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Markets In Focus: The Week That Was and What's On Tap

Week-Ending 10/10/2025

The Week That Was

Equity markets endured a volatile week ending October 10, 2025, as geopolitical tensions overshadowed an otherwise steady backdrop. After notching fresh highs on Thursday, the **S&P 500** and **Nasdaq Composite** reversed sharply Friday following President Trump's threat of a "massive increase" in tariffs on Chinese imports—retaliation for Beijing's new export curbs on rare earth minerals. The remarks reignited concerns over global supply chains, particularly for technology and AI-linked industries that had powered markets since April's lows. The S&P 500 fell **2.7% on Friday** and **2.4% for the week**, while the Nasdaq Composite lost **3.6% on the day** and **2.5% weekly**, unwinding much of its recent advance. Defensive sectors such as Consumer Staples helped cushion the decline, but heavy selling in large-cap AI names dominated the tape. Notably, trading volume remained below average, suggesting portfolio rebalancing rather than broad liquidation. October can be a volatile month, and Friday did not disappoint on that front. But, we recognize that pull-backs can be considered quite healthy, particularly in light of the meteoric run we have had since the market bottomed in April of this year.

While the markets seemed to react strongly to President Trump's threats of calling off the meeting with China later this month and potentially inflicting high tariffs, it should be pointed out that there were no further indications from the White House as to any details or confirmation of any actions taken. We have seen this in the past where wild threats are made leading up to negotiations, then some sort of deal or delay being implemented. Whether this is indeed one of those tactics, we should know relatively soon.

Economic visibility remained limited by the **ongoing government shutdown**, yet select data still shaped sentiment. **Weekly jobless claims**, estimated by JPMorgan to have risen to **235,000** (from 224,000), signaled a mild softening in labor demand and reinforced expectations for potential Fed rate cuts later this year.

Looking ahead, markets will focus on next week's scheduled **Producer Price Index (PPI)** and **Consumer Sentiment** readings—assuming the data blackout lifts—alongside a cluster of early-Q3 earnings reports. Together, they'll offer a clearer gauge of inflation dynamics, consumer resilience, and whether recent volatility marks a short-term reset (something we agree with) or the start of a broader risk re-pricing.

The Week Ahead

For the week ending **October 17, 2025**, markets will navigate another stretch of limited visibility as the government shutdown continues to delay key data. Several releases remain tentatively scheduled, including the **September CPI and Real Earnings** report (Oct. 15), **Producer Price Index** (Oct. 16), and **Import/Export Prices**, **Housing Starts**, and **Industrial Production** (Oct. 17). Whether these are published on time remains uncertain, but investors will parse any available inflation and output data for clues on the Federal Reserve's path and the health of underlying demand.

Earnings season will also accelerate, providing much-needed insight into corporate fundamentals in the absence of reliable macro data. Major financials—**JPMorgan, Citigroup, Goldman Sachs, Wells Fargo, and BlackRock**—kick off reporting early in the week, followed by **Bank of America** and **Morgan Stanley** midweek. Their commentary on loan growth, credit quality, and deposit trends will serve as a real-time gauge of economic activity. Outside finance, **Johnson & Johnson, ASML, Unilever, and Taiwan Semiconductor** will shed light on global demand, pricing power, and supply chain conditions. With traditional data channels constrained, investors will look to earnings guidance and tone to infer inflation persistence, consumer resilience, and whether last week's sell-off represents a brief shakeout or the start of a broader repricing.

Whether this is a healthy pull-back or something longer lasting, we should know more this week as earnings start to ramp. Given expectations of strong earnings and solid economic growth, sprinkled with some more Fed cuts, we expect to see the markets continue to move higher in to the end of this year.

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