

10/20/2025

The Week Ahead

THINGS TO WATCH

Credit Stress and Bank Stocks

Credit tensions surfaced last week amid a set of loan defaults, alleged fraud, and bankruptcies centered around used-car dealer Tricolor and auto parts conglomerate First Brands. Zions Bancorp (ZION) disclosed a \$50 million loss tied to loans made to an investment fund that may have misrepresented its collateral. Regional bank shares slumped sharply, with the KBW Regional Banking ETF down 8% last week due to worries about weakening credit quality. This week, investors will closely watch regional bank performance, high-yield credit spreads, and overnight funding rates for further signs of strain.

Delayed CPI Data

The US Bureau of Labor Statistics will release delayed September consumer price index (CPI) data Friday. Most forecasters expect headline CPI to register a 0.3% or 0.4% monthly reading and hold near 3.0% on a year-over-year basis. A soft CPI print could give Fed officials assurance to cut the central bank's benchmark rate by another 0.25% at their October 28-29 policy-setting meeting.

Automaker Earnings

The three largest US automakers report earnings this week, with Tesla (TSLA) expected to beat forecasts after record quarterly deliveries ahead of an EV tax credit expiration. Demand for new lower-priced Model Y and Model 3 versions and updates on its AI and autonomous-driving ambitions will be key focus points. A major plant fire at one of Ford's (F) aluminum suppliers has stressed the company's supply chain. Meanwhile, General Motors (GM) realignment of its manufacturing footprint to offset up to \$5 billion in trade-related costs will be under review.

Rare Earth Minerals and Supply Chains

Management commentary from U.S. chipmakers Texas Instruments (TXN) and Intel (INTC) on the potential impact of China's newly announced export controls on critical rare-earth metals could draw close attention. Any discussion from Intel may be especially noteworthy following the U.S. government's recent 10% equity stake in the company.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	98.8	98.6	▲
Nat'l Assoc. of Homebuilders Index	37	33	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	46190.61	1.56%	10.05%	8.58%
NASDAQ	22679.97	2.14%	18.08%	23.53%
S&P 500	6664.01	1.71%	14.46%	15.08%
MSCI EAFE	2776.37	0.68%	27.15%	18.93%
BB U.S. Aggregate	2347.28	0.45%	7.29%	5.47%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	3.91%	3.97%	4.64%
10-Year Treasury	4.01%	4.09%	4.09%

REPORTS DUE THIS WEEK	LATEST
Consumer Price Index (Y/Y)	2.9%
Core Consumer Price Index (Y/Y)	3.1%
New Home Sales (Thousands Annualized)	800
Building Permits (Millions Annualized)	1.33
S&P Global U.S. Manufacturing PMI	52.0

Total returns are as of 10/17/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

9.04%

The S&P 500 Utilities sector returned 9.04%, including dividends, over the 4-week period from September 17 to October 17, leading all sectors. Utilities outperformed Technology (+4.70%) and the broader index (+1.06%) by a wide margin. Year-to-date through October 17, the sector's 23.52% total return is about 9% above the S&P 500. Lower Treasury yields and optimism about growing power demand from the AI investment boom have fueled Utilities' strength.

25.31

The Chicago Board Options Exchange Volatility Index (VIX) finished last Thursday at 25.31, its highest close since April 24 – about three weeks after "Liberation Day." Often called Wall Street's "fear gauge," the VIX measures the S&P 500's expected volatility over the next 30 days. A reading above 20 typically signals heightened market uncertainty, while sustained moves beyond 30 and approaching 40 tend to indicate extreme market stress and broad investor anxiety.

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