WEST SHORE BANK

WEEKLY RECAP - November 17, 2025

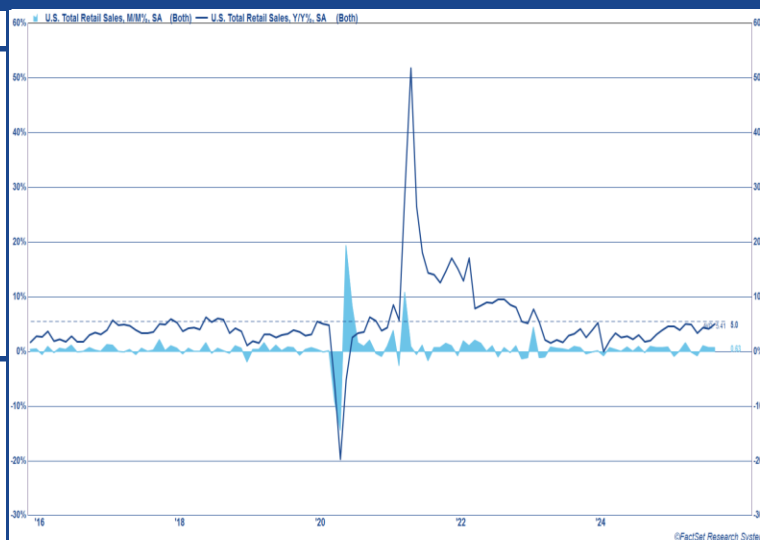
Economic & Market Commentary

So, let's review. The government shuts down for 43 days and stock markets hit new all-time highs multiple times during the shutdown. Then, when the government reopens, markets sell off sharply. No message here. Volatility is picking up and will likely stay elevated over the next couple of months as markets assess economic reports, which had largely been suspended during the shutdown, and gain insights on the direction of the economy. If S&P 500 third-quarter earnings are a harbinger of how the U.S. economy is doing, than it is in good shape. Entering the third quarter, S&P 500 earnings were forecasted to grow +7.9%. With over 90% of companies having reported, earnings have grown +13.1%, almost double what was forecasted. Moreover, the Federal Reserve of Atlanta's GDPNow estimate of third-quarter U.S. GDP stands at +4.0%. This is going to change as delayed economic reports are released, but it clearly indicates the U.S. economy is on solid ground. The other very important factor that will affect not only stock market volatility but also interest rates, will be the path forward on Federal Reserve monetary policy (cut or raise the short-term target rate). Entering the latest Federal Open Market Committee (FOMC) meeting in late October, there was a 98% chance of another 0.25% rate cut in December. After the FOMC meeting, this probability dropped to 60% and as of this morning stands at 45%. There are several reasons why the probability of a December rate cut has declined. First, is the lack of economic data that the Fed relies on to determine the path of monetary policy. As Chair Powell stated when asked about the lack of economic data, "What do you do if you're driving in a fog, you slow down", and that "a December rate cut is far from a foregone conclusion". Meaning, no decisions on policy until there is a clearer economic picture. Second, there were two dissenting policy votes (10-2), which is the first time in a long time this happened, as well as hawkish comment from several Fed members. Finally, inflation remains persistently above the Fed's target of +2.0% which bond markets as well as some Fed view rates higher for longer. Buckle up, it is going to be a bumpy ride into year end.

Index Total Returns - November 14, 2025

	1-Wk	YTD	1-Yr
MSCI-Emerging	0.31	31.41	30.57
MSCI-Developed	1.66	27.73	26.52
NASDAQ	-0.43	19.24	20.65
S&P 500	0.12	15.77	14.67
Dow Jones	0.41	12.42	9.65
Russell 2000	-1.79	8.32	3.60
S&P 400	-1.13	3.99	0.33
Barclay's U.S. Bond Index			
High Yield	0.05	7.13	7.21
Aggregate	-0.24	6.57	6.45
Int. Gov. Credit	-0.10	6.18	6.59
5-year Muni	0.06	4.63	4.31
Municipal	0.09	4.10	3.68

U.S. Retail Sales



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.69	3.63	4.36
U.S. 2-Yr	3.61	3.56	4.35
U.S. 3-Yr	3.61	3.56	4.31
U.S. 5-Yr	3.73	3.68	4.32
U.S. 10-Yr	4.15	4.09	4.44
U.S. 30-Yr	4.75	4.70	4.60

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.40	3.42	3.43
U.S. AA	3.44	3.44	3.46
U.S. A	3.81	3.82	3.83
U.S. Baa	4.45	4.45	4.28
U.S. Municipal	3.57	3.57	3.59
Michigan	3.73	3.73	3.73

S&P 500 Sector Total Returns - November 14, 2025

Sector	1-Wk	YTD	1-Yr
Info Tech	0.54	25.09	25.68
Comm. Services	-0.80	23.62	27.71
Utilities	-1.03	19.77	17.05
Industrials	-0.82	16.68	10.49
Health Care	3.90	11.90	6.95
Energy	2.76	10.46	0.17
Financials	-0.62	9.78	7.33
Materials	1.03	5.30	-3.18
Real Estate	-0.82	3.56	-0.78
Con. Discretion	-2.72	3.26	8.46
Consumer Staples	0.64	2.95	1.67

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	22.48	19.07	1.11
S&P 400 - Mid Cap	15.86	16.31	1.37
S&P 600 - Small Cap	14.73	15.80	1.59

Sources: FactSet