

THE ECONOMY AT A GLANCE

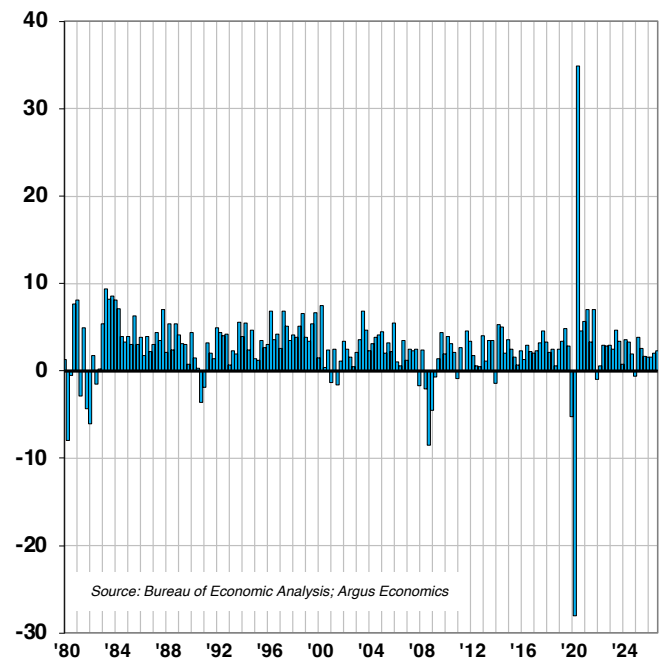
ECONOMIC HIGHLIGHTS

October 20, 2025
 Vol. 92, No. 151

RAISING GDP FORECASTS

We are raising our GDP estimates for 2025 and 2026. The \$30 trillion U.S. economy remains on course, powered by corporate investments in artificial intelligence and outsized spending by the wealthiest households. We are raising our 2025 growth estimate to 1.9% from 1.4% and lifting our 2026 estimate to 1.9% from 1.8%. We are boosting our 3Q25 estimate to 2.6% from 1.8%, despite our expectation for both housing and non-residential structures to be down in the mid-single-digits, and spending by the federal government to be down 3.3%. Offsetting this weakness, we expect the equipment category to grow north of 10% and intellectual property products to grow approximately 2% (even after expanding 15% in 2Q). We also expect international trade and inventories (goods that were produced but not yet sold), which were volatile in the first half of the year, to normalize and add to 3Q growth. We expect personal consumption to be up approximately 2%. Lower-income consumers are facing inflation and high borrowing costs, while wealthier consumers are snug in valuable homes with low mortgages (or none at all) and stock gains. The wealthiest 20% of households may account for more than half of spending. While it is encouraging that the wealthiest consumers and AI spending have supported the economy, a disruption in the tech sector, which has been driving stock returns, could interrupt the S&P 500's gains and lead affluent consumers to reduce spending. We expect 1.7% growth in 4Q25 and 1.6% growth in 1H26, before an acceleration to 2.3% growth in 4Q. Our hope is that inflation and tariff uncertainty will fade, lower interest rates will give housing a lift, and a softer dollar will boost manufacturing.

GDP TRENDS & OUTLOOK (% CHANGE)

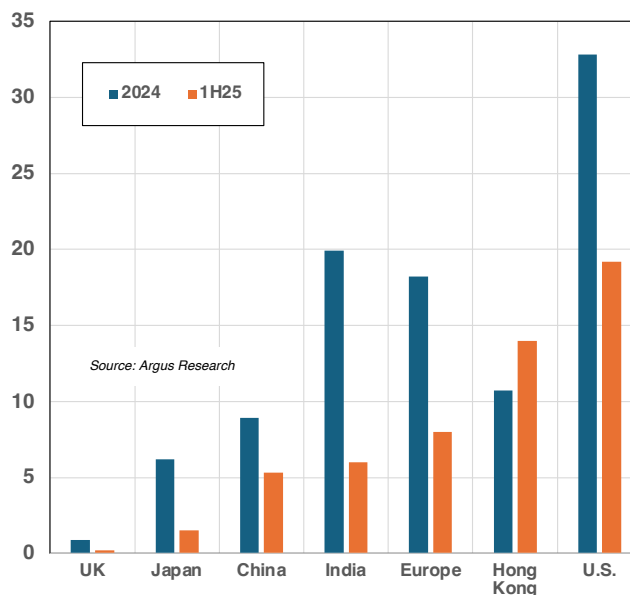


ECONOMIC HIGHLIGHTS (CONTINUED)

U.S. A LEADER IN CAPITAL RAISING

Raising and allocating capital is one of the core competencies of the U.S. economy. During the first half of 2025, global investors raised more than \$19.0 billion on U.S. exchanges. In recent years, some emerging markets have climbed the leaderboard, while some long-time leaders have fallen back. A case in point on the positive side is India, which ranked second behind the U.S. in 2024 and raised \$19.9 billion. On the downside, the London Stock Exchange has raised only \$200 million for companies in 2025, below the \$900 million raised last year. Why is the U.S. a consistent leader in raising and allocating funds? We think key factors include the historical democratic-capitalist political/economic framework that the country has adopted over the decades. Further, the strength of the U.S. financial and banking systems are unmatched, as the U.S. dollar remains the world's leading currency. In addition, U.S. regulators demand a high degree of transparency from companies seeking to raise funds in the U.S., down to the details of publishing quarterly financial reports. In our view, the capital-raising and allocating sectors are well positioned for solid growth over the next few years.

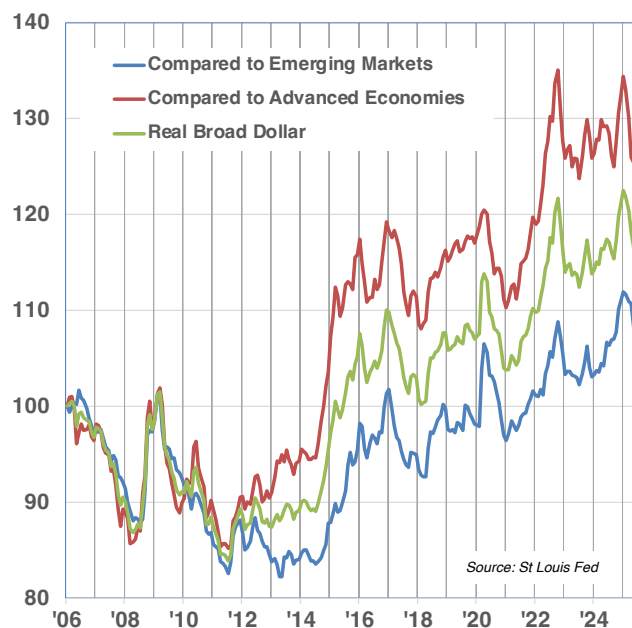
LEADING LOCATIONS TO RAISE CAPITAL (\$ BIL)



SIGNALS FROM THE DOLLAR

The dollar, the world's dominant currency, offers nuanced clues about the confidence investors have in the U.S. economy and financial system. Year to date, the dollar has given back 5% on a global, trade-weighted basis and 7% compared to an index of advanced economy currencies. Some of the slide can be linked to the uncertainty caused by trade policies, but reasons also include the swelling U.S. federal debt and the pressure President Trump is putting on the Fed to lower rates. Those events pose a risk that the value of sovereign debt will erode over time (the “debasement trade”). In short, investors around the world are rethinking their commitment to U.S. assets as the cost of doing business in America increases and the balance sheet groans. But we would hesitate to term the dollar at risk of losing its status as the global currency of choice. The dollar is still 15% above its 20-year average value and has more than held up as the U.S. government has temporarily shut down. The greenback is supported by a \$27 trillion market, not to mention by the Federal Reserve and by the country's time-tested political/economic system of democratic capitalism. And the alternatives (the euro, yen, or yuan) have their flaws as well. We view the dollar as one of the main checks and balances to the U.S.'s status as the leader of the global economy.

DOLLAR TRENDS

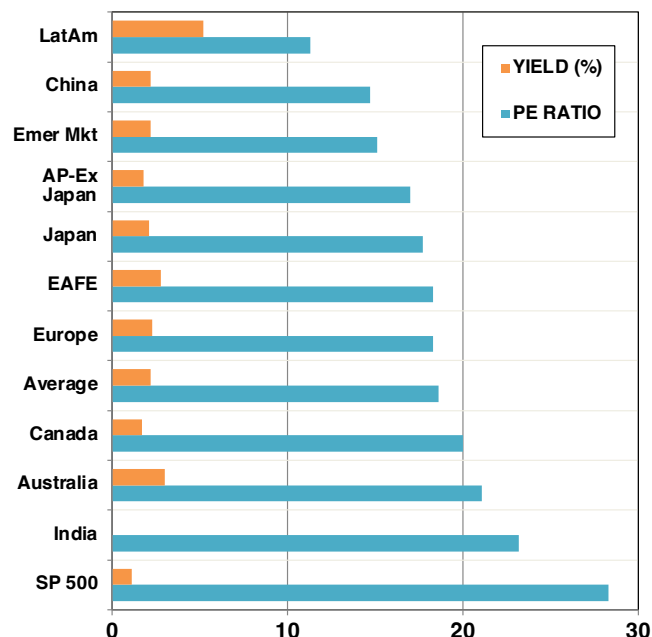


FINANCIAL MARKET HIGHLIGHTS

GLOBAL STOCKS OFFER VALUE

As worldwide markets are challenged in an environment of trade wars, higher interest rates, ongoing conflict in the Middle East, and the lingering battle between Russia and Ukraine, one thing has not changed: U.S. stocks are more expensive than global stocks. And with the run-up in stock prices since 2023, U.S. stocks are even more expensive. The trailing P/E ratio on the S&P 500 is 28, above the global average of 19 and the 12-15 average P/Es for emerging market stocks in China and Latin America. The dividend yield for the S&P 500 is 1.1%, versus the global average of 2.2% and Australian and Latin American yields of 3%-6%. Generally, investors are willing to pay a higher price for North American securities because of the transparency of the U.S. financial system as well as the liquidity of U.S. markets. What's more, global returns can be volatile, given currency, security, political, and geopolitical risks. The tide is turning a bit in 2025, as global investors respond to the uncertainty over U.S. trade policy and as global central banks lower rates. Year to date, global stocks are up 24% while U.S. stocks are up 15%. Given expectations for more trade-related volatility, we think diversified investors should have 20%-25% of their equity allocations in international stocks to take advantage of the value.

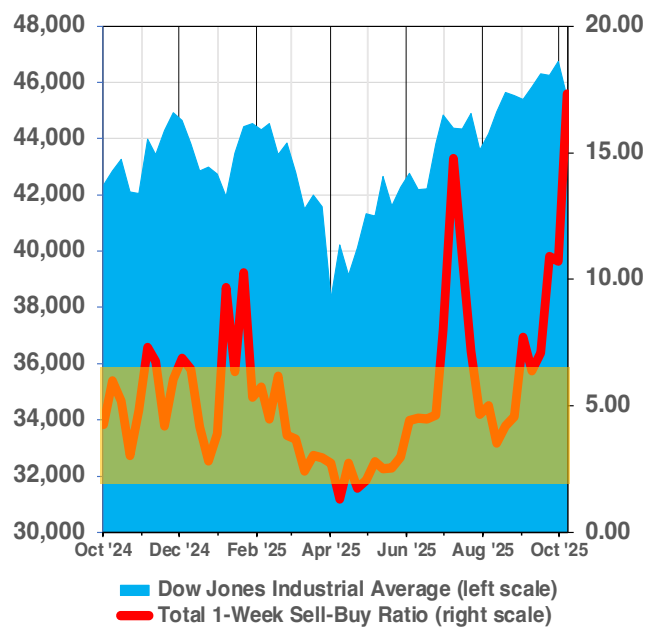
GLOBAL EQUITY VALUATION METRICS



INSIDER SENTIMENT AT AN ALL-TIME LOW

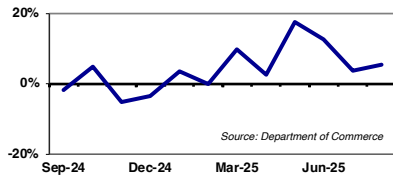
Insider sentiment is at an all-time low, according to a dataset from Vickers Stock Research that goes back to 1974. The current dismal sentiment suggests that insiders are deciding to lock in recent gains (the S&P 500 is up 20% over the past six months) and may believe stocks are increasingly vulnerable to the unexpected. Turning to the latest numbers, Vickers' Total (all exchanges) One-Week Sell/Buy Ratio is currently 17.32 on a scale on which a bullish reading is below 2.0. The next highest ratios were logged between July 2024 and September 2025; during that span, there were seven low sentiment signals and the ratios ranged from 9.66 to 14.78. Prior to that period, we need to go back to a date range between February 2013 and March 2014, with five ratios between 9.11 and 9.44. Leading the Total ratio higher is a jaw-dropping NYSE One-Week Sell/Buy Ratio of 27.25, an all-time high that handily beats ratios of 16.15 in February 2007, 15.61 in July 2025, 15.26 in January 2007, and 15.21 in July 2011. The Nasdaq one-week ratio is relatively better at 14.34, and was worse than that only twice, at 15.57 in January 2025 and at 11.58 in January 2014. Note that not all low Vickers sentiment readings led to sell-offs in the weeks and months after they are calculated. In fact, we view the signal as more effective as a near-term trading indicator than as a long-term investment strategy.

TOTAL 1-WEEK SELL/BUY RATIO VS. DOW INDUSTRIALS

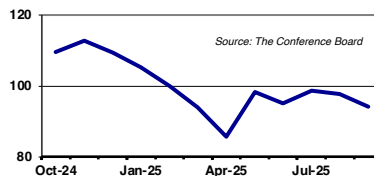


ECONOMIC TRADING CHARTS & CALENDAR

Release: **Durable Goods Orders**
 Date: 10/27/2025
 Month: September
 Previous Report: 5.4%
 Argus Estimate: 3.3%
 Street Estimate: NA



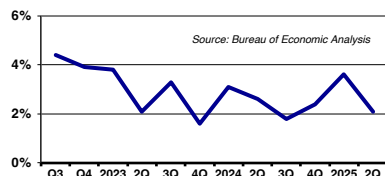
Release: **Consumer Confidence**
 Date: 10/28/2025
 Month: October
 Previous Report: 94.2
 Argus Estimate: 93.0
 Street Estimate: 93.3



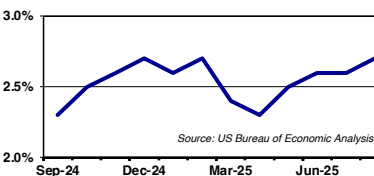
Release: **GDP Annualized QoQ**
 Date: 10/30/2025
 Month: 3Q
 Previous Report: 3.8%
 Argus Estimate: 2.6%
 Street Estimate: 2.9%



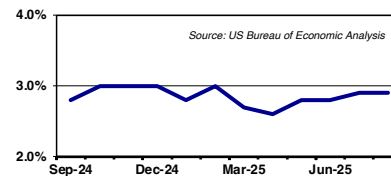
Release: **GDP Price Index**
 Date: 10/30/2025
 Month: 3Q
 Previous Report: 2.1%
 Argus Estimate: 2.7%
 Street Estimate: NA



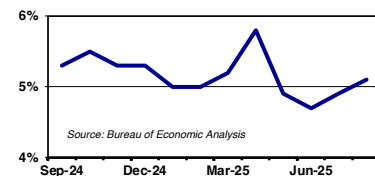
Release: **PCE Deflator**
 Date: 10/31/2025
 Month: September
 Previous Report: 2.7%
 Argus Estimate: 2.8%
 Street Estimate: NA



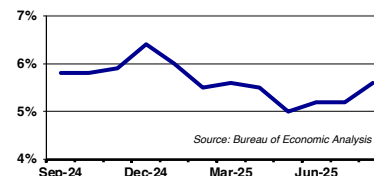
Release: **PCE Core Deflator**
 Date: 10/31/2025
 Month: September
 Previous Report: 2.9%
 Argus Estimate: 2.9%
 Street Estimate: NA



Release: **Personal Income**
 Date: 10/31/2025
 Month: September
 Previous Report: 5.1%
 Argus Estimate: 5.0%
 Street Estimate: NA



Release: **Personal Spending**
 Date: 10/31/2025
 Month: September
 Previous Report: 5.6%
 Argus Estimate: 5.4%
 Street Estimate: NA



Previous Week's Releases and Next Week's Releases on next page.

ECONOMIC TRADING CHARTS & CALENDAR (CONTINUED)

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
20-Oct	Leading Index	August	-0.5%	-0.8%	NA	NA
23-Oct	Existing Home Sales	September	4.00 Mln.	4.00 Mln.	4.06 Mln.	NA
24-Oct	Consumer Price Index	September	2.9%	3.0%	3.1%	NA
	CPI ex-Food & Energy	September	3.1%	3.0%	3.1%	NA
	New Home Sales	September	800K	700K	710K	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
3-Nov	ISM Manufacturing	October	49.1	NA	NA	NA
	ISM New Orders	October	48.9	NA	NA	NA
5-Nov	ISM Services Index	October	50.0	NA	NA	NA
7-Nov	U. Michigan Sentiment	November	55.0	NA	NA	NA

Postponed Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
	Retail Sales	September	5.0%	4.5%	NA	NA
	Retail Sales ex-autos	September	4.9%	4.2%	NA	NA
	PPI Final Demand	September	2.6%	2.5%	2.6%	NA
	PPI ex-Food & Energy	September	2.8%	2.3%	2.7%	NA
	Business Inventories	August	1.5%	1.0%	NA	NA
	Industrial Production	September	0.9%	1.0%	NA	NA
	Capacity Utilization	September	77.4%	77.4%	77.4%	NA
	Housing Starts	September	1,307K	1,200K	1,310K	NA
	Import Price Index	September	0.0%	0.1%	0.0%	NA
	Trade Balance	August	-\$78.3 Bln.	-\$60 Bln.	-\$61 Bln.	NA
	Total Vehicle Sales	September	16.4 Mln.	16.2 Mln.	16.2 Mln.	NA
	Wholesale Inventories	August	1.3%	0.7%	NA	NA
	Construction Spending	August	-2.8%	-3.0%	NA	NA
	Factory Orders	August	1.6%	1.4%	NA	NA
	Nonfarm Payrolls	September	22K	56K	42K	NA
	Unemployment Rate	September	4.3%	4.3%	4.3%	NA
	Average Weekly Hours	September	34.2	34.2	34.2	NA
	Average Hourly Earnings	September	3.7%	3.7%	3.7%	NA

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