



October 13, 2025

The Correction Is Finally Here

Equity markets sold off last Friday, responding negatively to President Trump's threat of a massive tariff hike on China amid escalating tensions over rare earth exports.

His move followed Beijing's decision to restrict shipments of those critical materials, prompting Trump to also threaten cancellation of his upcoming meeting with China's President Xi Jinping. The S&P 500 fell 2.7% and the Nasdaq 100 declined 3.6% on the news. This pullback aligns with our expectation for a 5%–10% correction, with both indexes now at risk of testing their 200-day moving averages. October is traditionally known as a good buying opportunity leading into the seasonal year-end rally. We remain buyers and maintain that the S&P 500 can reach 7000 by end of the year and 7200 by early next year.

S&P 500 With 200-Day Moving Average



Source: Bloomberg, Annotations by Sanctuary Wealth



October 13, 2025

Nasdaq 100 With 200-Day Moving Average

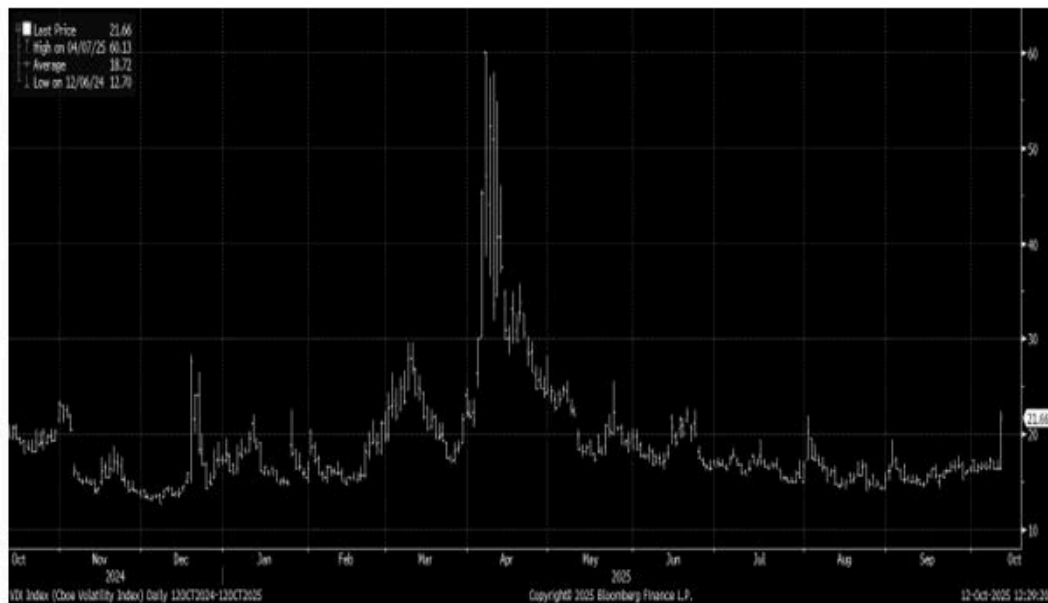


Source: Bloomberg, Annotations by Sanctuary Wealth

Cboe Volatility Index (VIX) Spikes Higher – Expect Continued Volatility

The equity market has not experienced high levels of volatility since Liberation Day in early April. Last Friday's sell-off produced a spike in the Cboe Volatility Index (VIX) above 20. We expect volatility to remain elevated for a short period of time. Historically, when the VIX is above 20, it has signaled a good buying opportunity.

Cboe Volatility Index (VIX) Spikes Above 20



Source: Bloomberg, Annotations by Sanctuary Wealth

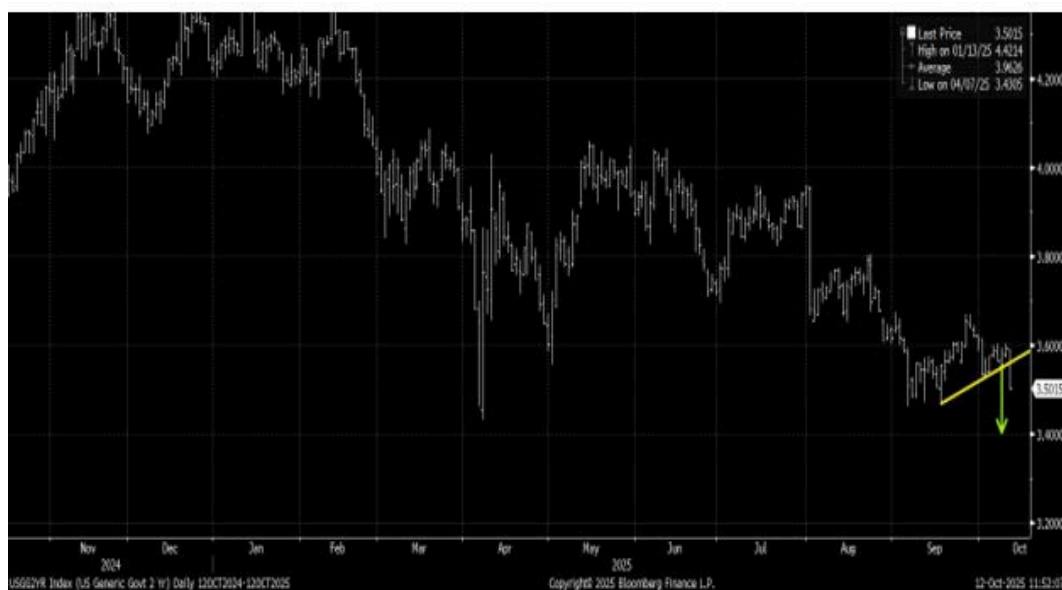


October 13, 2025

2-Year Treasury Yield Breaks Down Pointing To Continued Lower Short Rates

As stocks tanked last Friday, money fled to safety, driving the 2-Year Treasury yield down, breaking support and pointing to a move toward 3.4%. Interest rates remain in a downtrend, which should support risk assets as we enter the seasonally strong period for equities in November and December.

2-Year Treasury Yield Tracking Toward 3.4%

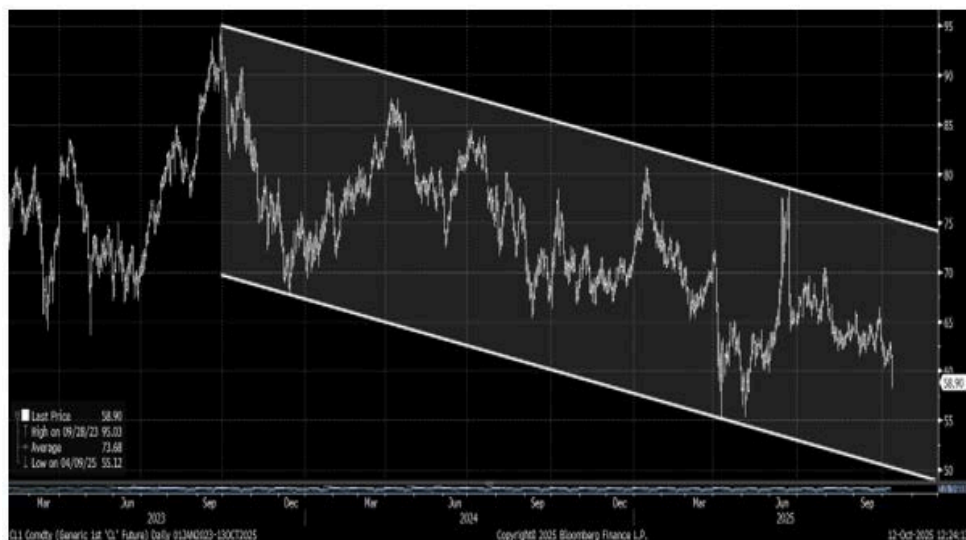


Source: Bloomberg, Annotations by Sanctuary Wealth

Peace For The Middle East Lowers Oil Prices

Last week, President Trump helped broker a peace agreement between Israel and Hamas. The Israeli government approved the deal, paving the way for a cease-fire in the two-year conflict in Gaza and the release of the remaining hostages held by Hamas. It's a profoundly hopeful step toward healing after too much suffering. While the news had little effect on equity markets, it did weigh on WTI crude oil prices as the war premium came out of the market. Additionally, supply remains abundant, and this had oil prices fall to \$58.90 and technically tracking to \$55-\$50. The decline in oil prices should act like a tax cut, giving consumers a boost heading into the holiday season. That extra cushion could keep spending on track and make for a genuinely jolly holiday. The main risk would be a sudden cold snap that firms up prices again.

Crude Oil Trending Down Toward \$55-\$50



Source: Bloomberg, Annotations By Sanctuary Wealth



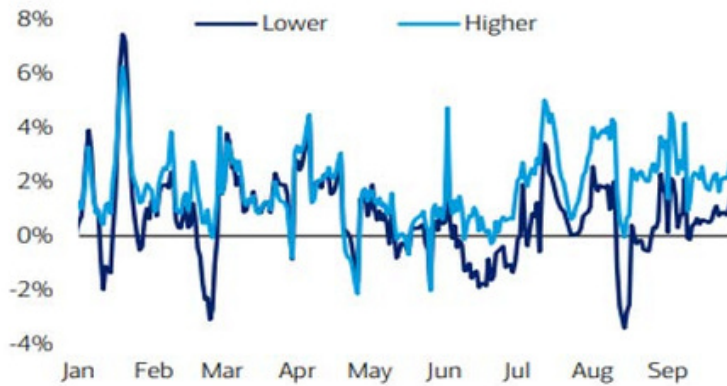
October 13, 2025

Where Is The Consumer Now?

Both high- and low-income consumers are spending, with higher-income households purchasing at roughly twice the rate. We believe lower oil prices will give the consumer more spending money going into the holiday season. This should also keep the economy strong, allowing companies to continue to grow corporate earnings.

Exhibit 12: Y/y higher income total card spending growth (+2.7%) outpaced lower income (+1.4%) in the week ending Sep 27

Total card spending per HH by income group (y/y % change of the 7-day ma of spending levels)



Source: BAC internal data. Note: see the report: [BofA on USA: Weekly spending update through Sep 27](#) for methodology, limitations, and disclaimers related to BAC aggregated credit and debit card data.

BofA GLOBAL RESEARCH

Source: Bank of America, October 8, 2025



October 13, 2025

Sector Readings: Information Technology Repeats As Strongest, Consumer Staples Weakest Again

Information Technology remained in the lead position last week, while Communication Services stayed in second place. These two sectors have swapped the top two positions for the past 18 weeks, since June 13. Consumer Staples was in last place, followed by Real Estate, then Energy.

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 10	Oct 3	Sep 26	Sep 19	Sep 12	Sep 5	Aug 29	Aug 22
Consumer Discretionary	5	5	5	3	3	3	4	4
Consumer Staples	11	11	10	9	8	8	10	8
Energy	9	9	7	10	10	10	8	10
Financials	6	6	6	5	5	5	5	6
Health Care	7	8	11	11	11	11	11	11
Industrials	4	3	3	4	4	4	3	3
Information Technology	1	1	2	2	2	2	2	1
Materials	8	7	8	7	7	7	7	7
Communication Services	2	2	1	1	1	1	1	2
Utilities	3	4	4	6	6	6	6	5
Real Estate	10	10	9	8	9	9	9	9

Source: Bloomberg, Sanctuary Wealth, October 11, 2025

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

Earnings growth remains strong in Communication Services, which was near overbought last week, as was Utilities. Utilities is typically a defensive sector, and the market's sudden decline likely contributed to its recent strength; however, the group also appears to be benefiting from expectations of rising electricity demand from data centers. There were three outright oversold sectors, Materials, Industrials, and Consumer Staples. Energy, Real Estate, and Financials were near oversold.

The extreme overbought and oversold readings that have prevailed over the past few months appear to be finally shifting and undergoing 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 3 October 2025

rank	S&P Sector	normalized Oscillator
1	Communication Services	0.8246
2	Utilities	0.7136 <i>Near Overbought</i>
3	Information Technology	0.5133 <i>Neutral</i>
4	Health Care	0.0129
5	Consumer Discretionary	-0.3671 <i>Neutral</i>
6	Financials	-0.7148 <i>Near Oversold</i>
7	Real Estate	-0.8509
8	Energy	-0.9448
9	Consumer Staples	-1.1169 <i>Oversold</i>
10	Industrials	-1.1969
11	Materials	-1.2399

Source: Bloomberg, Sanctuary Wealth, October 11, 2025



October 13, 2025

Market Performance: Gold Continues As Best Performing Asset Year-To-Date

	Last 10/10/2025	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 10/10/2024	Year To Year
S&P 500	6552.51	6688.46	-2.0%	6688.46	-2.0%	5881.63	11.4%	5780.05	13.4%
NASDAQ Composite	22204.43	22660.01	-2.0%	22660.01	-2.0%	19310.79	15.0%	18282.05	21.5%
NASDAQ 100	589.50	600.37	-1.8%	600.37	-1.8%	511.23	15.3%	492.59	19.7%
Russell 2000	2394.60	2436.48	-1.7%	2436.48	-1.7%	2230.16	7.4%	2188.42	9.4%
S&P Consumer Discretionary Sector	1839.12	1917.97	-4.1%	1917.97	-4.1%	1831.16	0.4%	1583.00	16.2%
S&P Consumer Staples Sector	869.22	871.10	-0.2%	871.10	-0.2%	853.65	1.8%	871.38	-0.2%
S&P Energy Sector	653.02	682.82	-4.4%	682.82	-4.4%	654.85	-0.3%	710.65	-8.1%
S&P Financial Sector	867.78	896.86	-3.2%	896.86	-3.2%	804.44	7.9%	758.55	14.4%
S&P Health Care Sector	1657.00	1623.95	2.0%	1623.95	2.0%	1604.75	3.3%	1781.80	-7.0%
S&P Industrials Sector	1268.86	1306.11	-2.9%	1306.11	-2.9%	1115.65	13.7%	1149.69	10.4%
S&P Information Technology Sector	5517.86	5612.00	-1.7%	5612.00	-1.7%	4609.52	19.7%	4491.90	22.8%
S&P Materials Sector	553.55	570.71	-3.0%	570.71	-3.0%	529.77	4.5%	601.11	-7.9%
S&P Real Estate Sector	255.48	264.79	-3.5%	264.79	-3.5%	255.92	-0.2%	269.51	-5.2%
S&P Communications Sector	408.39	422.60	-3.4%	422.60	-3.4%	341.66	19.5%	312.41	30.7%
S&P Utilities Sector	457.90	443.18	3.3%	443.18	3.3%	384.95	19.0%	398.84	14.8%
S&P 500 Total Return	14531.41	14826.80	-2.0%	14826.80	-2.0%	12911.82	12.5%	12652.84	14.8%
3 month Treasury Bill Price	99.01	99.01	0.0%	99.01	0.0%	98.92	0.1%	98.84	0.2%
3 month Treasury Bill Total Return	265.70	265.32	0.1%	265.32	0.1%	256.97	3.4%	254.25	4.5%
10 Year Treasury Bond Future	113.14	112.50	0.6%	112.50	0.6%	108.75	4.0%	112.08	0.9%
10 Year Treasury Note Total Return	315.75	313.63	0.7%	313.63	0.7%	293.94	7.4%	300.41	5.1%
iShares 20+ Year Treasury Bond ETF	90.62	89.37	1.4%	89.37	1.4%	87.33	3.8%	94.08	-3.7%
S&P Municipal Bond Total Return	286.87	285.56	0.5%	285.56	0.5%	278.14	3.1%	279.43	2.7%
iShares S&P National Municipal Bond NAV	106.58	106.35	0.2%	106.35	0.2%	106.40	0.2%	107.67	-1.0%
S&P 500 Investment Grade Corporate Bond Total Return	498.26	495.91	0.5%	495.91	0.5%	465.24	7.1%	472.92	5.4%
S&P Investment Grade Corporate Bond	93.35	93.02	0.4%	93.02	0.4%	90.28	3.4%	92.42	1.0%
S&P Investment Grade Corporate Bond Total Return	531.02	528.51	0.5%	528.51	0.5%	495.89	7.1%	502.65	5.6%
SPDR Bloomberg High Yield Bond ETF	96.34	97.99	-1.7%	97.99	-1.7%	95.47	0.9%	96.57	-0.2%
iShares iBoxx High Yield Corporate Bond ETF	79.95	81.19	-1.5%	81.19	-1.5%	78.65	1.7%	79.36	0.7%
Gold	4017.79	3858.96	4.1%	3858.96	4.1%	2624.50	53.1%	2629.74	52.8%
Bitcoin	114341.41	114640.81	-0.3%	114640.81	-0.3%	93714.04	22.0%	59728.65	91.4%

Source: Bloomberg, Sanctuary Wealth, October 11, 2025

'Tis The Season of 3Q25 Earnings

This week, earnings reports will command the headlines as economic data remains MIA.

This week, the Banks kick off earnings season, announcing their 3Q25 results. With economic data releases on hold due to the government shutdown, earnings will be the main driver of market performance over the next few weeks. For now, the market still expects the Federal Reserve to continue its rate-cutting cycle later this month.



Calendar

Mon.

12:55 pm Philadelphia Fed President Anna Paulson speaks

Tue.

6:00 am NFIB optimism index
8:45 am Fed governor Michelle Bowman speaks
3:25 pm Fed governor Christopher Waller speaks
3:30 pm Boston Fed President Susan Collins speaks
Earnings JPMorgan Chase, Domino's Pizza***

Wed.

8:30 am Empire State manufacturing survey
12:10 pm Atlanta Fed President Raphael Bostic speaks
12:30 pm Fed governor Stephen Miran speaks
1:00 pm Fed governor Christopher Waller speaks
2:00 pm Fed Beige Book
Earnings Bank of America

Thu.

8:00 am Richmond Fed President Tom Barkin speaks
8:30 am *U.S. retail sales
8:30 am *Retail sales minus autos
8:30 am *Core PPI
8:30 am *Core PPI year over year
8:30 am *Initial jobless claims
8:30 am Philadelphia Fed manufacturing survey
9:00 am Fed governor Stephen Miran speaks
9:00 am Fed governor Christopher Waller speaks
10:00 am *Business inventories
10:00 am Home builder confidence index
10:00 am Fed governor Michelle Bowman speaks
12:45 pm Richmond Fed President Tom Barkin speaks
4:15 pm Fed governor Stephen Miran speaks
4:30 pm Richmond Fed President Tom Barkin speaks
Earnings Taiwan Semiconductor Manufacturing Co.

Fri.

8:30 am *Housing starts
8:30 am *Building permits
8:30 am *Import price index
9:15 am *Industrial production
9:15 am *Capacity utilization

*Data subject to delay if government shutdown continues **NA, Not available due to shutdown

***Earnings reflect highlights

Source: MarketWatch/Kiplinger's/CNBC

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