

# Market Update

OCTOBER 2025



## *“Dancing in September...Never Was a Cloudy Day” – Earth, Wind & Fire*

	Sept 2025*	YTD 2025*
S&P 500	3.7%	14.8%
Russell 2000	3.0%	10.4%
MSCI World, Ex-US	2.2%	27.9%
Bloomberg AGG Bond	1.1%	6.1%

\*Source FactSet Data Research

September has earned a reputation for being the markets' bad boy, historically closing the quarter in the red more often than not. This year bucked the trend and in lieu of kicking off Fall with a fall, U.S. markets posted returns that would make even the most seasoned bears second guess hibernation.

Equities led the charge. The NASDAQ composite surged 5.47% for the month, thanks in large part to another wave of AI-fueled deal announcements, while the S&P 500 climbed 3.65% - its strongest September in 15 years. Encouragingly, small caps joined in the fun with the Russell 2000 up 3%.

Bond markets breathed a sigh of relief with Treasury yields falling 25–30bps across the curve as the Fed pivot gained credibility. Further, the Bloomberg U.S. Aggregate Bond Index posted a 1.1% gain. Corporate spreads remain tight, supported by solid earnings and broad-based balance sheet discipline.

September's rally underscores a market narrative building throughout the year: the economy is cooling but not collapsing. Moderating growth, solid corporate earnings, and softer inflation prints give the Fed room to cut. This creates a sweet spot for risk assets—at least for the time being.

Regarding easing cycles and their impact on markets, the cumulative amount of easing and where in the cycle the easing ends are the key variables to watch (i.e. recession or not.)

Returns: 6M pre, and +1M, +6M & +12M following Fed comments

Fed warning date	S&P 500 Returns			
	-6M	1M	6M	12M
5-Dec-96	11.3%	0.5%	14.0%	27.2%
10-May-13	20.7%	0.6%	8.2%	15.0%
15-Jul-14	7.3%	-1.3%	2.7%	5.2%
6-May-15	2.0%	0.8%	0.4%	0.5%
27-Jun-17	8.1%	2.4%	10.7%	15.0%
16-Dec-20	18.2%	2.5%	14.5%	22.6%
28-Apr-21	24.2%	0.4%	8.8%	5.0%
24-Sep-25	17.8%	-	-	-
Avg	13.7%	0.8%	8.5%	12.9%
Min	2.0%	-1.3%	0.4%	0.5%
Max	24.2%	2.5%	14.5%	27.2%

Source: JPMorgan

Valuations remain stretched and domestic indices are largely concentrated – the approximately 30-odd AI related stocks represent ~43% of the S&P 500. With the Government shutdown in effect, plus ongoing geopolitical risks, few would be shocked to see gravity pull markets back from recent highs.

At Seacoast Wealth, we continue to focus on fundamentals and process as we select businesses across the gamut of industries. For example, Seacoast Wealth portfolio holdings in financial and industrial stocks significantly outperformed the market in September. Moreover, our typical equity portfolio has a more rational weighting in AI-related companies of 24%, providing solid upside potential without the outsized risks inherent in the index.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge: *Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); [www.goldprice.org](http://www.goldprice.org) (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.*