



Weekly market update: Stocks stage a Friday flop on new tariff concerns.

The market and economy

- Major U.S. equity market indexes declined during the week ending October 10. Stocks retreated on Friday after President Trump said that he is considering new tariffs on imported goods from China. The slump offset earlier gains for the broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index, which established fresh record highs as shares of AMD and Nvidia rose sharply following the chipmakers' announcements of deals with OpenAI, an artificial intelligence (AI) research and deployment company, to build data centers. In other market news, the gold price topped \$4,000 for the first time as investors continued to seek safe-haven assets.
- In a social media post on Friday, Trump indicated that he may 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, despite their name, are relatively abundant in the Earth's crust but are difficult to mine], and virtually anything else they can think of, even if it's not manufactured in China."
- The U.S. government shutdown, which began on October 1, entered its second week with no resolution. 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 President Donald Trump signed into law in July. President Trump indicated that he is open to negotiations with Democrats to fund the ACA subsidies.
- At the Federal Open Market Committee's (FOMC) meeting last month, several members appeared to be hesitant to support a rate cut, noting that "progress toward the Committee's 2 percent inflation objective had stalled this year as inflation readings increased and expressed concern that longer-term inflation expectations may rise if inflation does not return to its objective in a timely manner," according to minutes from the FOMC's September 16-17 meeting, which were released on Wednesday. Nonetheless, the Committee members still voted by an 11-1 margin to reduce the federal funds rate by 25 basis points (0.25%). In signing off on the rate cut, most of the meeting participants "judged that it likely would be appropriate to ease policy further over the remainder of this year." The FOMC members commented that "inflation had risen recently and remained somewhat elevated, and that recent indicators suggested that growth of economic activity had moderated in the first half of the year." While participants noted the unemployment rate remained low, they observed that it had edged up and job gains had slowed.
- The University of Michigan's preliminary Index of Consumer Sentiment edged down 0.1 point (0.2%) to 55.0 in October and fell 15.5 points (22.0%) year-over-year. Consumers' expectations for inflation over the next 12 months dipped 0.1 percentage point to 4.6% in October, while long-run inflation expectations were unchanged at 3.7%.
- There was notable news during the week regarding the residential mortgage market. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. fell 4.7% during the week ending October 8 compared to the previous seven-day period. The MBA's Refinance Index decreased 8.0% for the week but surged 18.0% over the previous 12-month period. The Purchase Index dipped 1.0% for the week but climbed 14.0% year-over-year.

Stocks

- Global equities were virtually flat for the week. Emerging markets outperformed developed markets.
- U.S. equities recorded negative returns during the week. Utilities and consumer staples were the top-performing sectors, while energy and consumer discretionary were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield declined to 4.06% during the week.
- The U.S. bond market was nearly flat for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

The Numbers as of October 10, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.0%	18.1%	17.1%	993.5
MSCI EAFE (\$)	-0.7%	23.4%	15.9%	2791.6
MSCI Emerging Mkts (\$)	0.1%	27.9%	18.9%	1375.9
US & Canadian Equities				
Dow Jones Industrials (\$)	-2.7%	6.9%	7.1%	45479.6
S&P 500 (\$)	-2.4%	11.4%	13.4%	6552.5
NASDAQ (\$)	-2.5%	15.0%	21.5%	22204.4
S&P/ TSX Composite (C\$)	-2.0%	20.7%	22.8%	29850.9
UK & European Equities				
FTSE All-Share (£)	-0.8%	14.0%	13.1%	5092.3
MSCI Europe ex UK (€)	0.0%	12.8%	9.3%	1990.7
Asian Equities				
Topix (¥)	2.2%	14.8%	17.9%	3197.6
Hong Kong Hang Seng (\$)	-3.1%	31.1%	23.7%	26290.3
MSCI Asia Pac. Ex-Japan (\$)	0.1%	25.8%	17.0%	716.1
Latin American Equities				
MSCI EMF Latin America (\$)	-1.3%	33.5%	12.6%	2472.4
Mexican Bolsa (peso)	-2.3%	22.3%	15.6%	60568.9
Brazilian Bovespa (real)	-2.4%	17.0%	7.9%	140680.3
Commodities (\$)				
West Texas Intermediate Spot	1.0%	-14.2%	-18.9%	61.5
Gold Spot Price	2.6%	51.8%	52.1%	3983.5
Bond Indices (\$)				
Bloomberg U.S. Aggregate	-0.1%	6.3%	4.5%	2326.8
Bloomberg Global Aggregate	-0.8%	7.2%	4.0%	496.7
JPMorgan Emerging Mkt Bond	0.0%	10.7%	9.5%	992.7
10-Year Yield Change (basis points*)				
US Treasury	-6	-51	0	4.06%
UK Gilt	-1	11	46	4.67%
German Bund	-5	28	39	2.64%
Japan Govt Bond	3	59	73	1.69%
Canada Govt Bond	-2	-6	-6	3.17%
Currency Returns**				
US\$ per euro	-1.1%	12.1%	6.2%	1.161
Yen per US\$	2.9%	-3.5%	2.1%	151.72
US\$ per £	-1.0%	6.6%	2.2%	1.334
C\$ per US\$	0.3%	-2.7%	1.9%	1.400

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

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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