

MARKET INSIGHTS

OCTOBER 2025



Powell’s Flexibility vs. Persistent Nominal Growth

Powell’s quiet tolerance for 3% inflation has investors testing how far “flexibility” can stretch before credibility bends. We expect the macro backdrop ahead to favor Quad 2, growth up, inflation up, although Quad 1 remains in the lead. Real activity hasn’t rolled over, and nominal spending remains firm. Inflation itself is no longer the market’s central worry; although we see a likelihood of an upside September CPI surprise, attention has shifted to the durability of growth, and to how narrowly that growth is concentrated in AI related investment and spending.

Asset Class Implications

Equities: Large cap growth continues to draw flows, while lower growth defensives have struggled to keep pace. Market breadth remains narrow, and leadership is under review as investors weigh the summer’s AI enthusiasm against the staying power of broader earnings momentum. A key question we’re asking this quarter is if consumer staples companies can pass price through to the consumer if nominal growth stays strong?

Fixed Income: The Quad 2 setup keeps duration under pressure, and ongoing Treasury supply only adds to the drag. We continue to favor short to intermediate term maturities and rate-hedged exposure. Credit spreads remain tight, but fault lines are emerging in private credit, underscored by *First Brands Group’s* bankruptcy, a reminder that opaque leverage can surface abruptly when liquidity is thin. We will be watching this space closely.

Commodities: Energy resilience continues. Despite skeptical positioning, oil prices have quietly stabilized, and industrial metals are starting to reflect firmer global growth signals, particularly from Asia.

Currencies: Dollar weakness remains the dominant force in FX. Gold and bitcoin continue to find support as alternatives to fiat currency, with their resilience reinforcing a broader theme of monetary debasement both in the U.S. and abroad.

Markets are showing resilience and are signaling “risk on”. The September dovish turn has been absorbed; October’s challenge is testing whether policy flexibility can coexist with persistent nominal growth. It’s important to note the government shutdown remains underway causing less economic data to flow into our nowcast model. However, our top-down market regime signal operates independently of economic data and will continue to lead the way. Corrections across equities, gold & bitcoin should be seen as entry points and not indicative of a regime shift for now.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	OCTOBER 2025	SEPTEMBER 2025	3 - 12 MONTH OUTLOOK *
EQUITIES	OFFENSIVE LONG	OFFENSIVE LONG	FAVORABLE
FIXED INCOME	DEFENSIVE LONG	DEFENSIVE LONG	UNFAVORABLE
COMMODITIES	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
US DOLLAR	OFFENSIVE SHORT	OFFENSIVE SHORT	UNFAVORABLE
RFR (3M TBILL)	OFFENSIVE SHORT	OFFENSIVE SHORT	UNFAVORABLE
BITCOIN	OFFENSIVE LONG	OFFENSIVE LONG	NEUTRAL

Park Edge Advisors LLC is a registered investment adviser. Registration does not imply a certain level of skill or training. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed.

PORTFOLIO SNAPSHOT *(current exposure relative to target range)*

MODEL	EQUITIES			FIXED INCOME		
	RANGE	OCT 2025	SEPT 2025	RANGE	OCT 2025	SEPT 2025
BOND	--	--	--	-25 to 100%	45%	45%
PEA CORE STOCK	100%	100%	100%	--	--	--
MODERATE ARM	30 to 60%	60%	45%	10 to 40%	35%	20%
DIVIDEND INCOME	30 to 60%	49%	45%	10 to 40%	40%	20%
MACRO PERSIST	-40 to 40%	20%	20%	-40 to 40%	40%	30%
SYSTEMATIC MACRO	0 to 60%	60%	30%	--	--	--
ALL ASSET	-25 to 100%	40%	24%	-25 to 100%	30%	15%
FOCUS	-100 to 300%	10%	10%	-100 to 300%	23%	23%
Special Situation Equity	0 to 100%	85%	85%	--	--	--

CURRENT MARKET REGIME: *current conviction score 96%*

Quadrant	MARKET REGIME	
	Current % Share	Previous % Share
GOLDILOCKS / Quad 1	40%	39%
REFLATION / Quad 2	36%	38%
INFLATION / Quad 3	8%	9%
DEFLATION / Quad 4	16%	14%

Park Edge Advisors LLC is a registered investment adviser. Registration does not imply a certain level of skill or training. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed.