First Citizens Wealth™

Making Sense

Monthly Market Update

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Recorded on November 20, 2025

What are we going to cover?

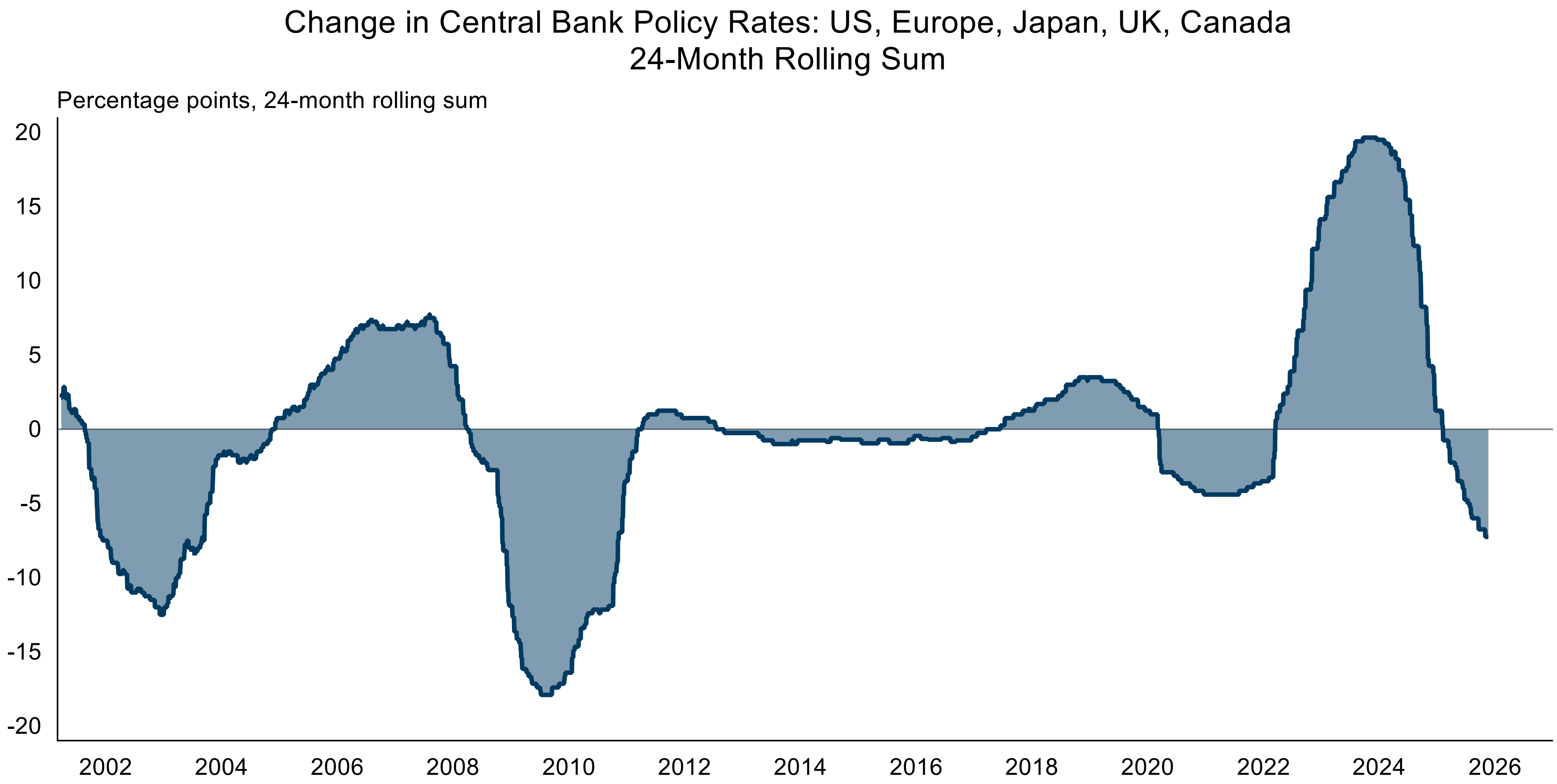
1. Economic update:
   Federal Reserve policy | Inflation & labor market | Consumer spending

2. Market update:
   Equity markets | Valuations | Fixed income

Economic & policy update

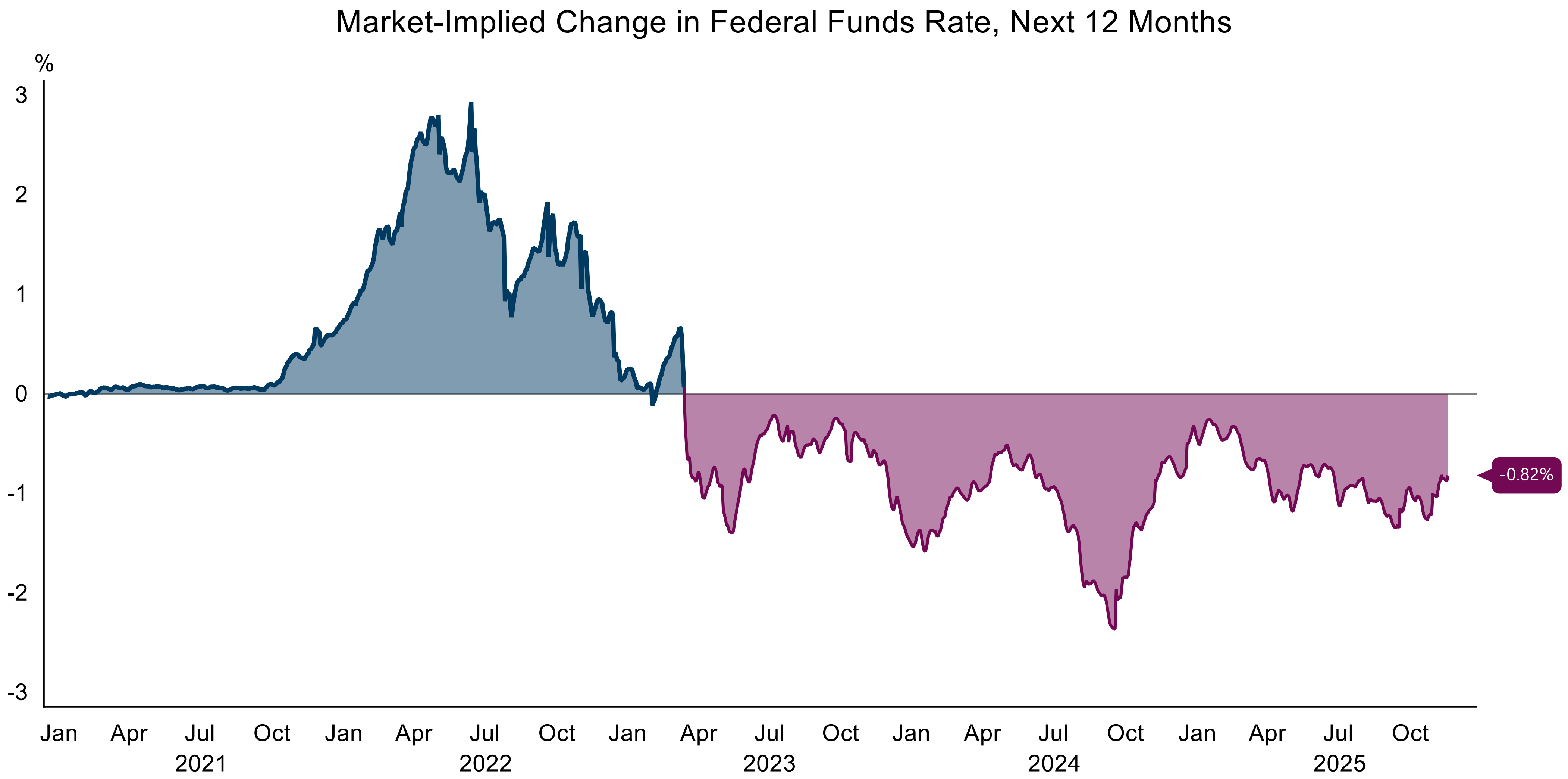
Labor market & inflation | Fed policy | Household spending

Central bank policy is in easing mode across developed market economies



Source: Federal Reserve, Bank of England, Bank of Canada, ECB (European Central Bank), Bank of Japan (BOJ), First Citizens Bank
Data as of November 20, 2025

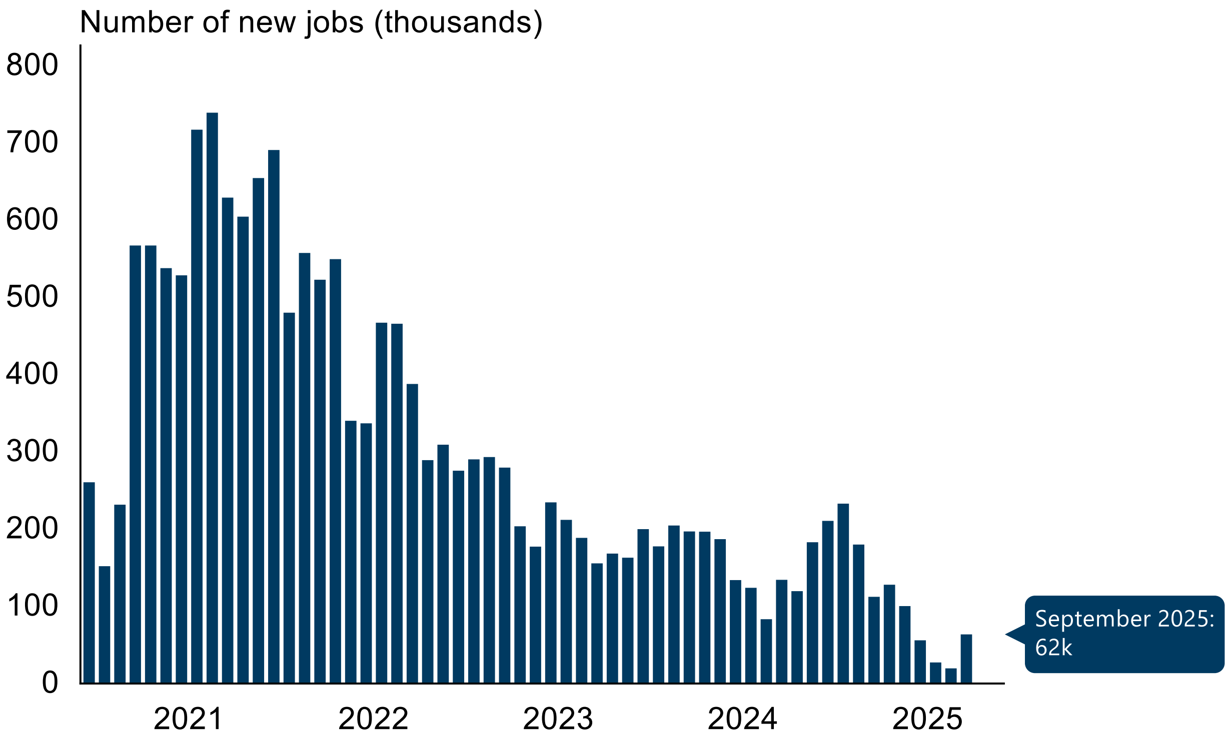
Markets have been priced for lower interest rates for the last 2.5 years



Source: Bloomberg, First Citizens Bank
Data as of: 11/19/2025

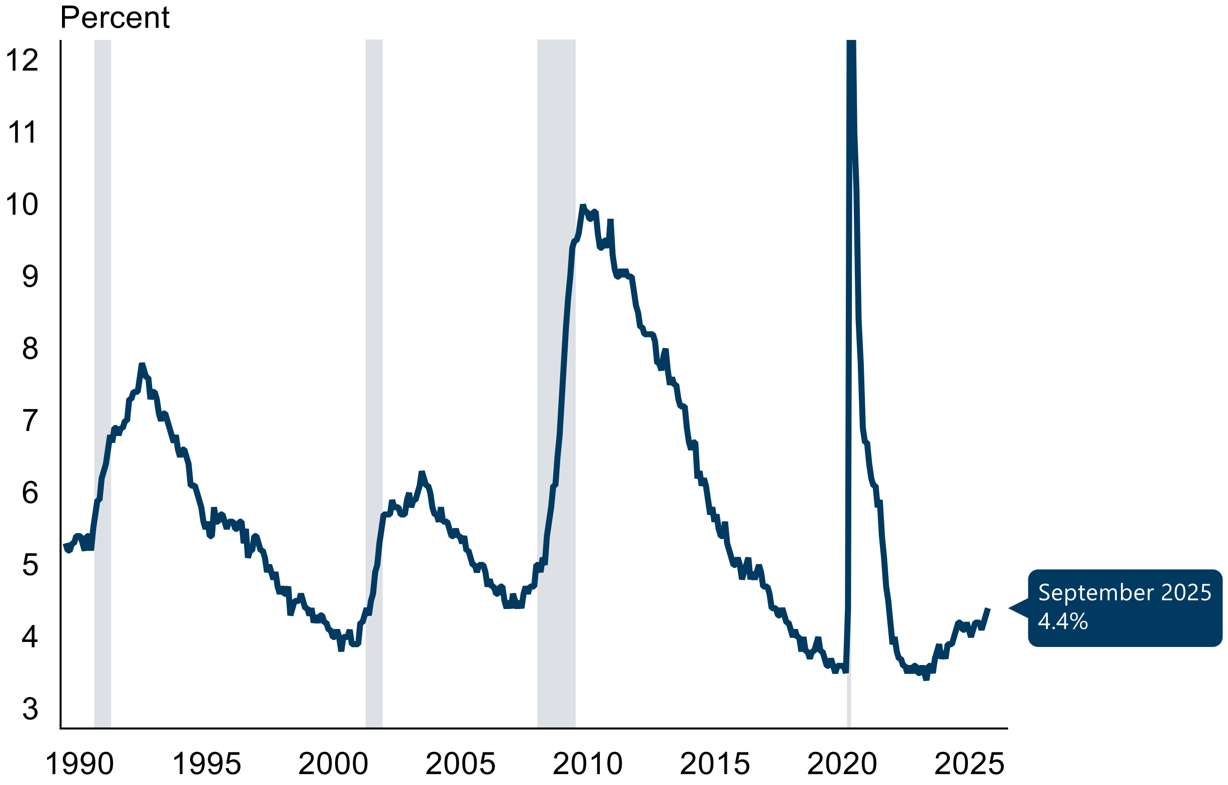
Official labor data shed light on an economy from at least two months ago

Monthly Change in US Payroll Employment (3-month average)



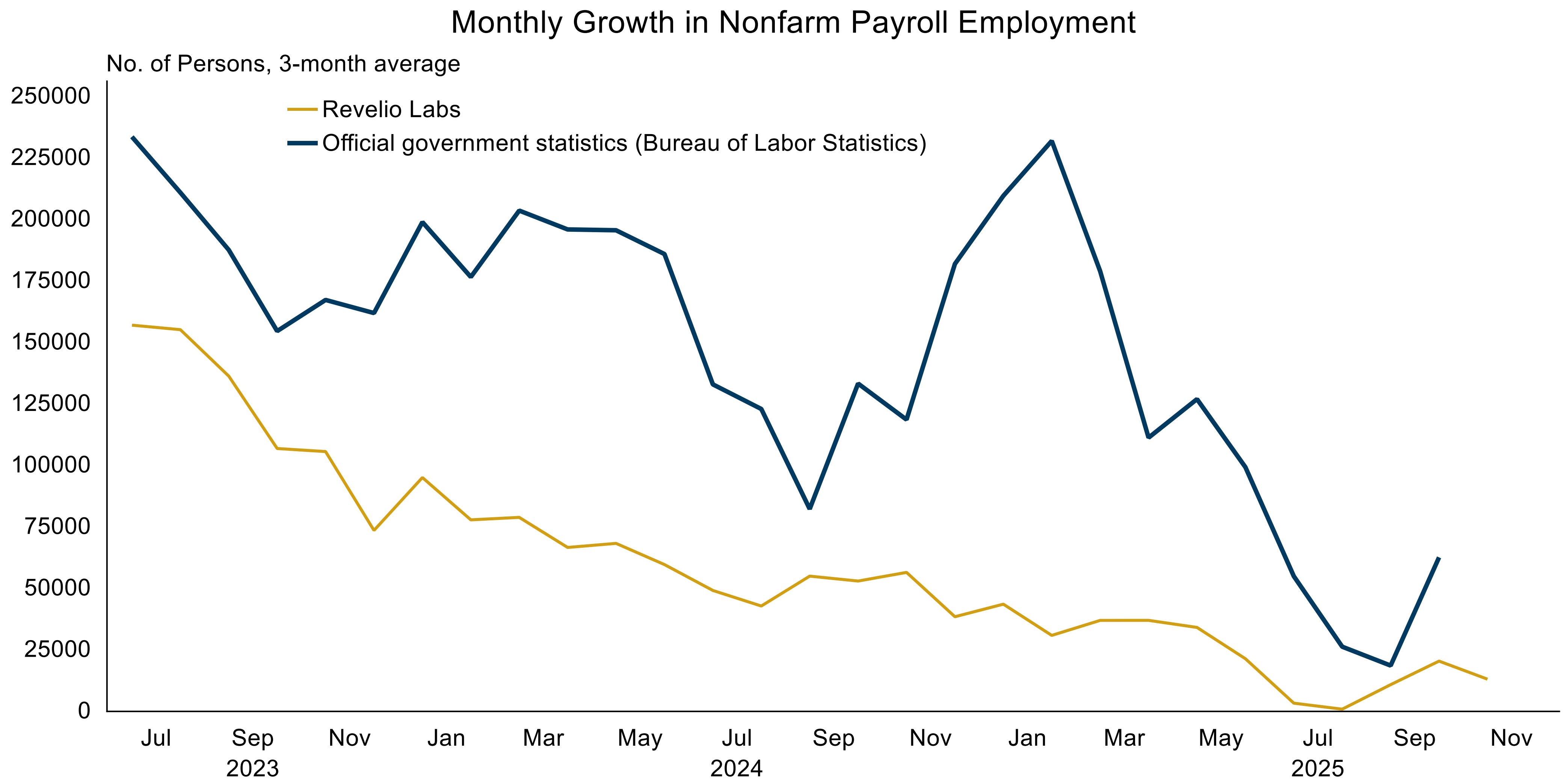
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of November 20, 2025

Unemployment Rate



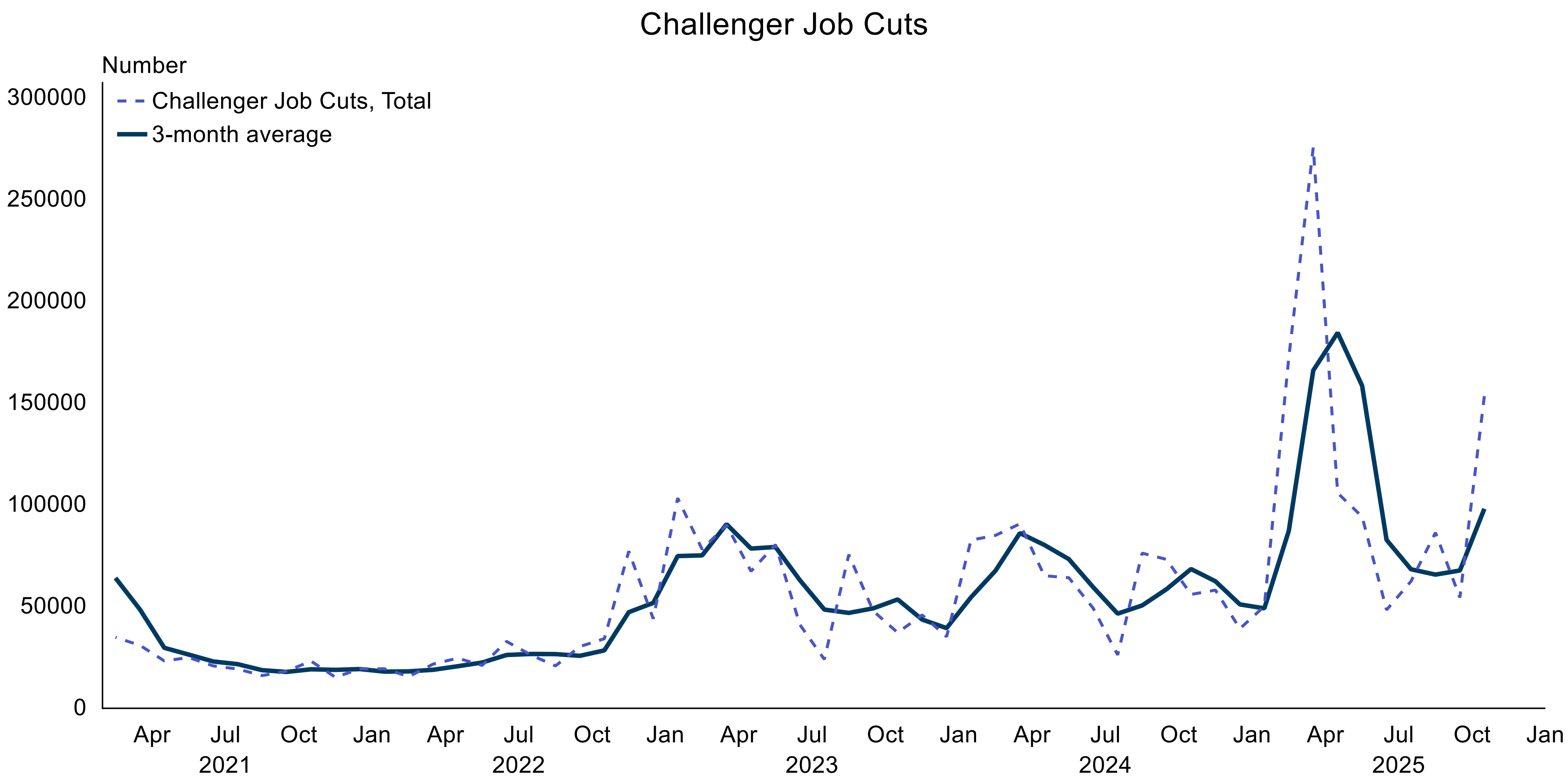
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of November 20, 2025

Official labor data shed light on an economy from two months ago



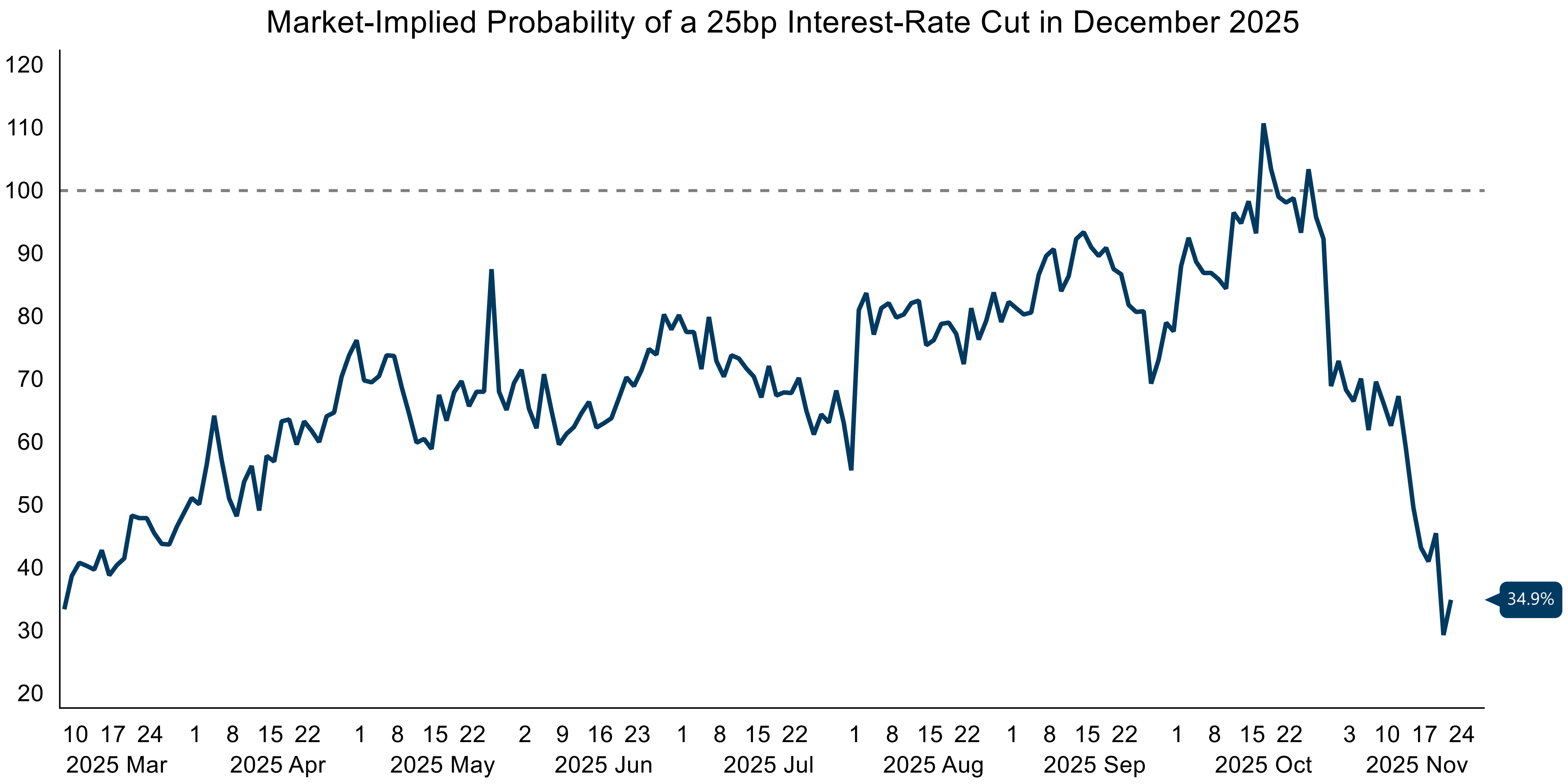
Source: Revelio Labs, U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of November 20, 2025

The number of job cuts surged in October, further stoking labor market fears



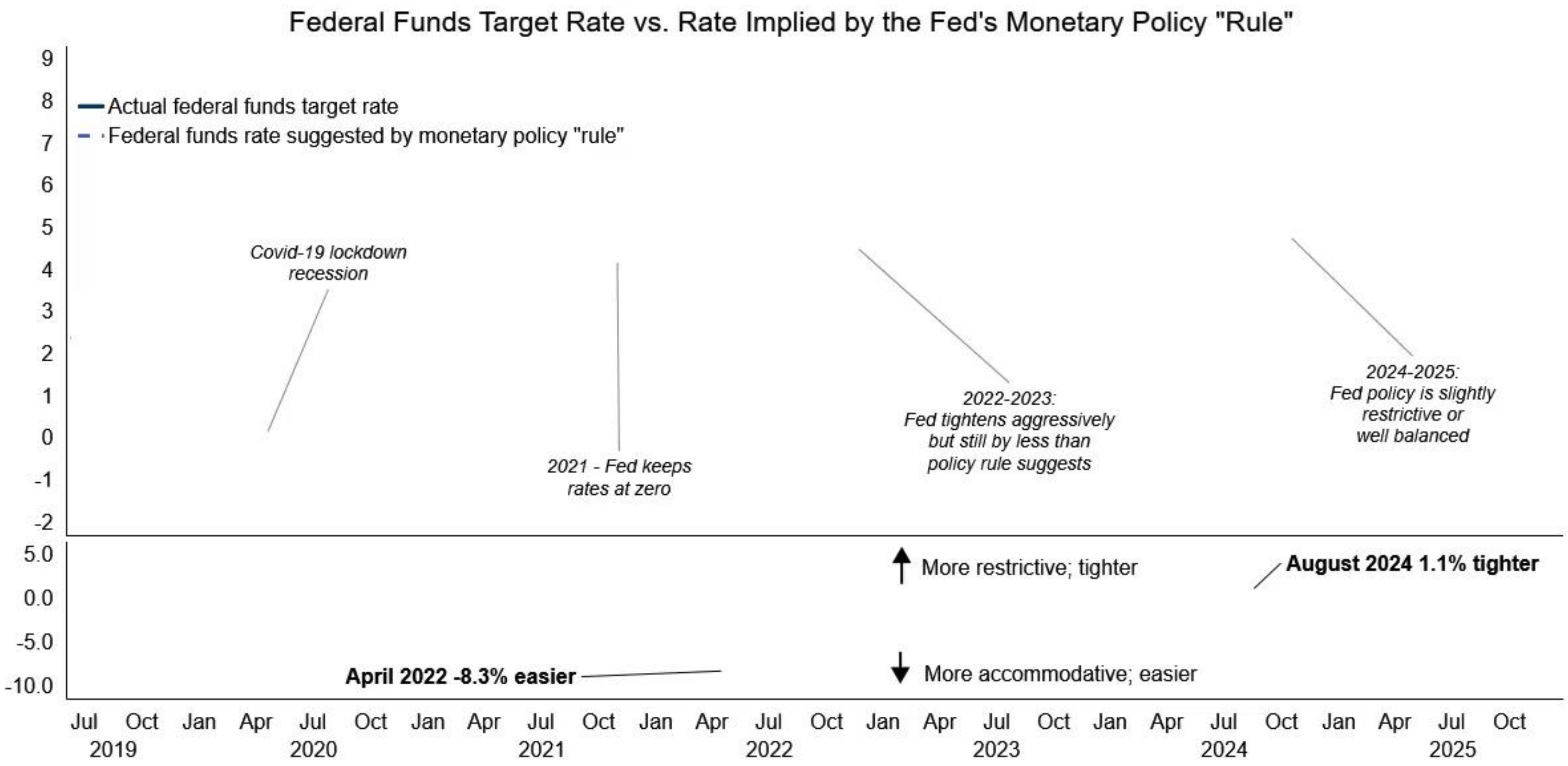
Source: Challenger, Gray & Christmas, Inc., First Citizens Bank
Data as of November 6, 2025

Market confidence in a December rate cut has plunged



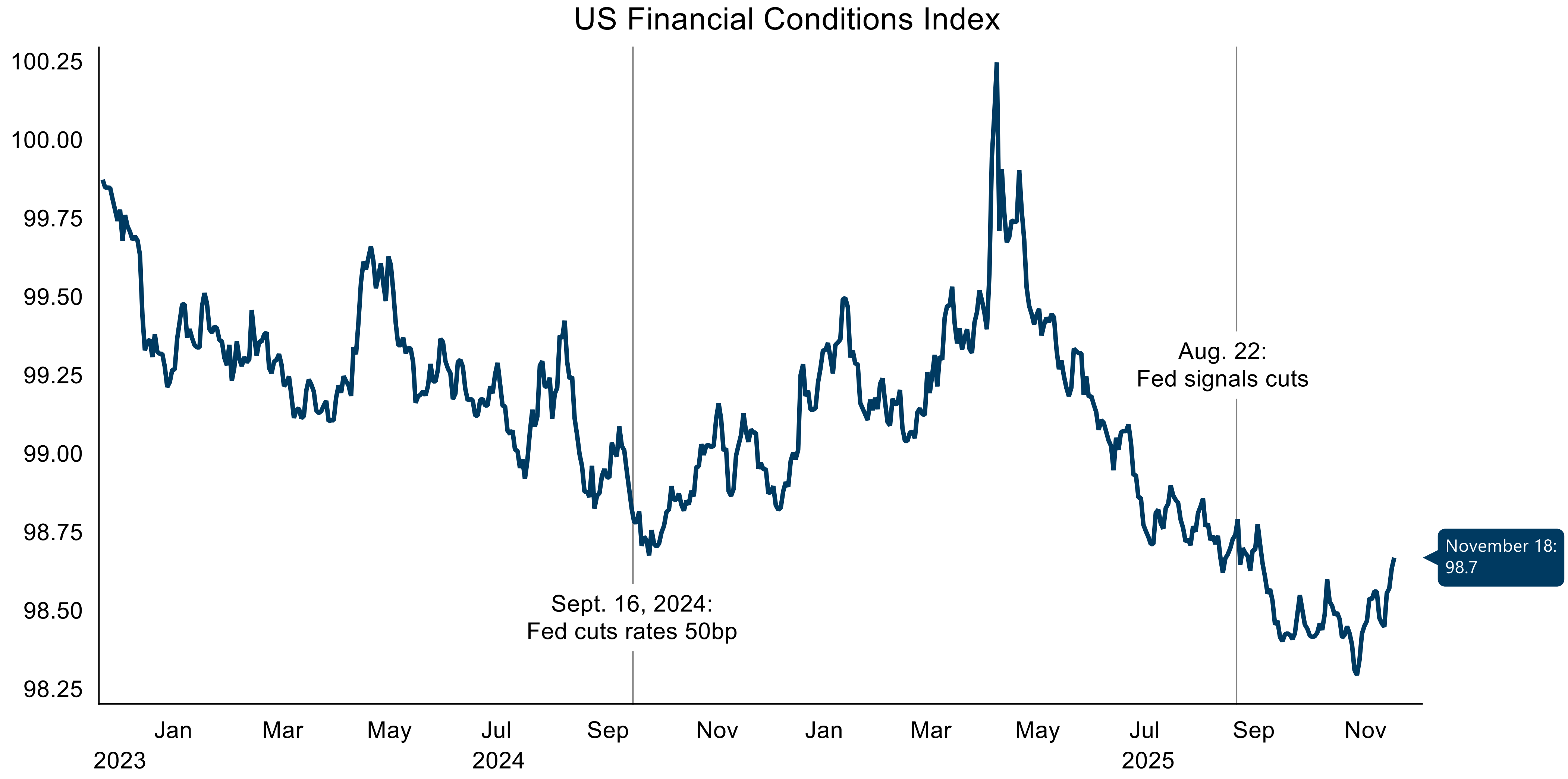
Source: Bloomberg
Data as of: 11/20/2025, 9:00am

It is not clear how restrictive monetary policy is today



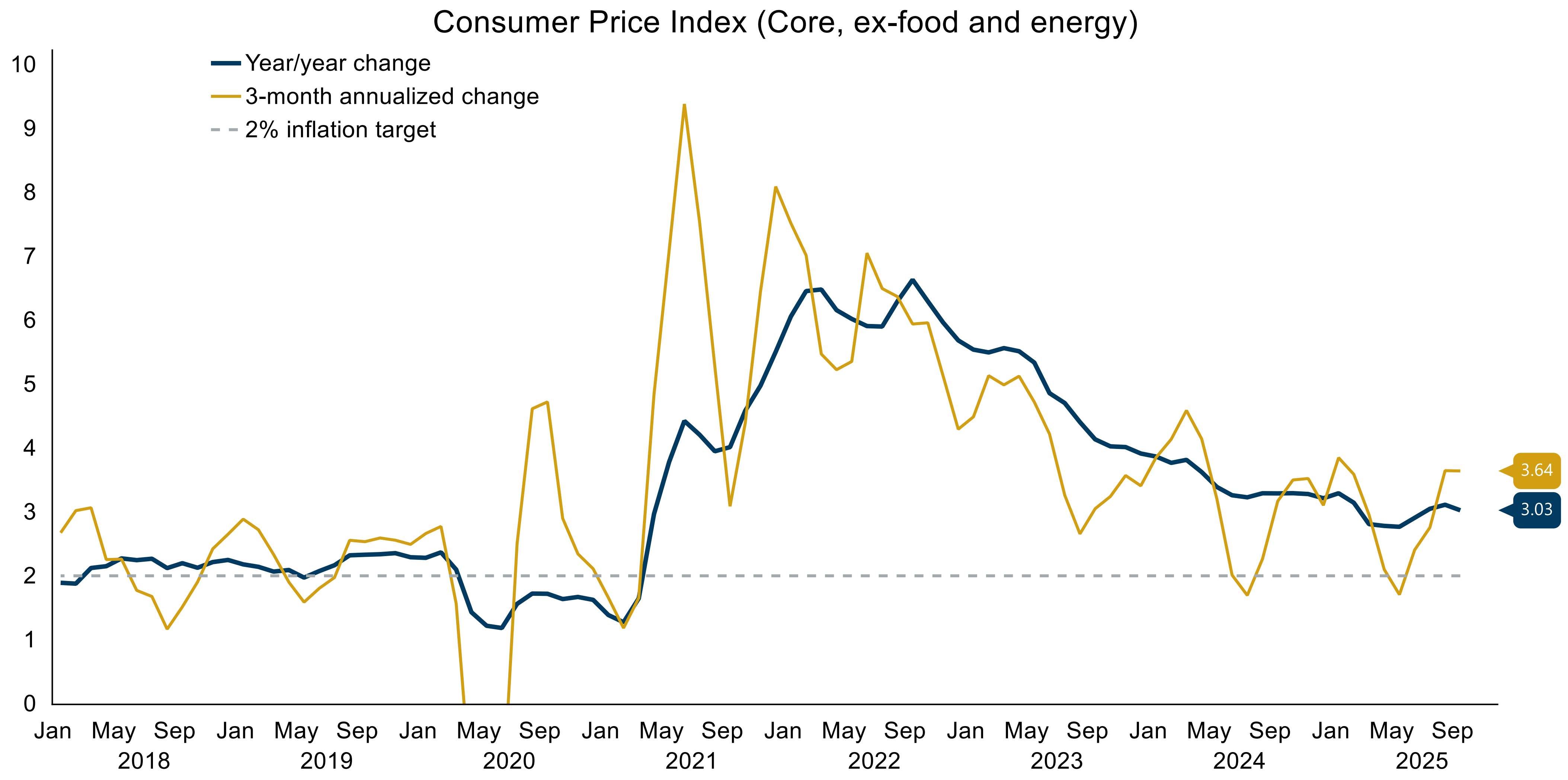
Source: Bloomberg, Federal Reserve, First Citizens Bank
Data as of November 17, 2025

Easy financial conditions have likely delivered a positive growth impulse



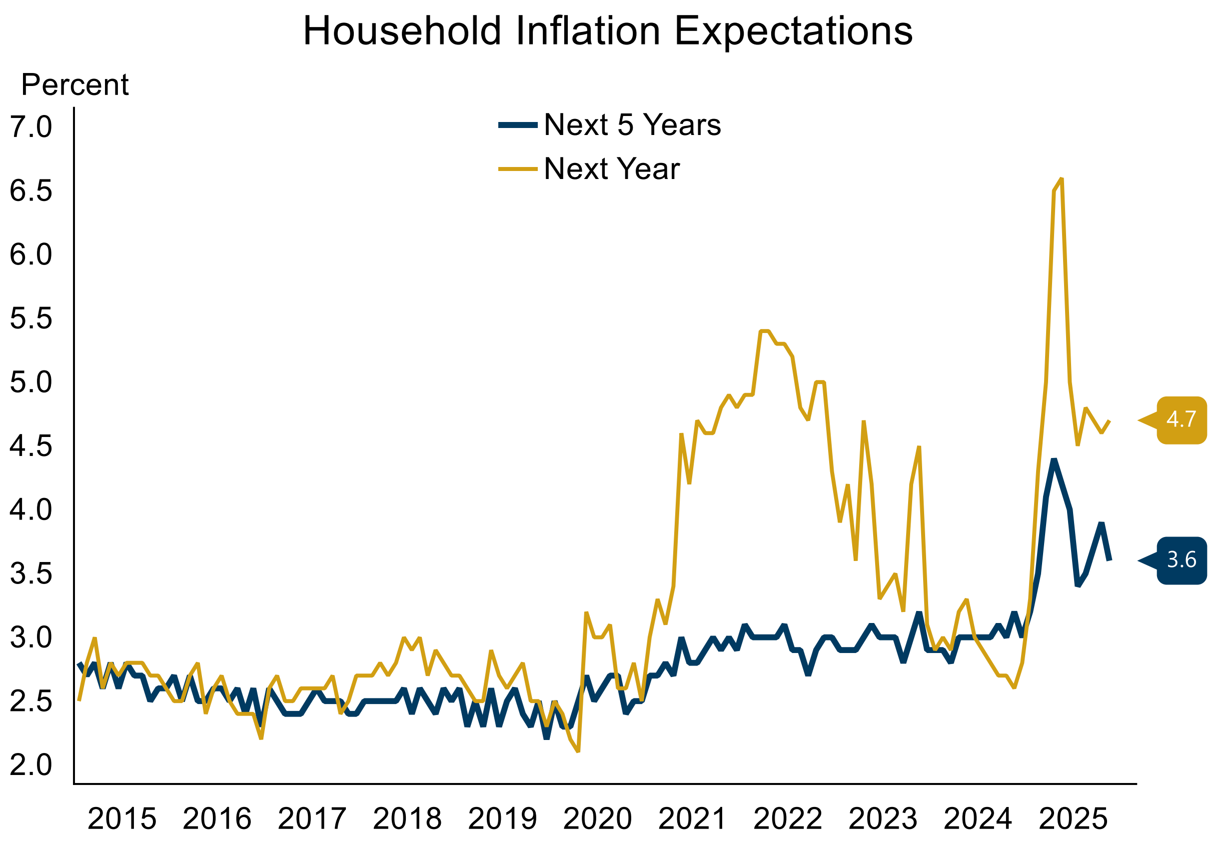
Source: Goldman Sachs, First Citizens Bank
Data as of November 19, 2025

Inflation is running at a 3% pace

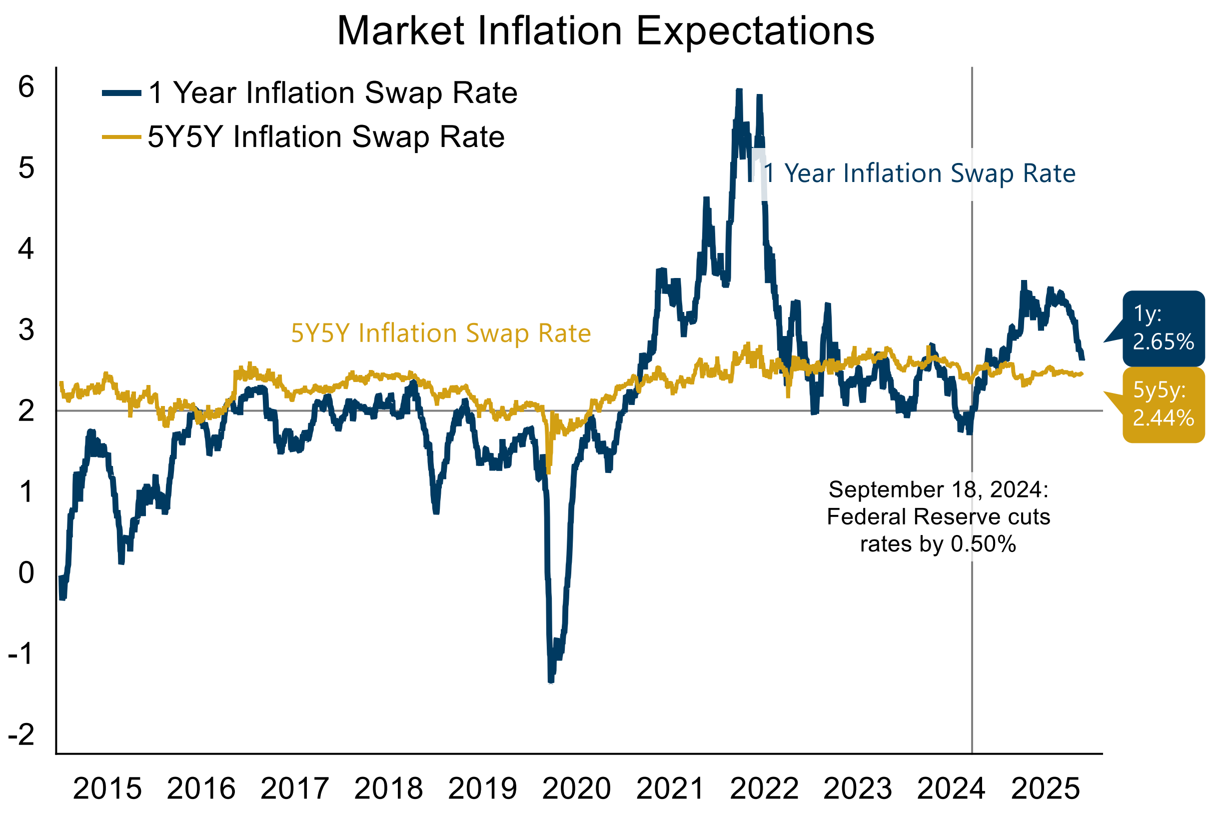


Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of October 24, 2025

Markets and households no longer fear inflation as much as earlier this year

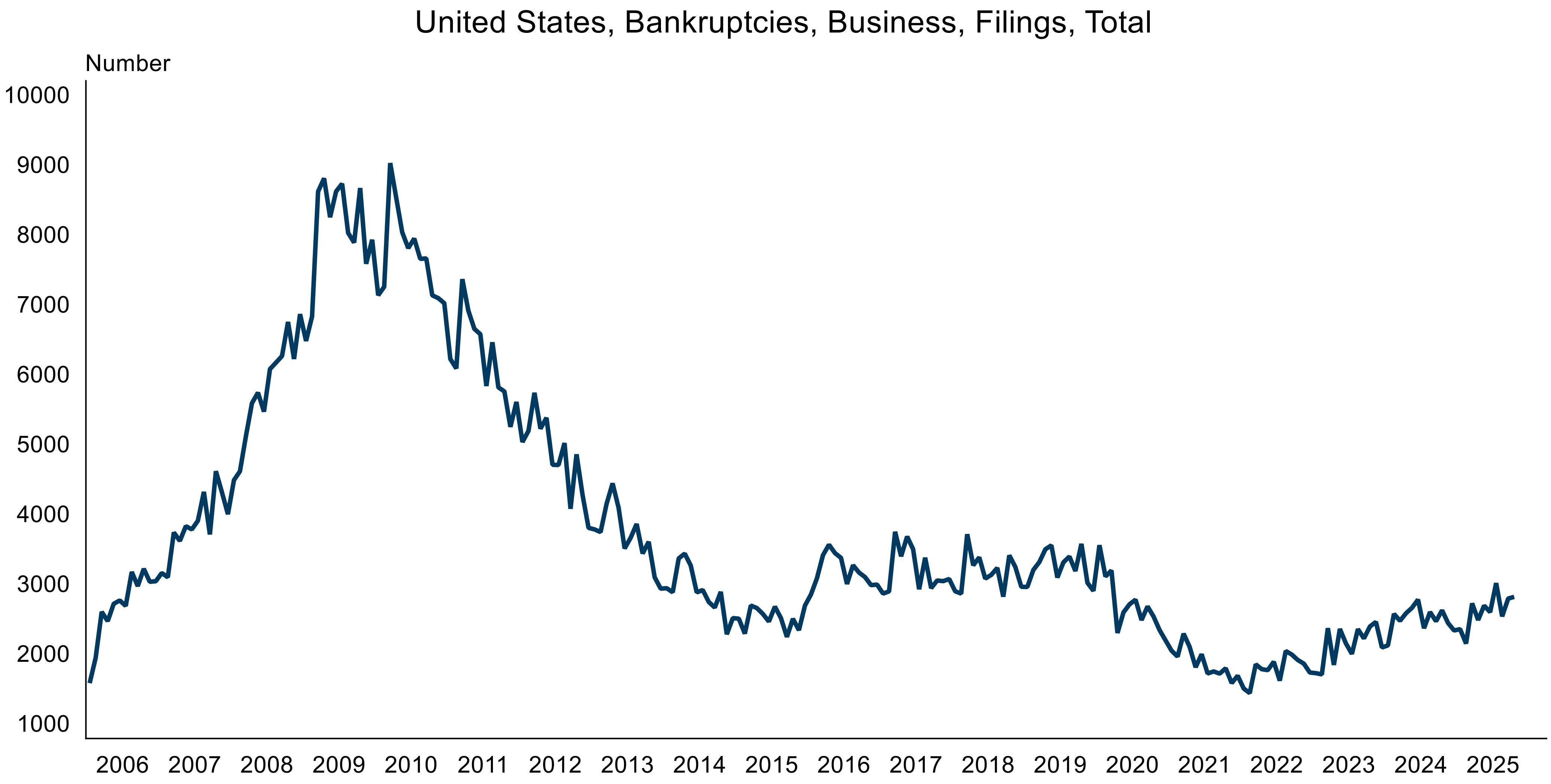


Source: University of Michigan, First Citizens Bank
Data as of November 7, 2025



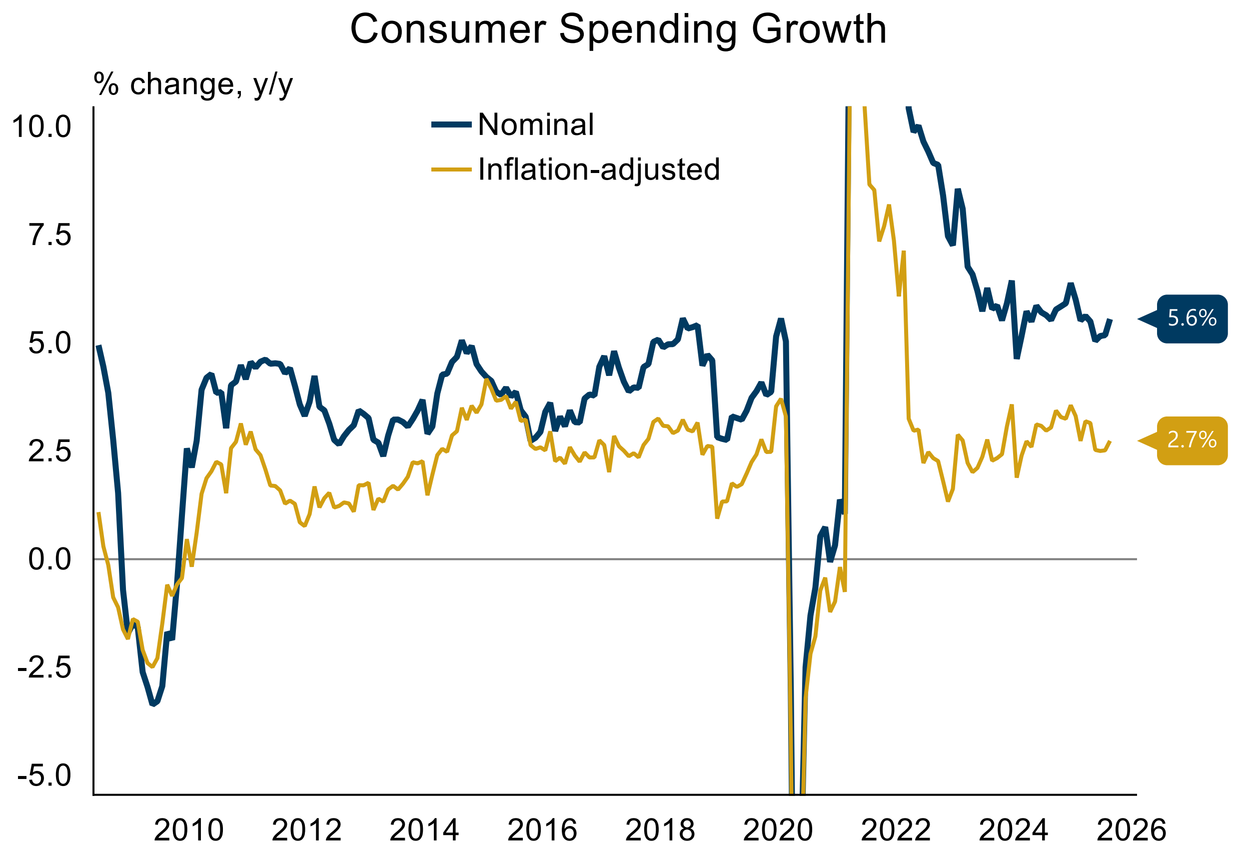
Source: Bloomberg
Note: The 5Y5Y swap rate is the implied inflation rate in years 6-10 from today.
Data as of 11/20/2025

There are more bankruptcies than a few years ago but still fewer than in 2019

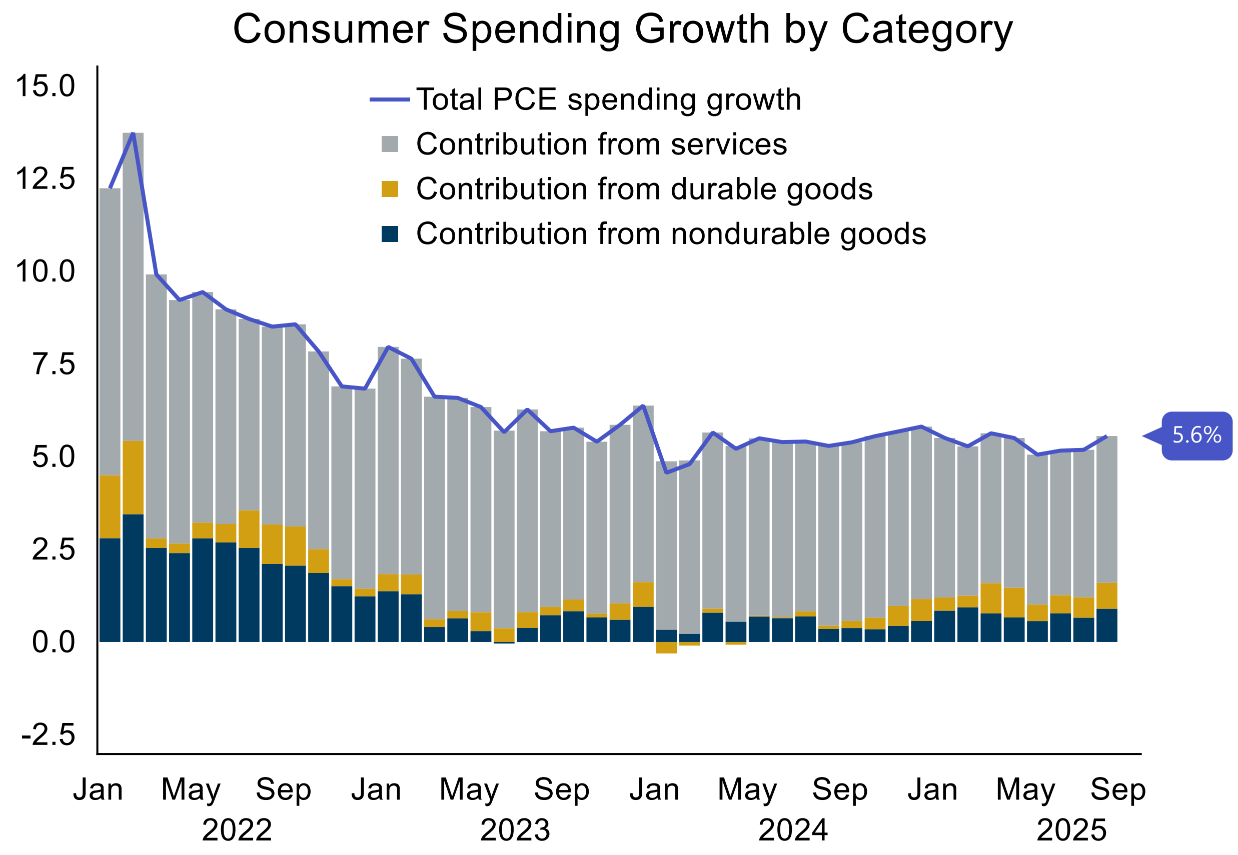


Source: The American Bankruptcy Institute, First Citizens Bank
Data as of November 5, 2025

Consumer spending growth continues to moderate but remains healthy

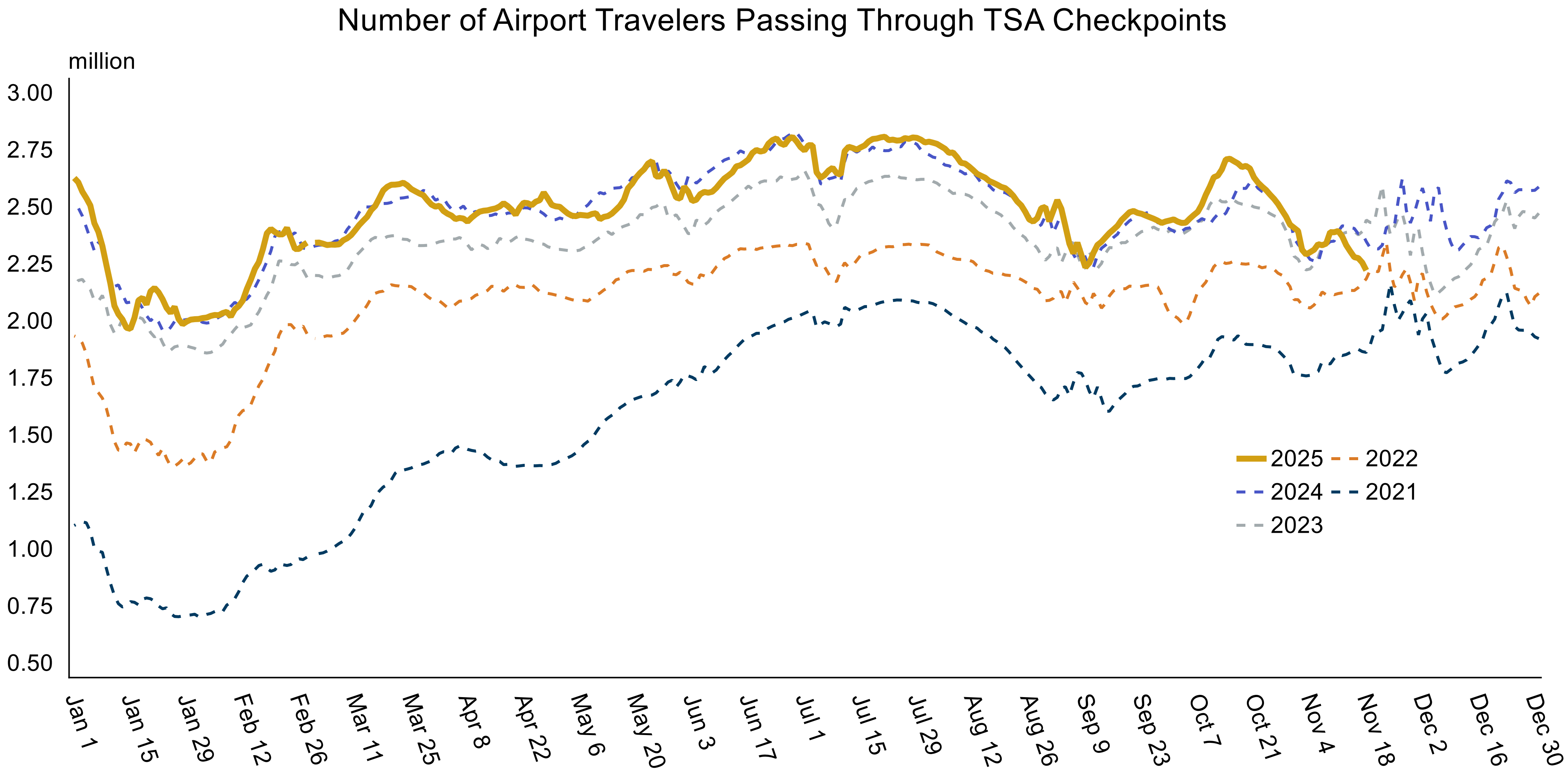


Source: U.S. Bureau of Economic Analysis (BEA), First Citizens Bank
Data through August 2025



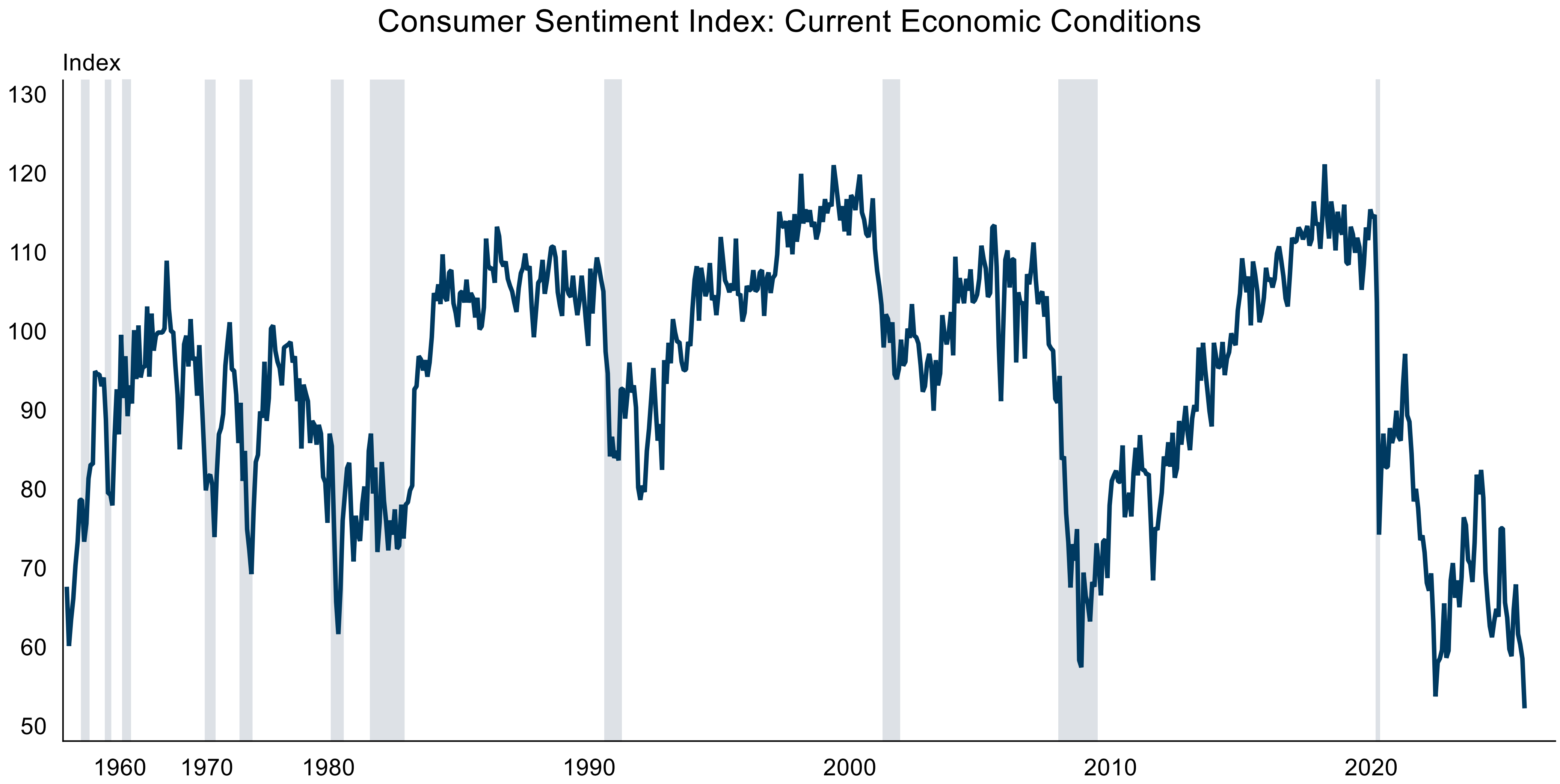
Source: Bloomberg, First Citizens Bank
Data as of August 2025

The number of airline travelers has tracked with last year at record levels



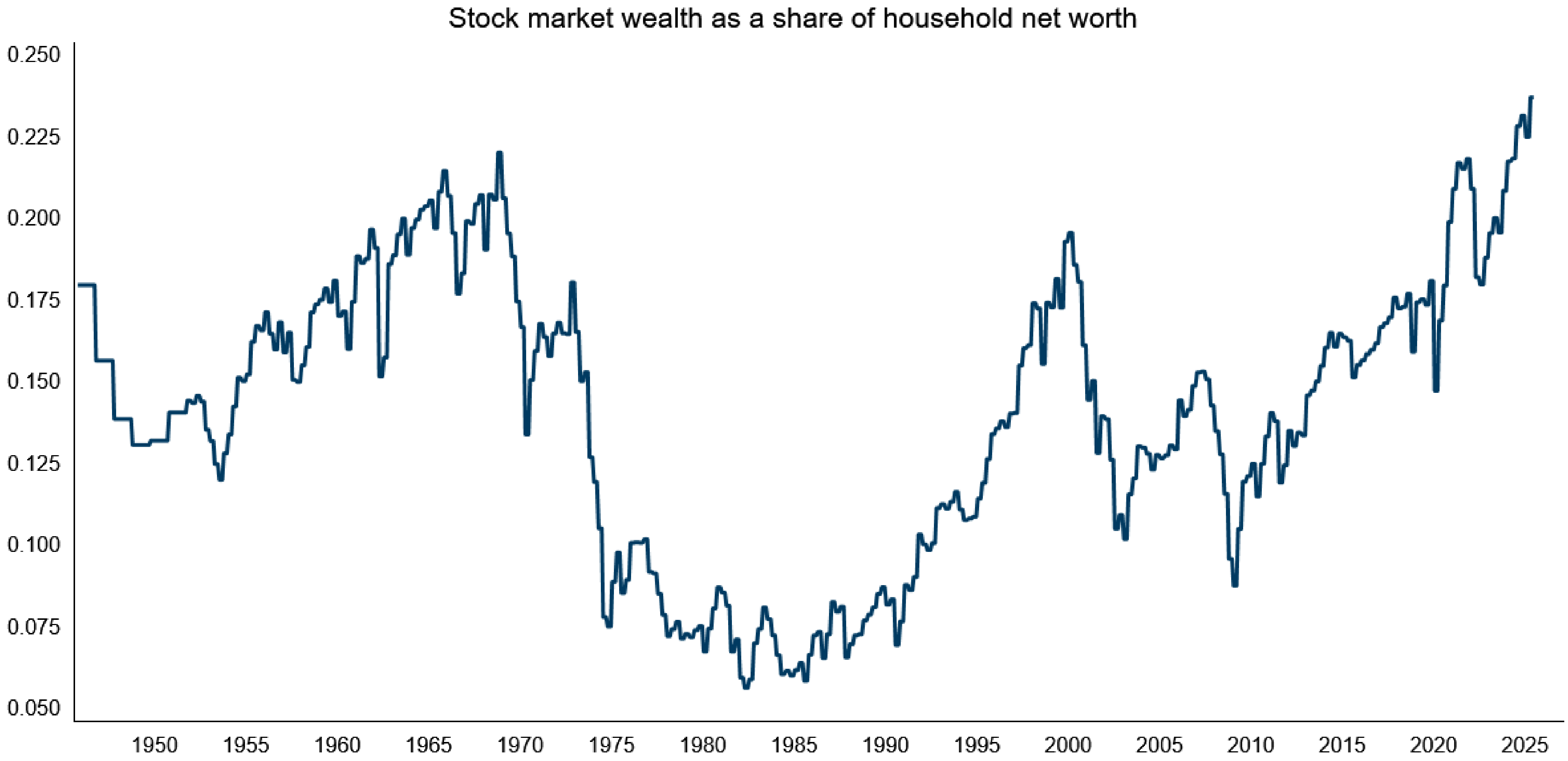
Source: U.S. Department of Homeland Security, First Citizens Bank
Data as of November 19, 2025

Households have never rated current economic conditions as bad as today's



Source: University of Michigan, First Citizens Bank
Data as of November 7, 2025

A record-high share of household net worth is in the stock market

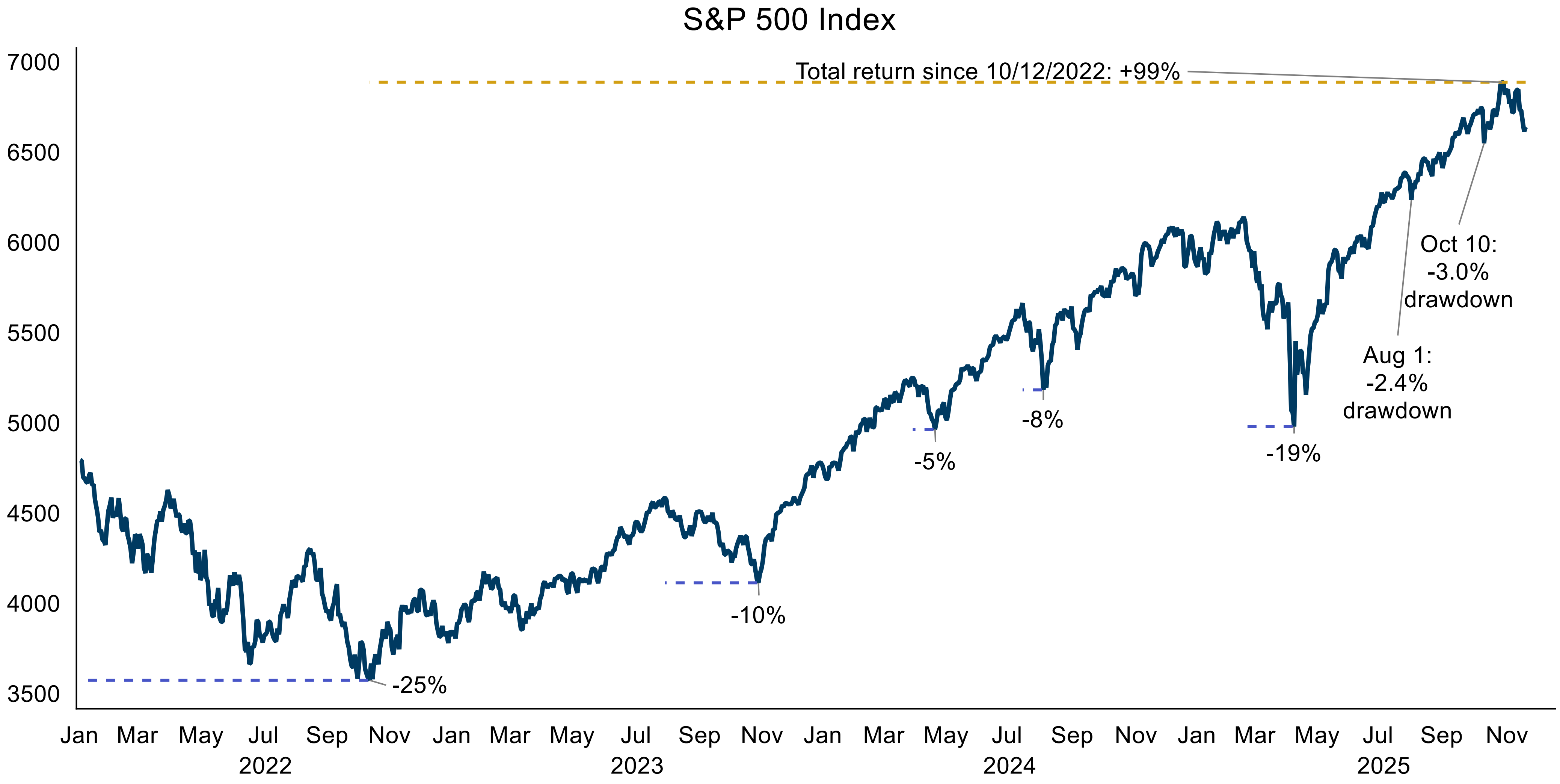


Source: Federal Reserve, U.S. Bureau of Economic Analysis (BEA), U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 26, 2025

Market update

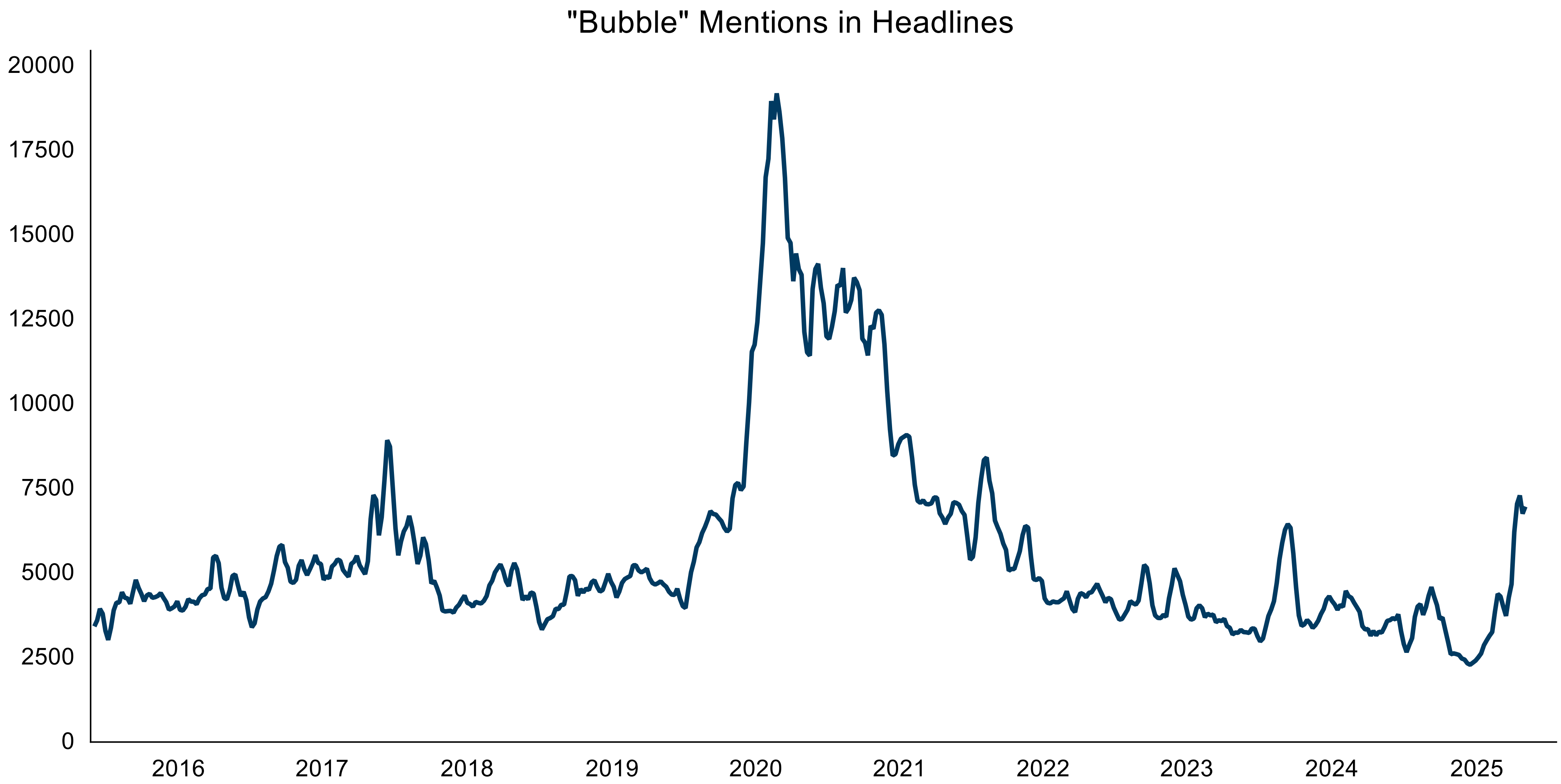
Equity markets | Valuations | Fixed income

Stock-market gains have been unrelenting in the second half of 2025



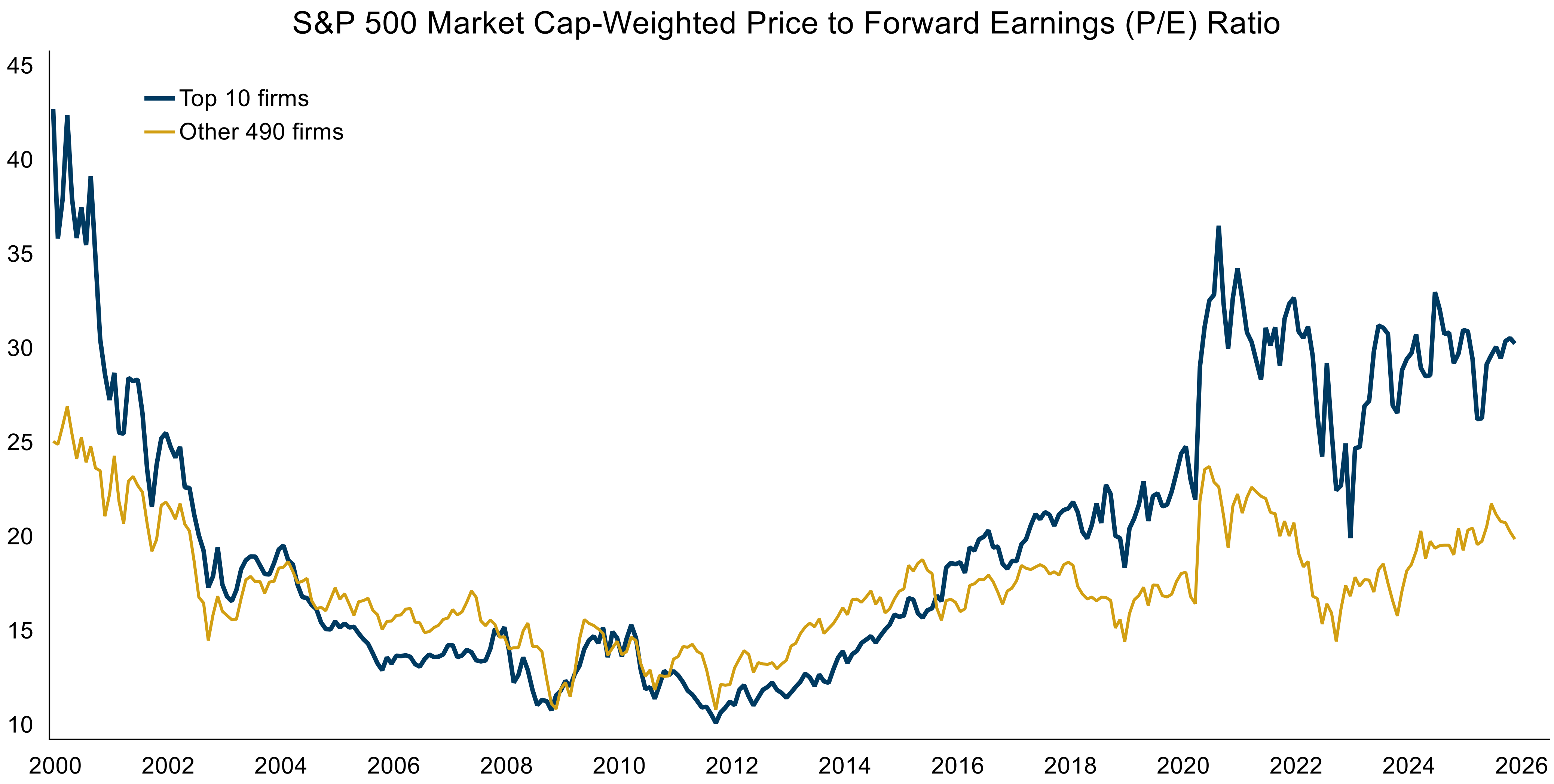
Source: Bloomberg
Data as of: 11/19/2025

Asset price “bubbles” are a popular topic in the financial press



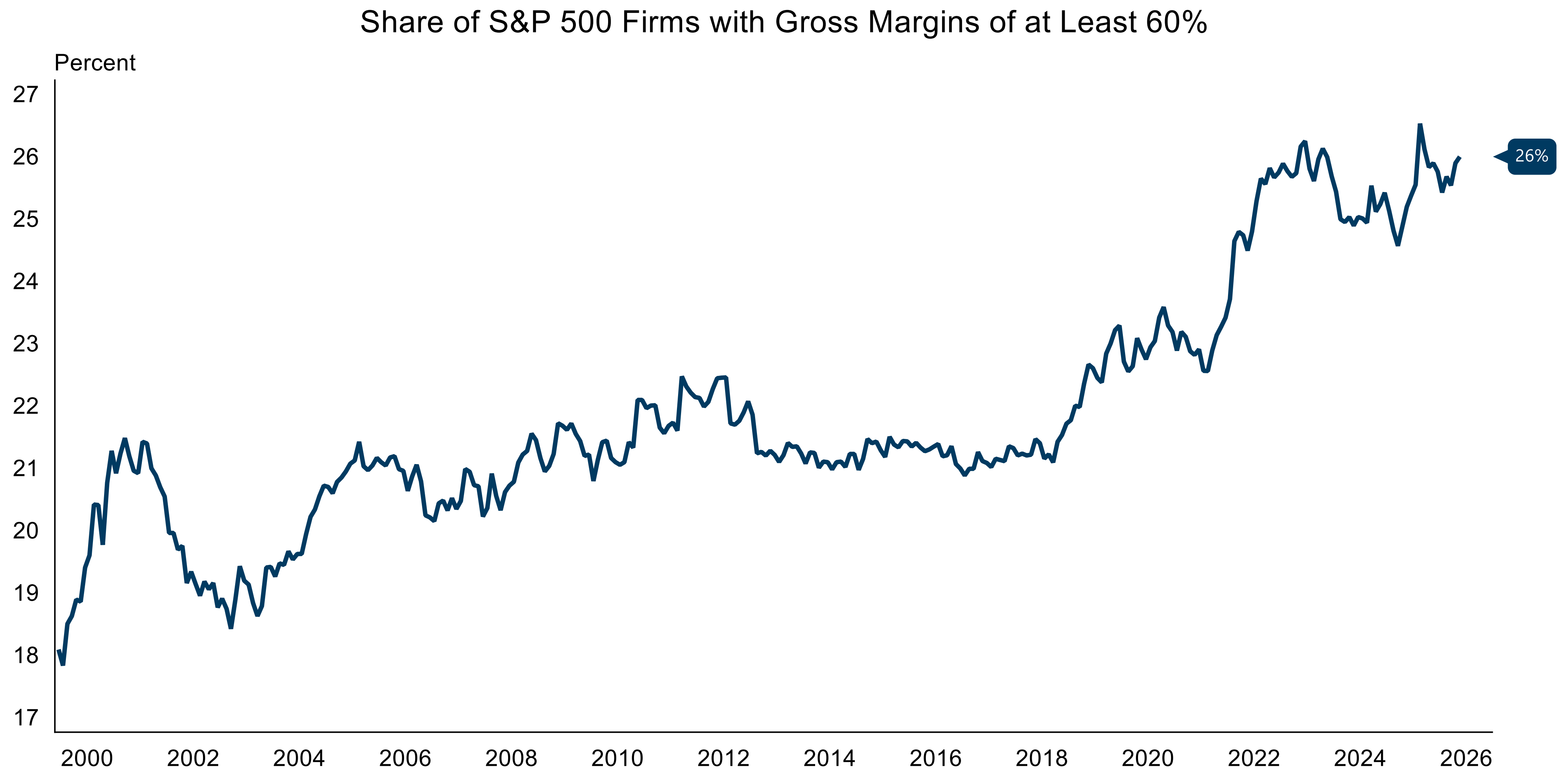
Source: Bloomberg
Data as of: 11/20/2025

S&P 500 valuations are more modest outside of the 10 largest



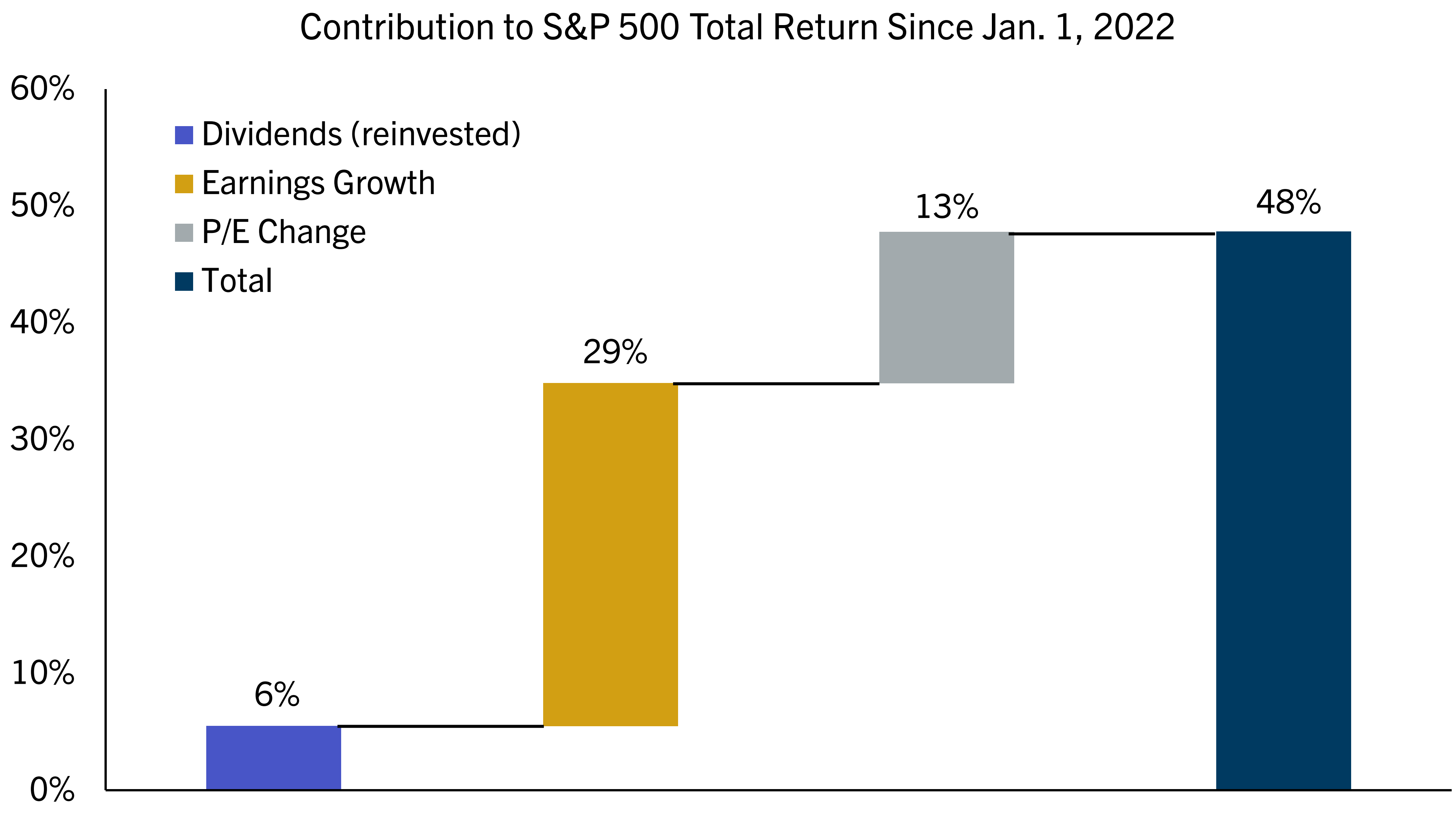
Source: Trivariate Research, First Citizens Bank
Data as of November 17, 2025

The share of S&P 500 firms with high margins is just below all-time highs



Source: Trivariate Research, First Citizens Bank
Data as of November 17, 2025

Earnings — not valuation — have been the main driver of total return



Source: Bloomberg, First Citizens Bank. Data as of 8/31/2025.

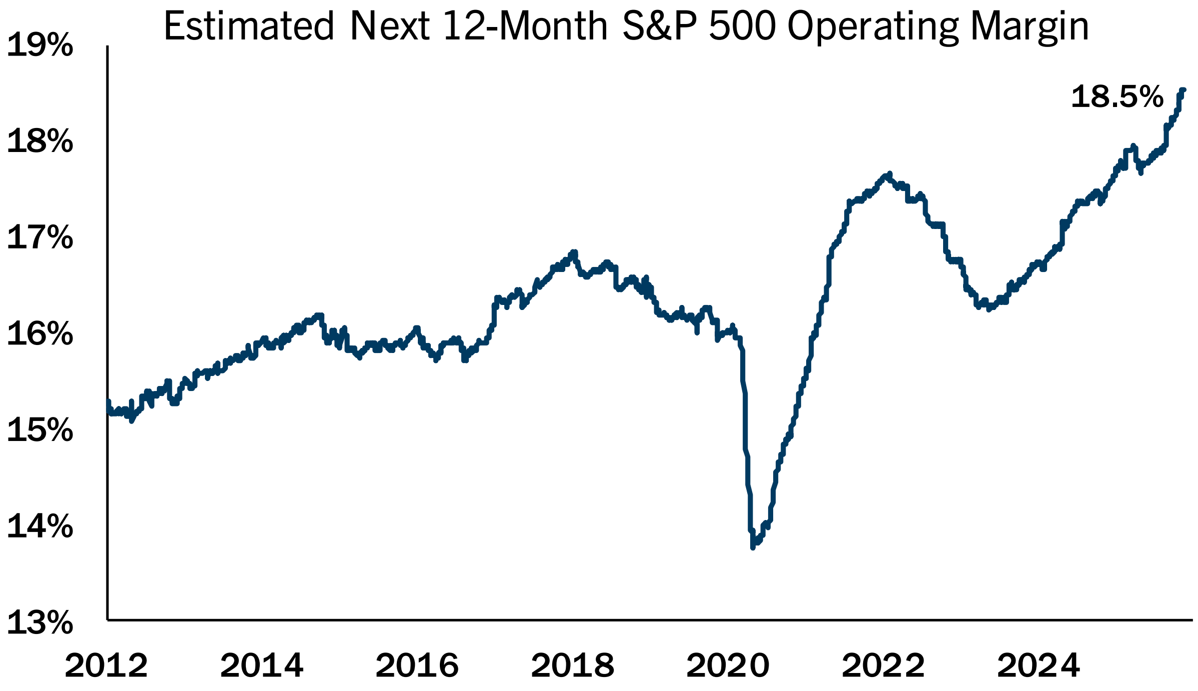
Corporate earnings

- CY 2025 estimated growth is **11.7%**

  Q3 2025 estimated growth is **13.1%**

- CY 2026 estimated growth is **13.9%**

- Average growth since 1950 is **7.6%**



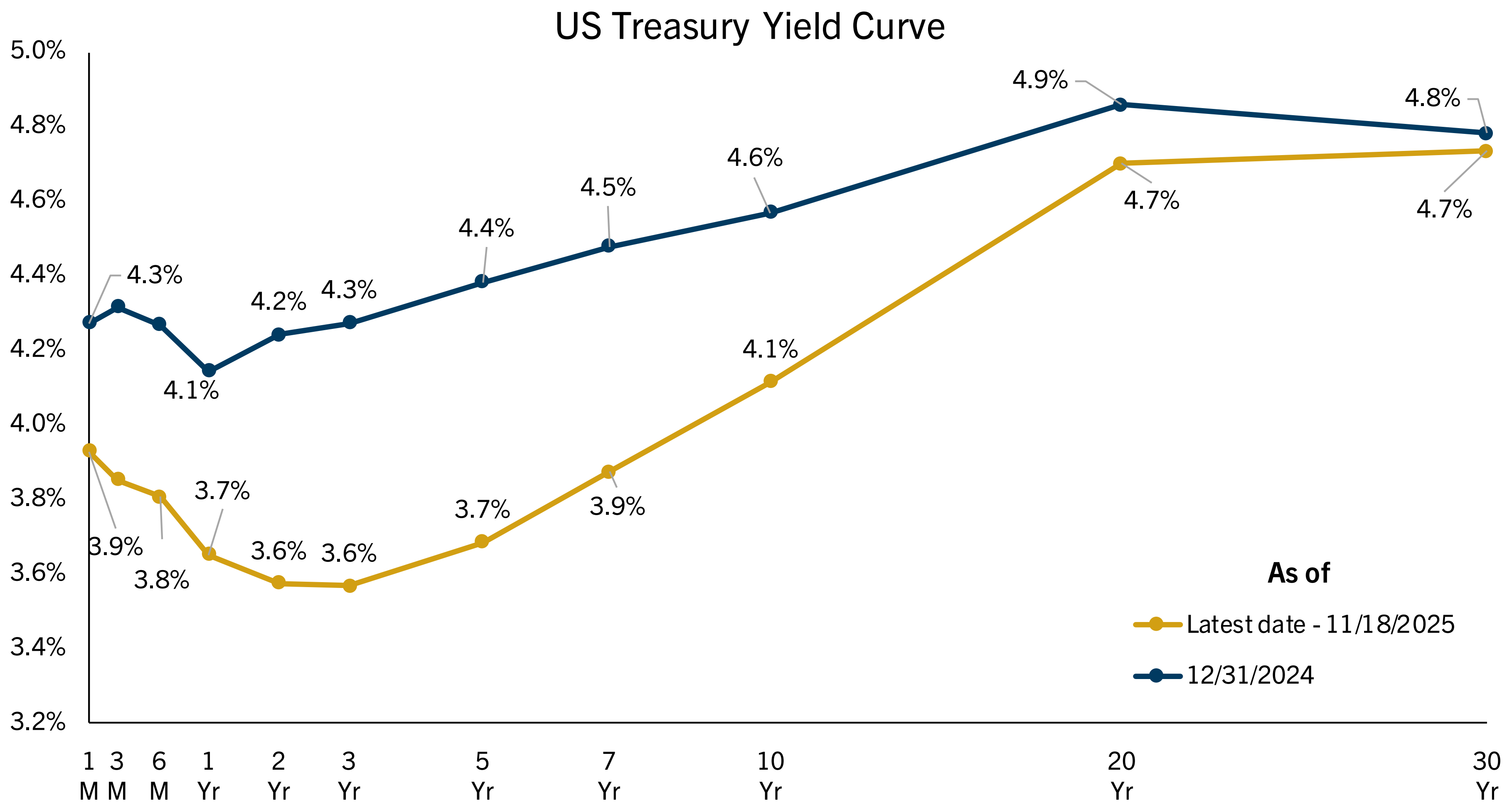
S&P 500 price target

Next Twelve-Month S&P 500 Price Target

	Next Twelve Months Price Level	Percent Change from 11/19/25
Bear	5,200	-21.7%
Base	7,200	8.4%
Bull	7,800	17.4%

Source: Bloomberg, FactSet, First Citizens Wealth

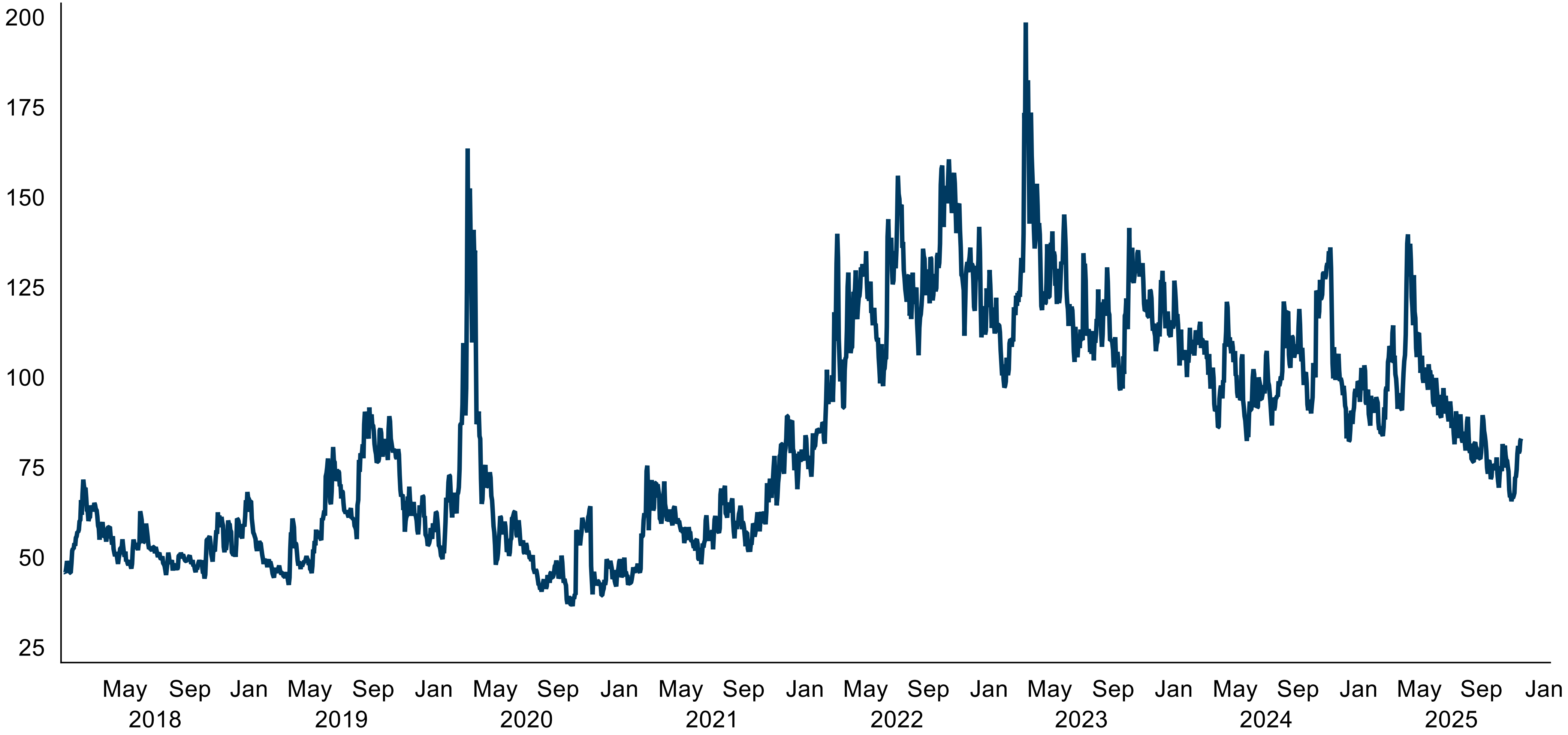
The Treasury yield curve has continued to steepen



Source: Bloomberg

Fixed income volatility has dropped to the lowest in over three years

Merrill Lynch Option Volatility Estimate (MOVE) Index



Source: Bloomberg
Data as of: 11/19/2025

Fixed income is still offering attractive yield relative to post-GFC cycle

US Fixed Income Indices	
	Yield-to-Worst
Index	**As of 11/19/2025**
2-Year Treasury	3.6%
10-Year Treasury	4.1%
Aggregate Bond	4.4%
Intermediate Government/Credit	4.0%
Municipal Bond	3.6%
Investment Grade Corporate Bond	4.9%
High Yield Corporate Bond	7.0%

Source: Bloomberg. First Citizens Wealth

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Making Sense

In Brief | A look at the week ahead in under two minutes every Monday morning

Q&As | Monthly conversations covering 2-3 of the top questions we're hearing from clients

Market updates | Monthly interactive discussions with in-depth analysis of markets and the economy

Written commentary | Often coinciding with market or economic events

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Important Disclosures