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Market Perspectives Video

Shutdown Spooking Stocks

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Shutdown Details

Budget vs. CNR

- ✓ **Ann. budget & Appropriation:**
 - **Budget resolution:** a high level, non-binding blueprint that sets total spending and revenue targets.
 - **Appropriations Bills:** Separate, binding laws that actually fund each part of the government for the new fiscal year.
- ✓ **Continuing Resolution:**
 - Stopgap that extends last year's funding levels for a set period while Congress negotiates.
 - Without a CR, the government shuts down.
- ✓ **Republicans do not have a filibuster proof majority, so they need some Democrats to pass a CR.**

The Sticking Points?

- ✓ **Enhanced ACA premium tax credits/subsidies.**
 - What they do: lower monthly premiums for enrollees in ACA plans.
 - Subsidies were expanded during COVID and have been more generous than original law's baseline.
 - Set to expire at end of year.
- ✓ **Rolling back/reversing recent cuts to Medicaid made by OBBBA.**
- ✓ **Restoration of funding cuts made by 2025 Rescissions Act.**
 - Trump Admin. and Congress passed an act to rescind appropriated funds.
 - Democrats seeking to restore.
- ✓ **Reversing limits affecting non-citizens and/or making them eligible for ACA or Medicaid.**

Sources: CNR Research as of October 2, 2025.
Information is subject to change and is not a guarantee of future results.

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How Does the Market Do During Shutdowns?

Start	End	Days	S&P 500 Return (%)				
			-1W	+1W	+1M	+6M	+12M
22-Dec-18	25-Jan-19	35	-7.1%	2.9%	8.9%	22.1%	33.3%
9-Feb-18	9-Feb-18	0.4	-5.2%	4.3%	6.4%	8.9%	3.5%
20-Jan-18	22-Jan-18	2	0.9%	2.2%	-3.3%	-0.3%	-5.0%
1-Oct-13	17-Oct-13	16	-0.1%	-2.3%	3.9%	11.2%	14.8%
15-Dec-95	6-Jan-96	21	-0.2%	-0.7%	-2.7%	8.0%	18.2%
13-Nov-95	19-Nov-95	5	0.7%	0.8%	5.0%	11.7%	23.4%
5-Oct-90	9-Oct-90	3	1.8%	-3.7%	1.0%	20.5%	22.4%
18-Dec-87	20-Dec-87	1	5.9%	1.1%	1.1%	8.6%	10.9%
16-Oct-86	18-Oct-86	1	1.6%	-0.1%	2.1%	19.8%	18.0%
3-Oct-84	5-Oct-84	1	-2.3%	-0.2%	3.1%	10.3%	13.5%
30-Sep-84	3-Oct-84	2	0.3%	-2.1%	0.4%	8.8%	9.6%
10-Nov-83	14-Nov-83	3	0.6%	1.0%	0.4%	-2.7%	1.9%
17-Dec-82	21-Dec-82	3	-1.5%	1.6%	6.7%	23.0%	18.1%
30-Sep-82	2-Oct-82	1	-2.7%	7.0%	11.0%	27.4%	37.9%
20-Nov-81	23-Nov-81	2	0.0%	2.8%	1.9%	-5.8%	12.6%
All Periods			-1W	+1W	+1M	+6M	+12M
Average			-0.5%	1.0%	3.1%	11.4%	15.5%
% Positive			53%	60%	87%	80%	93%
5+ Days			-1W	+1W	+1M	+6M	+12M
Average			-1.7%	0.1%	3.8%	13.3%	22.4%
% Positive			25%	50%	75%	100%	100%

Sources: Bloomberg and Evercore ISI Research. Data current as of October 2, 2025.
Past performance is not a guarantee of future results.

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Can the Rally Continue?

Reversals into >10% gains through Q3 bullish for Q4 historically

S&P 500 Index Q4 Returns in Years with 10% Correction and +10% YTD Through Sept. 30

Year	Max Drawdown Thru 9/30 (%)	YTD Thru 9/30 (%)	Q4 (%)
1933	-24.7	42.7	2.8
1935	-15.9	22.0	15.9
1936	-12.8	19.2	7.3
1938	-28.9	16.0	7.9
1950	-14.0	16.1	4.9
1975	-14.1	22.3	7.5
1980	-17.1	16.2	8.2
2003	-14.1	13.2	11.6
2009	-27.6	17.0	5.5
2025	-18.9	13.7	??
Mean	-18.8	20.5	8.0
Median	-15.9	17.0	7.5
All Years Mean	-14.0	4.7	2.7

Note: 2025 data is not included in summary statistics

Source: S&P Dow Jones Indices. Data current as of October 2, 2025

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Index Definitions

The Standard & Poor's 500 Index (S&P 500): The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.





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