

# Capital Markets Snapshot

Courtesy of Sage Advisors

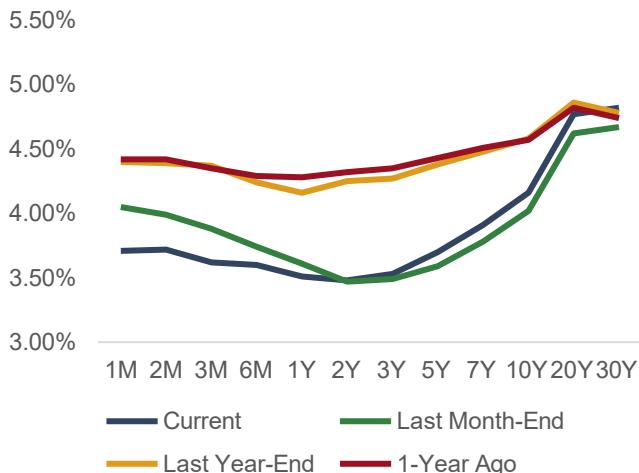
Week ending December 19, 2025

Last week, markets reacted to economic data impacted by the government shutdown, particularly cooler-than-expected inflation. The delayed CPI release showed headline inflation slowing to 2.7% and core to 2.6%, though shutdown-related data gaps caused unusual distortions, particularly in shelter inflation. Labor market data painted a similarly uneven picture, with November job gains rebounding to 64,000 after the shutdown-skewed negative October numbers. The unemployment rate rose to 4.6%, due to what appears to be more workers re-entering the labor force. Treasury yields eased across the curve despite rising global yields, potentially signaling markets expect lower rates in 2026. Equity markets were quiet overall largely chopping sideways, with early-week tech weakness reversed after strong Micron earnings and softer CPI data seemed to improve sentiment. Market breadth contracted modestly as major indices remained just below recent highs.

## Fixed Income Markets Overview

- Shutdown-distorted data made it difficult for markets to interpret true underlying inflation momentum. Markets will be watching the next several months closely now that data collection has resumed following the shutdown.
- Overseas yields moved higher, particularly in Japan, where the BOJ hiked rates and JGB yields hit multi-decade highs.
- Despite higher international yields, Treasury yields declined modestly across maturities, with 2-year and 10-year yields each falling about 5 basis points and the 30-year easing slightly.
- Bond-market expectations for 2026 rate cuts were largely unchanged, with probabilities centered on April or June for the next 25-bp reduction.

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of December 19, 2025

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
<b>Short</b>	1-3 Year Govt/Credit	0.2%	5.2%	4.7%	2.0%
<b>Core Plus</b>	Intermediate Govt/Credit	0.2%	6.8%	4.8%	1.0%
	International Aggregate	0.0%	7.7%	3.6%	-2.2%
	US Aggregate	0.3%	7.1%	4.1%	-0.3%
	US Treasury	0.3%	6.1%	3.1%	-1.0%
	US TIPS	0.0%	6.8%	4.0%	1.2%
	US Corporate	0.3%	7.5%	5.4%	0.0%
<b>Other</b>	US Corporate High Yield	0.2%	8.2%	9.5%	4.6%
	Emerging Markets Aggregate	0.3%	10.9%	8.6%	1.5%
<b>Muni</b>	US Municipals	0.1%	4.1%	3.6%	0.8%
	US Municipals High Yield	-0.2%	2.3%	5.2%	2.2%

Source: Bloomberg as of December 19, 2025

## Interest Rates (%)

Date	12/19/2025	11/28/2025	12/31/2024	12/19/2024
Federal Funds Rate	3.71%	4.05%	4.40%	4.42%
3 Month Treasury	3.62%	3.88%	4.37%	4.35%
6 Month Treasury	3.60%	3.74%	4.24%	4.29%
2 Year Treasury	3.48%	3.47%	4.25%	4.32%
5 Year Treasury	3.70%	3.59%	4.38%	4.43%
10 Year Treasury	4.16%	4.02%	4.58%	4.57%
30 Year Treasury	4.82%	4.67%	4.78%	4.74%
US Aggregate	4.33%	4.27%	4.91%	4.94%
US Corporate	4.84%	4.76%	5.33%	5.35%
US Corporate High Yield	6.63%	6.57%	7.49%	7.51%
US Municipal	3.61%	3.58%	3.74%	3.77%
US Municipal High Yield	5.59%	5.64%	5.52%	5.54%

## Spreads Over 10-Year US Treasuries

Date	12/19/2025	11/28/2025	12/31/2024	12/19/2024
30 Year Treasury	0.66%	0.65%	0.20%	0.17%
US Aggregate	0.17%	0.25%	0.33%	0.37%
US Corporate	0.68%	0.74%	0.75%	0.78%
US Corporate High Yield	2.47%	2.55%	2.91%	2.94%
US Municipal	-0.55%	-0.44%	-0.84%	-0.80%
US Municipal High Yield	1.43%	1.62%	0.94%	0.97%

Source: Bloomberg and U.S. Treasury as of December 19, 2025

## Equity Markets Overview

- The major U.S. indices were mixed but movement was smaller overall. The NASDAQ and S&P 500 finished marginally higher (gains of 0.49% and 0.13%, respectively), while the Dow slipped slightly (loss of 0.64%).
- Tech stocks sold off early in the week due to AI-related concerns before rebounding on Micron's strong earnings and the cooler than expected CPI data.
- Earnings expectations for 2025 remain strong, with analysts projecting double-digit growth for the second consecutive year. FactSet reports expectations of 12% growth over 2024, with the Energy sector the only projected to decline in earnings over the year.
- Sector rotation continues to be a theme as we saw Consumer Discretionary, Materials, and Healthcare post the largest gains ranging from 0.55% - 1.01%. Energy and Real Estate retreated posting losses of 2.91% and 1.35%, respectively.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	0.1%	16.9%	22.3%	14.2%
Large-Cap	S&P 500	0.1%	17.7%	23.2%	14.7%
	S&P 500 Growth	0.4%	21.7%	29.0%	15.3%
	S&P 500 Value	-0.2%	13.2%	16.4%	13.2%
Mid-Cap	S&P Midcap 400	0.0%	8.9%	13.7%	9.6%
	S&P Midcap 400 Growth	0.3%	8.8%	14.5%	7.6%
	S&P Midcap 400 Value	-0.2%	9.0%	12.9%	11.5%
Small-Cap	S&P Smallcap 600	-0.9%	8.0%	11.2%	7.9%
	S&P Smallcap 600 Growth	-0.8%	7.7%	11.7%	6.1%
	S&P Smallcap 600 Value	-0.9%	8.2%	10.7%	9.6%
Int'l.	MSCI ACWI ex-USA	-0.3%	30.4%	17.0%	7.8%
	MSCI EM	-1.5%	30.1%	15.4%	4.0%

Source: Bloomberg as of December 19, 2025

## Alternative Markets Overview

- Precious metals continued their strong rally, with gold and silver each setting new all-time highs. With many of its drivers still in place, time will tell if the multi-year gold bull market continues to run through 2026.
- Oil prices fell below \$60 a barrel as geopolitical headlines around Ukraine and Venezuela captured attention. Analysts note the real pressure on markets stems from a surge in global crude supplies, particularly the 1.3 billion barrels of "oil on water" (highest level since 2020). Slowing tanker speeds and rising seaborne storage are a potential signal supply is struggling to find a home.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.5%	5.8%	4.8%	14.4%
Gold	1.4%	66.1%	34.6%	18.4%
FTSE All Equity NAREIT	-0.9%	1.4%	6.1%	5.1%
Bitcoin	-2.5%	-5.8%	74.4%	29.7%
Ethereum	-2.9%	-10.4%	36.5%	35.7%

Source: Bloomberg as of December 19, 2025



### Upcoming Week

- There are no noteworthy earnings reports this week.
- It is a shortened week for economic and market data, as markets close early Wednesday and all day Thursday. Investors will be closely watching Tuesday's GDP release, our first look at Q3 GDP due to effects of the government shutdown.

## 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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