1. OCTOBER EMPLOYMENT UPDATE

- In lieu of the usual monthly employment report from the Bureau of Labor Statistics, recent private jobs data illustrate persisting labor market weakness during September.
- The ADP National Employment report, which tracks private payrolls, showed a decline of -32,000 jobs during September and follows a reported decline of 3,000 jobs in August. It was the first back-to-back monthly decline in private sector jobs since 2020.
- Elsewhere, online hiring platforms Indeed and LinkedIn reported job posting declines of 9% and 12%, respectively. Meanwhile, government job cuts continue to have an adverse effect on employment growth.

2. FOMC MEETING MINUTES

- Minutes from the September 2025 FOMC meeting reveal that policymakers continued to express a range of concerns despite a mostly unanimous decision to cut the Federal Funds rate by 25 basis points.
- The minutes emphasize recent employment reports indicating that the labor market was softening more than previously thought, particularly due to significant revisions in Spring and early summer employment totals.
- The growing warning signals from monthly employment data convinced most officials on the committee that the balance of risks (labor market vs. inflation) had shifted towards the labor market.
- Nonetheless, inflation worries continue to linger amongst policymakers. A majority of participants still see upside risks to inflation, in part due to recent tariff increases.
- The minutes also highlight divisions among committee members: some voted in favor of the cut but expressed concern that easing could allow inflation expectations to rise. In contrast, others sought a larger, 50-basis-point cut.

3. FED BEIGE BOOK

- US economic growth continued to stall over the past six weeks as labor demand remained muted and input costs rose, according to the Federal Reserve's October 15th Beige Book update.

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- Beige Book responses showed that economic activity nationally has changed little over this period. Three of the twelve Federal Reserve districts reported slight to modest growth, five reported no change, while four experienced a slight decline in activity.
- The latest update reflects a deterioration from the latest Beige Book in August, when one-third of all districts were still reporting modest economic growth.
- Employment conditions remain soft while firms report that prices are rising faster than profits.
- Real estate market conditions were mixed, with the Chicago Fed region reporting an uptick in construction and real estate activity, but most other districts reporting mostly flat activity compared to the previous six-week period.

4. SMALL BUSINESS OPTIMISM

- US small business optimism fell for the first time in three months during September, according to the National Federation of Independent Business.
- Supply chain disruptions and inflation emerged as the key factors reducing optimism among owners during the month.
- 64% of small business owners reported that supply chains were impacting their business to some degree. Meanwhile 14% of small business owners reported that inflation was their single most important problem.
- Earnings stood out as a positive aspect of the report, with respondents reporting their highest earnings since December 2021.

5. CONSUMER SENTIMENT

- According to preliminary estimates from the University of Michigan that were released on October 10th, US consumer sentiment was mostly unchanged from September.
- The index registered a reading of 55.0, a slight dip from September but close to historical lows. A reading above 50 indicates that more consumers view conditions as good than poor.
- The current conditions index modestly improved from September, climbing from an index level of 60.4 in September to 61.0.

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- Future expectations fell in October, hovering just above neutral at 51.2. Consumers report declining optimism about the future of their personal finances and buying conditions for durable goods. Inflation expectations fell slightly.
- The report showed little evidence that the ongoing government shutdown is having any material impact on sentiment. However, given that results are preliminary, any potential impact may not be reflected until later in the month.

6. HOMEBUILDER SENTIMENT

- According to the latest NAHB/Wells Fargo Housing Market Index (HMI), builder sentiment was unchanged in September, matching both the August and June 2025 readings for the lowest level since December 2021.
- The September index reading of 32 was below market expectations of 33 and highlights how the housing market continues to perform weaker than expected. A number under 50 indicates that more builders view sales conditions as poor than good.
- Current sales conditions remained steady at a reading of 53, while prospective buyer traffic fell slightly from August to 21. Sales expectations for the next six months rose two points to 45.
- 39% of builders reported cutting prices in September, up from 37% in August, marking the largest share during the post-pandemic period.

7. LOGISTICS ACTIVITY

- Logistics activity fell from August to an index reading of 59.3 in September (a reading above 50 indicated expanding logistics activity), according to the Logistics Managers' Index (LMI)
- The reading suggests that while logistics activity continues to expand, its growth has slowed significantly. It was the lowest LMI reading in six months.
- Transportation utilization dropped sharply to a neutral reading of 50, a notably weak reading during a typically busy freight season. The index tracking transportation prices slipped below transportation capacity as upstream companies reported weaker price expansion compared to downstream ones.

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- Warehousing capacity and utilization each accelerated in September; however, warehousing prices experienced one of the steepest declines of all the individual metrics during the month, falling to a reading of 66.
- Inventory levels expanded (55.2) but at a slower pace compared to August. Inventory costs remained elevated (75.5).

8. FORECLOSURE ACTIVITY

- According to ATTOM's Q3 2025 Foreclosure Market Report, both foreclosure starts and bank repossessions have seen significant year-over-year upticks. Overall filings were up 17% year-over-year in Q3 to a total of 101,513.
- There were 72,317 foreclosure starts during the third quarter, up 16% from one year ago. The highest number of starts were in Texas, Florida, California, Illinois, and New York.
- 11,723 properties were repossessed during the third quarter, up by a massive 33% year-over-year. Texas, California, Florida, Pennsylvania, and New York registered the highest number of bank repossessions.
- Filings are down 0.3% in September from August, suggesting that foreclosure activity may have peaked despite the annual deterioration.
- The average time to foreclosure is 608 days, down significantly (-25%) from where it was one year ago.

9. SELF-STORAGE RENTS

- After a sustained slump, self-storage rents rose in September, rising 0.3% month-over-month and 0.9% year-over-year, according to data from Yardi Matrix.
- Self-storage REITs are driving the gains. Same-store rents at REIT properties are up 2.6% year-over-year through September, while non-REIT operators saw rents climb just 0.1%
- The average rent stands at 16.80% per square foot, with both climate-controlled and non-climate-controlled units experiencing monthly gains.
- Midwest markets are leading performance on a metro level, led by Detroit (3.6%), Chicago (3.0%), and Minneapolis (2.9%), which are experiencing tight supply and strong multifamily fundamentals.

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- Nationwide, 2.6% of the self-storage market is under construction, a slight downtick from August. Sarasota-Cape Coral (FL), Tampa (FL), and Phoenix (AZ) are the most active metros for new supply. Projects under construction represent over 6% of the inventory in these metros.

10. RETAIL TRENDS

- According to the private consumer and market research firm Circana, US retail sales were mostly flat during the five weeks ending on October 5th.
- Circana reports declines across several retail segments from one year ago, including discretionary general merchandise (-3.0%) and non-edible consumer packaged goods (-1.0%).
- All retail dollar-sales gains for the month came from food and beverage, which increased by 1%, but unit sales still fell across all retail segments.
- Circana researchers speak of an “invisible inflation”, where on the surface, retail sales have not realized the impact of inflation, but, in reality, consumers are cutting back on the volume of purchases while still spending the same overall amount.

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SUMMARY OF SOURCES

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