

# Highland ReCAP

*A Review of Capital Markets*

## November 2025

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### Summary

Markets wavered throughout November but finished mostly higher as investors weighed the AI trade, the end of the longest U.S. government shutdown in history and softening economic data. Interest rates oscillated during the month as well, with markets flip-flopping on the Fed's next move at December's meeting. Data releases were limited due to the government shutdown, with survey data from the private sector filling the gap. Trading concluded early due to a late Thanksgiving holiday; with the government re-opened, investors will turn a watchful eye towards employment data, inflation, and consumer holiday spending into year-end.

### Equities

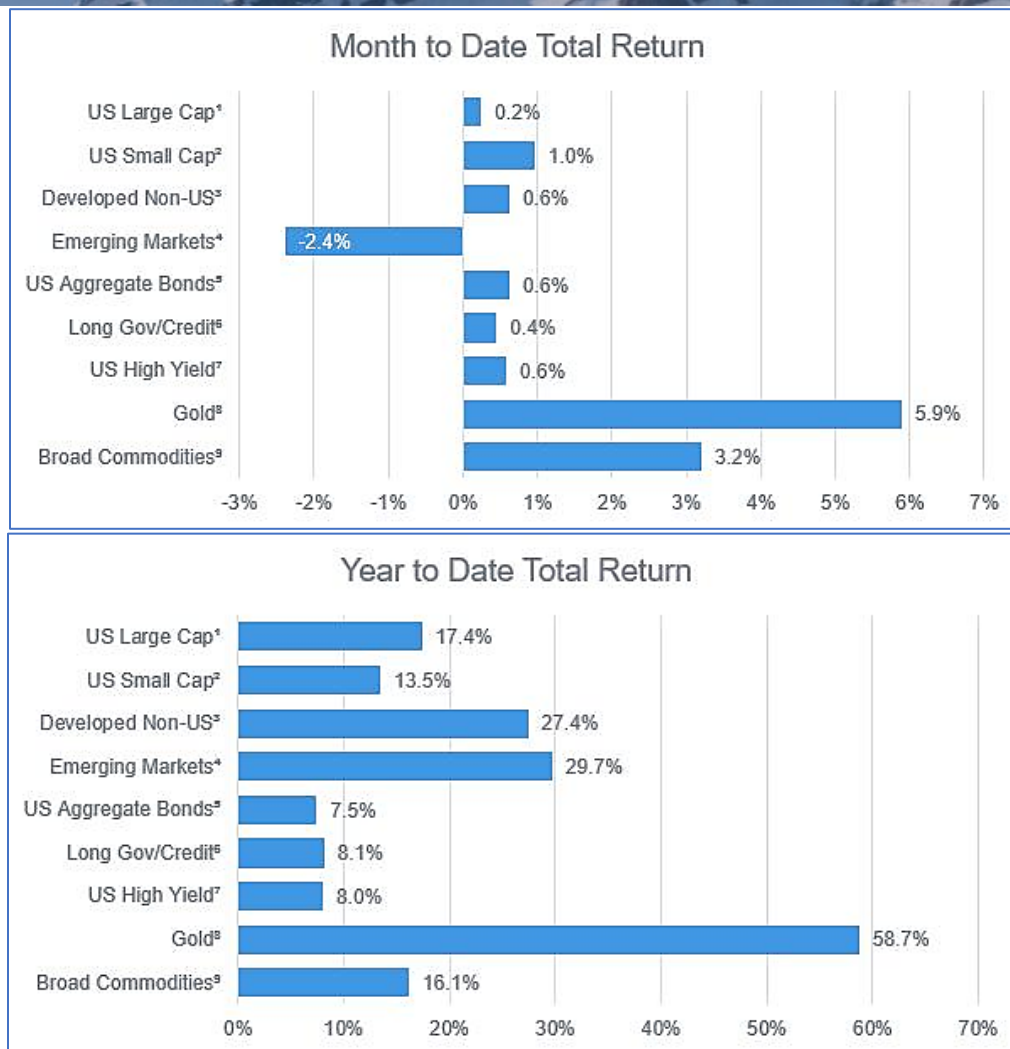
Developed markets managed to eke out meager gains in November while emerging equities weren't as fortunate. U.S. stocks were streaky, with major tech CAPEX and a shifting AI landscape driving markets lower mid-month to erase earlier gains before rebounding into Thanksgiving. Small cap equities led the way in November with a 0.96% gain. Despite a 2.4% drawdown during the month, emerging markets continue to lead their developed counterparts year-to-date.

### Fixed Income

The yield on the U.S. 10-year Treasury traded below 4% late in November before finishing the month at 4.02%, a month-over-month drop of 8 basis points. While weaker employment data and souring consumer sentiment may incline the Fed towards cutting the policy rate at next month's meeting, inflation remains a potential fly in the ointment. With no official CPI release in November due to the government shutdown, the Oval Office cited data from DoorDash to attempt to quell concerns over rising prices. Against this backdrop, markets priced in a December cut as a coinflip and bonds treaded water. Spreads widened slightly and credit underperformed for the month, with higher quality, shorter duration issues holding up best in November.

# Market Trends

As of October 31, 2025



	1M	3M	YTD	1Y	3Y	5Y	10Y
US Large Cap <sup>1</sup>	0.2%	6.0%	17.4%	14.1%	20.3%	14.5%	14.4%
US Small Cap <sup>2</sup>	1.0%	6.0%	13.5%	4.1%	11.4%	8.0%	9.1%
Developed Non-U.S. <sup>3</sup>	0.6%	3.8%	27.4%	24.5%	16.1%	9.3%	7.7%
Emerging Markets <sup>4</sup>	-2.4%	9.0%	29.7%	29.5%	14.7%	5.1%	7.9%
US Aggregate Bonds <sup>5</sup>	0.6%	2.4%	7.5%	5.7%	4.6%	-0.3%	2.0%
Long Gov/Credit <sup>6</sup>	0.4%	4.5%	8.1%	2.9%	3.1%	-4.7%	2.0%
US High Yield <sup>7</sup>	0.6%	1.6%	8.0%	7.5%	9.6%	4.8%	6.2%
Gold <sup>8</sup>	5.9%	21.2%	58.7%	56.9%	33.2%	18.1%	13.7%
Broad Commodities <sup>9</sup>	3.2%	8.5%	16.1%	17.3%	3.2%	11.8%	5.4%

1 – Russell 1000, 2 – Russell 2000, 3 – MSCI EAFE, 4 – MSCI Emerging Markets, 5 – Bloomberg US Agg, 6 – Bloomberg US Long Gov/Credit  
7 – Bloomberg US Corporate High Yield, 8 – Bloomberg Gold Subindex, 9 – Bloomberg Commodity

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