Week Ending 10/24/2025

WEEK IN PERSPECTIVE

PARK AVENUE SECURITIES®: STEP*forward*

CPI, earnings, and trade optimism drive markets to record highs

The stock market built on last week's rebound with another broad advance, as investors rotated back into equities following the prior pullback.

The S&P 500 (+1.9%), Nasdaq Composite (+2.3%), and Dow Jones Industrial Average (+2.2%) all posted solid weekly gains, while the Russell 2000 (+2.5%) and S&P MidCap 400 (+2.3%) outperformed slightly, reflecting renewed appetite for cyclicals and smaller-cap exposure. Softer September CPI readings (0.3%; Briefing.com consensus: 0.4%) reinforced expectations for additional Fed rate cuts, pushing the major averages to record intraday and closing highs on Friday.

Leadership was broad but tilted toward growth-oriented and economically sensitive groups. The information technology sector (+2.8% WTD) paced the advance, supported by another strong week for semiconductor names. The energy sector (+2.4%) also outperformed alongside higher oil prices after Trump sanctioned several of Russia's largest oil companies, while the industrials sector (+2.1%) joined in on earnings strength across its defense names.

Earnings updates added to the positive sentiment, with several large-cap companies delivering better-than-expected results and guidance that reinforced confidence in corporate profitability heading into year-end. Meanwhile, trade-related headlines contributed to some midweek volatility after mixed signals from U.S. and Chinese officials regarding tariff policy, though markets ultimately looked past the uncertainty by week's end.

Defensive sectors lagged, with consumer staples (-0.6%) and materials (-0.2%) sectors finishing the week lower, suggesting a modest risk-on tone.

Overall, the week's gains reflected a continuation of post-pullback recovery momentum, with improving earnings sentiment and tempered trade concerns helping to sustain the market's upward bias ahead of next week's mega-cap earnings.

- Russell 2000: +2.5% WTD
- Nasdaq Composite: +2.3% WTD
- S&P Mid Cap 400: +2.3% WTD
- DJIA: +2.2% WTD
- S&P 500: +1.9% WTD

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