

MARKET HIGHLIGHTS

- > **The first weekly decline in U.S. equity markets in four weeks** was driven mostly by growing skepticism around the persistency and power of the artificial intelligence theme.
- > **High valuation levels of the dominant mega-cap growth names lead the list of investor concerns.** There is also a growing belief that the Federal Reserve (Fed) may pause further easing in the upcoming December meeting as inflation remains stuck around 3.0%.
- > **According to ADP, October employment was up 42,000**—the first positive reading after two straight negative months.
- > **The November University of Michigan survey on consumer sentiment came in at 50.3**, the lowest level since June 2022. A clear bifurcation is growing between income levels as sentiment rose for respondents with higher stock ownership.
- > **The U.S. Supreme Court began deliberating the case challenging the legality of the tariffs** placed under the International Emergency Economic Powers Act of 1977. A few conservative judges were skeptical as they equated tariffs with taxes that are clearly the purview of Congress.

MARKET PERFORMANCE

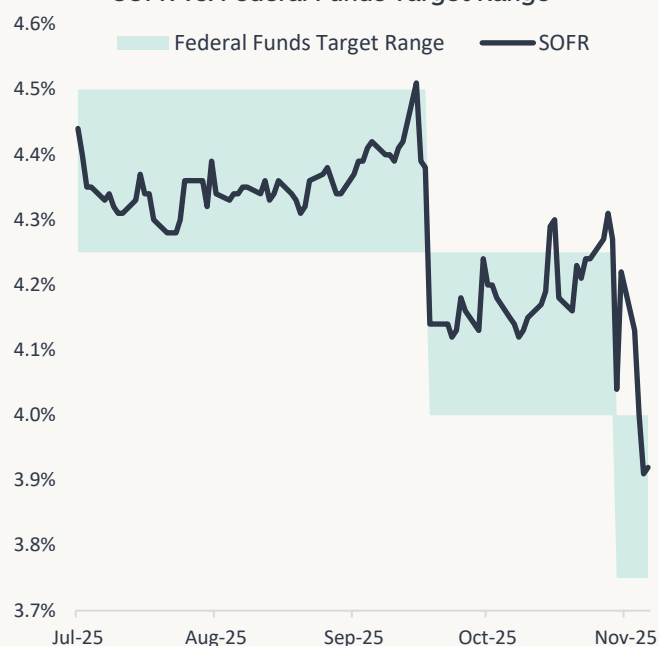
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.03%	6.82%
Municipal Bonds 1-10Y	0.07%	4.67%
U.S. High Yield	-0.34%	6.90%
S&P 500	-1.61%	15.63%
Russell 2500 (SMID cap)	-1.06%	9.05%
MSCI EAFE (International)	-0.76%	25.64%
MSCI Emerging Markets	-1.39%	31.01%
MSCI ACWI (Global)	-1.46%	19.32%
Crude Oil (NYMEX WTI)	-3.33%	-17.55%
Gold LBMA PM	-0.77%	53.08%
60/40 ACWI/Agg Portfolio	-0.87%	14.32%

WHAT CAUGHT OUR EYES THIS WEEK

Hints of Liquidity Constraints in Repo Markets

The Secured Overnight Financing Rate (SOFR) is a market-based measure of the interest rate for short-term borrowing known as repurchase agreements, or repos, which are backed by U.S. Treasury securities. It covers nearly \$2.5 trillion of daily borrowing, almost 25 times the volume of the federal funds market. Typically, SOFR trades within the range of the fed funds target rate. When SOFR moves above that range, it could be a sign that cash is struggling to get through the financial system to those who need it—which can be dangerous for those who rely on that leverage. Lately, SOFR has poked above the fed funds rate and struggled to fall with it after rate cuts. This is likely due to many factors—two of which are quantitative tightening (QT) and the government shutdown. We have an end date for QT (December 1), and it now appears we are moving toward an end to the shutdown. This, plus a backstop from the Fed's Standing Repo Facility, should keep friction in funding markets from spilling over to a full-blown liquidity crisis.

SOFR vs. Federal Funds Target Range



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 Role of Private Markets in Defined Contribution Plans](#)

[November 2025 Economic and Market Outlook](#)

[Year-End Financial Planning: Six Portfolio Considerations](#)

ARCHIVE

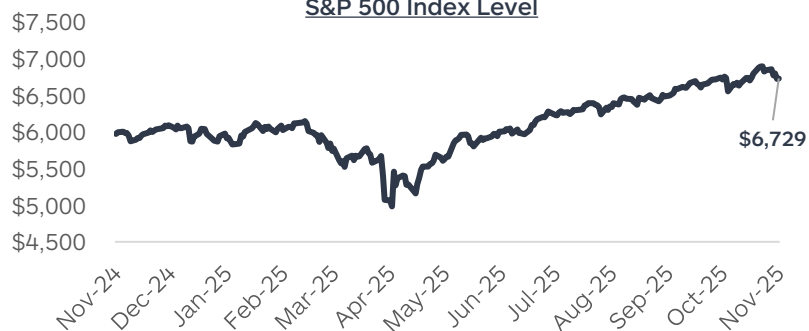
[Historical Economic and Market Outlooks Insights](#)

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
Energy	1.6%	7.5%
Health Care	1.3%	7.7%
Real Estate	1.0%	4.4%
Financials	0.8%	10.5%
Consumer Staples	0.8%	2.3%
Utilities	0.7%	21.0%
Materials	0.4%	4.2%
Industrials	-1.1%	17.6%
Consumer Discretionary	-1.5%	6.1%
Comm. Services	-1.7%	24.6%
Information Technology	-4.2%	24.4%

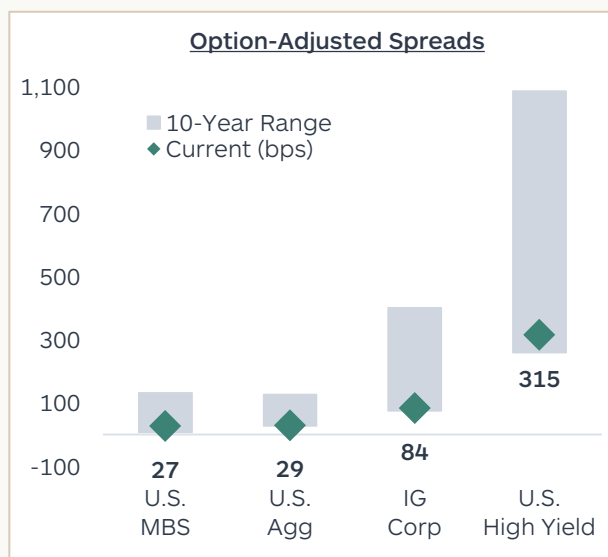
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What's on Our Minds

November 10, 2025

FIXED INCOME

KEY INTEREST RATES	11/07/25	Δ YTD
Municipal Bonds 1-10Y	2.99%	-0.37%
3M T-Bill	3.85%	-0.47%
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	7.29%	-0.36%



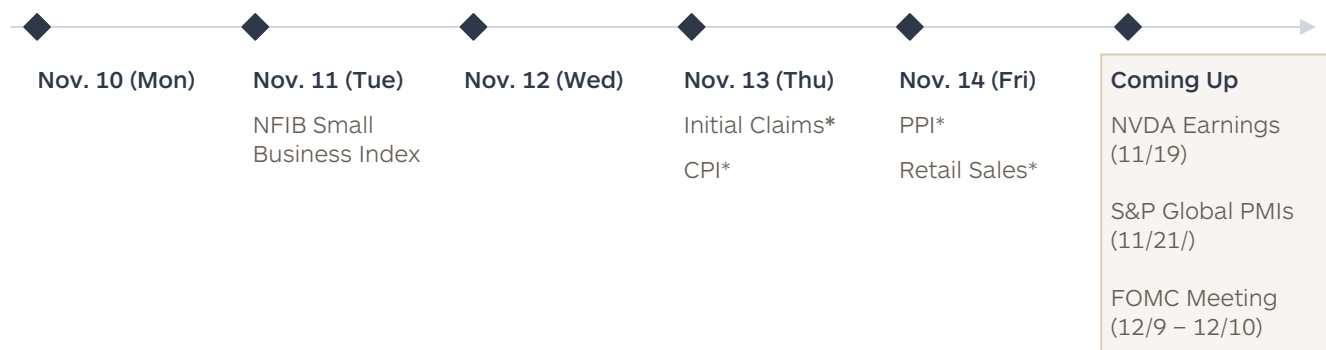
COMMODITIES, CURRENCIES, CRYPTO

Asset Class	11/07/2025
Crude Oil	\$59.73
Gold	\$3,994.10
U.S. Dollar Index	\$99.60
Bitcoin	\$104,030.00

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THE WEEK AHEAD

*Delayed Due to Government Shutdown



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November 10, 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, New York Fed, FRED, as of 11/06/2025.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 11/07/25. 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 11/07/25 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 11/07/25. 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 11/07/25.

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 11/07/25. 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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