



(1) High-grade municipal bonds. (2) Based on a 30% marginal federal income tax bracket. (3) Graph displays yield to call.

Key: bp - basis points. One basis point is 1/100 of one percent. YTM - yield to maturity; YTC - yield to call.

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ECONOMIC OUTLOOK

Summary

The longest government shutdown in U.S. history has now entered its second month, creating an unprecedented challenge for economic analysis and monetary policy. The shutdown is estimated to reduce economic activity by \$15 billion per week according to the Congressional Budget Office (CBO). Additionally, the Bureau of Labor Statistics (BLS), Bureau of Economic Analysis (BEA), U.S. Department of Labor and U.S. Census Bureau have suspended the collection and release of most key economic indicators — a development that significantly complicates the Federal Reserve’s already complex decision-making process.

The Fed operates under a dual mandate: to maintain price stability (inflation) and maximize employment (the labor market). When Fed officials last reviewed comprehensive labor market data in August, there were clear signs of cooling. This weakness prompted them to implement an “insurance” rate cut of 25 basis points in mid-September. Nearly two months have now passed without additional employment data beyond the ADP Employment Change report, a private-sector metric that frequently diverges from official non-farm payroll figures. This information vacuum leaves the Fed navigating one of its two critical mandates essentially blind.

While Fed officials expected to be without inflation data as well, a surprise data release in late October provided a glimpse into the economy. The BLS initially planned to delay the Consumer Price Index (CPI) data due to the shutdown, but the agency designated certain employees as essential workers to calculate Social Security’s cost-of-living adjustment, which is tied to the government’s fiscal year-end. The September report revealed headline CPI running slightly below expectations, though still elevated relative to the Fed’s 2% target. Core CPI, which strips out volatile food and energy prices, also came in modestly lower than forecasts.

With labor market conditions unknown and inflation (though elevated) appearing stable near 3%, the Federal Reserve cut the overnight rate by an additional 25 basis points in October to a range of 3.75% to 4.00%. When asked about another cut in December, Chairman Powell cautioned it is “not a foregone conclusion, far from it.” However, the Fed has consistently emphasized its data-dependent approach throughout the past two years, and when proper data disappears, policymakers will likely revert to their underlying biases. While December’s rate cut isn’t guaranteed, investors should still treat it as the most likely outcome absent any further meaningful data.

Positives

The Federal Reserve cut interest rates by 25 basis points (3.75% to 4.00% range)

ADP Employment grew for the first time in three months (42k)

ISM services moved back into expansionary territory (52.4)

Negatives

ISM manufacturing indicates contraction for the eighth consecutive month (48.7)

UofMich Consumer Sentiment continues to decline (53.6)

ISM Services Prices Paid Index climb to the highest level in three years (70.0)

EQUITY OUTLOOK

Summary

The equity markets continued to push higher in October with the S&P 500 Index gaining 2.3% during the month and pushing the year-to-date return to 17.5%. The rally was again led by growth stocks which posted a 3.6% gain for the Russell 1000 Growth Index, once again outpacing the 0.4% rise in the Russell 1000 Value Index. International markets also continued their strong year. The developed international MSCI EAFE Index climbed 1.2% and the MSCI Emerging Markets Index rose 4.2%. Those indexes now stand 27.3% and 33.56% higher respectively year to date.

October saw the Federal Reserve cut the overnight rate by another quarter point in a move that was widely forecasted. More surprising news came from the commentary when Fed Chairman Jerome Powell suggested there was some disagreement among committee members about how to manage the “challenging situation” moving forward. He indicated another cut in December is less likely than markets may have been expecting. This could take a bit of wind out of the sails for equity investors.

That being said, the recent momentum wave remains a powerful force. Dips in the market have been seen as buying opportunities for many months and there is still little reason to expect that trend to end. Enthusiasm regarding artificial intelligence and other innovations remains the key driver of equity market trends. There have been voices of concern about stretched valuations, but those worries have been quickly shrugged off with hyper-scaled euphoria.

Earnings season is well underway and results to this point have been quite strong. With over 70% of companies in the S&P 500 having reported, the number of companies beating earnings expectations was approximately 80%. These results make it one of the better quarters in recent years and have been driven by robust performances in the technology, financials, health care and consumer discretionary sectors. Earnings drive the market and with outcomes like that it is hard to imagine the ride coming to an end anytime soon.

Positives

Recession risk continues to decline

Solid earnings results

Favorable seasonal trends

Negatives

Equity valuations are historically stretched

Unknowns

Inflation and softening labor markets could challenge Fed policy

FIXED INCOME OUTLOOK

Summary

With little economic data to swing sentiment, the 10-year Treasury note traded in a narrow range of 20 basis points (bps) for the month of October. This was the sixth consecutive month the rate traded in a range below the 25-year average monthly range of 33 bps. The largest move downward in yields happened on October 10 as trade tensions with China reemerged and the trend continued a few days later as several regional banks disclosed losses tied to private credit loans. Rates then traded in an even narrower range of just 8 bps for 12 consecutive nightly closes. On October 29 the Fed concluded a two-day meeting of the Federal Open Market Committee (FOMC); they voted to cut the overnight rate by another 25 bps and terminate the balance sheet run-off. What would normally be considered positive events for the bond market were accompanied by hawkish comments by Chairman Powell in the post-meeting press conference whereby he tempered expectations of further easings. Both the 2-year and the 10-year Treasury note yields leaped about 10 bps following his comments. Overall, yields eased lower for the month with the 2-year down 4 bps to end at 3.57% and the 10-year ending 7 bps lower at 4.08%.

The investment-grade corporate bond market experienced a record level of issuance for any previous October. At \$158 billion, the market absorbed about 66% more new debt than the average of the previous four Octobers. This new supply was heavily concentrated with 65% coming from the largest 10 deals. Despite another month of heavy new issuance, demand remained equally strong and credit spreads traded in a narrow range near historically tight levels. Illustrative of both these dynamics, Meta came to market to borrow \$30 billion, the largest new issuance of the year. Demand for the bonds set a record at \$125 billion, over four times oversubscribed. Average investment-grade corporate bond spreads today are 78 bps, which is significantly lower than the average (mean) of 117 bps over the past 10 years but less egregious when compared to the mode of 92 bps over that period.

While the Fed is driving monetary policy through a fog with little to no economic data to guide them, we believe a rate cut in

December is still the most probable outcome. We also expect at least one more decrease in the overnight rate during the first half of next year and a third by the end of 2026. With the 2-year Treasury note trading about 30 bps below effective funds rate, today's yields already reflect these additional easing of monetary policy. Applying a 50 bps slope to the 2 to 10 year curve would indicate the 10-year also reflects this outlook. The trend of lower intramonth volatility in yields should persist until there is some sort of shock to the economy leading to a significant change in the outlook for monetary and even fiscal policy.

Positives

Private labor market data still shows modest weakness

CPI inflation calculated for Social Security benefits was less than expected

Fed rate cuts are likely to continue at the December FOMC meeting

Investor flows remain robust for investment-grade bonds

Negatives

Interest rates already priced for additional rate cuts

Corporate bond issuance is likely to increase due to tech industry cap expenditures

Global yields rising especially on long dated debt issues

Unknowns

Legality of tariff policies

Effects of increasing Russian sanctions on global economy

November 11, 2025



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MARKET STATISTICS

INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
S&P 500	0.08	-1.49	15.75
DJIA	0.34	-0.80	12.42
Nasdaq	-0.45	-3.45	19.27
Russell 1000	-0.03	-1.58	15.20
Russell 2000	-1.83	-3.62	8.31
Russell 3000	-0.11	-1.67	14.88

FOREIGN (%)			
	WTD	MTD	YTD
MSCI ACWI	0.89	-0.53	20.92
MSCI ACWI xUSA	2.45	1.46	31.17
MSCI EAFE	2.78	2.06	29.97
MSCI EM	2.04	0.64	34.41

FIXED INCOME (%)			
	WTD	MTD	YTD
US Intermediate Gov/Cred	-0.03	0.09	6.25
U.S. Aggregate	-0.08	-0.06	6.74
US Corp High Yield	0.11	-0.19	7.19
Municipal Bond	0.08	0.17	4.09

OTHERS (%)			
	WTD	MTD	YTD
DJ Eqty REIT TOT RE IDX	-0.87	0.54	2.88
Alerian MLP Index	2.18	4.39	9.64
S&P GSCI Index Spot Indx	0.73	0.11	1.45
Dollar Index Spot	-0.34	-0.54	-8.50

RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
Large Cap	12.23	15.20	17.82
Mid Cap	8.00	8.23	8.41
Small Cap	7.76	8.31	8.83

ECONOMIC SCORECARD*

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE

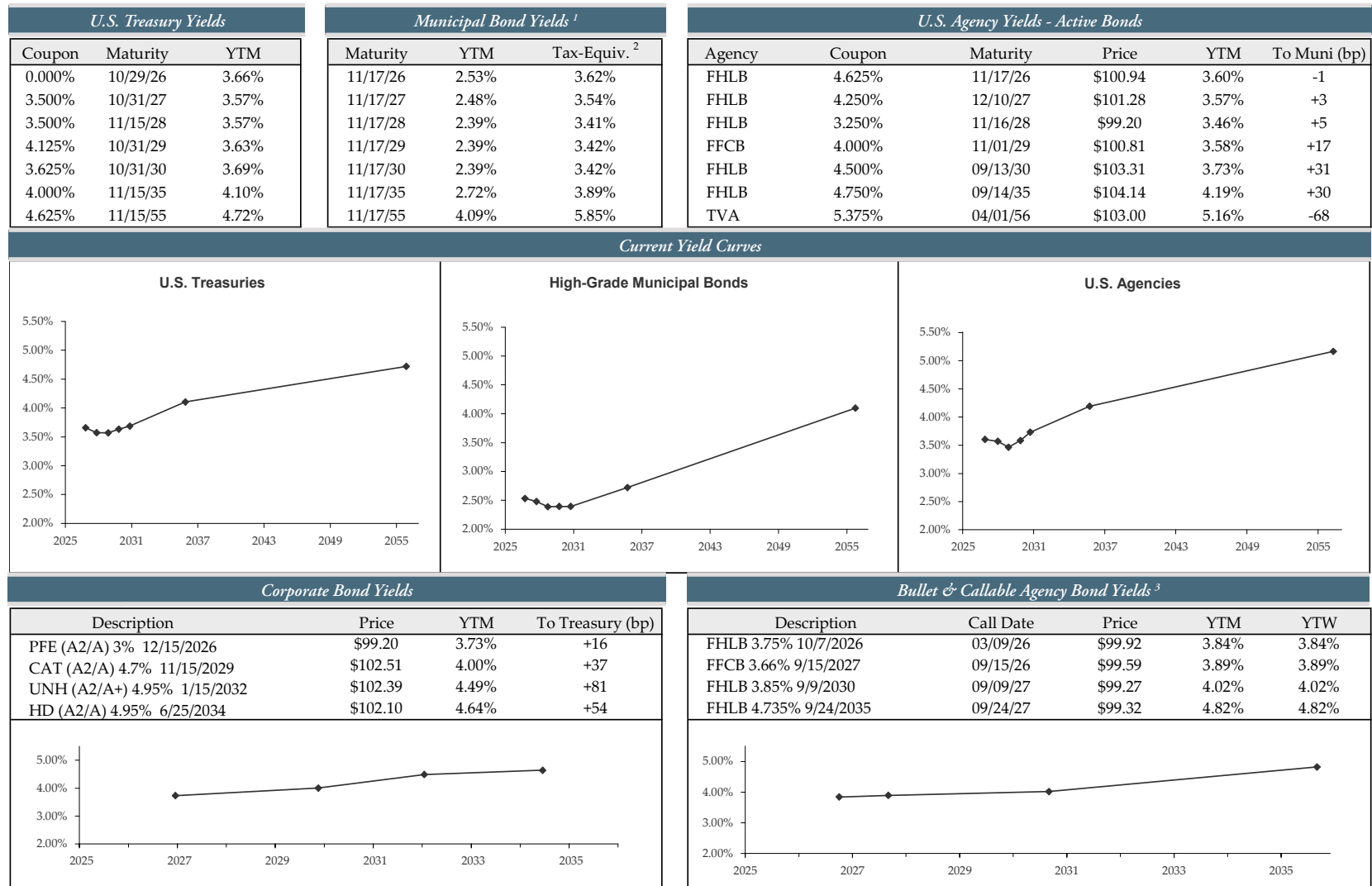
**Due to the government shutdown, there is no economic data this week.*

COMMODITY PRICES

ALTERNATIVES			
	11/14/2025	10/31/2025	12/31/2024
Generic Crude Oil Future	\$60.00	\$62.37	\$71.72
Generic Gold Future	\$4,083.30	\$3,840.80	\$2,641.00
Dollar Index Spot	\$99.26	\$97.78	\$108.49
Euro Spot	\$1.16	\$1.17	\$1.04

S&P 500

SECTOR RETURNS (%)	
	YTD
Discretionary	3.26
Staples	2.95
Energy	10.46
Financials	9.74
Health Care	11.90
Industrials	16.55
Info Tech	25.09
Materials	5.30
Real Estate	3.57
Communication Services	23.62
Utilities	19.77



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MARKET STATISTICS

INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
S&P 500	-1.95	-3.37	13.54
DJIA	-1.91	-2.64	10.35
Nasdaq	-2.74	-6.06	16.04
Russell 1000	-1.94	-3.46	13.01
Russell 2000	-0.78	-4.34	7.49
Russell 3000	-1.89	-3.50	12.75

FOREIGN (%)			
	WTD	MTD	YTD
MSCI ACWI	-2.70	-3.65	17.13
MSCI ACWI xUSA	-2.26	-2.02	26.68
MSCI EAFE	-2.97	-2.09	24.69
MSCI EM	-1.02	-2.07	30.78

FIXED INCOME (%)			
	WTD	MTD	YTD
US Intermediate Gov/Cred	0.27	0.30	6.47
U.S. Aggregate	0.26	0.05	6.85
US Corp High Yield	-0.03	-0.27	7.10
Municipal Bond	-0.10	0.07	3.99

OTHERS (%)			
	WTD	MTD	YTD
DJ Eqty REIT TOT RE IDX	-0.04	0.50	2.84
Alerian MLP Index	-0.29	4.08	9.32
S&P GSCI Index Spot Indx	-1.43	-1.03	0.29
Dollar Index Spot	0.87	0.36	-7.68

RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
Large Cap	11.33	13.01	14.46
Mid Cap	7.06	6.89	5.82
Small Cap	7.33	7.49	7.66

ECONOMIC SCORECARD*

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE

*Due to the government shutdown, economic data is still limited.

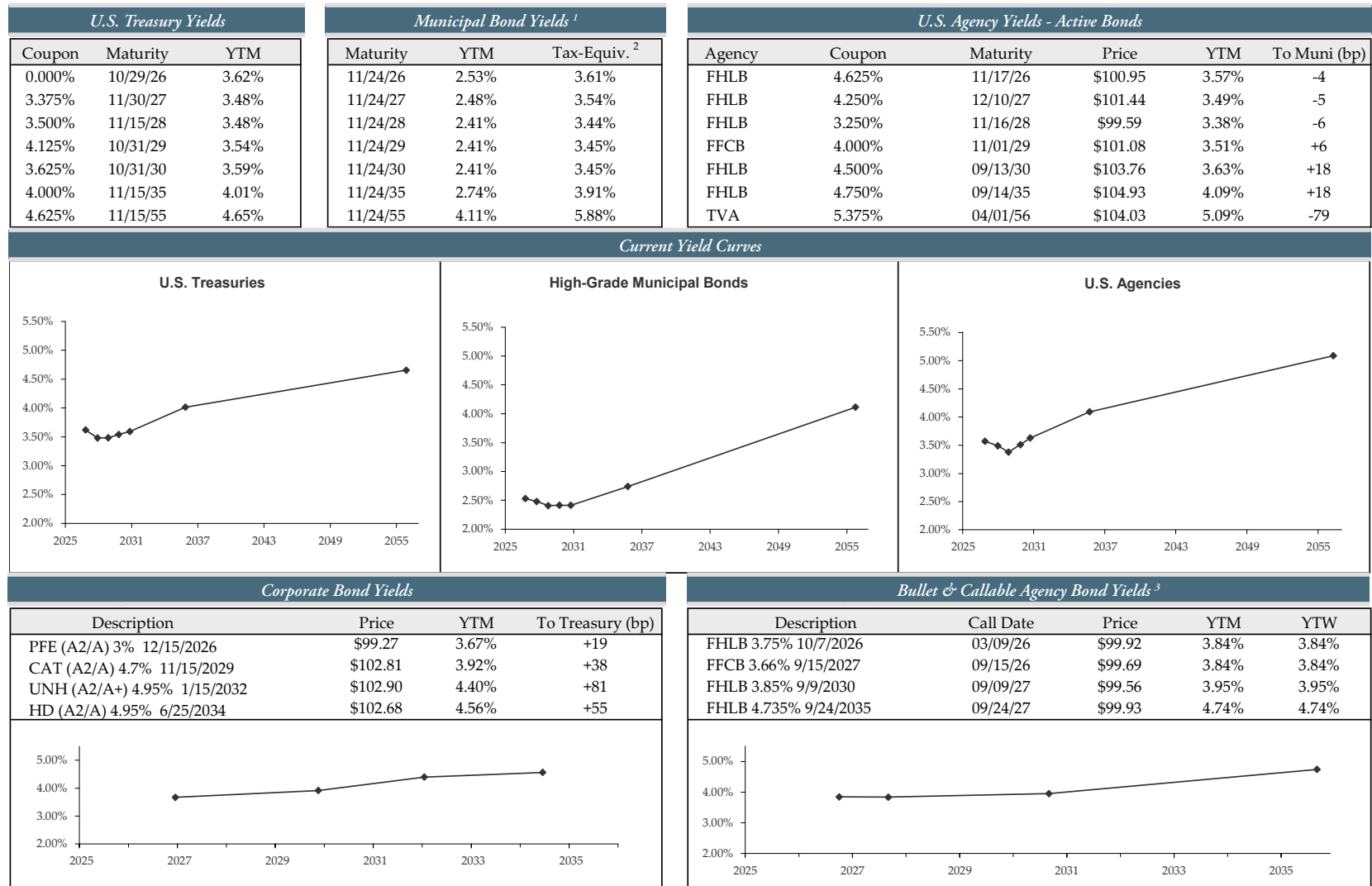
COMMODITY PRICES

ALTERNATIVES			
	11/21/2025	10/31/2025	12/31/2024
Generic Crude Oil Future	\$57.94	\$60.98	\$71.72
Generic Gold Future	\$4,052.90	\$3,996.50	\$2,641.00
Dollar Index Spot	\$100.16	\$99.80	\$108.49
Euro Spot	\$1.15	\$1.15	\$1.04

S&P 500

SECTOR RETURNS (%)	
	YTD
Discretionary	-0.10
Staples	3.81
Energy	7.40
Financials	8.10
Health Care	13.97
Industrials	14.68
Info Tech	19.22
Materials	4.62
Real Estate	3.52
Communication Services	27.38
Utilities	18.90

November 25, 2025



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MARKET STATISTICS

INDEX RETURNS

EQUITIES (%)			
	WTD	MTD	YTD
S&P 500	3.17	-0.29	17.16
DJIA	2.56	-0.13	13.19
Nasdaq	4.23	-2.09	20.95
Russell 1000	3.24	-0.32	16.68
Russell 2000	4.92	0.37	12.79
Russell 3000	3.31	-0.29	16.49

FOREIGN (%)			
	WTD	MTD	YTD
MSCI ACWI	2.09	-1.39	19.88
MSCI ACWI xUSA	1.37	-1.73	27.06
MSCI EAFE	1.15	-1.37	25.61
MSCI EM	1.49	-3.33	29.11

FIXED INCOME (%)			
	WTD	MTD	YTD
US Intermediate Gov/Cred	0.25	0.69	6.89
U.S. Aggregate	0.41	0.65	7.49
US Corp High Yield	0.40	0.18	7.58
Municipal Bond	0.07	0.16	4.07

OTHERS (%)			
	WTD	MTD	YTD
DJ Eqty REIT TOT RE IDX	1.40	1.90	4.27
Alerian MLP Index	1.16	5.30	10.60
S&P GSCI Index Spot Indx	-0.55	-2.45	-1.14
Dollar Index Spot	-0.59	-0.21	-8.20

RUSSELL STYLE

RETURNS YTD (%)			
	VALUE	CORE	GROWTH
Large Cap	14.32	16.68	18.75
Mid Cap	10.39	10.23	9.22
Small Cap	11.96	12.79	13.57

ECONOMIC SCORECARD*

SELECTED RELEASES			
	ESTIMATE	ACTUAL	DIFFERENCE

*Due to the government shutdown, economic data is still limited.

COMMODITY PRICES

ALTERNATIVES			
	11/26/2025	10/31/2025	12/31/2024
Generic Crude Oil Future	\$58.64	\$60.98	\$71.72
Generic Gold Future	\$4,159.60	\$3,996.50	\$2,641.00
Dollar Index Spot	\$99.59	\$99.80	\$108.49
Euro Spot	\$1.16	\$1.15	\$1.04

S&P 500

SECTOR RETURNS (%)	
	YTD
Discretionary	4.28
Staples	4.97
Energy	7.05
Financials	10.76
Health Care	16.76
Industrials	17.13
Info Tech	23.71
Materials	7.51
Real Estate	5.00
Communication Services	33.91
Utilities	21.42