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ECONOMIC REVIEW¹

- The much-anticipated November employment report showed nonfarm payrolls rising by 64,000, modestly above consensus expectations following an unusually weak October report.
 - Prior months were revised lower, with October showing a sharp decline that reflected shutdown-related disruptions rather than a sudden deterioration in labor demand.
 - Unemployment (U-3) rose to 4.6%, while U-6, a broader measure of underemployment, edged lower.
 - Higher labor force participation contributed to the rise in U-3, while easing underemployment suggested job quality has not materially deteriorated.
 - Average hourly earnings rose just 0.1% month-over-month, below expectations, reflecting softer labor demand and fewer hours worked, easing pressure on services inflation.
- Retail sales were flat in October versus expectations for modest growth, missing consensus estimates.
 - The report was released with a significant delay and reflected pre-holiday spending.
 - Weakness in autos and gasoline offset strengths across most discretionary categories.
 - Control-group retail sales, which feed directly to GDP, rose 0.8% versus expectations near 0.4%.
- November's Consumer Price Index (CPI) report showed headline inflation slowing to 2.7% year-over-year, well below expectations, and marking its slowest pace in several months.
 - Shelter, transportation, and services inflation eased meaningfully, helping drive the downside surprise.
 - Some concerns remain that shutdown-related assumptions, including a 0% owners' equivalent rent increase, made November's CPI report appear cooler than actual underlying inflation.
- Core CPI rose 2.6% year-over-year, below all major forecasts and the slowest pace since early 2021.
 - Disinflation was broad-based across goods and services.
 - Super Core CPI was in line with the headline at 2.7%.

How does the most recent economic data impact you?

- Shutdown-related noise and prior month revisions have led investors to focus on the broader trend of cooling employment and wage moderation, reinforcing the view that the labor market is softening gradually rather than deteriorating abruptly.
- Release delays and category distortions have shifted market attention toward underlying demand trends, with strong control group sales supporting confidence in steady growth without signaling overheating.
- Data gaps and methodological assumptions have tempered enthusiasm around the CPI downside surprise, keeping the focus on direction rather than a single print.
- Taken together, the noisy but cooling data strengthens the case for a patient data-dependent Fed, supporting expectations for gradual rate cuts rather than prompting an accelerated easing cycle.



A LOOK FORWARD¹

- In this holiday-shortened week, economic data will be light, with the final Q3 GDP reading being the key data release.

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

- With limited major releases and holiday-related distortions, this week's data offer thin insight, keeping attention focused on broader trends.

Market Index Returns as of 12/19/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.13%	2.46%	17.66%	16.72%	23.13%	14.68%
NASDAQ	0.49%	3.00%	21.46%	19.87%	31.21%	13.65%
Dow Jones Industrial Average	-0.64%	4.18%	15.09%	14.30%	15.76%	11.93%
Russell Mid-Cap	-0.34%	0.96%	11.49%	10.41%	14.99%	8.91%
Russell 2000 (Small Cap)	-0.83%	4.08%	14.89%	14.34%	14.74%	6.55%
MSCI EAFE (International)	0.20%	3.67%	29.73%	31.28%	16.86%	8.85%
MSCI Emerging Markets	-1.52%	2.00%	30.09%	30.55%	15.64%	4.05%
Bloomberg Barclays US Agg Bond	0.34%	0.90%	7.09%	7.07%	4.27%	-0.33%
Bloomberg Barclays High Yield Corp.	0.22%	0.95%	8.24%	8.44%	9.65%	4.55%
Bloomberg Barclays Global Agg	0.00%	-0.23%	7.66%	7.40%	3.54%	-2.17%



OBSERVATIONS

- Major U.S. large-cap indices ended the week mixed with modest gains for the S&P 500 (+0.13%) and Nasdaq (+0.49%) offset by Dow weakness (-0.64%), as market breadth narrowed and mega-cap tech names led performance.
- Mid-cap (-0.34%) and small-cap (-0.83%) lost ground, reflecting renewed caution toward economically sensitive areas amid uneven macro data.
- International markets moved in opposite directions, with developed markets rising +0.20% while emerging markets fell -1.52%.
- Domestic fixed income indices were positive for the week; the U.S. Aggregate Bond Index rose +0.34% while high yield corporate bonds rose +0.22%.
 - International bond performance trailed behind for the week and finished unchanged.



BY THE NUMBERS

- **Feel the Rhythm Feel the Rhyme, Feel the Gold:** The defining moment from the North American Cup opener in Whistler, British Columbia, was Jamaica winning its first-ever international bobsled gold medal, a breakthrough nearly four decades in the making. Jamaica has been competing in international bobsledding since 1988, when the team debuted in Calgary, Alberta. That unlikely start was later immortalized in the 1993 film *Cool Runnings*³, which captured how audacious it was for a tropical nation with no ice, snow, or winter sports infrastructure to compete in a sport dominated by cold-weather countries. Nearly 37 years later, Jamaica topped the podium on a former Olympic track against competitors from 11 nations.⁴
- **Sleighting the Speed Limit:** Santa would need to travel nearly 3 million miles per hour on Christmas Eve to deliver gifts to children around the world in a single night. With roughly 2 billion children globally and an estimated 900 million households to visit, the total journey adds up to about 100 million miles, farther than the distance from the Earth to the Sun. Even with the advantage of time zones stretching the night to roughly 34 hours, the sheer scale of the journey remains staggering. That challenge for Jolly Old Saint Nick grows further when factoring in payload, as gifts could weigh up to 5.3 million pounds if each child receives a modest present. In short, Santa's annual commute makes the fastest jets and rockets look like they're stuck in holiday traffic.⁵

Economic Definitions

CPI (headline and core): Consumer prices (CPI) measure the prices paid by consumers for a market basket of goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

U-3 Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

U-6 Unemployment Rate: Total unemployed, plus all people marginally attached to the labor force, plus total employed part-time for economic reasons, as a percentage of the civilian labor force plus all people marginally attached to the labor force.

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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¹ Data obtained from Bloomberg as of 12/19/2025.

² Data obtained from Morningstar as of 12/19/2025.

³ [Cool Runnings | Wikipedia.org](#)

⁴ [North American Cup Opener In Whistler With Medalists From 11 Nations | ibsf.org](#)

⁵ [Calculated: How Fast Santa Flies To Deliver All His Presents | Aerotime.aero](#)

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