Weekly market update: Investors don’t shut down.

The market and economy

- U.S. equities gained ground for the week ending October 3, as rallies in pharmaceutical and technology stocks offset investors’ concerns about a U.S. government shutdown and relatively weak economic data. All three major equity market indexes established new record highs during the week.
- The shutdown began at midnight on Wednesday after funding legislation for the 2026 fiscal year did not receive the 60 votes required for passage in the Senate. Democrats in the House of Representatives and the Senate lobbied for the bill to extend 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 President Donald Trump signed into law in July. The Republican majorities in both houses of Congress argued that these issues should be discussed outside of the funding bill. There was no agreement to reopen the government as of late Friday afternoon.
- Shares of pharmaceutical companies moved higher on Tuesday and Wednesday after Trump announced a deal with U.S.-based drugmaker Pfizer to offer prescription drugs at reduced prices directly to consumers via a government-run website. Additionally, Pfizer agreed to sell its drugs to the Medicaid program at the lowest price available to other developed countries—i.e., the “most-favored-nation” price. In exchange, Pfizer will receive a three-year exemption from the Trump administration’s proposed 100% tariff on branded or patented pharmaceutical drug imports.
- The government’s monthly unemployment survey for September was a casualty of the shutdown, as many Department of Labor employees have been furloughed. Nonetheless, there was significant news during the week regarding the U.S. labor market. According to payroll processing services provider ADP’s National Employment Report, the private sector shed a greater-than-expected total of 32,000 jobs in September, following a decline of 3,000 in August. Payrolls in the leisure and hospitality industry and the professional and business services sector declined by 19,000 and 13,000, respectively, in September. In contrast, the education/health services sector added 33,000 positions during the month.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) rose 0.4 percentage point to 49.1% in September, but indicated contraction in the U.S. manufacturing sector for the seventh consecutive month. (A PMI reading below 50% denotes a decrease in manufacturing activity.) The Employment Index gained 1.5 percentage points to 45.3% in September, while the New Orders Index declined 2.5 percentage points to 48.9%—representing contraction after expanding in August for the first time in six months. The ISM Services PMI decreased 2.0 percentage points to 50.0% in September—the breakeven point between expansion and contraction of activity in the services sector. The Business Activity Index was down 5.1 percentage points to 49.9%, indicating contraction for the first time since May 2020. The Employment Index rose 0.7 percentage point to 47.2% in September, but remained in contraction territory for the fourth consecutive month.
- The Conference Board’s Consumer Confidence Index® fell 3.6 points to 94.2 in September—its lowest level since April of this year. (A reading below 100 signals a decrease in consumer confidence regarding the future economic situation.) The Expectations Index, an indicator of consumers’ short-term outlook for income, business, and labor market conditions, dipped 1.3 points to 73.4, remaining below a reading of 80, which indicates that consumers anticipate a recession in the U.S. over the next 12 months.

Stocks

- Global equities posted gains for the week. Emerging markets outperformed developed markets.
- U.S. equities garnered positive returns during the week. Healthcare and utilities were the top-performing sectors, while energy and communication services were the primary market laggards.
- Growth stocks outperformed value stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield declined to 4.12% during the week.
- The U.S. bond market advanced for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

The Numbers as of October 3, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.4%	17.8%	17.6%	990.7
MSCI EAFE ($)	1.7%	23.3%	15.2%	2787.7
MSCI Emerging Mkts ($)	3.2%	27.2%	16.6%	1367.7
US & Canadian Equities				
Dow Jones Industrials ($)	1.1%	9.9%	11.3%	46758.3
S&P 500 ($)	1.1%	14.2%	17.8%	6715.8
NASDAQ ($)	1.3%	18.0%	27.1%	22780.5
S&P/ TSX Composite (C$)	2.4%	23.2%	27.1%	30471.7
UK & European Equities				
FTSE All-Share (£)	2.2%	14.9%	13.5%	5133.4
MSCI Europe ex UK (€)	2.7%	12.5%	9.7%	1985.2
Asian Equities				
Topix (¥)	-1.8%	12.4%	16.6%	3129.2
Hong Kong Hang Seng ($)	3.9%	35.3%	22.7%	27140.9
MSCI Asia Pac. Ex-Japan ($)	3.5%	25.1%	14.4%	712.4
Latin American Equities				
MSCI EMF Latin America ($)	-1.2%	34.9%	13.0%	2498.7
Mexican Bolsa (peso)	-0.6%	25.1%	19.9%	61946.8
Brazilian Bovespa (real)	-0.9%	19.9%	9.5%	144200.7
Commodities ($)				
West Texas Intermediate Spot	-8.0%	-15.7%	-17.9%	60.5
Gold Spot Price	2.9%	48.0%	46.0%	3883.8
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.6%	6.5%	3.6%	2332.1
Bloomberg Global Aggregate	0.6%	8.0%	3.4%	500.5
JPMorgan Emerging Mkt Bond	0.3%	10.5%	8.2%	991.0
10-Year Yield Change (basis points*)				
US Treasury	-6	-45	27	4.12%
UK Gilt	-6	12	67	4.69%
German Bund	-5	33	55	2.70%
Japan Govt Bond	1	56	83	1.66%
Canada Govt Bond	-4	-4	9	3.19%
Currency Returns**				
US$ per euro	0.3%	13.4%	6.4%	1.174
Yen per US$	-1.4%	-6.2%	0.4%	147.46
US$ per £	0.6%	7.7%	2.7%	1.348
C$ per US$	0.1%	-3.0%	2.9%	1.395

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

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