

The Monthly Edit

October 2025

We examine the markets daily, and our monthly update is a selection of key global stories explained through an investment lens.



Market headlines

Equities resilient amid uncertainty

Global equity markets held firm in October, buoyed by solid corporate earnings and hopes of continued monetary policy easing. Investors largely looked past the political noise, focusing instead on economic fundamentals.

Fed delivers second rate cut

The US Federal Reserve (Fed) lowered rates by another 25 basis points (bps), citing evidence of slowing consumer demand and softening labour market data. Markets interpreted the move as supportive, although debate over future cuts continues.

Bond markets digest US shutdown risk

Concerns over the US government shutdown and fiscal gridlock briefly unsettled bond markets. However, bond yields remained range-bound as investors weighed broader macro risks against dovish central bank signals.

Staying balanced in a shifting landscape

While the economic backdrop remains constructive, we maintain a balanced stance given elevated valuations, geopolitical tensions, and uncertainty around fiscal policy and international trade negotiations.



The big topics

Protracted US government shutdown casts economic shadows

The US government's first shutdown in seven years stretched into its fourth week by month-end, marking one of the longest in history after failed bipartisan funding talks.

Triggered by partisan disputes over spending bills, it delayed critical data releases like payrolls, jobless claims and the September Consumer Price Index (CPI).

Alternative gauges revealed a softening labour market, with private sector payrolls contracting, consumer confidence dipping to a five-month low and quits rates hitting a recent trough. This fog eroded market sentiment, raising fears of broader drags on growth and confidence, though selective aid for troops and farmers softened immediate blows.

Thawing US-China trade tensions amid broader deals

US-China relations swung from escalation to tentative relief, starting with President Trump's shock announcement of 100% tariffs on all Chinese imports from November, framed as retaliation for rare earth restrictions.

Financial markets recoiled, but later headlines of a 'framework' pact extended the tariff truce, eased rare earth restrictions and opened doors for US agriculture and tech exports.

President Trump's confirmation of a summit with President Xi at the Asia-Pacific Economic Cooperation (APEC) meeting added optimism, although risks remain. The truce sparked a global equity rally, but lingering uncertainty and selective new tariffs—such as on Canadian imports—highlight the unpredictable nature of US trade policy.

US Federal Reserve's rate cut

September's delayed CPI report delivered welcome relief, with headline inflation at just 0.31% month-on-month (below forecasts), core inflation easing and rent pressures subsidising.

This validated the Fed's shift toward further easing, culminating in a 25 bps rate cut at the October meeting, the second in succession amid cooling price pressures.

Markets ramped up expectations for two more cuts through year-end, driven by labour market softness and uncertainty brought by US government shutdown. Fed minutes hinted at vigilance on lagged effects of tariffs. While rate cuts buoyed risk assets, questions linger over their effectiveness amid structural inflation and political headwinds.

Global political shifts and banking jitters test resilience

Political flux rippled worldwide, from France's brief leadership crisis (resolved as Prime Minister Lecornu survived no-confidence votes by delaying pension reforms) to Japan's Liberal Democratic Party forging a coalition under new Prime Minister Sanae Takaichi, stabilising Tokyo's markets.

UK speculation around a fiscally cautious Autumn Statement eased gilt yields, while US banking wobbles emerged mid-month with fraud-linked loan issues at Western Alliance and Zions, and bankruptcies at First Brands and Tricolor.

JPMorgan's Chief Executive Officer, Jamie Dimon, warned of hidden risks, spiking volatility briefly. Yet, resilient earnings from tech giants and banks, alongside European fiscal stimulus, propelled diversified rallies, highlighting the case for balanced portfolios amid these episodic tremors.



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