

Furstenau Wealth Update

October 06, 2025

The Markets

It was a stellar quarter for investors.

The last three months have delivered stock market gains amid signs the economy might not be doing as well as previously thought. Here's what we saw:

Stock markets advanced

Solid corporate earnings growth, enthusiasm for artificial intelligence (AI), and expectations for a Federal Reserve (Fed) rate cut helped drive stock markets in the United States higher during the third quarter of 2025.

"The broad U.S. equity indices were higher across the board in both September and Q3. For the S&P [Standard & Poor's] 500 and Nasdaq-100, September marked their 5th and 6th consecutive monthly gains, respectively. And for the S&P 500, this was its 2nd best September...in 27 years," reported the Nasdaq Market Intelligence Desk Team.

Stock valuations moved higher

The downside of recent stock market performance is that valuations have reached lofty levels. As a result, investors are paying "the most for future earnings in more than two decades, adding a new element of risk to the market's rally," reported Martin Baccardax of Barron's. The risk is that earnings may not meet investors' expectations, which could lead to lower stock prices.

Questions rose about the strength of the economy

Economic data is usually revised several times before the final numbers arrive. In September, the employment report revision showed 911,000 fewer jobs may have been created over the past twelve months than previously thought. The change raised questions about the strength of the economy – and the quality and collection of data for the report, reported Jeff Cox of CNBC.

"The revisions were more than 50 [percent] higher than last year's adjustment and the largest on record going back to 2002. On a monthly basis, they suggest average job growth of 76,000 less than initially reported."

The Fed lowered the federal funds rate

Investors have been anticipating a Fed rate cut for some time. In September, the Fed's concerns about inflation were offset by data suggesting the U.S. labor market is softening rapidly, and the Fed lowered the federal funds rate by one-quarter percentage point.

While investors expect more rate cuts this year, it's unclear whether that will happen. "At the center of the tension are rising prices. While inflation has slowed from its pandemic highs, it remains above the Fed's 2 [percent] target. Several regional Fed presidents cautioned on Monday that policymakers shouldn't move too quickly to ease policy, even as investors and Wall Street analysts bet on more cuts," reported Nicole Goodkind of Barron's.

Consumer sentiment moved lower, too

While investors had a lot to celebrate in the third quarter, consumers' optimism faded in August and September. The University of Michigan's Consumer Sentiment Index showed that sentiment was down about five percent month over month in September, and more than 21 percent year over year.

"Although September's decline was relatively modest, it was still seen across a broad swath of the population, across groups by age, income, and education, and all five index components. A key exception: sentiment for consumers with larger stock holdings held steady in September, while for those with smaller or no holdings, sentiment decreased," reported Surveys of Consumers Director Joanne Hsu.

The fourth quarter began with a government shutdown. The closure had little effect on market optimism, and major U.S. stock indexes moved higher last week. Yields on U.S. Treasuries generally dipped lower or remained steady over the week.

Data as of 10/3/25	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.1%	14.2%	17.8%	23.4%	14.5%	13.0%
Dow Jones Global ex-U.S. Index	2.7	24.8	16.7	17.7	7.5	5.5
10-year Treasury Note (yield only)	4.1	N/A	3.9	3.7	0.8	2.1
Gold (per ounce)	3.1	48.8	46.8	32.6	15.3	13.1
Bloomberg Commodity Index	0.2	6.7	3.0	-2.2	8.2	1.7

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHAT DOES A GOVERNMENT SHUTDOWN MEAN FOR INVESTORS? Last week, the U.S. government closed after Congress failed to pass a temporary funding measure to keep it open. The sticking point appeared to be whether the government should continue to provide tax credits to offset the cost of healthcare premiums under the Affordable Care Act, reported Anita Hamilton of Barron's. The credits are scheduled to expire at the end of 2025.

Historically, government shutdowns have had little impact on financial markets. However, some analysts believe this shutdown may create additional financial market volatility. The good news is, when markets are negatively affected, they tend to recover quickly, reported Callum Keown of Barron's. In any case, investors should be aware of shorter-term risks, including:

- **Delayed Initial Public Offerings (IPOs).** When a private company raises capital by selling shares to the public for the first time, it is called an IPO. "With the Securities and Exchange Commission running only essential functions on a skeleton staff, the agency will stop processing IPO paperwork, leaving companies primed for Wall Street debuts...in limbo," reported Manya Saini and Niket Nishant of Reuters.
- **Delayed drug approvals.** The U.S. Food and Drug Administration (FDA) will continue to review current product applications during the shutdown; however, it has stopped accepting new applications, reported Kristin Jensen of Biopharma Dive. The FDA is funded through user fees, which it cannot collect when the government is closed, reported Josh Nathan-Kazis of Barron's. That could create issues if the shutdown lasts for a significant period.

- **Challenges for federal contractors.** The shutdown affects U.S. government employees – and everyone employed by a government contractor. “While some federal contracts will stop work in the event of a shutdown, others will continue on, particularly if they’re funded by appropriations from past fiscal years...however, problems emerge when contractors need an action by or information from a federal employee who is furloughed,” reported Sean Michael Newhouse of Government Executive. If the administration decides to layoff government employees, the issue could become more complicated.
- **Lack of economic data.** The Bureau of Labor Statistics, Bureau of Economic Analysis and Census Bureau stop collecting and distributing data when the government shuts down. As a result, the shutdown “will shut off the flow of key economic data at a moment of uncertainty among policymakers and investors about the health of the U.S. job market, the trajectory of inflation and the strength of consumer spending and business investment,” reported Reuters.

The overall effect of the shutdown will depend on how long it lasts.

Weekly Focus – Think About It

“I don't think that you can be an extraordinary leader unless you love your people sincerely. Now history shows us that you can win battles, you can accomplish missions, you can build buildings, and you can win games without loving your people, because a lot of people have done it that way. But I am convinced that you and your organization, your unit, your group will never be extraordinary in the long run without...genuine concern for your people.”

– Colonel Arthur J. Athens, United States Marine Corps Reserve (Retired)

Best regards,

Ryan D. Furstenau

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Securities offered through LPL Financial, Member FINRA/SIPC.

* These views are those of Carson Coaching, not the presenting Representative, the Representative's Broker/Dealer, or Registered Investment Advisor, and should not be construed as investment advice.

* This newsletter was prepared by Carson Coaching. Carson Coaching is not affiliated with the named firm or broker/dealer.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.

* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.

* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.

* All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client's portfolio.

Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.

* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.

* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.

- * Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- * International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
- * Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
- * Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
- * Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- * The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
- * There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
- * Asset allocation does not ensure a profit or protect against a loss.
- * Consult your financial professional before making any investment decision.
- * To unsubscribe from the Furstenau Wealth Update please reply to this email with "Unsubscribe" in the subject line.

Sources:

https://www.barrons.com/market-data?mod=BOL_TOPNAV or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-DJIA-SP-NASDAQ-1.pdf>

<https://www.nasdaq.com/articles/september-third-quarter-2025-review-and-outlook>

<https://www.barrons.com/articles/stock-market-sp500-overvalued-inflation-jobs-earnings-5f24cda6> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-Is-The-Stock-Market-Overvalued-3.pdf>

<https://www.bls.gov/news.release/prebmkr0.htm>

<https://www.cnbc.com/2025/09/09/jobs-report-revisions-september-2025-.html>

<https://www.federalreserve.gov/newsevents/pressreleases/monetary20250917a.htm>

<https://www.barrons.com/articles/the-federal-reserve-rates-inflation-market-c8c19bab> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-The-Market-Is-Betting-7.pdf>

<https://www.sca.isr.umich.edu> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Survey-of-Consumers-University-of-Michigan-8.pdf>

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?type=daily_treasury_yield_curve&field_tdr_date_value=2025

https://www.barrons.com/livecoverage/shutdown-government-news/card/marketplace-health-plan-costs-will-rise-114-if-subsidies-expire-kff-qfCUxwyDDjhHTp8RjL2w?mod=hp_LEDE_C_1_B_4 or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-Marketplace-Health-Plan-Costs-10.pdf>

https://www.barrons.com/livecoverage/shutdown-government-news/card/delays-to-ipos-drug-approvals-jobs-data-and-more-impacts-of-a-longer-shutdown-D8BVvUg1MYK4EkYtOkIj?mod=hp_LEDE_C_1_B_1 or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-Delay-To-IPOs-Drug-Approvals-11.pdf>

<https://www.reuters.com/sustainability/boards-policy-regulation/us-government-shutdown-threatens-disrupt-ipo-market-momentum-2025-10-01/>

<https://www.biopharmadive.com/news/fda-government-shutdown-new-drug-applications-reviews/761576/>

<https://www.barrons.com/livecoverage/shutdown-government-news/card/fda-won-t-be-significantly-disrupted-by-a-short-shutdown-0MhUBQLiCMWcj6wYhHCf> or go to <https://resources.carsongroup.com/hubfs/WMC-Source/2025/10-06-25-Barrons-FDA-Wont-Be-Significantly-14.pdf>

<https://www.govexec.com/management/2025/09/reductions-force-could-make-bad-situation-worse-federal-contractors-during-government-shutdown/408444/>

<https://www.reuters.com/world/us/how-us-government-shutdown-affects-economic-data-publishing-2025-09-30/>

<https://www.usmcu.edu/Portals/218/Art%20Athens%20speech.pdf>