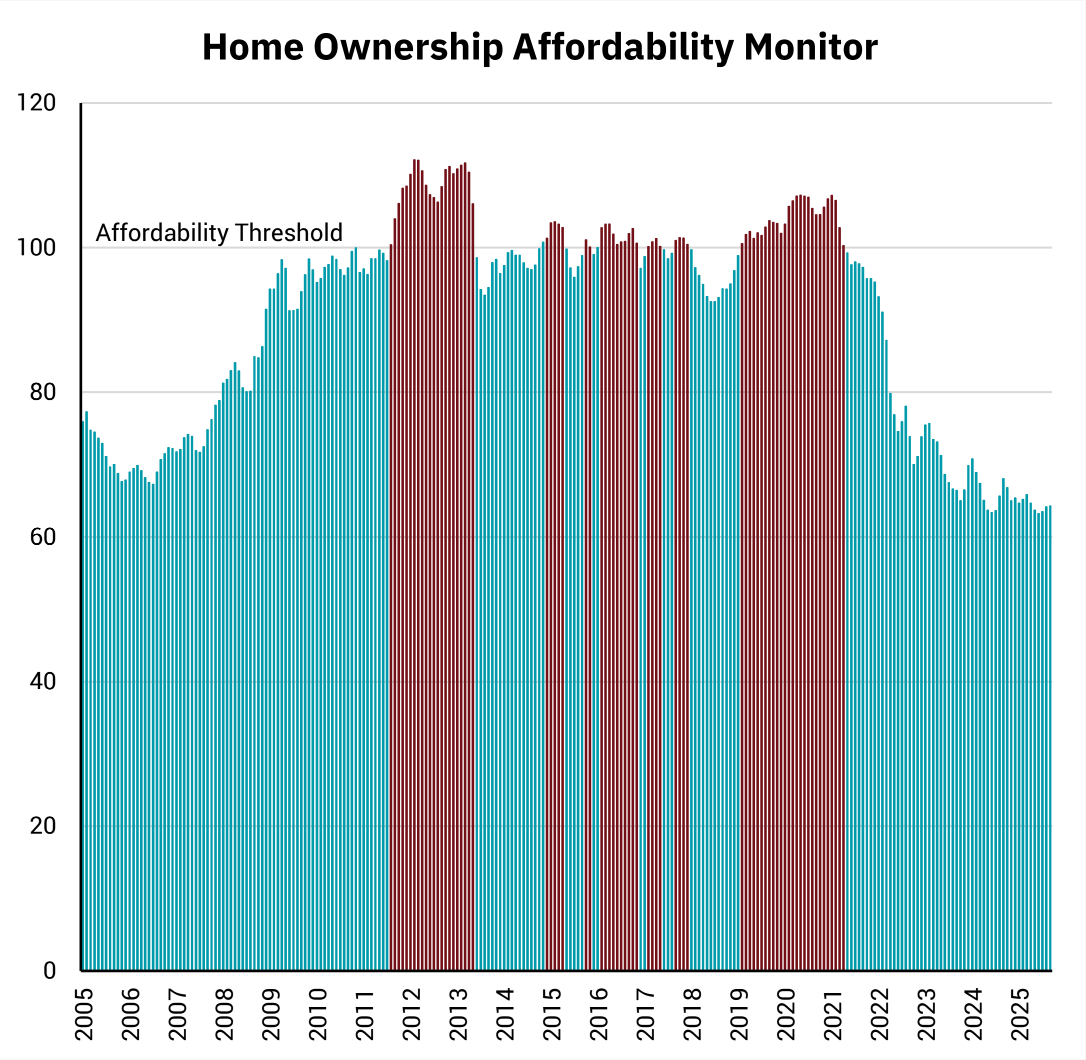
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Nov. 14, 2025)



Index less than 100 = unaffordable.
Source: Federal Reserve Bank of Atlanta..

A new term is becoming more prevalent when describing the difficulties many are facing in today's economy: affordability. This term encompasses many aspects of how consumers feel about their present situation. Some data would indicate that inflation is subsiding, while consumers see many areas of their own budgets strained with outsized price increases in areas such as insurance and healthcare. For many, the sense is that the cost of overall living is rising faster than the most recent reading on the core Consumer Price Index (CPI) at 3%.

An area where affordability has long been measured is in the housing industry. Our chart this week shows housing affordability back to 2005. For the purposes of this index, the breakpoint of affordability is when the overall cost of ownership exceeds 30% of the annual median household income. This overall cost of ownership includes monthly principal and interest, as well as taxes and insurance on the median price of a home nationally. Obviously, this index will be different for different locales, but looking at the aggregate data can give us an important view into the overall housing market.

The view, at present, shows that we are in a difficult affordability environment, as is evident in this week's chart. In it, the red bars indicate periods when the total cost of ownership was less than 30%, which means affordability was positive. The blue bars below the line are when the total cost of ownership exceeded 30% and affordability was low. The overall level of homebuilding since the financial crisis has lagged the required number of new homes based on population by around four-to-five million units. This means overall supply is constrained, which is one factor in the higher price levels.

In addition to the cost of insurance and overall tax levels, today's housing market faces a combination of higher mortgage rates and higher prices. When combined, it is easy to see why affordability is so constrained. At these levels, the path back to affordability will require significant changes in multiple variables. We would need to see a combination of higher incomes, lower prices, lower rates and reduced costs of insurance and taxes. In a supply-constrained environment, this might be difficult to attain.

The administration recently announced the idea of 50-year mortgages, along with the chance of declaring a national housing emergency to reduce the federal regulatory burden. Neither of those ideas would solve the current situation completely. Most housing regulations are established at the state and local levels, rather than the national level. While extending the maturity date of a mortgage might reduce the principal part of a monthly payment, higher rates and slower equity build might offset any advantage of extending. There are several efforts underway to increase the supply of affordable housing, but this is going to be a local market battle on many fronts.

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Commentary (Nov. 14, 2025)

Domestic Equities

- U.S. stocks were volatile during the week as relief over the end of the government shutdown gave way to concerns about lofty tech valuations and whether the Federal Reserve will slow interest rate cuts. Most U.S. indices were negative, with the tech-heavy Nasdaq Composite and rate-sensitive small caps underperforming.
- The longest U.S. government shutdown in history came to an end on Thursday, but it is still weighing on parts of the economy. Some key economic data may not be released or may be incomplete, contributing to uncertainty over the Fed's decision to cut rates in December. Futures are now pricing in a 43% chance for a cut, down from 95% a month ago.
- Technology stocks were down sharply for the week and then saw a swift recovery on Friday. Investors have increasingly questioned the high valuations and staggering AI expenditures, but each time there has been a sharp decline, investors jump in and buy the dip.

International Equities

- Foreign investor sentiment improved as the U.S. government shutdown ended. However, valuations in AI stocks remain a concern.
- Markets across Europe advanced this week, helping drive positive returns in developed foreign markets. Investors received sluggish economic data from Europe. The U.K. economy nearly stalled in the third quarter, expanding just 0.1% quarter over quarter or 0.3% annualized. France's unemployment rate edged up to 7.7% in the third quarter, its highest level in over four years.
- Emerging markets rebounded with gains across Asian and Latin American markets, lifting index returns. China's economic data continues to weaken. Industrial production growth slowed to 4.9% year-over-year, mainly due to a slump in export-oriented sectors, such as computer and machinery manufacturing. Retail and auto sales have also declined, and real estate remains weak, with housing prices declining for 28 consecutive months.

Bonds

- U.S. Treasury yields were marginally higher on hawkish comments by several Federal Reserve officials and falling rate cut expectations for December. By the end of the week, the markets were assigning around a 43% probability of a 0.25% cut in December. The three- and 10-year U.S. Treasury auctions experienced solid demand, but the 30-year disappointed with the issue tailing by 0.01% and direct bidder demand falling to its lowest level since February 2024.
- Credit spreads were essentially flat, but several AI-related issues came under pressure. Most notably, Oracle and CoreWeave's most recent issue ended the week near 92 and 94 cents on the dollar, respectively.
- U.K. government bond yields spiked higher on reports that the Chancellor of the Exchequer, Rachel Reeves, has dropped plans to raise the income tax in the upcoming budget. Japanese government bond (JGB) yields also surged on the government's plans for additional fiscal spending, with the yield on the 10-year JGB rising to its highest level since 2008.

Economics

- On Thursday, the government shutdown ended after a record 43 days. Federal agencies have begun reopening, and major economic data releases are expected to resume soon.
- Also on Thursday, the Federal Reserve published its latest balance sheet update. The report showed a modest decline in assets over the past year, consistent with the Fed's ongoing tightening efforts. Recent announcements indicate that this balance sheet reduction is expected to conclude later this year.
- This week, the Bureau of Labor Statistics plans to release several delayed reports, including the September and October employment data.

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Weekly Market Update

For Week Ending November 14, 2025

Markets

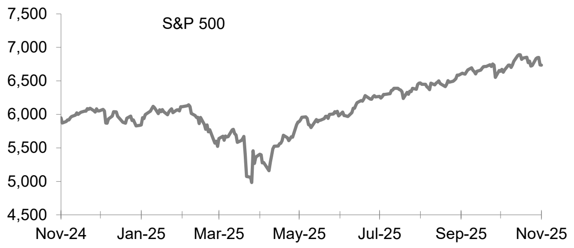
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	47,147.48	0.4%	12.4%	9.7%
S&P 500 Index	6,734.11	0.1%	15.7%	14.6%
NASDAQ Composite	22,900.59	-0.4%	19.2%	20.7%
S&P 400 Midcap Index	3,205.01	-1.1%	4.0%	0.3%
S&P 600 Smallcap Index	1,423.38	-1.0%	2.5%	-2.0%
MSCI EAFE	10,322.46	1.7%	27.7%	26.5%
MSCI Emerging Markets	754.16	0.3%	31.4%	30.6%
Bloomberg US Agg	2,332.85	-0.2%	6.6%	6.5%
Bloomberg Municipal 5 Yr	517.48	0.1%	4.6%	4.3%
Bloomberg US Corporate	3,514.10	-0.2%	6.8%	6.5%
Bloomberg Glb Agg ex US Hdg	609.93	-0.2%	2.9%	3.9%
Bloomberg High Yield	2,874.38	0.1%	7.1%	7.2%
MSCI US REIT Index	2,362.57	-1.3%	2.3%	-1.5%
Bloomberg Commodity Index	273.44	1.7%	14.6%	18.6%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.00%	4.00%	4.50%	4.75%
3-Month Treasury	3.88%	3.84%	4.31%	4.52%
1-Year Treasury	3.69%	3.62%	4.14%	4.36%
2-Year Treasury	3.61%	3.56%	4.24%	4.34%
5-Year Treasury	3.73%	3.68%	4.38%	4.32%
7-Year Treasury	3.92%	3.87%	4.48%	4.38%
10-Year Treasury	4.15%	4.10%	4.57%	4.44%
30-Year Treasury	4.75%	4.70%	4.78%	4.59%
Consumer Rates				
30-Year Mortgage	6.33%	6.27%	7.28%	5.83%
Prime Rate	7.75%	7.75%	8.25%	8.50%
SOFR	3.95%	3.93%	4.49%	4.58%
Commodities				
Gold (spot)	4,084.06	4,001.26	2,624.50	2,564.85
Crude Oil WTI	60.09	59.75	71.72	68.70
Gasoline	3.08	3.07	3.06	3.08
Natural Gas	4.57	4.32	3.63	2.79
Copper	5.06	4.96	4.03	4.09

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.19	22.98	4.86	1.75
S&P 500	22.32	25.72	5.50	1.20
S&P 500 Value	18.53	20.48	3.54	1.92
S&P 500 Growth	27.02	33.01	10.45	0.59
NASDAQ	28.26	37.07	7.76	0.62
S&P Midcap 400	16.02	17.48	2.56	1.66
S&P Smallcap 600	14.98	16.46	1.87	2.45
MSCI EAFE	15.87	16.62	2.17	2.84
MSCI Emerging Markets	13.63	16.20	2.16	2.37

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	1.95	1.44	1.02
Mid	-1.55	-1.40	-1.25
Small	0.14	-1.23	-2.57

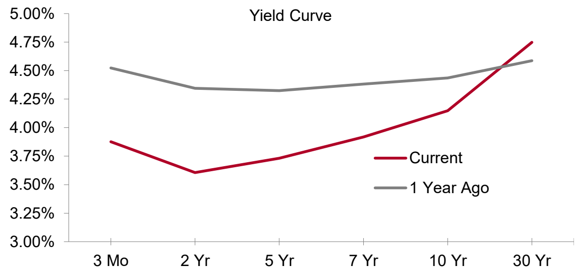
■ > 10%
▨ 0% - 10%
🟥 <0%

Year to Date*

	Value	Core	Growth
Large	11.35	15.75	19.81
Mid	3.52	3.99	4.44
Small	2.76	2.53	2.27

**S&P Indices*

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.06	-0.13	-1.56
Corp	0.08	-0.22	-2.00
HY	0.20	0.29	0.05
	1-3 Yrs	1-10 Yrs	+10 Yrs

■ > 10%
▨ 0% - 10%
🟥 <0%

Year to Date*

	Short	Interm.	Long
Govt	4.46	5.81	5.94
Corp	5.05	6.91	6.71
HY	6.62	7.01	13.37
	1-3 Yrs	1-10 Yrs	+10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.0%	2.4%
CPI Core Inflation	3.0%	3.3%
Personal Consumption Exp (PCE) Core	2.9%	2.9%
Jobs		
Unemployment Rate (U3)	4.3%	4.2%
Broader Unemployment Rate (U6)	8.1%	7.8%
JOLT Survey (in millions)	7.23	7.65
Jobless Claims (000's)	218	221
Change in Non-Farm Payroll (000's)	22	71
Average Hourly Earnings (Y/Y % Change)	3.7%	4.0%
Consumer & Spending		
Consumer Confidence (Conf Board)	94.6	109.6
Consumer Spending ($ Bil)	21,112	20,001
Consumer Credit ($ Bil)	5,077	5,057
Retail Sales ($ Bil)	732	697
Housing		
Housing Starts (000's)	1,307	1,391
Case-Shiller Home Price Index	330.02	325.11
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,771	23,287
Quarter over Quarter Change	3.8%	3.6%
Year Over Year Change	2.1%	3.1%
ISM Manufacturing	48.70	46.90
Capacity Utilization	77.38	77.87
Markit US Composite PMI	54.60	54.10
U.S. General		
Leading Economic Indicators	98.4	102.1
Trade Weighted Dollar Index	121.8	125.0
EUR / USD	1.16	1.05
JPY / USD	154.55	156.27
CAD / USD	0.71	0.71
AUD / USD	0.65	0.65

S&P 500 Sector Returns

	1 Month	YTD
Information Technology	3.14%	25.09%
Communication Services	0.59%	23.62%
Utilities	-3.18%	19.77%
Industrials	-0.77%	16.68%
Health Care	6.65%	11.90%
Energy	6.47%	10.46%
Financials	-1.50%	9.78%
Materials	-3.11%	5.30%
Real Estate	-0.52%	3.56%
Consumer Discretionary	0.23%	3.26%
Consumer Staples	-2.13%	2.95%

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