

Overview

November's macro narrative pointed to a steady cooling in U.S. growth momentum, marked by softer labor-market indicators, moderating consumption, and easing inflation pressures. Job openings continued to decline, wage gains slowed, and layoffs—while still historically low—reflected a more fragile hiring environment beneath the surface. Retail sales decelerated and the core control-group weakened, signaling a shift toward more cautious household spending.

Confidence data continued to slip. The Conference Board's present situation and expectation measures both declined, and households reported fewer job opportunities and greater concern about future income. This environment is consistent with a labor market that is normalizing—not collapsing—as businesses remain reluctant to commit to new hiring amid policy uncertainty. Despite the moderation, underlying economic conditions remain expansionary. Layoffs have not accelerated, small-business sales expectations have stabilized, and late-quarter GDP tracking still points to positive but slower growth. Inflation continued to ease, supported by softer input costs, stabilizing goods prices, and moderating rent inflation.

The month closed with a balanced message: growth is slowing from a strong base, inflation is drifting lower, and the labor market is cooling, giving policymakers room to move toward an eventual shift while still remaining data-dependent into early 2026.

Macro View	MTD (%)	YTD (%)	1Y (%)	10Y (%)	10Y STD (±)
DJIA	0.48	13.88	8.03	12.77	15.23
S&P 500	0.25	17.79	14.97	14.55	15.14
NASDAQ	-1.45	21.74	22.42	17.48	18.29
Equity EM Mkts.	-2.38	30.37	30.26	8.14	16.53
EM Bond Mkt.	0.24	10.64	9.32	3.95	7.31
US Agg. Bond	0.62	7.46	5.70	1.99	5.05
Municipal Bond	0.23	4.15	2.64	2.41	5.18
US High Yield	0.52	7.86	7.38	6.08	7.44
Commodity	3.20	16.15	17.83	5.42	13.05
COMEX Silver	17.21	86.31	78.85	12.74	27.97
COMEX Gold	5.55	53.95	52.90	12.91	13.67
Brent Oil	-2.42	6.75	13.52	15.91	36.15
Dollar Index	-0.35	-8.32	-6.25	-0.56	6.58

Taxable Fixed Income Markets

Treasury markets extended their rally in November, reinforcing the broader shift toward a moderating economic backdrop and expectations for additional easing in 2026. The 10-year Treasury held around 4.02%, delivering a strong year-to-date return of 8.98%, while the 2-year rallied to 3.49% with a 4.61% YTD return. The 30-year remained stable at 4.67%, returning 5.99% YTD. Intermediate maturities continued to outperform both the front and long ends, consistent with typical early easing dynamics. Curve steepening remained a dominant theme as front-end yields adjusted to a high probability of a December cut while long-term rates stayed anchored by subdued inflation expectations.

Credit markets participated constructively. AAA corporates (4.58% yield, 10-year duration) returned 0.80% MTD and 7.52% YTD, while BBB credits (4.96% yield, 6.6-year duration) returned 0.62% MTD and 8.02% YTD. The spread environment still favors high-quality balance sheets and disciplined corporate issuers. Improving liquidity, stable technical conditions, and attractive carry support continued strength into year-end.

US Fixed Income	Price	Cpn	Total Returns (%)		Dur	Yield
	(%) Rtn	% Rtn	Mo.	YTD	+/-	+/-
Agg. Bond	0.29	0.33	0.62	7.46	6.03	4.27
US Treasury	0.34	0.28	0.62	6.67	5.95	3.83
US Agencies	0.30	0.31	0.61	6.05	3.35	3.93
Corporate	0.27	0.38	0.65	7.99	6.91	4.76
Taxable Muni	0.28	0.37	0.64	8.27	7.74	4.73
TM/BABs	0.23	0.48	0.71	8.81	8.78	5.28
US Agency MBS	0.26	0.36	0.62	8.35	5.61	4.61
Gov/Credit	0.30	0.32	0.62	7.17	6.23	4.15
TIPs	0.08	0.10	0.18	7.44	5.17	3.95
AAA Corporate	0.45	0.34	0.80	7.52	10.34	4.58
AA Corporate	0.31	0.34	0.65	7.31	8.02	4.54
A Corporate	0.31	0.37	0.68	8.08	6.90	4.61
BBB Corporate	0.22	0.40	0.62	8.02	6.66	4.96

Agency MBS outperformed as rate volatility declined and prepayment behavior normalized, leading to more favorable convexity. With corporate supply remaining heavy but overshadowed by even larger Treasury issuance, spreads have room to tighten further. Strong fundamentals across banking, utilities, and midstream energy—combined with potential long-duration issuance linked to technology and AI capex—should keep investment-grade credit well supported into early 2026.

Tax-Exempt Markets

Municipal markets remained calm and orderly through November. Despite a record pace of issuance, demand stayed firm and reinvestment flows strengthened heading into year-end, allowing dealer inventories to be absorbed efficiently and bid lists to clear without stress. Market performance was steady across most sectors, with year-to-date returns in the 4% range—an impressive outcome given persistent supply. The long end was the one notable laggard, underperforming by roughly 100 basis points (bps) due to heavy concentration of long-maturity issuance and a narrower buyer base.

Shorter maturities cheapened slightly as money-market resets moved higher, creating attractive opportunities in the one- to two-year range. Intermediate maturities remained comparatively rich, while the 10–15 and 15–20-year segments offered the most compelling value, with raw AAA and AA yields reaching the mid-3% area. The curve structure also remained favorable: the 10s–30s slope held its steepness, and the 20s/10s MMD spread stayed at a historically wide 112 bps—still supportive of barbell strategies.

State-level credit fundamentals remained broadly stable. While a handful of states experienced mild pressure tied to softer manufacturing activity and tariff effects, high-grade issuers showed no material deterioration. Essential-service sectors—including water and sewer, transportation, and education—continued to anchor credit stability, and long-dated 5% coupon structures maintained attractive spread characteristics, especially where recent supply created temporary dislocations.

Municipal Market	Price	Cpn	Total Returns (%)		Dur	Yield
	(%) Rtn	(%) Rtn	Mo.	YTD	+/-	+/-
Municipal Agg	-0.14	0.37	0.23	4.15	6.64	3.58
1-Yr Muni (1-2)	-0.09	0.37	0.28	3.13	1.28	2.78
3-Yr Muni GO (2-4)	-0.11	0.37	0.26	3.52	2.33	2.63
5-Yr. Muni GO (4-6)	-0.15	0.35	0.21	4.49	3.61	2.67
7-Yr. Muni (6-8)	-0.19	0.36	0.16	5.46	4.79	3.00
10-Yr. Muni (8-12)	-0.08	0.35	0.27	5.66	5.83	3.23
15-Yr. Muni (12-17)	0.01	0.35	0.37	5.03	7.24	3.69
30-Yr. Muni (22+)	-0.26	0.39	0.12	2.28	10.92	4.51
AAA Muni	-0.13	0.36	0.23	4.13	6.84	3.42
AA Muni	-0.15	0.36	0.21	4.09	6.54	3.45
A Muni	-0.13	0.37	0.24	4.33	6.58	3.83
BBB Muni	0.00	0.38	0.38	4.07	7.41	4.47
Gen. Oblig.	-0.15	0.36	0.21	4.14	6.32	3.34
State GO	-0.13	0.36	0.24	4.38	5.41	3.09
Local GO	-0.17	0.35	0.18	3.92	6.92	3.51
Revenue	-0.13	0.37	0.24	4.15	6.82	3.69
California	-0.07	0.36	0.29	4.06	6.46	3.33
New York	-0.26	0.37	0.11	3.59	7.10	3.66

Looking ahead, December technicals should be constructive. The month's typical issuance—around \$30 billion—is well below the elevated supply levels seen throughout 2025. Lighter volume has often supported stronger performance, with nine of the past ten Decembers generating gains (last year's loss tied primarily to fund outflows). Buyers remain cautious, as evidenced by money-market balances sitting at five- and six-year highs, but lower supply could help draw commitments back into longer tax-exempt structures.

Early expectations for 2026 vary widely, ranging from flat issuance to more than \$600 billion, with GOs projected to outpace revenue bonds. Should supply continue to concentrate in the long end, curve slopes may remain biased toward steepness. Overall, valuations remain consistent, technicals constructive, and after-tax income opportunities compelling—supporting disciplined barbell positioning across portfolios.

Precious Metals & Digital Assets

Gold remained well supported through November, benefiting from central-bank demand, geopolitical uncertainty, and investors' renewed focus on high-quality stores of value as growth momentum slowed. Volatility persisted, but the underlying bid strengthened as real yields eased and markets sought reliable hedges against policy uncertainty and late-cycle dynamics. Within our conservative framework, gold continues to serve as an effective stabilizer alongside high-quality duration.

Digital assets experienced heavier volatility, largely driven by forced unwinds in leveraged crypto futures positions amid tariff-related uncertainty. Despite price swings, the underlying structure remained stable—long-term Bitcoin holders continued accumulating, exchange leverage stayed modest, and positioning reset to cleaner levels by month end.

We monitor these markets because Bitcoin is increasingly viewed as a "digital gold" analogue, offering useful insight into cross-asset liquidity and investor risk appetite.

While we do not allocate to digital coins within our strategies, observing digital-asset behavior provides an informative read-through into broader market sentiment. Gold and high-quality fixed income remain our preferred defensive anchors as the cycle matures.

Equity Markets

Equities ended November on uneven footing as investors balanced softer labor data, moderating consumption, and an earnings season that delivered solid results but limited upside. With valuations elevated, earnings beats often met muted reactions, while misses produced outsized declines—reflecting a market increasingly sensitive to guidance quality and macro momentum.

Performance remained deeply bifurcated. Companies serving affluent consumers continued to report healthy demand, supported by strong wage gains at the high end and wealth effects from rising equity markets. By contrast, businesses reliant on lower- and middle-income consumers faced softer volumes and persistent margin pressure, particularly within Consumer Staples and value-oriented retailers. This divergence reinforces our preference for quality balance sheets and business models less exposed to discretionary sensitivity.

Mega-cap technology continued to lead performance, though valuations in AI-related names are increasingly tethered to expectations for future investment cycles and productivity gains. From a conservative, macro-focused perspective, we remain selective—favoring companies with durable cash flows, visibility of earnings, and secular demand drivers over more cyclically exposed segments.

Strategy Outlook

The final week of November confirmed a controlled slowing of economic momentum. Consumer softness deepened but remained far from recessionary conditions. Inflation continued to ease, driven by moderating rent inflation and stable goods prices. The Federal Reserve remains divided on the timing of future easing, but risks continue shifting toward labor-market weakness rather than renewed inflation pressures.

Late-month outlooks pointed to improving prospects for 2026, supported by productivity gains, AI-related investment, and steady fiscal tailwinds. Credit technicals should strengthen as supply normalizes, and investment-grade spreads retain room for further tightening. Municipals remain supported by reinvestment flows and attractive long-end valuations. Gold and high-quality duration should continue to offer meaningful ballast as the cycle matures.

Entering year-end, we maintain emphasis on high-quality duration, selective corporate credit, strong-balance-sheet equities, and adequate liquidity to navigate potential policy or funding-related volatility. The environment heading into 2026 remains constructive, with orderly markets, easing inflation, and compelling income opportunities across high-quality fixed income.

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