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Market drivers last week include FOMC meeting and more.

Market drivers last week included an anticipated FOMC meeting followed by ample post meeting Fed speak.

The economic calendar provided two key reports on the labor market. Equity markets saw consolidation across tech/communication services countered by resiliency in the value and small cap segments. A 'hawkish FOMC cut' contributed to a steepening yield curve with short rates falling and longer rates climbing. The 10-year U.S. Treasury yield moved up to 4.19% while the U.S. Dollar and commodity patch were both down slightly.

Financial Market Highlights

- We are officially in the season where equity market recaps and forecasts surface with exogenous shocks of past three years are highlighted but largely offset by AI momentum, the fiscal money shower, and strong fundamentals.

Economic Highlights

- A poll conducted by Bank Credit Analyst research on projected AI outcomes arrived at:
 - a) productivity bust/data center capital misallocation (37%)
 - b) Moderate macro productivity gains (37%)
 - c) True superintelligence by 2030 (26%)
 with our expectation is that AI will disappoint both bulls and bears.
- Bianco Research argued that net zero population growth and U.S. immigration enforcement measures have



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likely taken breakeven monthly payroll growth into contraction territory, which historically signaled economic recession and turbulent equity markets.

Policy Highlights

- The FOMC delivered the expected 25bps cut, with hawkish undertones, alongside dissents favoring more aggressive cuts (Miran 50bps) and proponents for no change (Schmid, Goolsbee). Median Fed economic projections see higher growth and lower unemployment in 2026.

Bullish Asset Allocation Narratives

- Strong consumption with ample room for the consumer to re-lever and market related wealth effects.
- Growth conducive policies including an incrementally less restrictive Fed, OBBA fiscal stimulus, and business friendly deregulation.
- Robust U.S. corporate earnings growth, profit margins, and forward guidance.

- An AI boom including substantial capex and longer-term productivity gains/earnings potential.

Bearish Asset Allocation Narratives

- Risks to consumption due to lower/middle class price fatigue (cumulative inflation), higher interest rates (sluggish housing market), and slowing labor markets.
- Reliance on AI stock momentum, questionable circular AI transactions, unknown AI monetization potential, and a transition to debt financed capital spending and asset intensive business models.
- Multi-decade high tariff levies pressuring short term inflation dynamics and longer-term structural changes to global trade and associated demand destruction.
- Fed policy mistake of being too restrictive (or accommodative) given labor and inflation dynamics.
- Fading U.S. fiscal thrust beyond Q3'26 with constraints on continuing

INSIGHT

SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
Employment Cost Index	12/10/2025	Q3	3.60%	3.7% to 3.7%	3.7%	3.5%
JOLTS	12/9/2025	Oct	7.658M	7.10M to 7.30M	7.20M	7.67M
NFIB Small Biz Optimism	12/9/2025	Nov	98.2	97.6 to 98.2	98.0	99.0
ISM Manufacturing	12/1/2025	Nov	48.7	48.3 to 49.3	49.0	48.2
ISM Services	12/3/2025	Nov	52.4	51.8 to 53.2	52.1	52.6
UofM Consumer Sentiment	12/5/2025	Dec	51.0	50.0 to 53.0	52.0	53.3
PCE YoY (Headline/Core)	12/5/2025	Sept	2.7% / 2.9%	2.8% to 3.0%	2.8% / 2.9%	2.8% / 2.8%
PCE MoM (Headline/Core)	12/5/2025	Sept	0.3% / 0.2%	0.2% to 0.3%	0.3% / 0.3%	0.3% / 0.2%
Personal Consump Exp (PCE)	12/5/2025	Sept	0.60%	0.3% to 0.5%	0.4%	0.3%
Personal Income	12/5/2025	Sept	0.4%	0.3% to 0.5%	0.4%	0.4%
Industrial Production	12/3/2025	Sept	-0.3%	-0.1% to 0.2%	0.1%	0.1%
U.S. GDP (QoQ AR)	11/26/2025	Q3	3.8%	1.7% to 3.8%	3.0%	DELAYED
Durable Goods Orders	11/26/2025	Sept	3.0%	-1.5% to 1.4%	0.1%	0.5%
Retail Sales (Headline/Core)	11/25/25	Sept	n/a	-0.5% to 0.6%	0.4% / 0.3%	0.2% / 0.1%
Case-Shiller HPI (MoM)	11/25/25	Sept	1.6%	1.3% to 1.6%	1.4%	1.4%
Consumer Confidence	11/25/25	Nov	95.5	92.5 to 94.9	93.3	88.7
Pending Home Sales	11/25/25	Oct	0%	-2% to 0%	-0.4%	-0.1%
New Home Sales	11/26/2025	Oct	800k	n/a	n/a	DELAYED
PMI Services	11/21/2025	Nov	54.8	54.4 to 55.1	55.0	54.1
PMI Manufacturing	11/21/2025	Nov	52.5	52.0 to 52.8	52.3	52.2
Housing Market Index	11/18/2025	Oct	37	34 to 40	37	38
Housing Starts & Permits (M)	11/19/2025	Oct	1.307 / 1.302	n/a	n/a	DELAYED
CPI (Headline/Core YoY)	11/13/2025	Oct	3.0% / 3.0%	n/a	n/a	DELAYED
CPI (Headline/Core MoM)	11/13/2025	Oct	0.3% / 0.2%	n/a	n/a	DELAYED
Payrolls (MoM)	11/7/2025	Oct	22,000	n/a	n/a	DELAYED
Unemployment Rate	11/7/2025	Oct	4.30%	n/a	n/a	DELAYED
JPM Global Manufacturing PMI	11/3/25	Oct	50.7	n/a	n/a	XX / 50.8
Existing Home Sales	10/23/2025	Sept	4.0M	3.95M to 4.12M	4.06M	4.06M



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MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	9/30/25	6/30/25	3/31/25
Dow Jones	48458	1.10	0.71	6.20	15.84	12.25	Oil (WTI)	59.04	63.17	66.30	71.87
NASDAQ	23195	(1.61)	(0.82)	4.92	20.87	17.31	Gold (Mo-End)	4053.28	4053.28	3352.00	2983.25
S&P 500	6827	(0.61)	(0.20)	4.00	17.51	14.29					
Russell 1000 Growth		(1.55)	(1.79)	2.57	17.99	14.74					
Russell 1000 Value		0.62	1.82	5.02	16.14	12.22					
Russell 2000		1.21	4.25	6.78	15.85	9.55					
Russell 3000		(0.46)	0.07	3.85	17.07	13.39					
MSCI EAFE		0.85	0.26	4.06	30.12	25.94					
MSCI Emg Mkts		0.44	(1.04)	5.32	32.85	28.51					
Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Currencies	Current	9/30/25	6/30/25	3/31/25
US Aggregate	3.87	0.01	0.04	0.08	0.13	0.51	USD/Euro (\$/€)	1.17	1.17	1.17	1.08
High Yield	6.58	0.01	0.00	0.06	(0.05)	0.58	USD/GBP (\$/£)	1.33	1.33	1.37	1.29
Municipal	3.29	0.01	0.06	0.10	0.29	0.59	Yen/USD (¥/\$)	155.30	155.30	144.17	149.90
Treasury	3.46	0.17	0.22	0.27	0.46	0.76					
							Treasury Rates	Current	9/30/25	6/30/25	3/31/25
							3 Month	3.63	4.02	4.41	4.32
							2 Year	3.52	3.60	3.72	3.89
							5 Year	3.75	3.74	3.79	3.96
							10 Year	4.19	4.16	4.24	4.23
							30 Year	4.85	4.73	4.78	4.59

Style Returns

	V	B	G
L	0.88	-0.18	-1.10
M	1.07	0.87	0.22
S	2.92	2.10	1.35

MTD

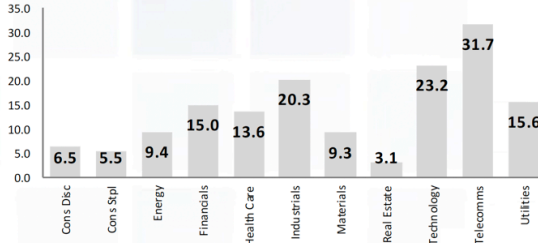
S&P 500 Sector Returns



MTD

	V	B	G
L	16.14	17.14	17.99
M	12.17	11.87	10.37
S	15.67	15.85	16.03

YTD



YTD

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