Summary

Equities fell last week, led by a 3.0% drop in the NASDAQ, its worst weekly performance since April, reflecting investor unease about lofty AI valuations and the ongoing federal shutdown. In the absence of the October employment report, the ADP national employment report for October provides insights into private employment in the nation. ADP indicated that the private sector added 42,000 jobs in October, the first gain since July, but still signaled muted hiring momentum. Job growth was narrowly concentrated in several key industries, with gains in education and health services (+26,000) and trade, transportation, and utilities (+47,000), partially offset by declines in professional and business services (-15,000), information (-17,000), and leisure and hospitality (-6,000). Goods-producing sectors added a modest 9,000 jobs, driven by construction and mining, while manufacturing shed 3,000 positions. Although the ADP report showed an increase in employment in October, the Challenger, Gray, and Christmas layoff report showed the highest level of October job cuts since 2003. In 2025 year-to-date, there have been 1.1 million announced layoffs, the highest level year-to-date through October since 2020. University of Michigan's preliminary consumer sentiment index fell to 50.3 in November from 53.6 in October, marking the lowest reading since mid-2022 and the third consecutive decline in consumer sentiment. In the same period a year ago, the index stood at 71.8. The current economic conditions index dropped to 52.3 and consumer expectations slipped to 49.0 from a final reading of 50.3 in October. Year-ahead inflation expectations increased to 4.7% from 4.6% in October, but long-term inflation expectations declined to 3.6% from 3.9% in October.

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
S&P Global U.S. Manufacturing PMI - Final (Oct – Mon 09:45)	52.5	NA	
Construction Spending (Sep – Mon 10:00)	--	NA	N/A due to government shut down
ISM Manufacturing Index (Oct – Mon 10:00)	48.7%	49.4%	
Trade Balance (Sep – Tue 08:30)	--	-$61.7B	N/A due to government shut down
Factory Orders (Sep – Tue 10:00)	--	NA	N/A due to government shut down
JOLTs - Job Openings (Sep – Tue 10:00)	--	NA	N/A due to government shut down
ADP Employment Change (Oct – Wed 08:15)	42K	26K	
S&P Global U.S. Services PMI - Final (Oct – Wed 09:45)	54.8	NA	
ISM Services (Oct – Wed 10:00)	52.4%	50.9%	
Initial Claims (11/01 – Thu 08:30)	--	229K	N/A due to government shut down
Continuing Claims (11/01 – Thu 08:30)	--	NA	N/A due to government shut down
Wholesale Inventories (Sep – Thu 10:00)	--	-0.2%	N/A due to government shut down
Nonfarm Payrolls (Oct – Fri 08:30)	--	NA	N/A due to government shut down
Nonfarm Private Payrolls (Oct – Fri 08:30)	--	NA	N/A due to government shut down
Unemployment Rate (Oct – Fri 08:30)	--	NA	N/A due to government shut down
Avg. Hourly Earnings (Oct – Fri 08:30)	--	NA	N/A due to government shut down
Average Workweek (Oct – Fri 08:30)	--	NA	N/A due to government shut down
U. of Michigan Consumer Sentiment - Prelim (Nov – Fri 10:00)	50.3	54.0	
Consumer Credit (Sep – Fri 15:00)	$13.1B	$8.0B	

Next Week: Indicator	Consensus Expectation*	Prior	Comment
NFIB Small Business Optimism (Oct – Mon 06:00)	98.3	98.8	
MBA Mortgage Applications Index (11/08 – Tue 07:00)	NA	-1.9%	
CPI (Oct – Wed 08:30)	+0.2%	+0.3%	Core CPI (prior): +0.2%
Initial Claims (11/08 – Wed 08:30)	NA	NA	
Continuing Claims (11/01 – Wed 08:30)	NA	NA	
Treasury Budget (Oct – Wed 14:00)	-$310.0B	$198.0B	
PPI (Oct – Thu 08:30)	+0.4%	NA	Core PPI (prior): N/A due to shutdown
Retail Sales (Oct – Thu 08:30)	+0.3%	NA	Retail Sales ex autos (prior): N/A due to shutdown
Business Inventories (Sep – Thu 10:00)	+0.1%	NA	

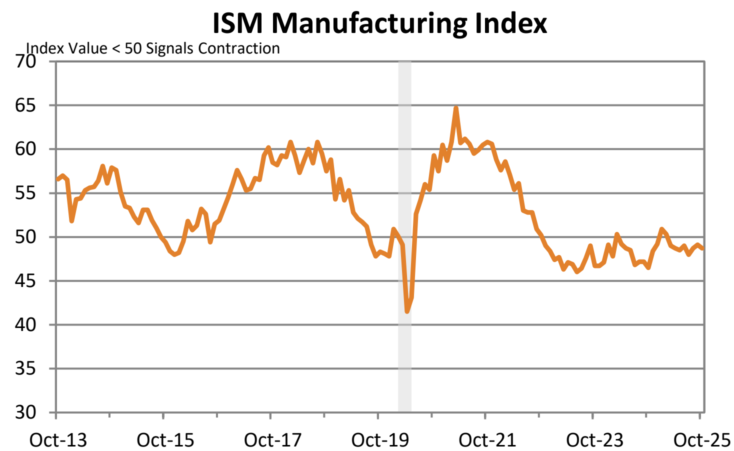
Sources: www.briefing.com and www.federalreserve.gov

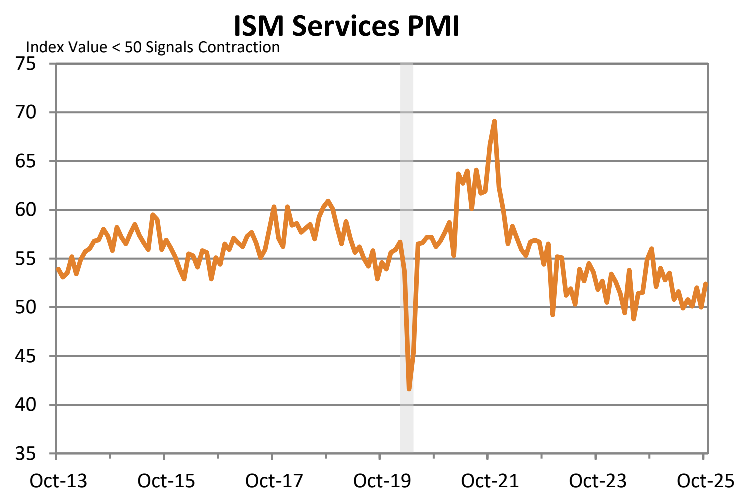
Economic Review

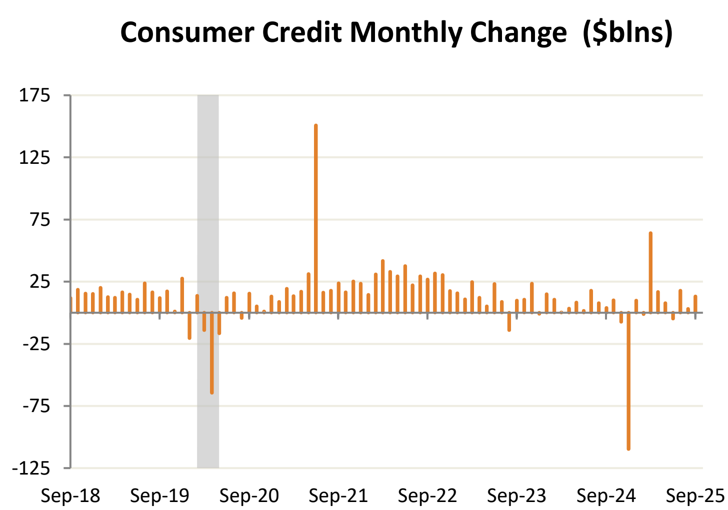
The ISM MANUFACTURING INDEX slipped to 48.7% in October, below consensus expectations of a slight increase to 49.4%, from 49.1% in September. This is the eighth consecutive month the manufacturing index has remained in contraction (under the 50% threshold). New orders edged up to 49.4%, showing some stabilization in demand, while production entered contraction in October, slipping from 51.0% in September to 48.2% in October. Employment improved slightly in October, although it remained in contractionary territory at 46.0%. The prices index declined to 58.0%, showing that cost pressures remain high but are easing.

The ISM SERVICES PMI rose to 52.4% in October, from 50.0% in September and well above the consensus expectations of 50.9%, signaling a return to moderate expansion in the services sector—the nation's largest economic sector. The October report shows renewed strength in business activity, which rose to 54.3% in October after a slightly contractionary reading of 49.9% in September. The new orders index also saw marked improvement, jumping from 50.4% to 56.2% in October. The employment index remained in contraction, although rising one percentage point to 48.2%. Inflation appears to remain a consistent problem in October, however, with the price index measuring at 70.0%, up from 69.4% in September. This is the highest reading of the price index in three years and the eleventh month the index has remained above 60.0%.

CONSUMER CREDIT expanded $13.1 billion in September, exceeding consensus expectations of an $8.0 billion increase and accelerating from an increase of only $3.1 billion in August. The increase was driven primarily by an $11.4 billion increase in nonrevolving credit, which accounts for longer term borrowing like auto or student loans. This increase brings nonrevolving credit to a total of $3.770 trillion. Revolving credit, credit held on short-term borrowing such as credit cards, increased $1.6 billion to $1.307 trillion. On an annualized basis, nonrevolving credit increased 2.9% in the third quarter of 2025, and revolving credit increased at a rate of 2.0% during the same period. Revolving credit has been relatively subdued in the third quarter, indicating consumers are likely cautious about how much debt they are holding month to month.







Fed Speeches

At the Brookings Institution in Washington, D.C., Federal Reserve Governor Lisa Cook presented an outlook that balanced cautious optimism about long-term growth with near-term vigilance on inflation and labor market risks. As the government shutdown continued to disrupt key data releases, Cook emphasized that the Federal Reserve is relying on alternative, high-frequency data and extensive outreach across sectors to guide its understanding of economic conditions. Her remarks reflected a careful calibration of monetary policy during a phase in which the economy appears to remain resilient but exposed to heightened uncertainty.

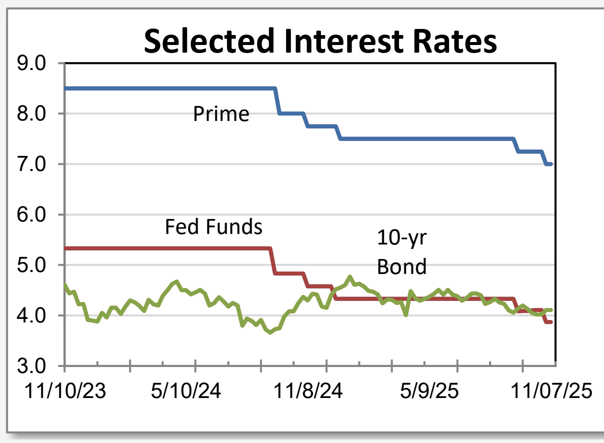
Governor Cook noted that headline PCE inflation is estimated around 2.8%; underlying inflation, excluding temporary tariff-related effects, appears closer to 2.3%, indicating continued disinflation. Cook warned, however, that the full impact of tariffs on consumer prices has yet to materialize,

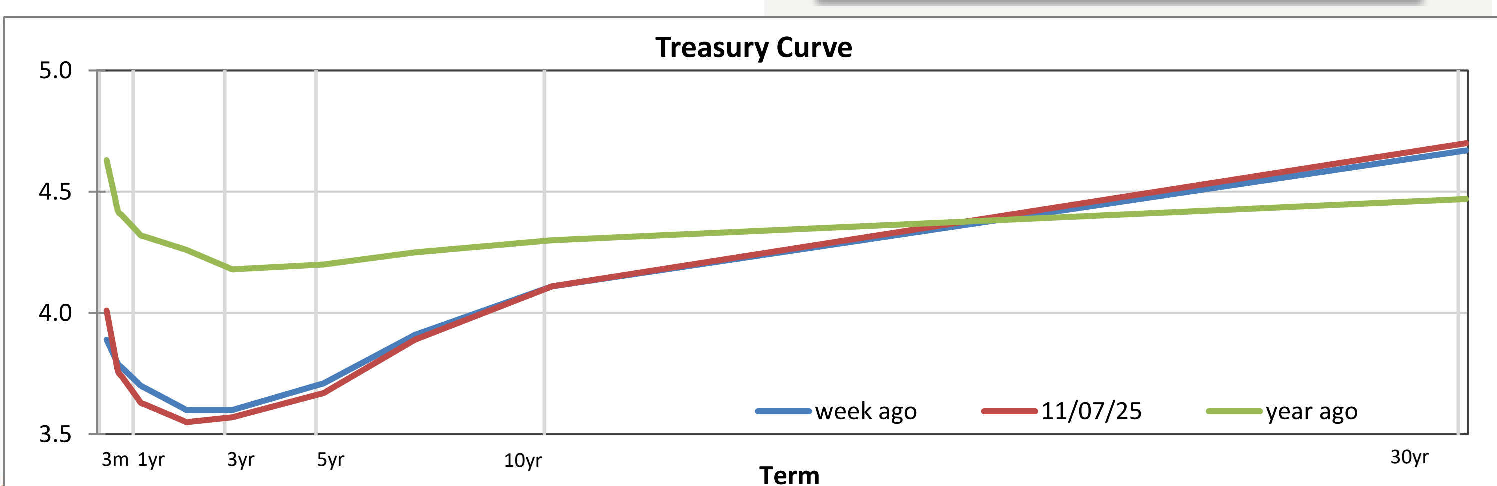
> *"My outreach to business leaders suggests that the pass-through of tariffs to consumer prices is not yet complete. Many firms have adopted a strategy of running down their inventories at lower price levels before raising prices. Others have reported waiting until tariff uncertainty is resolved before passing increases on to consumers."*

Cook reaffirmed her support for the Federal Open Market Committee's decision to lower the federal funds rate by a quarter point to 3.75–4.00%, describing policy as modestly restrictive but appropriately positioned given the economy's crosscurrents. She argued that while inflation remains above target, the greater risk now lies in an unexpected weakening of the labor market. Future policy, she said, will depend on evolving data and the balance of risks.

Financial Markets

Equities retreated this week as investors weighed risks related to high AI valuations and the ongoing government shutdown, with the NASDAQ falling 3.0% followed by the S&P 500 (-1.6%) and the DJIA (-1.2%). Treasury yields were mixed, reflecting labor market uncertainty highlighted in last week's mixed private data releases. The three-month yield rose 12 basis points week-over-week due to increasing hopes that a deal will soon end the government shutdown. The six-month to five-year maturities fell week-over-week, however, indicating investors are increasingly pricing in an early 2026 rate cut. Expectations of slowing growth or rising long-term inflation also impacted the 30-year yield, which increased by three basis points (bps). The ten-year yield was unchanged. The 30-year convention mortgage rate ticked up to 6.22%, up five bps but still significantly lower than its level over the summer. Oil prices continued to decline, down an additional 1.9% week-over-week and down 11% from 13 weeks ago as abundant global supply continues to put downward pressure on prices. The price of gold declined minimally by 0.1%, although now 0.2% lower than a month ago.





Interest Rate Forecast*

During the Fed's October policy meeting, the Federal Open Market Committee (FOMC) lowered the federal funds target rate to 3.75% to 4.00%. In the statement released following the meeting, the FOMC stated, “In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage point to 3-3/4 to 4 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee decided to conclude the reduction of its aggregate securities holdings on December 1.”

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
4th Qtr ‘25	7.06	3.93	3.96	3.73	3.46	4.00	4.55	6.18
1st Qtr	6.75	3.63	3.64	3.57	3.42	3.89	4.33	6.02
2nd Qtr	6.59	3.46	3.47	3.48	3.41	3.82	4.25	5.93
3rd Qtr	6.42	3.29	3.30	3.35	3.36	3.75	4.19	5.84
4th Qtr ‘26	6.25	3.13	3.14	3.19	3.28	3.68	4.13	5.74

November 2025

FINANCIAL MARKET SUMMARY

	As of 11/07/2025	As of 10/31/2025	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	7.00	7.00	0	(25)	(50)
Secured Overnight Financing Rate (SOFR)	3.92	4.04	(12)	(21)	(43)
Fed Funds (Wed close)	3.87	3.87	0	(23)	(46)
TREASURIES (BE) (Changes in BPs)					
3 Months	4.01	3.89	12	(1)	(31)
6 Months	3.76	3.79	(3)	(5)	(39)
1 Year	3.63	3.70	(7)	3	(30)
2 Years	3.55	3.60	(5)	3	(21)
5 Years	3.67	3.71	(4)	2	(17)
10 Years	4.11	4.11	0	6	(16)
30 Years	4.70	4.67	3	7	(15)
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.49	2.49	0	17	21
5-Year Muni	2.40	2.40	0	11	(2)
10-Year Muni	2.73	2.73	0	44	(44)
30-Year Muni	4.11	4.12	(1)	(11)	(50)
30-Year Conventional Mortgage	6.22	6.17	5	(8)	(41)
MARKET INDICATORS (Changes in %)					
DJIA	46,987.10	47,562.87	(1.2)	3.3	6.4
S&P 500	6,728.80	6,840.20	(1.6)	2.7	5.3
NASDAQ	23,004.54	23,724.96	(3.0)	3.6	7.2
CRB Futures	375.09	376.84	(0.5)	3.1	3.4
Oil (WTI Crude)	59.75	60.88	(1.9)	(1.9)	(11.0)
Gold	4,001.26	4,004.38	(0.1)	(0.2)	17.8
Yen / Dollar	153.42	154.07	(0.4)	4.0	4.1
Dollar / Euro	1.16	1.15	0.3	(0.5)	(0.6)