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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Sometimes people don't want to hear the truth because they don't want their illusions destroyed." Friedrich Wilhelm Nietzsch

MARKETS

Macro Recap: Markets digested several key economic developments last week, with Federal Reserve policy, consumer sentiment, and energy prices remaining top areas of focus.

Minutes from the Federal Reserve's most recent meeting, released Wednesday, indicated that policymakers continue to view another interest rate increase as a possibility before year-end. However, the timing of any additional move remains uncertain. The Fed raised its benchmark rate at its mid-September meeting, marking its first rate hike since 2023, and investors will closely watch the next policy meeting, which concludes on October 28.

On the consumer front, sentiment weakened further as concerns about inflation continued to weigh on households. The University of Michigan's preliminary October Consumer Sentiment Index fell to 46.3, down from 48.1 in September and 51.7 in August. While sentiment remains above the record low reached in May 2026, the decline underscores ongoing pressure on consumer confidence despite a resilient economy.

Meanwhile, oil prices remained relatively stable for a second consecutive week, a notable change from the heightened volatility experienced following the escalation of Middle East tensions earlier this year. U.S. crude oil was trading near $91.50 per barrel on Friday afternoon, little changed from the prior week. For perspective, crude prices reached approximately $105 per barrel in mid-September and peaked near $115 per barrel in early April.

Equity Market Recap: Equity markets posted another week of gains, led by large-cap stocks. A strong start to the week pushed both the S&P 500 and Nasdaq to fresh record highs on Tuesday. While neither index was able to build on those gains as the week progressed, both finished the week approximately 1% higher. The Dow Jones Industrial Average also advanced about 1% for the week.

Small-cap stocks continued to lag their large-cap counterparts. The Russell 2000 Index underperformed amid ongoing concerns that elevated interest rates could weigh more heavily on smaller companies. As of Friday's close, the Russell 2000 was down 5.7% over the past five weeks, compared with a 1.0% gain for large-cap U.S. equities during the same period.

Fixed Income and Rates Recap: Treasury yields moved modestly lower last week following recent bond market volatility, though longer-term rates remain near their highest levels in more than two decades. The 10-year Treasury yield ended the week at 5.24%, while the 30-year Treasury closed at 5.60%. Shorter-term rates also eased, with the 2-year Treasury yield declining to 4.79% from 4.84% the prior week.

Week Ahead: Investors will be closely watching Wednesday's Consumer Price Index (CPI) report, which is expected to be one of the most important economic releases ahead of the Federal Reserve's policy meeting later this month. The latest CPI data showed inflation running at an annual rate of 3.4% in August, unchanged from the previous month and still well above the Fed's long-term target of 2.0%.

INDICES

	Oct 5 Open	Oct 9 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	51,177	51,655	0.9%	48,063	7.5%
S&P 500	7,723	7,812	1.2%	6,846	14.1%
NASDAQ	27,191	27,366	0.6%	23,242	17.7%
Russell 2000	2,833	2,807	-0.9%	2,482	13.1%
KBW Bank Indx	170.7	170.7	0.0%	164.0	4.1%
Bitcoin	$85,896	$83,538	-2.7%	$87,648	-4.7%
Oil (WTI)	$90.30	$92.49	2.4%	$57.42	61.1%
Gold	$4,157	$4,186	0.7%	$4,319	-3.1%
Prime	7.00	7.00	0.00	6.75	0.25
Effective Fed Funds	3.88	3.88	0.00	3.64	0.24
3m Tbill	4.09	4.14	0.06	3.63	0.51
2yr UST	4.82	4.79	-0.04	3.47	1.31
10yr UST	5.30	5.24	-0.06	4.17	1.07
2-10yr UST Spread	47	44	-3	69	-25
2y AAA Muni/2y UST	70.4%	69.8%	-0.7%	70.3%	-0.5%
10y AAA Muni/10y UST	75.3%	75.9%	0.6%	65.4%	10.4%
5yr Inflation Forecast	2.39	2.37	-0.02	2.27	0.10

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Federal budget, Existing home sales
- **Wednesday:** CPI
- **Thursday:** PPI, Retail sales, Wholesale inventory
- **Friday:** Industrial prod., Exp/Imp prices

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