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S&P 500 set to extend bull run after rising 3.5% in September

By **Nick Lazzaro** and **Umer Khan**

The S&P 500 is poised to extend its bull run after posting a fifth straight month of gains in September.

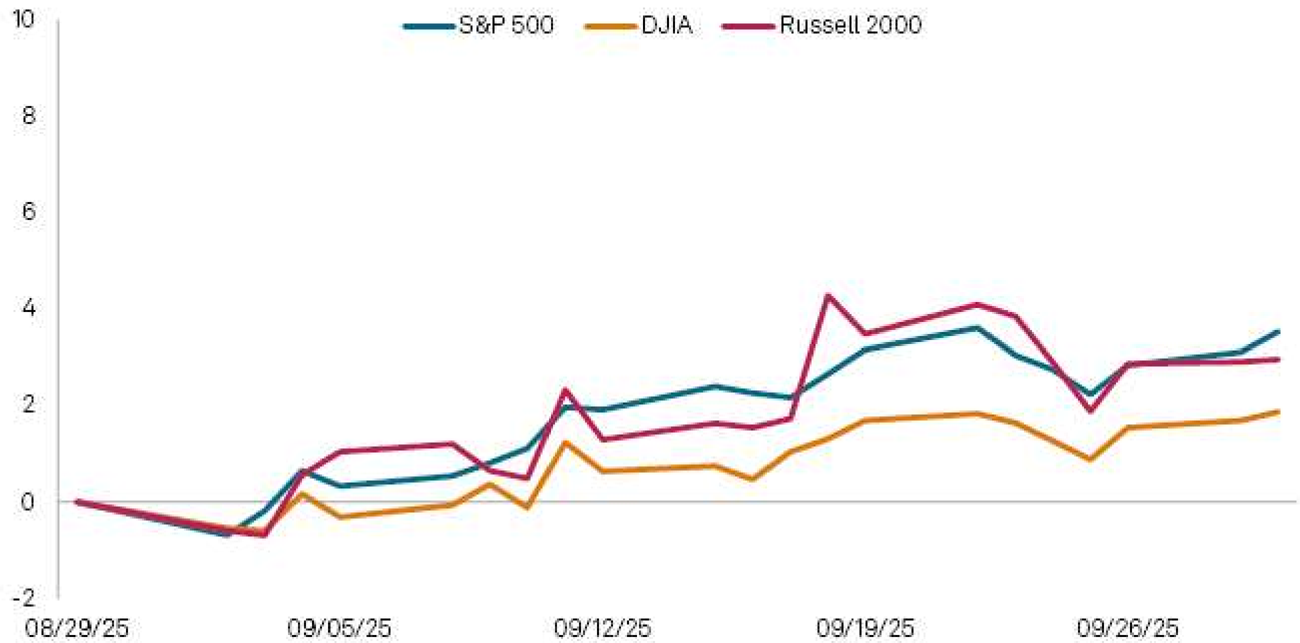
The large-cap index rose 3.5% for the month, outperforming gains of 1.9% in August and 2.2% in July, according to S&P Global Market Intelligence data. The Dow Jones Industrial Average climbed 1.9% in September, while the small-cap focused Russell 2000 increased 3.0%.

Index performance

September 2025

Index	Closing value	Monthly change	Monthly change (%)
S&P 500	6,688.46	228.20	3.5 ▲
DJIA	46,397.89	853.00	1.9 ▲
Russell 2000	2,436.48	70.07	3.0 ▲

Index monthly price-change performance (%)



Data as of Sept. 30, 2025.
Source: S&P Global Market Intelligence.

Equity markets rose higher over the past month, even as market sentiment in September, viewed as a historically soft period, was clouded by concerns about labor market data and the path of inflation.

"September was almost unanimously expected to be this nasty month, and people like to bring up the seasonality, but when you look at recent history, it really doesn't hold true," said Dean Lyulkin, CEO of small business lender Cardiff, in an interview. "The market really is climbing a wall of worry, and you see that there is an enormous anxiety for this rally that continues despite the S&P 500 being up about 13% for the year."

The strong equity market performance in September could have been influenced, in part, by expectations of incoming deregulatory policies under the Trump administration, especially for the energy and banking sectors. This has provided optimism despite potential pressures from tariffs, slowing employment and other factors, according to Todd Stankiewicz, president and chief investment officer of Sykon Capital and portfolio manager for Free Markets ETF.

"This can drive a lot of market performance because what we're seeing is the lowering of barriers to entry for certain market participants," Stankiewicz said in an interview. "If we have companies where regulation is being peeled back, they can operate a little bit more effectively in these kinds of environments."

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Markets initially unbothered by shutdown

The US government shut down Oct. 1 after Congress failed to reach a funding deal, but the impact of the shutdown on financial markets is expected to be limited.

"If you look at the markets historically with shutdowns, they've actually gone up, so it hasn't really affected them historically, and I don't think this one is going to be too long," Hal Lambert, founder of Point Bridge Capital and portfolio manager for Free Markets ETF, said in an interview.

The S&P 500 was up about 0.4% during late afternoon trading on Oct. 1.

"The initial response from markets this morning is nothing, and that tells us a lot," Lyulkin said. "It tells us that markets are sort of very tired of this song and dance and political theater. They see right through it and they see forward into the future."

Market optimism has been boosted by expectations that the shutdown will be short-lived as Congressional representatives seek to avoid negative consequences posed by a long-term shutdown.

"Both sides of the aisle have an enormous incentive to come together and come to a solution faster than slower," Lyulkin said.

Fed policy provides tailwinds

The US Federal Reserve's September decision to cut its benchmark short-term interest rate by a quarter point signaled a long-awaited continuation of a dovish policy path that began in late 2024 but stalled during the first half of 2025.

While the move was largely already priced in by markets and did little to change bullish investor sentiment, upcoming Fed decisions could have more of an outsized influence, said Nic Millikan, managing director of investments for private markets investment platform Allocate.

"The Fed now has the arduous task of ensuring that monetary policy threads the needle of keeping inflationary pressures in check while not snuffing out growth in an economy that continues to show signs of weakness," Millikan said in an email. "If incoming economic data increases the likelihood of additional cuts through year-end, potentially driving rates materially lower, investors may begin seeking alternative yield sources as traditional fixed-income investments become less attractive relative to private credit and other yield-generating alternatives."

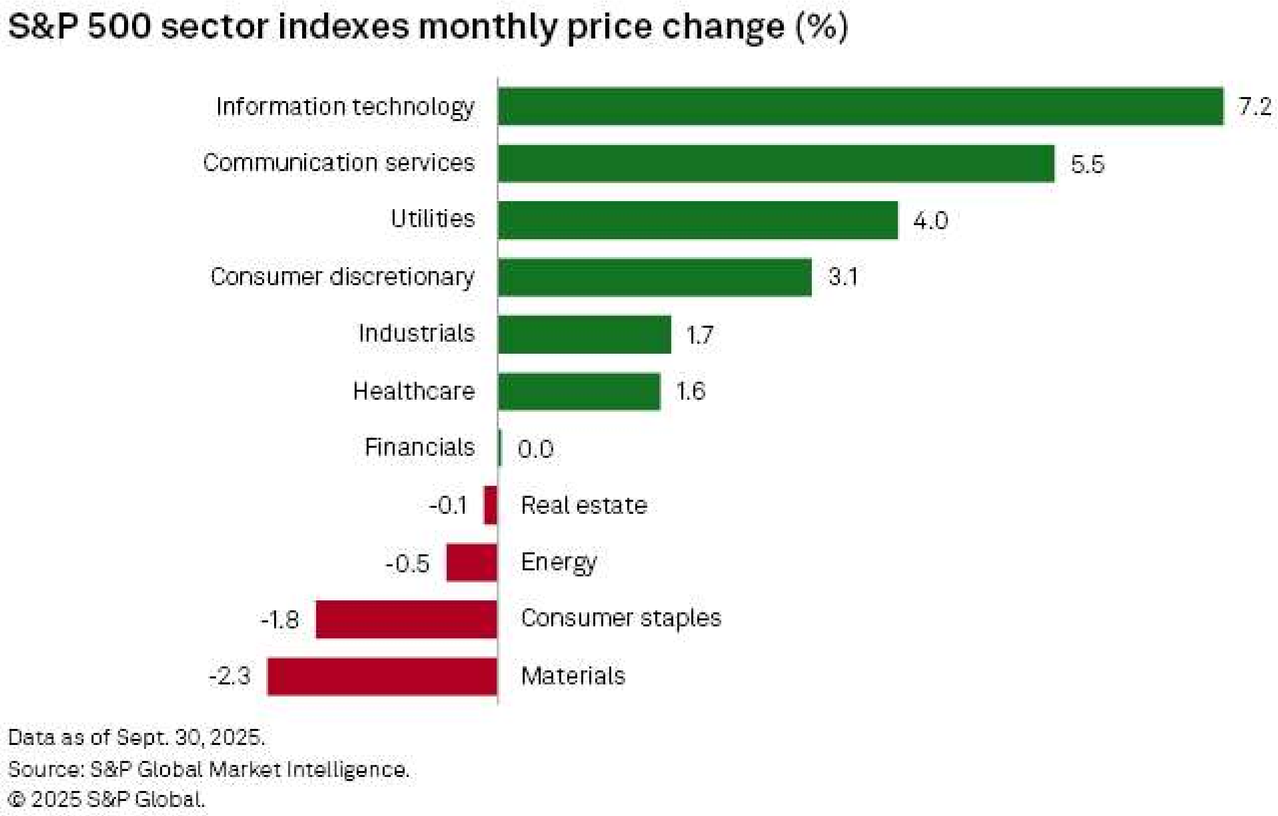
Markets are pricing in a near 100% probability that the Fed will issue another 25-basis point cut to its policy rate in October and a near 87% probability of an additional cut by the end of the year, according to midday CME Fedwatch data as of Oct. 1.

"If the Fed shifts away from that path for two or more rate cuts this year, that's going to cause real problems because the market is banking on this," said Sykon Capital's Stankiewicz.

Sector results

Six of the S&P 500's 11 sectors posted gains in September.

The IT sector increased the most in September, climbing 7.2%. Within the sector, 44 of the 68 constituent stocks rose. Share price gains for IT were led by AppLovin Corp. and Western Digital Corp.



The materials sector performed the worst, falling 2.3% during the month, with 19 of the sector's 26 stocks recording losses. LyondellBasell Industries NV's stock price fell the most within the materials sector, losing almost 13%, followed by mining company Freeport-McMoRan Inc., down almost 12%.

Largest gains, drops

Warner Bros. Discovery Inc. was the best-performing S&P 500 stock in September, up almost 68%. During the third quarter, the media and entertainment conglomerate reported second quarter normalized earnings per share that beat the consensus projection by a larger margin than any other S&P 500 company.

S&P 500 company performance

Rank	Company (ticker)	Primary industry	Market capitalization ($B)	Monthly price change (%)	Monthly average daily volume (shares)	Average daily volume as a percentage of common shares outstanding (%)
Top performers						
1	Warner Bros. Discovery Inc. (WBD)	Communication services	48.35	67.8 ▲	84,364,046	3.4
2	AppLovin Corp. (APP)	Information technology	243.05	50.1 ▲	10,685,444	3.2
3	Western Digital Corp. (WDC)	Information technology	41.65	49.4 ▲	9,704,470	2.8
4	Seagate Technology Holdings PLC (STX)	Information technology	50.20	41.0 ▲	4,171,248	2.0
5	Micron Technology Inc. (MU)	Information technology	187.25	40.6 ▲	26,947,316	2.4
Bottom performers						
500	CarMax Inc. (KMX)	Consumer discretionary	6.59	-26.9 ▼	4,811,009	3.3
499	FactSet Research Systems Inc. (FDS)	Financials	10.83	-23.3 ▼	767,166	2.0
498	Kenvue Inc. (KVUE)	Consumer staples	31.15	-21.6 ▼	40,453,546	2.1
497	Synopsys Inc. (SNPS)	Information technology	91.65	-18.2 ▼	4,628,562	2.5
496	Constellation Brands Inc. (STZ)	Consumer staples	23.74	-16.8 ▼	3,154,109	1.8
Most traded						
1	lululemon athletica inc. (LULU)	Consumer discretionary	21.10	-12.0 ▼	7,822,793	6.6
2	Robinhood Markets Inc. (HOOD)	Financials	127.24	37.6 ▲	48,233,386	5.4
3	Super Micro Computer Inc. (SMCI)	Information technology	28.49	15.4 ▲	27,543,782	4.6
4	Trade Desk Inc. (TTD)	Communication services	23.96	-10.3 ▼	19,192,861	3.9
5	Norwegian Cruise Line Holdings Ltd. (NCLH)	Consumer discretionary	11.21	-0.8 ▼	16,281,495	3.6

Data as of Sept. 30, 2025.
Limited to S&P 500 constituents.
Source: S&P Global Market Intelligence.

Shares in CarMax Inc. fell the most of any S&P 500 company during September, with a drop of nearly 27%. Its share price plunged late in the month after its reported normalized EPS of 64 cents widely missed a consensus estimate of $1.05.