



Coffee & Commentary

October 13, 2025

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- The U.S. stock market's recent rally paused last week after a sharp sell-off on Friday pushed all three major indices lower, with the S&P 500 posting just its third decline in the past 10 weeks. Final results on the week were; **S&P 500 -2.4%, NASDAQ -2.5%, and the Dow -2.7%.**
- The S&P 500 was on track for a modest weekly gain until midday Friday, when rising tensions between the United States and China triggered a sharp sell-off, sending the index down 2.7% for the day. President Trump said he was considering additional tariffs on Chinese imports and saw "no reason" to proceed with a previously planned meeting with China's leader, citing new Chinese restrictions on rare earth mineral exports.
- While the U.S. government shutdown continued to postpone most economic data releases, the Federal Reserve on Wednesday published minutes from its recent meeting, where it lowered its benchmark rate by a quarter point. The report reinforced investor expectations for additional rate cuts before year-end, as most Fed officials noted that labor market conditions could soften further without continued monetary support.

2. How are we to prepare and act?

- The U.S. government shutdown is now the fourth-longest in history, as

lawmakers remain at an impasse over funding and key policy issues. With Congress in recess and no clear resolution in sight, the economic and logistical impacts of the closure are beginning to accumulate. More than 650,000 federal workers have already missed paychecks, and that number could surpass three million, including active service members, if the shutdown continues past mid-October. In addition to missed pay, a range of government services—from tax processing to public benefit programs—have been disrupted. Historically, shutdowns have had only modest and temporary effects on overall economic growth, with most lost activity rebounding once operations resume.

- Still, under the surface, subtle shifts are taking place across financial markets, with the shutdown further complicating matters for the central bank by limiting access to key data on jobs and inflation. Meanwhile, gold is having a banner year, surging by roughly 50%—reflecting what some analysts interpret as growing investor unease over political dysfunction, rising government debt, and potential risks to central bank independence. While it's difficult to pinpoint exactly what's driving gold's extraordinary rally, it appears to be part of a broader search for stability amid long-term fiscal uncertainty.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — No major reports
- Wednesday — Consumer Price Index
- Thursday — Producer Price Index
- Friday — Housing starts

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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