

# Week in review and ahead (vol.40)



**Claudio Calado | Managing Partner**

October 4, 2025

Despite a (partial) government shutdown that prevented the reporting of key labor data, equity markets rallied last week augmenting concerns of exuberance setting in amidst elevated valuations. Many are beginning to caution and references to the 'dotcom' bubble are made in greater frequency, albeit differences in Companies' underlying fundamentals are stark on many pertinent KPI's (key performance indicators), not the least that valuations today are underpinned by strong profitability and cash flows.

That said, the Shiller P/E ratio, or the cyclically adjusted price-to-earnings for the S&P on October 1st reached 39.7x, the second highest only to the ratio reached during the 'dot-com' era of 44.2x at its peak that preceded a 49% crash over the subsequent years. For reference, the post-pandemic era reached a ratio of 38x at its peak on stimulus and low rates before retracing, and the long-term average ratio is between 16-17x.

US equities ended the week setting record-highs, except for the Nasdaq that ended the week just below it. For the week, the S&P500, Nasdaq Composite, Dow Jones and Russell-2000 advanced by 1.1%, 1.3%, 1.1% and 1.7%, respectively. Noteworthy, the CBOE volatility index (VIX), equally ended the week higher, advancing 8.9% to a reading of 16.65. These constellations are somewhat rare (with the last occurring on April 12, 2025) following markets reversing on the heels of pausing or halting US imposed reciprocal tariffs on its trading partners, and generally is seen as a sign of underlying tension with investors buying equities but also hedging against potential volatility.

Internationally, all major equity indices closed out the week higher without exception, with Hong Kong's Hang Seng Index advancing the most on the week (+3.9%) followed by Germany's DAX (+2.7%) and France's CAC-40 (2.7%).

## The Shiller P/E Ratio

Valuation using ten years of inflation-adjusted earnings



Latest data point is Sep 2025

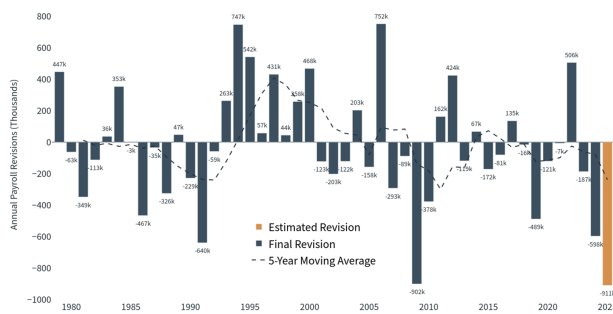
Sources: Clearnomics,  
Robert Shiller  
© 2025 Clearnomics, Inc.

With the government partially shutdown, markets were not provided key labor market data by the Bureau of Labor Statistics ('BLS'). Specifically, data on the weekly initial jobless claims and the non-farm payroll ('NFP') report for September were not provided as markets and the Fed alike looked to private data and surveys instead, albeit those are really not intended nor suited to replace the BLS' dataset. Prior to the shutdown, the BLS did report on job openings for August as part of JOLTS, coming it at 7.2M in-line with July's number of job openings and somewhat better than the expected 7.1M.

The widely viewed ADP employment report, which differs in methodology, scope and otherwise market impact, showed private payrolls declined by -32K in Sep well off expectations of adding +45K and worse than the loss reported in July of -3K. While not a replacement for the BLS NFP report, it supports recent concerns of a weakening labor market and the Fed's pivot. Likely, markets rallied on the notion that the Fed may need to ease monetary policy further and cut rates at the very next meeting on October 28-29th. Should a governmental shutdown extend over the next few weeks, which many view as unlikely at the moment, it risks heightened conjecture leading up to the FOMC meeting and volatility in the markets. Besides reporting labor market data, the BLS reports key inflation data, specifically the CPI and PPI, besides Import and Export Price Indices, and which were scheduled to report the week after next. The Fed's closely watched inflation gauge, the PCE index, is next scheduled to be reported on October 31st, after the FOMC's meeting, however, may be equally in jeopardy as the Bureau of Economic Analysis is equally impacted by the shutdown.

## Annual Payroll Revisions

Preliminary and final payroll revisions from the Bureau of Labor Statistics

Sources: Clearnomics,  
Bureau of Labor Statistics  
© 2025 Clearnomics, Inc.

In other macro, ISM reported on the US economic activity of the service and manufacturing sectors. While the reading of 49.1% for the manufacturing sector remained in contractionary territory, it did improve sequentially (from 48.7%) and was better than the expected 49%, the reading on the service sector of 50% (or breakeven, meaning neither expanding nor contracting) did surprise markets, and were below expectations and sequentially of 52% readings. Within the ISM manufacturing and service reports, the trends of contracting employment and increased prices paid continued. In both instances, the readings for prices paid are above the 60%, or well above the

contracting levels.

Next week's key macroeconomic data will be limited to the release of FOMC meeting minutes and

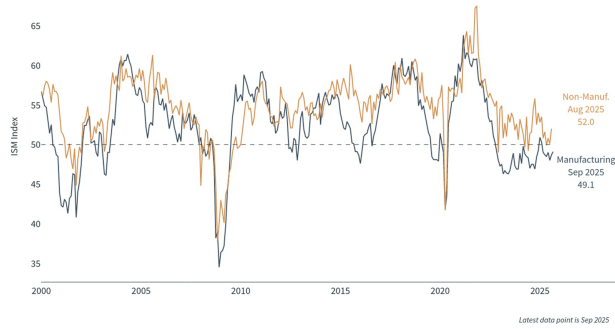
the University of Michigan preliminary consumer sentiment for October. Assuming the government shutdown continues, markets will not be receiving the weekly initial jobless claims data once again.

Market and Economic Chartbook | October 4, 2025

GALADO CAPITAL

## Economic Activity Indices

ISM Manufacturing and Non-Manufacturing Indices  
Numbers above 50 represent economic expansion



Sources: Clearnomics,  
LSEG, ISM  
© 2025 Clearnomics, Inc.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at [claudio@caladocapital.com](mailto:claudio@caladocapital.com).

The opinions and analyses presented are for educational and informational purposes only, and do not necessarily represent investment advice. As such, it does not consider anyone's particular investment objectives, financial situation, suitability or needs and therefore cannot be relied upon as an appropriate recommendation. If acting on information in these analyses you should consider whether it is appropriate and suitable for your circumstances and may want to seek advice from us, your financial or investment advisor.

Past performance is no guarantee of future results.

Copyright (c) 2025 Clearnomics, Inc. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on or via [www.clearnomics.com](http://www.clearnomics.com) or any affiliated websites, applications, or services are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed in this report are proprietary to Clearnomics, Inc. and constitute valuable intellectual property. All unauthorized reproduction or other use of material from Clearnomics, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Clearnomics, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Clearnomics, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

