

MARKET HIGHLIGHTS

- Economic data, both current and delayed, confirms the **outlook for a slowing but still growing U.S. economy** heading into 2026.
- **It was Black Friday in the equity markets as the S&P 500 made an improbable comeback** in the holiday-shortened week. Dovish pronouncements from key Federal Reserve (Fed) members greatly increased the probability of another 25-basis-point cut at next week's Federal Open Market Committee (FOMC) meeting. The dollar declined last week on rising odds of a rate cut.
- **Fed Governor Stephen Miran advocated for a rate cut at the upcoming FOMC meeting**, citing labor market weakness and no real inflationary concerns. Treasury Secretary Scott Bessent thinks that regional Fed presidents are also leaning toward a rate cut and President Trump should announce the new Fed Chair before Christmas.
- **The September Producer Price Index (PPI) was up 0.3%, with core PPI (minus food and energy) up just 0.1%.** Goods prices were up 0.9% for the month driven by a rise in gas prices. Services prices were unchanged after falling 0.3% in August.

MARKET PERFORMANCE

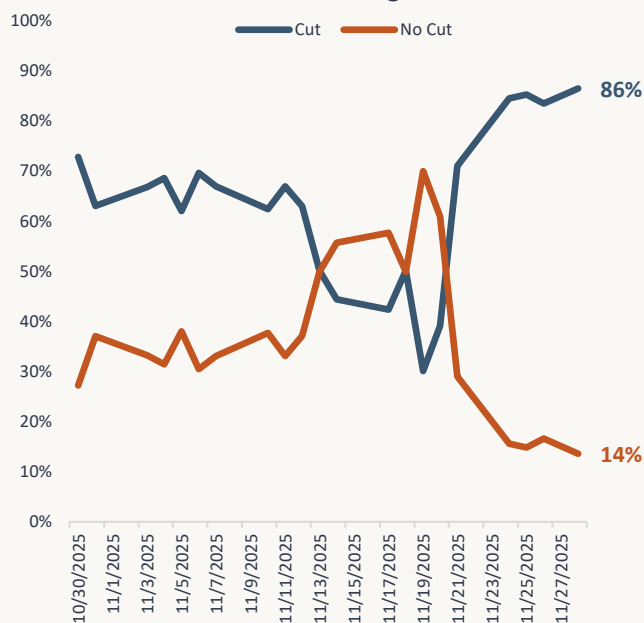
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.38%	7.46%
Municipal Bonds 1-10Y	0.14%	4.85%
U.S. High Yield	0.72%	7.76%
S&P 500	3.74%	17.81%
Russell 2500 (SMID cap)	4.85%	11.81%
MSCI EAFE (International)	3.25%	27.40%
MSCI Emerging Markets	2.49%	29.69%
MSCI ACWI (Global)	3.56%	21.07%
Crude Oil (NYMEX WTI)	-1.17%	-19.35%
Gold LBMA PM	2.67%	60.63%
60/40 ACWI/Agg Portfolio	2.29%	15.63%

WHAT CAUGHT OUR EYES THIS WEEK

Black Friday Bargain Hunting

Both shoppers and investors went on a buying spree last week. In a shortened trading week, major market indexes shot back to near all-time highs. This came with shifting expectations for near-term monetary policy after New York Fed President John Williams and Fed whisperer Nick Timiraos of the "Wall Street Journal" hinted that another cut may come in December. Ultra-dove Kevin Hassett emerged as front-runner for the next Fed Chair, which was welcome news to stocks and bonds that had been wobbling since Fed Chair Jerome Powell threw cold water on the outlook for rate cuts at the October meeting. Longer-term Treasury yields and inflation expectations remain contained, evidence that markets view lower rates as not politically driven, but necessary for the employment side of the Fed mandate. If economic activity reaccelerates and inflation pressures build, the reaction to a dovish Fed may change as central bank credibility questions arise. For now, markets are comfortable with looser policy and spent the last week repricing the risk of labor market softening spiraling out of control.

Odds of a December Rate Cut Since the October FOMC Meeting



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

[Should Investors Fear an AI Bubble?](#)

[Simple Ways to Help Avoid Probate: Revocable Living Trusts and More](#)

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

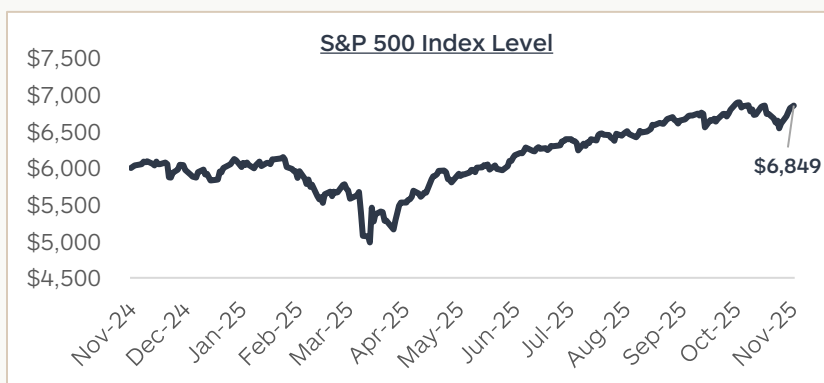
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q4 2025 Market & Economic Outlook](#)

EQUITIES



S&P 500 SECTOR	1-WEEK	YTD
Comm. Services	5.9%	34.9%
Consumer Discretionary	5.3%	5.2%
Information Technology	4.3%	24.4%
Materials	3.4%	8.1%
Financials	3.2%	11.6%
Utilities	2.9%	22.3%
Industrials	2.7%	17.9%
Health Care	1.9%	16.2%
Real Estate	1.9%	5.4%
Consumer Staples	1.7%	5.6%
Energy	1.0%	8.5%

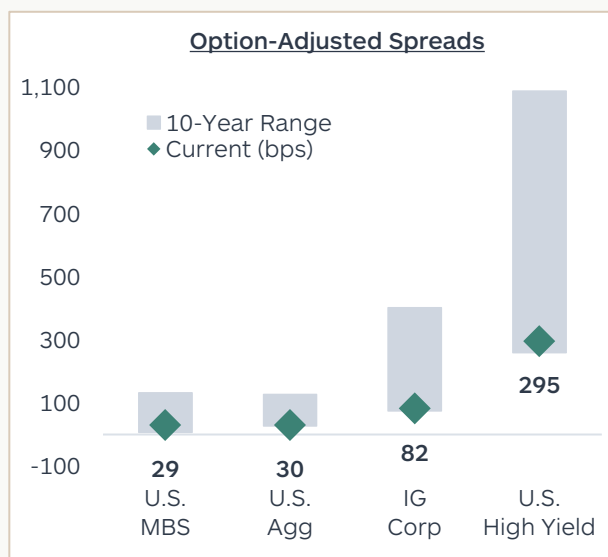
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What's on Our Minds

December 1, 2025

FIXED INCOME

KEY INTEREST RATES	11/28/25	Δ YTD
Municipal Bonds 1-10Y	2.99%	-0.37%
3M T-Bill	3.79%	-0.53%
Effective Federal Funds Rate	3.89%	-0.44%
10Y Treasury Yield	4.01%	-0.56%
U.S. Aggregate	4.27%	-0.64%
30Y Mortgage Rate	6.33%	-0.95%
Prime Rate	7.00%	-0.50%
U.S. High Yield	7.13%	-0.52%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	11/28/2025
Crude Oil	\$58.42
Gold	\$4,191.05
U.S. Dollar Index	\$99.46
Bitcoin	\$91,065.00

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THE WEEK AHEAD

Dec. 1 (Mon)	Dec. 2 (Tue)	Dec. 3 (Wed)	Dec. 4 (Thu)	Dec. 5 (Fri)	Coming Up
ISM Manufacturing PMI		ADP Employment ISM Services PMI	Initial Claims	September Personal Consumption and PCE Inflation Michigan Sentiment	FOMC Meeting (12/9 – 12/10) Oct. Payrolls, Nov. Payrolls & Unemployment (12/16) November CPI (12/18)

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What's on Our Minds

December 1, 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, CME FedWatch, November 28, 2025

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 11/28/25. 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 11/28/25 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 11/28/25. 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 11/28/25.

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 11/28/25. 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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