

By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: November 24, 2025 — 9:30 AM ET] Global equity markets are generally higher this morning. In Europe, the Euro Stoxx 50 is essentially unchanged from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 0.9%. Chinese markets were higher, with the Shanghai Composite up 0.1% and the Shenzhen Composite up 0.9%. US equity index futures are signaling a higher open.

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. (*Note: There will not be a Geopolitical Report this week.*)

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 report confirming our view that the US administration will try to find fallback options even if the Supreme Court eventually rules against its broad use of import tariffs. We next review several other international and US developments with the potential to affect the financial markets today, including important new articles on the growing use of debt and creative financing in the artificial intelligence boom and the latest on the new peace proposal being pushed by the US to end the war in Ukraine.

US Tariff Policy: Reports at the weekend said the Department of Commerce and the Office of the US Trade Representative [are quietly working on fallback options in case the Supreme Court invalidates the administration’s broad tariffs](#). Such a negative decision now seems like a distinct possibility, given that the judges sounded skeptical of the administration’s argument in favor of its tough trade policies at the court’s recent hearing on the matter. As we’ve argued previously, we think the administration is committed to its tariff policies no matter what the court rules.

- The administration's possible options include switching the legal basis of its tariffs to Sections 122 or 301 of the Trade Act.
- Those provisions are slower and less flexible than the emergency provisions currently relied on, but we think the administration would use them aggressively if necessary as it seeks to rebalance US trade.

US Healthcare Policy: As President Trump works to defend himself against political attacks over cost-of-living issues, the White House [is reportedly preparing to unveil a health care plan that would extend the Affordable Care Act's enhanced tax credits for two years](#) in exchange for new eligibility limits and other changes. Extending the tax credits to avoid spiking health insurance premiums was a key demand of Democrats in the recent budget standoff, so they are likely to support it. However, it's not clear whether they would support the other changes.

US Artificial Intelligence Industry: A report in the *Wall Street Journal* yesterday [said AI "hyperscalers" Amazon, Alphabet, Meta, and Oracle have issued a total of \\$90 billion in investment-grade bonds](#) just since September 1, and firms such as TeraWulf and Cipher Mining have issued at least \$7 billion in junk bonds. The figures show how tech firms have suddenly turned strongly toward debt financing to build out their AI infrastructure, raising investor concerns about potential defaults if the AI boom suddenly goes into reverse.

- Separately, the *Journal* today [also has an article that takes a deep dive into the creative financing that Meta has used for its new \\$27-billion data center in Louisiana](#).
- Coupled with the increasing use of debt for AI infrastructure, the newly revealed signs of creative financing will likely feed into investors' growing concerns about the AI boom turning into an unsustainable bubble. However, it's notoriously difficult to predict when a boom or a bubble will run out of steam and go sharply into reverse. Indeed, we don't see clear signs of such a turn being imminent at the moment.

US Motion Picture Industry: Sources say *Wicked: For Good*, the second part of the popular Broadway show's film adaptation, [earned a record-smashing \\$150 million in North America and \\$226 million globally during its opening weekend](#). As usual, the strong opening for the Universal Pictures movie is likely to revive hopes for a revival of the US theater and film-studio industries, and perhaps even give a boost today to the stock of Comcast (which owns Universal). At any rate, it provides a must-see movie for this week's Thanksgiving holiday weekend!

United States-Russia-Ukraine: Secretary of State Rubio [said on Saturday that the 28-point peace plan that the administration forwarded to Ukraine last week was actually drafted by the Russians](#), and the US merely passed it on to Ukraine in its role as an intermediary. The statement went far toward explaining why the plan was so tilted in favor of Russia. However, Rubio later issued a contradictory statement that the US had authored the plan.

- The back-and-forth on the plan suggests it has little chance of being implemented as drafted.

- White House reports today [say talks with European and Ukrainian officials over the weekend were “constructive” and have led to some modifications](#) of the proposal. However, no details have been released as of this writing.

China-Russia: New research by the Bank of Finland shows that the average price of Chinese export-controlled military products sold to Russia [rose by an average of 87% from 2021 to 2024, while the price of similar products sold to other countries rose only 9%](#). A Western sanctions official interviewed about the report by the *Financial Times* said it would be better if Russian defense firms were totally cut off from their suppliers, but Chinese companies “ripping them off” is perhaps the next best thing, as it limits what the Russians can buy.

Libya: A delegation from the Tripoli-based Libyan government [has been in Washington this week to drum up interest in Libya’s first oil exploration licenses in 18 years](#). Oil giants Shell, Chevron, TotalEnergies, Eni, and Repsol are all pre-qualified to bid on the tracts, while Exxon signed a deal in August to explore for gas off Libya’s coast. The major oil firms’ interest reflects recent analyses suggesting global oil demand will remain robust far longer than previously predicted.

European Union-China: Facing a wave of Chinese imports and investment into the EU, the European Commission [is reportedly planning to tighten its foreign investment rules to ensure the new capital spending doesn’t give Chinese firms an advantage](#) in the bloc. The rules will seek to ensure that new Chinese investment bolsters the EU’s overall supply chains and provides broad benefits for EU workers. We see the likely new rules as more evidence of global fracturing, which will produce less efficient supply chains, higher price inflation, and higher interest rates.

Netherlands-Russia: Unidentified drone sightings yesterday [prompted officials to shut down Eindhoven airport in southern Netherlands](#), marking the latest incident in which presumed Russian provocations shut down a major European airport. On Friday, the Dutch military opened fire on unidentified drones over its air force base at Volkel, although no drones were brought down. As we have noted before, the likely Russian provocations probably aim to unsettle NATO countries but run the risk of sparking a kinetic conflict at some point in the future.

United Kingdom: Chancellor of the Exchequer Reeves [will release her proposed budget for the coming year on Wednesday, raising the risk of volatility in British asset prices](#) over the next few days. In recent weeks, many details of the proposed budget have come out, including plans for broad new income tax hikes, but market reaction forced the government to retract that measure. The incident illustrates how Reeves is struggling to get control over the UK’s enormous borrowing without imposing economically disruptive tax hikes or spending cuts.

US Economic Releases

No major economic reports have been released so far today. 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								
EST Date	EST Time	Indicator			Expected	Prior	Rating	
11/20/2025	10:30	Dallas Fed Manufacturing Activity	m/m	Nov	-2	-5	**	
11/21/2025-12/19/2025	TBD	Housing Starts	m/m	Sep	1329k	1307k	***	
11/21/2025-12/19/2025	TBD	Building Permits	m/m	Sep P	1347k	1330k	**	
11/21/2025-11/24/2025	TBD	Federal Budget Balance	m/m	oct	-\$230.0b	-\$275.4b	***	
11/21/2025-12/19/2025	TBD	New Home Sales	m/m	Sep			***	
11/21/2025-12/19/2025	TBD	New Home Sales MoM	m/m	Sep			*	
Federal Reserve								
No Fed speakers or events for the rest of today								

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								
EUROPE								
Germany	Ifo Business Climate	m/m	Nov	88.1	88.4	88.5	***	Equity and bond neutral
	Ifo Current Assessment	m/m	Nov	85.6	85.3	85.5	**	Equity and bond neutral
	Ifo Expectations	m/m	Nov	90.6	91.6	91.6	**	Equity bearish, bond bullish
Switzerland	Domestic Sight Deposits CHF	w/w	21-Nov	439.8b	436.9b		*	Equity and bond neutral
	Total Sight Deposits CHF	w/w	21-Nov	460.2b	456.5b		*	Equity and bond neutral
AMERICAS								
Canada	Retail Sales	m/m	Sep	-0.7%	1.0%	-0.7%	**	Equity and bond neutral
	Retail Sales Ex-Autos	m/m	Sep	0.2%	0.8%	-0.5%	**	Equity bullish, bond bearish
Brazil	FGV Consumer Confidence	m/m	Nov	89.8	88.5		*	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)	373	374	-1	Down
U.S. Sibor/OIS spread (bps)	383	384	-1	Down
U.S. Libor/OIS spread (bps)	373	373	0	Down
10-yr T-note (%)	4.05	4.07	-0.02	Down
Euribor/OIS spread (bps)	205	205	0	Up
Currencies	Direction			
Dollar	Flat			Up
Euro	Up			Down
Yen	Up			Down
Pound	Flat			Down
Franc	Down			Down

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.

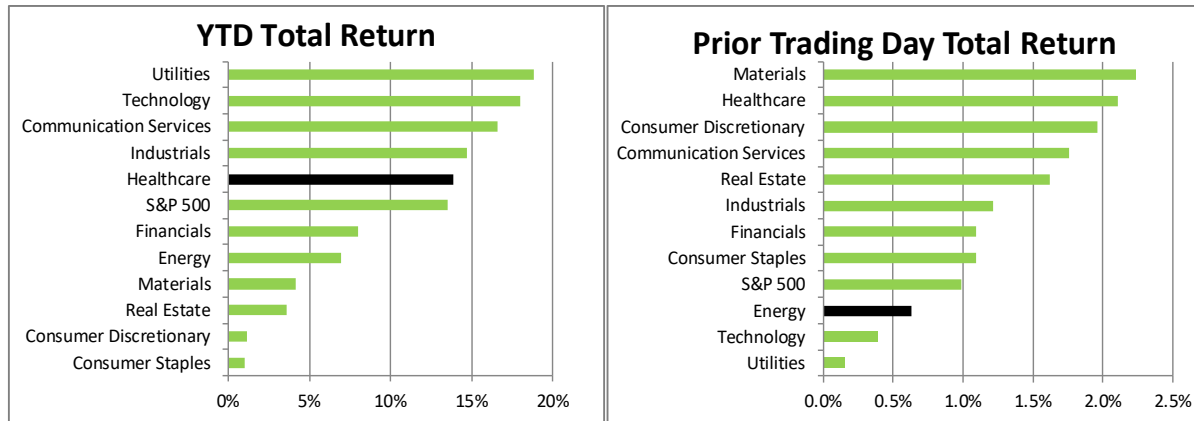
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$62.39	\$62.56	-0.27%	
WTI	\$57.88	\$58.06	-0.31%	
Natural Gas	\$4.51	\$4.58	-1.62%	
Crack Spread	\$25.81	\$25.98	-0.63%	
12-mo strip crack	\$25.68	\$25.79	-0.40%	
Ethanol rack	\$2.02	\$2.01	0.58%	
Metals				
Gold	\$4,071.11	\$4,065.14	0.15%	
Silver	\$50.11	\$50.02	0.19%	
Copper contract	\$506.80	\$509.60	-0.55%	
Grains				
Corn contract	\$435.00	\$437.50	-0.57%	
Wheat contract	\$533.50	\$539.75	-1.16%	
Soybeans contract	\$1,119.75	\$1,125.00	-0.47%	
Shipping				
Baltic Dry Freight	2,275	2,270	5	

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for cooler-than-normal temperatures in most of the country, with warmer-than-normal temperatures in the Southeast and Mid-Atlantic. The precipitation outlook calls for wetter-than-normal conditions for the entire country.

Data Section

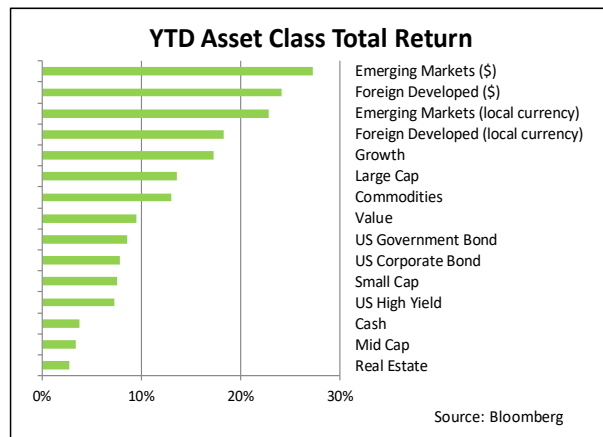
US Equity Markets – (as of 11/21/2025 close)



(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 11/21/2025 close)

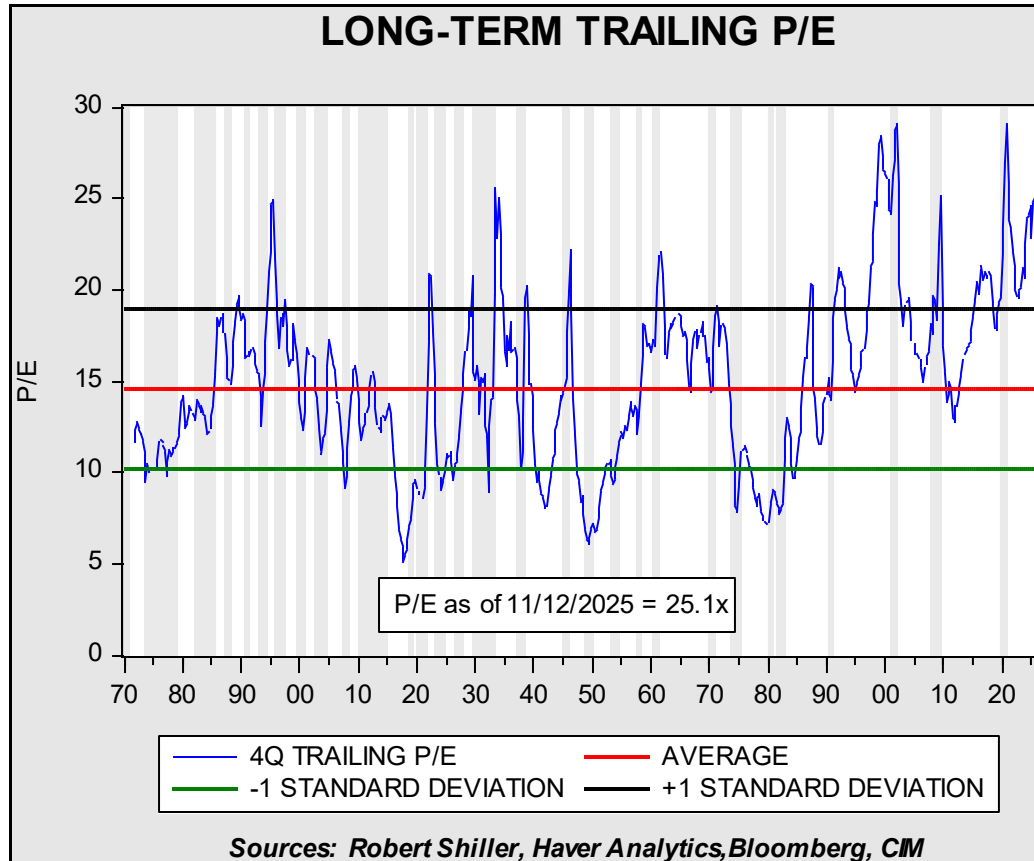


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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.