PNC Capital Advisors Monthly Market Monitor

November 2025

MACRO

In October, the Federal Open Market Committee (FOMC) cut the fed funds rate by 25 basis points (bps). Two committee members dissented from the policy decision; one FOMC member preferred a larger, 50-bp cut, while the other preferred that the Committee make no change to the rate. Additionally, the FOMC announced that beginning on December 1, it will end its balance-sheet runoff program and reinvest holdings into U.S. Treasury bills.

The delayed September Consumer Price Index release showed that both headline and core inflation rose 3% year over year, slightly lower than expected. While inflation within some core goods categories was firm, there were no categories that moved substantially higher from previous months.

CREDIT

New issuance volume remained very active in October, and $34 billion in new issuance came across 13 deals on just the first trading day of November. Mega-capitalization technology firms have been active issuers this fall, with funding needs driven by artificial intelligence-fueled demand for data center expansion.

In October, investment grade spreads widened by 4 bps to 74 bps, resulting in a negative (-21 bp) excess return. BB-rated bonds outperformed BBB-rated bonds, amid subdued high yield issuance and easing credit concerns, despite isolated negative events in lower-rated names.

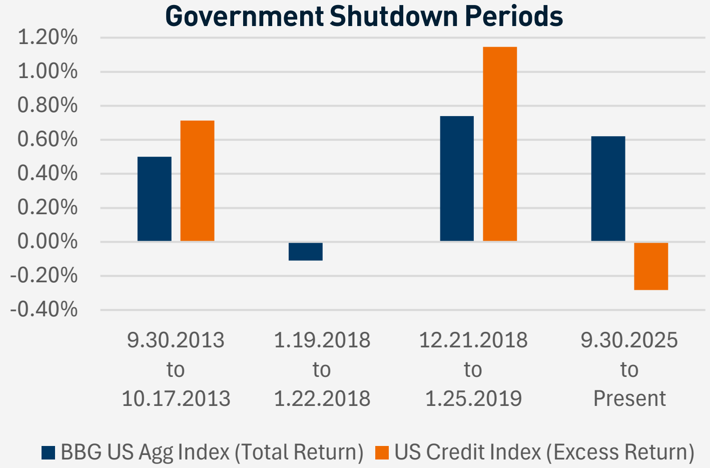
STRUCTURED

Nearly $40 billion in asset-backed securities were issued in October — marking one of the largest-volume months so far in 2025. Excess returns were slightly negative (-2 bps) amid rising subprime delinquencies and widening spreads between high- and low-quality tranches, reflecting selective market caution.

Mortgage-backed securities delivered strong performance in October with a 28-bp excess return. Declining implied volatility, coupled with continued Federal Reserve easing, supported the rally.

CHART OF THE MONTH

Bloomberg US Aggregate Bond Index (Agg) vs. Bloomberg US Credit Index During Government Shutdown Periods



- *Recent government shutdowns have had little effect on fixed income markets; returns for the Bloomberg Agg look similar to those of the prior shutdown period, while implied volatility has declined.*
- *During October 2025, excess returns were negative as valuations remain historically expensive.*

As of 10/31/2025. Source: Bloomberg L.P.

MARKET DATA

Yields	YTM %	MTD Change	QTD Change	YTD Change
3-Mo UST	3.82	-0.12	-0.12	-0.51
2-Yr UST	3.58	-0.03	-0.03	-0.67
5-Yr UST	3.69	-0.05	-0.05	-0.70
10-Yr UST	4.08	-0.07	-0.07	-0.49
30-Yr UST	4.65	-0.08	-0.08	-0.13
Risk Premia	**OAS (Bps)**	**MTD Change**	**QTD Change**	**YTD Change**
Investment Grade Credit	74	4	4	-3
Asset-Backed Securities	55	6	6	11
High Yield	281	14	14	-6

As of 10/31/2025. Source: Bloomberg L.P.

PNC CAPITAL ADVISORS

BLOOMBERG SECTOR/INDEX PERFORMANCE (USD)

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
Sector					
Investment Grade Credit	6.66	-0.21	1.05	0.44	7.37
Mortgage-Backed Securities	5.60	0.26	1.25	0.86	7.68
Asset-Backed Securities	2.69	-0.02	0.36	0.38	5.02
High Yield	2.76	-0.24	2.16	0.16	7.39

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
Index					
1-3-Yr Government/Credit	1.78	0.00	0.18	0.34	4.49
Intermediate Government/ Credit	3.68	-0.02	0.37	0.43	6.16
U.S. Aggregate	5.95	0.00	0.61	0.62	6.80

As of 10/31/2025. Source: Bloomberg L.P.