



October 27, 2025

Consumer Price Index Saves The Day

The Bureau of Labor Statistics (BLS) asked its staff who calculate the Consumer Price Index (CPI) to resume work in order to prepare this inflation data ahead of Tuesday's Federal Open Market Committee (FOMC) meeting – and also so that the Social Security Administration (SSA) can determine the annual cost-of-living adjustment (COLA) for 2026.

COLA was announced to be 2.8%. Last Friday, the CPI report came in slightly better than expected, with inflation running about 0.1 below forecasts across all measures. CPI and Core CPI year-over-year sit at 3%. This is still above the Fed target of 2%, which has not been seen in four years. The equity and bond markets rallied as the CPI data, no matter how slightly, did come in better than expected.

Consumer Price Index (CPI) Trending Down: September Reading At 3%





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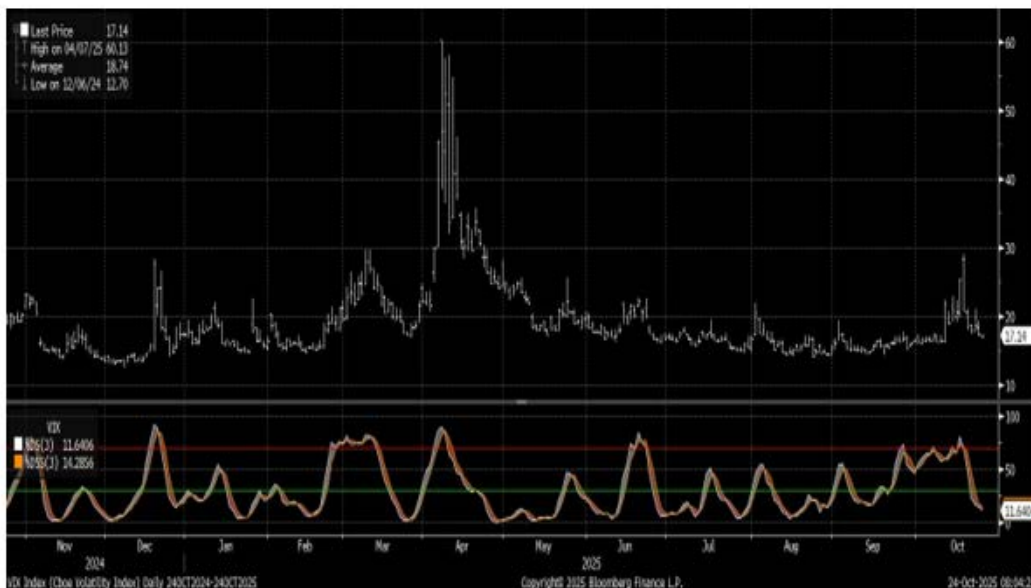
Trick or Treat: Stocks May Still Chop But Expect A Rally Into Year-End

The S&P 500 has been in a correction of about 5% with the 50-day moving average in a holding pattern. On Friday, the S&P 500 did break to a new all-time high. But the market has been choppy (moving up and down) and the oversold reading is now approaching an overbought level on the 14-day stochastic. The Relative Strength Index (RSI) is not oversold yet. The stock market can still trade in a range or continue its choppiness as volatility still remains elevated, as measured by the Cboe Volatility Index (VIX). However, we believe this recent pullback is positioning stocks for a rally into year-end. Our target for year-end remains 7000, and we expect 7200 early next year.

S&P 500 With 14-Day Stochastic And 200-Day Moving Average



Cboe Volatility Index (VIX) With 14-Day Moving Average





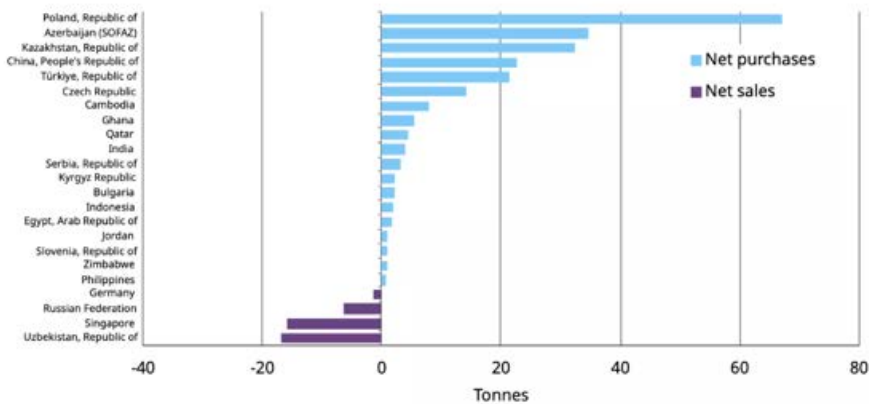
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Gold In A Bullish Correction – Long Term Trend Still Bullish With Target At \$5000

Gold has been the best performing asset this year, up nearly 65% at its peak. The metal's rally has been fueled by a mix of bullish narratives: persistent inflation, geopolitical tensions, concerns over a weaker dollar, and strong central bank buying, particularly from the central banks of emerging markets. With Gold so extended (overbought), a correction was overdue. We believe this is just a correction, not the end of the rally. Support levels are in the range of \$3889-\$3740 based on Fibonacci retracement levels. We maintain Gold is tracking toward \$5000.

Central Bank Purchases Of Gold: Note The Republic of Poland The Largest Buyer

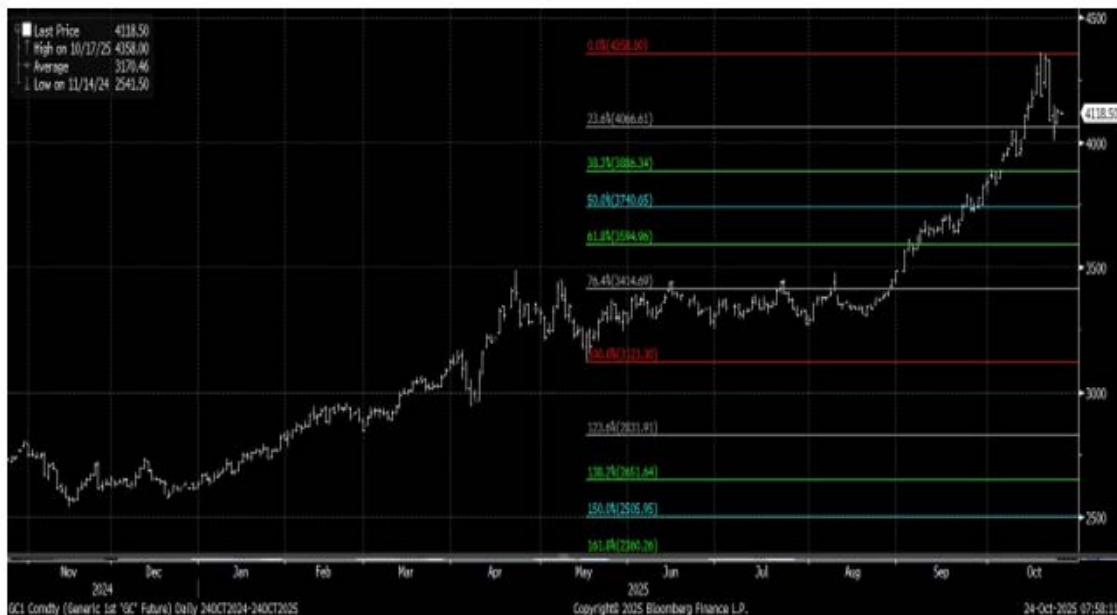
Y-t-d central bank net purchases and sales, tonnes*



*Data to 31 August 2025 where available. SOFAZ represents the gold reserves of the State Oil Fund of Azerbaijan (SOFAZ).

Source: IMF, respective central banks, World Gold Council

Gold With Fibonacci Support Levels



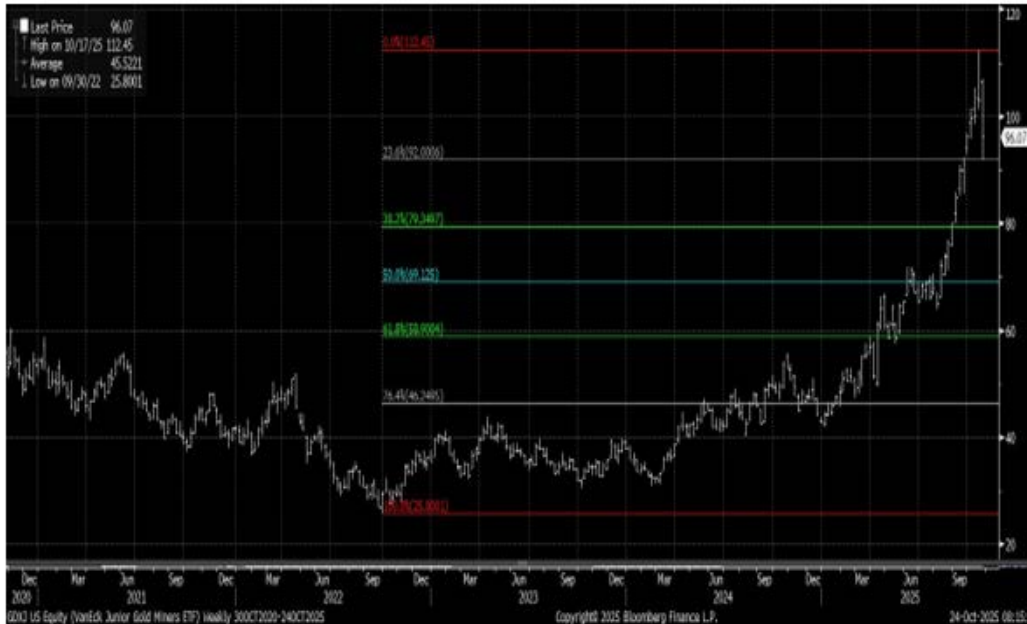


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Gold Correction Leads To Correction In Gold Metal Stocks

The correction in Gold has led to a correction in Gold Mining stocks. Looking at the VanEck Gold Junior Miner ETF (GDXJ), the pattern is similar to Gold. Support levels are 92-79. We maintain that the longer-term pattern remains strongly bullish. We remain buyers on a pullback.

VanEck Gold Miners Junior ETF (GDXJ) With Fibonacci Support Levels



Silver Also In A Bullish Correction

We maintain that Silver is also in a major bull market. The recent rally put Silver in a very overbought condition. Support for the metal is \$47-\$44. We are originating a long range target on Silver of \$80-\$100. We remain buyers on this pullback.

Silver With Fibonacci Support Levels





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Sanctions On Russian Oil Companies Spike Crude Oil

After President Trump failed to broker a ceasefire or restart negotiations to end the war between Russia and Ukraine, his administration imposed sanctions on two major Russian oil companies – a move that sent crude prices sharply higher. WTI (West Texas Intermediate) crude oil has been trending lower as the war premium tied to the Hamas-Israel conflict has faded, and Saudi Arabia has boosted its supply. Crude oil was tracking toward \$55 but with the Russian sanctions, crude is rallying and could hit resistance near \$64-\$65. We expect resistance to hold. We also have to keep in mind that winter is coming in the Northern Hemisphere, and colder weather can keep oil prices firm in a range. The range we see at this time is \$65-\$60.

WTI Crude Oil With Fibonacci Resistance Levels



3Q Earnings Season Starting Out Strong

Earnings remain robust for the companies already reporting their third quarter results. According to FactSet: "Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. The index is also reporting year-over-year earnings growth for the ninth straight quarter. In addition, S&P 500 companies are reporting impressive figures for revenues relative to analyst expectations and year-ago results." Strong earnings and lower interest rates are a positive for equity markets. This week has the largest set of earnings announcements, so there will be much for the market to digest.



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Sector Readings: Information Technology Still Strongest, Consumer Staples Drops Back To Weakest

Information Technology remained in the lead position again last week, and Communication Services stayed in second place. These two sectors have swapped the top two positions for the past 20 weeks, beginning June 13. Consumer Staples returned to last place, followed by Energy, then Materials.

A sector rotation is underway to relieve the overbought and oversold conditions within the market. We maintain that Growth sectors should continue to outperform Value sectors.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1-11 with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Oct 24	Oct 17	Oct 10	Oct 3	Sep 26	Sep 19	Sep 12	Sep 5
Consumer Discretionary	5	5	5	5	5	3	3	3
Consumer Staples	11	10	11	11	10	9	8	8
Energy	10	11	9	9	7	10	10	10
Financials	7	6	6	6	6	5	5	5
Health Care	6	7	7	8	11	11	11	11
Industrials	4	4	4	3	3	4	4	4
Information Technology	1	1	1	1	2	2	2	2
Materials	9	8	8	7	8	7	7	7
Communication Services	2	2	2	2	1	1	1	1
Utilities	3	3	3	4	4	6	6	6
Real Estate	8	9	10	10	9	8	9	9

Source: Bloomberg, Sanctuary Wealth, October 25, 2025



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OBOS List: Communication Services Near Overbought; Industrials, Materials, Consumer Staples, Financials Oversold

Earnings growth remains strong in Communication Services, which fell to near overbought last week. Industrials, Materials, Consumer Staples, and Financials were all oversold. Real Estate was near oversold.

The extreme overbought and oversold readings we saw over the past few months appear to be resolving through a tactical sector rotation.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this for 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 24 October 2025

rank	S&P Sector	normalized Oscillator
1	Communication Services	0.9390 <i>Near Overbought</i>
2	Information Technology	0.5863 <i>Neutral</i>
3	Utilities	0.3337
4	Health Care	0.0638
5	Consumer Discretionary	-0.2681
6	Energy	-0.5002 <i>Neutral</i>
7	Real Estate	-0.7915 <i>Near Oversold</i>
8	Financials	-1.0278 <i>Oversold</i>
9	Consumer Staples	-1.1449
10	Materials	-1.3791
11	Industrials	-1.5296

Source: Bloomberg, Sanctuary Wealth, October 25, 2025



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Market Performance: Gold Is Still The Best Performing Asset Year-To-Date By Far

	Last 10/24/2025	Month End 9/30/2025	Month to Date	Quarter End 9/30/2025	Quarter to Date	Year End 12/31/2024	Year to Date	Year Ago 10/24/2024	Year To Year
S&P 500	6791.69	6688.46	1.5%	6688.46	1.5%	5881.63	15.5%	5809.86	16.9%
NASDAQ Composite	23204.87	22660.01	2.4%	22660.01	2.4%	19310.79	20.2%	18415.49	26.0%
NASDAQ 100	617.10	600.37	2.8%	600.37	2.8%	511.23	20.7%	492.32	25.3%
Russell 2000	2513.47	2436.48	3.2%	2436.48	3.2%	2230.16	12.7%	2218.92	13.3%
S&P Consumer Discretionary Sector	1910.16	1917.97	-0.4%	1917.97	-0.4%	1831.16	4.3%	1602.74	19.2%
S&P Consumer Staples Sector	880.99	871.10	1.1%	871.10	1.1%	853.65	3.2%	879.25	0.2%
S&P Energy Sector	674.76	682.82	-1.2%	682.82	-1.2%	654.85	3.0%	690.49	-2.3%
S&P Financial Sector	883.55	896.86	-1.5%	896.86	-1.5%	804.44	9.8%	783.86	12.7%
S&P Health Care Sector	1701.05	1623.95	4.7%	1623.95	4.7%	1604.75	6.0%	1740.74	-2.3%
S&P Industrials Sector	1310.66	1306.11	0.3%	1306.11	0.3%	1115.65	17.5%	1147.61	14.2%
S&P Information Technology Sector	5787.71	5612.00	3.1%	5612.00	3.1%	4609.52	25.6%	4508.39	28.4%
S&P Materials Sector	562.50	570.71	-1.4%	570.71	-1.4%	529.77	6.2%	596.05	-5.6%
S&P Real Estate Sector	268.08	264.79	1.2%	264.79	1.2%	255.92	4.8%	278.54	-3.8%
S&P Communications Sector	427.53	422.60	1.2%	422.60	1.2%	341.66	25.1%	312.99	36.6%
S&P Utilities Sector	464.01	443.18	4.7%	443.18	4.7%	384.95	20.5%	414.27	12.0%
S&P 500 Total Return	15064.92	14826.80	1.6%	14826.80	1.6%	12911.82	16.7%	12721.05	18.4%
3 month Treasury Bill Price	99.04	99.01	0.0%	99.01	0.0%	98.92	0.1%	98.85	0.2%
3 month Treasury Bill Total Return	266.08	265.32	0.3%	265.32	0.3%	256.97	3.5%	254.71	4.5%
10 Year Treasury Bond Future	113.44	112.50	0.8%	112.50	0.8%	108.75	4.3%	111.28	1.9%
10 Year Treasury Note Total Return	317.06	313.63	1.1%	313.63	1.1%	293.94	7.9%	298.80	6.1%
iShares 20+ Year Treasury Bond ETF	91.47	89.37	2.3%	89.37	2.3%	87.33	4.7%	92.66	-1.3%
S&P Municipal Bond Total Return	288.93	285.56	1.2%	285.56	1.2%	278.14	3.9%	276.48	4.5%
iShares S&P National Municipal Bond NAV	107.33	106.35	0.9%	106.35	0.9%	106.40	0.9%	106.53	0.8%
S&P 500 Investment Grade Corporate Bond Total Return	501.77	495.91	1.2%	495.91	1.2%	465.24	7.9%	469.27	6.9%
S&P Investment Grade Corporate Bond	93.77	93.02	0.8%	93.02	0.8%	90.28	3.9%	91.65	2.3%
S&P Investment Grade Corporate Bond Total Return	534.38	528.51	1.1%	528.51	1.1%	495.89	7.8%	499.29	7.0%
SPDR Bloomberg High Yield Bond ETF	97.74	97.99	-0.3%	97.99	-0.3%	95.47	2.4%	96.51	1.3%
iShares iBoxx High Yield Corporate Bond ETF	81.08	81.19	-0.1%	81.19	-0.1%	78.65	3.1%	79.36	2.2%
Gold	4113.05	3858.96	6.6%	3858.96	6.6%	2624.50	56.7%	2736.17	50.3%
Bitcoin	110916.61	114640.81	-3.2%	114640.81	-3.2%	93714.04	18.4%	68149.93	62.8%

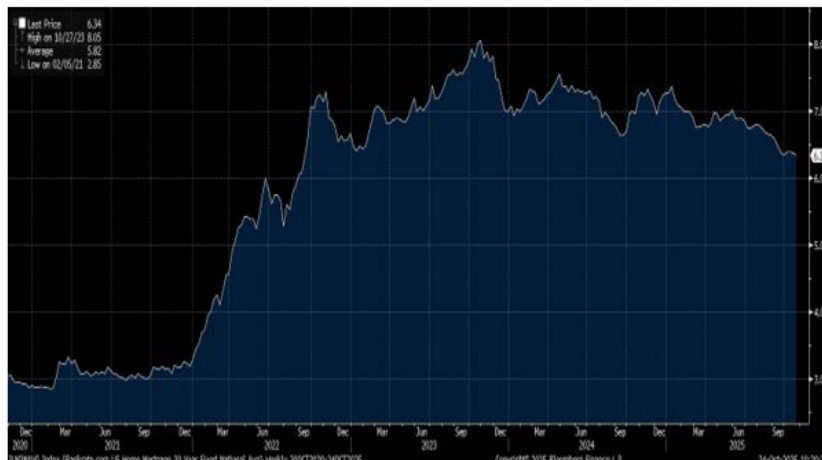
Source: Bloomberg, Sanctuary Wealth, October 25, 2025

The Treat This Week Should Be A Rate Cut By The Fed

This week the economic data void gets partially filled by a new CPI report - but the shutdown silence continues to haunt the markets.

As the government shutdown continues, the flow of economic data has also been shut down. Earnings have been the leading news for the markets. It's still early in earnings season, but so far, the first wave of announcements has started with a bang, with most companies reporting earnings better than expected. This is a big week for earnings with most of the Magnificent 7 (Mag 7) companies reporting earnings: Alphabet, Microsoft, Meta, Amazon and Apple. Yet, the big news this week is the FOMC meeting with the market expecting a decision on Wednesday of a 25 basis point (bps) interest rate cut. As the market expects another 25 bps cut in December, all ears will be listening for comments that might confirm the continued cutting cycle. Attention will also be paid to comments about if/when the Fed will stop its Quantitative Tightening (QT). So far, the bond market is warming to the current rate cutting cycle as both the 2-year and 10-year Treasury yields have been falling. We expect the 2-year to track toward 3% and the 10-year toward 3.8%. This is helping mortgage rates to also come down, a trend we expect to continue into next year. If the mortgage rate nears 5%, the housing market should improve.

30-Year Mortgage Rates Are Falling & Expected To Continue To Fall





Calendar

Mon.

8:30 am *Durable-goods orders
8:30 am *Durable-goods minus transportation
Earnings Keurig Dr Pepper**

Tue.

9:00 am S&P Case-Shiller home price index (20 cities)
10:00 am Consumer confidence
Earnings Ares Capital, SoFi Technologies, Camping World

Wed.

8:30 am *Advanced U.S. trade balance in goods
8:30 am *Advanced retail inventories
8:30 am *Advanced wholesale inventories
10:00 am Pending home sales
2:00 pm FOMC interest-rate decision
2:30 pm Fed Chair Powell press conference
Earnings Alphabet, Boeing

Thu.

8:30 am *Initial jobless claims
8:30 am *GDP
9:55 am Fed Vice Chair for Supervision Michelle Bowman speaks
Earnings Amazon.com, Apple, Meta Platforms

Fri.

8:30 am *Personal income
8:30 am *Consumer spending
8:30 am *PCE index
8:30 am *PCE (year-over-year)
8:30 am *Core PCE index
8:30 am *Core PCE (year-over-year)
8:30 am *Employment cost index
9:45 am Chicago Business Barometer (PMI)
9:30 am Dallas Fed President Lorie Logan welcoming remarks
12:00 pm Cleveland Fed President Hammack and Atlanta Fed President Bostic speak
Earnings Exxon Mobil

*Data subject to delay if government shutdown continues

**Earnings reflect highlights

Source: MarketWatch/Kiplinger's/CNBC

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