Domestic Fixed Income Returns by Maturity and Credit Quality

## Domestic Bond Market - Taxable

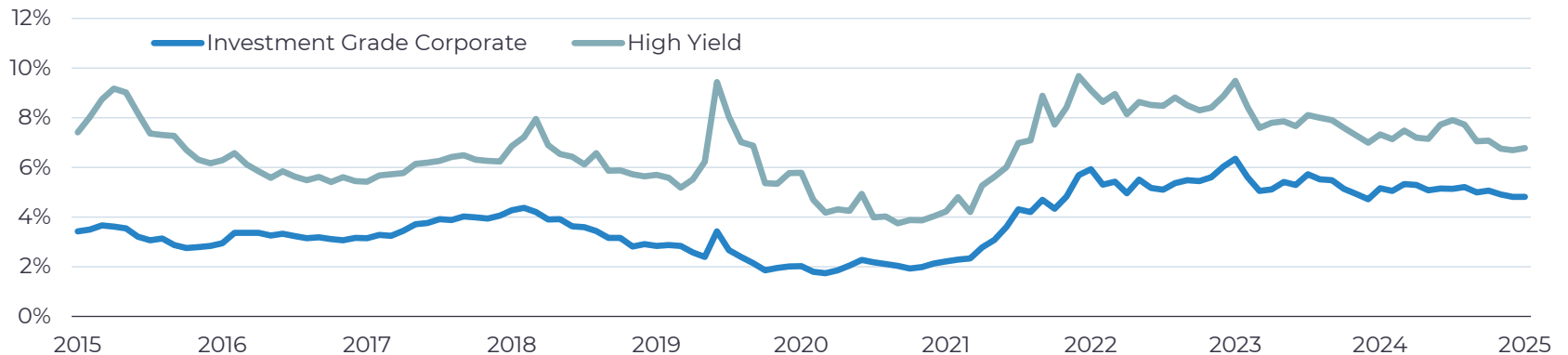


## Domestic Bond Market - Municipal

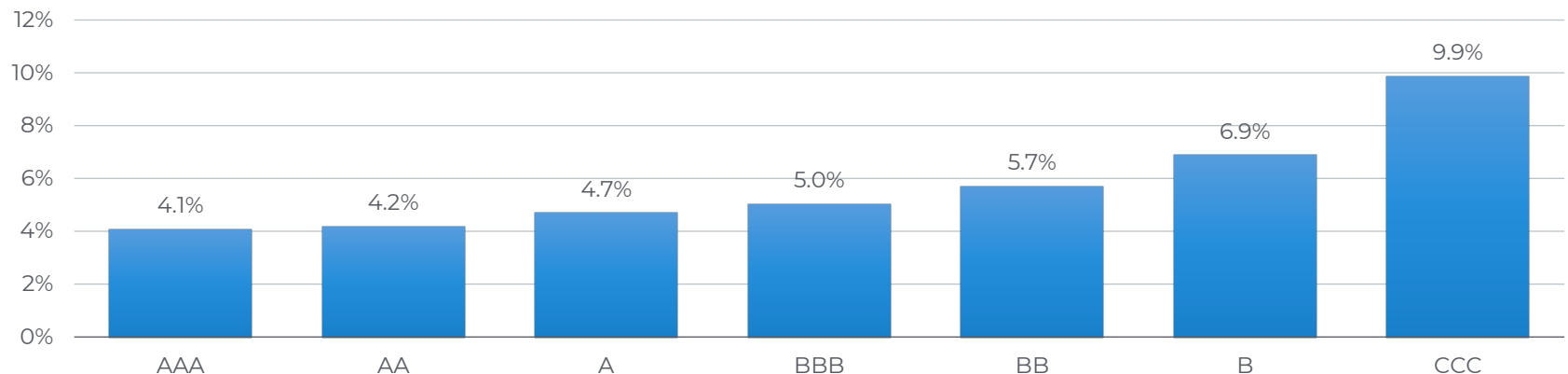


# Domestic Fixed Income Bond Yields

## Historical Corporate Bond Market Yield to Worst



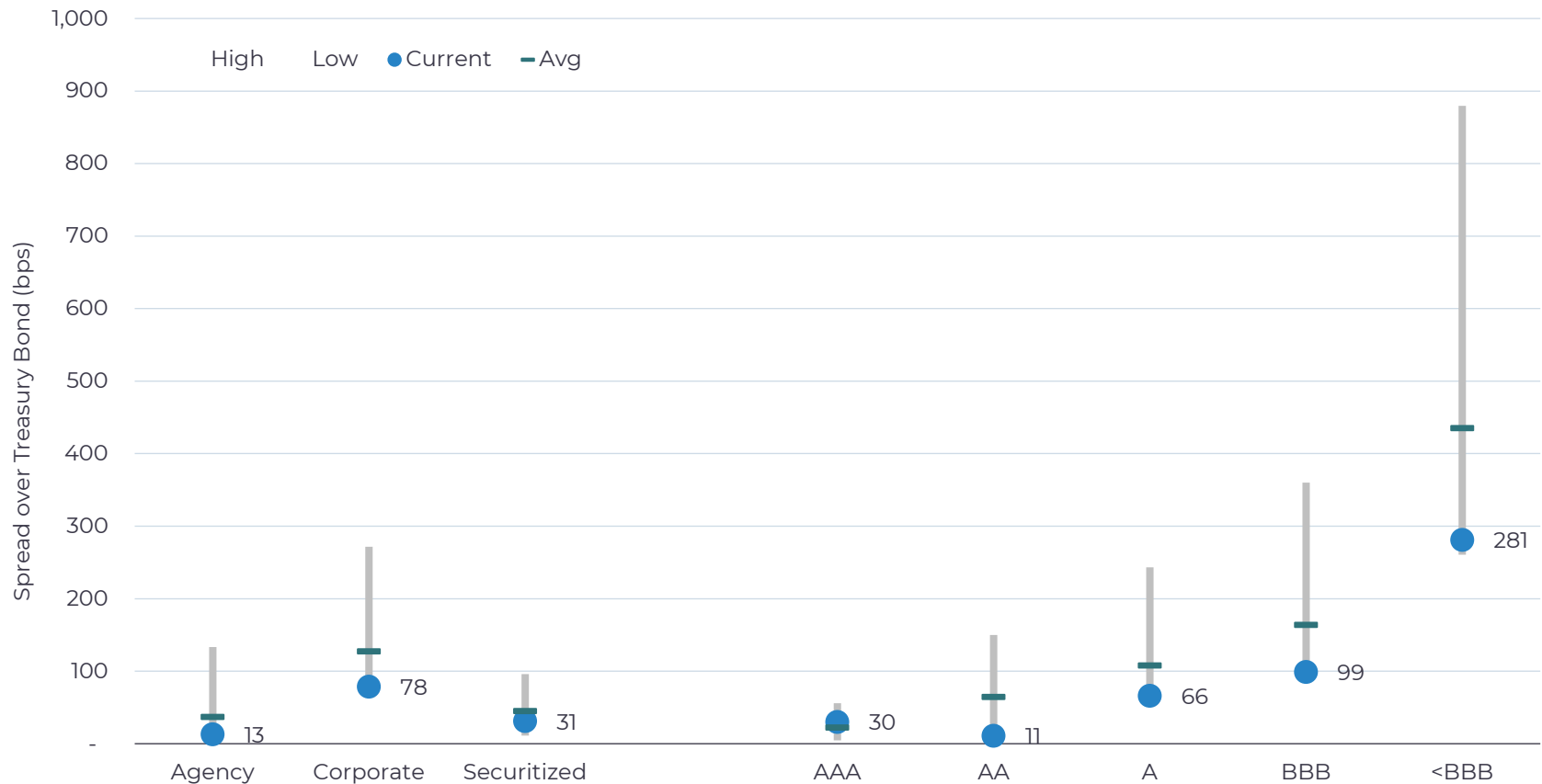
## Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

# Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

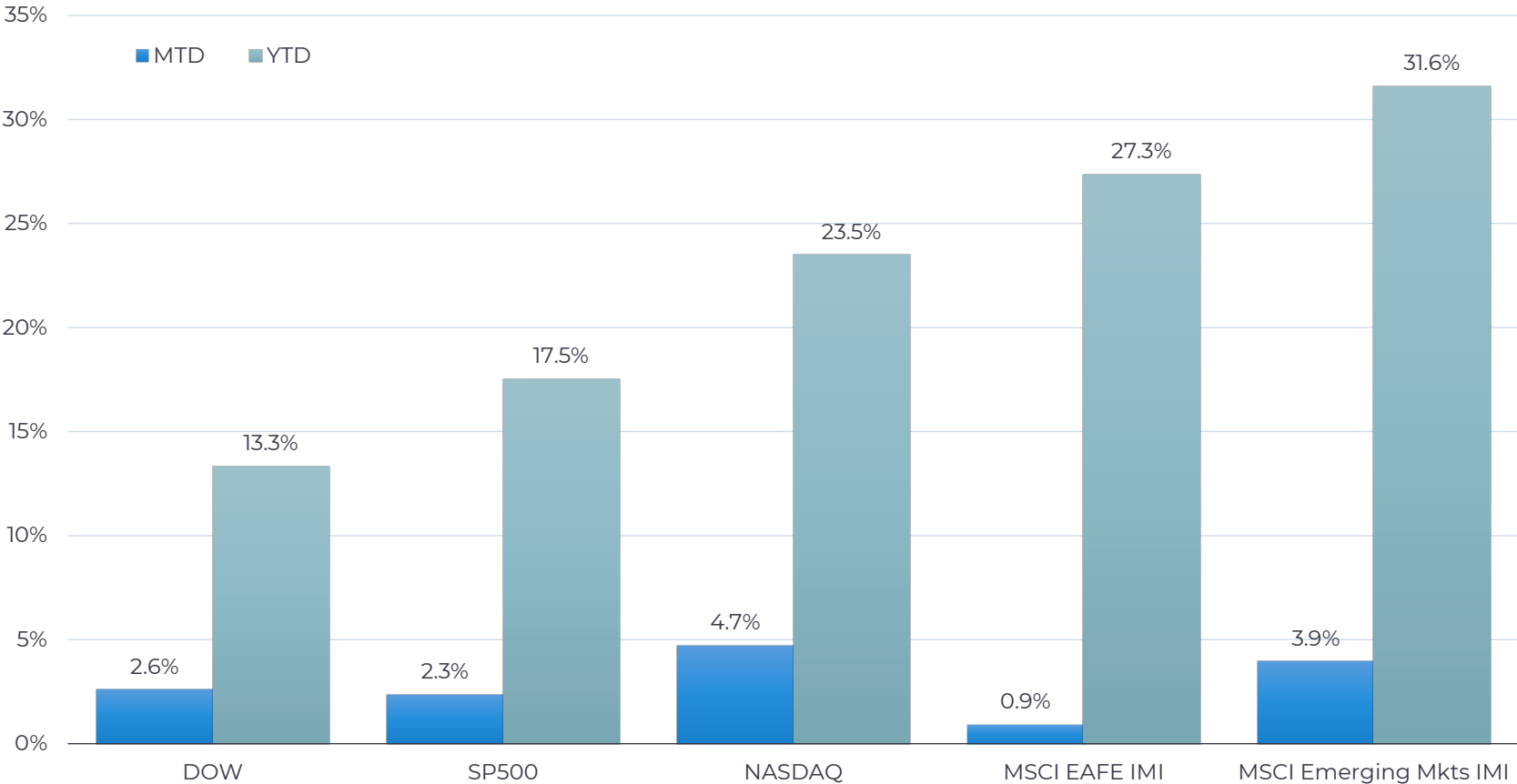


# EQUITY MARKET PERSPECTIVE

In October, global equity markets rose, supported by strong earnings, moderating inflation and expectations of lower interest rates. The U.S. NASDAQ led the gains, boosted by AI-related technology, while the MSCI EAFE IMI equities advanced more modestly. Emerging markets also continued to rally, led by South Korea and Taiwan’s tech and industrial sectors, though Chinese equities saw negative returns for the month. Sector performance was split in October as Technology led the way up 6.2%. Communication, Real Estate, and Financials were all negative, though none worse than Materials, which slipped 5.0% for the month.

# Global Equity Returns by Bellwether Index

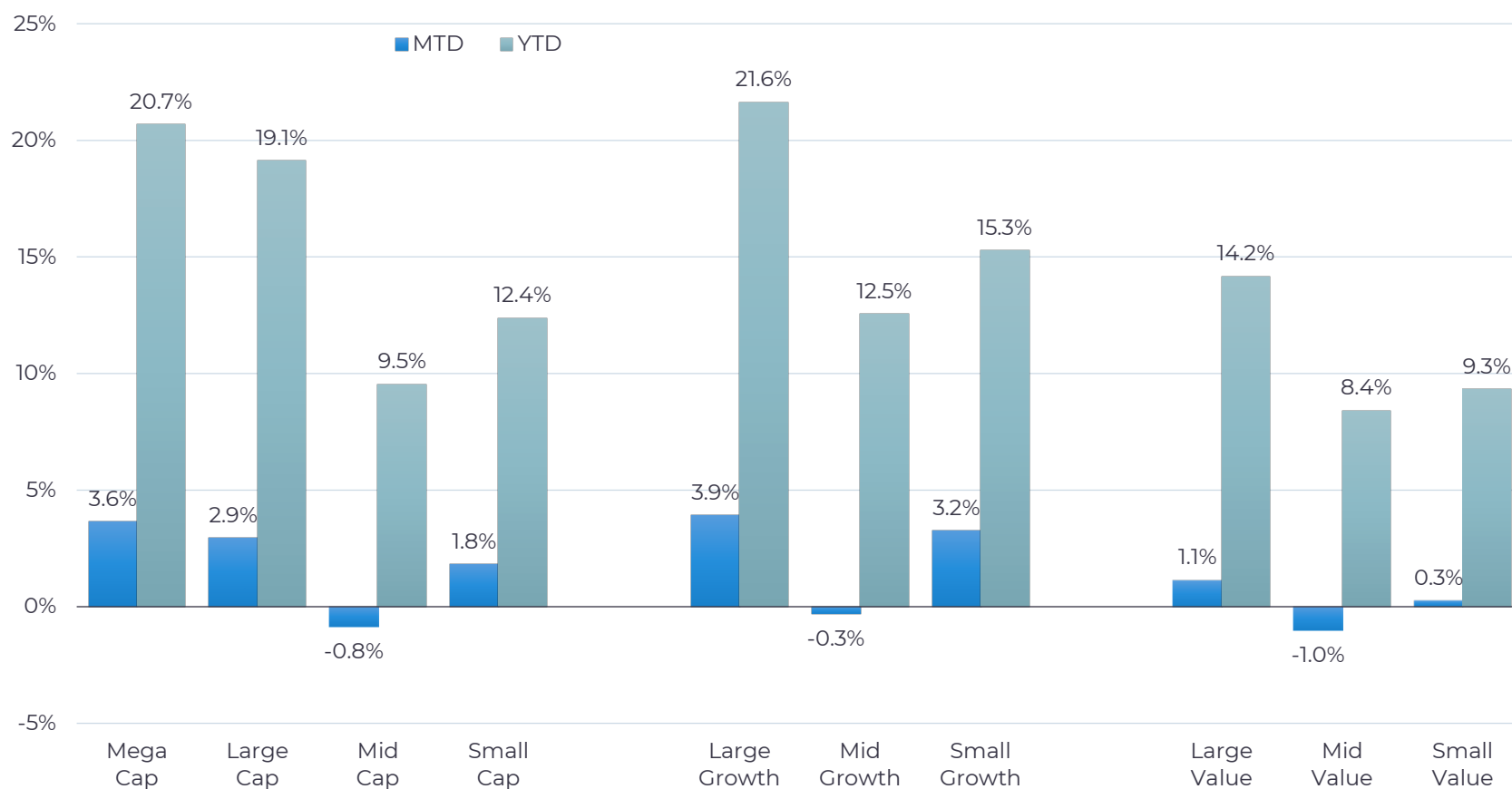
## Global Equity Markets



Source: S&P Dow Jones, NASDAQ, MSCI

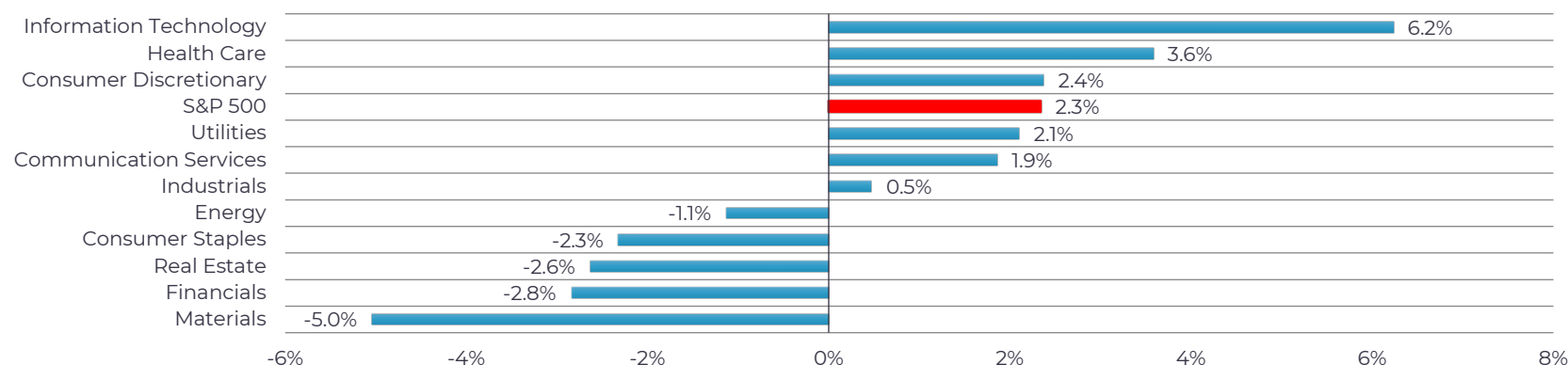
# Domestic Equity Returns by Market Cap & Style

## Domestic Equity Markets

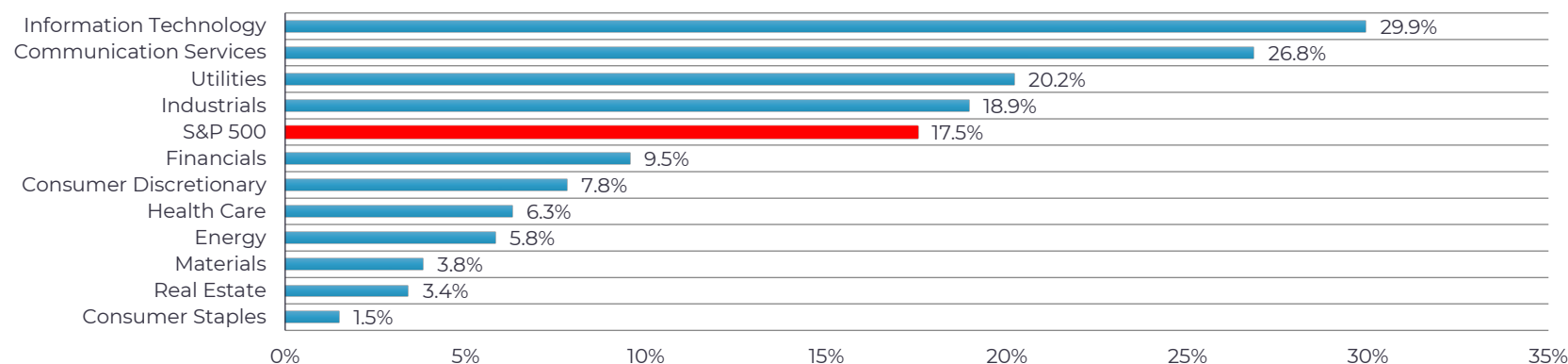


# Domestic Equity Returns by Sector

## MTD S&P 500 Returns by Sector

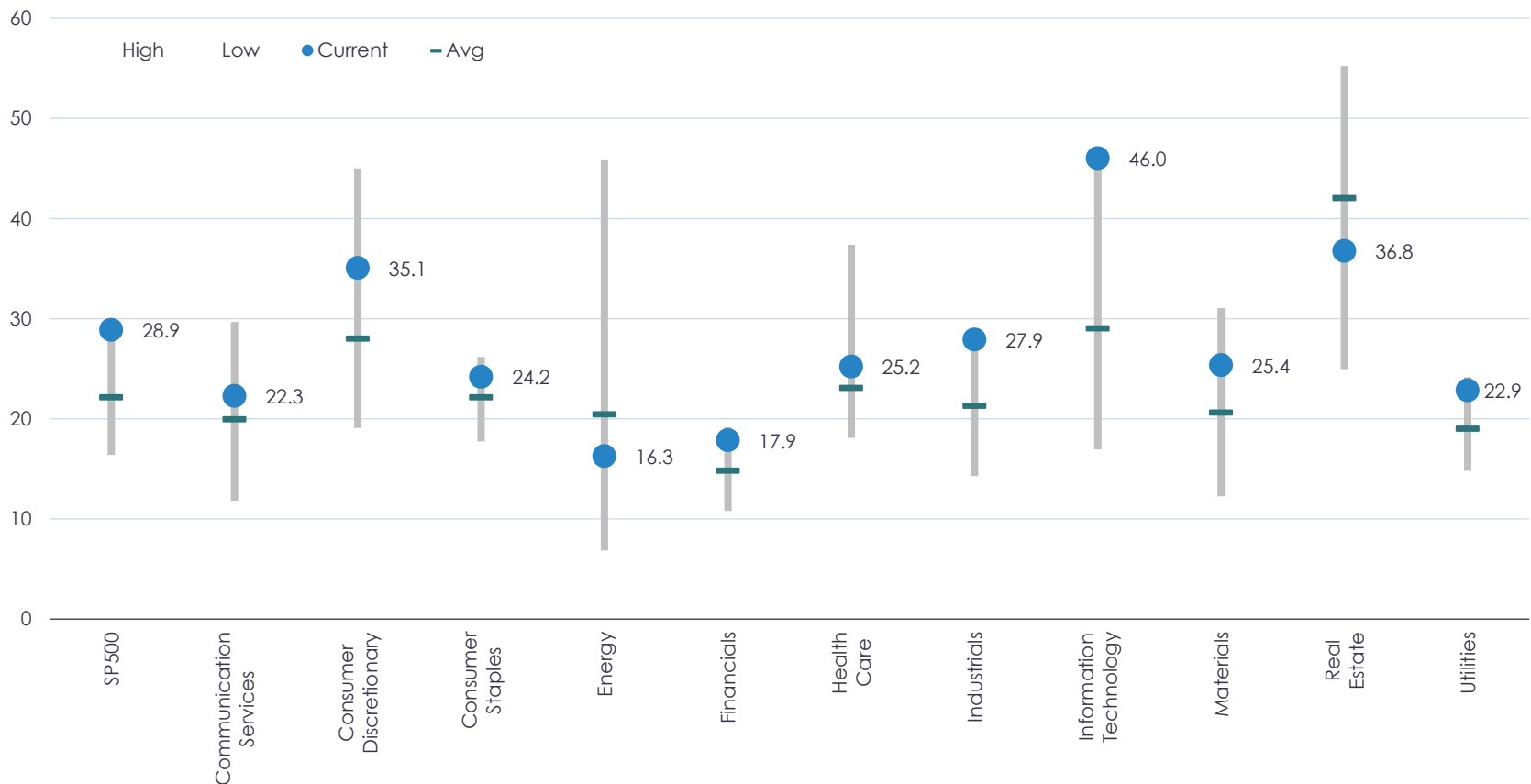


## YTD S&P 500 Returns by Sector



# Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

# Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

# Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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