Your Weekly Investment
Insights
November 17, 2025

VERDENCE / RIA+

Key **Takeaways:**

- U.S. Government shutdown ends after 42 days – the longest in history.
- Dollar and equity market tend to rally in the aftermath of a shutdown.
- Historical economic data suggests minimal if any impact from shutdowns.
- Uncertainty remains regarding when, and if, missed economic data will be released.
- Expectations of Fed rate cut in December have dropped to 40%.

U.S. Shutdown Over: Attention Turns to Economic Data

Last week, the U.S. Government officially brought an end to the longest shut down in history. The Senate voted 60 – 40 in favor of the Continuing Resolutions (CR) bill, and the House voted 222 – 209 in favor. President Trump signed the bill into law just hours before the shutdown would have tipped into the 43rd day. Attention now shifts to how the crucial economic data will be released and how the process of repaying workers will start. In this Weekly Insights, we take a look at past shutdowns that have been lengthy (exceeded 15 days) and the impact they had on the dollar, equity market and economic growth. In addition, we will offer the latest insight into how the key economic data reports will be released.

- **Historical comparison to recent shutdown:** Historically, there have been four other Government shutdowns that have been in excess of 15 days (going back to 1976). In these shutdowns the U.S. dollar declined, on average, ~1% during the shutdown but went on to rise ~1.5% in the one-month period after the Government reopened. In the recent shutdown, the U.S. Dollar actually rose (+1.6%). The S&P 500 has been immune to the D.C. dysfunction. On average, the S&P 500 has rallied ~1% during the prior four shutdowns and is up, on average, ~4% when the Government reopened. This compares to the S&P 500 rallying ~2% during the recent shutdown.
- **Economic impact:** From an economic perspective, history tells us that any weakness in the quarter that there is a Government shutdown (more than 15 days), is given back in the following quarter. This may be due to the repayment of Government workers who spend the money that was not granted during the shutdown. This has also been seen as quarterly personal consumption has, on average, ticked modestly higher in the quarter after the historical Government shutdowns end.
- **Federal employees return to work:** The shutdown led to the furlough of ~670K federal employees, and ~730K employees working without pay. While each department is different, the administration expects back-pay to furloughed workers to be completed by the November 19th.[1]
- **Where's the data?** This week we expect to get more clarity about the timing of the release of crucial economic data. The BLS has announced they will release September's payrolls report on November 20th. However, the report will not include the unemployment rate since data collection was not conducted during the month.

The Bottom Line:

Now that the shutdown is over, focus turns to the release of data and what it means for the December FOMC meeting. The odds of a rate cut as indicated in the Fed funds futures market have dropped to 40% (from almost 100% a month ago) which has led to an increase in equity volatility. Admittedly, we think the Fed SHOULD hold at the December meeting to assess the data and focus on the implications for inflation. We realize the labor market is weakening but inflation remains stubborn and rate cuts can exacerbate an issue that we do not have a clear picture on since data has been delayed.

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Weekly Economic Recap –

Small Business Sentiment Falls to Six-Month Low

Sentiment among small business owners in the U.S. fell to a six-month low in October driven by declining optimism about the economy. The net share of owners expecting activity to improve in the next six months fell to the lowest level since April. Labor quality continued to be the largest problem for small business owners; a net 32% reported jobs they were unable to fill, matching the lowest since the end of 2020.

Filings to begin the home foreclosure process increased ~19% YoY in October to ~36.7K. It was the eighth straight month of annual increases, according to ATTOM data, a property data and analytics firm. Completed foreclosures increased 32% from last year.

The Johnson Redbook Index, a weekly measure of same-store sales growth within the U.S. retail sector, increased 5.9% YoY vs. 5.7% YoY. This suggests an increase in consumer spending, which could be driven by the holiday season getting underway.

Economic growth in the Euro zone increased 0.2% MoM in 3Q25. However, ~50% of countries in the union registered no growth during the quarter. Germany, the continent's largest economy, was among the contries that registered no growth during the quarter. Growth in Spain contributed the most to the Euro zone growth.

Key Takeaways:

- Business owners' increase pessimism on economic outlook.
- Foreclosure filings increase for eighth straight month.
- Euro zone economic growth supported by Spain.
- Large-cap growth lower for second straight week.
- Bond yields higher as investors reprice Fed rate cuts.
- Commodities higher driven by gold and natural gas.

Weekly Market Recap –

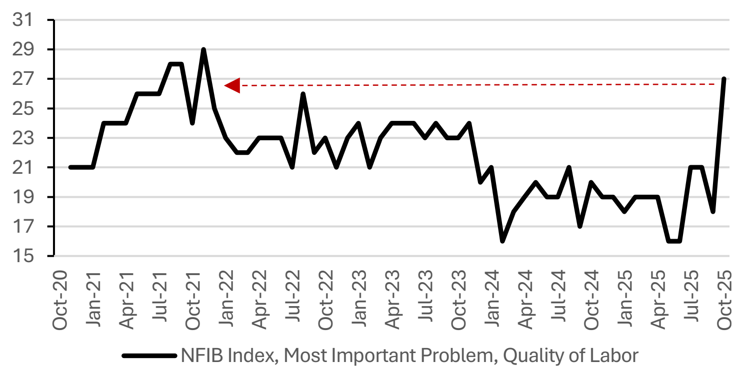
Global Equities Rally on U.S. Government Reopening

Equities: The MSCI AC World Index was higher for the fourth time in five weeks as investors weighed the reopening of the U.S. Government. Major U.S. averages finished the week mixed. The tech-heavy Nasdaq was lower for the second straight week as investors continued to question high tech valuations. The Russell 1000 Growth Index underperformed the Russell 1000 Value Index for the second straight week driven by the rotation out of AI names. The Dow Jones Industrial Average led U.S. performance supported by quality value names.

Fixed Income: The Bloomberg Aggregate Index was lower for the second time in three weeks. Treasury yields moved higher as investors repriced Fed rate cut expectations and there is now less than 50% chance of a 25bps cut in December. Floating rate instruments were marginally higher on the possibility of higher rates for longer. Municipal bonds were higher for the sixth time in the last seven weeks.

Commodities/FX: The Bloomberg Commodity Index was higher for the fifth straight week. Despite a ~3% fall on Friday, gold prices finished the week higher for the second straight week driven by early-week political uncertainty. Natural gas prices were higher for the fourth straight week as colder temperatures drove demand.

Small Business Owners Struggle to Find Labor



Footnotes: Data is as of October 2025.
Data Source: FactSet Research Systems, Verdence Capital Advisors.

Volatility Surges on Uncertainty

U.S. Equities		Current	1WK	1MO	3MO	1YR	YTD
	Dow Jones Industrial Average	47,147	0.4%	2.0%	5.5%	9.7%	12.4%
	S&P 500	6,734	0.1%	1.4%	4.4%	14.6%	15.7%
	Russell 1000 Growth	4,739	-0.1%	1.3%	4.7%	19.6%	17.8%
	Russell 1000 Value	2,012	0.1%	0.8%	3.5%	7.8%	12.2%
	Russell 2500	4,133	-1.4%	-2.7%	2.3%	3.7%	7.5%
	Russell 2000	2,388	-1.8%	-4.2%	4.2%	3.6%	8.3%
	Nasdaq	22,901	-0.4%	1.7%	5.6%	20.7%	19.3%

International Equities		Current	1WK	1MO	3MO	1YR	YTD
	MSCI AC World (USD)	995	0.4%	1.8%	4.9%	18.6%	19.9%
	MSCI EAFE (USD)	2,819	1.7%	2.9%	4.3%	26.5%	27.7%
	MSCI Europe ex UK (USD)	3,145	2.8%	2.2%	4.1%	27.4%	30.5%
	MSCI Japan (USD)	4,830	1.0%	6.0%	7.1%	28.4%	25.2%
	MSCI UK (USD)	1,515	0.1%	1.9%	3.2%	28.8%	28.7%
	MSCI EM (USD)	1,386	0.3%	3.6%	9.2%	30.6%	31.4%
	MSCI Asia ex Japan (USD)	905	0.1%	3.5%	8.8%	30.9%	30.8%

Fixed Income		Current Yield	1WK	1MO	3MO	1YR	YTD
	U.S. Aggregate	4.4%	-0.2%	-0.4%	1.9%	6.5%	6.6%
	U.S. Govt/Credit	4.3%	-0.2%	-0.5%	1.7%	6.1%	6.2%
	U.S. 10 Year Treasury	4.1%	-0.3%	-0.5%	2.3%	7.1%	7.7%
	U.S. TIPS (1-10YR)	3.9%	-0.1%	-0.3%	1.0%	7.3%	7.2%
	U.S. High Yield	6.9%	0.1%	0.3%	1.5%	7.2%	7.1%
	EM Bonds (USD)	5.8%	0.0%	1.2%	2.8%	10.0%	10.2%
	Municipal Bonds	3.6%	0.1%	0.7%	3.9%	3.7%	4.1%

Commodities		Current	1WK	1MO	3MO	1YR	YTD
	Bloomberg Commodity Index	273	1.7%	3.8%	10.2%	18.6%	14.6%
	Crude Oil (USD/bbl)	$60.4	0.4%	2.9%	-2.4%	-6.6%	-11.3%
	Gold ($/oz)	$4,084.1	-1.1%	-4.3%	22.0%	58.8%	55.1%
	Copper	$506.3	-1.6%	1.1%	11.8%	23.6%	24.7%
	Wheat	$541.5	-0.5%	5.3%	0.6%	-10.6%	-10.7%
	U.S. Dollar	99	-0.2%	1.0%	1.6%	-6.8%	-8.3%
	VIX Index	19.8	3.9%	-4.7%	33.7%	38.6%	14.3%

Footnotes: Data is as of November 14, 2025.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

[1]: https://www.semafor.com/article/11/12/2025/trump-administration-lays-out-plan-for-federal-workers-back-pay

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Disclaimer:

 The indexes presented are unmanaged portfolios of specified securities and do not reflect any initial or ongoing expenses nor can it be invested in directly. An investment's portfolio may differ significantly from the securities in the index.

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