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November Market Update

Recent weeks have brought significant developments — from pivotal Federal Reserve policy shifts to breakthrough advancements in technology. In October, markets also faced an unusual challenge: a data "fog" from the government shutdown that underscored the value of maintaining a diversified and adaptive portfolio approach.

Meanwhile, sustained momentum in AI and cloud computing has reinforced mega-cap technology's leadership, providing stability even as questions around inflation and labor markets persist.

As we move through this pivotal period, your advisor is committed to helping you make confident, informed decisions in an evolving landscape. Today, we'll unpack the latest policy developments, economic data, and investment trends shaping the path forward.

Major U.S. Stock Indices

In October, all three major U.S. equity indices posted solid gains, reversing recent volatility as strong earnings from leading technology companies lifted sentiment. Amazon and Alphabet rallied on impressive results, while Meta and Microsoft lagged amid investor concerns about their aggressive AI and cloud infrastructure spending.

Here's the scorecard:

- The S&P 500 [gained](#) 2.27%.
- The Nasdaq 100 [surged](#) 4.44%.
- The Dow Jones Industrial Average [climbed](#) 2.42%.

Fed Policy and Interest Rates

- The Fed cut rates by 25 basis points in October, bringing them to a range of [3.75%-4.00%](#), the lowest in nearly three years. This marks a clear pivot: policymakers are now more concerned about a cooling

labor market than stubborn inflation, especially as the government shutdown clouds the data.

- Inflation isn't cooperating, though, still hovering around 2.9%. This puts the Fed in a tricky spot — trying to support employment while price pressures refuse to fade to its 2% target. It's a [delicate balancing act](#) that reflects a meaningful shift in the Fed's priorities.
- The Fed will end quantitative tightening on December 1st, halting its balance sheet runoff and redirecting proceeds from maturing mortgage securities into Treasuries. This combination of lower short-term rates and added longer-term liquidity is designed to ease financial conditions and support both consumer spending and business investment.
- The path forward remains murky. Federal Reserve Chair Jerome Powell signaled December cuts aren't guaranteed, and a rare 10-2 vote exposed real division among Fed officials. This uncertainty underscores why staying nimble with your portfolio is more important now than ever.

Economic Data: Growth, Inflation, Labor

- The federal government shutdown that began on October 1st is now among the longest in U.S. history, projected to slice 1-2 percentage points off Q4 gross domestic product (GDP) with a permanent [\\$7-14 billion hit](#). Federal workers are bearing the brunt, while consumer spending has visibly wilted.
- Inflation refuses to yield, clinging to 2.9-3.0% through September. Shelter costs jumped 3.6%, food climbed 3.1%, and gasoline rose sharply month-over-month. This relentless services inflation keeps grinding away at household wallets, making the Fed's pivot all the more precarious.
- September [revisions revealed](#) 911,000 phantom jobs from March 2024 to March 2025 — the largest downward revision since 2002. Unemployment has crept up to 4.3%, goods-sector hiring has gone cold, and wage pressures are easing. Overall, these crosscurrents paint a fragile economic landscape heading into year-end.

Macro Headwinds: Tariffs and Global Trends

- Tariff policy has become both windfall and warning. Collections surged 150% to \$195 billion in fiscal year 2025, but multiple states now cite tariff threats as a “top concern” among consumers, translating into softer retail sales and volatile tax collections.
- Globally, the picture has darkened. China's growth decelerated to 4.8% in Q3 — its weakest since last year — hit by property woes, U.S. trade friction, and weak domestic demand. [S&P Global](#) projects global growth of 2.7% for 2025 and 2.6% for next year, with the outlook for 2026 trimmed slightly from earlier estimates, underscoring that caution and selectivity are essential.
- Despite global headwinds, the U.S. continues to outpace its peers. The International Monetary Fund (IMF) [projects](#) full-year growth of 1.9% compared with 1.6% for advanced economies overall. Corporate

earnings tell the same story: [analysts predict](#) S&P 500 profits are expected to climb 11.2% year-over-year in 2025, fueled by tech leadership and minimal exposure to Europe's and Japan's stagnation.

Navigating What's Next

The themes shaping markets today — Federal Reserve rate cuts, AI-driven growth, data uncertainty, and global recovery — demand a thoughtful, forward-looking approach. Your advisor's focus remains on monitoring these shifts, identifying what truly matters, and translating it into clear guidance for your portfolio.

Whether adjusting your asset allocation or exploring new opportunities in U.S. and international markets, your advisor is committed to keeping you informed, prepared, and confident about the path forward. As always, please reach out if you'd like to discuss your portfolio or have questions about these developments.

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