

Capital Markets Snapshot

Courtesy of the Davis Financial Group

Week ending November 14, 2025

On November 14th, the longest ever U.S. government shutdown ended after 43-days after a Congressional bill was passed to fund the government through January 30, 2026, restoring federal operations and backpay for workers. It is estimated the event reduced Q4 economic growth by 1.5 percentage points, but many expect economic growth will rebound in 2026. The technology sector (particularly AI companies), which recently led market gains, has underperformed to begin November as investors rotated into health care, energy, and materials sectors. The probability of a December Fed rate cut dropped sharply to below 50%. Bond yields rose across maturities as Fed officials continue to signal caution on rate cuts. Meanwhile, Bitcoin extended its decline. Market volatility increased, with the VIX remaining elevated and the S&P 500 bouncing off key technical support but not setting new highs. However, S&P 500 earnings outperformed expectations, supporting broader market resilience despite recent sector rotation and uncertainty over delayed economic data releases.

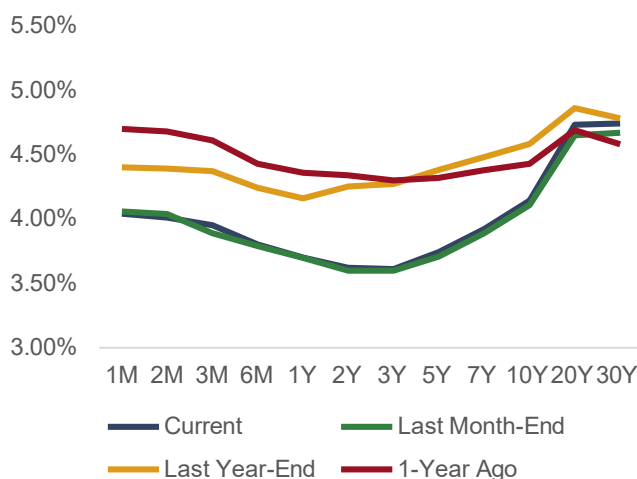
Fixed Income Markets Overview

- The government shutdown's end is expected to eventually clear a backlog of delayed economic data, but timing remains uncertain. The shutdown had little immediate impact on government bonds, with yields holding steady during the period.
- U.S. Treasury yields rose across the board, with the 10-year yield finishing at 4.14%, up from 4.11% the previous week. Yields on 2- and 30-year Treasuries rose for the week from 3.55% to 3.62% and 4.7% to 4.74%, respectively.
- Bond market traders continued to dial back expectations for imminent rate cuts, as yields rose and bond prices fell during the week.
- The probability of a December Fed rate cut fell sharply, from 66% last Friday to 43% this week. Fed officials delivered hawkish commentary, emphasizing persistent inflation and cautioning against premature rate cuts. The total number of expected 25 bps Fed cuts through 2026 remains at three.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.0%	4.6%	4.7%	1.9%
	Core Plus				
Core Plus	Intermediate Govt/Credit	-0.1%	6.2%	5.1%	0.9%
	International Aggregate	-0.1%	7.5%	4.4%	-1.8%
	US Aggregate	-0.2%	6.6%	4.9%	-0.3%
	US Treasury	-0.2%	5.8%	3.8%	-1.0%
	US TIPS	-0.1%	7.0%	4.4%	1.5%
	US Corporate	-0.2%	6.8%	6.6%	0.1%
US Corporate High Yield	US Corporate High Yield	0.1%	7.1%	9.8%	4.9%
	Other				
Other	Emerging Markets Aggregate	0.0%	10.2%	10.0%	1.8%
Muni	US Municipals	0.1%	4.1%	4.8%	1.1%
	US Municipals High Yield	0.1%	2.6%	7.0%	2.8%

Source: Bloomberg as of November 14, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of November 14, 2025

Interest Rates (%)

Date	11/14/2025	10/31/2025	12/31/2024	11/14/2024
Federal Funds Rate	4.04%	4.06%	4.40%	4.70%
3 Month Treasury	3.95%	3.89%	4.37%	4.61%
6 Month Treasury	3.80%	3.79%	4.24%	4.43%
2 Year Treasury	3.62%	3.60%	4.25%	4.34%
5 Year Treasury	3.74%	3.71%	4.38%	4.32%
10 Year Treasury	4.14%	4.11%	4.58%	4.43%
30 Year Treasury	4.74%	4.67%	4.78%	4.58%
US Aggregate	4.39%	4.33%	4.91%	4.85%
US Corporate	4.89%	4.82%	5.33%	5.25%
US Corporate High Yield	6.90%	6.78%	7.49%	7.21%
US Municipal	3.57%	3.57%	3.74%	3.59%
US Municipal High Yield	5.63%	5.63%	5.52%	5.38%

Spreads Over 10-Year US Treasuries

Date	11/14/2025	10/31/2025	12/31/2024	11/14/2024
30 Year Treasury	0.60%	0.56%	0.20%	0.15%
US Aggregate	0.25%	0.22%	0.33%	0.42%
US Corporate	0.75%	0.71%	0.75%	0.82%
US Corporate High Yield	2.76%	2.67%	2.91%	2.78%
US Municipal	-0.57%	-0.54%	-0.84%	-0.84%
US Municipal High Yield	1.49%	1.52%	0.94%	0.95%

Source: Bloomberg and U.S. Treasury as of November 14, 2025

Equity Markets Overview

- It was a quiet week for the major US indices. The S&P 500 and Dow finished fractionally higher, while NASDAQ ended slightly lower.
- Q3 earnings season is nearing an end, and S&P 500 earnings have largely outperformed analyst expectations, rising 13.1% versus an 8% forecast.
- Technology and AI stocks lagged the market to begin November after enjoying a strong rally since April.
- Last week saw investors rotate into health care, energy, materials, and consumer staples sectors, which led weekly gains.
- Market breadth improved slightly, with more stocks trading above their 200-day moving averages.
- Volatility increased with the VIX closing at 19.8, up 4% for the week. It has trended upward from its recent October 27th low of 15.8, a 25% increase over the period.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	0.0%	14.8%	20.2%	14.7%
Large-Cap	S&P 500	0.1%	15.8%	21.1%	15.1%
	S&P 500 Growth	-0.4%	19.8%	26.3%	15.7%
	S&P 500 Value	0.8%	11.3%	15.0%	13.7%
Mid-Cap	S&P Midcap 400	-1.1%	4.0%	10.3%	10.4%
	S&P Midcap 400 Growth	-1.6%	4.4%	11.1%	8.3%
	S&P Midcap 400 Value	-0.7%	3.5%	9.3%	12.3%
Small-Cap	S&P Smallcap 600	-1.0%	2.5%	7.2%	9.2%
	S&P Smallcap 600 Growth	-1.6%	2.3%	7.7%	7.5%
	S&P Smallcap 600 Value	-0.3%	2.8%	6.6%	10.7%
Int'l.	MSCI ACWI ex-USA	1.3%	28.8%	16.8%	9.0%
	MSCI EM	0.3%	31.4%	16.6%	5.6%

Source: Bloomberg as of November 14, 2025

Alternative Markets Overview

- Bitcoin extended its bear market, falling over 20% from its recent \$125k record high, trading around \$95k to end last week.
- JPMorgan completed proof-of-concept for its USD-denominated deposit token (JPM Coin) for institutional clients. JPM Coin is available 24/7 with near-instant settlement on Ethereum Layer 2 (Base).
- Despite a brief selloff Friday, gold was up almost 3% last week. For most of the week, the precious metal traded between \$4.1-\$4.2k/oz before falling to \$4,084/oz to close the week. Friday's lower price action was part of a broader market sell-off, sparked by hawkish remarks from U.S. Federal Reserve officials that lowered expectations of a December interest rate cut.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	1.1%	8.1%	2.8%	17.5%
Gold	2.8%	56.4%	32.1%	16.9%
FTSE All Equity NAREIT	-0.9%	2.7%	5.8%	5.0%
Bitcoin	-9.1%	0.9%	79.7%	42.6%
Ethereum	-9.4%	-6.0%	37.2%	46.1%

Source: Bloomberg as of November 14, 2025



Upcoming Week

- Q3 earnings season is starting to wrap up as companies continue to deliver strong results. Two notable releases this week include Nvidia and Walmart.
- The government shutdown ended last week. The backlog of economic data is expected to be published but the timing is uncertain. Due to the lack of data collection during the shutdown, much of this week's scheduled data is expected to be delayed. We do expect to receive ADP's weekly labor market data, some housing market data, and the Fed minutes from October's meeting.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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