

# MONTHLY VIEWPOINT

OUR CURRENT VIEW ON MARKETS  
AND THE ECONOMY

OCTOBER 2025




**FORWARD**  
WEALTH MANAGEMENT

## BIG THOUGHT

“Long the speculative bubble.” That’s the current market mood, at least to any reasonable observer. The AI trade has gone into overdrive, carrying with it the hopes and dreams of retail speculators (see Chart of the Month). While valuations haven’t yet surpassed the 2000 mania peak – today’s Shiller P/E of 39.5x versus 44x back then – investors have again suspended disbelief. A P/E of 39.5x implies an earnings yield of roughly 2.5% for the S&P 500. Subtract the 10-year TIPS yield of 1.8%, and the implied equity risk premium is under 1% – razor-thin for large-cap U.S. equities. The AI boom has certainly boosted profits and economic growth, but markets price the future, not the past. To justify current multiples, future AI-driven gains would have to accelerate from what we’ve already seen. Should that momentum fade, so too will the speculation built upon it.

## DASHBOARD

-  Valuation
-  Trend
-  Economy
-  Inflation
-  Money Flow
-  Credit

## BULLISH

- Corporate credit markets not showing stress in spreads, i.e. no recession pricing
- Markets no longer driven by tariff headlines (possible alternative = complacency)
- Fiscal Deficits are historically bullish, and AI should energize productivity (GDP)
- Monetary Policy is supportive as rate cutting cycle underway.

## BEARISH

- Economic weakness & global trade restructuring risks negative feed-back loop
- Market valuation at levels last seen in 2000 and speculative behavior is prevalent
- Credit strains appearing in peripheral assets- private lending/BDCs
- Trump’s pressure on rates (Powell/Treasury issuance) introduces major source of risk

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## CHART OF THE MONTH



Staying with the speculation theme, it's hard to miss how pervasive the urge to roll the dice has become. From political wagers and sports betting to daily options, crypto, and meme stocks – everyone seems to want a piece of the action, including Wall Street itself. In a recent interview, Terry Duffy, CEO of the CME Group, noted the ongoing \$85 trillion wealth transfer to a younger generation eager for more autonomy in managing their money. Asset manager Roundhill has even relaunched the MEME ETF (not investment advice). And the NYSE, via its parent company ICE, recently announced a strategic investment in Polymarket. If these trends continue, the boundaries between entertainment, investing, and gambling may soon be indistinguishable – and that, too, is a speculation worth watching.

## ABOUT FORWARD WEALTH MANAGEMENT

Founded in 2014, Forward Wealth Management provides personalized financial guidance that helps clients find confidence and peace of mind where their goals meet real-world markets and money decisions. Our proprietary framework, TRAC, is a goals-based process that measures and maps Timelines, Resources, and Asset Allocation against current market Conditions and the expected cost of retirement income – helping clients stay on course through changing markets.

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