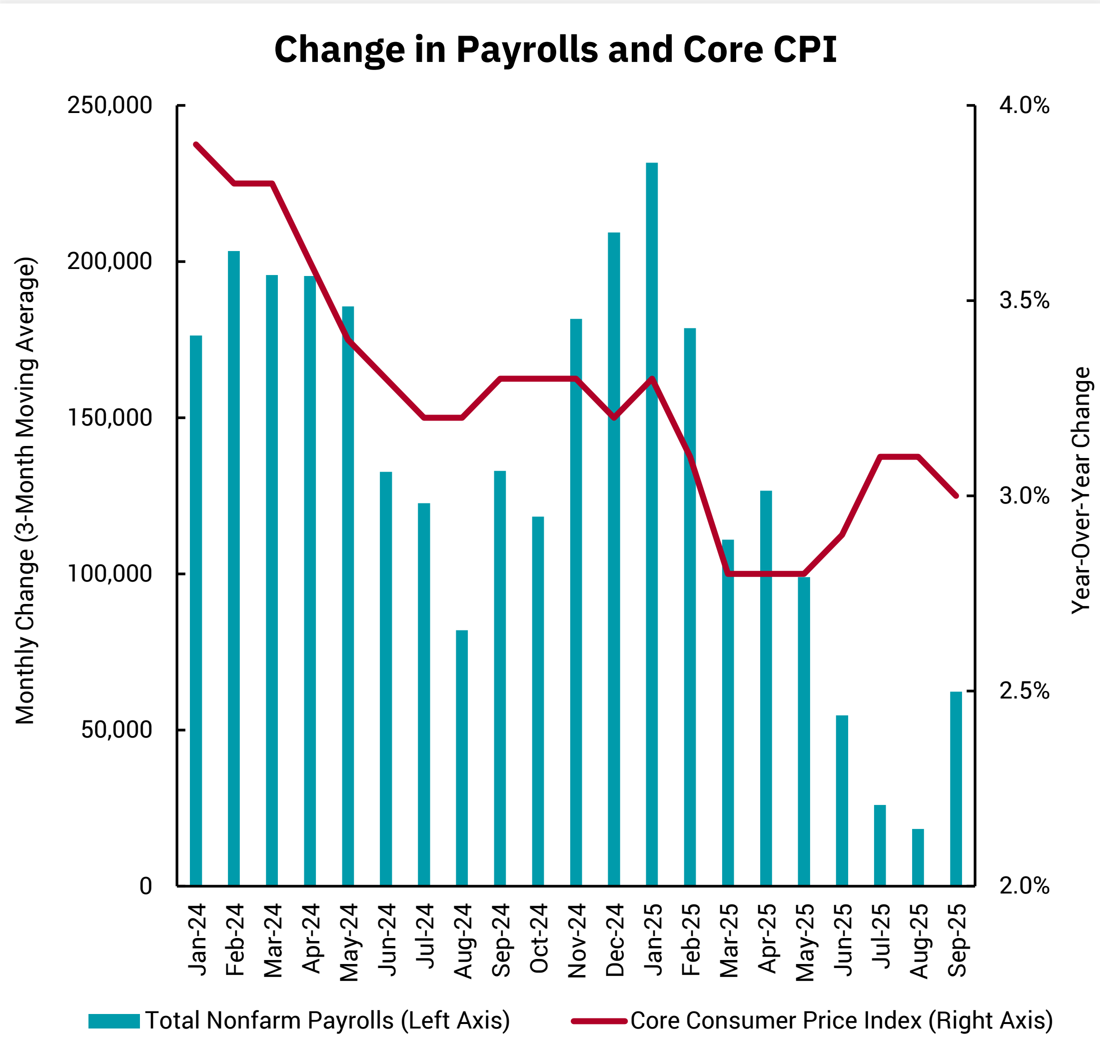
INVESTMENT MANAGEMENT

Weekly market update

BOK FINANCIAL

Chart of the week (Dec. 5, 2025)



As many of you know, the Federal Reserve has a dual mandate - full employment and price stability. The definition of "full employment", according to what is available on www.federalreserve.gov, is "the highest level of employment or lowest level of unemployment that the economy can sustain in a context of price stability." I see no numbers in that definition. As for price stability, the same website states, "Prices are considered stable when consumers and businesses do not have to worry about costs significantly rising or falling when making plans or borrowing money for long periods." The Federal Open Market Committee (FOMC) judges that an inflation rate of 2% over the longer run, as measured by the annual change in the Personal Consumption Expenditures (PCE) Price Index, is most consistent with the Fed's price-stability mandate. Whew! At least we do have a number here, 2%.

Sometimes, both mandates are calling for action in the same direction. If the economy is running hot, leading to tight employment markets reflected in increasing wage pressures and higher inflation, the course of action from the Fed towards higher rates is clear. On the contrary, if unemployment is rising and inflation is falling as demand wanes, the need for lower rates from the Fed is obvious. Sometimes, however, the Fed is trying to decide which mandate matters the most and the path forward is not without risks. Such is the case today.

Our chart this week plots the annual rate of inflation—as measured by the "core" Consumer Price Index (CPI), which excludes volatile food and energy prices—against the monthly change in payrolls since January 2024. Over this period, the Fed has reduced the overnight Fed Funds target rate by 150 basis points, or 1.5%, from a target range of 5.25-5.50% to today's 3.75%-4% range. Much of this reduction has been led by the decline in inflation from 4% to the most recent reading of 3%. The need to lower rates due to the "full employment" part of the mandate was less pressing as new job growth remained positive and the unemployment rate has been stable around 4.2%.

Recent Fed commentary and actions suggest a shift in focus from inflation to employment. Core inflation, while lower in September than in August, is still higher than it was some months ago. As a result, recent rate cuts would seem to be driven more by the risks of a slowing job market than continued progress towards the Fed's target of 2% inflation. (One could reasonably wonder why price stability means 2% inflation, rather than something more stable, like 0%, but I digress.) In the past, we have seen the unemployment rate rise quickly once it starts higher, so some measure of caution by the Fed is warranted. Then again, I recall a time when "full employment" was thought to be a 5% unemployment rate. It would seem "full employment' might be a slightly lower unemployment rate now. In sum, look for another rate cut from the Fed this week.

Source: U.S. Bureau of Labor Statistics via FRED®.

INVESTMENT MANAGEMENT

Weekly market update

BOK FINANCIAL

Commentary (Dec. 5, 2025)

Domestic Equities

- U.S. stocks reached near all-time highs during the week, driven by some big M&A news and a Fed rate cut next week becoming a near certainty. The rate-sensitive Russell 2000 Index outperformed for the week.
- A delayed September Personal Consumption Expenditures Price Index, the Fed's preferred inflation gauge, was released Friday and showed an increase in line with expectations for a stable inflation environment. Markets are now pricing in about a 90% chance of a Fed interest rate cut at its meeting next week.
- Netflix agreed to buy Discovery's studios and streaming business from Warner Bros. It is one of the largest M&A transactions of 2025 and is set to reshape the entertainment and media industry. Netflix shares declined on the news, while Warner Bros. shares increased.
- The University of Michigan's consumer sentiment index unexpectedly improved in early December, with consumers' short- and long-term inflation expectations easing.

Bonds

- The U.S. Treasury yield curve steepened with the front-end (<1-year) moving lower and the long-end rising on mixed employment/Purchasing Managers' Index (PMI) data and signs that inflation remains sticky. Higher-developed-market sovereign yields, particularly in Japan, also contributed to weakness at the long end of the curve, with the yield on the 10-year U.S. Treasury hitting a two-week high on Friday.
- Despite policy rates moving lower, U.S. money market funds continue to receive positive net flows, with the market exceeding $8 trillion in assets under management (AUM) for the first time, according to Crane Data.
- Internationally, dollar bloc rates surged with Australian sovereign yields rising on growing sentiment that its central bank will be forced to switch back to raising rates to bring down inflation, while Canadian rates moved higher on stronger-than-expected economic data. Additionally, Japanese government bond yields continued to make new highs, with a Bank of Japan (BOJ) December rate hike being almost fully priced into the market.

International Equities

- Foreign stock markets rose this week as investors remained cautious, assessing new economic data ahead of upcoming central bank meetings next week.
- Broad gains across European markets and strength in Japanese equities led developed markets higher for the second straight week. Australia's GDP rose 2.1% year-on-year, marking its strongest expansion since the third quarter of 2023. Euro-area core inflation rose 2.4% from a year ago, which could lead the European Central Bank (ECB) to leave policy rates unchanged at its next meeting.
- Gains across select markets in Asia and Latin America helped lift returns for the emerging markets index. South Korea continued its strong performance, with headline inflation advancing 2.4% year-over-year, providing its central bank with more reason to remain cautious about further policy rate cuts. Both Poland and India reduced their policy rates by 0.25%, setting Poland's rate at 4% and India's at 5.25%.

Economics

- On Wednesday, the ADP Employment Report showed a decline of 32,000 private payrolls, significantly below the consensus estimate of an increase of 20,000 jobs. Small businesses with fewer than 50 employees were the hardest hit. This continued weakness in the labor market has increased expectations for a December interest rate cut.
- On Thursday, initial jobless claims came in at 191,000, better than both the consensus estimate of 225,000 and last week's reading of 216,000.
- On Friday, the delayed September Personal Income & Outlays report was released. Both the PCE Price Index and Core PCE Price Index came in at 3.0%, slightly higher than expected, indicating that inflation remains a persistent challenge.
- Looking ahead, the Federal Reserve's December meeting is scheduled for this week. Many anticipate that the Fed will lower interest rates as a weakening labor market overshadows sticky inflation.

Weekly Market Update

For Week Ending December 05, 2025

Markets

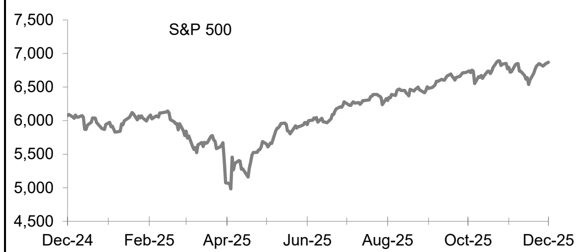
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	47,954.99	0.6%	14.6%	9.0%
S&P 500 Index	6,870.40	0.4%	18.2%	14.5%
NASDAQ Composite	23,578.13	0.9%	22.8%	20.5%
S&P 400 Midcap Index	3,320.12	0.4%	7.8%	1.3%
S&P 600 Smallcap Index	1,479.87	0.6%	6.7%	-0.3%
MSCI EAFE	10,374.91	0.8%	28.4%	23.2%
MSCI Emerging Markets	754.82	1.4%	31.5%	28.5%
Bloomberg US Agg	2,340.93	-0.5%	6.9%	4.9%
Bloomberg Municipal 5 Yr	518.20	0.0%	4.8%	3.8%
Bloomberg US Corporate	3,535.54	-0.5%	7.5%	5.1%
Bloomberg Glb Agg ex US Hdg	608.63	-0.4%	2.7%	2.4%
Bloomberg High Yield	2,901.45	0.1%	8.1%	7.3%
MSCI US REIT Index	2,370.83	-1.6%	2.6%	-2.8%
Bloomberg Commodity Index	281.35	1.5%	17.9%	20.0%

	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	3.69%	3.80%	4.31%	4.44%
1-Year Treasury	3.59%	3.59%	4.14%	4.23%
2-Year Treasury	3.56%	3.49%	4.24%	4.14%
5-Year Treasury	3.71%	3.60%	4.38%	4.07%
7-Year Treasury	3.90%	3.78%	4.48%	4.12%
10-Year Treasury	4.14%	4.01%	4.57%	4.18%
30-Year Treasury	4.79%	4.66%	4.78%	4.33%
Consumer Rates				
30-Year Mortgage	6.30%	6.36%	7.28%	7.01%
Prime Rate	7.75%	7.75%	8.25%	8.50%
SOFR	3.93%	4.12%	4.49%	4.59%
Commodities				
Gold (spot)	4,197.78	4,239.43	2,624.50	2,631.67
Crude Oil WTI	60.08	58.55	71.72	68.30
Gasoline	2.96	3.01	3.06	3.03
Natural Gas	5.29	4.85	3.63	3.08
Copper	5.38	5.19	4.03	4.14

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.73	22.00	4.92	1.70
S&P 500	22.47	25.53	5.49	1.17
S&P 500 Value	18.53	20.15	3.50	1.90
S&P 500 Growth	27.19	32.66	10.31	0.57
NASDAQ	28.23	37.03	7.73	0.60
S&P Midcap 400	16.42	18.45	2.66	1.61
S&P Smallcap 600	15.66	17.05	1.94	2.42
MSCI EAFE	15.71	16.58	2.16	2.85
MSCI Emerging Markets	13.35	11.49	2.10	2.43

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	1.80	1.24	0.79
Mid	3.46	2.73	2.08
Small	2.85	2.53	2.23

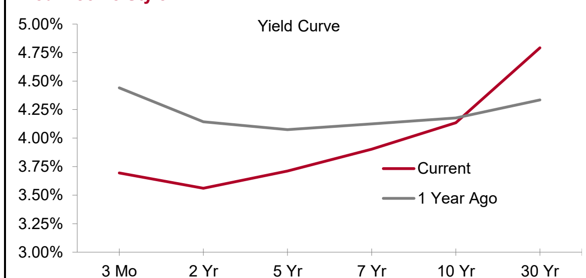
> 10% / 0% - 10% / <0%

Year to Date*

	Value	Core	Growth
Large	12.65	18.20	23.31
Mid	7.59	7.84	8.09
Small	6.64	6.73	6.82

*S&P Indices

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.41	0.49	-0.31
Corp	0.47	0.67	0.41
HY	0.58	0.98	-0.42
	1-3 Yrs	1-10 Yrs	+10 Yrs

> 10% / 0% - 10% / <0%

Year to Date*

	Short	Interm.	Long
Govt	4.74	6.12	5.59
Corp	5.41	7.49	7.51
HY	7.16	8.03	13.50
	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	2.8%	2.8%
Jobs		
Unemployment Rate (U3)	4.4%	4.1%
Broader Unemployment Rate (U6)	8.0%	7.7%
JOLT Survey (in millions)	7.23	7.65
Jobless Claims (000's)	191	225
Change in Non-Farm Payroll (000's)	119	240
Average Hourly Earnings (Y/Y % Change)	3.8%	3.9%
Consumer & Spending		
Consumer Confidence (Conf Board)	88.7	112.8
Consumer Spending ($ Bil)	21,152	20,148
Consumer Credit ($ Bil)	5,084	5,067
Retail Sales ($ Bil)	733	703
Housing		
Housing Starts (000's)	1,307	1,391
Case-Shiller Home Price Index	328.94	324.74
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	48.20	48.40
Capacity Utilization	75.87	75.72
Markit US Composite PMI	54.20	54.90
U.S. General		
Leading Economic Indicators	98.4	102.1
Trade Weighted Dollar Index	121.4	127.1
EUR / USD	1.16	1.06
JPY / USD	155.33	150.10
CAD / USD	0.72	0.71
AUD / USD	0.66	0.65

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	7.47%	35.96%
Information Technology	-1.02%	26.08%
Industrials	0.93%	18.63%
Utilities	-2.54%	16.81%
Health Care	5.31%	13.02%
Financials	2.13%	12.37%
Energy	4.85%	10.02%
Materials	3.22%	6.65%
Consumer Discretionary	-2.45%	6.14%
Consumer Staples	2.93%	4.25%
Real Estate	0.39%	3.88%

Disclosures

BOK FINANCIAL

The information provided herein was prepared by the Investment Management team of BOKF, NA. BOKF, NA is the bank subsidiary of BOK Financial Corporation (BOKF), a financial services holding company (NASDAQ:BOKF). BOKF offers trust and wealth management services through its subsidiaries including BOKF, NA (and its banking divisions Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, and BOK Financial) and investment advisory services through its non-bank subsidiaries, Cavanal Hill Investment Management, Inc., and BOK Financial Private Wealth, Inc., each an SEC registered investment adviser, and BOK Financial Securities, Inc., also an SEC registered investment adviser and registered broker/dealer, member FINRA/SIPC (each an “Investment Affiliate”) (collectively, “BOKF”). Distribution of this document is intended for informational purposes. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The opinions expressed herein reflect the judgment of the author(s) as of the date prepared and are subject to change without notice and are not a complete analysis of any sector, industry, or security regardless of the date on which the reader may receive or access the information. The information provided is intended to be educational in nature and not advice relative to any investment or portfolio offered through an Investment Affiliate, and does not constitute any form of regulated financial, legal, or tax advice, or other regulated financial service. The content provided herein is not a solicitation for the investment management services of any Investment Affiliate, nor is it intended to constitute a recommendation for, or advice to, any specific person on behalf of any Investment Affiliate, as it does not take into account the financial objectives, situation, or needs of any specific person. This information is provided on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of said content, any risks associated therewith, and any related legal, tax, accounting, or other material considerations. Recipients should not solely rely on this material in making any future investment decision. To the extent that the recipient has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, they are encouraged to consult with a qualified lawyer, accountant, or financial professional.

This document may contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections, the securities and credit markets and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security or market segment involve judgments as to expected events and are inherently forward-looking statements. These statements are not guarantees of future performance. Likewise, past performance is not a guarantee of future results. This content is prepared for the use of the Investment Affiliates and their clients and prospective clients, and may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF or BOKF, NA. Any unauthorized use or disclosure is prohibited. Receipt and review of this document constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein. This report should not be distributed without the attached disclosures, and is considered incomplete if the disclosures are not attached.

*This chart is for illustrative purposes only and not indicative of any actual investment.
Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Investing involves risks, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

INVESTMENT AND INSURANCE PRODUCTS ARE: NOT FDIC INSURED | NOT GUARANTEED BY THE BANK OR ITS AFFILIATES | NOT DEPOSITS | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | MAY LOSE VALUE