

## MARKET HIGHLIGHTS

- Strong third-quarter earnings reports** outweighed a somewhat hawkish (though still easing) Federal Reserve (Fed), driving equity markets to further record highs. With over half of companies reporting, **third-quarter S&P 500 earnings grew year over year by more than 10%**, compared to the 7.9% growth expected at the beginning of the quarter.
- The Fed announced another 25-basis-point (bps) cut in the federal funds rate to 3.75%–4.00%** and a December 1 end of the quantitative tightening balance sheet reduction program, which may be equivalent to another 25 bps rate cut.
- In his press conference, Federal Reserve Chair Jerome Powell said a December cut is “not a foregone conclusion”** and there were “strongly differing views” among committee members. Another quote referred to making decisions with scant data as akin to “driving down the road in a heavy fog.”
- U.S. President Donald Trump and President Xi Jinping of China met at the Asia-Pacific Economic Cooperation forum on Thursday.** After the meeting, the U.S. announced a **decrease in the effective tariff rate on Chinese imports to 47% from 57%**. This seems to be a very fragile truce at face value.

## MARKET PERFORMANCE

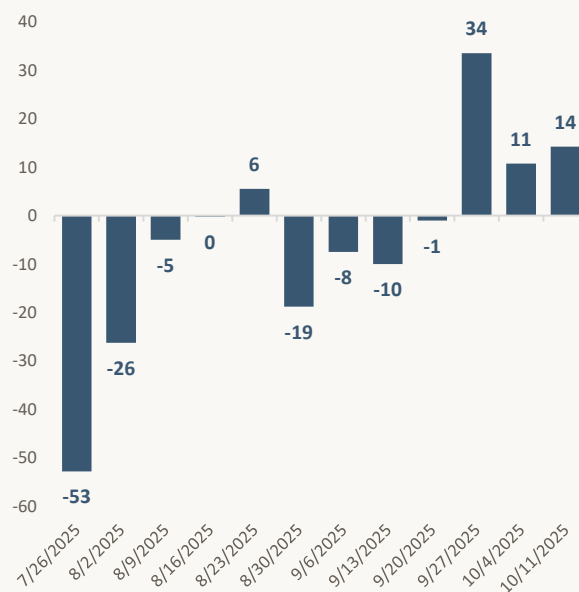
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.57%	6.80%
Municipal Bonds 1-10Y	-0.03%	4.60%
U.S. High Yield	-0.09%	7.27%
S&P 500	0.72%	17.52%
Russell 2500 (SMID cap)	-1.53%	10.21%
MSCI EAFE (International)	-0.45%	26.61%
MSCI Emerging Markets	0.89%	32.86%
MSCI ACWI (Global)	0.50%	21.09%
Crude Oil (NYMEX WTI)	-2.53%	-16.40%
Gold LBMA PM	1.02%	53.75%
60/40 ACWI/Agg Portfolio	0.07%	15.37%

## WHAT CAUGHT OUR EYES THIS WEEK

### Seeing Through the Fog

It was supposed to be jobs week! With the government shutdown on track to be the longest on record, we likely won't get employment data from the Bureau of Labor Statistics (BLS) on Friday. The next best will be Wednesday's ADP employment report, which has been thrust into blue chip status with the lights off at the BLS. ADP also recently rolled out a new weekly report that shows job growth back in positive territory through October 11, averaging 14,250 new jobs per week over the prior four weeks. For layoffs, we can use state-reported initial jobless claims to estimate that national initial claims are likely still in the 220,000–235,000 range, despite some high-profile announcements from companies like Amazon and UPS. As for job openings, we can look at Indeed job postings, which continue to creep down to a level more in line with pre-COVID trends. Put together, it's likely more of the same: a delicate balance of no hiring and no firing, with perhaps some slight improvement on the hiring side—but probably too soon to tell.

### ADP Weekly Change in Employment: Four-Week Moving Average (Thousands)



Please see important disclosures and other key information on page 4.

## OUR CURRENT OUTLOOK

- **The U.S. economy is resilient**, but softer labor markets are translating into slower (albeit still positive) trends for consumer spending.
- **Our current expectations of a recession in the next 12 months are moderately low.**
- The One Big Beautiful Bill Act can **offset some of the negative impacts of tariffs on consumers and businesses**, with benefits accelerating in 2026.
- **The Federal Reserve is still looking to cut interest rates.** We expect three rate cuts in total for 2025.
- **We expect S&P 500 profits to grow at mid-single-digits in 2025** and re-accelerate to low double digits by 2026.
- **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. Dollar assets

## IN CASE YOU MISSED IT

### INSIGHTS

[“The Debasement Trade: Gold and Bitcoin Versus the Dollar”](#)

[“A Comprehensive Guide for U.S. Expats in France”](#)

[“Turning Equity Compensation into a Strategic Asset”](#)

### ARCHIVE

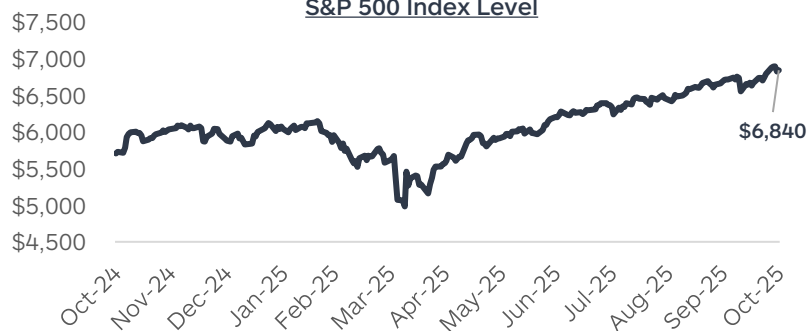
[Historical Economic and Market Outlooks Insights](#)

### WEBINARS

[Recording: Q3 2025 Market & Economic Outlook](#)

## EQUITIES

**S&P 500 Index Level**



**12M Forward Price to Earnings Ratios**

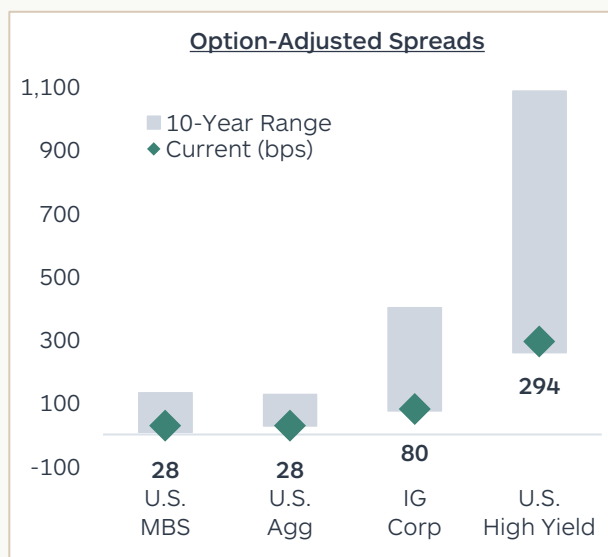


S&P 500 SECTOR	1-WEEK	YTD
Information Technology	3.0%	29.9%
Consumer Discretionary	2.8%	7.8%
Comm. Services	0.6%	26.8%
Industrials	0.1%	18.9%
Energy	0.0%	5.8%
Health Care	-1.2%	6.3%
Financials	-1.5%	9.6%
Utilities	-2.5%	20.2%
Consumer Staples	-3.6%	1.5%
Materials	-3.7%	3.8%
Real Estate	-3.9%	3.4%

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## FIXED INCOME

KEY INTEREST RATES	10/31/25	Δ YTD
Municipal Bonds 1-10Y	2.99%	-0.37%
3M T-Bill	3.81%	-0.51%
Effective Federal Funds Rate	3.87%	-0.46%
10Y Treasury Yield	4.09%	-0.48%
U.S. Aggregate	4.33%	-0.57%
30Y Mortgage Rate	6.33%	-0.95%
Prime Rate	7.00%	-0.50%
U.S. High Yield	7.17%	-0.48%



## COMMODITIES, CURRENCIES, CRYPTO

Asset Class	10/31/2025
Crude Oil	\$60.56
Gold	\$4,011.50
U.S. Dollar Index	\$99.80
Bitcoin	\$110,430.68

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## THE WEEK AHEAD

\*Delayed Due to Government Shutdown

Nov. 3 (Mon)	Nov. 4 (Tue)	Nov. 5 (Wed)	Nov. 6 (Thu)	Nov. 6 (Fri)	Coming Up
ISM Manufacturing PMI	JOLTS Job Openings*	ADP Employment ISM Services PMI	Initial Claims*	Nonfarm Payrolls* Unemployment Rate* Michigan Sentiment	CPI (11/13)* Retail Sales (11/14)*

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# What's on Our Minds

November 3, 2025

**ABBREVIATIONS:** Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

**CHART OF THE WEEK:** Cerity Partners, ADP weekly NER Pulse, as of 10/28/2025

**MARKET PERFORMANCE:** All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 10/31/25. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

**EQUITIES:** Top Left-hand Chart. S&P 500 Index Level as of 10/31/25 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 10/31/25. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 10/31/25.

**FIXED INCOME:** Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 10/31/25. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

**COMMODITIES, CURRENCIES, CRYPTO:** WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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