

WEEKLY ECONOMIC UPDATE NOV. 17, 2025

Stocks ended mixed after a nail-biting week for investors, who grew anxious over megacap tech valuations and interest rates as the government shutdown came to an end.

The Standard & Poor's 500 Index edged up 0.08 percent, while the Nasdaq Composite Index slipped 0.45 percent. The Dow Jones Industrial Average rose 0.34 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, advanced 1.63 percent.^{1,2}

Rotating into Value

The week began with stocks rising, fueled by hopes that the longest-ever government shutdown could soon end as a federal funding bill moved closer to Congressional approval. Building on these early gains, the Nasdaq advanced more than 2 percent and the S&P 500 added 1½ percent.³

Stocks rose at the opening bell on Tuesday following news that the Senate had passed a bill to end the shutdown, but sentiment quickly turned as tech stocks pulled down the Nasdaq and S&P. Meanwhile, the Dow rose modestly. However, by midday, sentiment shifted positively, and the Dow and S&P 500 closed in the green.⁴

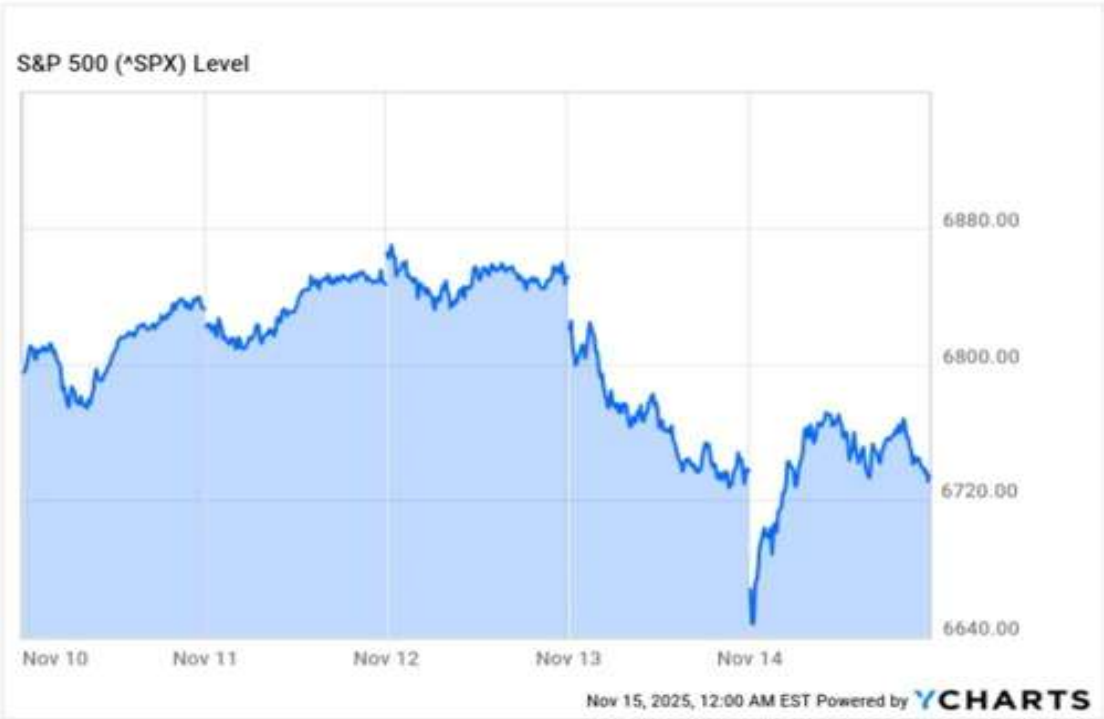
Midweek, growing conviction that the government would reopen continued to push the Dow Industrials higher. As a result, the Dow achieved its first record close above 48,000, with the S&P remaining flat and the Nasdaq slipping. Once the government reopened Thursday morning, attention quickly turned to tech valuations and an earnings miss from a large entertainment conglomerate. This shift also prompted investors to worry whether the Fed would adjust interest rates next month. Despite a brief dip as the week concluded, markets stabilized, with the Nasdaq and S&P recovering near the flatline, while the Dow lagged slightly.^{5,6,7}

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
<u>MSCI EAFE</u>	3.51%	29.82%	29.20%	66.57%
<u>Dow Jones Industrial Average</u>	3.09%	13.12%	9.81%	77.27%
<u>S&P 500</u>	1.31%	15.80%	14.03%	102.3%
<u>Nasdaq Composite</u>	0.80%	19.07%	19.72%	100.6%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
<u>10 Year Treasury Rate</u>	4.14%	4.03%	2.73% ▲
11/14/25		4.29%	-3.50% ▼
		4.43%	-6.55% ▼

Restarting the Data Engine

It takes time to get a tanker ship up and running again after a full stop. That's what the Bureau of Labor Statistics (BLS) is doing now, as the government stats engine resumes.

Using the last government shutdown (in 2013) as a baseline, about half of the BLS reports that have not yet been published could be ready by the Federal Reserve's next meeting on December 9-10. The remainder of the backlogged reports (including October reports) are estimated to be published on a rolling basis through mid-January.⁸

This Week: Key Economic Data

Monday: Fed officials Philip Jefferson, Neel Kashkari, and Christopher Waller speak.

Tuesday: Import Prices (October). Industrial Production (October). Capacity Utilization (October). Home Builder Confidence Index. Fed governor Michael Barr speaks.

Wednesday: Housing Starts (October). Building Permits (October). Federal Open Market Committee (FOMC) Minutes, October meeting.

Thursday: Weekly Jobless Claims. Existing Home Sales (October). Leading Economic Indicators (October). Fed governor Lisa Cook and Fed Presidents Austan Goolsbee (Chicago) and Anna Paulson (Philadelphia) speak.

Friday: Fed governor Michael Barr, Fed Vice Chair Philip Jefferson, and Dallas Fed President Lorie Logan speak. Purchasing Managers Index (PMI) Survey—Services. Purchasing Managers Index (PMI) Survey—Manufacturing. Consumer Sentiment.

Quote of the Week



“Division by zero is known as a 'singularity.' It's the point where equations break down, values become 'indeterminate,' things stop working normally, and variables shoot toward infinity and suddenly collapse on the other side. The current speculative bubble was driven by a singularity. Avoiding the crash on the other side relies on the willingness of investors to accept the lowest long-term return prospects in U.S. history, forever. Extremely high prices may seem like a beautiful thing, but they're a corrupt bargain. Unless you actually sell, the cost of “enjoying” record high valuations is that you are locking-in record low future rates of return.”

– **John Hussman**

Of Note



Many people are puzzled about the disconnect between how well the US economy is doing and how badly Americans feel about it.

Unemployment is low, inflation has been largely tamed, and the economy appears to be growing robustly. Yet consumers have the blues. According to a widely followed sentiment survey, they are nearly as pessimistic today as they were during the 2008 financial crisis and the great stagflation of the early 1980s. One disturbing possibility is that broad swaths of workers no

longer have enough spending power to meaningfully impact the economy.

It would explain why the economy continues to grow even as many consumers say they are struggling. It might also mean the US can avoid recession even if unemployment keeps rising, particularly for lower-wage workers. But an economy in which millions of workers are economically invisible may ultimately encounter bigger problems.

A sizable percentage of full-time US workers, possibly as many as two-thirds, don't earn enough to sustain a family of four. That's a harder problem to solve than inflation, but an economy propelled mostly by consumer spending will eventually stumble and have to reckon with wages if enough consumers are struggling. After years of sagging sentiment, though, real wages are lower than they were in 2020 and consumer spending is indeed slowing, yet the economy hums along.

If anything, the disconnect between sentiment and the economy may grow. The Bureau of Labor Statistics reported recently that there are nearly a million fewer jobs than previously believed. Federal Reserve Chair Jerome Powell also recently cited growing risks to the labor market in support of lower interest rates. A weaker labor market is likely to further weigh on sentiment. And while it may also drag the economy down, a recession has been widely anticipated – and failed to arrive -- since at least 2022.

What we do see are troubling signs that low- and middle-income consumers are fading in the economic data. The top 10% of earners now account for about half of consumer spending, the highest share since at least 1989, according to an analysis by Moody's Analytics. The top earners' share of spending has trended higher since the early 1990s from a low of 35%, matching a rise in income inequality over the same time. Meanwhile, the bottom 60% of wage earners account for less

than a fifth of consumption, down from more than 26% three decades ago.

The shrinking economic footprint of three-fifths of America's workforce raises some uncomfortable questions. Most urgently, if the economy can thrive without the spending of some 80 million workers and their households, what incentive do businesses have to serve them or policymakers to support them? Walmart Inc. may be a preview. The company is increasingly catering to higher-income consumers, and has been financially rewarded for it so far, even as low-income consumers cut back.

Central bankers may face new challenges. The Fed bolsters the labor market in part by lowering interest rates. It can do this without fearing higher prices because, historically, rising unemployment tends to reduce consumer spending, which often leads to recession and disinflation. But if the link between unemployment and recession breaks because laid off workers don't contribute much to spending to begin with, then unemployment could rise alongside a still growing economy. In that scenario, lowering rates to support the labor market would risk stoking inflation, a dilemma the Fed may now be confronting.

How to shore up wages is yet another question. Compensation disclosures for public companies, for a start, would allow policymakers to evaluate the adequacy of wages relative to living costs. Congress can also give companies tax incentives to grow wages alongside profits.

Whatever the prescription, it's clear that ignoring the frustration workers are expressing will eventually threaten the whole economy, even if that risk can't be easily quantified.

Inadequate wages will lead to growing divisions, possible social unrest and declining confidence in US institutions, including our indispensable free markets. Only half of Americans now have a

positive view of capitalism, while nearly 40% have a positive view of socialism.

If sentiment and the economy continue to diverge, we should consider the possibility that the experience of many Americans is no longer meaningfully represented in hard economic data. Then set about broadening participation as if the economy depends on it. Because in the not so long run, it probably does.⁹

Footnotes and Sources

1. WSJ.com, November 14, 2025
2. Investing.com, November 14, 2025
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5. CNBC.com, November 12, 2025
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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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