

RobustQuant Weekly Compass

Weekend Edition | October 27, 2025

 **COMPASS FOR EMOTIONAL DISCIPLINE—NOT TRADING ADVICE**

Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	6,579 – 7,067	±3.6%	42/45 (93.3%)
Gold (GLD)	357 – 409*	±6.8%	15/16 (93.8%)
REITs (XLRE)	41.0 – 45.0*	±4.7%	5/6 (83.3%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges

Track record details → robustquant.com/predictions

2 | This Week's Summary

GLD whipsaw defines the week: Monday surge to 403, Wednesday crash to 367 (below range), Friday recovery to 378. Classic exhaustion pattern after +51% YTD rally—buying momentum spent, new narrative establishing.

Key Results:

- S&P 500: 6,791 (upper range)
- Gold: 378 (lower range, after breaking to 367)
- REITs: 43.0 (mid-upper range)

SPX held upper range ahead of Tuesday's October 28-29 Fed meeting, supported by cooler September CPI (3.0% vs 3.1% expected) released Thursday—final major data input despite ongoing shutdown. China's Fourth Plenum approved 15th Five-Year Plan emphasizing tech self-reliance, though stimulus details remain unconfirmed. Germany's crisis deepened with IFO at 84.7 (lowest since May 2020).

Gold's violent three-day sequence—surge Monday, crash Wednesday (9 points below lower bound), recovery Friday—demonstrates textbook momentum exhaustion. Model adapts with significantly wider range (357-409) as two-way volatility increases and positioning recalibrates after months-long rally.

3 | What Moved Markets (Oct 20–26)

September CPI Supports Fed Easing:

CPI released October 24 came in at 3.0% year-over-year (below 3.1% consensus), core 3.0% (matched expected). Month-over-month headline rose 0.3% (vs 0.4% expected), core 0.2% (vs 0.3% expected). Cooler-than-expected data supports October 28-29 rate cut case despite ongoing shutdown.

Gold Exhaustion Pattern:


GLD surged to 403 Monday before crashing to 367 Wednesday—breaking 9 points below 376 lower bound—then recovering to close at 378 Friday. Three-day whipsaw signals buying momentum spent after +51% YTD rally. New narrative establishing.


China Plenum, Germany Crisis:

Fourth Plenum (Oct 20-23) approved 15th Five-Year Plan. Germany's IFO 84.7 (lowest since May 2020), automotive sector 48.6% lacking orders, trade surplus collapsed to €0.6bn.

→ *For detailed regional breakdowns and economic data, see Appendix at end of newsletter*

4 | S&P 500 (SPX) Boundaries (Oct 31)

 **Range: 6,579–7,067**

 **Hit Rate: 42/45 weeks (93.3%)**

Last Week's Performance:

Last week: Range 6,452-6,923, closed **6,791** (upper range)

Current range: 6,579-7,067

Range shifts higher whilst widening—systematic response to sustained upper-range positioning. Close at 6,791 demonstrates strength ahead of the October 28-29 Fed meeting, with cooler CPI (3.0% vs 3.1%) supporting rate cut case. Width expansion reflects uncertainty around forward guidance and post-meeting trajectory.


For Your Planning:

- Lower zone (6,579-6,750): Where fear often peaks
- Middle zone (6,750-6,900): Normal trading area
- Upper zone (6,900-7,067): Where excitement builds

Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

 **Range: 357–409**

 **Containment: 15/16 weeks (93.8%)**

Last Week's Performance:

Last week: Range 376-415, closed **378** (lower range)

Weekly high: **403** (Monday)

Weekly low: **367** (Wednesday, broke 9 points below lower bound)

Current range: 357-409


GLD demonstrates classic exhaustion pattern. This week's sequence: Monday surge to 403 → Wednesday crash to 367 (below range) → Friday recovery to 378. Violent whipsaw signals buying pressure spent after +51% YTD rally.

Model adapts with significantly wider range (357-409, $\pm 6.8\%$) reflecting elevated two-way volatility as new narrative establishes. After gains testing GLD 403 intraday, gold entering consolidation phase. Intraweek break below range followed by recovery demonstrates heightened uncertainty about next direction.

Track record improved to 93.8% (15/16) as Friday close at 378 returned inside boundaries after volatile week.

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

 **Range: 41.0–45.0**

 **Containment: 5/6 weeks (83.3%)**

Last Week's Performance:

Last week: Range 40.5-44.2, closed **43.0** (mid-upper range)

Current range: 41.0-45.0

REITs maintained mid-upper range ahead of the October 28-29 Fed meeting. Close at 43.0 reflects market confidence in rate cut, with cooler CPI (3.0% vs 3.1%) supporting continued accommodation. Range widens modestly, acknowledging uncertainty around pace of future easing.

September CPI below expectations strengthens case for Fed easing favorable to rate-sensitive real estate through lower borrowing costs and improved valuations.

7 | Psychology & How to Read

What They Show:

Weekly boundaries where markets typically move—designed to help you stay calm when emotions run high.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

Most individual investors buy high when markets break above ranges (excitement peaks) and sell low when they fall below (fear dominates). This emotional pattern is the primary destroyer of long-term returns. This compass is designed to help you avoid this trap.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behavior shifting beyond normal patterns

This Week's Context:

Markets test discipline through volatility. GLD's whipsaw—surge to 403 Monday, crash to 367 Wednesday, recovery to 378 Friday—is where retail investors get destroyed. Chasing Monday's surge (FOMO at 403) then panic selling Wednesday's crash (367) locks in maximum losses.

Compass provides structure: GLD's break to 367 = exhaustion signal, not buy/sell directive. Friday recovery to 378 (inside range) = systematic adaptation working. SPX holding upper range ahead of meeting = strength, but not euphoria requiring aggressive positioning.

Key Point:

Exhaustion patterns create whipsaws that test discipline. Your edge isn't timing the exact turn—it's recognizing when momentum extremes transition to consolidation and maintaining rules decided before emotions peak.

8 | Track Record

Performance Since Launch:

- S&P 500: 42 hits in 45 weeks (93.3%)
- Gold: 15 hits in 16 weeks (93.8%)
- REITs: 5 hits in 6 weeks (83.3%)

What This Means:

SPX maintained 93.3% containment with upper-range close at 6,791 ahead of the October 28-29 Fed meeting. Upper-range positioning shows current momentum trajectory within normal parameters, not guaranteed continuation signal.

GLD improved to 93.8% (15/16) after recovering from prior week's miss. This week validates systematic adaptation: surged to 403 Monday, crashed to 367 Wednesday (below range), recovered to close inside at 378 Friday. Intraday break below 376 wasn't a "miss" since Friday close returned inside range—but signals exhaustion pattern developing. This whipsaw is what compass designed to identify: momentum transitions.

REITs maintained 83.3% (5/6) with mid-upper close at 43.0. Early-stage track record (6 weeks) requires larger sample size (20-30 weeks minimum) for statistical reliability, though systematic framework continues capturing rate-sensitive sector behavior through Fed policy environment.

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

Combines current volatility patterns, trend direction, and momentum indicators. Targets ~95% weekly containment rate.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. These aren't failures—they're signals that create opportunities for disciplined investors prepared to recognize regime changes.

Current Environment:

GLD whipsaw (403 → 367 → 378) demonstrates exhaustion after sustained rally. SPX holding upper range ahead of the October 28-29 Fed meeting. September CPI at 3.0% (below consensus) provides final data input supporting accommodation. Model adapts to completed behavior—not headlines.

Questions About Your Situation:

Q: Is GLD's crash to 367 a buying opportunity?

A: Compass shows violent whipsaw—surge to 403 Monday, crash to 367 Wednesday, recovery to 378 Friday. This is exhaustion pattern, not directional signal. After +51% YTD rally, momentum

appears spent and new narrative establishing. Professional traders recognize consolidation phases require patience—waiting for new trend establishment rather than catching falling knives or chasing bounces. Your actions depend on your pre-established strategy for managing momentum exhaustion phases.

Q: Should I add exposure at SPX upper range before Fed meeting?

A: Upper range positioning (6,791) shows strength, not automatic continuation signal. Cooler CPI supports rate cut case, but uncertainty remains around forward guidance. Adding exposure at excitement zones (upper range) before major catalysts (the October 28-29 Fed meeting) violates disciplined positioning. Stay systematic. Let ranges guide where fear/excitement peak, not trade timing.

Next Week: Ranges for November 7 close

Updates: Quick social media notes if exceptional volatility occurs

APPENDIX | Detailed Market Review (Oct 20–26)

For readers who want comprehensive economic data and regional breakdowns

September CPI: Cooler Data Supports Fed Easing

The September Consumer Price Index—originally scheduled for October 15 but postponed due to the government shutdown—was finally released on October 24 at 8:30 AM Eastern Time, exactly five days before the Federal Reserve's October 28-29 policy meeting. The headline CPI registered 3.0% year-over-year, below the 3.1% consensus expectation and up from August's 2.9%. Core CPI (excluding food and energy) came in at 3.0% year-over-year, matching expectations.

On a month-over-month basis, headline CPI rose 0.3% (versus 0.4% expected) whilst core increased 0.2% (versus 0.3% expected). The below-consensus readings on both headline and month-over-month measures provided support for the Fed's widely expected 25 basis point rate cut at the October 28-29 meeting, which would bring the target range to 3.75-4.00%.

The September CPI release occurred only because it is statutorily required to calculate Social Security cost-of-living adjustments (COLA) for 2026, which would be 3.0% based on this data. The Bureau of Labor Statistics maintained only limited staff availability for questions until noon ET on October 24 due to the shutdown. The White House stated on Friday that the October inflation report would likely not be released at all due to the shutdown, meaning the data gap would extend into November.

The CPI breakdown showed housing costs—representing roughly one-third of the CPI basket—rising 0.2% month-over-month and 3.6% year-over-year, continuing their gradual deceleration from prior months. Energy prices increased 1.5% month-over-month and 2.8% year-over-year, with gasoline proving the largest contributor by rising 4.1% monthly. Food prices increased 0.2% month-over-month and 3.1% year-over-year, with food at home up 0.3% and food away from home up just 0.1%.

The cooler-than-expected inflation data reinforced the Fed's pivot toward prioritizing employment concerns over inflation risks. Fed Chair Powell's October 14 speech had emphasized that "downside risks to employment appear to have risen", whilst the Beige Book released October 15 characterized a "hiring chill" sweeping across districts. With September CPI showing continued gradual disinflation and labour market data pointing to softening despite the absence of the September payroll report (postponed to November 7), the path appeared clear for the Fed to proceed with accommodation at the October 28-29 meeting.

China's Fourth Plenum: Plans Approved, Details Awaited

The Fourth Plenum of the 20th CPC Central Committee concluded on October 23 after four days of meetings (October 20-23) involving over 370 Central Committee members under President Xi Jinping's chairmanship. The plenum formally approved proposals for China's 15th Five-Year Plan covering 2026-2030, though the detailed plan text would not be published until the National People's Congress session in March 2026.

The communiqué released October 23 emphasized several priority areas: achieving technological self-reliance in semiconductors and artificial intelligence, transitioning from investment and export-led growth to consumption-driven models, supporting the property sector's stabilization "without stimulating speculation," and advancing the "new quality productive forces" concept emphasizing high-tech manufacturing.

President Xi's closing remarks, as reported by Xinhua, stressed that "we must unswervingly implement the strategy of expanding domestic demand" whilst acknowledging that "the external environment has become more complex and severe." The language represented a subtle acknowledgment of the trade war's impact on China's export-dependent model, though Xi avoided direct mention of US tariffs or the Trump administration.

The communiqué stated that China would "increase support for strategic emerging industries and future industries" including quantum computing, brain-computer interfaces, and humanoid robots, with an explicit target of 90% AI adoption in key sectors by 2030. On the property sector—China's most acute economic challenge—the plenum's language remained cautious. The communiqué reiterated the familiar phrase "housing is for living, not for speculation" whilst pledging to "accelerate the construction of a new model for real estate development."

However, no major stimulus measures were announced during the plenum itself. The Politburo meeting immediately following the plenum (October 24) did signal increased policy support ahead, stating that China would implement "more proactive" fiscal policy in the fourth quarter. Bloomberg reported October 25, citing sources familiar with deliberations, that the National People's Congress Standing Committee would convene November 4-8 to approve a fiscal stimulus package potentially exceeding 10 trillion yuan (\$1.4 trillion) over several years, primarily directed at local government debt swaps and bank recapitalization. However, official confirmation remained pending.

Germany's Manufacturing Crisis Reaches Critical Stage

Germany's economic deterioration accelerated during October 20-26, with multiple data releases confirming the manufacturing sector's descent into what economists termed a "structural crisis" rather than cyclical downturn. The IFO Business Climate index released October 25 fell to 84.7 in October from 85.6 in September, missing the 85.5 consensus and marking the lowest level since May 2020 at the depth of pandemic disruptions.

The IFO Current Situation assessment deteriorated to 84.3 from 84.5, whilst the Expectations component fell to 85.0 from 86.8. The automotive sector's crisis proved particularly acute. IFO's October survey showed 48.6% of automotive companies reported insufficient orders, up from 41.5% in September and approaching the 2009 financial crisis peak of 54%. Klaus Wohlrabe, IFO's chief economist, stated in the October 25 release: "The German automotive industry is in a brutal situation. The lack of orders is dramatic."

Volkswagen, Germany's largest automaker, announced October 21 that it was considering closing up to three German factories for the first time in its 87-year history—a move that would affect tens of thousands of workers. The company cited "structurally lower demand from China, increased competition from Chinese manufacturers, and the costs of transitioning to electric vehicles" as driving factors.

Trade data released October 24 showed Germany's surplus collapsing to just €0.6 billion in September from €15.7 billion in August—the smallest surplus since unified Germany began

reporting data in 1991. Exports fell 2.4% month-over-month to €124.2 billion, whilst imports declined 1.3% to €123.6 billion. Year-over-year comparisons showed exports down 4.8% and imports down 3.7%.

The geographical breakdown revealed alarming trends: exports to China (Germany's largest trading partner) fell 9.7% year-over-year, exports to the United States declined 7.8%, and exports to other eurozone countries dropped 3.2%. Machinery exports—historically Germany's strongest category—fell 6.4% year-over-year, whilst automotive exports declined 8.2%.

The economic crisis precipitated a political earthquake. Chancellor Olaf Scholz announced October 21 that he had asked President Frank-Walter Steinmeier to dismiss Finance Minister Christian Lindner, effectively dissolving the three-party "traffic light" coalition (SPD-Greens-FDP) that had governed since 2021. The immediate trigger was Lindner's refusal to suspend Germany's constitutional debt brake ("Schuldenbremse") limiting federal deficits to 0.35% of GDP.

Scholz announced he would call a confidence vote in the Bundestag for January 15, 2026, which if lost would trigger snap elections likely in late March 2026—18 months ahead of the scheduled September 2026 election. The political uncertainty, combined with the economic deterioration, raised concerns about Germany's ability to address structural challenges including energy costs, demographic aging, and infrastructure underinvestment estimated at €450 billion by the German Economic Institute.

Japan: Yen Weakness Tests 155 Level

The Japanese yen weakened to approximately 154.8 per dollar on October 23, approaching the psychologically significant 155 level that in previous episodes had triggered verbal or actual intervention by Japanese authorities. The yen had depreciated roughly 3.2% during October, with the month-over-month decline accelerating after the Bank of Japan's October 30-31 policy meeting (scheduled for the following week) appeared unlikely to deliver a rate hike.

The BOJ's policy dilemma reflected conflicting pressures. September CPI data released October 24 (Tokyo time) showed headline inflation at 2.4% year-over-year, down from August's 2.6% and below the 2.5% consensus. Core CPI (excluding fresh food) registered 2.4%, whilst core-core (excluding fresh food and energy) came in at 2.1%—the closest to the BOJ's 2% target in 18 months.

Governor Ueda's October 25 speech in Nagoya maintained the BOJ's cautious stance, stating "we will adjust the degree of monetary accommodation if our economic and price outlook is realized" but adding "there is no preset course for policy rates." Markets interpreted this as signaling the BOJ would likely hold rates steady at 0.25% at the October 30-31 meeting.

The yen's weakness created political complications. Chief Cabinet Secretary Hayashi Yoshimasa stated October 24 that "rapid, one-sided currency moves are undesirable" and that authorities were "watching currency markets with a high sense of urgency"—language typically interpreted as a warning to speculators that intervention remained possible.

Eurozone Data Confirms North-South Divergence

Preliminary October PMI data released October 24 confirmed continued divergence between northern and southern eurozone economies. The composite PMI for the eurozone rose slightly to

49.8 from 49.6 in September, remaining just below the 50 expansion threshold for the fourth consecutive month. However, country-level breakdowns revealed Germany's composite at 47.6 (down from 47.5), France at 47.8 (down from 48.6), whilst Spain reached 53.2 (up from 52.9) and Italy held at 50.8 (unchanged).

Germany's manufacturing PMI collapsed to 42.8 from 43.0—the lowest reading in 12 months and the 28th consecutive month below 50. Services PMI fell to 51.2 from 51.4, barely maintaining expansion. France's composite PMI at 47.8 marked a nine-month low, with both manufacturing (43.2) and services (49.1) in contraction territory. Spain continued outperforming, with services PMI at 55.8 driving the composite higher, though manufacturing PMI at 48.6 showed the sector entering contraction for the first time since June 2023.

US Labour Market: Alternative Indicators Show Continued Softening

With the September employment report postponed to November 7 due to the government shutdown, economists relied on alternative indicators to assess labour market conditions. Continuing unemployment claims rose to 1.89 million in the week ending October 19, up from 1.86 million the prior week and marking the highest level since November 2021. The four-week moving average of continuing claims reached 1.87 million.

Indeed job postings data through October 25 showed advertised positions down 2.3% month-over-month and 7.8% year-over-year, with particularly sharp declines in technology (-12.4% year-over-year), finance (-9.7%), and retail (-8.9%). ADP's October employment estimate (released October 23) showed private payrolls increasing 87,000 in October, well below the 115,000 consensus and marking the weakest gain since February 2024.

The Atlanta Fed's wage growth tracker showed year-over-year wage growth slowing to 4.6% in September (latest available) from 4.8% in August. The combination of slowing wage growth, rising continuing claims, and weakening job postings reinforced the Fed's October 14 assessment that "downside risks to employment appear to have risen."

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.