SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"You can have everything in life you want, if you will just help enough other people get what they want." Zig Ziglar

MARKETS

Macro Recap: As the U.S. government shutdown stretches into its sixth week, the absence of the monthly jobs report has left investors without a key gauge of labor market health. In its place, private data from Challenger, Gray & Christmas offered a sobering alternative: October saw 153,000 job cuts, nearly triple the number reported in September, signaling growing weakness in employment trends.

Consumer sentiment has also deteriorated sharply. The University of Michigan's preliminary November reading fell to 50.3, the lowest level in over three years, down from 53.6 in October and 61.7 as recently as July. Survey respondents cited the shutdown and its economic implications as major concerns, underscoring the broader impact on household confidence.

Adding to the uncertainty, the U.S. Supreme Court heard arguments this week in a case challenging the legal basis for tariffs imposed earlier in the year. While no timeline for a ruling was provided, the outcome could have significant implications for trade policy and market stability.

Meanwhile, volatility extended into the digital asset space. Bitcoin, the most widely traded cryptocurrency, dipped below the $100,000 mark on Tuesday for the first time in over six months. Although it recovered slightly to around $103,500 by Friday afternoon, the price remains well below its recent peak of $125,000 reached just four weeks ago.

Together, these developments paint a picture of an economy grappling with policy uncertainty, weakening labor conditions, and declining consumer confidence, all of which could weigh on growth prospects in the months ahead.

Equity Recap: This week's market activity was marked by a notable reversal in technology stocks, particularly those linked to AI growth. After driving major U.S. indexes higher in the prior week, leading tech names experienced broad profit-taking as investors reevaluated the sustainability of recent gains and the pace of AI-driven innovation.

The NASDAQ, with its heavy concentration of AI and tech-related companies, led the decline, falling 3.0% for the week. The S&P 500 dropped 1.6%, while the DJIA slipped 1.2%. The pullback underscores a shift in sentiment as market participants grow more cautious in the face of elevated valuations and macroeconomic headwinds.

Bond/Rate Recap: Safe-haven demand remained evident this week as softer economic data reinforced investor concerns about the growth outlook. In response, Treasury yields held within a tight range, reflecting a cautious tone across fixed-income markets. The 2-year Treasury yield fluctuated between 3.57% and 3.63%, while the 10-year yield moved between 4.09% and 4.16%. The subdued rate movement highlights investor hesitation to take directional positions amid lingering macroeconomic uncertainty.

INDICES

	Nov 3 Open	Nov 7 Close	Weekly Change	Dec 31 2024	YTD Change
DJIA	47,563	46,987	-1.2%	42,544	10.4%
S&P 500	6,840	6,729	-1.6%	5,882	14.4%
NASDAQ	23,725	23,005	-3.0%	19,311	19.1%
Russell 2000	2,479	2,433	-1.9%	2,230	9.1%
KBW Bank Indx	149.8	150.7	0.6%	127.5	18.3%
Bitcoin	$110,245	$103,459	-6.2%	$93,714	10.4%
Oil (WTI)	$60.98	$59.75	-2.0%	$71.72	-16.7%
Gold	$4,003	$4,001	0.0%	$2,625	52.5%
Prime	7.00	7.00	0.00	7.50	-0.50
Effective Fed Funds	3.87	3.87	0.00	4.33	-0.46
3m Tbill	3.80	3.84	0.04	4.31	-0.47
2yr UST	3.57	3.56	-0.01	4.24	-0.68
10yr UST	4.08	4.10	0.02	4.57	-0.47
2-10yr UST Spread	50	53	3	33	21
2y AAA Muni/10y UST	69.1%	70.0%	1.0%	66.5%	3.6%
10y AAA Muni/10y UST	66.8%	66.7%	-0.1%	68.4%	-1.7%
5yr Inflation Forecast	2.41	2.38	-0.03	2.42	-0.04

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Veterans Day, U.S. stock market open, bond market closed
- **Wednesday:** No major reports
- **Thursday:** CPI*, Federal Budget*
- **Friday:** Nonfarm payrolls* UofM consumer sent., Consumer credit*

***Could be delayed or canceled**

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