

## Key Takeaways:

- U.S. equities stage impressive comeback.
- Fed rate cuts almost fully priced in for December.
- U.S. outperforms international equities.
- Bonds rally; investors choose quality over yield.
- Commodities still getting boost from gold.

## Another Month With an Impressive Equity Turnaround!

The longest U.S. Government shutdown in history came to an end in November. Unfortunately, it did little to stop the pullback in U.S. equities. The S&P 500 saw its first pullback (drop of 5% or more) since the near bear market decline after Liberation Day. The tech heavy NASDAQ and small cap U.S. equities bore the brunt of the volatility, both dropping almost 10% during the month. Despite volatility, as measured by the VIX Index, rising to the highest level since April, equities saw a late month comeback to end the month in positive territory. As economic data resumed, it confirmed a slowing economy and the odds of a December rate cut surged. In this Weekly Insights, we review the month of November from an economic and asset class perspective.

- **Consumer on shaky ground:** Retail sales data for September showed cautious consumers. Super core retail sales (ex building materials, autos, gas and food) dropped for the first time in five months. Consumer confidence as measured by the Conference Board showed that consumer expectations are hovering near the lowest level since 2013.

- **Inflation mixed:** Core producer prices rose at the slowest pace in three months in September. However, the prices paid component in the ISM Services Index rose to a three year high.
- **Labor market soft:** The U.S. economy added 119K jobs in September but the unemployment rate rose to a four year high.
- **Housing improving?** Existing home sales in October rose for the second consecutive month and homebuilder sentiment rose to a seven month high.

**Global Equities: U.S. stages a comeback.** Optimism around earnings and another Fed rate cut helped U.S. equities avoid the first negative month since April.

- **U.S. rally broadens:** After a rocky start, the S&P 500 posted its seventh consecutive monthly rally. However, value outperformed growth at all market cap levels.
- **International lags:** The MSCI AC World Index (ex U.S.) posted its first drop in four months. The S&P 500 outperformed the MSCI EAFE for the third consecutive month.

**Fixed income: Bonds rally on rate cut hopes.** The Bloomberg Aggregate Index rose for the fourth consecutive month as the futures market priced in a December rate cut.

- **Short term leads:** The odds of a December Fed rate cut rose to ~80%. As a result, short term bond yields (2YR) fell near the lowest level since 2022.
- **Treasuries outperform:** Credit fears emerged and bond investors chose Treasuries over credit. Treasuries outperformed high yield and emerging market bonds.

**Commodities: Gold shines:** The Bloomberg Commodity Index rallied for the fourth consecutive month.

- **Gold has a choppy month:** Despite a nearly 10% drop from its recent high, gold regained momentum and posted its fourth consecutive monthly gain.
- **Energy rises:** The Bloomberg Energy Index rallied for the second consecutive month as natural gas prices surged on cold weather. Oil prices fell for the fourth consecutive month as supply glut fears grew.

## Weekly Economic Recap –

Consumer Confidence Plummets on Concerns over State of the Labor Market

Core wholesale prices, which excludes food and energy, increased less than expected in September (+0.1% vs. +0.2% MoM). Goods prices contributed the most to the headline advance, increasing at the fastest pace since February 2024 (+0.9% MoM).

Consumer confidence, as tracked by the Conference Board, fell to its lowest reading since April (88.7) in November. Consumers' expectations deteriorated, with pronounced concerns over the state of the labor market. Additionally, one-year ahead inflation expectations increased to 4.8%, the highest since August.

Home price growth slowed in September as buyers remained on the sidelines amid economic uncertainty. The S&P Cotality Case-Shiller index slowed for the eighth straight month. Tampa, Las Vegas and Charlotte home prices fell the most.

Consumers slowed their pace of spending in September as U.S. retail sales increased 0.2%, the lowest since April. Spending at gasoline stations led the modest increase at the headline level. The control group, which excludes volatile categories, such as autos, gasoline, and food services, decreased during the month, the first time since April.

Pending sales of existing homes increased in October as buyers took advantage of lower mortgage rates, which hit a one-year low during the month (~6.3%). Contract signings increased the most in the Midwest, while signings in the West declined for the second straight month.

## Key Takeaways:

- Core wholesale prices increase less than expected.
- Consumer confidence falls to lowest since April.
- Consumers pull back on spending.
- Global equities rally as risk sentiment improves.
- Bond yields fall as December rate cut expectations rise.
- Precious metals lead commodities higher.

## Weekly Market Recap –

Global Equities Rally on Expectations for December Fed Rate Cut

**Equities:** The MSCI AC World Index was higher by the most since May as dovish comments from Federal Reserve officials and weaker-than-expected economic data reinforced calls for a December rate cut. All U.S. averages were higher during the holiday-shortened trading week. Small-caps, as tracked by the Russell 2000, were higher for the first time in five weeks and by the most since November 2024. The tech-heavy Nasdaq was higher by the most since May amid the risk-on sentiment.

**Fixed Income:** The Bloomberg Aggregate Index was higher for the second consecutive week. Bond yields were lower as expectations for a December Fed rate cut increased. All sectors of fixed income were higher with high yield corporate bonds gaining the most as risk sentiment improved.

**Commodities/FX:** The Bloomberg Commodity Index was higher by the most since June. Precious metals led performance as expectations of a December Fed rate cut increased demand for the safe-haven asset. Silver prices were higher by the most since July as a supply squeeze depleted Chinese inventories to a 10-year low. Copper prices were higher by the most since October supported by calls for a December Fed rate cut.

### Consumer Confidence Falls to Near Covid-Era Lows



Footnotes: Data is as of November 2025.

Data Source: FactSet Research Systems, Verdence Capital Advisors

## Stocks Surge on Rate Cut Hopes

U.S. Equities		Current	1WK	1MO	3MO	1YR	YTD	International Equities		Current	1WK	1MO	3MO	1YR	YTD
	Dow Jones Industrial Average	47,716	3.2%	0.5%	5.1%	8.0%	13.9%		MSCI AC World (USD)	1,005	3.6%	0.0%	5.9%	18.2%	21.1%
	S&P 500	6,849	3.7%	0.2%	6.3%	15.0%	17.8%		MSCI EAFE (USD)	2,810	3.2%	0.6%	3.8%	24.5%	27.4%
	Russell 1000 Growth	4,797	4.2%	-1.8%	7.2%	20.3%	19.3%		MSCI Europe ex UK (USD)	3,140	3.5%	1.5%	4.2%	27.3%	30.4%
	Russell 1000 Value	2,062	3.4%	2.7%	4.6%	7.2%	15.1%		MSCI Japan (USD)	4,779	2.7%	-0.7%	5.2%	23.5%	23.9%
	Russell 2500	4,297	4.9%	1.5%	3.8%	3.4%	11.8%		MSCI UK (USD)	1,531	3.2%	1.4%	4.4%	26.6%	30.2%
	Russell 2000	2,500	5.5%	1.0%	6.0%	4.1%	13.5%		MSCI EM (USD)	1,367	2.5%	-2.4%	9.0%	29.5%	29.7%
	Nasdaq	23,366	4.9%	-1.4%	9.1%	22.4%	21.7%		MSCI Asia ex Japan (USD)	891	2.6%	-2.8%	8.5%	28.9%	28.8%
Fixed Income		Current Yield	1WK	1MO	3MO	1YR	YTD	Commodities		Current	1WK	1MO	3MO	1YR	YTD
	U.S. Aggregate	4.3%	0.4%	0.6%	2.4%	5.7%	7.5%		Bloomberg Commodity Index	277	2.8%	3.2%	8.5%	17.3%	16.1%
	U.S. Govt/Credit	4.2%	0.4%	0.6%	2.3%	5.4%	7.2%		Crude Oil (USD/bbl)	\$59.0	1.6%	-2.0%	-5.0%	-9.0%	-12.7%
	U.S. 10 Year Treasury	4.0%	0.4%	1.0%	2.8%	6.1%	9.0%		Gold (\$/oz)	\$4,239.4	3.0%	6.4%	22.5%	61.1%	62.3%
	U.S. TIPS (1-10YR)	3.8%	0.2%	0.3%	0.5%	6.7%	7.7%		Copper	\$518.6	4.0%	2.5%	15.4%	27.8%	29.5%
	U.S. High Yield	6.6%	0.8%	0.6%	1.6%	7.5%	8.0%		Wheat	\$538.5	-1.1%	-2.6%	-3.3%	-11.9%	-13.0%
	EM Bonds (USD)	5.8%	0.3%	0.2%	3.1%	9.3%	10.6%		U.S. Dollar	99	-1.1%	-0.7%	1.4%	-6.3%	-8.7%
	Municipal Bonds	3.6%	0.1%	0.2%	3.8%	2.6%	4.2%		VIX Index	16.4	-30.2%	-6.3%	6.4%	21.0%	-5.8%

Footnotes: Data is as of November 28, 2025.

Source: Bloomberg Finance LP, Verdence Capital Advisors.

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