

# QUARTERLY MARKET GUIDE: Q4 2025

*Our View of What's Most Relevant Now*

October 13, 2025



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**Please see important disclosures at the end of this report.**

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## Data in Focus: Gold Prices

### Spot Gold Bullion (US\$/oz.)

Gold prices are up over 50% YTD. While stocks are “*risk*” assets, gold historically trades as a “*safe-haven*” that appreciates in periods of uncertainty. A key driver has been foreign central banks increasing their gold reserves, diversifying away from the U.S. dollar and U.S. Treasuries.



Source: Goldprice.org

# QUARTERLY MARKET GUIDE: Q4 2025

## Index Performance

Index	Asset Class	2025		2024
		Q3	YTD	
<b>Equity Indexes</b>		<b>Total Returns</b>		
NASDAQ 100	Mega Cap U.S. Growth Equity	9.0%	18.1%	25.9%
S&P 500	Large Cap U.S. Equity	8.1	14.8	25.0
S&P 400	Mid Cap U.S. Equity	5.6	5.8	13.9
S&P 600	Small Cap U.S. Equity	9.1	4.2	8.7
MSCI All Country World	Global Equity	7.7	18.9	18.0
MSCI All Country World (Ex U.S.)	International Equity	7.0	26.6	6.1
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	4.8	25.7	4.4
MSCI Emerging Markets (EM)	International Emerging Market Equity	11.0	28.2	8.1
<b>Fixed Income Indexes</b>				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	2.0	6.1	1.3
S&P National AMT-Free Municipal Bond	U.S. Investment Grade Muni Bond	3.0	2.2	1.3
S&P Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	2.3	1.7	6.7
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	2.5	7.2	8.2
<b>Index Blends: Stock/Bond</b>				
80%/20%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		6.6	16.3	14.5
60%/40%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		5.4	13.7	11.1
40%/60%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		4.3	11.2	7.7
20%/80%: Global Equity (MSCI All Ctry World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.2	8.7	4.5
Data as of 9/30/2025				

Source: Morningstar, and blended benchmark returns are based on monthly rebalancing.

Q3's tech leadership was denoted prominently by the NASDAQ 100, but even more so by the MSCI EM index which benefited from a sharp rally in Chinese tech stocks – e.g., Alibaba (BABA), Tencent (TCEHY), Xiaomi (XIACF), and others.

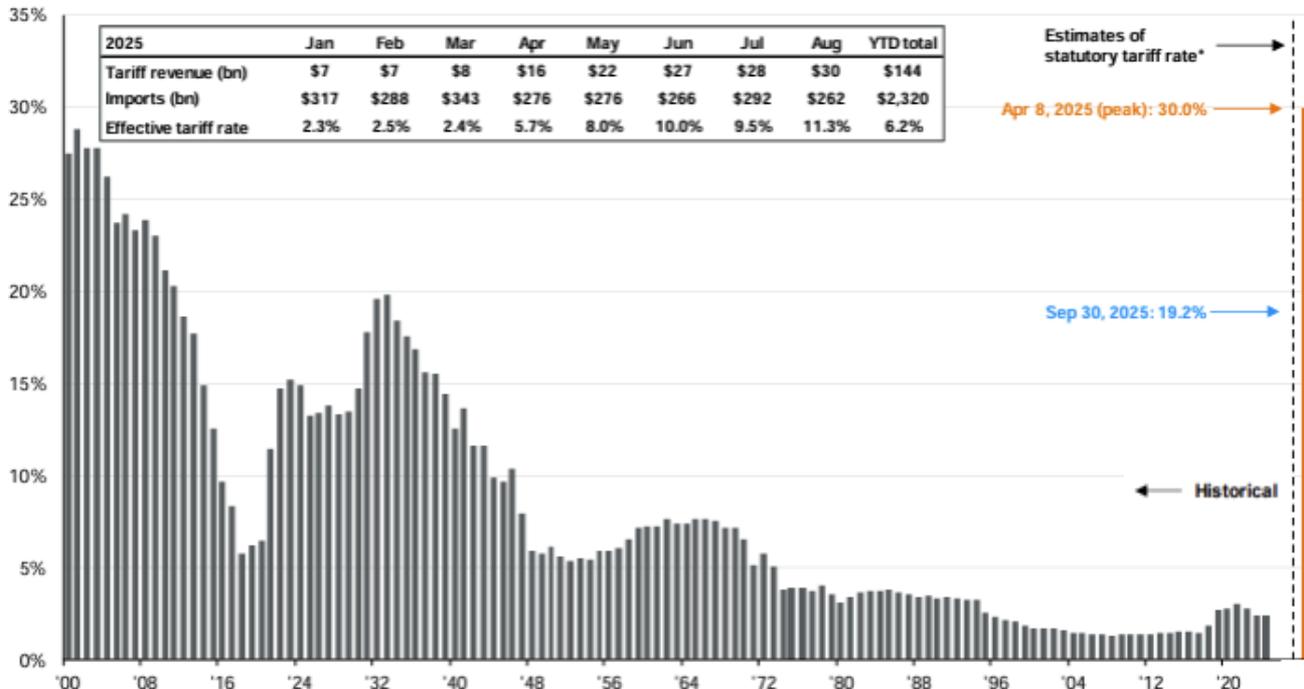
# QUARTERLY MARKET GUIDE: Q4 2025

## Economy

### Tariffs & Trade

#### Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption, 1900 - 2024



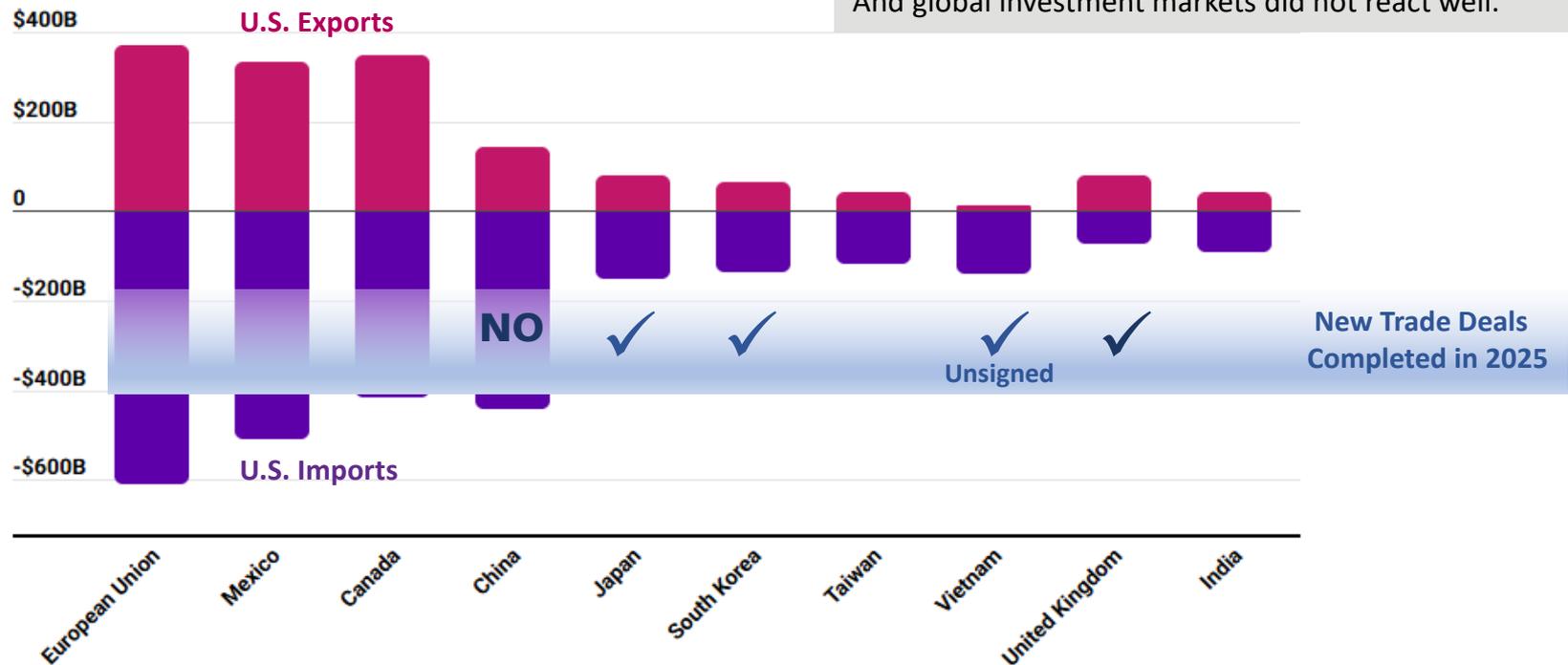
Not reflected in this chart are the significant escalation of threats over recent days between the U.S. and China, with President Trump announcing an additional 100% tariff on Chinese imports on Oct. 10.

Source: U.S. Census Bureau, U.S. Department of Treasury, U.S. International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average statutory U.S. tariff rate includes all tariffs that are currently in effect, not announced. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. \*Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Tariff revenue shown are figures from the Monthly Treasury Statement. Import figures included in the table are from the U.S. Census Bureau. Estimates, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets - U.S. Data are as of Septer Guide to the Markets - U.S. Data are as of June 30, 2025.

## Economy

### Tariffs & Trade

#### U.S. Trade in Good: Balance with top trading partners 2024



As we previously emphasized, the trade deal with China announced by President Trump with much fanfare last May was really just a temporary pause. That temporary truce unraveled over the last few days when China imposed some new export approval requirements, which led to an exchange of threats. And global investment markets did not react well.

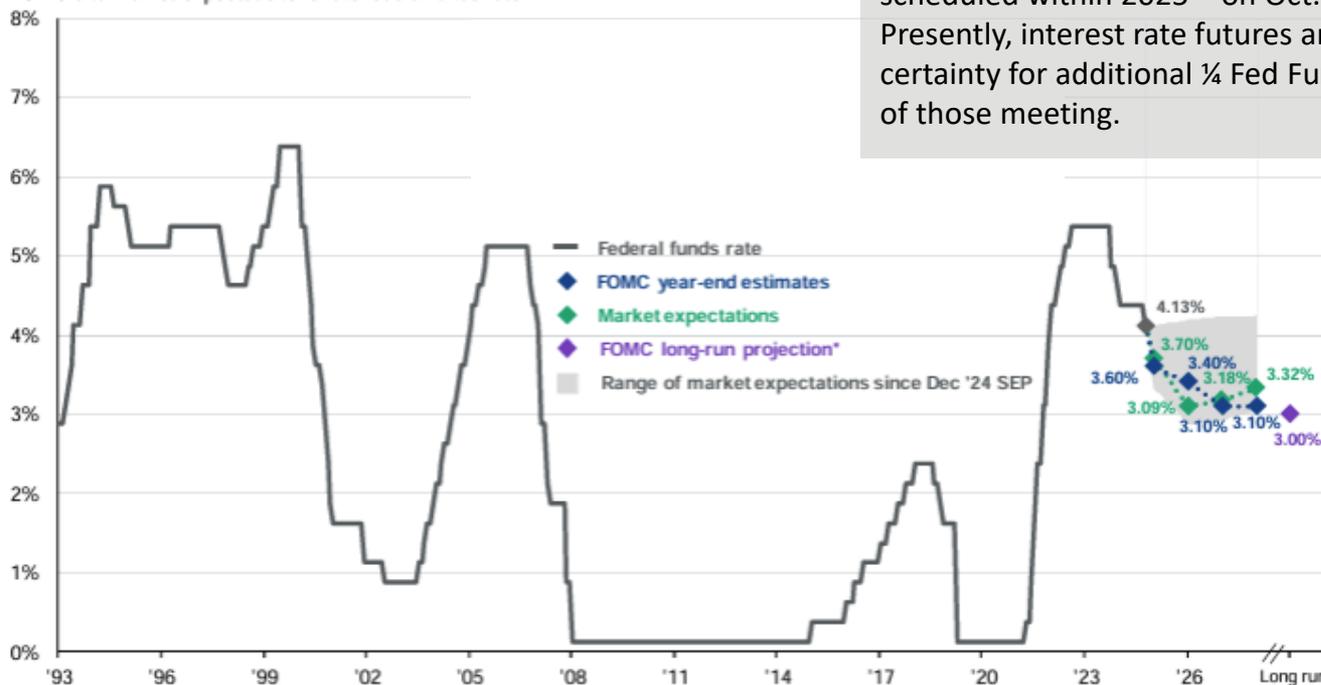
Source: U.S. Department of Commerce data, Trade Deal notations per Genesia's views, with underlying graph by The Motley Fool

## Economy

### Federal Funds Rate

#### Federal funds rate expectations

FOMC and market expectations for the federal funds rate



The FOMC cut the Fed Funds rate by ¼ point at its meeting in mid-Sept. Fed Chair Powell attributed “*the downside risk to employment*” as the primary factor supporting that rate cut. Two more FOMC meeting are scheduled within 2025 – on Oct. 28-29, and Dec. 9-10. Presently, interest rate futures are discounting high certainty for additional ¼ Fed Funds rate cuts at each of those meeting.

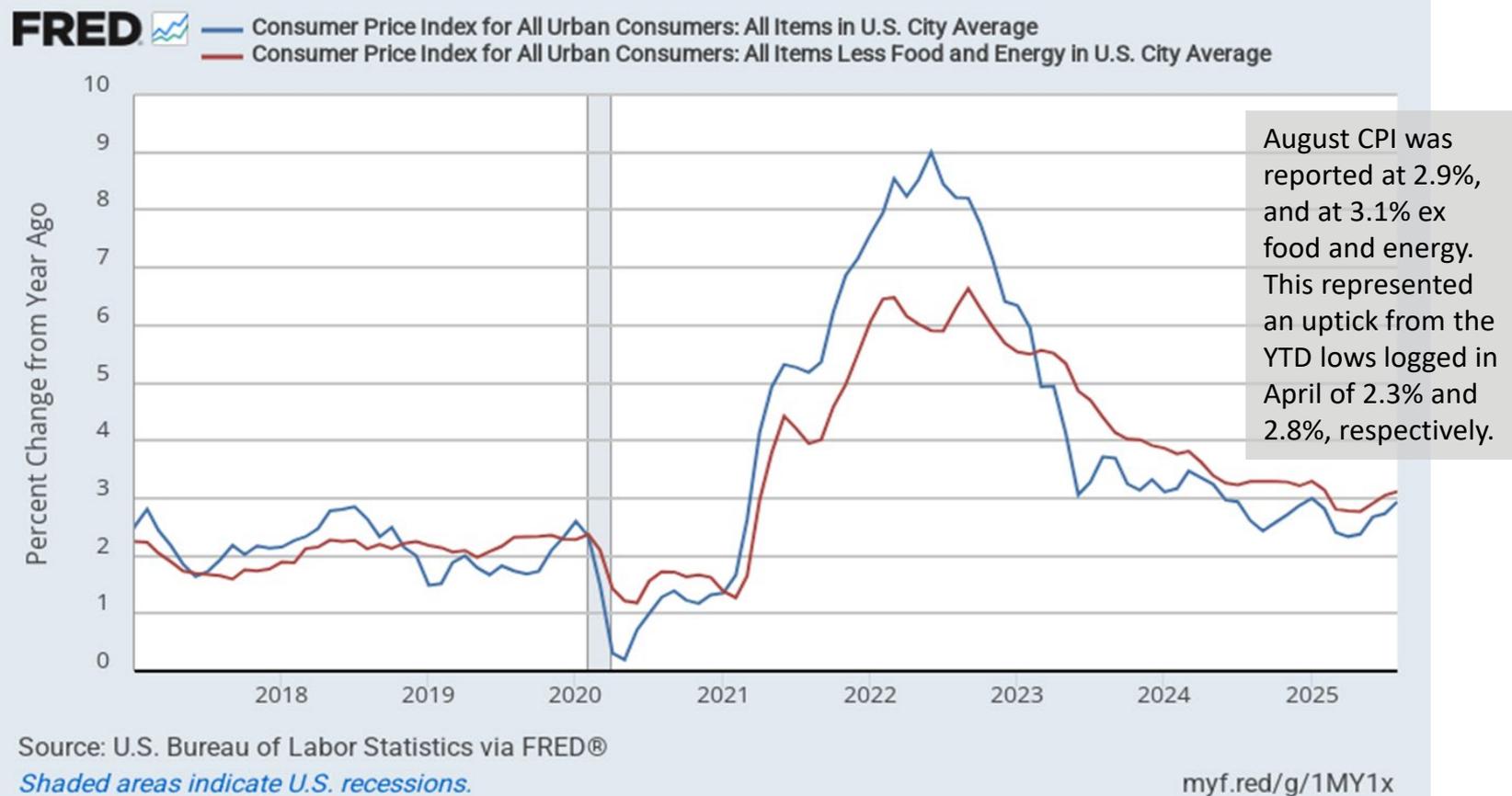
Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data are as of September 30, 2025.

**J.P.Morgan**  
ASSET MANAGEMENT

## Economy

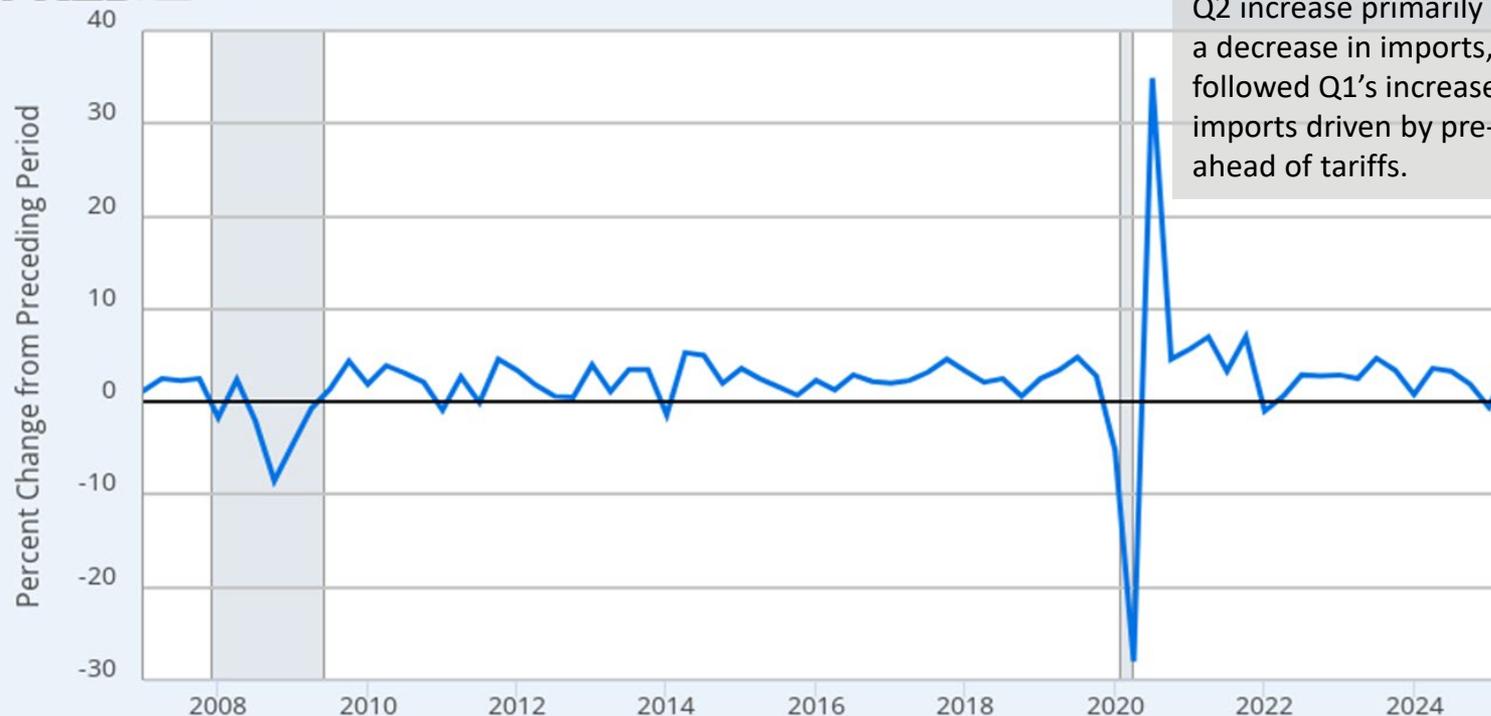
### Inflation



## Economy

### Real GDP

**FRED**  — Real Gross Domestic Product



Q2 GDP was reported at positive 3.8% (quarter over quarter) – which compares to the negative 0.6% in Q1. The Q2 increase primarily reflected a decrease in imports, which followed Q1’s increase in imports driven by pre-buying ahead of tariffs.

Source: U.S. Bureau of Economic Analysis via FRED®

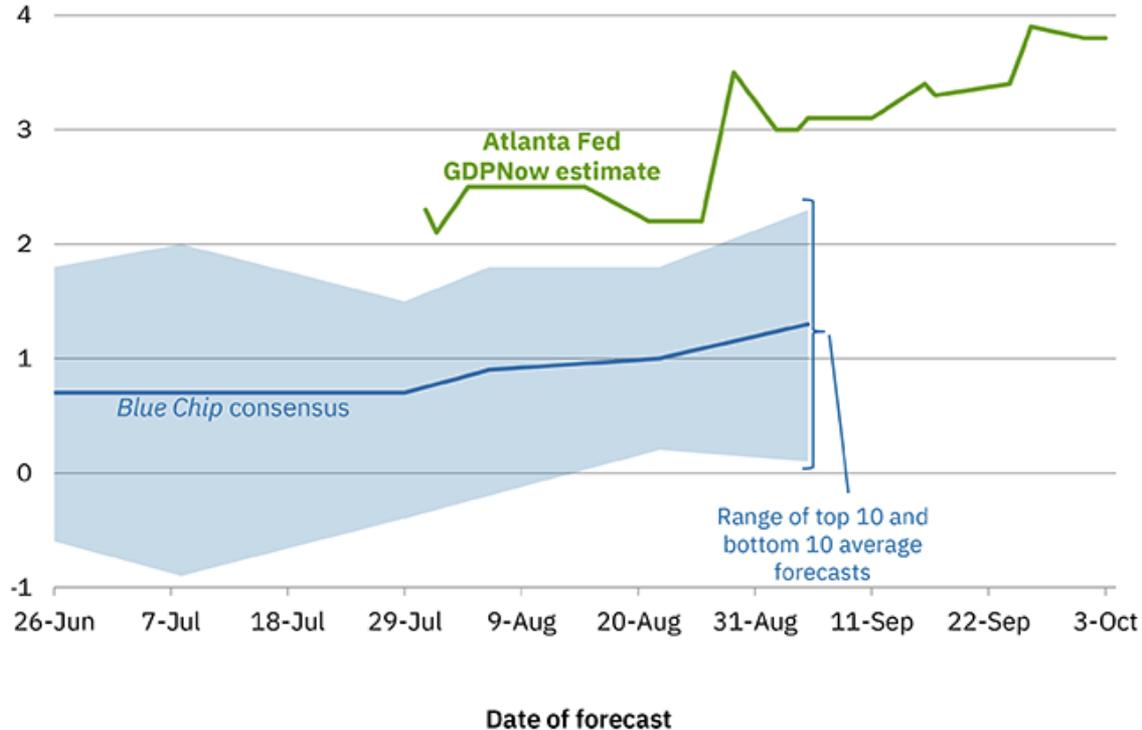
*Shaded areas indicate U.S. recessions.*

[myf.red/g/1MY1K](https://myf.red/g/1MY1K)

## Economy

### Real GDP Estimate – Atlanta Fed GDPNow

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q3  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

As we've previously conveyed, very little color is offered regarding the Atlanta Fed GDPNow estimate, which is based on a mathematical model. We attempted to assess potential factors underlying the wide difference between the GDPNow estimate for Q3 vs. the Blue Chip consensus. This seems primarily due to some wider than usual divergences in data and an interruption of data, all compounded by the ongoing government shutdown.

## Economy

### Unemployment Rate



The August unemployment rate was 4.3%, little changed over the last 12 months. A concern shared by Fed Chair Powell is that *“the recent pace of job creation appears to be running below the ‘breakeven’ rate needed to hold the unemployment rate constant.”*

Source: U.S. Bureau of Labor Statistics via FRED®

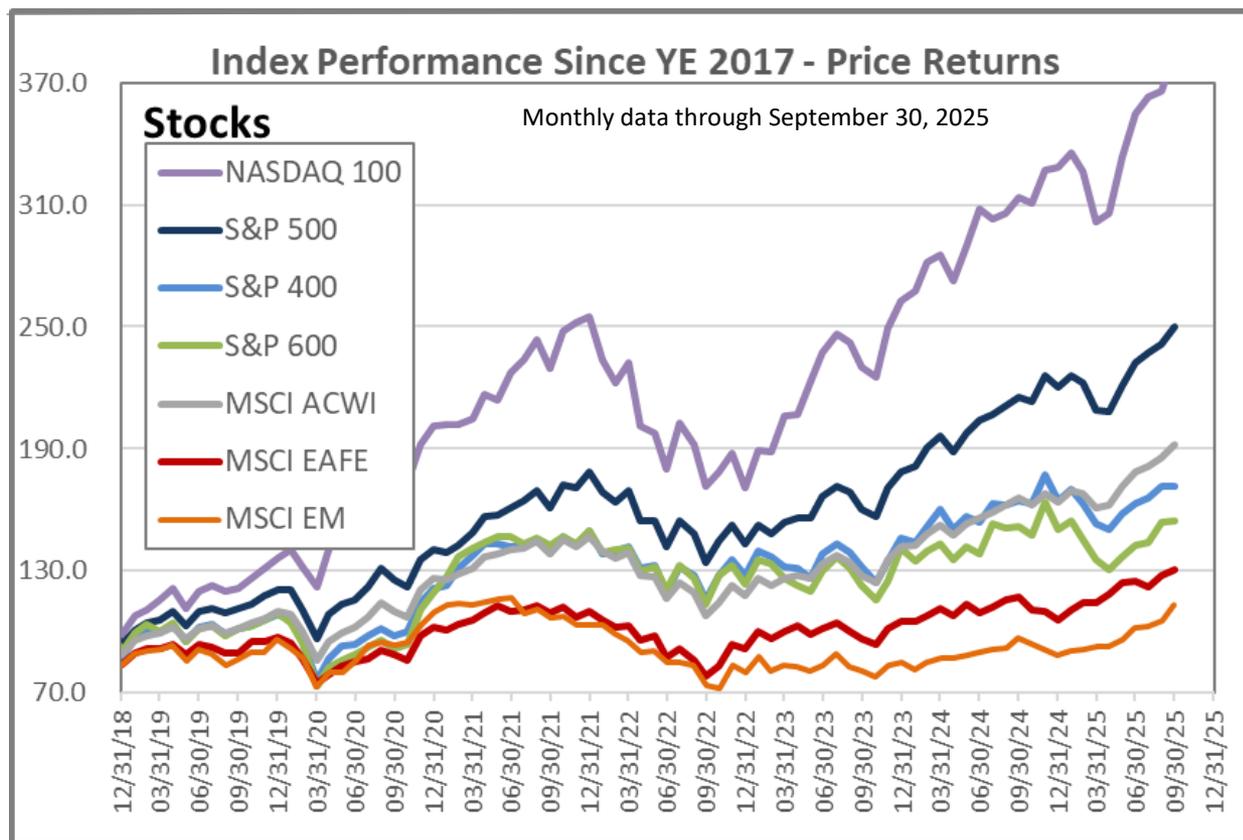
*Shaded areas indicate U.S. recessions.*

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# QUARTERLY MARKET GUIDE: Q4 2025

## Equities

### Sub-Asset Class Relative Performance



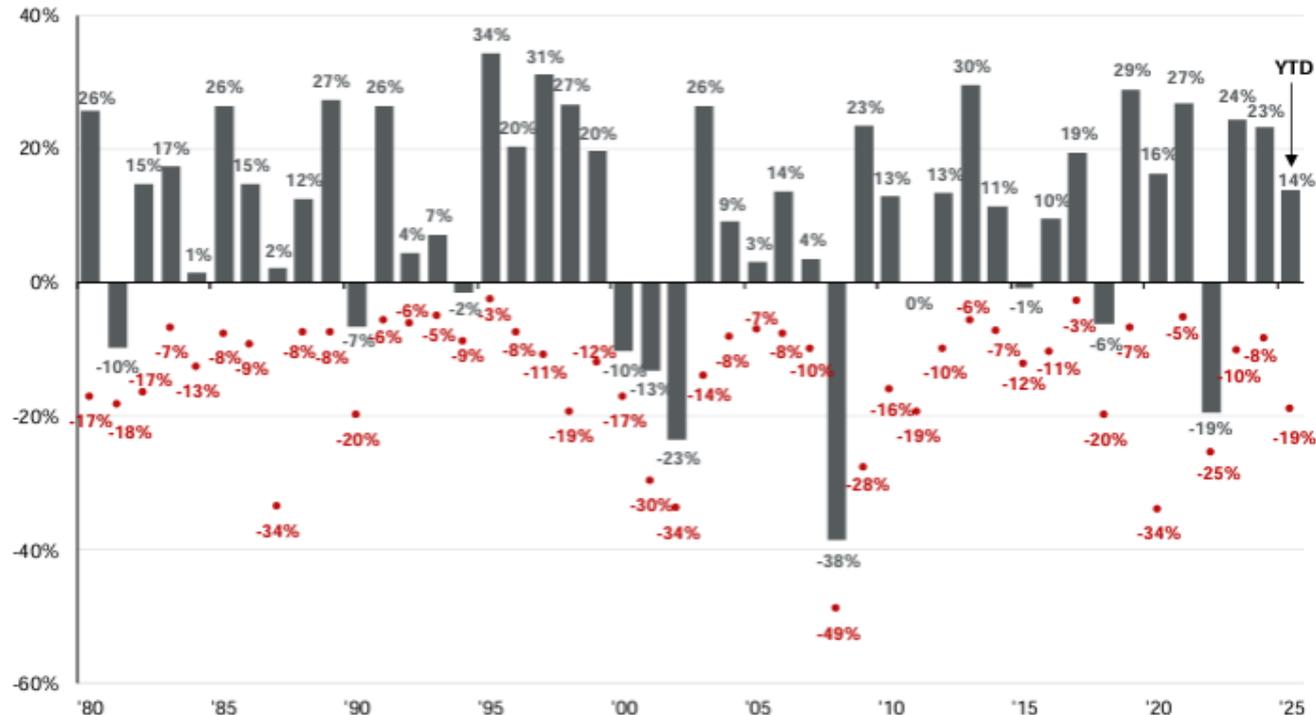
Source: Bloomberg and Yahoo Finance data, with analysis by Genesia Investments LLC

## Equities

### S&P 500 Annual Returns & Intra-Year Declines

#### S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2024, over which the average annual return was 10.6%. Past performance is no guarantee of future results. Guide to the Markets - U.S. Data as of September 30, 2025.

## Equities

### S&P 500 Forward P/E Valuation History



Comparisons to the tech-led rally of the late-90s are increasingly common. Having lived through that, we can agree.

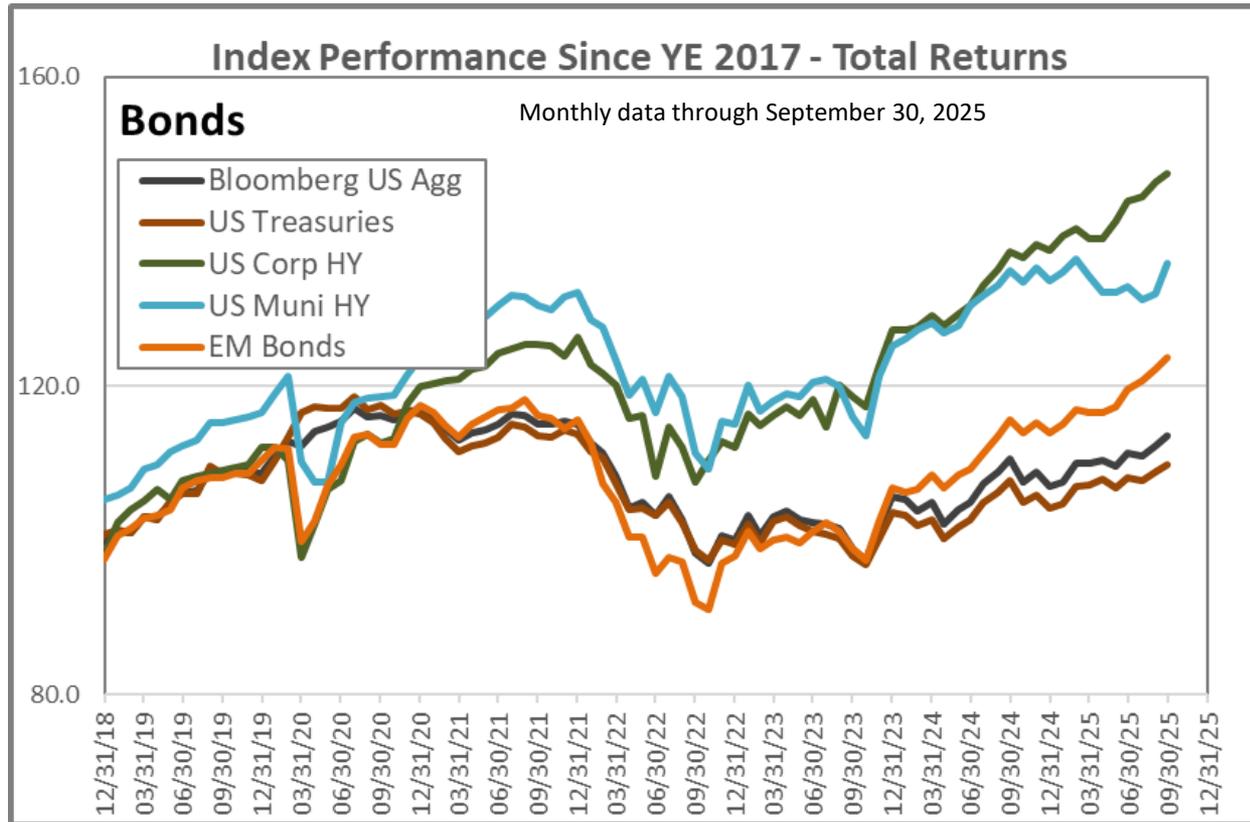
Source: Bloomberg, FactSet, Moody's, Refinitiv Datastream, Robert Shiller, Standard & Poor's, J.P. Morgan Asset Management. Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months, provided by IBES since March 1994 and FactSet since January 2022. Shiller's P/E uses trailing 10-years of inflation-adjusted earnings as reported by companies. Dividend yield is calculated as consensus estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. EY minus Baa yield is the forward earnings yield (the inverse of the forward P/E ratio) minus the Bloomberg U.S. corporate Baa yield since December 2008 and interpolated using the Moody's Baa seasoned corporate bond yield for values beforehand. Guide to the Markets - U.S. Data are as of September 30, 2025.



*The Equities chart on this page will rotate through the year based on perceived relevance.*

## Fixed Income

### Sub-Asset Class Relative Performance

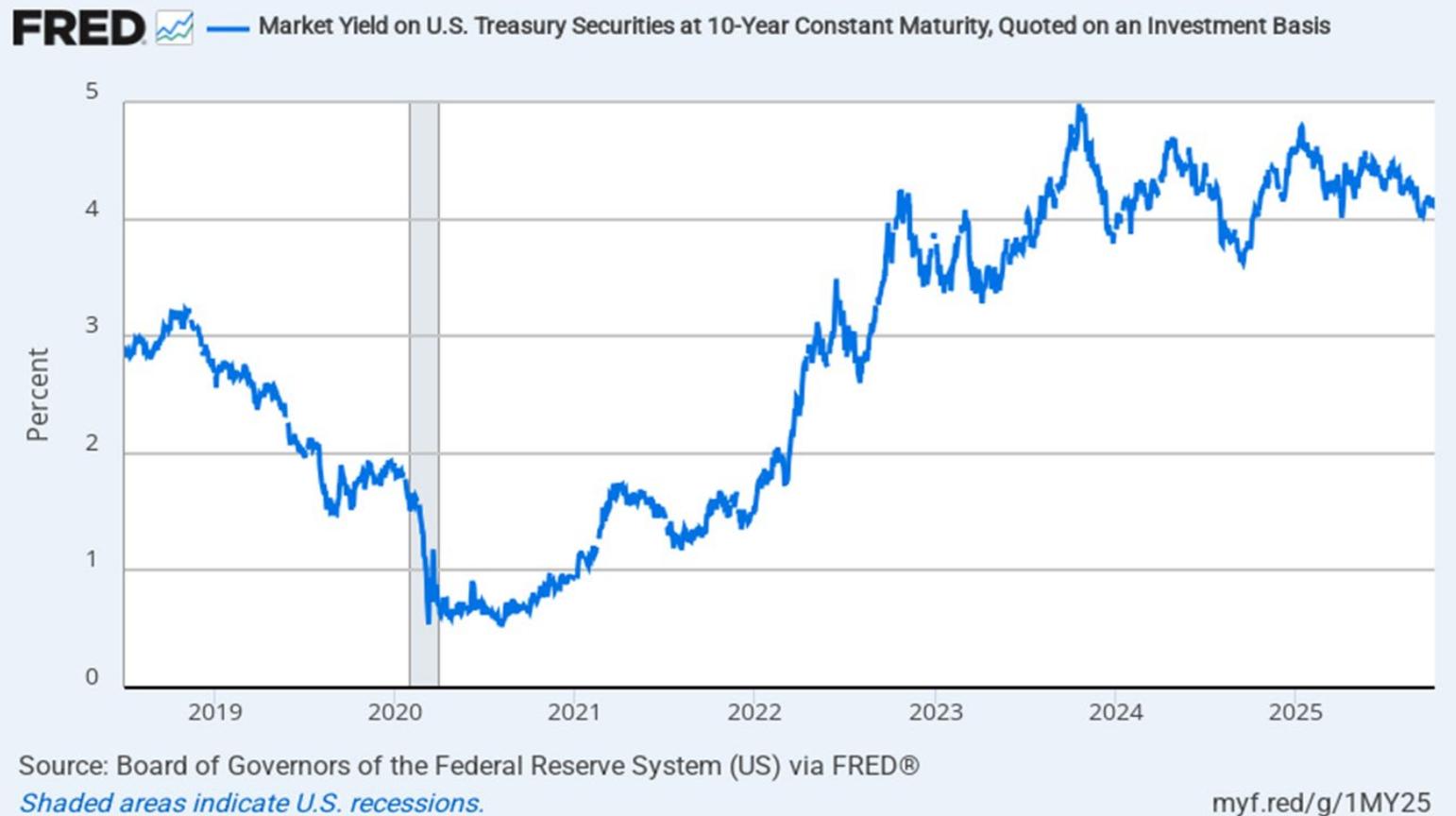


Most notable for fixed income sub-asset class performance last quarter was the bounce exhibited by Muni bonds. Some additional catch-up for Muni's appears warranted, in our view, as the concerns regarding the potential impact of Federal funding cuts for states became excessive.

Source: Bloomberg monthly index data, with analysis by Genesis Investments LLC

## Fixed Income

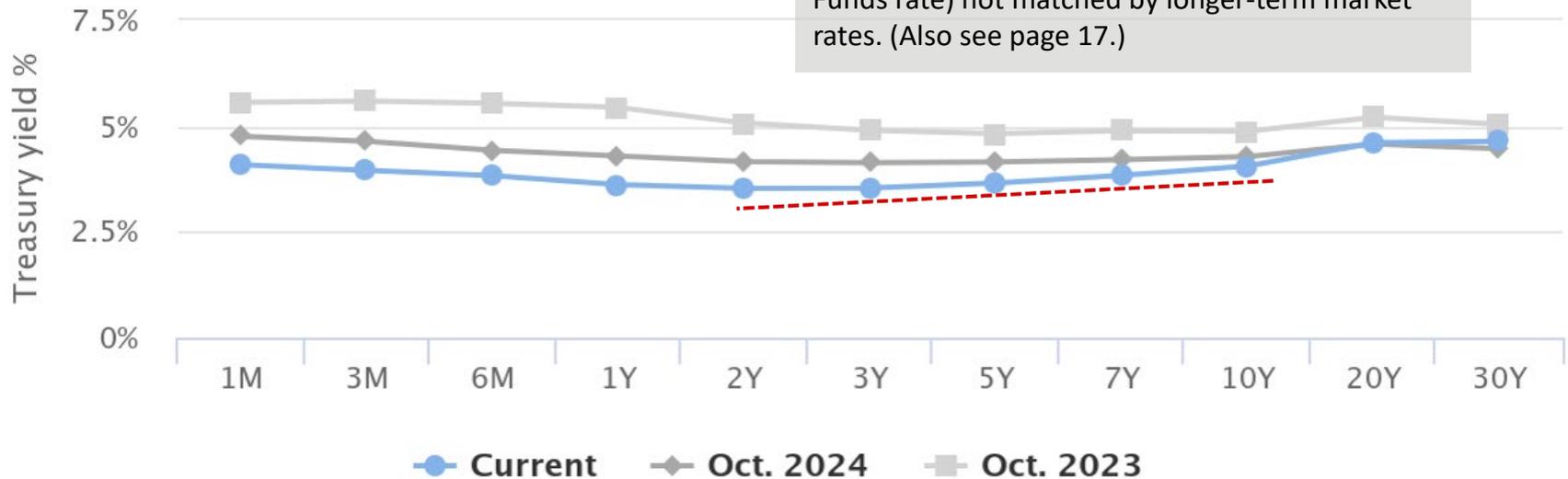
### Market Yield - U.S. Treasury 10-Year Bond



## Fixed Income

### Treasury Yield Curve

As of October 10, 2025

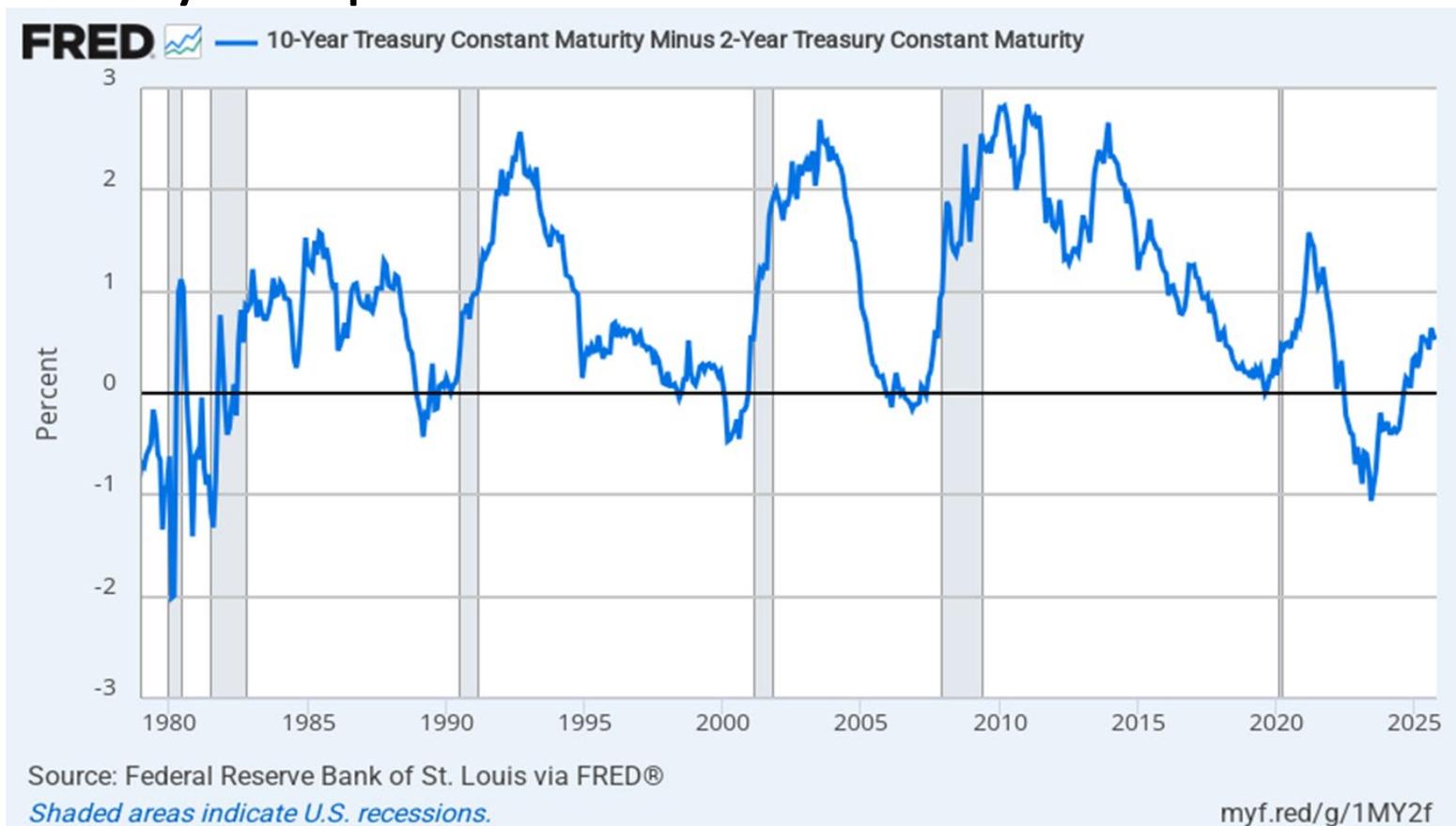


The continued progression in the upward slope between short- and longer-term rates has continued, aided most recently by a downtick in short-term rates (driven by the cut in the Fed Funds rate) not matched by longer-term market rates. (Also see page 17.)

Source: GuruFocus.com

## Fixed Income

### Treasury Yield Spreads – 10-Year vs. 2-Year



## Fixed Income

### Credit Spreads – U.S. Corp High Yield vs U.S. Treasuries



## IMPORTANT DISCLOSURES

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### **Sources Include:**

Federal Reserve Bank of St. Louis Economic Research -- <https://fred.stlouisfed.org/>

Federal Reserve Bank of Atlanta Research & Data – <https://www.atlantafed.org/cqer/research/gdpnow>

GuruFocus.com LLC, U.S. Treasury Yield Curve Data & Charts -- [https://www.gurufocus.com/yield\\_curve.php](https://www.gurufocus.com/yield_curve.php)

JP Morgan, Quarterly Guide to the Markets -- <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/guide-to-the-markets/>

## IMPORTANT DISCLOSURES (Continued)

*Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.*

### Acronym Definition(s):

FOMC – Federal Open Market Committee, which is responsible for determining the U.S. monetary policy. The Committee is comprised of 12 members, including the 7 members of the Federal Reserve Board of Governors.

### Index Definitions:

NASDAQ 100 – Index of 100 largest growth-oriented non-financial companies listed on the Nasdaq Stock Market.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

S&P 400 – Index measuring the performance of 400 mid-sized U.S. stocks; market capitalization and float-weighted.

S&P 600 – Index measuring 600 small-cap U.S. stocks that meet certain criteria regarding liquidity and financial viability; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

SCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

# QUARTERLY MARKET GUIDE: Q4 2025



## IMPORTANT DISCLOSURES (Continued)

### Index Definitions: (Continued)

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

S&P National AMT-Free Municipal Bond – Broad market-value weighted index comprised of larger and more liquid tax-exempt investment-grade U.S. municipal bonds.

S&P Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

*Past Performance is no guarantee of future performance.*

## Contact Information

### Watercolor Financial

9600 Great Hills Trail Suite 150W  
Austin, TX 78759

Main: 512.250.1544

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[www.watercolorfinancial.com](http://www.watercolorfinancial.com)