ON THE EDGE – OCTOBER 2025

Market Review

Wall Street stocks continued to grind higher in September, ending the month and third quarter on a strong note as market participants continued to shrug off worries about tariffs and a slowing jobs market. The major averages traded mixed as the month kicked off as a court ruling challenged the legality of the Trump Administration's tariffs. However, a big revision that trimmed job growth for 2024-25 all but guaranteed the start of a rate cutting cycle at the September FOMC Meeting that led to the DJIA, S&P 500 and NASDAQ posting all-time highs as investors waited on inflation reports. With the August Producer Price Index (PPI) coming in a tick softer than estimates and the Consumer Price Index (CPI) falling in-line, yields inched lower, and the NASDAQ was able to string together a six-session record high run. Gold prices also hit record highs as the CME Group Fed Watch projected as many as three rate cuts to close out the year. Strength in Mag 7 and AI related stocks continued to rally, defying September's reputation as one of the toughest months for the US stock market.

The rally was in full swing on the back of a 0.25-point rate cut as the S&P 500 and NASDAQ were on a three-week win streak heading into the last week of September. Market sectors were mixed as a rotation away from growth names took shape, as Technology (XLK), Communications Services (XLC), and Utilities (XLU) led the rally. Materials (XLB), Consumer Staples (XLP) and Energy (XLE) finished negative for the month.

For the month, the DJIA added 853.01 points (1.87%) and settled at 46397.89. For the quarter, the DJIA was higher by 5.22%. The S&P 500 gained 228.20 points (3.53%) and closed out the month at 6688.46. For the quarter, the benchmark index was higher by 7.79%. The NASDAQ was higher by 1204.46 points (5.61%) and finished at 22660.01 while gaining 11.24% for the quarter. The small cap Russell 2000 added 70.06 points (2.96%) and settled at 2436.48. The S&P 500 and NASDAQ capped off their best September since 2010.

Market Outlook

The technical condition of the market showed some deterioration as the month came to a close, but the bulls were still in control. The technical indicators were mixed with MACD, a short-term trend gauge, neutral after crossing briefly into bearish territory while Momentum, as measured by the 14-day RSI, was positive but had slowed from earlier in the month. The weekly charts remain bullish and suggest we could see further upside before this rally runs out of steam. Low readings in the VIX suggest that traders believe recent data can prop up stock prices over the near term.

One red flag is that the S&P 500 is currently trading about 10.5% above its 50-day moving average (MA). This is the most overbought the index has been by that indicator since last December and preceded a -3.6% drop in the index over the next two weeks. Finally, while much talk has been made about the rotation out of big cap tech and into more cyclical sectors, the equal-weight S&P 500 has been in a narrow range since mid-August and briefly broke below its 50-day MA late in the month which raises another cautionary flag going forward.

Underlying market breadth was positive with the NYSE and NASDAQ Advance/Decline lines, leading indicators of market direction, grinding higher. Typically, the NYSE A/D line tops out a few weeks before the market begins to pull back from a recent high and without improvement, could be an early warning that October could see some bumps in the road. Coming off expanding new 52-week highs, there was some contraction in the number of new highs as September ended, but they still outnumbered the new lows for the month.

Cyclical Trend Index (CTI): Positive

The CTI is Positive at +6, down two notches from the previous month. The counts for Cycles B, C and D are bullish, while Cycles A and E are bearish. It should be noted that the CTI is projected to shift into Neutral ground in mid- October 2025.

Cycle	Average # Of Weeks In The Cycle	# Of Weeks Since Previous Bottom	Bullish Or Bearish Connotation
A	6 + or -1 Week	7 Weeks	Bearish
B	18 + or -2 Weeks	7 Weeks	Bullish
C	36 + or -4 Weeks	24 Weeks	Bullish
D	72 + or -7 Weeks	24 Weeks	Bullish
E	216 + or -20 Weeks	154 Weeks	Bearish

The following are projected CTI readings through the week ending 10/31/25.

Week Ending	CTI	Connotation
9/26/25 (Actual)	+6	Bullish
10/03/25 (Projected)	+3	Bullish
10/10/25 (Projected)	0	Neutral
10/17/25 (Projected)	0	Neutral
10/24/25 (Projected)	0	Neutral
10/31/25 (Projected)	-6	Bearish

** The CTI is the total of the plus and minus values assigned to each cycle based on the number of weeks that have passed since their previous cyclical bottom. For a detailed explanation of the market timing models, click "Market Letter Help" on the top of the 'Market Letter'.

Momentum Index: Neutral

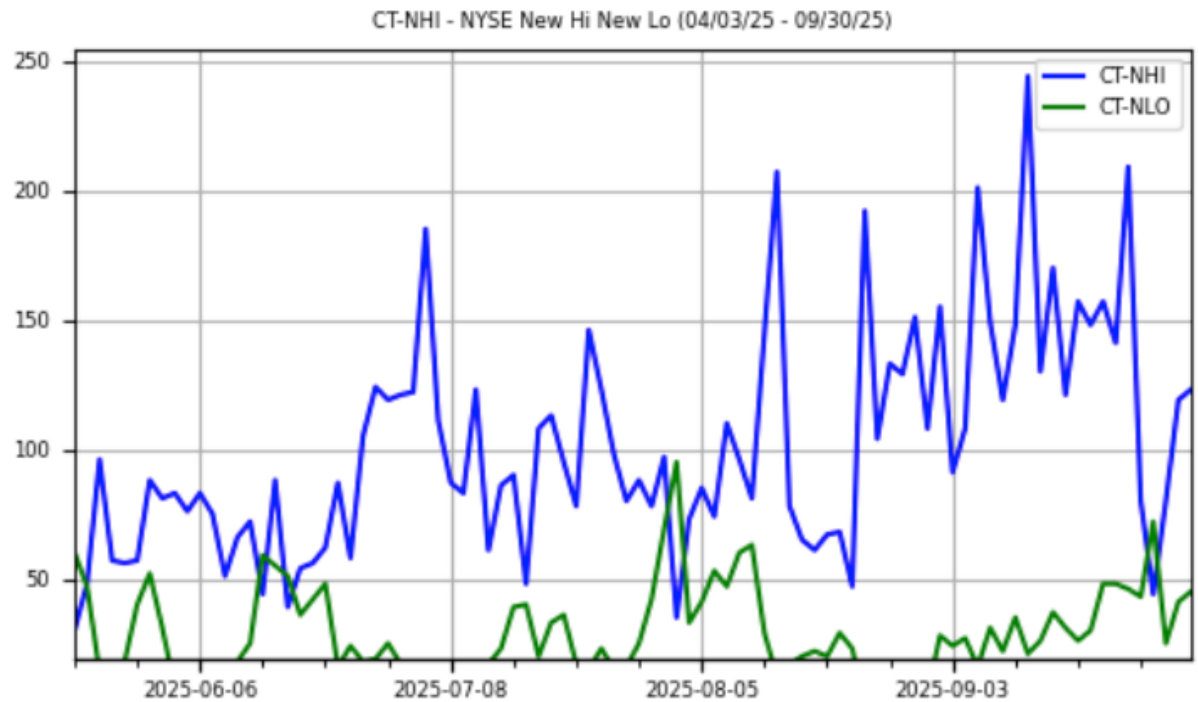
As of the close on 9/26/25, the Momentum Index is Neutral at +2, up two notches from the previous month. The Momentum Index is a gauge of bullish or bearish divergence in the market. Readings of +4 and higher are regarded as bullish signaling stronger performance from the majority of the broader indexes vs. the DJIA. Conversely, readings of -4 or lower are regarded as bearish. Below is a chart of the performance of seven of the major broad market indexes included in the Momentum Index vs. the DJIA since the last major cyclical highs.

Prev Lows	DJIA	DJTA	S&P 500	NYSE	R-2000	NASDAQ	UTIL	A/D LINE
Aug. 2025	43588.58	15104.24	6238.01	20267.69	2166.78	20650.13	1107.90	563518
9/30/2025	46397.89	15715.54	6688.46	21564.54	2436.48	22660.01	1118.18	570342
%Change	**+6.4%**	**+4.0%**	**+7.2%**	**+6.4%**	**+12.4%**	**+9.7%**	**+0.9%**	**+1.2%**

Average % Change of the Broad Market Indices: +6.3%

The broader market indexes are up on average +6.3% from their August 2025 closing lows vs. +6.4% for the DJIA resulting in a Neutral +2 reading. Breadth was positive for the month at the NYSE as the Advance/Decline Line added 1083 units vs. a gain of 2160 units in August while the number of new 52-week highs exceeded the number of new lows on 20 of 21 sessions. Breadth was also positive at the NASDAQ as the A/D line added 567 units vs. a gain of 1619 units in August.

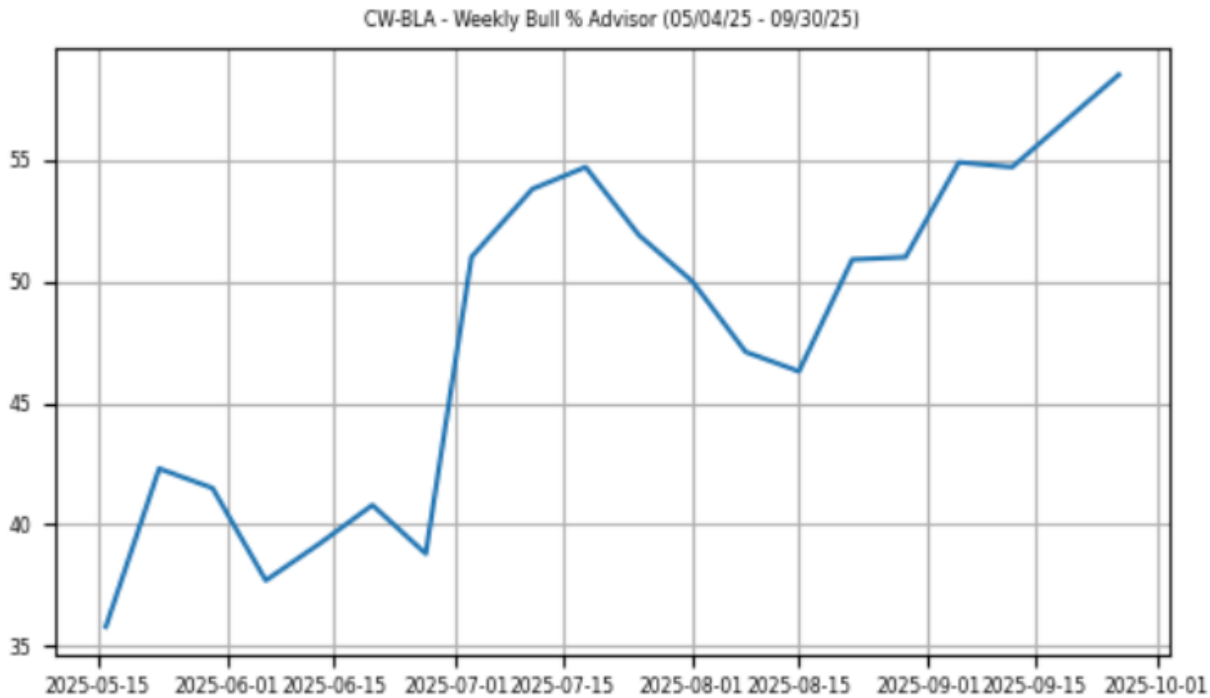
The number of new 52-week highs exceeded the number of new lows at the NASDAQ on 20 of 21 sessions. Finally, the percentage of stocks above their 50-day moving average fell to 61.0% vs. 73.2% from the previous month while those above their 200-day moving average rose to 67.1% vs. 61.4%. Readings above 70.0% denote an overbought condition.



Sentiment Index: Negative

The Sentiment Index ended the period at a Negative -5, up one notch from the previous month. The Sentiment Index tracks thirteen market indicators that measure excessive bullish or bearish conditions prevalent in the market. Whenever the crowd becomes overly optimistic (a bearish condition), the readings from the Sentiment Index will drop into negative ground. Conversely, when fear is rampant (a bullish condition), the index will be in the +3 to +8 area.

NYSE short interest was up +0.4% and 2.7 days of average volume for the period ending 8/29/25 vs. being up 3.1% and 2.8 days of average volume to cover mid-August. Short interest at the NASDAQ was up +0.2% and 2.0 days of average volume to cover at the end of August vs. a +2.0% increase and 1.9 days average volume to cover on 8/15/25. The Fear and Greed Index (58.4 vs. 62.2), the AAII Bull-Bear Ratio (1.1 vs. 0.9), the NAAIM Exposure Index (86.2 vs. 92.9) and VIX, a measurement of fear in the market (15.29 vs. 15.36) are Neutral. The Dividend Yield Spread (-2.68 vs. -2.79), the Percentage of Bullish Investment Advisors (58.5% vs. 51.0%), the Percentage of Bearish Investment Advisors (17.0% vs. 17.6%), the Bullish-Bearish Investment Advisors Ratio (3.4 vs. 2.9) and the Total Put/Call Ratio (0.93 vs. 0.84) are Bearish.



**To view the charts and graphs of the major market indexes and pertinent technical indicators that are incorporated in the Momentum and Sentiment indexes go to the Market-At-A-Glance section located under Market Recap on the Market Edge home page.

Market Posture: Bullish

Based on the status of the Market Edge, market timing models, the 'Market Posture', Bullish since the week ending 8/22/2025 (DJIA – 45631.74) remains Bullish at this time.

Market Posture Performance 2022-2025

The following is the performance record of the Market Edge 'Market Posture' for 2022 - 2025.

Projected Strong Periods:		Actual Results – DJIA
03/18/22 - 04/29/22 (34754.93 – 32977.21)	DJIA Gain/Loss	-1,777.72
05/27/22 - 06/10/22 (33212.96 – 31392.79)	DJIA Gain/Loss	-1820.17
10/28/22 - 01/13/23 (32861.80 – 34302.61)	DJIA Gain/Loss	+1440.81
03/24/23 - 05/05/23 (32237.53 – 33674.38)	DJIA Gain/Loss	+1436.85
07/21/23 - 08/18/23 (35227.69 – 34500.66)	DJIA Gain/Loss	-727.03
10/13/23 - 12/01/23 (33670.29 – 36245.50)	DJIA Gain/Loss	+2575.21
05/03/24 - 07/12/24 (38675.68 – 40000.90)	DJIA Gain/Loss	+1325.22
08/23/24 - 11/01/24 (41175.08 – 42052.19)	DJIA Gain/Loss	+877.11
12/06/24 - 02/28/25 (44642.52 – 43840.91)	DJIA Gain/Loss	-801.61
04/18/25 - 07/11/25 (39142.23 – 44371.51)	DJIA Gain/Loss	5229.28
08/22/25 - ??? (45631.74 – ???)	DJIA Gain/Loss	???

Projected Weak Periods:		Actual Results – DJIA
08/26/22 - 10/21/22 (32283.40 – 31082.56)	DJIA Gain/Loss	-1200.84
05/26/23 - 07/14/23 (33093.34 – 34509.03)	DJIA Gain/Loss	+1415.69
08/18/23 - 10/13/23 (34500.66 – 33670.29)	DJIA Gain/Loss	-830.37
01/05/24 - 03/28/24 (37466.11 – 39475.90)	DJIA Gain/Loss	+2009.79
07/19/24 - 08/23/24 (40287.53 – 41175.08)	DJIA Gain/Loss	+887.55
11/01/24 - 12/06/24 (42052.19 – 44642.52)	DJIA Gain/Loss	+2590.33
02/28/25 - 04/18/25 (43840.91 – 39142.23)	DJIA Gain/Loss	-4698.68
08/01/25 - 08/22/25 (43588.58 – 45631.74)	DJIA Gain/Loss	+2043.16

While the CTI is typically regarded as either a Bullish or Bearish connotation, at times mixed readings from several indicators related to the CTI will result in a Neutral - Market Posture. The dates not presented in the above tables were periods when the Market Posture was Neutral. For a closer look at the technical indicators and studies that make up the market timing models, check out the 'Market Letter (Weekly)' located on the Market Edge home page. (www.marketedge.com).

ETF Center:

The top performing ETF categories for the period ending 9/25/25 were Commodity-Precious Metals, Sector-Alternative Energy, Specialty Natural Resources, Sector-Energy and Commodity Energy. The weakest categories were Blend-Small Cap, Specialty Health, Sector-Consumer Staples, Specialty Real Estate and Growth-Small Cap. To review all the categories in the Market Edge universe, click on the ETFs tab.

Industry Group Rankings: What's Hot (15) – What's Not (15)

Of the 30 Industry Groups that we track, 15 are rated as either Strong or Improving while 15 are regarded as Weak or Deteriorating. The following are the strongest and weakest groups for the period ending 9/26/25. Strongest: Metals & Mining, Healthcare Products, Technology Hardware and Energy. The weakest categories were Paper & Forest Products, Hospitality, Food, Beverage & Tobacco and Agricultural. To review all the Industry Group rankings, click on the Industries tab.