

## MARKET UPDATE

DECEMBER 2025

### Market and Economic Highlights

- U.S. equities were mixed with the S&P 500 higher in November and the NASDAQ down
- During November, Fed rate cut expectations for December moved sharply lower, then higher
- The curve steeped slightly as 2-year Treasury yields declined by more than 10-year yields
- AI scrutiny accelerated on spending and return uncertainty
- The macro-economic backdrop remains sound as the Atlanta Fed projects 3.9% Q3 GDP growth

Sources: Bloomberg, FactSet

### Market Returns

Market Index	1-Month	3-Month	YTD	1-Year
Bloomberg 9-12 Month T-Bill	0.36%	1.09%	3.97%	4.46%
Bloomberg 1-5 Year Government	0.55%	1.17%	5.60%	5.51%
Bloomberg Intermediate U.S. Gov/ Credit A or Better	0.68%	1.48%	6.68%	6.05%
Bloomberg Intermediate U.S. Agg.	0.66%	1.89%	7.32%	6.32%
S&P 500	0.25%	6.33%	17.79%	14.97%
Russell 2000	0.96%	5.98%	13.45%	4.08%

Source: Bloomberg; As of 11/28/25.

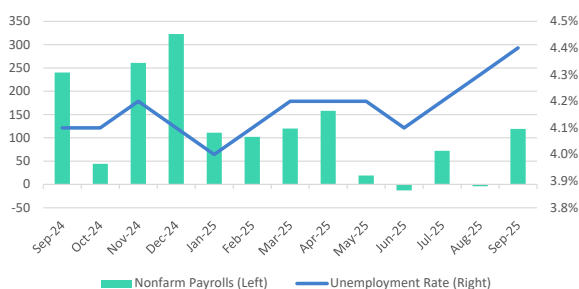
### FEATURED MARKET DATA

#### Labor Market and the Fed

Fed member forecasts released following the September Fed meeting revealed a Fed split on the pace and volume of additional rate cuts. Some members believed fewer cuts were required given signs of stabilizing employment and persistent inflation. More dovish members continued to focus on the potential for further weakening in labor markets. Delayed labor and inflation data also increased uncertainty and helped create large swings in market expectations for a rate cut on December 10th. September's employment data was mixed with larger than expected jobs growth, a revision to negative growth in August, and a slight rise in the unemployment rate to 4.4%. Markets are now pricing in a strong likelihood of a December rate cut, but a divided Fed is expected to remain a theme in 2026.

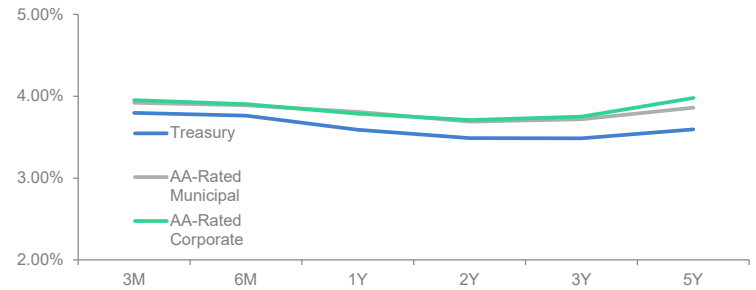
Source: Bloomberg, Wall Street Journal; As of 11/28/25.

### Labor Market Data



Source: FactSet; As of: 12/1/25

### Market Yields



Source: Bloomberg Finance L.P. As of 11/28/25.

### U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Change in Nonfarm Payrolls	11/20/25	SEP	52K	119K	-4K (R)
Unemployment Rate	11/20/25	SEP	4.3%	4.4%	4.3%
Retail Sales Ex. Auto (MoM)	11/25/25	SEP	0.3%	0.3%	0.6% (R)
Producer Price Index (YoY)	11/25/25	SEP	2.6%	2.7%	2.7% (R)
Core PPI (YoY)	11/25/25	SEP	2.7%	2.6%	2.9% (R)
S&P Cotality Case Shiller 20-City Home Price Index (YoY)	11/25/25	SEP	1.40%	1.36%	1.57% (R)
Consumer Confidence	11/25/25	NOV	93.3	88.7	95.5 (R)
ISM Manufacturing	12/01/25	NOV	49.0	48.2	48.7
ADP Employment Change	12/03/25	NOV	10K	--	42K

Source: Bloomberg Finance L.P. As of 12/1/25. Glossary terms on following page.

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# Glossary of Terms

Term	What is it:
<b>Building Permits</b>	Records the number of permits for future housing construction.
<b>Capacity Utilization</b>	Tracks the extent to which capacity is being used in the production of goods and services.
<b>Change in Nonfarm Payrolls</b>	This indicator measures the change in the number of employees on business and government payrolls.
<b>Chicago Fed National Activity Index</b>	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
<b>Consumer Confidence</b>	Index examines how consumers feel about jobs, the economy and spending.
<b>Consumer Price Index (CPI)</b>	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
<b>Core Consumer Price Index (Core CPI)</b>	This measure of CPI excludes food and energy costs.
<b>Durable Goods Orders</b>	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
<b>Existing Home Sales</b>	Measures monthly sales of previously owned single-family homes.
<b>GDP Annualized QoQ</b>	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
<b>Housing Starts</b>	Records the number of new housing units started during a period.
<b>Index of Leading Economic Indicators (LEI)</b>	An index designed to predict the direction of the economy.
<b>Initial Jobless Claims</b>	Tracks new filings for unemployment insurance benefits.
<b>ISM Manufacturing</b>	Measures manufacturing activity based on a monthly survey of purchasing managers.
<b>MBA Mortgage Applications</b>	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
<b>Mortgage Delinquencies</b>	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
<b>Personal Consumption Expenditure (PCE)</b>	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
<b>Personal Income and Spending</b>	Index records the income Americans receive, how much they spend, and what they save.
<b>Retail Sales</b>	Tracks the sale of new and used goods for personal or household consumption.
<b>Retail Sales Ex. Auto</b>	Retail sales excluding motor vehicles and parts.
<b>S&amp;P Cotality Case Shiller 20-City Home Price Index (YoY)</b>	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
<b>Unemployment Rate</b>	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, *The Secrets of Economic Indicators* by Bernard Baumohl; PMA Asset Management, LLC

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