OCTOBER-17-2025

BALLESTAS GROUP
PRIVATE WEALTH MANAGEMENT

Weekly Recap

USA

During the week, US markets were influenced by rising geopolitical tensions, fiscal uncertainty, and the initial progress of the corporate earnings season. However, the week closed with the main S&P and Nasdaq stock indices rising by 1.71% and 2.41%.

President Donald Trump toughened his rhetoric toward China, warning of a possible "trade war" and threatening to impose 100% tariffs on Chinese exports starting November 1. However, in a subsequent interview, he described these tariffs as "unsustainable" and announced that he would meet with President Xi Jinping in two weeks in South Korea, a comment that helped reverse the initial losses in stock futures. At the same time, the federal government shutdown, now in its third week, continues to cause concern among investors by delaying the release of key indicators and increasing fiscal uncertainty. On the economic front, the data released showed mixed signals. Small business optimism (NFIB) fell for the first time in three months, reflecting a deterioration in business sentiment. In the manufacturing sector, the Empire State index surprised on the upside and returned to positive territory, while the Philadelphia indicator fell to its lowest level in six months, evidencing an uneven slowdown across regions. In contrast, the real estate market showed a slight recovery: the NAHB index reached its best reading in six months, driven by lower mortgage rates and improved sales expectations.

Federal Reserve Chairman Jerome Powell reiterated that monetary policy will continue on a path of moderate easing, noting that economic conditions have remained stable since September and that there are likely to be at least two additional rate cuts this year. His comments were interpreted positively by the markets, with the Russell 2000 index reaching a record high on expectations of lower rates and regulatory relief. Powell also warned that downside risks to employment have increased and anticipated that the Fed could soon end its balance sheet reduction.

The S&P 500 earnings season is progressing with 11.7% of companies having reported, and although it is too early to establish trends, most have exceeded revenue and profit estimates. Banks are leading the growth with a 10.8% increase in sales and a 21.6% increase in profits, highlighting the strong start to the season amid a volatile macroeconomic environment.

However, we note that JPMorgan CEO Jamie Dimon warned of possible new bankruptcies in the private credit segment, alluding to the Wall Street saying that "there is never just one cockroach in the kitchen." The warning gained traction after losses at two regional banks due to fraudulent loans were reported, putting pressure on financial stocks.

EUROPE

In the European Union, industrial production fell 1.2% in August and inflation remained at 2.2%, still above the ECB's target, reflecting an economic slowdown. The trade surplus narrowed to €1 billion due to lower exports to the US. In addition, the European Commission is considering imposing an obligation on Chinese companies operating in the region to transfer technology to local partners. In France, the French government survived two no-confidence votes after suspending pension reform, easing political tension and reducing the spread between French and German debt to its lowest level since August.

UNITED KINGDOM

In the United Kingdom, economic data was mixed. Unemployment rose to 4.8% and 10,000 payroll jobs were lost in September, while wages grew 4.7% y/y, albeit at a more moderate pace. Industrial production rebounded 0.4% in August and GDP grew 0.3% in the quarter, showing modest expansion.

ASIA

The IMF raised its growth forecast for Asia to 4.5% in 2025, but anticipated a slowdown to 4.1% in 2026. In China, the CPI fell 0.3% year-on-year in September and producer prices fell 2.3%, reflecting deflationary pressures. In addition, Beijing announced new restrictions on rare earth exports, prompting strategic agreements between the US and Australia.

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Currency	Index	Level	Week	YTD	YTD (usd)	1 Year
	Equity Market					
AMERICAS			1,81	14,19	14,19	15,71
USD	DOW JONES INDUS. AVG	46.190,61	1,56	10,03	10,03	8,51
USD	S&P 500 INDEX	6.664,01	1,71	14,45	14,45	14,92
USD	NASDAQ COMPOSITE	22.679,97	2,14	18,08	18,08	23,71
BRL	BRAZIL IBOVESPA INDEX	143.315,45	1,87	19,15	35,96	7,93
ARS	S&P MERVAL TR ARS	1.989.555,00	3,36	-21,47	-44,30	8,64
CLP	S&P/CLX IPSA (CLP) TR	9.129,98	5,24	36,06	40,83	39,27
MXN	S&P/BMV IPC	61.676,68	1,95	28,21	45,41	23,77
EUROPE			0,31	19,33	33,02	20,53
EUR	Euro Stoxx 50 Pr	5.607,39	1,39	17,85	32,90	18,83
GBP	FTSE 100 INDEX	9.354,57	-0,72	17,89	26,35	17,32
EUR	DAX INDEX	23.830,99	-1,69	19,70	34,40	24,90
EUR	CAC 40 INDEX	8.174,20	3,27	14,35	28,96	13,04
EUR	FTSE MIB INDEX	41.758,11	-0,69	26,88	42,46	28,57
ASIA			-1,73	48,62	25,70	25,71
JPY	NIKKEI 225	47.582,15	-1,05	47,21	26,80	24,58
CNY	CSI 300 INDEX	4.514,23	-1,67	38,94	20,35	22,45
HKD	HANG SENG INDEX	25.247,10	-2,47	59,71	29,94	30,10
GLOBAL						
USD	ISHARES MSCI ACWI ETF	138,63	2,15	18,89	18,89	16,97
USD	MSCI WORLD	4.292,08	1,30	17,51	17,51	16,98
USD	MSCI EM	1.378,96	0,99	31,35	31,35	23,83
USD	MSCI AC ASIA PACIFIC	224,60	0,76	26,61	26,61	21,40
USD	MSCI EM LATIN AMERICA	2.479,17	2,44	39,67	39,67	20,40
	Fixed Income					
GLOBAL		1.230,09	0,67	9,15	9,15	7,54
USD	Global Aggregate	502,38	0,84	8,40	8,40	4,97
USD	EM USD Aggregate	1.364,74	0,52	9,34	9,34	8,09
USD	Global High Yield	1.823,16	0,66	9,71	9,71	9,57
	Commodities					
USD	BBG Commodity	105,62	1,47	6,94	6,94	8,15
USD	Oro	4.237,75	5,47	61,62	61,62	57,38
USD	WTI	57,69	-2,05	-15,88	-15,88	-18,37
USD	Soja	373,99	1,42	-0,41	-0,41	3,26

Source: Bloomberg. Information as of October 17, 2025, at market close.[th]