



Trade Winds

NOVEMBER 2025

ECONOMIC & CAPITAL MARKET OVERVIEW

IN THIS ISSUE ▶

Capital Market Implications

Page 3

Fixed Income Returns

Page 3

Equity Total Returns

Page 4

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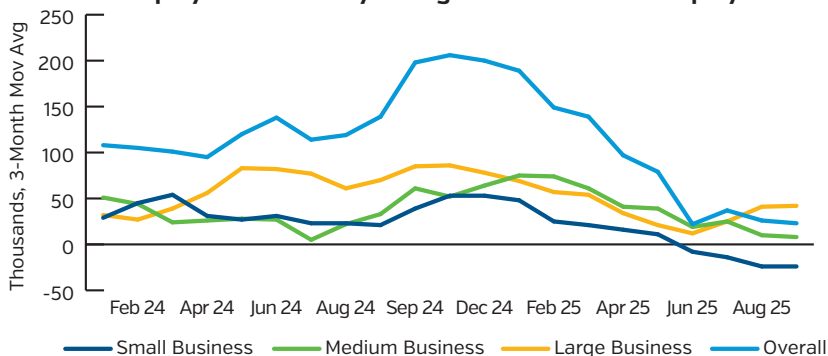
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Monthly Economic Highlights

OCTOBER OVERVIEW

The Fed once again reduced its benchmark rate at its October meeting, setting the range at 3.75-4.00%. In doing so, the Fed reduced the level to its lowest point since November 2022, bringing the cumulative rate down by 150 basis points since its most recent peak. The decision to do so was not unanimous, with one vote to cut further, and one to hold steady accompanying the majority who voted in favor of the 25-basis point cut. In addition to lowering its rate, the FOMC also confirmed it will end its balance sheet runoff at the beginning of December as it deems reserves now sit at their desired levels. The Fed's statement again highlighted that the employment situation remains a focus, despite inflation still being above target. This echoed the Fed Minutes from the September meeting, which also spoke to the Committee's bias towards the employment mandate despite ongoing concerns over the level of inflation. At the time of the September decision, details show that most participants felt it was appropriate to lower their benchmark rate as "they judged that downside risks to employment had increased," while "upside risks to inflation had either diminished or not increased." They will continue to walk a careful path going forward, however, as they remain committed to both goals.

Exhibit 1. Employment: Monthly Changes in ADP Private Employment

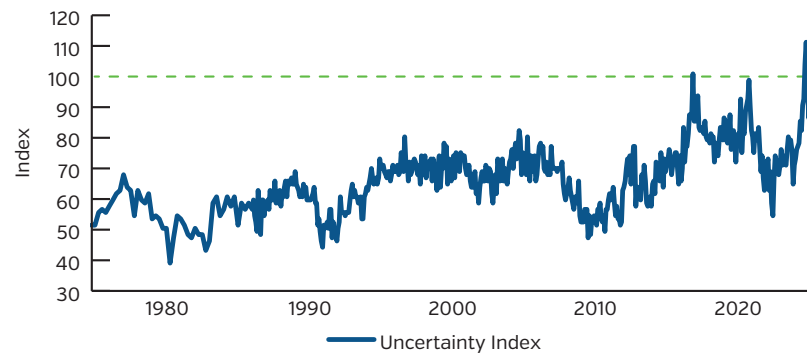


Source: ADP, Haver, NEAM

In terms of labor, data has been painting a softer landscape that Powell described as a "very gradual cooling." Falling immigration and declining labor force participation rates are impacting supply, while demand feels the pressure of slower growth and economic uncertainty. The Fed's Beige Book highlighted that demand for labor is also "muted," with more employers reducing

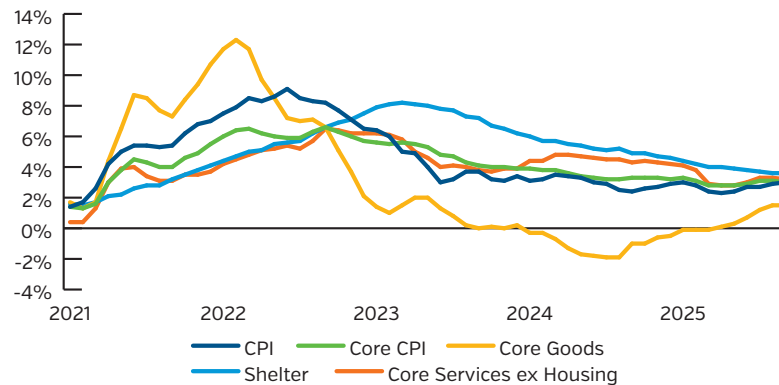
headcount as they negotiate their way through a clouded economic environment, with wage pressures easing in many sectors. Indeed, private ADP payroll data is declining as of late too, more so on the small business front. Consumer sentiment reflects this unease, with the University of Michigan consumer sentiment numbers holding steady over the month. However, the numbers still remain close to the lower end of historic levels as consumers continue to grapple with higher prices and a weaker job outlook with more limited hope for improvement. Personal consumption appears to be holding up, although anecdotally more in the upper income brackets relative to middle to lower income brackets per the Beige Book. The former is described as “strong,” while noting that “lower-and middle-income households continued to seek discounts and promotions in the face of rising prices and economic uncertainty.”

Exhibit 2. NFIB Survey: NFIB Uncertainty Index



Source: NFIB, Haver, NEAM

Exhibit 3. Inflation: CPI Components



Source: BLS, Haver, NEAM

Manufacturing surveys remain mixed, with most still citing more difficult conditions as they contend with weakening demand and higher tariffs, although some optimism on the new order front materialized with a few of them. The NFIB survey shared that concerns over uncertainty remain at the forefront of small business owners’ minds. The uncertainty index sitting at one of its highest historical levels while the optimism index declined slightly. Small business owners similarly struggle with increasing supply chain disruptions, lower inventories, and higher costs. On balance they see a weaker outlook for sales while appearing less optimistic about expanding relative to previous response levels.

Inflation came in lower this month than last. Despite a healthy bump in energy prices, headline inflation rose +0.3%, down from +0.4% last month, as both core and food inflation fell. On the core side, the pace of core goods prices tempered to +0.2% month-on-month, as declines in used vehicles, education and communication commodities, and medical equipment weighed down gains led by apparel, new vehicles and other goods. On the core services side, most major categories showed positive, but slower, appreciation in prices, notwithstanding

pullbacks in sectors such as professional (medical care) services and motor vehicle insurance. This overall reduction in the pace of price increases led the core service monthly inflation rate to a +0.2% gain for the month, relative to a +0.3% gain the month before. Shelter, the largest contributor on the core services side, fell back to +0.2% from +0.4%, in large part due to the owners' equivalent rent component slowing to +0.1% from +0.4% the prior period. For the year, headline CPI increased to 3.0%, while core inflation slowed to 3.0% from 3.1% the month before, reflecting an upward bias in core goods, decline in housing services, and core services ex-housing remaining relatively level.

CAPITAL MARKET IMPLICATIONS

With the Fed once again lowering rates as it walks a fine line managing its dual mandate, with inflation still above target and employment softening, Treasury yields fell for the most part across the curve. Equities gained as stronger than expected earnings helped lift indices higher.

Exhibit 4. U.S. Historical Yield Curves

	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Oct 2025
Fed Funds Range	0.00-0.25%	4.25-4.50%	5.25-5.50%	4.25-4.50%	3.75-4.00%
2-Year	0.73%	4.43%	4.25%	4.24%	3.57%
5-Year	1.26%	4.00%	3.85%	4.38%	3.69%
10-Year	1.51%	3.87%	3.88%	4.57%	4.08%
30-Year	1.90%	3.96%	4.03%	4.78%	4.65%

Source: Bloomberg, NEAM

Capital Markets

FIXED INCOME RETURNS

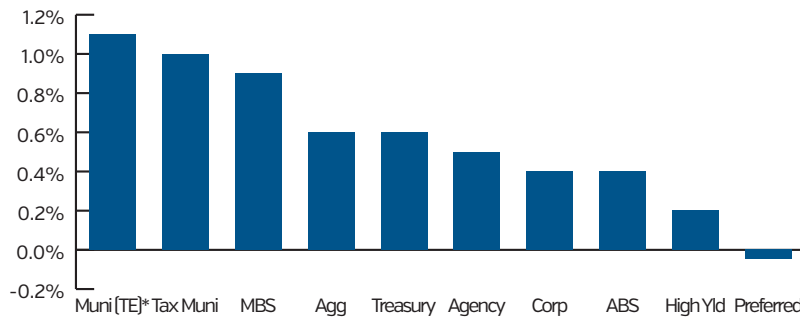
The Fed reduced its benchmark rate for a second time this year, as it leans into its employment bias despite grappling with the diverging mandates of weakening labor and persistently above target inflation. Short-end Treasury yields fell, and longer-dated Treasury yields also edged lower for the most part over the month while credit spreads widened slightly.

Exhibit 5. Fixed Income Returns

	October	3-Month	YTD
Bloomberg Barclays U.S. Aggregate	0.62%	2.94%	6.80%
Blended ICE/ BofAML Preferred Stock	-0.05%	2.45%	5.06%
ICE BofA US Taxable Muni - Broad	1.01%	3.66%	7.60%
ICE BofA Municipals Master (taxable equiv)	1.14%	4.70%	4.22%
Bloomberg Barclays U.S. MBS (fixed rate)	0.86%	3.73%	7.68%
Bloomberg Barclays U.S. ABS	0.38%	1.89%	5.02%
Bloomberg Barclays U.S. Agency	0.50%	2.01%	5.41%
Bloomberg Barclays U.S. Treasury	0.62%	2.54%	6.01%
Bloomberg Barclays U.S. Corporates	0.38%	2.92%	7.29%
Bloomberg Barclays High Yield	0.16%	2.24%	7.39%

Source: Barclays, Bloomberg, NEAM

Exhibit 6. Domestic Fixed Income Sector: Month-to-Date Total Returns (10/31/25)



* Taxable Equivalent

Source: Bloomberg, Barclays, ICE BofAML, NEAM

EQUITY TOTAL RETURNS

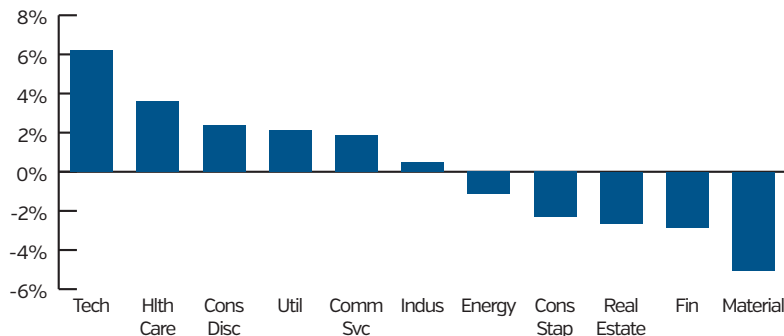
Concerns regarding trade tensions and credit quality in bank (and private credit) portfolios, which briefly weighed on equity markets in the first half of October, quickly dissipated. Meanwhile, earnings released to date have helped to support equity markets. The Dow, S&P 500, and Nasdaq all ended the month higher.

Exhibit 7. Equity Total Returns

	October	3-Month	YTD
S&P 500	2.34%	8.22%	17.50%
NASDAQ	4.72%	12.49%	23.53%

Source: Bloomberg, NEAM

Exhibit 8. Domestic Equity Returns: Month-to-Date Total Returns (10/31/25)



Source: Bloomberg, NEAM



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