

Thank You

Weekender

November 29, 2025

Associate with men of good quality if you esteem your own reputation; for it is better to be alone than in bad company.

Now therefore I do recommend and assign Thursday the 26th day of November next to be devoted by the People of these States to the service of that great and glorious Being, who is the beneficent Author of all the good that was, that is, or that will be--That we may then all unite in rendering unto him our sincere and humble thanks.

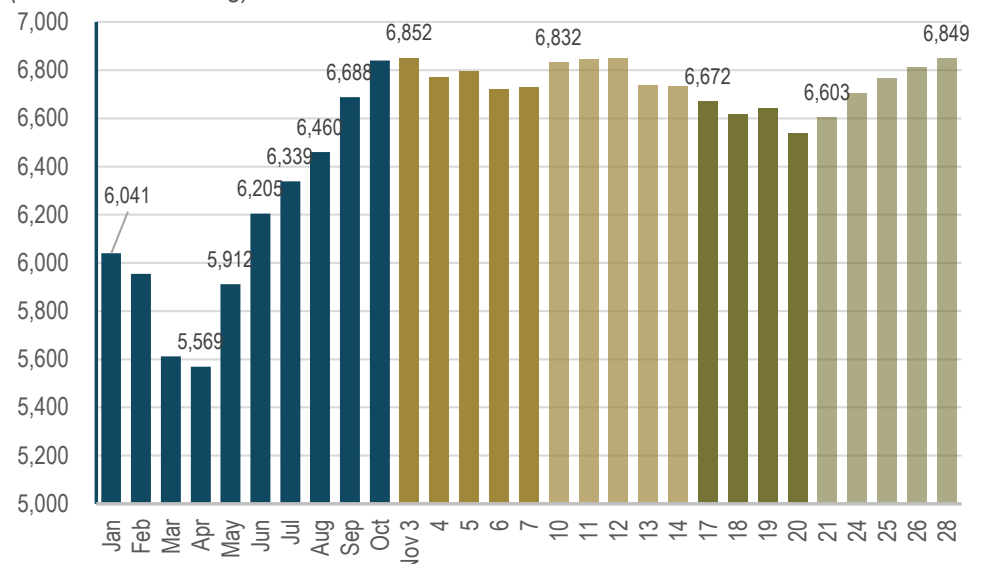
George Washington

Good morning and welcome to the Weekender for Saturday, November 29, 2025. Financial markets remained volatile-but-positive through Thanksgiving Day. In Friday's shortened session, despite a prominent data center overheat halting some trades, the S&P 500 completed a week-long recovery, rising back over 6,840 where the index was at Halloween. The Nasdaq climbed just under 3.3% from its position at the start of the week, bringing it back to levels from the beginning of November as well.

We mentioned delayed data last issue, and such is now canceled data. The CPI (inflation) report and October's unemployment rate will not be published. Any October data that is presentable should be included in November reports near the

S&P 500 Index Levels

(Source: Bloomberg)



end of the year. The actual winter inaugurates in a veritable winter of official data on the economy. Thought leaders remain unconcerned, and will look to reliable private data sources, especially around year-end inventories, holiday sales, and consumer expectations. More on the last one shortly.

Fun at the Federal Reserve

November has introduced to us a few Federal Reserve Governors that are willing to reveal policy opinions in the pre-blackout period. Newly appointed Governor Stephen Miran has indicated his concerns around tight policy inducing recession. Governor Christopher Waller also publicly specified his favor for a cut in the December policy meeting, calling the labor market soft and weakening.

While inflation concerns persist, especially in the absence of some data, employment seems the more pressing of the two mandates. We have described in prior *Weekenders* the potential for a stagflationary environment when these mandates both require movement in opposite directions. Effectively, this can put the Fed in a 'Hercules Hold' situation, where opposing demands prevent the policy rate from catalyzing improvement on one side without risking the other.

Following Chair Powell's on-the-book comments in October about these conflicting concerns, the market briefly hesitated on pricing further cuts; but now favors another in the December 10 meeting, based on the independent comments of the above Governors and private data releases.

The approaching December end to quantitative tightening and a shift toward utilizing repo tools at the Fed is intended

Federal Reserve Bank Total Assets (Trillions, USD)

January 2007 - November 2025

(Source: Bloomberg)



to maintain control over banks while shrinking and re-constituting the balance sheet, which currently sits around \$6.5 trillion. Powell has indicated plans to gradually shift away from mortgage-backed securities toward short-dated treasuries. The balance sheet is large from a historical standpoint, but the Fed believes the expanding economy will eventually necessitate larger holdings anyway.

The next Fed Chair announcement is likely to come before Christmas. The market believes Kevin Hassett, Director of the National Economic Council and a tenured policymaker from President Trump's first term, is the favorite. Hassett has indicated he would accept the position. Time will tell, as Powell's Chair term ends next May, and Governor term in 2028.

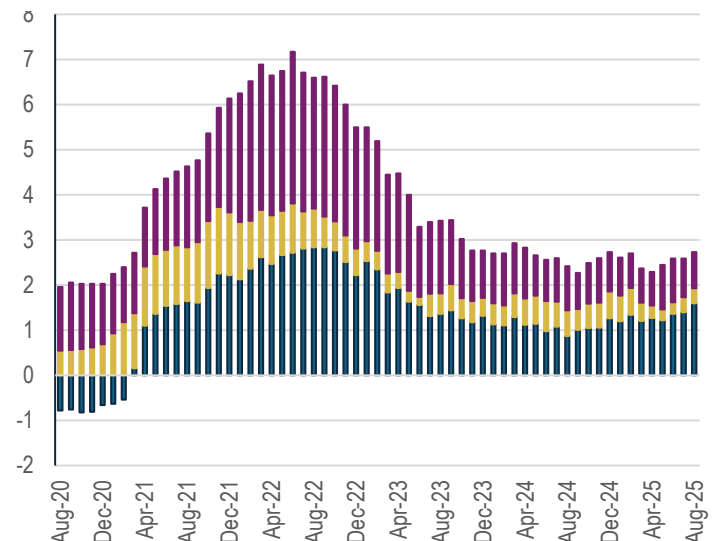
Demand-Side Inflation

PCE Inflation data, since 'Liberation Day' in April, shows demand consistently outpacing supply in new inflation contribution. Apparent in markets are housing, energy, and core goods price growth, contributing chiefly to current inflation. Alongside this shift, we also observe a larger overarching trend from new services inflation to new goods inflation—though as a share of the CPI basket, services remain largely dominant, and this effect shouldn't really change. Food and energy are currently adding upside risks, but are slightly less meaningful for the overall upward movement.

Supply- (Purple) and Demand- (Blue) Driven Contribution to Headline PCE Inflation (Ambiguous, Gold)

Aug 2020 - Aug 2025

(Source: Federal Reserve Bank of San Francisco)



Economists project 2025 CPI between 2.8 and 3.2 percent, potentially moderating if energy costs are brought down. Housing costs and rents are expected to remain sticky and elevated. Tariffs on materials are specifically

culpable for a small portion of finished goods inflation. Opportunistic repricing actions may be ‘justified’ as pass-through inflation, but are likely to exaggerate the effects. When prices on specific goods and services go up, they rarely come back down.

The American Consumer

Despite what so far appears to be a very successful Black Friday performance on the retail side, there is still every indication that the American consumer is struggling with climbing prices and mounting debt.

University of Michigan’s Sentiment Index fell to its lowest since before 1980. The Index of Consumer Expectations was up from October, likely on holiday optimism, but sentiment and conditions brought the aggregate outlook down.

U. of M. Current Economic Conditions Index

Aug 2020 - Aug 2025

(Source: Bloomberg)



Current personal finances and buying conditions dropped more than ten percent from October. Some of these scores are a consequence of the risk-off paring of the markets over the past few weeks, though Thanksgiving week has seen some index recovery.

Fed survey indicates over sixty percent of US adults feel price changes have negatively impacted their finances compared to the prior year. For a median household, these current conditions manifest in finances that look fine, or maybe even good. Yet, the mood is souring and prices are more than easy to complain about.

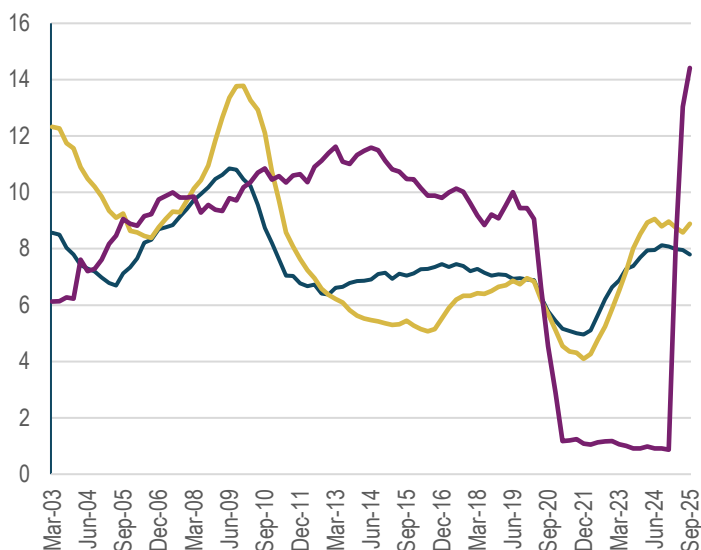
Unemployment’s steady improvement has slipped in recent months. While we are still historically low, it’s moving upward. From retail earnings last week, Home Depot missed targets. The company identified weaker demand

for big-ticket items. Appliances, kitchen/bath remodel, and financed projects are not doing well. The number of transactions on appliances is down. This falls in line with what current conditions data suggests; buying, especially for durables, has decreased meaningfully in the third quarter.

New and used car prices have reached record levels. It is now common for a new family vehicle to cost more than \$50,000. We are in our third straight year of record delin-

New Delinquencies (30-day), % of Balances for Auto (Blue), Credit Card (Gold), and Student (Purple) Loans Q1 2003 - Q3 2025

(Source: Federal Reserve Bank of New York)



quency rates on auto loans, with October’s 6.65% topping last year. Actual repossessions are their highest since 2008. Automobile insurance costs are rising disproportionately to the cost of new vehicles. The same delinquency trend is visible for credit cards. Stimulus results in balance pay-down, and post-stimulus balances rise after the effects are no longer felt. It would appear that the “found money” of the COVID pandemic may finally be gone; or has been deployed in markets or investments. Seasonal adjustments to data smooth some debt growth out, but not all of it. Household liabilities slowly march upward.

Student debt is a more political story than an economic one. It would be prudent for our government to adopt industry lending standards and avoid the loans’ payments becoming a matter of policy to begin with... Perhaps a tall order for the intricate inefficiency that is 21st century Washington.

Artificial Intelligence: Adoption vs Impact

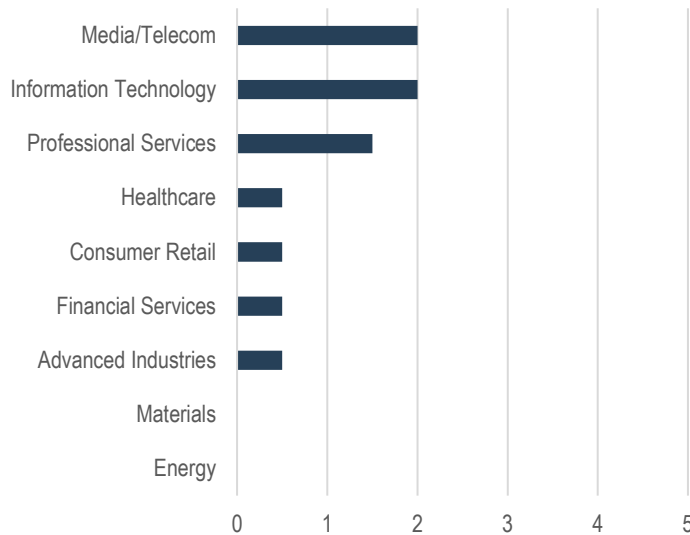
A research team at MIT spent 1H 2025 in rigorous analysis of, and conducting interviews at, organizations large and small to discover the pervasiveness and efficacy of AI tools.

They found that free tools were explored across almost all organizations in the country, and that tools like ChatGPT for business and Microsoft Copilot had been explored by 80% of businesses and adopted by 40% of the same.

This analysis carried across sectors, and MIT determined that only information technology and telecommunications had seen “structural disruption,” or deployment that had a positive impact on actual financials or performance indicators. The top barrier businesses face is AI’s poor ability to integrate with other tools and softwares, leading high-stakes work to be done almost always by people.

This is especially prevalent with bespoke, non-retail AI tools, leading them to strongly suggest that businesses stick with popular tools until better tailored options are available.

Zero-to-Five AI Disruption Score by Industry Category
January 2025 - July 2025
(Source: MIT)



Five critical metrics were identified by MIT to determine whether sectors were experiencing true disruption in operations, sales, and strategy from AI tools. The results are unimpressive but curious, as many have confidently said for years now that AI integration was first to come in industrials and manufacturing. It would appear that supply chains are not yet truly benefiting, or are slow to adopt, new AI and industry 4.0 capabilities.

Looking outside of sectors and into business process, we see the highest adoption in sales and marketing, with almost half the country’s marketing teams utilizing AI tools.

Anecdotally, you may have seen the newest AI-generated Coca-Cola advertisement which has garnered criticism from consumers and journalists alike due to strange-looking animals, and Coke semi trucks going through at least eight different axle configurations in less than a minute. Despite

leaps and bounds in the technology, consistency and polish remain largely human contributions.

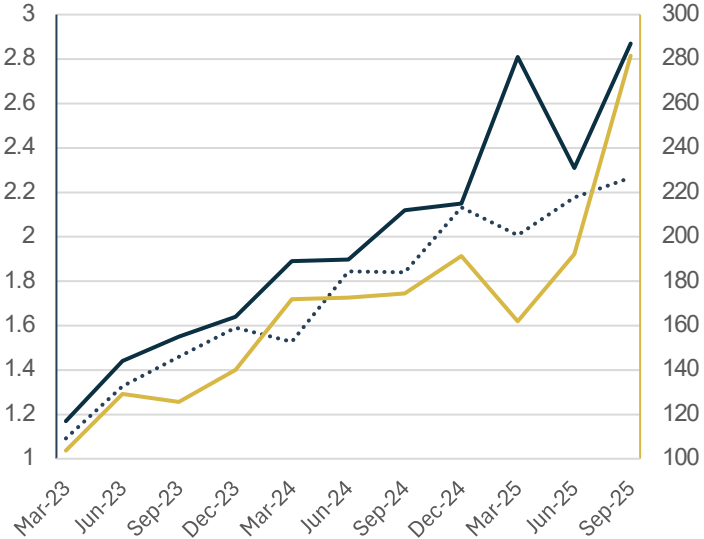
Artificial Intelligence: Delivering on Promises

While we still acknowledge that AI heralds the future of technology, or is at least the predecessor to what will, the feature, function, and consistency problems need remedy. The questionable foundation that has been laid for AI adoption means reliance on clever prompts and careful review of results, and even a high-touch process like finished advertisements leave much to be desired.

Hundreds of billions in AI investment this year has yielded only breakeven-at-best real productivity. The deluge of new capital commitments to take place between now and 2035, even only by the Mag 7, could be \$3-4 trillion according to Bloomberg. At the same time, Bezos and Musk speak of human colonization on Mars and robot labor paving the way for these plans to be almost “near-term” possibility.

Yesterday’s science fiction is today’s research and development; but promises in capital and in the press leave more room for disappointment than shock and awe. The current course of interminable good news has shepherded markets into the bubble conversation, and while the negativity was

Alphabet Earnings Estimates & Actuals (Blue) vs. Price (Gold)
March 2023 - September 2025
(Source: Bloomberg)



hasty, there are facts that need facing and promises that need delivering if the bullish market is to continue to defy valuations and typical mean reversion.

While Tesla and Amazon leadership concern themselves with the future of the human race, Nvidia and Google are having their own spat. Google brought Gemini 3 to the

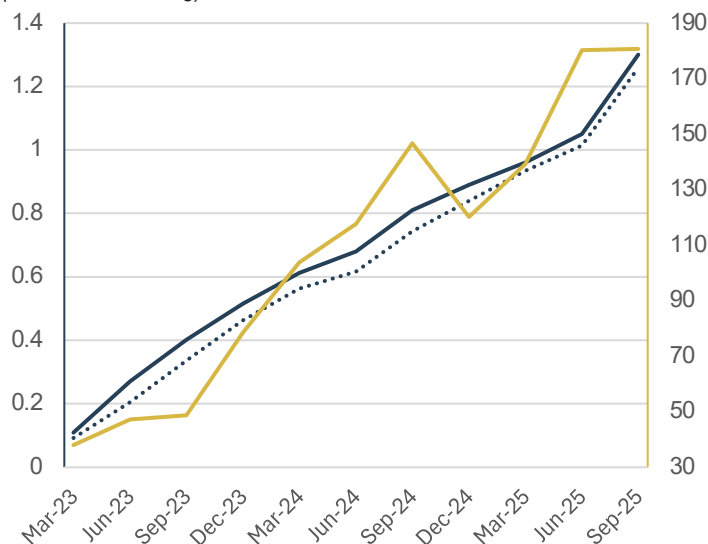
playground alongside their own chips, and capital flowed out of Nvidia this week to vote for the unexpectedly strong performance from the ‘old guard’ search/cloud giant.

Nvidia’s radical ability to consistently outpace expectations for growth is no longer enough to wow investors and a market that want something new, flashy, and progressive rather than iterative. Consistent demand and strong revenue growth on Nvidia’s front now seem to serve only as a back-

Nvidia Earnings Estimates & Actuals (Blue) vs Price (Gold)

March 2023 - September 2025

(Source: Bloomberg)



drop of reliability for other stars to shine on—Never mind that Nvidia chips and processing continue to define what a data center should be.

Yet, the market only recently hesitates to give these companies their flowers after good news, and when it is as unexpected as Google’s, there remains no hesitation. The uncomfortable truth is that there are already *trillions* of investor funds chasing only *billions* in AI revenues.

For the first financial article of faith (the value of any asset is nothing more than the present value of its future cash flows) to hold true, these companies rely on the rosy outlook of strong investment and perfect growth. This is why we have frequently stated that the market is “priced for perfection,” as we cite valuation concerns.

Artificial Intelligence: Capital & Balance Sheets

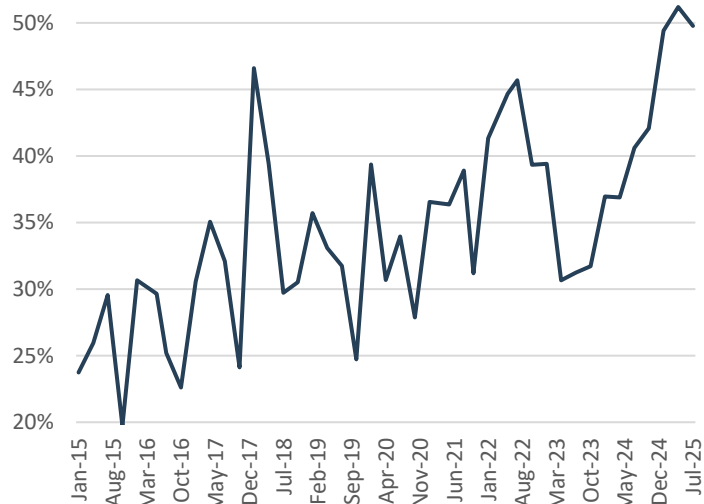
We have veritably beat the valuation conversation to death, and our readers know that problem. Where we believe the market needs to look next is capital and cost. In order for the continued delivery of progress and money-tangible AI success to occur, new capital by way of revenue, debt, and equity, must rise to meet the investment and

dealmaking demands of promised growth.

Analysts will continue to scrutinize these deals and commitments, and current promises, if future abandoned, will diminish the outlook. Our confidence that this will eventually occur does not mean it will happen soon, only that the

Mag 7 Capital Expenditure / Cash Flow From Operations Q1 2015 - Q3 2025

(Source: Bloomberg)



trend is visible. Rising capital expenditure as a proportion of operating cash flows means that the Magnificent 7 will have to look to new equity and debt to stimulate the growth they remain eager for.

Amazon is early to the non-operating capital party. A \$12 billion debt issuance announcement this month materialized into \$15 billion in new corporate bonds, with strong demand pushing up the difference. We are confident that the cohort will follow suit, despite the demands on liquidity.

Mag 7 (Blue) vs. S&P 493 (Gold) Current Ratios

Q1 2015 - Q3 2025

(Source: Bloomberg)



If we move from the long-term capital to the short-term capital conversation, we see another interesting trend in both the Mag 7 and their S&P 493 peers. Relatively steady declines in the current ratio bring the superstars back down to earth in comparison to the rest of their peers.

Heavy capital deployment works for as long as capital is available, and, while the balance sheets are strong, it would appear that we are approaching the runway for refuel. We expect the rest of the Mag 7, like Amazon, to finance new debt, as the debt/equity of the companies is thrust downward not by a decrease in debt, but by a significant increase in equity, and as these two levers are expected to fund capital expenditure more than ever.

The fortress balance sheets of the Magnificent 7 translating into sustained outperformance will be dependent on disciplined execution. The market now expects committed capital to drive durable returns. Next year, the ‘good news’ of cost escalation and cross-pollination isn’t likely to be singlehandedly able to bear up the bullish sentiment anymore.

One More Thing

One more thing at the close of this Thanksgiving week. While George Washington was not the President to institute Thanksgiving as a national holiday, it was at the beginning of his (official) presidency that he, encouraged by congress, made the first Thanksgiving proclamation from the President of the United States. While it has not always been the fourth Thursday in November, and has not always had the same meaning to its observers, some threads remain.

At its origin, Thanksgiving was a harvest feast in celebration of a fragile political alliance between the Wampanoag people and the colonists at Plymouth, with gratitude measured by the proposition that the harvest would get them through a poignantly difficult season.

After the American Revolution, it was an acknowledgment of divine providence, protection, and favor from God, and a supplication to the newly-sovereign American people that they live in tranquility, mercy, union, and plenty with each other, despite their many differences. Washington, an imperfect General and a more imperfect President, relied many times on his influence to make up for what he lacked in tenacity, though it would be rich coming from any of us today to say he was not tenacious, as he certainly was by more than a contrived, modern standard.

Yet, amidst bitter winters and even more bitter violence, his Continental Army lacked provisions, not hope. It is difficult to dispute that there was not some divine providence

that guided Britain and her most powerful military to blunder repeatedly against forces barely qualified for battle. It is even more difficult to picture that amidst subterfuge and betrayal, and in the face of British bribes, that an American military with virtually no reliable social fabric could have accomplished so much without the kind of serendipitous luck that turns people religious if they aren’t.

Fledgling America was far from perfect in practice, and it would later be Lincoln who nationalized the holiday in 1863, with hope to unite a fractured people.

In 2025, we have fractures of our own. Family comes to sit around a table with different politics, identity, and old wounds placed right alongside the turkey and cranberry sauce; but the purpose is more than the meal. What supercedes the pain and friction of our humanity is the recognition of greater things. The very idea that family and community are things worth having, worth fighting for, even a Revolutionary War against the most powerful imperial power of the time.

Washington called for tranquility amidst the fragility of a new nation. Lincoln plead for honor and unity in the crucible of civil war. In the enduring spirit of Thanksgiving, gratitude must not be a sentiment, but a deliberate choice to rise above our fractures. To extend the same providence and perseverance that carried a republic through its darkest hours. To choose connection over division, forgiveness over resentment, and mercy and justice over inequity.

Let Thanksgiving be less a relic of the past, and more a quiet revolution for the future that we, as Americans, still dare to build together.

Conclusion

That’s it for this Economics issue of *Weekender*. Next time, we will introduce a new ‘segment’ for *Weekender*. We hope you had a lovely and meaningful Thanksgiving weekend. As the title states, **Thank you** for being a reader. Have a wonderful week.

Disclosure Statement

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced.

Indexes are unmanaged and investors cannot invest directly in an index. Past performance does not guarantee future results. Investing involves risk, including loss of principal.

The statements provided herein are based solely on the opinions of the author(s) and are being provided for general information purposes only. The information provided or any opinion expressed does not constitute an offer or a solicitation to buy or sell any securities or other financial instruments. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete. Consult your financial professional before making any investment decision.

Contact the Authors:

Keeler Thomas Management (801) 226-0800

Isaac Meacham (isaac@keelerthomas.com)

Gabriel Smith (gabriel@keelerthomas.com)