

Monthly Recap

At-A-Glance

The S&P 500 gained over 2.3% last month, finishing just 0.74% below its 35th YTD record high set on October 28. The broad index ended October up 38.21% from its April 8 correction low.

The Dow Jones Industrial Average climbed 2.59% in October, extending its YTD return to 13.34%.

The Nasdaq Composite outperformed, gaining 4.72% in October, lifting its YTD return to 23.50%. The tech-heavy Nasdaq index has surged 55.91% from its April 8 correction low.

Bloomberg's Commodities Index rebounded 2.89% in October. The commodities index is up 12.54% YTD.

Gold futures gains moderated to 3.18% in October, ending the month at \$3,996.50/ounce. While gold has surged over 51% YTD, the yellow precious metal had earlier reached a new all-time high of over \$4,359 on October 20.

U.S. West Texas intermediate (WTI) crude oil futures fell 2.23% last month, ending October at \$60.98 per barrel. U.S. crude is down 14.97% for the year.

Market Indices ¹	October	Year-to-Date
S&P 500	2.34%	17.52%
Russell 3000	2.14%	16.85%
Russell 2000	1.81%	12.39%
MSCI EAFE	1.18%	26.61%
MSCI Emerging Markets	4.18%	32.86%
Bloomberg U.S. Aggregate Bond	0.62%	6.80%
Bloomberg U.S. Municipal Bond	1.24%	3.91%
Bloomberg U.S. Corporate High Yield	0.16%	7.39%

¹FactSet (all equity performance is total return, which includes dividends).

The S&P 500 posted solid gains in October, ending within 1% of a new record high set three trading days before month end. Reaffirming optimism in AI, strong earnings and reduced interest rates lifted equities to their sixth straight monthly gain while bonds clinched their third consecutive winning month. Meanwhile, the partial government shutdown, renewed global trade tensions and a brief flare-up in regional-bank concerns moderated gains. Even so, Wall Street appears to be on a solid footing heading into the final two months of the year.

As widely expected on October 29, the Federal Reserve voted 10-2 to cut interest rates by a quarter-point to 3.75%-4.00%, the central bank's second rate cut of the year. Fed Chairman Powell however stirred month-ending angst saying a December rate cut "is not a foregone conclusion", citing stubborn inflation and labor market concerns. Odds for a December rate cut fell to 62% from 90% before Powell's comments. Despite Powell's December reticence, futures markets are still pricing in three more rate cuts in 2026.

Better-than-expected third-quarter corporate earnings are doing a solid job of back-stopping investors' bullish sentiment. With 64% of S&P 500 companies reporting quarterly results through October 31, 83% have surpassed their earnings per share (EPS) forecasts and 79% have reported street-beating revenue results. The S&P 500's blended Q3 year-over-year earnings growth rate is +10.7%, on track for its fourth straight quarter of double-digit annualized earnings growth.

The government shutdown will be the longest in U.S. history if it lasts through November 5. The prior shutdown record was 35 days, lasting from December 2018 through January 2019 during President Trump's first term. Analyst consensus currently points toward the shutdown potentially nearing an end by mid-November as rising operational issues and political and public pressures push Congressional lawmakers toward compromise. The timing for the release of delayed economic data remains critical ahead the Fed's December 10 final rate decision of the year.

All equity sizes and styles posted October gains with the notable exception of Mid Caps. Growth continued to outpace Value last month and for the year. Consist with Big Tech stocks, Large Cap Growth has performed best, up 3.63% in October and up 21.50% YTD.

October Returns

	Value	Blend	Growth
Large Cap	0.44%	2.16%	3.63%
Mid Cap	-1.00%	-0.83%	-0.28%
Small Cap	0.25%	1.81%	3.24%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	12.15%	17.07%	21.50%
Mid Cap	8.40%	9.51%	12.52%
Small Cap	9.32%	12.39%	15.27%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 10/31/2025.

While sector leadership remained led by Technology (+6.23%), performance widely varied last month with five sectors posting October losses. Healthcare and Consumer Discretionary also delivered solid October performance while Financials and Materials fell the most. All eleven sectors are still returning YTD gains with four sectors posting double-digit gains ranging from Technology (+29.93%) to Industrials (+18.94%, not shown).

Top Sector Performers – October ¹	Bottom Sector Performers – October ¹
Technology (+6.23%)	Materials (-5.04%)
Healthcare (+3.58%)	Financials (-2.84%)
Consumer Discretionary (+2.37%)	Real Estate (-2.63%)
Top Sector Performers – YTD ¹	Bottom Sector Performers – YTD ¹
Technology (+29.93%)	Materials (+3.80%)
Communication Services (+26.82%)	Real Estate (+3.40%)
Utilities (+20.17%)	Consumer Staples (+1.49%)

¹ FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign equities in developed markets trailed the U.S. in October while still broadly outperforming for the year, as the MSCI EAFE Index returned just 1.18% last month. Gaining 26.61% YTD, the EAFE has topped the S&P 500 performance by over 9%. Among country-specific indices, Japan advanced 3.39% in October (+24.80% YTD) while Germany fell 2.09% last month (+30.07% YTD). Emerging markets continue to outperform the U.S. both in October (+4.18%) and YTD (+32.86%).

Supported by rising prices, the Bloomberg U.S. Government Index rose 0.62% in October while the longer-duration Bloomberg U.S. Government Long-term Bonds Index advanced over twice as much (+1.28%). These indices are up 6.00% and 7.00%, respectively, YTD.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, returned 0.62% last month, boosting its YTD gain to 6.80%. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, crept 0.16% higher, lifting its YTD gain to 7.39%. Bloomberg's U.S. Municipal Bond Index performed best in October, gaining 1.24% to extend its YTD return to 3.91%. Municipals defied history, posting its first positive October return in six years and strongest in over two decades.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on X.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USD_X or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.