

**MACRO**

The 43-day U.S. government shutdown — the longest ever — ended on November 12, allowing agencies to resume operations and release delayed economic data. The disruption had stalled key reports and added uncertainty to economic assessments.

The September payrolls report (released in November) beat expectations but showed that the unemployment rate rose to 4.4%. The delayed report may overstate labor strength, with multiple job-cut headlines since the data was collected. October data will be released following December’s Federal Open Market Committee (FOMC) meeting.

Implied market pricing for the December FOMC meeting has been volatile in recent weeks but odds have risen in early December to the point where a 25-basis-point (bp) cut is almost fully priced into investor expectations.

**CREDIT**

There was healthy issuance in both investment-grade (IG) and high-yield (HY) bonds during November, with year-to-date gross supply up 13% and 9% versus last year, respectively. Dealers expect about \$40 billion in new issuance to come to market in December but concentrated in the first two weeks of the month.

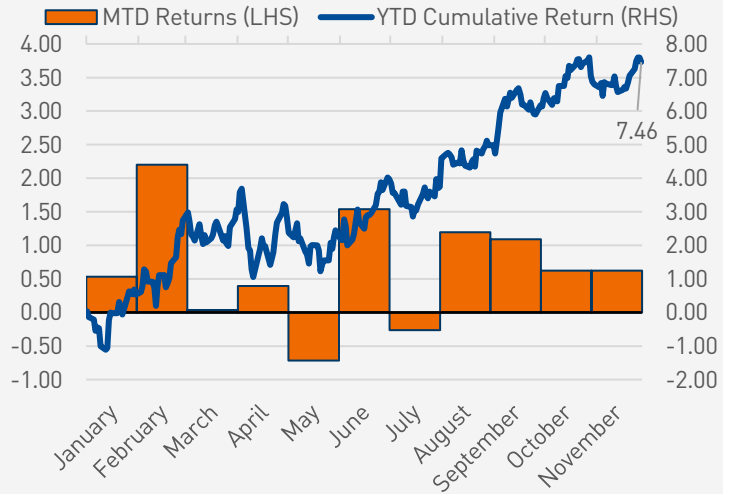
In November, IG credit spreads widened modestly, resulting in excess returns that were slightly negative for the month. Within HY, B-rated and BB-rated outperformed BBB-rated issues by 31 bps and 19 bps, respectively.

**STRUCTURED**

Issuance of asset-backed securities (ABS) topped \$40 billion in November. Monthly excess returns for ABS were 5 bps, making it the second-best performing sector in the Bloomberg US Aggregate Bond Index (the Agg). The performance was driven largely by auto ABS, which recovered most of the prior month’s losses despite robust new supply.

Excess returns for mortgage-backed securities (MBS) were slightly lower for the month, but returns for the full year continue to outpace credit. Historically, December has been a favorable month for MBS, which have posted positive monthly excess returns in 13 of the past 15 years, averaging +21 bps — the highest of any month of the year.

**CHART OF THE MONTH**  
The Agg Turns a Corner, (%)



- After months of volatility amid trade tensions, tariff announcements and volatile economic data, the Agg has now posted four consecutive months of positive returns.
- The year-to-date total return for the index is an impressive 7.46%.

As of 11/30/2025. Source: Bloomberg L.P.

**MARKET DATA**

Yields	YTM %	MTD Change	QTD Change	YTD Change
3-Mo UST	3.80	-0.01	-0.14	-0.52
2-Yr UST	3.49	-0.08	-0.12	-0.75
5-Yr UST	3.60	-0.09	-0.15	-0.79
10-Yr UST	4.02	-0.06	-0.14	-0.56
30-Yr UST	4.66	0.01	-0.07	-0.12
Risk Premia	OAS (Bps)	MTD Change	QTD Change	YTD Change
Investment Grade Credit	76	2	6	-1
Asset-Backed Securities	55	0	6	11
High Yield	269	-12	2	-18

As of 11/30/2025. Source: Bloomberg L.P.

**BLOOMBERG SECTOR/INDEX PERFORMANCE (USD)**

	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
<b>Sector</b>					
Investment Grade Credit	6.66	-0.05	1.00	0.62	8.04
Mortgage-Backed Securities	5.54	-0.05	1.20	0.62	8.35
Asset-Backed Securities	2.67	0.05	0.42	0.56	5.61
High Yield	2.69	0.00	2.17	0.58	8.01
	Duration (yrs.)	MTD Excess Return (%)	YTD Excess Return (%)	MTD Total Return (%)	YTD Total Return (%)
<b>Index</b>					
1-3-Yr Government/Credit	1.78	0.01	0.19	0.47	4.98
Intermediate Government/ Credit	3.68	-0.01	0.37	0.67	6.87
U.S. Aggregate	5.93	-0.03	0.58	0.62	7.46

As of 11/30/2025. Source: Bloomberg L.P.

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Indices and/or Benchmarks Definitions are available at <https://www.pnccapitaladvisors.com/index-definitions/>.

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