

WEEKLY STRATEGY Perspectives

WEEK ENDED NOVEMBER 14, 2025

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Through the Looking Glass

"It's a great huge game of chess that's being played – all over the world – if this is the world at all, you know."

– Alice from Lewis Carroll's *Through the Looking Glass*

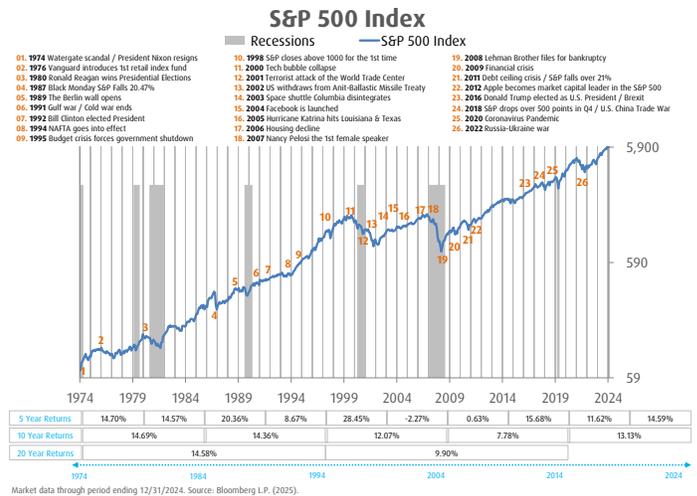
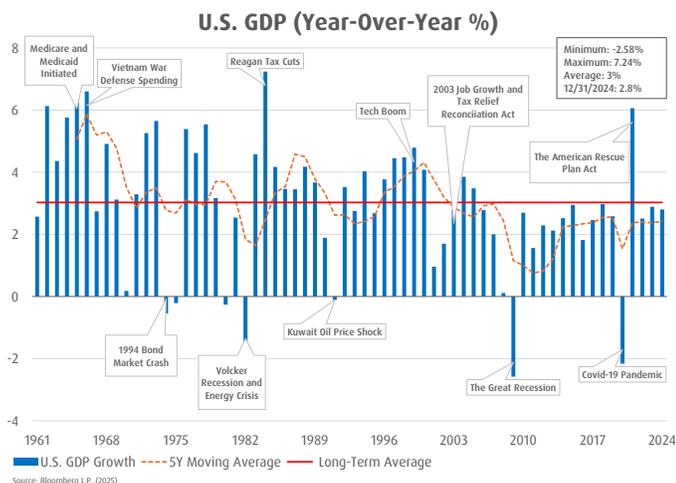
The Through Line: Market volatility reasserted itself in a big way recently amid a long list of noisy headlines. Most of the issues have multiple potential interpretations, leaving participants to determine what's up, down or sideways – and, more importantly, how (or whether) to respond. We remind investors that the default gear for both the economy and the markets over the long haul is up and to the right, and that pullbacks are normal. It helps to master the skill of keeping emotions in check while focusing on constructive fundamentals.

Volatility is the rule, not the exception

In direct defiance of lore, markets ended spooky season at all-time highs after a more than six-month ascent off early April lows. **Technically, these strong uptrends represent volatility as much as big down swings do** – even if it's way more fun on the upside.

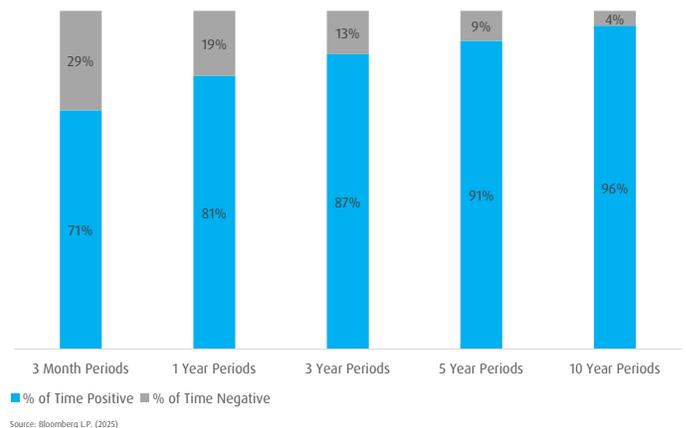
November, on the other hand, is traditionally the start of a merry period marked by a so-called Santa Claus rally (yearend positioning and tax trading) that dominates activity. However, in classic through-the-looking-glass-fashion, this time the month started on a sour note – until rumors of a deal to reopen the government emerged. We are not quite sure if market participants were truly that invested in the actual shutdown process itself. Maybe they were simply looking for an excuse to get back on the up-market train after the recent pullback. When putting a coherent framework around the last few weeks of trading, it's helpful to consider a number of factors:

The default gear for both the economy and the markets over the long haul is up and to the right – The dynamism that has dominated the U.S. system for decades shows up in largely consistent GDP, productivity and market growth.

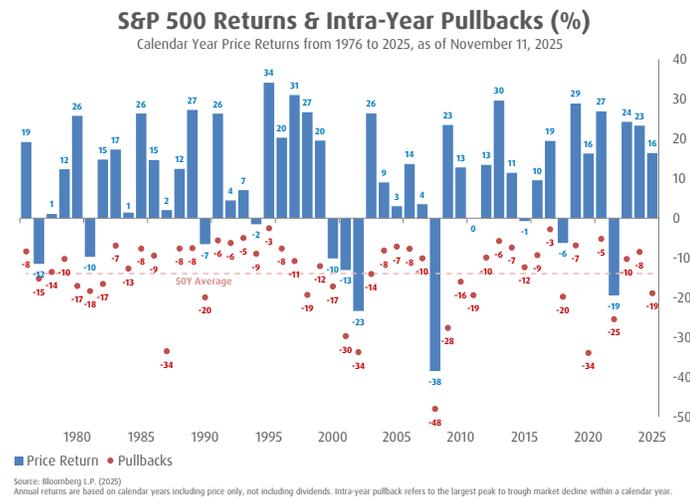


Percent of Time S&P 500 Was Positive, 1970 - 2025**

**Represents total returns of the S&P 500 over rolling monthly periods from 1/31/1970 - 9/30/2025.



Pullbacks are normal – While long-term trends are overwhelmingly constructive, the path is not a straight line. Those who want to benefit from the long-term trend must always be prepared (both fundamentally and psychologically) for potential interim pullbacks and downswings; they happen nearly *Every. Single. Year.*

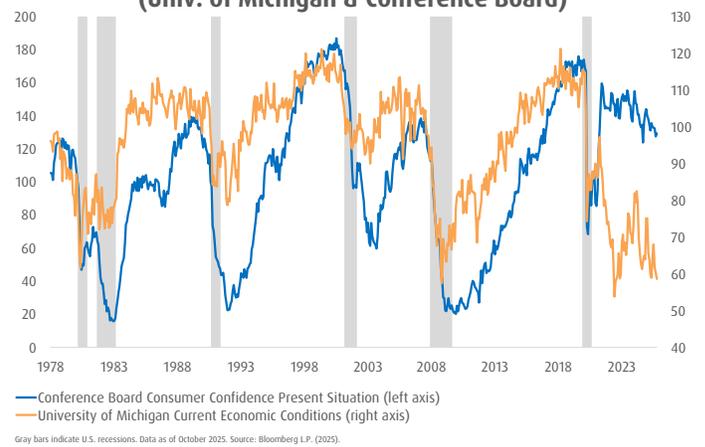


Keep emotions out of it – We are hardwired to react poorly to unpredictable environments. The fight, flight or freeze response is quite literally how our ancestors handled saber-toothed tiger attacks and lived to tell the tale. On the other hand, that same hardwiring does not serve us well in highly unpredictable market environments. When we confront new information, it helps to remember that **there is a clearing price for every asset on any given day, but no one cares what you paid.** Today’s price is about how badly the seller wants/needs out or how badly the buyer wants in. We humans stand apart from other species based on our capacity to pause between stimulus and response reactions. Make ample use of those pauses to breathe and calmly consider multiple angles and arguments. We will kickstart the process by offering a few examples.

When bad news is (and isn't) good news

Since U.S. government statistics mills shut down on October 1, policy makers and investors have been forced to rely on alternate sources of data to gauge the economy’s progress. Even StatCan was unable to issue trade data reports, hampered by an absence of info from U.S. federal agencies. Unfortunately, many of the feeds we’ve been getting have been incomplete or in conflict. ADP monthly employment data showed gains in job openings, for example, while weekly data show weakness. Manufacturing activity has flashed conflicting signals (one indicator showed strength, another weakness). Recent University of Michigan consumer sentiment readings revealed a wide bifurcation in optimism (or lack thereof) between those in the top tier (who own the bulk of financial assets) and all others. Data from a different source turns up yet another divergence.

Consumer Confidence – Current Conditions (Univ. of Michigan & Conference Board)



Investors have been trying to decide if bad economic news is actually bad for markets, or if it might ironically be constructive. For example, one line of reasoning holds that softer employment and slower growth should keep the Fed cutting rates, which will boost growth at some point and lead to higher stock and bond prices. (Poor economic news that is constructive for potential market action) Similarly, fundamentals hinting at growth that is accelerating too rapidly are derided rather than applauded for their potential to slow rate cuts and boost longer-term yields. (A case of good economic news being less helpful from investors’ vantage.) Looking longer term (a.k.a. longer than next week), markets tend to revert to following long-term fundamentals. Toward that end (and contrary to many headlines) we note:

- A recent article from Bloomberg reported that “mentions of ‘economic slowdown’ and synonyms during sales, guidance and earnings calls... are the lowest since 2007.”ⁱ
- Although the IMF’s global policy uncertainty index is near an all-time high, it noted that global economic optimism remains robust.ⁱⁱ (Seems there is energy and opportunity in dramatic change as shifting policies reorient the global order.)
- Bloomberg statistics show that, based on more than 90% of company results, aggregate revenues are up 8% while earnings have advanced 12%. Impressively, participation is broad: 10 of 11 sectors show gains (tech, financials, materials each around 20%). Even this far along into a well-developed economic cycle, companies are finding ways to magnify solid revenue growth into higher bottom line progress via astute attention to precision margin management. Current broad expectations are for double-digit earnings growth in Q4, moving into 2026.
- Globally, too, things are looking solid. In **China**, for example, we see early indications that sales from “Singles’ Day” were strong (China’s day-long shopping fest that dwarfs Black Friday and Cyber Monday in the U.S.). One of the country’s largest online retailers noted a 60% increase in orders compared to last year.ⁱⁱⁱ In **Canada**, despite repeated trade-war wallops from the country’s southern neighbor, employment and consumer progress have actually been sturdier than expected. There may even be room for further improvement if Prime Minister Mark Carney’s new budget (heavy on fiscal stimulus) is approved.

- Tax benefits for consumers from the One Big Beautiful Bill Act (OBBBA) are just around the corner. There is a little something for everyone, including expanded SALT (state and local tax) deductions for mid-level individuals and no tax on tips, Social Security or overtime for others.
- Financial market activity itself remains robust and supportive. Merger & Acquisition (M&A) transactions are increasing – and are often larger. The current administration is supportive of larger tie-ups and is working to reduce regulation and streamline regulatory approvals. The IPO market, which had shown distinct signs of life prior to the government shutdown, could see a set of higher profile offerings (recently stalled on the sidelines) come to market.

Implications for investors

Investors are on edge. Markets are entering the final stretch after posting double digit increases (for the third year running) with full valuations. Sentiment remains susceptible to unexpected or unwelcome headlines. It's helpful to keep in mind that such short-term whipsaws are the admission price for participation in markets' long term growth. Remembering markets' tendency toward the long term, plus a variety of supportive economic and market fundamentals, should provide plenty of constructive chess moves to consider.

In focus in North America

Jon Borchardt, Sr. Analyst

George Trapkov, CFA, VP and Portfolio Manager

This week

Record breaking U.S. government shutdown ends – The strategy of placing a spotlight on looming insurance premium increases for roughly 24 million Americans participating in the Affordable Care Act (ACA) program crumbled after seven Senate Democrats crossed party lines. They voted with Republicans to close debate on the Republican-led budget plan that excluded an extension of healthcare tax subsidies. The agreement did, however, promise a separate Senate vote on the issue in December. It also contained several other compromises including passing three key appropriations bills, returning all furloughed workers and providing back pay. Democrats had hoped President Donald Trump would eventually bow to political pressure over the ACA issues, but instead he went on the attack. This strategic shift was the likely catalyst for the seven, who decided that the specter of a continuing government shutdown no longer outweighed the hope for healthcare concessions from Republicans. President Trump launched an aggressive Truth Social campaign squarely blaming rising ACA costs on a failed Democratic program under which service quality had significantly deteriorated while healthcare companies reaped substantial financial gains. Republicans rallied around this messaging, which hardened positions and reduced the odds of any healthcare concessions to Democrats. House Majority Leader Mike Johnson called the chamber back into session Wednesday with members passing the bill late that same evening. President Trump signed the legislation in a White House ceremony on Wednesday night and called Federal workers back to the office as of Thursday morning. The data mills will begin grinding again though some key survey based data such as the October employment and inflation reports, may remain MIA.

U.S. Consumers not feelin' it – Preliminary results from the University of Michigan's November consumer confidence survey indicate the mood on Main Street continues to sour. November's sentiment reading came in at 50.3, falling 3.3 points from October and well below the Bloomberg consensus forecast of 53. This represents the lowest level since June 2022, which at 50 was the lowest reading on record. Perceptions among survey participants regarding both current economic conditions and future expectations fell among all groups, barring one exception: the top third of households that have exposure to equity markets saw sentiment rise 11% month over month. This statistic feeds into the narrative of a so-called K-shaped economy, where affluent households continue to prosper while most others feel the strain of diminishing purchasing power.

Employment gains in Canada – October saw employment rise by 66,600 – a wickedly appropriate figure for that month – following a solid 60,400 advance in September and thus fully reversing the nasty two-month decline in mid-summer. On the more cautious side, all net new jobs were part-time (+85,100) while full-time

numbers were weaker (-18,500). The gains were also concentrated in a select few sectors; 11 of 16 reported losses, though in just a few provinces. Meantime, total hours worked fell 0.2% month over month after a similar fall the prior month. However, that figure requires a big asterisk: the Alberta teachers' strike weighed heavily here, and the province also reported 11,600 education jobs lost in October. On the firmer side, the unemployment rate fell two ticks to 6.9%, one of the largest declines in the number of unemployed (-49,000) on record, aside from the pandemic. Digging into the sectors and regions, we saw lots of signs that the Toronto Blue Jays run for the World Series title made a mark. First, Ontario accounted for most of the job gains (+54,500), while fully five other provinces reported job drops last month. Second, those Ontario gains were led by info, culture and recreation (+21,400), accommodation and food (+11,300) and retail and wholesale trade (+16,600), the very sectors we would expect to get a bounce from all the activity around the baseball playoffs. Now that the jobless rate has dipped back below 7% and wages are staying firm, it appears that the Bank of Canada will indeed pause in December.

Stall speed for U.S. employment – Employment outplacement and executive coaching firm Challenger, Gray & Christmas last week released its monthly Job Cuts Report, which tracks announced layoffs. October job cuts surged to 153,074, the highest level of any October since 2003 and up 183% from September. The number of companies announcing plans to cut jobs rose to the year's highest level. This increase in job cuts comes at a time when employers are creating fewer positions. The most recent ADP Employment Report highlighted a modest pace of hiring relative to earlier in the year and stalled wage growth. According to Challenger, hiring plans year to date are down 35% from 2024 levels. From a sector perspective, the technology sector is seeing the highest level of job cuts while also being an early adopter of artificial intelligence (AI). Warehousing is another area experiencing significant headcount reduction, partly attributed to increased automation. Year to date, government accounts for approximately 28% of announced cuts (307,638 of around 1.10 million), while "DOGE actions" are cited as the reason for 293,753 private-sector cuts (around 27%). Third-party data sources have gained increased importance for investors during the federal government shutdown. Now that the budget crisis has ended, official economic data should start to materialize soon. The September payroll report was already completed when the shutdown began, so it will likely be the first official release available. Job data from October will be based on survey respondents' recollections, while October consumer price inflation data is unlikely to be released. This combination will make the Federal Reserve's December decision on interest rates more complicated, considering accelerating layoffs, slowed hiring and delayed official data. All of these factors raise the risk of heightened market volatility since Fed officials will be forced to act based on incomplete information.

Next week

Now that the U.S. government is reopening, we may get the October jobs report sometime next week (data covering September was largely prepared prior to the beginning of the shutdown on October 1). Aside from that, we'll get important reads on manufacturing and consumer sentiment in the U.S. In Canada, key information on business health and inflation will be delivered.

Monday 11/17 – U.S. Empire State manufacturing index | Canada Inflation, CPI

Tuesday 11/18 – U.S. ADP Weekly employment, *Export/Import Pricing Index, Industrial Production, Capacity utilization* | Canada Housing starts

Wednesday 11/19 – U.S. FOMC October meeting minutes, Nvidia reports Q3 earnings, *Housing starts*

Thursday 11/20 – U.S. *Initial jobless claims, Philly Fed, Leading Economic Indicators* | Canada CFIB Business barometer, PPI

Friday 11/21 – U.S. S&P Global services and manufacturing PMIs, UMich consumer sentiment | Canada Retail, Wholesale and Manufacturing sales

Data scorecard as of November 12, 2025

Equity Market Total Returns						
	11/12/2025 Level	WTD	YTD	2024	2023	2022
S&P 500	6,851	1.8%	17.7%	25.0%	26.3%	-18.1%
NASDAQ	23,406	1.8%	21.9%	29.6%	44.7%	-32.5%
DOW	48,255	2.7%	15.0%	15.0%	16.2%	-6.9%
Russell 2000	2,451	0.8%	11.1%	11.5%	16.9%	-20.5%
S&P/TSX	30,828	3.1%	27.5%	21.7%	11.8%	-5.8%
MSCI EAFE	10,439	2.8%	29.2%	3.8%	18.2%	-14.5%
MSCI EM	766	1.9%	33.5%	7.5%	9.8%	-20.1%
Bond Market Total Returns						
		WTD	YTD	2024	2023	2022
Bloomberg U.S. Aggregate		0.2%	7.0%	1.3%	5.5%	-13.0%
Bloomberg U.S. Treasury		0.2%	6.3%	0.6%	4.1%	-12.5%
Bloomberg U.S. Corporate		0.3%	7.4%	2.1%	8.5%	-15.8%
Bloomberg U.S. High Yield		0.4%	7.5%	8.2%	13.4%	-11.2%
Bloomberg 1-10 Year Munis		0.1%	4.7%	0.9%	4.5%	-4.7%
Bloomberg Canada Aggregate		0.2%	3.5%	4.0%	6.5%	-11.3%
Bloomberg Canada Treasury		0.2%	2.6%	2.9%	5.0%	-9.9%
Bloomberg Canada Corporate		0.2%	4.9%	6.9%	8.2%	-9.5%
Government Bond Yields						
	11/12/2025	Last Month End	Last Quarter End	2024	2023	2022
U.S. 10-Year Treasury	4.07%	4.08%	4.15%	4.57%	3.88%	3.88%
Canada 10-Year Government	3.14%	3.12%	3.18%	3.23%	3.11%	3.30%
U.K. 10-Year Gilt	4.40%	4.41%	4.70%	4.56%	3.53%	3.66%
German 10-Year Bund	2.64%	2.63%	2.71%	2.36%	2.02%	2.57%
Japan 10-Year Government	1.68%	1.66%	1.64%	1.09%	0.61%	0.41%
Currencies & Real Assets						
	11/12/2025 Level	WTD	YTD	2024	2023	2022
USD Index	99.50	-0.1%	-8.3%	7.1%	-2.1%	8.2%
CAD:USD	\$0.71	0.3%	2.7%	-7.9%	2.3%	-6.7%
Bitcoin	\$101,900.31	-1.9%	8.7%	120.5%	157.0%	-64.3%
Gold	\$4,195.39	4.9%	59.9%	27.2%	13.1%	-0.3%
Oil (WTI)	\$58.49	-2.1%	-18.4%	0.1%	-10.7%	6.7%

*Benchmark data does not reflect actual investment performance but reflects benchmark results of the underlying indices referenced. You cannot invest directly in an index. Index definitions can be found at the end of this publication.

Index Definitions

Equity indices

S&P 500® Index is an index of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

NASDAQ Composite Index is a market-cap weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

Dow Jones Industrial Average (“DOW”) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

Russell 2000® Index (Russell 2000®) is an unmanaged index that measures the performance of the smallest 2000 U.S. companies in the Russell 3000® Index.

S&P/TSX Index is a capitalization-weighted equity index that tracks the performance of the largest companies listed on Canada’s primary stock exchange, the Toronto Stock Exchange (TSX).

MSCI EAFE Index (Developed Markets —Europe, Australasia, and Far East Index) is a standard unmanaged foreign securities index representing major non-U.S. stock markets, as monitored by Morgan Stanley Capital International. The index captures large and mid-cap representation across 21 developed markets countries around the world, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a market capitalization weighted index representative of the market structure of the emerging markets countries in Europe, Latin America, Africa, Middle East and Asia. Prior to January 1, 2002, the returns of the MSCI Emerging Markets Index were presented before application of withholding taxes.

Fixed income indices

Bloomberg U.S. Aggregate Bond Index is an unmanaged index that covers the U.S. investment-grade fixed-rate bond market, including government and credit securities, agency mortgage pass-through securities, asset-backed securities and commercial mortgage-based securities.

Bloomberg U.S. Treasury Index is an unmanaged index that includes a broad range of U.S. Treasury obligations and is considered representative of U.S. Treasury bond performance overall.

Bloomberg U.S. Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg U.S. Corporate High Yield Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody’s, Fitch and S&P is Ba1/BB+ or below.

Bloomberg 1-10 Year Blend Municipal Bond Index is a market value-weighted index which covers the short and intermediate components of the Bloomberg Capital Municipal Bond Index — an unmanaged, market value-weighted index which covers the U.S. investment-grade tax-exempt bond market.

Bloomberg Canada Aggregate Bond Index measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market. It includes treasuries, government-related, and corporate issuers.

Bloomberg Canada Aggregate Bond Index - Treasury is the treasury sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.

Bloomberg Canada Aggregate Bond Index - Corporate is the Corporate sub-component of the Bloomberg Canada Aggregate Bond Index, which measures the investment grade, Canadian dollar-denominated, fixed-rate, taxable bond market.



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ⁱ [CEOs Are Hardly Talking About a Recession This Reporting Season - Bloomberg](#)

ⁱⁱ [Even as Global Uncertainty Surges, Economic Sentiment Remains Positive](#)

ⁱⁱⁱ [JD.com Touts Singles’ Day Sales Despite China Deflation Concerns - Bloomberg](#)