

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- In the wake of the government shutdown, more economic data points that were delayed are now being released, and although likely stale, they can provide insight into how the economy has held up over the past few months.
- Among the delayed reports was the Personal Consumption Expenditures Price Index (PCE), which measures how prices changed in the past month.
 - PCE indicated that prices rose 2.8% over the last year, slightly higher than last month's 2.7%, but in line with what economists were expecting.
 - Core PCE, which excludes the volatile food and energy sectors, also rose 2.8% versus last year, which matched the reading from last month, and was slightly lower than expected.
- The University of Michigan consumer sentiment survey showed that sentiment increased among consumers in December, rising to 53.3, above the previous month's 51.0.
 - Consumers also lowered their expectations for where they believe inflation will be one year from now to 4.1%, below the previous reading of 4.5%.
- The ISM Manufacturing and Services reports were released, coming in at 48.2 and 52.4, respectively. Readings above 50 represent expansion, while levels below 50 represent contraction in each sector.
 - Manufacturing remains weak, as it has for the past few years, amid weak consumer demand for goods.
 - Services account for the majority of the US economy, and strength in the service sector has been reflective of rising wages, continued consumer spending, and expanding employment.
 - In the most recent reading, prices also slowed their growth, implying that inflation may moderate further in the coming months.

How does the most recent economic data impact you?

- PCE is the Fed's preferred gauge of inflation, because it takes into account what an average American is likely to buy, and how the prices of those goods and services are changing.
 - Markets are anticipating another 0.25% interest rate cut, but the Fed has signaled it will only cut rates more if inflation continues to soften.
 - Although PCE has remained above the 2% target of the Fed, investors believe that core PCE coming in lower than anticipated will be enough to spur another interest rate cut.
- ISM manufacturing and services largely confirmed a trend that was established coming out of the pandemic: consumers continue to spend on services, which has in turn fueled economic growth. However, their lack of aggregate spending on goods has weakened sentiment on the manufacturing side of the economy.



A LOOK FORWARD¹

- This week, the Fed is slated to release its final interest rate decision of the year.
- The Job Openings and Labor Turnover (JOLTS) report will also be released, giving investors potential insights into how the labor market is holding up.

How does this week's slate of economic data impact you?

- The decision that the Fed makes will likely drive markets for the week, with current expectations heavily in favor of an interest cut. Comments made by the Fed will also set the stage for interest rate policy in 2026.

Market Index Returns as of 12/5/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.35%	2.95%	18.22%	14.27%	22.10%	14.86%
NASDAQ	0.93%	4.16%	22.84%	19.50%	29.83%	14.44%
Dow Jones Industrial Average	0.62%	3.72%	14.58%	9.27%	14.75%	11.81%
Russell Mid-Cap	0.30%	0.74%	11.24%	4.06%	13.77%	9.22%
Russell 2000 (Small Cap)	0.88%	3.69%	14.47%	6.10%	13.25%	7.34%
MSCI EAFE (International)	0.77%	2.59%	28.38%	23.35%	15.87%	8.94%
MSCI Emerging Markets	1.42%	3.13%	31.53%	28.20%	15.22%	4.57%
Bloomberg Barclays US Agg Bond	-0.48%	0.76%	6.94%	4.72%	4.06%	-0.31%
Bloomberg Barclays High Yield Corp.	0.12%	0.86%	8.14%	7.22%	9.52%	4.64%
Bloomberg Barclays Global Agg	-0.24%	-0.27%	7.62%	5.03%	3.39%	-2.04%



OBSERVATIONS

- Global markets continued to rally, with the market broadening, as investors looked ahead to the upcoming Fed meeting.
 - The NASDAQ led large-cap indexes (0.93%) as large-cap tech names continue to exude strong performance, but the Dow Jones was not far behind (0.62%), and the S&P 500 also rose on the week (0.35%).
- The Russell 2000 had a strong week as well, returning 0.88%, outpacing the S&P 500. Mid-cap performance, although more muted, was still positive in the week, rising 0.30%.
- International markets, both developed and emerging, saw strong performance, outpacing U.S. equities, rising 0.77% and 1.42%, respectively.
- Fixed income indices fell across the globe, as the potential for higher interest rates remained top of mind for investors. Domestic investment-grade bonds fell -0.48%, global bonds fell -0.24%, but high yield bonds had a positive week, rising 0.12%.



BY THE NUMBERS

- Netflix Buys Warner Bros Discovery:** Netflix has agreed to buy Warner Bros. Discovery's TV and film studios and streaming division for \$72 billion, a deal that would give the streaming pioneer control of one of Hollywood's most prized and oldest assets. The agreement follows a weekslong bidding war in which Netflix seized the lead with a nearly \$28-a-share offer that eclipsed Paramount nearly \$24 bid for the whole of Warner Bros Discovery, including the cable TV assets slated for a spinoff. Paramount, led David Ellison, the son of Oracle founder Larry Ellison, had been the expected leader in the fight for Warner Bros. Discovery after it kicked off the bidding war with a series of unsolicited offers. Ellison and Paramount have close ties with the Trump administration and questioned the sale process earlier this week in a letter alleging favorable treatment to Netflix. After the merger deal was announced, the Trump administration said it viewed the deal with "heavy skepticism," CNBC reported.³
- The 2025 College Football Final Bracket is Set:** The 2025-26 [College Football](#) Playoff bracket is officially set, giving teams a clear roadmap toward the national championship. Following a regular season filled with drama and intense conference championship battles, the top programs now shift their attention to the CFP, aiming for a shot at college football's ultimate prize. The playoff opens with four first-round games before advancing to the quarterfinals. Winners will move on to the semifinals leading up to the College Football Playoff National Championship. With only 12 spots available, there was heavy debate around including Alabama in the playoff after their 28-7 loss to Georgia in the SEC conference championship game, ahead of Notre Dame, who boasted an impressive 10-2 record, but is not affiliated with any conference.⁴

Economic Definitions

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

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¹ Data obtained from Bloomberg as of 12/05/2025.

² Data obtained from Morningstar as of 12/05/2025.

³ [Netflix to buy HBO Max-owner Warner Bros. What we know so far.](#)

⁴ [2025 College Football Playoff bracket: Full schedule for 12-team field with dates, kickoff times, locations](#)