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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"It's all very simple: if you score one more than your opponent, you win." Johan Cruijff

MARKETS

Macro Recap: Economic data released last week painted a mixed picture. The FOMC minutes reinforced the Federal Reserve's data-dependent approach and suggested policymakers remain cautious about declaring victory over inflation. Retail sales were generally resilient, reflecting a consumer sector that continues to support economic activity, while housing data remained uneven as higher financing costs continue to weigh on affordability and transaction volumes.

Energy prices continued to ease last week, with WTI crude oil falling for a third consecutive week and moving below $84 per barrel despite ongoing geopolitical tensions in the Middle East. Oil had traded above $100 just a few weeks ago, highlighting how quickly supply concerns have moderated.

Gold also remained under pressure, falling to its lowest level since August 2025. After reaching record highs earlier this year, the metal has now retraced more than one-third from its peak as investors continue to reassess inflation expectations and potential monetary policy paths.

Equity Market Recap: U.S. equity markets experienced a sharp risk-off move, with major indexes declining 8% to 10% during the week. The NASDAQ and Dow posted their steepest weekly losses since the 2020 pandemic selloff, while the S&P 500 recorded its largest decline since the tariff-driven volatility seen in spring 2025.

Technology shares continued to lead the weakness, pushing the NASDAQ into negative territory for the year and extending the S&P 500's losing streak to seven consecutive sessions. By Friday's close, the NASDAQ sat 18.1% below its October peak and was approaching bear market territory, while the S&P 500 and Dow remained roughly 12% below their respective highs.

Investor uncertainty also surged, with the CBOE Volatility Index (VIX) rising from 19.3 to 35.9 during the week. The increase came as investors reacted to accelerating equity market declines and heightened uncertainty surrounding growth, inflation, and policy expectations.

Fixed Income and Rates Recap: Treasury markets benefited from the flight to quality, with bond prices rising and yields moving lower for the sixth time in the last seven weeks. The 10-year Treasury yield declined from 5.16% to 4.92%, while yields across the curve also moved lower as investors reduced expectations for additional Fed tightening and sought safety amid equity market volatility.

Week Ahead: Although markets will close Thursday for Thanksgiving, Wednesday will feature several important economic releases, including updated GDP estimates and the latest PCE inflation report. The most recent reports showed PCE inflation at an annual rate of 3.6% and GDP at 3.4%. Markets will be closely watching for signs that inflation continues to moderate while economic growth remains resilient, as both factors are likely to influence expectations for Federal Reserve policy heading into year-end.

INDICES

	Nov 16 Open	Nov 20 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	52,348	48,147	-8.0%	48,063	0.2%
S&P 500	7,562	6,910	-8.6%	6,846	0.9%
NASDAQ	25,136	22,618	-10.0%	23,242	-2.7%
Russell 2000	2,790	2,582	-7.5%	2,482	4.0%
KBW Bank Indx	175.3	158.7	-9.5%	164.0	-3.3%
Bitcoin	$65,304	$61,170	-6.3%	$87,648	-30.2%
Oil (WTI)	$88.51	$82.00	-7.4%	$57.42	42.8%
Gold	$3,897	$3,624	-7.0%	$4,319	-16.1%
Prime	7.00	7.00	0.00	6.75	0.25
Effective Fed Funds	3.88	3.88	0.00	3.64	0.24
3m Tbill	4.22	4.24	0.02	3.63	0.61
2yr UST	4.84	4.66	-0.18	3.47	1.19
10yr UST	5.14	4.93	-0.20	4.17	0.76
2-10yr UST Spread	29	27	-2	69	-42
2y AAA Muni/2y UST	58.8%	62.8%	4.0%	70.3%	-7.5%
10y AAA Muni/10y UST	66.3%	70.0%	3.7%	65.4%	4.6%
5yr Inflation Forecast	2.30	2.20	-0.11	2.27	-0.07

Week Ahead

- **Monday:** No major reports scheduled
- **Tuesday:** Case-Shiller Home Idx, Consumer conf.
- **Wednesday:** PCE, 3rd Q GDP (2nd est)
- **Thursday:** Markets closed for Thanksgiving
- **Friday:** 1 p.m. Market close

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