



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: November 19, 2025 — 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is up 0.1% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 0.4%. Chinese markets were mixed, with the Shanghai Composite up 0.2% and the Shenzhen Composite down 0.4%. US equity index futures are signaling a higher open.

With 463 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, 81.2% have exceeded expectations, while 15.1% 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) + podcast	“The COLA for Social Security Benefits in 2026” (11/17/25) + podcast	Q4 2025 Report Q4 2025 Rebalance Presentation	Confluence Mailbag podcast Value Equities Quarterly Video Update

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* today opens with a preview of Nvidia’s key earnings release after market close today, as well as some related news involving the company and infrastructure investor Brookfield. We next review several other international and US developments that could affect the financial markets today, including a move to ease Dutch-Chinese tensions and a new European Union body to shore up the bloc’s access to critical minerals.

US Artificial Intelligence Boom: AI chip giant Nvidia [will release its quarterly earnings after market close today, setting the stage for either continued investor enthusiasm for the sector or, potentially, a major selloff](#) if the results are disappointing. Given that Nvidia accounts for such a large share of US stock market capitalization — about 10% of the NASDAQ 100 — a significant

upside or downside surprise would likely have a major impact on the broader stock market in the coming days.

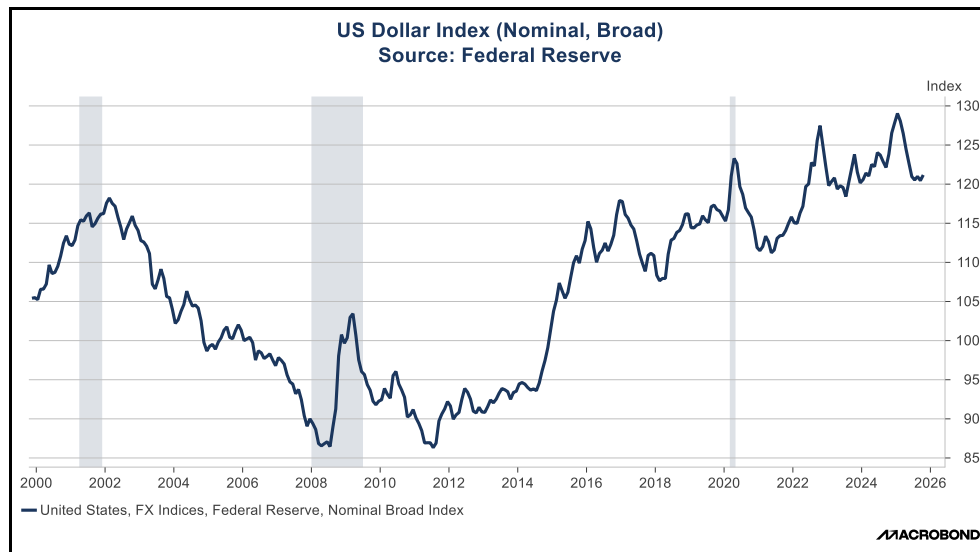
- Separately, reports say Canadian investment giant Brookfield Asset Management [is raising \\$10 billion for a new fund dedicated to AI infrastructure](#), with Nvidia and sovereign-wealth fund Kuwait Investment Authority as founding partners. Utilizing additional co-investments and debt, Brookfield plans to build and acquire as much as \$100 billion worth of AI infrastructure
- It isn't clear how much Nvidia is investing in Brookfield's new fund. Nevertheless, the news could exacerbate growing investor concerns about circular investments in the AI space, where major players essentially invest in their customers to help fund their own sales.

US Technology Industry: A federal judge yesterday [ruled that tech giant Meta didn't break antitrust laws by illegally stifling competition through its purchases of Instagram and WhatsApp](#). The ruling means the company won't have to divest the two apps, which should be positive for the broader tech sector.

Netherlands-China: The Dutch government today [overturned its recent seizure of Nexperia, the Netherlands-based manufacturer of automotive semiconductors owned by Chinese company Wingtech Technology](#). Officials said the return of control to Wingtech was an act of "goodwill" toward Beijing, which had retaliated by banning the export of chips from Nexperia's operations in China. The decision should be a relief to major automakers, which had warned of major chip shortages that could disrupt global car production, weigh on sales, and hurt profits.

China: In a little noticed report at the end of October, the Chinese government [mandated that on-line influencers must possess recognized degrees or demonstrate relevant training before discussing professional topics](#) such as law or medicine. The regulation is designed to stamp out misinformation, but it has sparked opposition over concerns about freedom of speech. In any case, given global concerns about misinformation undermining everything from politics to health, a key question is whether the rule might spark copycat regulations in other countries.

Singapore: At a Bloomberg event today, the chief of Singapore's sovereign wealth fund, Temasek, [said the dollar's depreciation this year has hurt its returns from US assets compared with foreign assets](#), which will likely prompt the fund to increase its non-US allocations. The statement is consistent with our view that the falling dollar is making it more attractive to invest in foreign stocks than in US stocks. Indeed, we have recently increased our exposure to foreign stocks in our [Confluence Asset Allocation strategies](#).

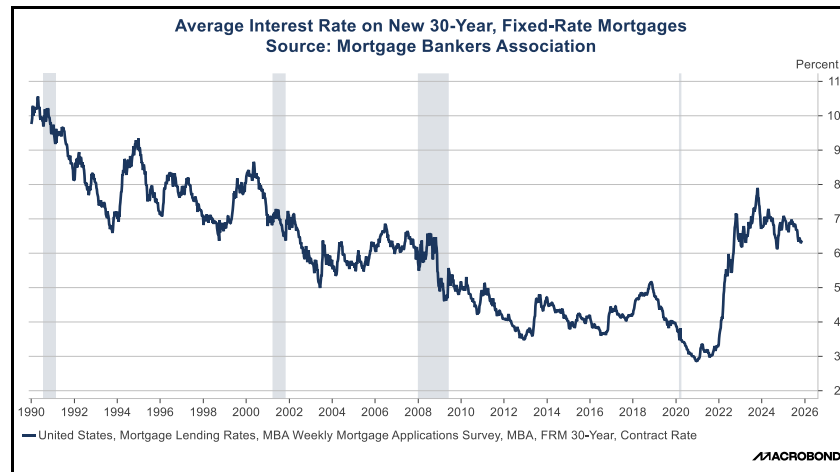


European Union: Stéphane Séjourné, the EU’s executive vice president for industrial strategy, [said today that the bloc will set up a central body to coordinate the purchasing and stockpiling of critical minerals](#). One key aim of the new organization will be to stop the US from buying up and hoarding the assets. The plan is consistent with our view that amid today’s geopolitical tensions and economic issues, countries and companies will have greater incentives to hoard key resources. In turn, we think that will buoy commodity prices going forward.

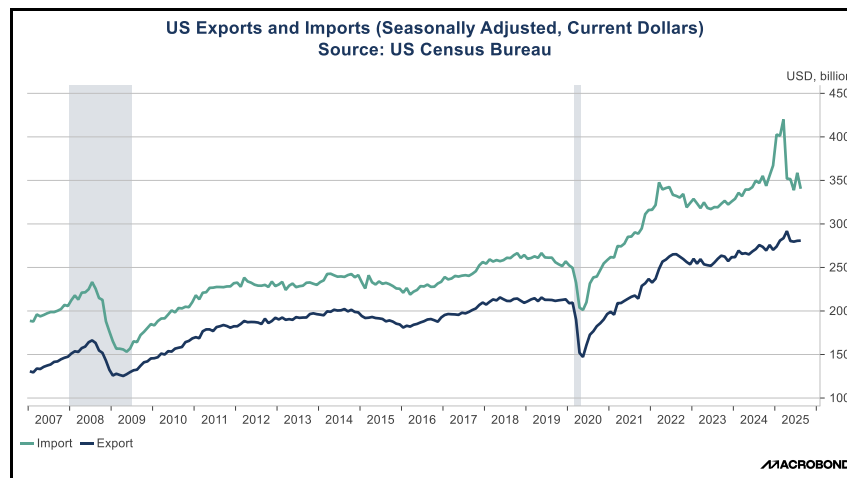
United States-Venezuela: President Trump [has reportedly approved a CIA plan for covert measures inside Venezuela to pave the way for a potential US military attack](#) on the country. At the same time, the president has authorized a new round of back-channel negotiations that at one point resulted in President Maduro offering to step down after a delay of a couple of years, a proposal the White House rejected. If either strategic prong is successful, the result could ultimately mean a resurgence of Venezuelan oil production and exports.

US Economic Releases

The Mortgage Bankers Association said ***mortgage applications*** in the week ended November 15 fell 5.2%, easily reversing their 0.6% rise in the previous week. Applications for home purchase mortgages fell 2.3%, after increasing 5.8% in the prior week. Applications for refinancing mortgages fell 7.3%, after declining 3.4% the week before and 2.8% in the week before that. According to the report, the average interest rate on a 30-year, fixed-rate mortgage rose 3 basis points to 6.37%. The chart below shows how mortgage rates have changed over time.



Separately, the August **trade balance** showed a seasonally adjusted deficit of \$59.6 billion, narrower than the expected shortfall of \$60.4 billion and much better than the revised July deficit of \$78.2 billion. According to the data, total **exports** edged up 0.1% in August, while **imports** dropped 5.1%. The chart below shows the monthly value of US exports and imports since just before the Great Financial Crisis.



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

Economic Releases						
EST	Indicator			Expected	Prior	Rating
11/19-11/20	Federal Budget Balance	m/m	Oct	-\$228.8b	-\$257.5b	**
Federal Reserve						
EST	Speaker or Event	District or Position				
10:00	Stephen Miran Speaks on Bank Regulation	Members of the Board of Governors				
12:45	Thomas Barkin Speaks on the Economic Outlook	President of the Federal Reserve Bank of Richmond				
14:00	U.S. Federal Reserve Releases Meeting Minutes	Federal Reserve Board				
14:00	John Williams Delivers Welcome Remarks	President of the Federal Reserve Bank of New York				

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	Core Machine Orders	y/y	Sep	11.6%	1.6%	4.7%	**	Equity bullish, bond bearish
Australia	Westpac Leading Index	m/m	Oct	0.11%	-0.01%		**	Equity and bond neutral
	Wage Price Index	m/m	3Q	3.40%	3.40%	3.40%	***	Equity and bond neutral
New Zealand	PPI Output	q/q	3Q	0.6%	0.6%		***	Equity and bond neutral
	PPI Input	q/q	3Q	0.2%	0.6%		***	Equity and bond neutral
EUROPE								
Eurozone	CPI	y/y	Oct F	2.1%	2.1%	2.1%	***	Equity and bond neutral
	Core CPI	y/y	Oct F	2.4%	2.4%	2.4%	**	Equity and bond neutral
Italy	Current Account Balance	m/m	Sep	3412m	4697m		*	Equity and bond neutral
UK	CPI	y/y	Oct	3.6%	3.8%	3.5%	***	Equity and bond neutral
	CPI Core	y/y	Oct	3.4%	3.5%	3.4%	***	Equity and bond neutral
	CPI Services	m/m	Oct	4.5	4.7	4.6	**	Equity and bond neutral
	Retail Price Index	y/y	Oct	407.4	406.1	407.6	*	Equity and bond neutral
	RPI	y/y	Oct	4.3%	4.5%	4.3%	**	Equity and bond neutral
	RPI Ex Mort Int. Payments (YoY)	y/y	Oct	4.20%	4.40%		**	Equity and bond neutral
AMERICAS								
Canada	Housing Starts	m/m	Oct	232.8k	279.2k	265.0k	**	Equity and bond neutral

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)	378	379	-1	Down
U.S. Sibor/OIS spread (bps)	388	388	0	Down
U.S. Libor/OIS spread (bps)	379	379	0	Down
10-yr T-note (%)	4.12	4.15	-0.03	Up
Euribor/OIS spread (bps)	207	206	1	Up
Currencies	Direction			
Dollar	Up			Up
Euro	Flat			Down
Yen	Up			Down
Pound	Down			Down
Franc	Up			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.

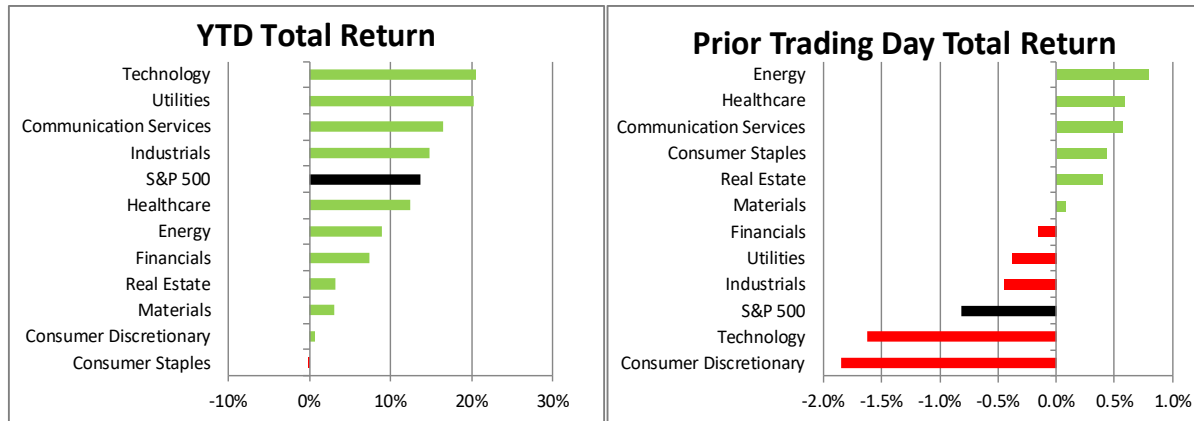
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$63.53	\$64.89	-2.10%	
WTI	\$59.39	\$60.74	-2.22%	
Natural Gas	\$4.43	\$4.37	1.42%	
Crack Spread	\$31.83	\$33.06	-3.70%	
12-mo strip crack	\$28.15	\$28.65	-1.76%	
Ethanol rack	\$1.97	\$1.98	-0.35%	
Metals				
Gold	\$4,116.37	\$4,067.24	1.21%	
Silver	\$52.26	\$50.70	3.08%	
Copper contract	\$509.85	\$505.05	0.95%	
Grains				
Corn contract	\$448.75	\$449.50	-0.17%	
Wheat contract	\$560.75	\$559.00	0.31%	
Soybeans contract	\$1,144.75	\$1,153.50	-0.76%	
Shipping				
Baltic Dry Freight	2,216	2,153	63	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		-1.70		
Gasoline (mb)		0.05		
Distillates (mb)		-1.14		
Refinery run rates (%)		0.9%		
Natural gas (bcf)		-11		

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures in the southern Great Plains and the Southeast, with cooler-than-normal temperatures only in the Pacific Northwest. The outlook calls for wetter-than-normal conditions everywhere except for southern New Mexico, where conditions will be near normal.

Data Section

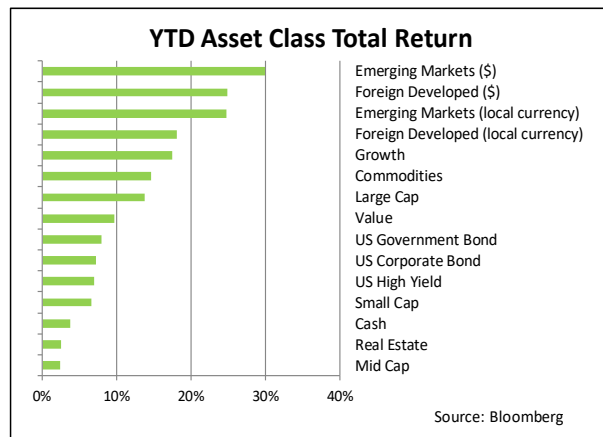
US Equity Markets – (as of 11/18/2025 close)



(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 11/18/2025 close)

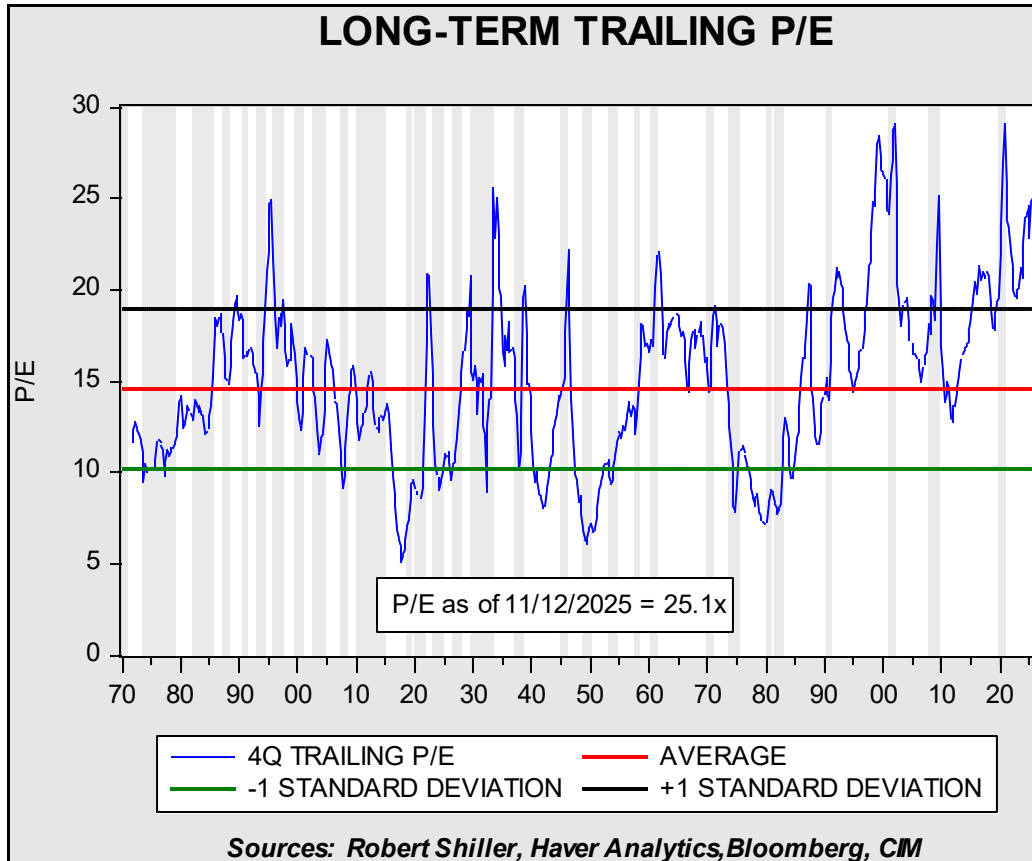


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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 13, 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.