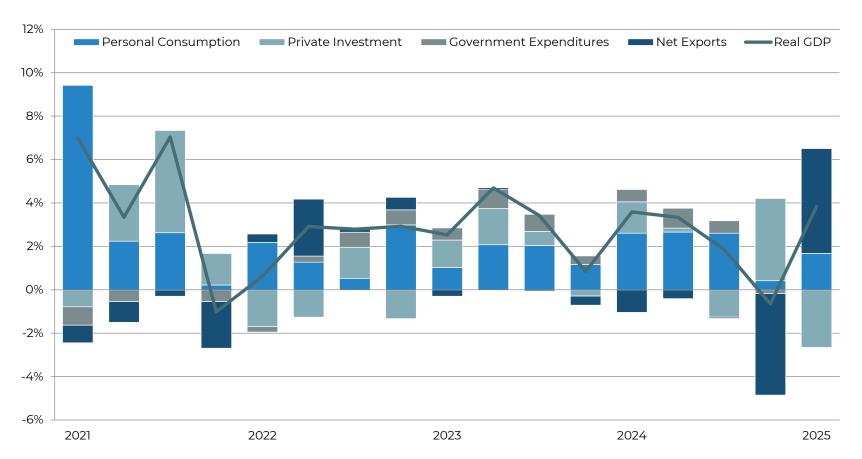




The latest major news is the U.S. GDP grew by a robust 3.8% in the second quarter of 2025, a strong upward revision driven by increased consumer spending and fewer imports, though investment and exports faced headwinds. Forecasters predict around 1.9% annual growth for 2025, with recent commentary highlighting resilient consumer spending but concerns about a potential slowdown due to hiring freezes as 2026 approaches. The Treasury Secretary recently forecast 3% GDP growth for the full year despite a government shutdown.

### **Economic Growth**

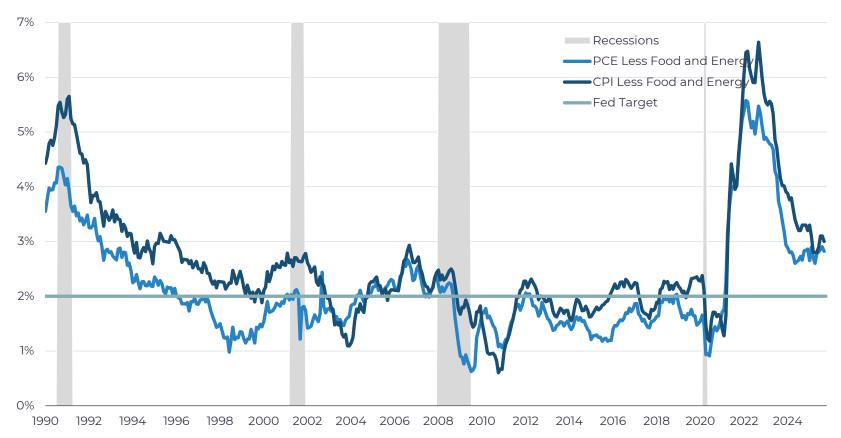
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



The U.S. government will not release October's official inflation (CPI) data due to the recent, record-long shutdown, leaving the Federal Reserve without a key input as it debates further interest-rate cuts. Fed Chair Jerome Powell has warned that policymaking without reliable data is like "driving in the fog," and plans to move cautiously. Despite uncertainty, New York Fed President John Williams signaled possible room for another rate cut in December. Labor data has also been disrupted. September's jobs report was delayed and mixed, and the full October jobs report will not be published, though job-creation figures for October will later appear as part of November's report - after the next Fed meeting.

## Inflation Outlook

Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)

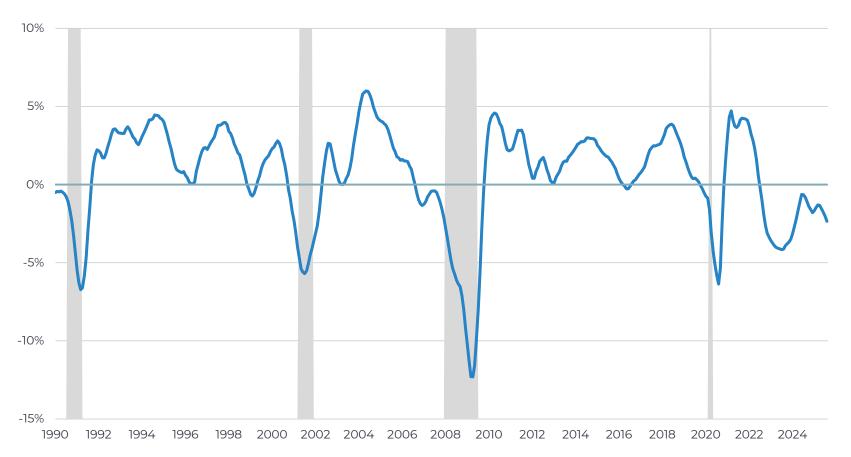


#### Note:

Due to the U.S. federal government shutdown, all further releases for The Conference Board Leading Economic Index® of the U.S. (U.S. LEI) data may be delayed. The Conference Board will resume publication once updated U.S. federal government data are released.

## U.S. Economic Outlook

Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)

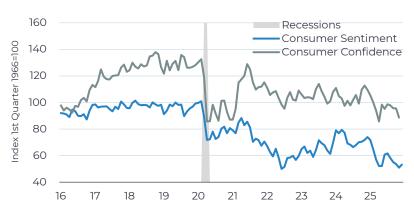


Source: Conference Board (Reported monthly)

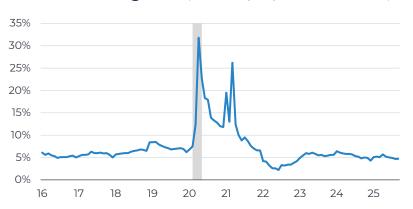
The Conference Board Consumer Confidence Index® fell sharply in November, with the Index dropping to 88.7. Both the Present Situation Index and the Expectations Index declined, with expectations remaining below the recession-signal threshold (80) for the tenth straight month. Consumers grew more pessimistic about business conditions, the labor market outlook, and future income. Confidence weakened across nearly all age and income groups, except for a slight improvement among those earning under \$15K. Survey write-ins continued to highlight inflation, tariffs, politics, and the federal shutdown as key concerns. Inflation expectations stayed elevated, interest-rate expectations softened slightly, and optimism about future stock prices remained high but eased.

## Consumer Outlook

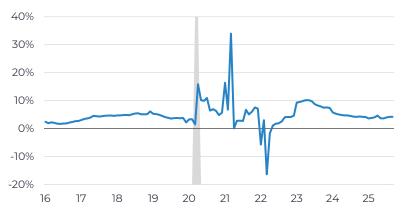
#### **Consumer Sentiment & Confidence Indexes**



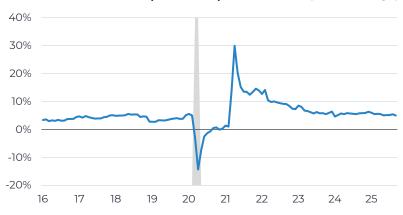
### Personal Saving Rate (Seasonally Adjusted Annual Rate)



### Disposable Personal Income (Y/Y % Change)



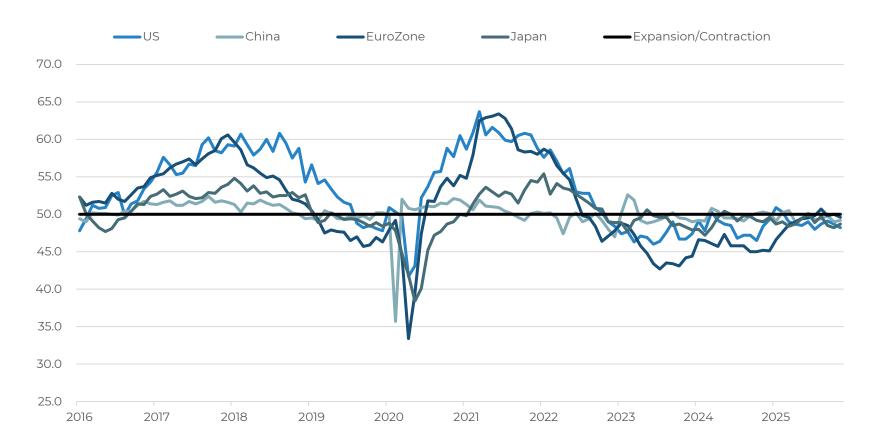
### Personal Consumption Expenditures (Y/Y % Change)



The global economy continued to expand in November, though growth eased slightly from October. The J.P. Morgan Global Composite PMI registered 52.7, well above the threshold indicating growth. Both manufacturing and services sectors expanded, with services outperforming manufacturing for the ninth straight month. Service-sector activity increased across business, consumer, and financial services, with financial services growing the fastest. Manufacturing output and new orders rose for a fourth month, though at weaker rates, with gains in consumer and intermediate goods offset by declines in investment goods. Output growth exceeded the global average in India, the U.S., and the euro area, and also expanded in Australia, China, Japan, and the U.K.

## Global Economic Outlook

Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)

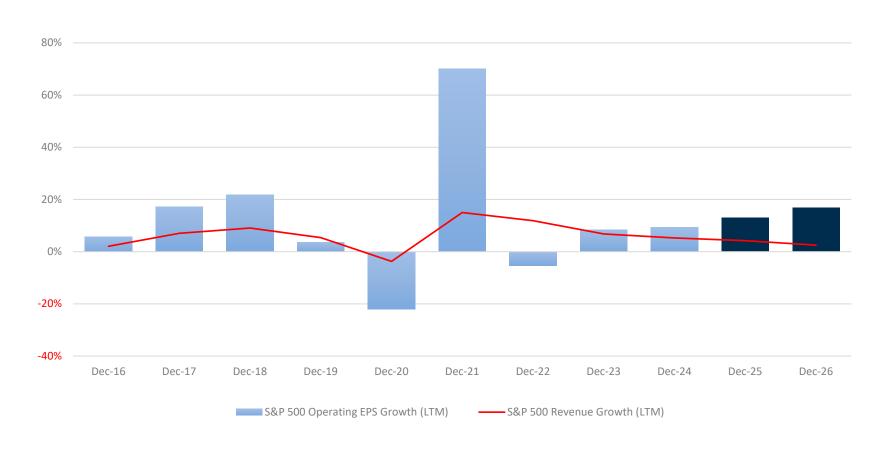


Source: ISM, Markit

According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6857. At the sector level, the Information Technology (+21.4%) sector is expected to see the largest price increase. On the other hand, the Health Care (+10.5%) and Financials (+10.7%) sectors are expected to see the smallest price increases. Overall, there are 12,606 ratings on stocks in the S&P 500. Of these 12,606 ratings, 57.2% are Buy ratings, 38.0% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (67%), Communication Services (65%), and Energy (65%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

## **Corporate Profitability**

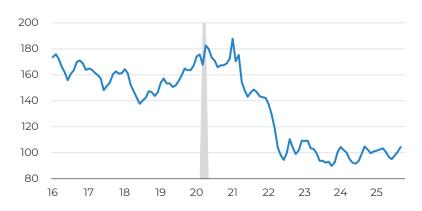
S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



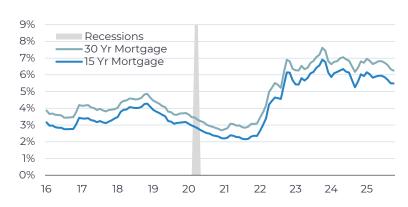
A new Bankrate analysis finds that U.S. homeownership is becoming increasingly unattainable, with more than 75% of homes now unaffordable for the typical household. Home prices have far outpaced incomes due to a severe shortage of affordable housing, making homeownership feel "more like a luxury" than a middle-class norm. The median U.S. household earns about \$84,000, far below the roughly \$113,000 needed to buy a typical \$435,000 home. In the most expensive cities, buyers need \$200,000 or more in annual income. The housing shortage is estimated at 4.7 million units, and first-time buyers made up only 24% of purchases last year - down sharply from 50% in 2010. National homeownership has slipped to about 65%, below its 2004 peak of over 69%, underscoring the growing affordability crisis.

## **Housing Market Outlook**

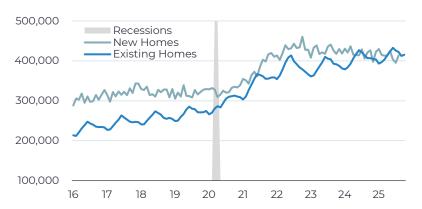
Housing Affordability (higher = more affordable)



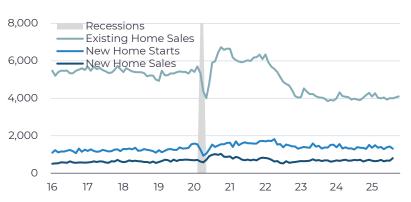
### Average Fixed Rate Mortgage in the U.S.®



### Median Selling Price of New and Existing Homes



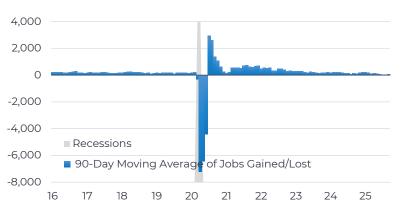
# Housing Starts, Existing Home Sales and New Home Sales (000's)



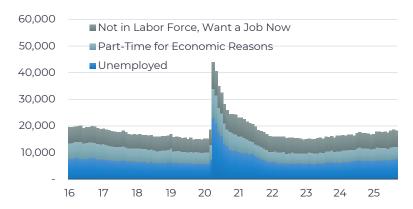
Newly released, shutdown-delayed data shows U.S. job openings rose for a second month, suggesting stronger-than-expected labor demand in September and October. However, the gains were mostly concentrated among small businesses - likely seasonal hiring in leisure and hospitality - indicating limited underlying strength. More tellingly, the quit rate fell to its lowest level since 2020, showing workers feel less confident about finding new jobs. Layoffs are rising and near a three-year high, reinforcing a shift toward an employer-friendly labor market and weakening worker bargaining power. Overall, the report does not improve the labor outlook and supports expectations of a Federal Reserve rate cut. With quits falling and openings skewed toward smaller employers, wage pressures are expected to ease further.

## **Labor Market Outlook**

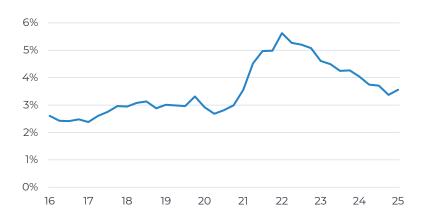
### Jobs Gained/Lost (000's) with 12-Month Moving Average



### Labor Market Slack (000's)



### Wage Growth (Y/Y % Change)



### Labor Force Participation Rate

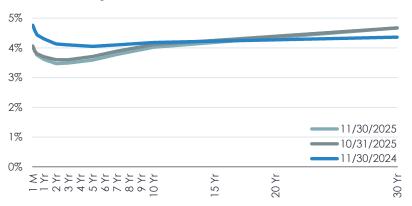




U.S. Treasuries outperformed other major government bond markets. The yield curve steepened as yields in shorter maturities fell (given their greater sensitivity to changes in interest rates). Initially expectations for a December Fed rate cut were finely balanced, with some optimism around the end of the U.S. government shutdown and the hawkish delivery of October's rate cut weighing on Treasuries. However, with September's delayed labor market report suggesting a weaker outlook, coupled with speculation that Kevin Hassett, the current director of the National Economic Council, was the leading candidate for the next Fed Chair (paving the way for additional cuts next year), the market tone shifted in a more dovish direction.

## U.S. Treasury Market

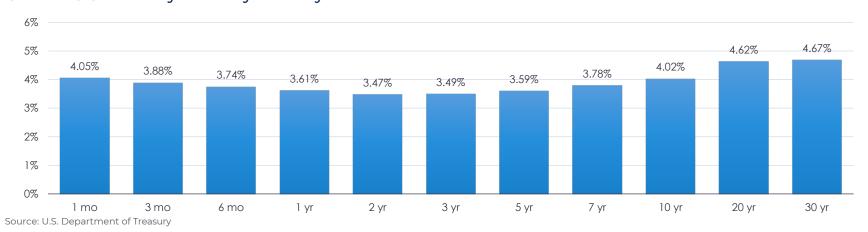
### **U.S Treasury Yield Curve**



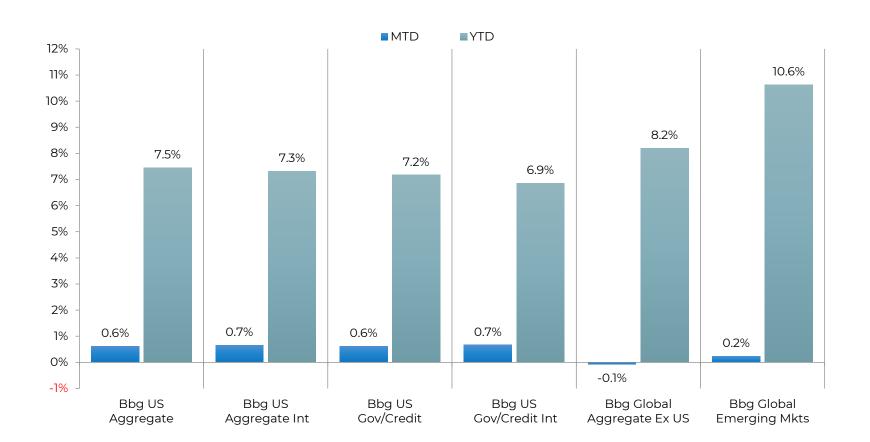
### Historical U.S. 10-Year Treasury Rate



### Current U.S. Treasury Yields by Maturity



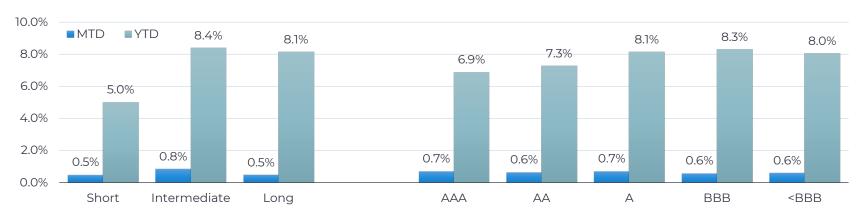
# Global Fixed Income Returns by Bellwether Index



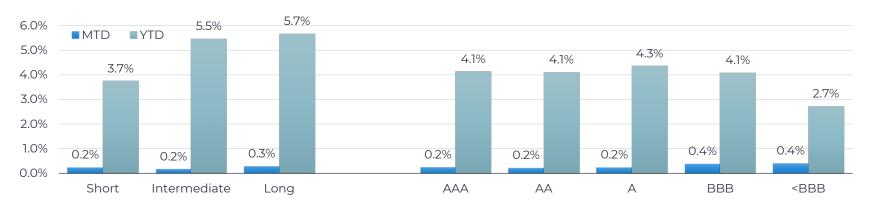
Source: Bloomberg Barclays (BB)

# Domestic Fixed Income Returns by Maturity and Credit Quality

#### Domestic Bond Market - Taxable

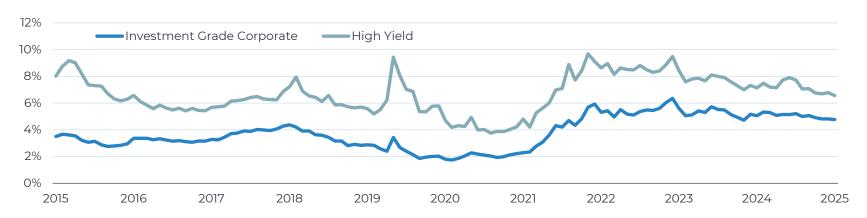


### Domestic Bond Market - Municipal

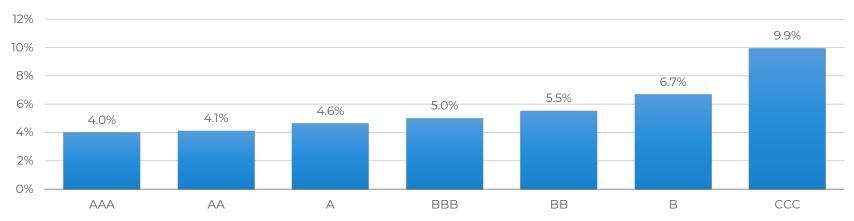


# Domestic Fixed Income Bond Yields

### Historical Corporate Bond Market Yield to Worst

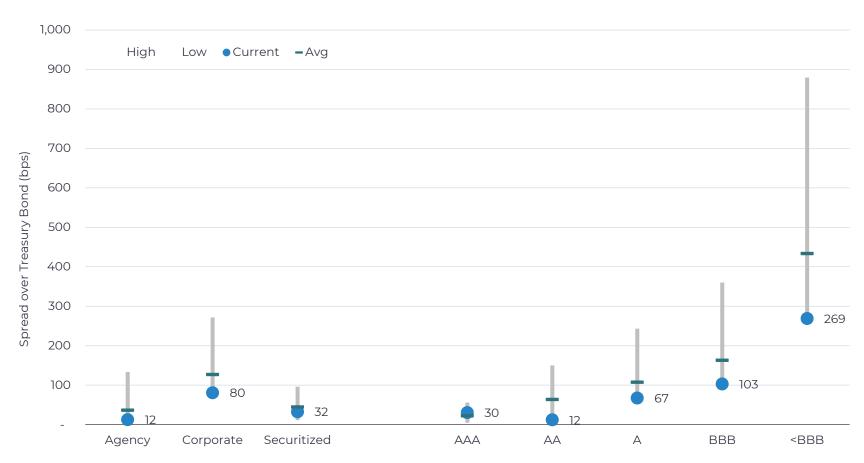


### Current Corporate Bond Market Yields by Credit Quality



# Domestic Fixed Income Bond Spreads

### Current Bond Spreads Compared to 15-Year Range and 15-Year Average

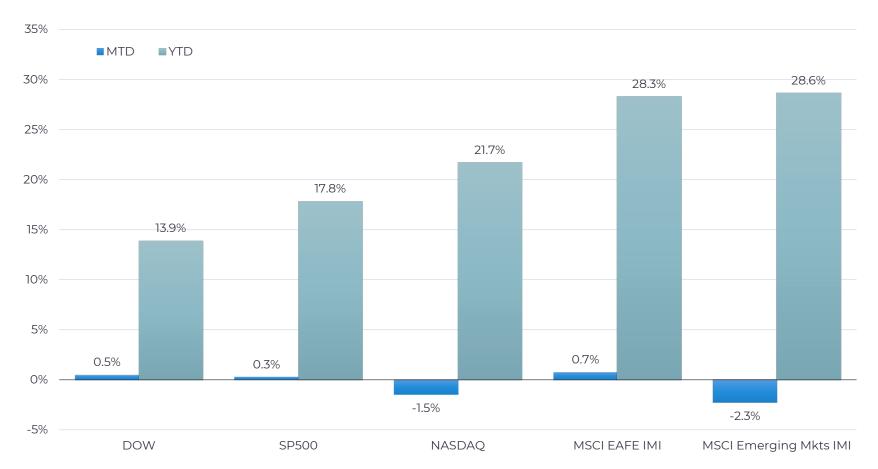




Following months of strong returns, global equities took a pause in November. During this period, the S&P 500 Index eked out a modest 0.3% gain amid a relatively positive backdrop of robust corporate earnings, rising expectations for interest rate cuts in the near term, and an end to the longest U.S. government shutdown on record. Despite these tailwinds, concerns around elevated valuations and AI-related spending dominated sentiment, putting significant pressure on growth stocks relative to value. These dynamics also carried through to markets outside the U.S. with the value-oriented MSCI EAFE IMI Index adding 0.7%, while the MSCI Emerging Markets IMI Index lost 2.3%, further underscoring the scrutiny around AI expenditures in markets like Taiwan and Korea that had benefited from these trends for most of 2025.

## Global Equity Returns by Bellwether Index

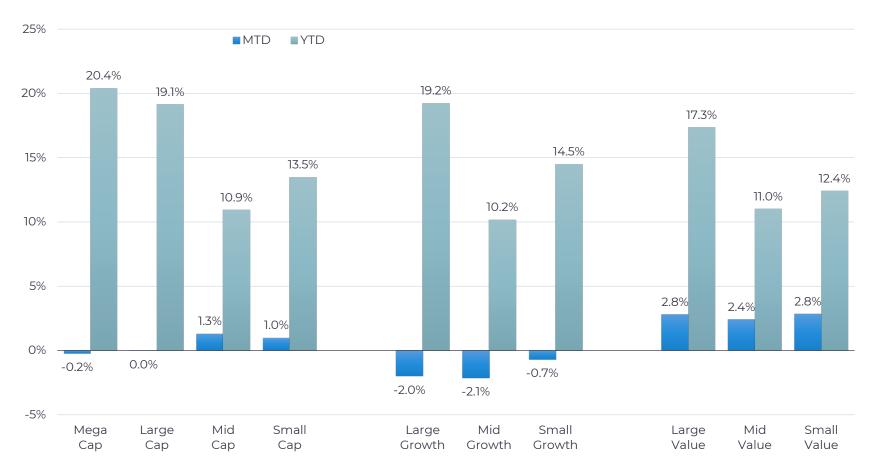
### **Global Equity Markets**



Source: S&P Dow Jones, NASDAQ, MSCI

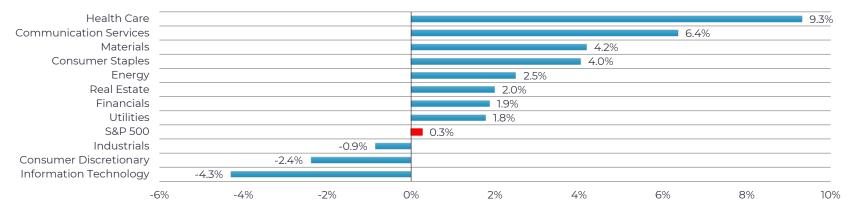
# Domestic Equity Returns by Market Cap & Style

### **Domestic Equity Markets**

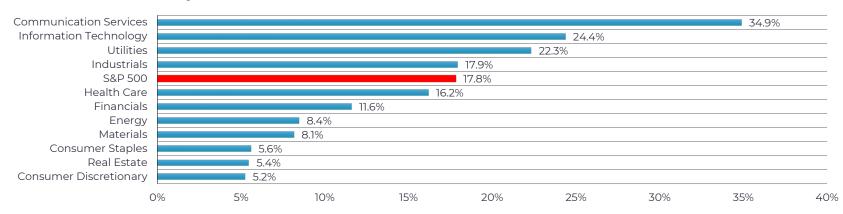


# Domestic Equity Returns by Sector

### MTD S&P 500 Returns by Sector



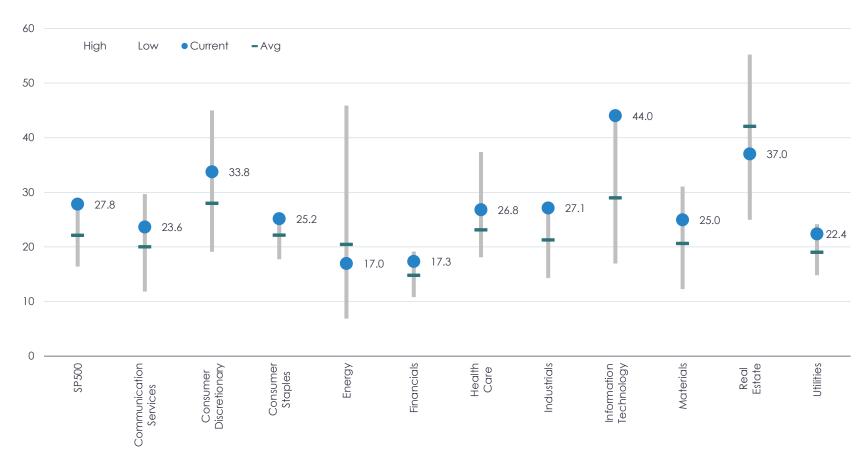
### YTD S&P 500 Returns by Sector



Source: S&P Dow Jones

# Domestic Equity Valuations by Sector

### Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



## **Economic Indicator Descriptions**

- Real Gross Domestic Product (GDP): GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- Consumer Price Index (CPI): Measuring the change in the CPI provides an
  estimate for inflation. The CPI tracks the price of a basket of consumer goods
  and services. High inflation or deflation (negative inflation) can be signs of
  economic worry. CPI is typically reported in two ways: headline and core CPI.
  Headline CPI includes all categories that comprise the CPI basket of goods and
  services.
- Personal Consumption Expenditure Chain-type Price Index (PCEPI):
   Measuring the change in the PCEPI provides an estimate for inflation. In
   comparison to CPI, which uses one set of expenditure weights for several years,
   this index uses expenditure data from the current period and the preceding
   period. This price index method assumes that the consumer has substituted
   from goods whose prices are rising to goods whose prices are stable or falling.
   Core PCEPI, which is closely monitored by the Fed, strips out the more volatile
   Food and Energy categories.
- Conference Board Index of Leading Economic Indicators (LEI): The LEI is
  designed to signal peaks and troughs in the business cycle. The ten
  components include: average weekly manufacturing hours; average
  weekly initial claims for unemployment insurance; manufacturers' new
  orders for consumer goods and materials; ISM® Index of New Orders;
  manufacturers' new orders for nondefense capital goods excluding aircraft
  orders; building permits for new private housing units; stock prices of 500
  common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury
  bonds less federal funds and average consumer expectations for business
  conditions.
- The Institute for Supply Management (ISM) PMI Index: The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- The Institute for Supply Management (ISM) Non-manufacturing Index (NMI): The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.

- Consumer Confidence Index (CCI): The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- Consumer Sentiment Index (MCSI): The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- Disposable Personal Income per Capita (DPI): DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- Personal Consumption Expenditures (PCE): PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- Retail Sales: The retail sales report captures in-store sales as well as catalog and
  other out-of-store sales. The report also breaks down sales figures into groups
  such as food and beverages, clothing, and autos. The results are often
  presented two ways: with and without auto sales being counted, because
  their high sticker price can add extravolatility to the data.
- Housing Affordability Index (HAI): Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the medianincome family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- Unemployment Rate: Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- Wage Growth: Calculated quarterly by the Bureau of Labor Statistics, the
  employment cost index measures the growth of employee compensation
  (wages and benefits). The index is based on a survey of employer payrolls in the
  final month of each quarter. The index tracks movement in the cost of
  labor, including wages, fringe benefits and bonuses for employees at all
  levels of a company. We are using the wage component of this index.

## **Benchmark Descriptions**

- U.S. Aggregate Bond: The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investmentgrade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- U.S. Treasury: The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- U.S. Agency: The Barclays Capital U.S. Agency Bond Index measures the
  performance of the agency sector of the U.S. government bond market
  and is comprised of investment-grade USD-denominated debentures
  issued by government and government-related agencies, including
  FNMA. The index includes both callable and non-callable securities that are
  publicly issued by U.S. government agencies, quasi- federal corporations,
  and corporate and foreign debt guaranteed by the U.S. government.
- U.S. Corporate: The Barclays Capital U.S. Corporate Bond Index measures
  the performance of publicly issued USD-denominated corporate and Yankee
  debentures and secured notes that meet specified maturity, liquidity, and
  quality requirements.
- U.S. MBS: The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- U.S. Municipal Bond: The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixedrate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds. Securities included in the index must have at least one year until final maturity.
- General Obligation Bond Index: The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- Revenue Bond Index: The Barclays Revenue Bond Index measures the average market- weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- Investment Style: Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).

- Large Cap vs. Small Cap: Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- Value vs. Growth: Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- Mega Cap: The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- Large Cap: The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- Mid Cap: The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- Small Cap: The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- Large Cap Growth: The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- Large Cap Value: The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- Mid Cap Growth: The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- Mid Cap Value: The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- Small Cap Growth: The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- Small Cap Value: The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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