



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: November 12, 2025 — 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is up 1.2% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 0.4%. Chinese markets were lower, with the Shanghai Composite down 0.1% and the Shenzhen Composite down 0.4%. US equity index futures are signaling a higher open.

With 457 companies having reported so far, S&P 500 earnings for Q3 are running at \$72.30 per share compared to estimates of \$68.15, which is up 8.0% from Q3 2024. Of the companies that have reported thus far, 81.4% have exceeded expectations, while 14.9% have fallen short of expectations.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold.

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
“Meet Sanae Takaichi” (11/10/25)	“When the Financial System Finds a Cockroach” (11/3/25) + podcast	Q4 2025 Report	Confluence Mailbag podcast Confluence of Ideas podcast

Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our new monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* begins with concerns regarding new data on the labor market and its impact on monetary policy. Next, we give an overview of the impact that tariffs will have on domestic production with a focus on the auto industry, address US hacking accusations from China, and provide an update on the government shutdown. As always, the report includes a comprehensive roundup of key international and domestic data releases.

ADP Payrolls: According to the latest report from ADP Research, the labor market cooled last month. The payroll [firm estimates that private employers cut an average of 11,250 jobs per week](#) over the four weeks ending October 25. This weaker jobs report follows an earlier estimate showing a net gain of 42,000 positions for the month, suggesting that hiring momentum slowed

notably in the latter half of the period. The weak report is likely to have an impact on monetary policy.

- The slowdown in job creation comes as the Federal Reserve continues to weigh which side of its dual mandate — maximum employment or price stability — should take priority. Following the latest FOMC meeting, a notable divide emerged among policymakers over the future direction of monetary policy. Two voting members issued opposing dissents on the 25-basis-point rate cut, where one favored leaving rates unchanged, while the other advocated for a deeper, 50-basis-point reduction.
- At the Fed's upcoming meeting in December, policymakers may have to rely heavily on private-sector data, as government statistics for October might not be released in time. While September figures are expected to become available once agencies reopen, [collecting data for October could prove far more challenging](#). According to White House economic advisor Kevin Hassett, the government shutdown has disrupted data collection for the month, resulting in information that may never be fully recovered.
- That said, the latest inflation data from OpenBrand — which tracks prices across marketplaces, retail websites, and brick-and-mortar stores — [showed that prices for consumer durables and personal care goods decelerated](#) for the first time in three months. While the index is not as comprehensive as the CPI, it adds to the growing evidence that inflation may no longer warrant being the central bank's top priority, especially amid the notable slowdown in the labor market.
- In short, private-sector data on both inflation and employment may be enough to persuade Fed officials to cut rates again at their December 10 meeting. However, this could depend on whether the government manages to release official November data, as the ongoing shutdown, now extending past the data collection period, may make that difficult given the time constraints. A rate cut would likely support risk assets and put downward pressure on the dollar.

Tariffs Taking Hold: Recent reports indicate that firms are adjusting their business practices in response to tariffs. On Tuesday, [it was revealed that GM has asked its suppliers to phase out parts sourced from China by 2027](#), to safeguard against potential geopolitical disruptions. Although the decision was made in late 2024, executives have reportedly accelerated implementation amid rising global trade tensions. The move underscores a broader industry shift from prioritizing efficiency to emphasizing resilience in supply chains.

- [As discussed in our report on the “three Rs” of tariffs](#), the renewed focus on resiliency comes as the White House continues to wield tariffs aggressively under Section 232. The administration has used these national security provisions to push for greater domestic production. This assertive use of tariff authority is already beginning to reshape global supply chains.
- The effects of these policy shifts are beginning to surface in the auto industry, which has been a primary target of recent trade actions. Earlier this month, the administration fully implemented tariffs on [medium- and heavy-duty trucks, truck parts, and buses](#), marking the first time this vehicle class has been subject to such measures. The policy includes a

key incentive: automakers that relocate production to the US can qualify for a tariff reduction from 25% to 10%.

- While firms are rapidly adapting their supply chains to prioritize resiliency in response to trade policy, these shifts carry inherent inflationary risks. Although price pressures are not expected to reach pandemic-era highs, they are likely to remain elevated. So far, the demonstrated ability of consumers to absorb these increases has alleviated pressure on companies. We suspect that as long as this trend continues, the economy should remain resilient and provide a supportive environment for risk assets.

US Bitcoin Hack? [China has accused the US of orchestrating a cyberattack to steal billions in bitcoin](#). The allegation refers to a 2020 security breach that followed the US government's seizure of cryptocurrency from Cambodian tycoon Chen Zhi, who was charged with money laundering. This claim mirrors a pattern of Chinese allegations against the US that typically lacks evidence to support American indictments. The move signals how the broader geopolitical rivalry is increasingly playing out in the domain of cybersecurity and digital assets.

Shutdown Update: The US House of Representatives is [set to vote on legislation to end the government shutdown](#), following a key procedural victory in the House Rules Committee on Tuesday. Ending the shutdown is expected to boost equities by restoring government services and stability. Politically, the event is likely to shape the upcoming midterm elections, where affordability — driven by concerns over healthcare, tariffs, and housing costs — is set to be a central issue.

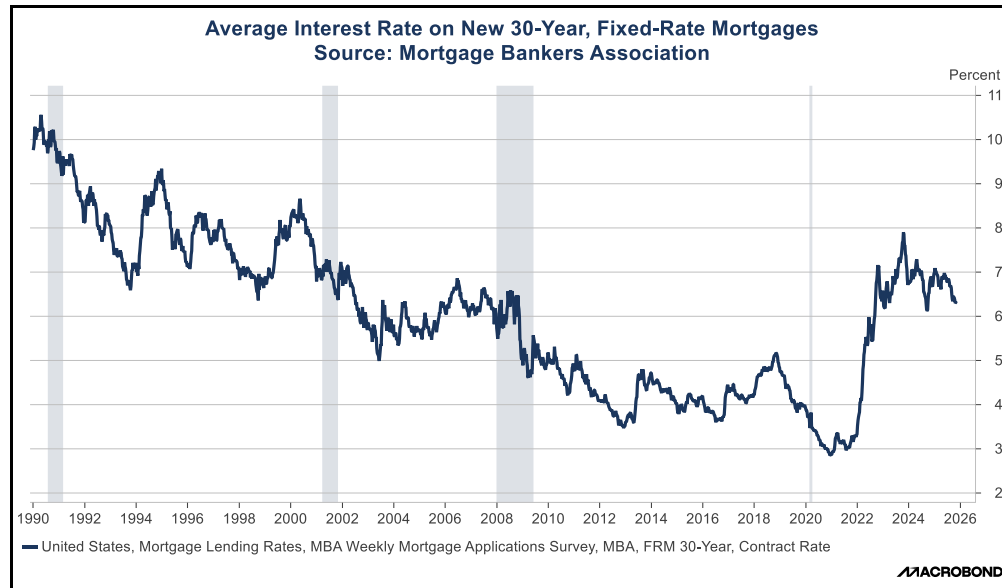
More Golden Shares? Indonesia's sovereign wealth fund [is in talks to acquire a "golden share" in the domestic operations](#) of ride-hailing giants Grab and GoTo. This golden share would grant the fund influence over key corporate policies, such as worker pay, mirroring a recent White House decision to secure a similar share in Nippon Steel to facilitate a merger. While still in its early stages, this trend signals a potential shift away from the long-standing principle of shareholder primacy.

Oil Demand Rise: The [International Energy Agency now projects rising oil demand for the next 25 years](#), reversing its earlier forecast of a near-term peak. This revised outlook, detailed in its latest World Energy Outlook, stems from weakened climate commitments and slower-than-expected electric vehicle adoption. Additionally, growing energy demand from advanced manufacturing and data centers has contributed to the change. The report underscores a growing divergence between climate targets and real-world trends, highlighting the political and economic challenges facing the global energy transition.

US Economic Releases

The Mortgage Bankers Association said *mortgage applications* in the week ended November 8 rose 0.6%, partially reversing the previous week's 1.9% decline. Applications for home purchase mortgages rose 5.8%, reversing their 0.6% fall in the prior week. Applications for refinancing

mortgages fell 3.4%, after falling 2.8% the week before. The average interest rate on a 30-year, fixed-rate mortgage rose by 3 basis points to 6.34%. The chart below shows how mortgage rates have changed over time.



The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases		
No economic releases for the rest of today		
Federal Reserve		
EST	Speaker or Event	District or Position
9:20	John Williams Delivers Keynote Speech	President of the Federal Reserve Bank of New York
10:00	Anna Paulson speaks on Fintech	President of the Federal Reserve Bank of Philadelphia
10:20	Christopher Waller Speaks on Payments	Member of the Board of Governors
12:15	Raphael Bostic Speaks at Atlanta Economics Club	President of the Federal Reserve Bank of Atlanta
12:30	Stephen Miran Speaks in Fireside Chat	Members of the Board of Governors
16:00	Susan Collins Speaks at Community Banking Conference	President of the Federal Reserve Bank of Boston

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do change over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
Japan	Money Stock M2	y/y	Oct	1.6%	1.5%		**	Equity and bond neutral
	Money Stock M3	y/y	Oct	1.0%	1.0%		**	Equity and bond neutral
	Machine tool orders	y/y	Oct P	16.8%	11.0%		**	Equity and bond neutral
South Korea	Unemployment Rate	m/m	Oct	2.6%	2.5%	2.6%	***	Equity and bond neutral
India	CPI	y/y	Oct	0.25%	1.44%	0.40%	***	Equity and bond neutral
EUROPE								
Germany	CPI	y/y	Oct F	2.3%	2.3%	2.3%	***	Equity and bond neutral
	CPI, EU Harmonized	y/y	Oct F	2.3%	2.3%	2.3%	**	Equity and bond neutral
Italy	Industrial Production WDA	y/y	Sep	1.5%	-3.0%	-0.5%	***	Equity bullish, bond bearish
AMERICAS								
Mexico	International Reserves Weekly	w/w	7-Nov	\$248855m	\$200976m		*	Equity and bond neutral
Brazil	IBGE Services Volume	y/y	Sep	0.4%	2.5%	3.8%	*	Equity bearish, bond bullish

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	377	375	2	Down
U.S. Sibor/OIS spread (bps)	385	385	0	Down
U.S. Libor/OIS spread (bps)	376	377	-1	Down
10-yr T-note (%)	4.08	4.12	-0.04	Down
Euribor/OIS spread (bps)	203	201	2	Up
Currencies	Direction			
Dollar	Up			Up
Euro	Flat			Down
Yen	Up			Down
Pound	Down			Down
Franc	Down			Up

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$64.53	\$65.16	-0.97%	
WTI	\$60.42	\$61.04	-1.02%	
Natural Gas	\$4.52	\$4.57	-1.07%	
Crack Spread	\$31.29	\$31.44	-0.48%	
12-mo strip crack	\$28.17	\$28.35	-0.66%	
Ethanol rack	\$2.00	\$1.99	0.50%	
Metals				
Gold	\$4,134.12	\$4,126.85	0.18%	
Silver	\$51.72	\$51.22	0.97%	
Copper contract	\$507.65	\$506.60	0.21%	
Grains				
Corn contract	\$432.25	\$432.00	0.06%	
Wheat contract	\$546.50	\$551.75	-0.95%	
Soybeans contract	\$1,129.75	\$1,127.25	0.22%	
Shipping				
Baltic Dry Freight	2,072	2,084	-12	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		1.50		
Gasoline (mb)		-2.46		
Distillates (mb)		-1.39		
Refinery run rates (%)		0.3%		
Natural gas (bcf)		34		

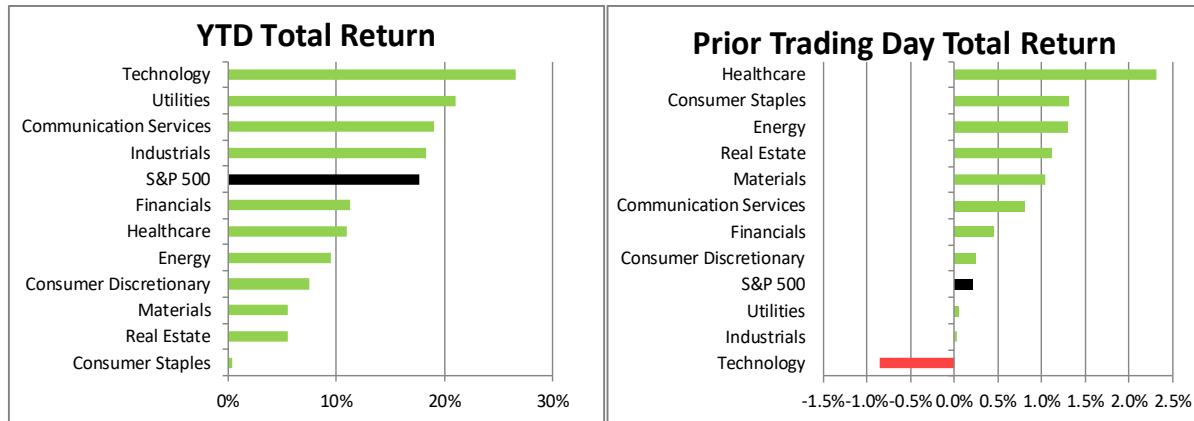
Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures from the Great Plains eastward, with cooler-than-normal temperatures in the Southwest. The outlook calls for wetter-than-normal conditions for the entire country.

No tropical cyclone activity is expected in the Atlantic Ocean area within the next seven days.

Data Section

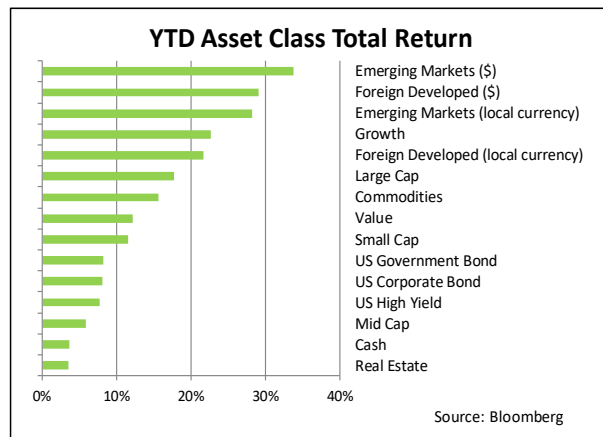
US Equity Markets – (as of 11/11/2025 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 11/11/2025 close)

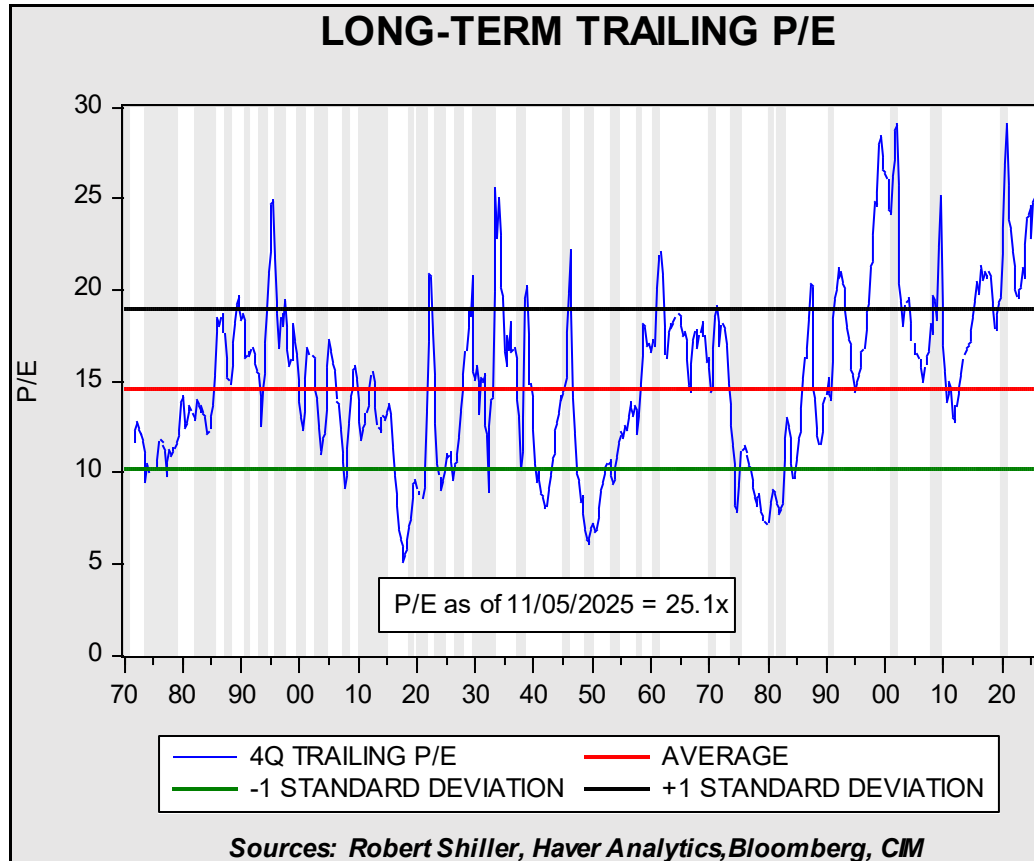


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

November 6, 2025



Based on our methodology,¹ the current P/E is 25.1x, which is unchanged from the previous report. The slight rise in the stock price index was offset by a rise in earnings.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

¹ This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q1, Q2, Q4) and one estimate (Q3). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.