Stocks Hit New Highs as Market Navigates Shutdown, Fed Policy, & AI Spending

Services
Investment Management

November 30, 2025

Monthly Market Summary

- The S&P 500 Index rose +2.3% in October, bringing its year-to-date return to +17.5%. Large Cap Growth stocks gained +3.6% and outperformed the index, while Large Cap Value returned +0.4%. Major stock indices set new highs, with the S&P 500, Dow Jones, Nasdaq 100, and Russell 2000 all posting a sixth straight month of gains.
- Technology led all S&P 500 sectors, with the Nasdaq 100 gaining +4.8%. Health Care and Consumer Discretionary also outperformed the index, while the remaining eight sectors underperformed, with five sectors trading lower.
- Bonds traded higher as Treasury yields ended lower despite intra-month volatility. The U.S. Bond Aggregate returned +0.6%, while corporate bonds underperformed. Investment-grade delivered a +0.4% total return, and high-yield gained +0.2%.
- International stocks split the S&P 500's return. Developed Markets gained +1.2%, underperforming the S&P 500, while Emerging Markets returned +4.2%.

Federal Reserve Cuts Interest Rates as Government Shutdown Drags On

The government shutdown that began October 1st remains unresolved as of month-end, officially becoming the second-longest in U.S. history behind 2018. The shutdown, which is due to partisan gridlock over federal spending and health care subsidies, has disrupted government operations and caused hardship for federal workers. The market has mostly dismissed the stalemate as political noise, but the length of the shutdown is starting to raise concerns about its impact on consumer sentiment and business activity.

The shutdown has complicated interest rate policy by halting the release of economic data. Federal Reserve policymakers have had to make decisions without the latest data on the labor market, consumer spending, and housing market. Despite the data blackout, the Fed cut rates by -0.25% in October, its second consecutive rate cut. The decision reflects growing concern over labor market softening, with Chair Powell emphasizing that employment risks have overtaken inflation concerns, despite inflation still above the 2% target. The market expects another 0.25% rate cut in December, although the probability fell after Powell said a rate cut is "not a foregone conclusion".

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Stocks Trade Near All-Time Highs Despite Credit Concerns & Trade Tensions

Stocks ended October near all-time highs after they staged a late-month recovery. Credit concerns surfaced early in the month after multiple regional banks disclosed losses tied to commercial real estate fraud. The news came only weeks after two high-profile bankruptcies in the auto sector and reignited concerns about credit quality. Stocks initially sold off, but by month-end, concerns eased as credit rating agencies and analysts characterized the issues as isolated rather than systemic.

Around the same time, a sudden re-escalation of U.S.–China trade tensions rattled the market just weeks before a high-stakes Trump-Xi summit. It began when China expanded export restrictions on rare earth minerals, prompting the White House to threaten a 100% tariff on all Chinese imports if Beijing didn't reverse course. The threats sparked a stock market sell-off and revived fears of a trade war. However, despite the harsh rhetoric and threats, both sides left room for negotiation. The Trump-Xi summit took place as scheduled in late October, and the meeting yielded several headline agreements that helped ease near-term U.S.-China trade tensions.

Market Sentiment: Cautious Optimism Ahead of Year-End

Market sentiment is cautiously optimistic heading into the final two months of the year, supported by the Fed's rate-cutting cycle, continued enthusiasm around AI, and solid Q3 corporate earnings. November and December are historically strong for equities, and while investors are bullish, they're not euphoric. Despite credit concerns fading and trade tensions easing, other risks remain. Valuations are elevated, investors are questioning the return from AI infrastructure spending, and job growth has slowed in recent months. Chair Powell's pushback against a December rate cut tempered some enthusiasm, but hopes for a year-end market rally remain intact, even as attention shifts to 2026.

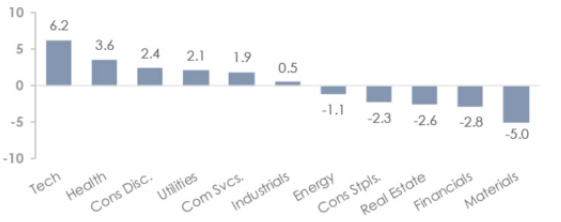
This Month in Numbers

FIGURE 1
U.S. Style Returns (October in %)

	Value	Blend	Growth
Large	0.4	2.3	3.6
Mid	-1.0	-0.8	-0.3
Small	0.3	1.8	3.2

Data Reflects Most Recently Available As of 10/31/2025

FIGURE 2
U.S. Sector Returns (October in %)



Data Reflects Most Recently Available As of 10/31/2025

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FIGURE 3

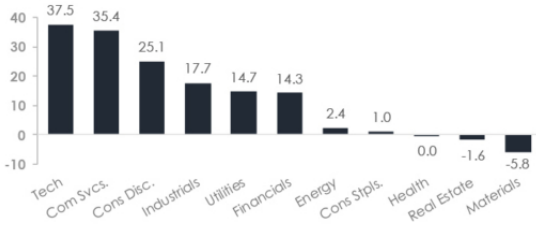
U.S. Style Returns (1-Year in %)

	Value	Blend	Growth
Large	11.1	21.5	30.5
Mid	7.9	10.8	19.6
Small	9.9	14.4	18.8

Data Reflects Most Recently Available As of 10/31/2025

FIGURE 4

U.S. Sector Returns (1-Year in %)



Data Reflects Most Recently Available As of 10/31/2025

FIGURE 5

Market Data Center

Stocks	1 month	3 months	6 months	YTD	1 year	3 years
S&P 500	2.3%	8.2%	23.6%	17.5%	21.5%	84.6%
Dow Jones	2.6%	8.2%	18.0%	13.3%	15.8%	54.0%
Russell 2000	1.8%	12.5%	27.1%	12.4%	14.4%	40.3%
Russell 1000 Growth	3.6%	10.4%	32.6%	21.5%	30.5%	123.2%
Russell 1000 Value	0.4%	5.2%	13.3%	12.1%	11.1%	45.8%
MSCI EAFE	1.2%	7.6%	13.6%	27.2%	23.7%	75.8%
MSCI EM	4.2%	13.3%	28.0%	33.6%	28.7%	80.3%
NASDAQ 100	4.8%	11.6%	32.6%	23.8%	31.0%	132.3%

Dividend Yield	NTM P/E	P/B
1.06%	22.9x	5.2x
1.42%	20.6x	5.5x
0.98%	24.5x	1.9x
0.34%	31.4x	13.8x
1.72%	17.1x	2.9x
2.73%	15.5x	2.0x
2.13%	14.2x	2.1x
0.45%	28.9x	8.5x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	4.33%	0.6%	2.9%	6.8%	6.2%	17.8%
U.S. Corporates	4.82%	0.4%	3.0%	7.4%	6.8%	25.3%
Municipal Bonds	3.44%	1.1%	4.2%	3.7%	4.0%	16.7%
High Yield Bonds	6.67%	0.2%	2.2%	7.3%	8.0%	33.1%

Key Rates	10/31/2025	9/30/2025	7/31/2025	4/30/2025	10/31/2024	10/31/2022
2 yr Treasury	3.60%	3.61%	3.94%	3.59%	4.16%	4.49%
10 yr Treasury	4.09%	4.15%	4.36%	4.16%	4.28%	4.07%
30 yr Treasury	4.66%	4.73%	4.89%	4.69%	4.48%	4.20%
30 yr Mortgage	6.27%	6.36%	6.78%	6.85%	7.28%	6.27%
Prime Rate	7.25%	7.25%	7.50%	7.50%	8.00%	6.25%

Commodities	Level	1 month	YTD
Oil (WTI)	60.98	-2.2%	-15.0%
Gasoline	1.87	-7.4%	-7.1%
Natural Gas	4.37	32.3%	41.0%
Propane	0.68	-5.0%	-13.1%
Ethanol	1.73	-1.7%	17.3%
Gold	3,997	3.2%	51.3%
Silver	48.16	3.3%	64.7%
Copper	5.07	5.4%	27.1%
Steel	888	11.0%	25.2%
Corn	4.32	3.9%	-5.9%
Soybeans	11.00	11.7%	9.1%

Data Reflects Most Recently Available As of 10/31/2025

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The S&P 500 Index or Standard & Poor's 500 Index is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.

The Russell 2000 index measures the performance of approximately 2,000 small-cap US equities.

The MSCI EAFE Index is a stock market index that measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included.

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

The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.

The Russell 1000 Growth index is an index that tracks large cap, growth stocks. This benchmark is important for investors that might tilt their investments towards large cap growth. Growth stocks, in comparison to value stocks, are considered companies with a more growth potential, and a higher risk profile.

The Russell 1000 Value index is an index that tracks large cap, value stocks. This benchmark is important for investors that might tilt their investments towards large cap value. Value stocks, in comparison to growth stocks, are considered companies with a stable cash flow, and more mature business model.

The Dow Jones Industrial Average, or simply the Dow, is a stock market index that indicates the value of 30 large, publicly owned companies based in the United States, and how they have traded in the stock market during various periods of time. These 30 companies are also included in the S&P 500 Index. The value of the Dow is not a weighted arithmetic mean and does not represent its component companies' market capitalization, but rather the sum of the price of one share of stock for each component company. The sum is corrected by a factor which changes whenever one of the component stocks has a stock split or stock dividend, so as to generate a consistent value for the index.

The Bloomberg US Aggregate Bond Index is used as a benchmark for investment grade bonds within the United States. This index is important as a benchmark for someone wanting to track their fixed income asset allocation.

The Bloomberg US Corporate Index covers performance for United States corporate bonds. This index

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serves as an important benchmark for portfolios that include exposure to investment grade corporate bonds.

The Bloomberg US Corporate High Yield Index covers performance for United States high yield corporate bonds. This index serves as an important benchmark for portfolios that include exposure to riskier corporate bonds that might not necessarily be investment grade.

Treasuries, also known as Treasury securities, are debt obligations issued by the United States government. They are used to raise cash needed to fund government operations and help finance the federal deficit. Treasuries are backed by the full faith and credit of the US government, making them one of the safest investments. They are an important instrument in monetary policy, allowing central banks to control the money supply.

The Prime Rate is the interest rate that commercial banks charge their most creditworthy corporate customers. The prime rate is derived from the federal funds rate, usually using fed funds + 3 as the formula.

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