

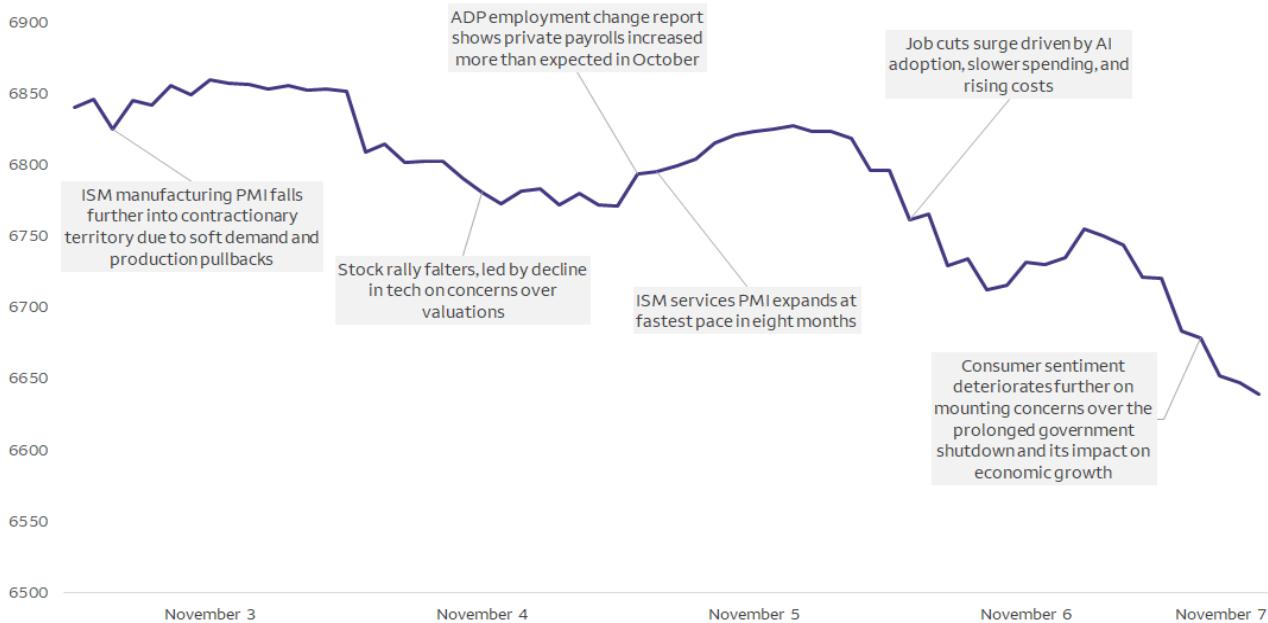
Looking Ahead

November 7, 2025

Stock rally falters on valuation concerns

Stocks were on track to end the week lower as investors showed concern over perceived high valuations in technology stocks and digested mixed economic signals, including uneven labor market trends, divergent manufacturing and services data, and lingering uncertainty from the government shutdown. Markets faced a data-light week as the U.S. government shutdown, which began October 1, delayed several key reports, including the October jobs report, trade balance, factory orders, and job openings data. S&P Global's October Purchasing Managers' Indexes (PMIs) signaled expansion in both services and manufacturing, supported by easing supply chain pressures and steady demand, though manufacturers remain cautious amid global trade uncertainty. Institute for Supply Management (ISM) PMI data was mixed: manufacturing contracted while services expanded, with costs easing in manufacturing but rising in services. Labor trends were uneven, as private sector hiring beat expectations, but job cuts surged, reflecting ongoing corporate cost pressures. Looking ahead, investors will likely focus on small business sentiment as inflation, retail sales, and jobless claims data continues to be delayed due to the shutdown.

S&P 500 Index performance for the week of November 3 – 7



Sources: Bloomberg, Wells Fargo Investment Institute. Data from November 3, 2025, through November 7, 2025, at 12:00 p.m. ET. AI = artificial intelligence. Past performance is no guarantee of future results. An index is unmanaged and not available for direct investment.

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Week in review: November 3 - 7

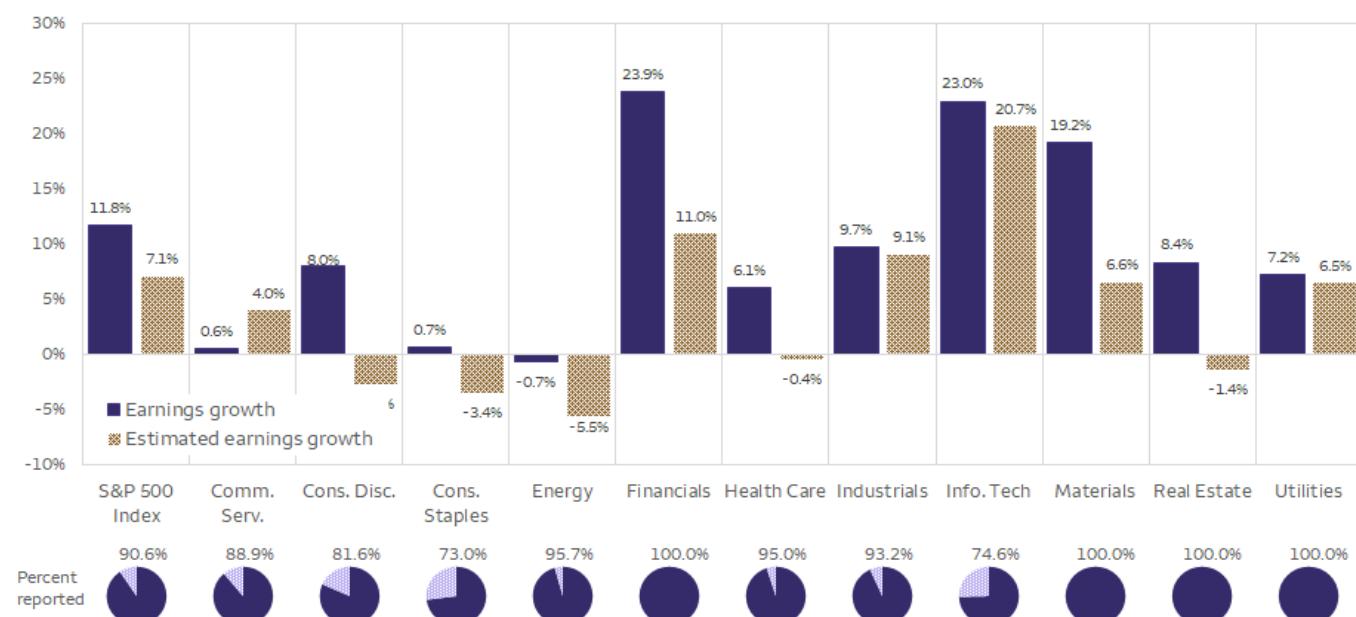
Economic data

- The U.S. government shut down on October 1, impacting several government data releases this week.
 - The shutdown delayed key reports, including the trade balance, factory orders, capital goods orders, construction spending, wholesale trade, and labor market data including the October jobs report.
- October PMIs from S&P Global signaled expansion. While the services PMI was revised down to 54.8, it remains expansionary. The manufacturing PMI was revised upward to 52.5, marking the third consecutive month of factory growth.
- The ISM Manufacturing PMI for October fell to 48.7, signaling contraction in the manufacturing sector. Notably, the prices paid component fell by 3.9 points month-over-month (MOM) to 58.0, indicating easing cost pressures as tariff-driven input inflation continues to subside.
- The ISM Services PMI for October rose to 52.4, signaling expansion in the services sector. Notably, the business activity component rose by 4.4 points MOM to 54.3, indicating a rebound in current production, while the prices paid component climbed to 70.0, suggesting rising input costs amid tariff-related pressures.
- The ADP employment change report for October showed a gain of 42,000 private-sector jobs, above expectations for a 30,000 increase.
 - Notably, trade, transportation, and utilities, as well as education and health services employment rose, while business services, information, and leisure and hospitality shed payrolls, reflecting uneven hiring trends.
- Challenger job cuts for October totaled 153,074, marking an increase of 175.3% year-over-year (YOY) compared to about 51,000 in the prior year.
 - The rise was driven by restructuring in technology and warehousing sectors, as companies accelerated cost-cutting amid artificial intelligence (AI) adoption, softening consumer and corporate spending, and rising costs.
- The University of Michigan consumer sentiment index fell more than expected to 50.3 as consumers expressed concerns over the continued government shutdown and weakening in the labor market.

Stock market recap

By Friday morning, the major averages were on track to end the week lower. As of 12:00 p.m. ET, the S&P 500 Index was on track to fall 2.9%, the Nasdaq to slide 4.8%, and the Dow to decline 2.1% for the week.

Third quarter earnings season is close to wrapping up



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of November 7, 2025, at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of September 26, 2025, at 8:30 a.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Looking ahead to next week: November 10 – 14

U.S.

- Markets will await any developments on a potential resolution to the ongoing U.S. government shutdown, which will delay economic data releases such as October's Consumer Price Index (CPI), Producer Price Index (PPI), and retail sales, along with September's business inventories.
- Other potential market movers include October's small business optimism and the Federal budget balance.
- In the auction space, the U.S. Treasury department issues \$125 billion in 3-, 10-, and 30-year securities.

Asia

- In China, a full data calendar will include October's retail sales, industrial production, fixed asset investment, money supply, home prices, and surveyed jobless rate.
- From Japan, watch for the trade balance, PPI, Tertiary (services) Industry Index, machine tool orders, leading index, and money supply.
- Elsewhere in the region, South Korea's unemployment rate and Export Price Index hit the tape, along with Australia's consumer confidence, business confidence, and labor market data.

Europe

- In Europe, the focus will be on the eurozone's second reading of third-quarter gross domestic product (GDP), along with ZEW expectations for economic growth, industrial production, trade balance, employment, and finalized regional CPIs.
- From the U.K., look for third-quarter GDP, exports, and imports; October's jobless claims; and September's industrial production, Index of Services, trade balance, and unemployment rate.
- Also be on the lookout for France's unemployment rate and Germany's ZEW index of current conditions.

Scheduled economic releases for the week of November 10, 2025

Date	Time	Country	Release	For	Consensus	Prior
Monday, 11/10	6:30 PM	Australia	Westpac Consumer Conf SA MoM	November		-3.5%
Tuesday, 11/11	2:00 AM	U.K.	ILO Unemployment Rate 3 Months	September	4.9%	4.8%
Tuesday, 11/11	5:00 AM	Germany	ZEW Survey Expectations	November	41.3	39.3
Tuesday, 11/11	6:00 AM	U.S.	NFIB Small Business Optimism	October	98.2	98.8
Tuesday, 11/11	6:00 PM	South Korea	Unemployment rate SA	October	2.6%	2.5%
Wednesday, 11/12	8:30 AM	Canada	Building Permits MoM	September	0.9%	-1.2%
Wednesday, 11/12	6:50 PM	Japan	PPI YoY	October	2.5%	2.7%
Wednesday, 11/12	7:30 PM	Australia	Unemployment Rate	October	4.4%	4.5%
Thursday, 11/13	2:00 AM	U.K.	GDP QoQ	3Q Prelim	0.2%	0.3%
Thursday, 11/13	2:00 AM	U.K.	Industrial Production MoM	September	-0.2%	0.4%
Thursday, 11/13	5:00 AM	Eurozone	Industrial Production SA MoM	September	0.8%	-1.2%
Thursday, 11/13	7:00 AM	Brazil	Retail Sales MoM	September	0.2%	0.2%
Thursday, 11/13	8:30 AM	U.S.	CPI YoY	October	3.1%	3.0%
Thursday, 11/13	9:00 PM	China	Industrial Production YoY	October	5.5%	6.5%
Thursday, 11/13	9:00 PM	China	Retail Sales YoY	October	2.8%	3.0%
Friday, 11/14	5:00 AM	Eurozone	GDP SA QoQ	3Q Second	0.2%	0.2%
Friday, 11/14	8:30 AM	Canada	Manufacturing Sales MoM	September	2.65%	-1.02%
Friday, 11/14	8:30 AM	U.S.	PPI Ex Food and Energy YoY	October		2.8%
Friday, 11/14	8:30 AM	U.S.	PPI Final Demand YoY	October		2.6%
Friday, 11/14	8:30 AM	U.S.	Retail Sales Advance MoM	October		0.6%
Sunday, 11/16	6:50 PM	Japan	GDP SA QoQ	3Q Prelim	-0.6%	0.5%

Source: Bloomberg. Data as of November 7, 2025, as of 12:00 p.m. ET. Times shown in table are in Eastern Time. 3Q = third quarter. QoQ = quarter-over-quarter. MoM = month-over-month. YoY = year-over-year.

Scheduled earnings releases for the week of November 10, 2025

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
OXY	Occidental Petroleum Corporation	Monday, 11/10	1:00 PM	\$6.75	\$0.51	\$1.00
PSKY	Paramount Skydance Corporation Class B	Monday, 11/10	4:30 PM	\$6.86	\$0.40	\$0.49
TSN	Tyson Foods, Inc. Class A	Monday, 11/10	9:00 AM	\$14.11	\$0.84	\$0.92
IPG	Interpublic Group of Companies, Inc.	Monday, 11/10		\$2.19	\$0.75	\$0.70
TDG	TransDigm Group Incorporated	Wednesday, 11/12	11:00 AM	\$2.40	\$10.04	\$9.83
CSCO	Cisco Systems, Inc.	Wednesday, 11/12	4:30 PM	\$14.78	\$0.98	\$0.91
AMAT	Applied Materials, Inc.	Thursday, 11/13	4:30 PM	\$6.68	\$2.11	\$2.32
DIS	Walt Disney Company	Thursday, 11/13	8:30 AM	\$22.76	\$1.05	\$1.14

Source: FactSet. Data as of November 7, 2025, as of 8:30 a.m. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Sector investing** can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

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Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market.

The ADP employment change (private employment) report measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

The budget balance (or budget statement) is the difference between government revenues and government expenditures.

Business confidence tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

Business inventories track inventories (either goods ready for sale or shipment that are still being held by the producer, or goods acquired for the purpose of reselling them without further processing) in the manufacturing, as well as retail and wholesale trade industries.

Capital goods orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Challenger job cuts track involuntary job separations initiated by the employer.

Construction spending generally refers to the value of new construction activity on residential and nonresidential projects.

Consumer confidence (or consumer sentiment) tracks sentiment among households or consumers.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Export price indexes track changes in the prices of goods produced domestically and sold abroad (exports).

Factory orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Fixed asset investment tracks investment in or capital expenditures on fixed assets such as buildings, plant, equipment, machinery, etc.

The German ZEW index of current conditions (or business conditions) tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by industry approach (or output-based GDP) is the sum of the gross value added (output less intermediate consumption) of all industry and services sectors of the economy (at basic prices), plus all taxes less subsidies on products. This concept is adjusted for inflation.

House/home prices track changes in residential property prices.

The Index of Services shows the monthly movements in the gross value added of the service industries.

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

The international trade balance (or foreign trade) measures the difference between the movement of merchandise trade and/or services leaving a country (exports) and entering a country (imports). This measure tracks the value of the merchandise trade balance.

The Job Openings by Industry Total Survey (JOLTS) tracks the number of specific job openings in an economy.

Jobless (or unemployment) claims tracks the total number of people who have filed jobless claims with the appropriate government labor office; typically, in order to receive unemployment benefits.

Leading indicators (leading indexes) include economic variables that tend to move before changes in the overall economy.

Machine tool orders tracks trends in machine tool orders placed with major manufacturers.

The money supply (or money stock) measures the total amount of money in circulation in a country or group of countries in a monetary union.

The Producer Price Index (PPI) is a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Purchasing Managers' Indexes (PMIs) track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Small business optimism tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

The Tertiary Industry Index measures the change in the total value of services purchased by businesses.

The unemployment (or jobless) rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Wholesale sales (also referred to as wholesale trade) is a form of trade in which goods are purchased and stored in large quantities and sold to resellers, professional users or groups, but not to final consumers. This concept is based on the value of goods sold.

The ZEW survey of expectations for economic growth concept tracks the general state of the economy as it relates to businesses. It can include broad economy-wide conditions or specific economic conditions of a particular industry.

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