

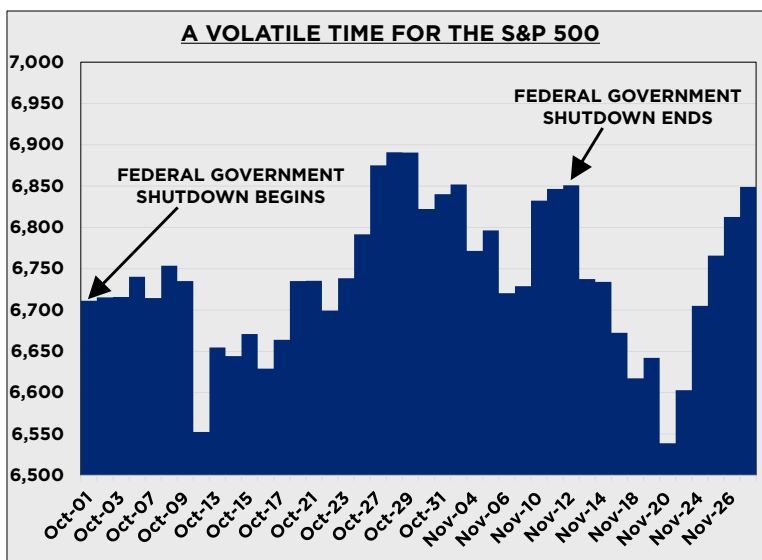
Market update

December 2, 2025

Market price volatility picked up in November with concerns focused on Fed policy and stock-market expectations for additional AI-generated profits. The U.S. stock market eked out a gain for November thanks to a modest advance on the last trading day. International stocks posted a late rally as well but sufficient only to break even for the month. Bond yields moved modestly lower in November, enough to add price appreciation to interest income and a total return surpassing that of stocks. The end of the longest federal government shutdown proved of little immediate benefit to financial markets.

	NOVEMBER	Y-T-D
• U.S. Taxable Bonds	+0.6%	+7.5%
• U.S. Stocks	+0.3%	+17.2%
• Foreign Stocks	-0.0%	+29.2%

Many stock market indexes remain at or near all-time high levels. While the largest gains continued to be concentrated among large-cap tech stocks, the breadth of individual stock gains did broaden a bit in November. The equal-weighted S&P 500 posted a +1.9% gain in the month while the S&P Top 50 actually declined -0.5%. Returns varied widely among stock market sectors in November. Health care led with a gain of +9.3% while information technology trailed at -4.3%. For the year-to-date, however, information technology maintained leadership with a return well above that of the overall market.



Much focus from October 1 was on the federal government shutdown until its end on November 12. Amidst the shutdown, the primary concern was over the impact on economic activity. Some slowdown prevailed in many sectors of the economy. The “poster-child” was airline activity as the air traffic system was constrained by the shortfall in controllers. Adding to investor concern was the lack of normal reporting of economic data. As the chart here shows, market reaction did come to the end of the shutdown, but it was with a meaningful pullback in stock prices. This phenomenon of seeming disparity between news and market reactions occurs quite frequently. In the current instance, once the shutdown and all its attention was gone, investors returned to the fundamentals of economic activity and determined that the outlook remained favorable.