



Summary

Markets ended last week mixed despite the end of the government shutdown, as traders and investors prepare for the upcoming influx of data releases to assess what those releases mean for the Fed's rate cut cycle. Additionally, tech stocks were further suppressed due to ongoing uncertainty around AI valuations. Treasury yields were up across most maturities as markets backed away from expectations of near-term rate cuts and continued to grapple with concerns about persistent inflation and elevated federal borrowing needs.

The NFIB small business optimism index fell 0.6 points to 98.2 in October but remained above its long-term average of 98. Although small businesses are resilient, they remain concerned about declining profit margins and deteriorating labor quality. The MBA mortgage applications index increased 0.6% with purchase applications rising 6% showing some strength returning to homebuyers. Since 1976, there have been 20 funding gaps in the federal government, approximately half leading to shutdowns with federal employees furloughed. Last week, the

longest shutdown on record, at 43 days, ended. In the aftermath, it is clear that there will be significant disruptions to data releases scheduled during that shutdown. With the BLS, BEA, and Census still working to reschedule or reconstruct missed reports, the public should expect gaps in October data and ongoing uncertainty in the calendar of releases through year end.

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
NFIB Small Business Optimism (Oct – Tue 06:00)	98.2	98.3	
MBA Mortgage Applications Index (11/08 – Wed 07:00)	0.6%	NA	
CPI (Oct – Thu 08:30)	--	0.2%	N/A due to government shut down
Core CPI (Oct – Thu 08:30)	--	0.3%	N/A due to government shut down
Initial Claims (11/08 – Thu 08:30)	--	NA	N/A due to government shut down
Continuing Claims (11/01 – Thu 08:30)	--	NA	N/A due to government shut down
EIA Crude Oil Inventories (11/08 – Thu 12:00)	+6.41M	NA	
Treasury Budget (Oct – Thu 14:00)	--	-\$310.0B	N/A due to government shut down
PPI (Oct – Fri 08:30)	--	0.4%	N/A due to government shut down
Core PPI (Oct – Fri 08:30)	--	0.3%	N/A due to government shut down
Retail Sales (Oct – Fri 08:30)	--	0.3%	N/A due to government shut down
Retail Sales ex-auto (Oct – Fri 08:30)	--	0.3%	N/A due to government shut down
Business Inventories (Sep – Thu 10:00)	--	0.1%	N/A due to government shut down
EIA Natural Gas Inventories (11/08 – Fri 10:30)	+45 bcf	NA	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Empire State Manufacturing (Nov – Mon 08:30)	6.1	10.7	
Import Prices (Oct – Tue 08:30)	NA	NA	
Import Prices ex-oil (Oct – Tue 08:30)	NA	NA	
Export Prices (Oct – Tue 08:30)	NA	NA	
Export Prices ex-ag. (Oct – Tue 08:30)	NA	NA	
Industrial Production (Oct – Tue 09:15)	0.1%	NA	
Capacity Utilization (Oct – Tue 09:15)	77.5%	NA	
NAHB Housing Market Index (Nov – Tue 10:00)	36	37	
MBA Mortgage Applications Index (11/15 – Wed 07:00)	NA	0.6%	
Housing Starts (Oct – Wed 08:30)	1340K	NA	
Building Permits (Oct – Wed 08:30)	1355K	NA	
Philadelphia Fed Index (Nov – Thu 08:30)	2.0	-12.8	
Initial Claims (11/15 – Thu 08:30)	NA	NA	
Continuing Claims (11/08 – Thu 08:30)	NA	NA	
Existing Home Sales (Oct – Thu 10:00)	4.08M	4.06M	
Leading Indicators (Oct – Thu 10:00)	NA	NA	
U. of Michigan Consumer Sentiment - Final (Nov – Fri 10:00)	50.3	50.3	

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



Economic Review

The NFIB SMALL BUSINESS OPTIMISM INDEX edged down 0.6 points to 98.2 in October but remained slightly above its 52-year average of 98, suggesting that Main Street sentiment remains resilient despite labor challenges and slowing sales. The NFIB uncertainty index dropped 12 points in October to 88, the lowest level of the year but still historically relatively high, indicating business owners felt less uncertain about future economic conditions but still had some concerns regarding uncertainty in the economy. The October survey revealed that small business owners continue to struggle with weak sales, shrinking profit margins, and persistent hiring challenges. The frequency of reports of positive profit trends fell further in October, with weak sales being the primary cause indicated by a third of owners. Labor quality remained the top concern among small business owners, with 27% of respondents indicating it is the single most important issue their business is facing, an increase of nine points from September and the highest level since the record high of 29% in November 2021. This complaint was especially notable in the construction industry, in which 49% of all small business construction owners cite labor quality being their most challenging

problem. Approximately a third of small businesses reported unfilled job openings, unchanged for a second month, while 88% of those hiring noted they had few or no qualified applicants. The October report reflects a slightly less optimistic, but also less uncertain, business environment, with persistent labor shortages and elevated costs continuing to weigh heavily.

The FEDERAL DATA landscape remains significantly impaired in the aftermath of the 2025 government shutdown, and it is likely that not all economic data covering the shutdown period will ultimately be released. While several statistical agencies have resumed operations, official statements and reporting from the Bureau of Labor Statistics (BLS), the Bureau of Economic Analysis (BEA), and the Census Bureau indicate a mix of delayed releases and incomplete data collection may cause persistent gaps.

The BLS has already announced a new release date of November 20 for the September 2025 employment report, which could be completed only because September data collection was finished before the funding lapse. In contrast, the October 2025 jobs report may only be partially released. Although nonfarm payrolls, which are estimated from

the establishment survey, are likely to be released at a later date, the unemployment rate, which is estimated from the household survey may not be released for October, resulting in a break in the series.

The CPI release, however, was issued on a delayed basis only because the BLS was able to confirm that all September CPI data collection had been completed before appropriations lapsed. This avoided a missing month in the CPI series, but BLS emphasized that the publication was delayed solely due to the shutdown.

Outside of labor-market data, the disruptions are broader and more uncertain. The BEA, which produces GDP, PCE inflation, and personal income and spending reports, has not yet issued any revised release calendar, leaving upcoming GDP estimates uncertain.

The Census Bureau, responsible for many high-frequency indicators (retail sales, housing starts and permits, construction spending, durable goods orders, new home sales) is in the same position and has not yet announced revised release dates. As of mid-November, most September and all October Census economic indicators remain unpublished, with no formal timeline or guarantee of retroactive release.

After the longest federal shutdown on record, it is clear that there will be significant economic data disruptions in the aftermath.



Fed Speeches

At the Singapore FinTech Festival, Governor Michael S. Barr framed artificial intelligence as an emerging macroeconomic force with the potential to shape productivity, labor markets, and the long-run dynamics that anchor monetary policy. These are factors that the Fed assesses when evaluating trend growth, inflation dynamics, and the stance of policy. Barr notes that this new technology has the capability of sparking a huge transformation in the economy. He says,

"I see two basic scenarios for how AI can transform the economy. In the first scenario, there is incremental adoption of GenAI that augments existing tasks and jobs. In the second scenario, a revolution occurs. GenAI transforms the nature of work and leisure, boosting the efficiency of research and development, remaking industries, and creating firms with new—perhaps radically new—business models."

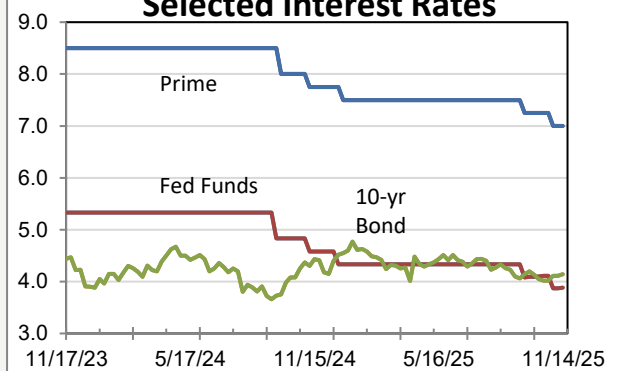
Barr noted that firms are already adjusting hiring plans in response to AI, which he said may be contributing to the recent slowing in job creation. He explained that companies are reorganizing tasks and investing in new technologies, and that these shifts could influence the balance of risks around employment. At the same time, he pointed to significant investment in data centers and AI-related capital, which can raise productivity and allow the economy to grow faster without generating inflationary pressure.

Barr emphasized that the evolution of AI adoption carries important implications for monetary policy; if it strengthens productivity meaningfully, the economy could sustain faster growth with stable inflation. This alters the baseline assumptions that guide the FOMC's interest rate decisions. For the Fed, keeping pace with this technological change will be essential to calibrating the correct policy stance in the modern economy.

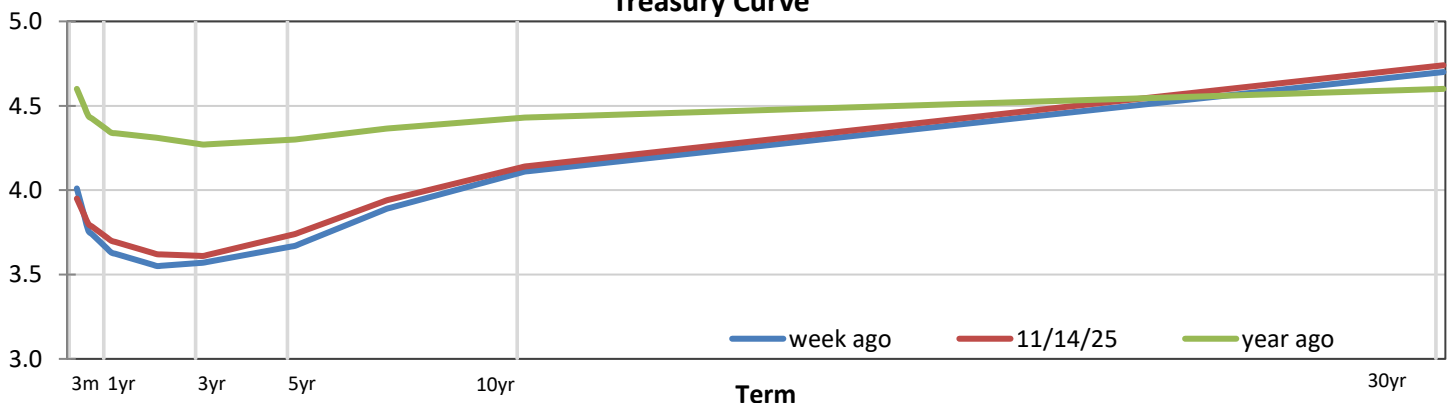
Financial Markets

Equities were mixed last week with the DJIA up 0.3% and the S&P 500 up 0.1%, but the NASDAQ continued to retreat, declining 0.5% from the prior week, as continued concerns around potentially-inflated AI valuations persist. Treasury yields rose across maturities, with the exception of the three-month bill, which fell 6 basis points after the government shutdown officially ended. The one-, two-, and five-year maturity yields all rose seven basis points from the previous week, indicating that expectations of an imminent rate cut are lessening. Longer-term yields also continued to drift upward, with the 10- and 30-year maturities rising 3 and 4 basis points, respectively, reflecting persistent concerns about inflation resilience and elevated federal borrowing needs heading into year-end. The 30-year mortgage rate inched up to 6.24%, now only 3 b.p. lower than its price a month ago, although still significantly lower than the high rates over the summer. Oil prices stabilized, now 0.6% higher than the price the previous week, and the price of gold jumped 2.1% week-over-week; although it is still well below its record-breaking price several weeks ago, it remains 22.4% higher than its value 13-weeks ago.

Selected Interest Rates



Treasury Curve





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
4 th Qtr '25	7.06	3.93	3.96	3.73	3.46	4.00	4.55	6.18
1 st Qtr	6.75	3.63	3.64	3.57	3.42	3.89	4.33	6.02
2 nd Qtr	6.59	3.46	3.47	3.48	3.41	3.82	4.25	5.93
3 rd Qtr	6.42	3.29	3.30	3.35	3.36	3.75	4.19	5.84
4 th 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 11/14/2025	As of 11/07/2025	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)	4.00	3.92	8	(30)	(34)
Fed Funds (Wed close)	3.88	3.87	1	(23)	(45)
TREASURIES (BE) (Changes in BPs)					
3 Months	3.95	4.01	(6)	(5)	(35)
6 Months	3.80	3.76	4	1	(32)
1 Year	3.70	3.63	7	14	(23)
2 Years	3.62	3.55	7	16	(13)
5 Years	3.74	3.67	7	15	(11)
10 Years	4.14	4.11	3	12	(19)
30 Years	4.74	4.70	4	14	(18)
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.48	2.49	(1)	11	22
5-Year Muni	2.39	2.40	(1)	12	(2)
10-Year Muni	2.72	2.73	(1)	45	(47)
30-Year Muni	4.10	4.11	(1)	(4)	(54)
30-Year Conventional Mortgage	6.24	6.22	2	(3)	(34)
MARKET INDICATORS (Changes in %)					
DJIA	47,147.48	46,987.10	0.3	2.1	4.9
S&P 500	6,734.11	6,728.80	0.1	1.1	4.4
NASDAQ	22,900.59	23,004.54	(0.5)	1.0	5.9
CRB Futures	377.16	375.09	0.6	3.4	3.3
Oil (WTI Crude)	60.09	59.75	0.6	2.2	(5.9)
Gold	4,084.06	4,001.26	2.1	(3.9)	22.4
Yen / Dollar	154.55	153.42	0.7	2.2	4.6
Dollar / Euro	1.16	1.16	0.5	(0.3)	(0.7)



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