



Monthly Market Commentary October 2025

Stocks rally on positive earnings and trade news.

- Global equities, as measured by the MSCI ACWI Index, gained ground in October 2025. Investors were encouraged by generally better-than-expected corporate earnings reports, central bank monetary policy easing, and signs of softening trade tensions between the U.S. and China. Emerging markets outperformed developed markets.
- Global fixed-income assets posted modest gains for the quarter. U.S. Treasury yields moved lower across the yield curve. (Bond prices move inversely to yields.)
- Diversification will help investors reduce their exposure to what we see as heightened market fragility.

Economic Backdrop

Global equities, as measured by the MSCI ACWI Index, gained ground in October 2025. Investors were encouraged by generally better-than-expected corporate earnings reports, central bank monetary policy easing, and signs of softening trade tensions between the U.S. and China. Emerging markets outperformed developed markets.

The Far East led the emerging markets during the month due mainly to strength in Korea and Taiwan. Eastern Europe was bolstered by the outperformance of Hungary and Poland. Conversely, Chinese stocks listed on the Hong Kong Stock Exchange recorded negative returns. The Far East also was the strongest performer among the developed markets in October, attributable mainly to a rally in Japan. Additionally, North America benefited from strength in the U.S. market. On the downside, the underperformance of the Asia-Pacific ex Japan region resulted from relative weakness in Australia and Singapore.

Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, dipped 0.3% (in U.S. dollars) in October. Mortgage-backed securities (MBS) led the U.S. fixed-income market, followed by U.S. Treasuries, investment-grade corporate bonds, and high-yield bonds. Treasury yields moved lower across the yield curve, with the exception of the 2-year note, which was unchanged at 3.60%. Yields on 3-, 5-, and 10-year Treasury notes declined by corresponding margins of 0.01%, 0.03%, and 0.05%, ending the month at 3.60%, 3.71%, and 4.11%, respectively. The 10-year to 3-month yield curve widened by 8 basis points (0.08%) to +0.22% as of October 31.¹

Global commodity prices, as measured by the Bloomberg Commodity Index, gained 2.6% in October. The spot prices for West Texas Intermediate (WTI) and Brent crude oil fell 2.2% and 1.9%, respectively, over the month due to softer demand and an increase in supply as the Organization of the Oil Exporting Countries (OPEC) ramped up production. Economic uncertainty and expectations of a Federal Reserve interest-rate cut contributed to the 3.2% rise in the gold price to numerous record highs over the month. However, On October 21, the price tumbled 5.7%—its largest one-day decline since 2013—due to some profit-taking following a prolonged rally, as well as U.S. dollar strength. (The gold price typically moves inversely to the U.S. dollar.) The 32.3% surge in the New York

¹ According to the U.S. Department of the Treasury. As of October 31, 2025.

Mercantile Exchange (NYMEX) natural gas price for the month was attributable to stronger-than-expected demand for cooling and a significant increase in liquefied natural gas (LNG) exports. The wheat price climbed 5.1% in October due primarily to higher demand from North Africa and the Middle East, as well as continued geopolitical tensions in Ukraine.

U.S. trade policy remained a focal point for global financial markets during the month. In a social media post on October 10, President Donald Trump threatened to cancel a scheduled meeting with China's President Xi Jinping and impose "a massive increase in tariffs" on Chinese imports, accusing the Chinese government of "becoming very hostile, and sending letters to Countries throughout the World, that they want to impose Export Controls on each and every element of production having to do with Rare Earths [a group of 17 metals that are used in the production of electronics such as smartphones, computer hard drives, and big-screen televisions]..." However, Trump and Xi met in South Korea toward the end of the month and reached a tentative trade deal in which the U.S. agreed to reduce tariffs on imported goods from China from 57% to 47% in exchange for China's pledge to curb the export of chemicals used to produce fentanyl. Additionally, Xi agreed to a one-year suspension of export controls on rare-earth minerals, and China will end its embargo on soybean imports from the U.S.

The U.S. government shutdown, which began on October 1, was not resolved by the end of the month. The political dispute centers on the demand of the Democrats, who are the minority party in both the House of Representatives and the Senate, for an extension of the enhanced Affordable Care Act (ACA) health insurance subsidies enacted during the COVID-19 pandemic in 2021, and to restore the cuts to the Medicaid program mandated in the One Big Beautiful Bill Act, which Trump signed into law in July.

On the geopolitical front, on October 9, Trump announced that Israel and Hamas had agreed to a ceasefire in the war that began in October 2023. The deal required Hamas to release all of the Israeli hostages held in Gaza. The Israeli government began to withdraw its troops from parts of Gaza the following day. The ceasefire appeared to be jeopardized on October 19, when Israel launched numerous airstrikes on several targets in Gaza and accused Hamas of breaking the truce by attacking its military forces in the Rafah area of southern Gaza. The Israeli military again attacked Hamas in Gaza toward the end of October, claiming that Hamas violated the ceasefire by firing on Israeli troops who were stationed in Israeli-controlled territory in southern Gaza.

Economic Data (unless otherwise noted, data sourced to Bloomberg)

- According to Statistics Canada, consumer prices (as measured by the change in the Consumer Price Index (CPI)) rose 0.1% in September. Year-over-year consumer prices were up 2.4% as consumers paid more for groceries, while gasoline prices saw much smaller declines in year-over-year prices. Producer prices were higher in September, as the Industrial Product Price Index (IPPI) and the Raw Materials Price Index (RMPI) rose 0.8% and 1.7%, respectively. Year-over-year prices increased 5.5% and 8.4%, respectively, for the IPPI and RMPI. Prices for metals have sharply increased over the past 12 months, while energy costs also rose despite weaker prices for crude oil. Lumber costs declined, moderating the overall price increases of input costs. The Canadian labour market added 67,000 jobs in October, as the unemployment rate declined 0.2% to 6.9%.
- Following a nine-day delay due to the ongoing federal government shutdown, the Department of Labor released its inflation report for September. The consumer-price index (CPI) advanced 0.3% for the month, marginally lower than the 0.4% rise in August. Gasoline prices surged 4.1% and comprised the bulk of the upturn in the index for the month. Conversely, costs for utility gas service and electricity declined 1.2% and 0.5%, respectively, in September. The CPI advanced 3.0% year-over-year in September—modestly higher than the 2.9% rise in August but slightly below expectations. Utility gas service and electricity costs increased by corresponding margins of 11.7% and 5.1% over the previous 12-month period, while gasoline prices were down 0.5%. Core inflation, as measured by the CPI for all items less food and energy, rose 3.0% year-over-year in September, slightly lower than the 3.1% upturn in August. Prices for used cars and trucks, medical services, and

housing increased 5.1%, 3.9%, and 3.6%, respectively, year-over-year. The Commerce Department's preliminary estimate of gross domestic product growth for the third quarter of this year, which was scheduled for release on October 30, was delayed indefinitely due to the government shutdown.

- According to the Office for National Statistics (ONS), inflation in the U.K., as measured by the CPI, was flat in September, down from the 0.3% rise in August. The CPI advanced at an annual rate of 3.8% for the month, matching the year-over-year upturn in August. Prices for clothing and footwear, and education posted the largest gains in September, while transportation and communication costs declined. Housing and household services, education, and alcohol and tobacco prices climbed 7.3%, 7.2%, and 5.8%, respectively, over the previous 12-month period. Core inflation, as represented by the CPI excluding energy, food, alcohol, and tobacco, rose 3.5% year-over-year in September, edging down from the 3.6% annual increase in August.² The ONS also announced that U.K. GDP increased 0.3% for the three-month period ending August 31 (the most recent reporting period), slightly higher than the 0.2% rise for the three-month period ending July 31. Output in the construction and services sectors rose 0.4% and 0.3%, respectively, over the most recent three-month period, while the production sector saw a 0.3% decrease.³
- Eurostat pegged inflation for the eurozone at 2.2% for the 12-month period ending in September, slightly higher than the 2.0% increase in August. Costs in the services sector rose at an annual rate of 3.2% in September, edging up from the 3.1% upturn in August. Prices for food, alcohol and tobacco increased 3.0% year-over-year in September versus the 3.2% annual rise for the previous month. In contrast, energy prices declined 0.4% year-over-year. Core inflation, which excludes volatile energy, food, and alcohol and tobacco prices, rose at an annual rate of 2.4% in September, marginally higher than the 2.3% year-over-year increase in August.⁴ According to Eurostat's initial estimate, eurozone GDP ticked up 0.2% in the third quarter and increased 1.3% over the previous 12-month period, down from the 1.5% year-over-year increase in the second quarter. The economies of Sweden, Portugal, and the Czech Republic were the strongest performers for the third quarter, expanding 1.1%, 0.8%, and 0.7%, respectively. In contrast, GDP for Lithuania and Finland dipped by corresponding margins of 0.2% and 0.1% during the quarter.⁵

Index Data (October 2025)

- The S&P/TSX Composite Index gained 0.97%.
- The FTSE Canada Universe Bond Index was up 0.69%.
- The S&P 500 Index, which measures the performance of U.S. equities, rose 3.06%.
- The MSCI ACWI (Net) Index, used to gauge global equity performance, gained 2.95%.
- The ICE BofA U.S. High Yield Constrained Index, representing U.S. high-yield bond markets, returned 0.04% (currency hedged) and 0.90% (unhedged).
- The Chicago Board Options Exchange Volatility Index (VIX)—a measure of implied volatility in the S&P 500 Index that is also known as the "fear index"—moved higher from 16.28 at the end of September to 17.44 to end October. It briefly spiked above 25 as U.S. and China trade tensions ramped up mid-month before de-escalating.
- The WTI Cushing crude oil price—a key indicator of movements in the oil market—declined from US\$62.37 to US\$60.98 a barrel during October.
- The Canadian dollar weakened to C\$1.40 per U.S. dollar. The U.S. dollar was stronger against the world's other major currencies, ending October at US\$1.15 versus the euro, US\$1.31 against sterling, and at 154.06 yen.

² According to the ONS. October 22, 2025.

³ According to the ONS. October 16, 2025.

⁴ According to Eurostat. October 17, 2025.

⁵ According to Eurostat. October 30, 2025.

Glossary and index definitions

For financial term and index definitions, please see: <https://www.seic.com/ent/imu-communications-financial-glossary>

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