



## TheECONOMY

### As the Government Reopens, the Outlook Remains Obscured

The longest federal government shutdown in U.S. history officially ended on November 12, 2025. While some delayed economic releases will be published in the coming weeks, others, such as the October unemployment rate, are not expected to be released at all. Against this backdrop of uncertainty, market attention is firmly centered on the Federal Reserve and the path of monetary policy going forward.

At its October meeting, the Federal Reserve reduced the policy rate by 25 basis points, a decision marked by two opposing dissents that highlighted divisions within the committee. Throughout much of November, market pricing reflected roughly even odds of an additional rate cut in December. However, following the release of the October meeting minutes, those odds fell sharply to about 25%. This week, comments from Fed officials renewed expectations for further easing, and markets now assign a 79% probability to a December cut. To say the outlook for rates has been volatile would be an understatement.

Manufacturing activity in the US has continued to decline, according to the ISM survey; however, the services economy has remained robust. Inflation remains above the Fed's target and has proven remarkably sticky at around 3%. Private data has hinted that the labor market remains steady. Still, a rash of announced layoffs in industries across the spectrum, from tech to shipping, has kept a weakening labor market at the forefront of economists' minds.

Large businesses have performed well through it all, and third-quarter earnings were quite strong. The S&P 500 saw 13.1% earnings growth according to FactSet, marking the fourth consecutive quarter of double-digit earnings growth. At the same time, however, the consumers' view of the economy continues to deteriorate, as evidenced by a decline in consumer sentiment over the last three months, according to the University of Michigan Consumer Sentiment Index.

The turmoil and uncertainty of the government shutdown, coupled with strong business performance and a weak consumer outlook, have obscured the ultimate path of rates and the economy as a whole. We can only look ahead to see if the missing data points will be filled in over the coming weeks, as the agencies and personnel we rely on for data return to work, and we head into the end of a tumultuous year.

### Treasury Yields

Maturity	11/20/25	10/20/25	CHANGE
3 Month	3.861%	3.873%	-0.011%
6 Month	3.812%	3.784%	0.028%
1-Year	3.650%	3.550%	0.101%
2-Year	3.554%	3.455%	0.099%
3-Year	3.547%	3.458%	0.089%
5-Year	3.668%	3.573%	0.096%
10-Year	4.100%	3.980%	0.120%
30-Year	4.729%	4.569%	0.160%

Source: Bloomberg

### Agency Yields

Maturity	11/20/25	10/20/25	CHANGE
3 Month	3.770%	3.770%	0.000%
6 Month	3.650%	3.570%	0.080%
1-Year	3.500%	3.350%	0.150%
2-Year	3.680%	3.502%	0.178%
3-Year	3.630%	3.480%	0.150%
5-Year	3.750%	3.612%	0.138%

Source: Bloomberg

### Commercial Paper Yields (A-1/P-1)

Maturity	11/20/25	10/20/25	CHANGE
1 Month	3.910%	4.011%	-0.101%
3 Month	3.996%	3.950%	0.046%
6 Month	3.989%	3.882%	0.107%
9 Month	3.966%	3.833%	0.133%

Source: Bloomberg

### Current Economic Releases

Data	Period	Value
GDP QoQ	Q2 '25	3.80%
U.S. Unemployment	Sep '25	4.40%
ISM Manufacturing	Oct '25	48.7
PPI YoY	Aug '25	2.60%
CPI YoY	Sep '25	3.00%
Fed Funds Target	Nov 20, 2025	3.75% - 4.00%

Source: Bloomberg

Source: Bloomberg. Data as of Nov 19, 2025. Data unaudited. Many factors affect performance including changes in market conditions and interest rates and in response to other economic, political, or financial developments. Investment involves risk including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. VIP is not a bank. An investment in VIP is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although VIP seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. All comments and discussions presented are purely based on opinion and assumptions, not fact. These assumptions may or may not be correct based on foreseen and unforeseen events. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. **Past performance is not an indication of future performance. Any financial and/or investment decision may incur losses.**

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