



Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending December 12, 2025

Last week, markets responded positively to the Federal Reserve's meeting, with the rally driven more by the central bank's messaging than the widely expected 25 basis point rate cut. Small-cap equities outperformed, while tech stocks lagged due to concerns over AI spending and mixed earnings reports. The week closed with mixed equity performance, as cyclical and value stocks climbed, but growth and tech names lagged. The Fed signaled a likely pause in its easing cycle but remained open to further cuts if labor market weakness persists. Markets continue to price in lower rates for 2026, with current expectations pointing toward one to two additional cuts during the year. By committing to buy Treasury bills to support short-term liquidity, the Fed delivered what many market participants interpreted as a dovish move. The yield curve continued its recent steepening with shorter term rates slightly falling and longer-term rates rising. Oil prices fell sharply, while silver surged to record highs.

Fixed Income Markets Overview

- The Fed cut rates by 25 basis points to 3.50-3.75%, with expectations for 1-2 more cut in 2026. Futures markets priced in a 70% probability of at least two rate cuts in 2026.
- The Fed announced monthly purchases of \$40 billion in Treasury bills through April 2026 to support market liquidity.
- Cash and short-term yields fell. If the current steepening trend continues, longer-maturity fixed income securities may appear more attractive for higher yield potential.
- BLS will publish November CPI data this week but will not be publishing the October data due to impacts from the government shutdown.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.1%	5.1%	4.7%	1.9%
Core Plus	Intermediate Govt/Credit	0.0%	6.5%	4.8%	0.9%
	International Aggregate	0.0%	7.7%	3.5%	-2.1%
	US Aggregate	-0.2%	6.7%	4.0%	-0.4%
	US Treasury	-0.2%	5.8%	3.0%	-1.1%
	US TIPS	-0.2%	6.8%	3.7%	1.2%
	US Corporate	-0.3%	7.2%	5.2%	-0.1%
Other	US Corporate High Yield	-0.1%	8.0%	9.3%	4.6%
	Emerging Markets Aggregate	0.0%	10.5%	8.5%	1.6%
Muni	US Municipals	0.0%	4.0%	3.6%	0.8%
	US Municipals High Yield	0.0%	2.4%	5.3%	2.3%

Source: Bloomberg as of December 12, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of December 12, 2025

Interest Rates (%)

Date	12/12/2025	11/28/2025	12/31/2024	12/12/2024
Federal Funds Rate	3.76%	4.05%	4.40%	4.43%
3 Month Treasury	3.63%	3.88%	4.37%	4.35%
6 Month Treasury	3.58%	3.74%	4.24%	4.31%
2 Year Treasury	3.52%	3.47%	4.25%	4.18%
5 Year Treasury	3.75%	3.59%	4.38%	4.18%
10 Year Treasury	4.19%	4.02%	4.58%	4.32%
30 Year Treasury	4.85%	4.67%	4.78%	4.55%
US Aggregate	4.38%	4.27%	4.91%	4.73%
US Corporate	4.87%	4.76%	5.33%	5.12%
US Corporate High Yield	6.70%	6.57%	7.49%	7.11%
US Municipal	3.61%	3.58%	3.74%	3.52%
US Municipal High Yield	5.68%	5.64%	5.52%	5.32%

Spreads Over 10-Year US Treasuries

Date	12/12/2025	11/28/2025	12/31/2024	12/12/2024
30 Year Treasury	0.66%	0.65%	0.20%	0.23%
US Aggregate	0.19%	0.25%	0.33%	0.41%
US Corporate	0.68%	0.74%	0.75%	0.80%
US Corporate High Yield	2.51%	2.55%	2.91%	2.79%
US Municipal	-0.58%	-0.44%	-0.84%	-0.80%
US Municipal High Yield	1.49%	1.62%	0.94%	1.00%

Source: Bloomberg and U.S. Treasury as of December 12, 2025

Equity Markets Overview

- It was a mixed week for the major US indices. The S&P 500 and Nasdaq posted losses of 0.6% and 1.6%, respectively, with tech contributing to the losses. The Dow Jones posted a 1.1% gain to lead the pack on the week.
- Small-cap equities rallied last week, outperforming large-cap and tech stocks. Further, value outpaced growth across all market caps as more rate sensitive sectors benefitted from the expected rate cut and ongoing Fed outlook.
- Tech stocks slumped due to AI infrastructure spending concerns and mixed earnings from Oracle and Broadcom. Concerns over AI spending and delayed data center projects weighed on sentiment.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-0.5%	16.8%	20.5%	14.5%
Large-Cap	S&P 500	-0.6%	17.5%	21.3%	14.9%
	S&P 500 Growth	-1.7%	21.2%	26.7%	15.6%
	S&P 500 Value	0.7%	13.5%	15.0%	13.3%
Mid-Cap	S&P Midcap 400	1.0%	8.9%	12.1%	10.1%
	S&P Midcap 400 Growth	0.4%	8.6%	12.7%	8.1%
	S&P Midcap 400 Value	1.5%	9.2%	11.4%	11.9%
Small-Cap	S&P Smallcap 600	2.0%	8.9%	9.9%	8.5%
	S&P Smallcap 600 Growth	1.7%	8.6%	10.4%	7.0%
	S&P Smallcap 600 Value	2.4%	9.2%	9.3%	9.9%
Int'l.	MSCI ACWI ex-USA	0.8%	30.7%	16.5%	8.2%
	MSCI EM	0.4%	32.1%	15.8%	4.5%

Source: Bloomberg as of December 12, 2025

Alternative Markets Overview

- The Office of the Comptroller of the Currency allowed banks to act as intermediaries on crypto exchanges. Banks can now facilitate "riskless principal" transactions in crypto, but won't hold crypto assets, effectively acting as brokers to facilitate transactions between parties.
- Gold's price rose 2% continuing its strong year with a YTD gain of nearly 64%, and silver has seen even larger gains, briefly hitting \$65/oz last week and up over 100% YTD.
- Oil futures fell sharply, down more than 4% for the week and 21% year-to-date, as over supply and a potential Russia-Ukraine peace deal appear to be mitigating concerns from escalating U.S.-Venezuela tensions.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-2.9%	6.3%	5.3%	15.4%
Gold	2.0%	63.9%	34.2%	18.6%
FTSE All Equity NAREIT	-0.5%	2.3%	4.9%	5.3%
Bitcoin	1.0%	-3.4%	74.0%	36.9%
Ethereum	1.9%	-7.7%	34.4%	41.2%

Source: Bloomberg as of December 12, 2025



Upcoming Week

- Several notable earnings releases this week include Micron Technologies, FedEx, and Nike.
- Key economic releases this week include October Retail Sales, November Nonfarm Payrolls, November CPI, December PMI, weekly jobless claims, and December UMICH Consumer Sentiment.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit Index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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