MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: November 7, 2025

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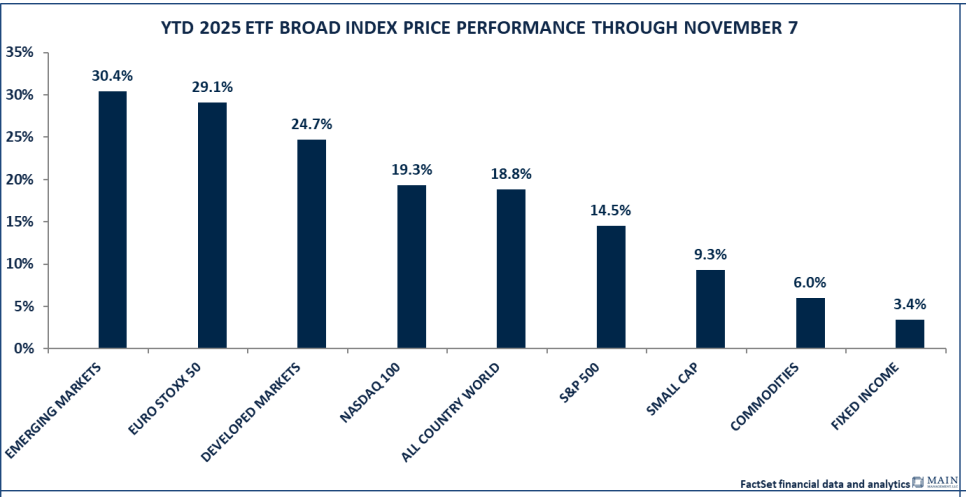
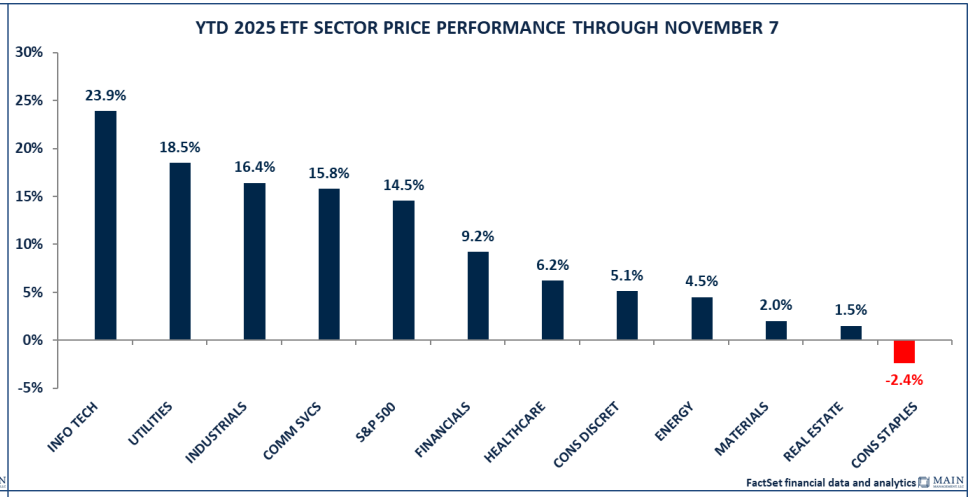
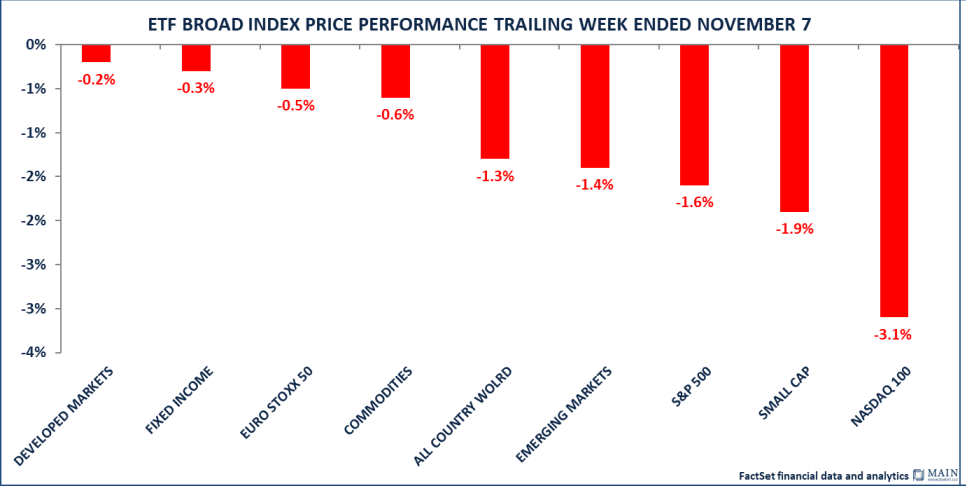
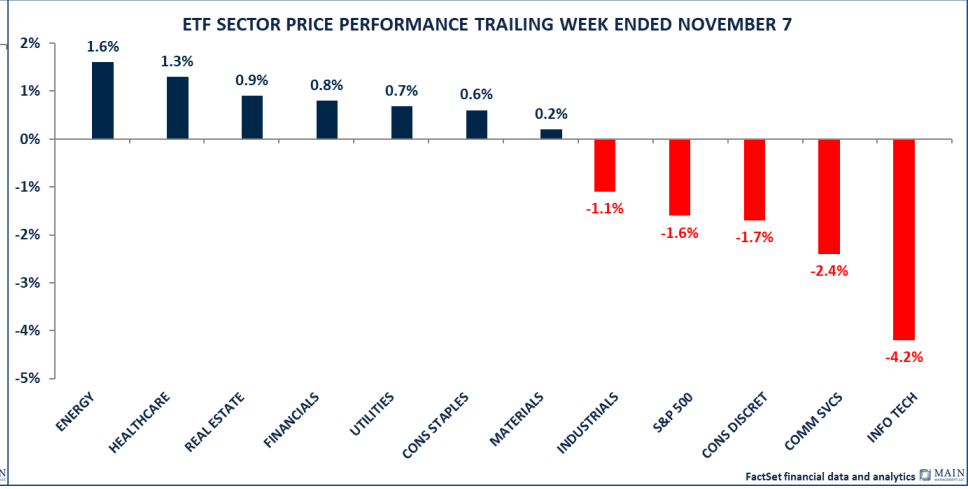
Performance









Recession Dashboard

MAIN MANAGEMENT, LLC

RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOY-MENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
NOV 2025	↔	↔	↔*	↔	↔	↔	↔	↑	↑
LAST CHANGE	GREEN DEC '24	GREEN APR '25	RED MAR '23	GREEN DEC '24	GREEN APR '25	RED JAN '25	RED JUL '25	BLUE JUL '25	BLUE DEC '24

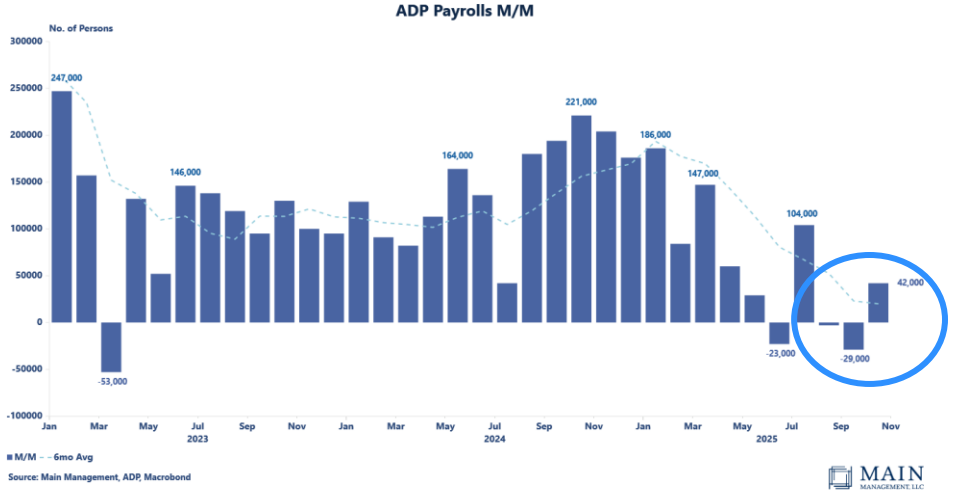
Overall:

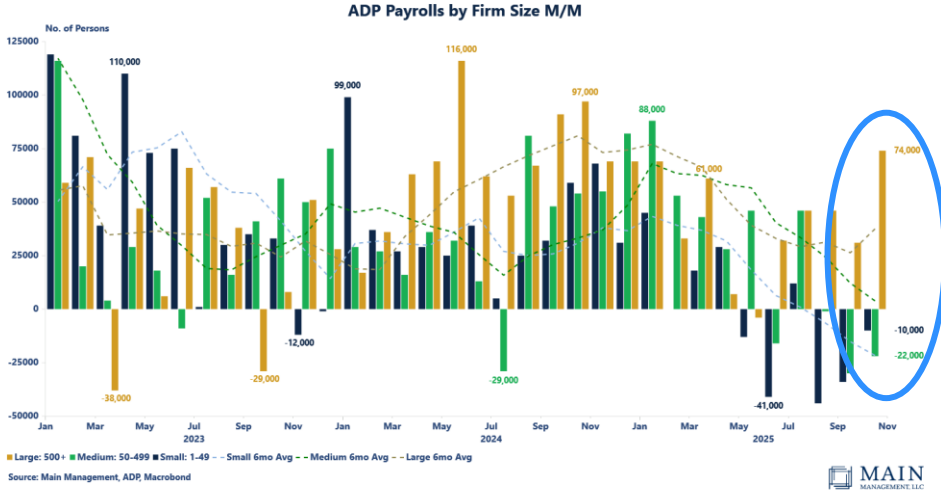
↑ Positive ↔ Neutral ↓ Negative

Inflation: *Headline CPI. Source: St. Louis Fed.* **Consumer**: *Conference Board Consumer Confidence. Source: The Conference Board.* **Yield Curve**: *10 year – 3 month Treasury spread. Source: FactSet financial data and analytics.* **Housing**: *Housing Starts & Existing Home Sales. Source: St. Louis Fed.* **Sentiment**:. *Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAII* **Autos**: *Auto Sales. Source: St. Louis Fed.* **Employment**: *Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed.* **PMI**: *Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM.* **Retail Sales**: *Advance Retail Sales. Source: St. Louis Fed. * 10 year – 3 month Treasury spread inverted on 11/2/22.*

ADP Payrolls

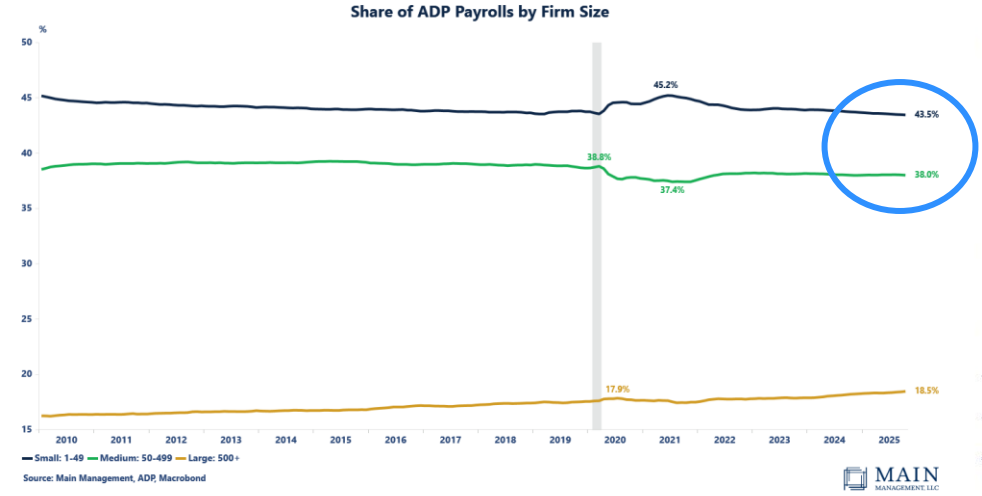
Total ADP Payrolls rose +42k in October, above forecasts for a +25k reading (left). September was revised slightly higher to -29k. While the headline figure shows solid employment growth, looking underneath reveals that only Large firms (500+ persons) added jobs. They added +74k, the most since October 2024. Small and Medium firms shed a combined -32k jobs. Small firms (1-49 persons) have lost jobs in 5 out of the last 6 months while Medium firms (50-499 persons) have been down 4 out of the last 5.

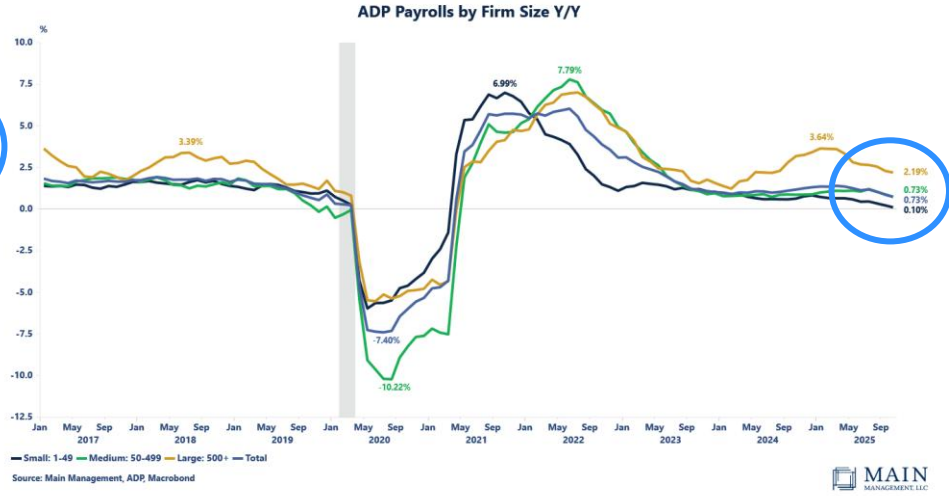




Size & Industry Breakdown

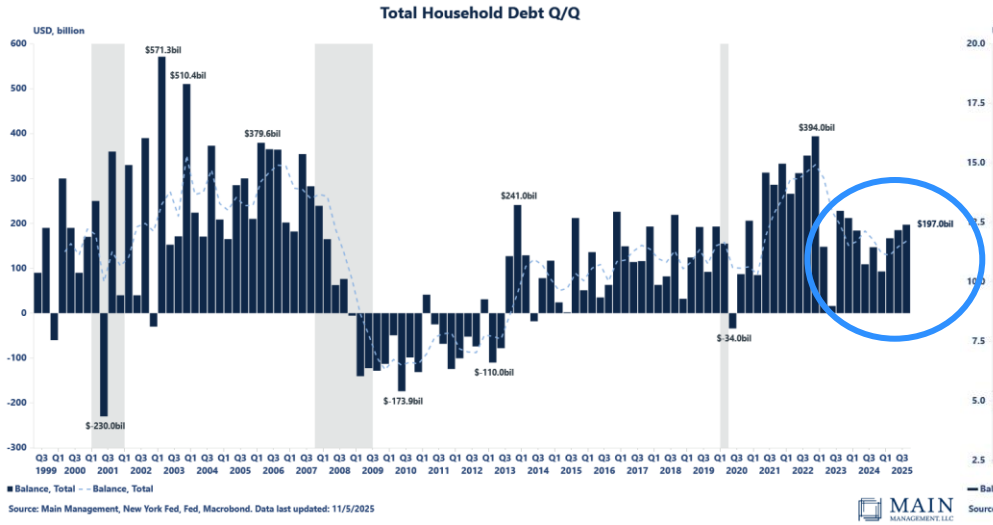
While it's good to see Large firms posting employment gains, the concern here is that Small and Medium firms account for 81.5% of employment. Large firms are the remainder at 18.5%, their highest share ever – and they've been gaining steadily. However, for the labor market to be deemed truly healthy, we'd like to see Small and Medium firms resume hiring in earnest, as they employ the vast majority of persons. On a Y/Y basis, Total ADP Payrolls have slowed to just +0.73%, the smallest gain since April 2021! Large firms slowed to +2.19%, Medium firms to +0.73%, and Small firms are now up just +0.10%, least since March 2021.

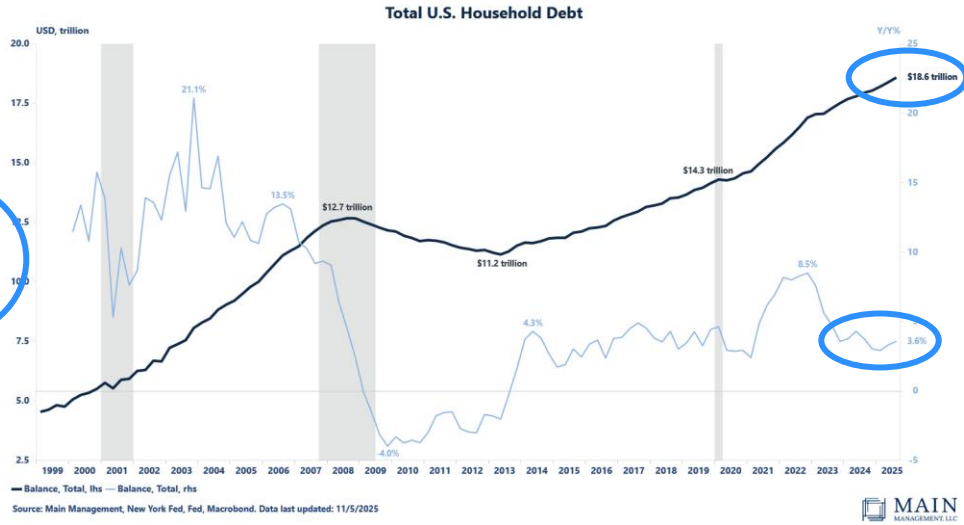




Q3 Household Debt

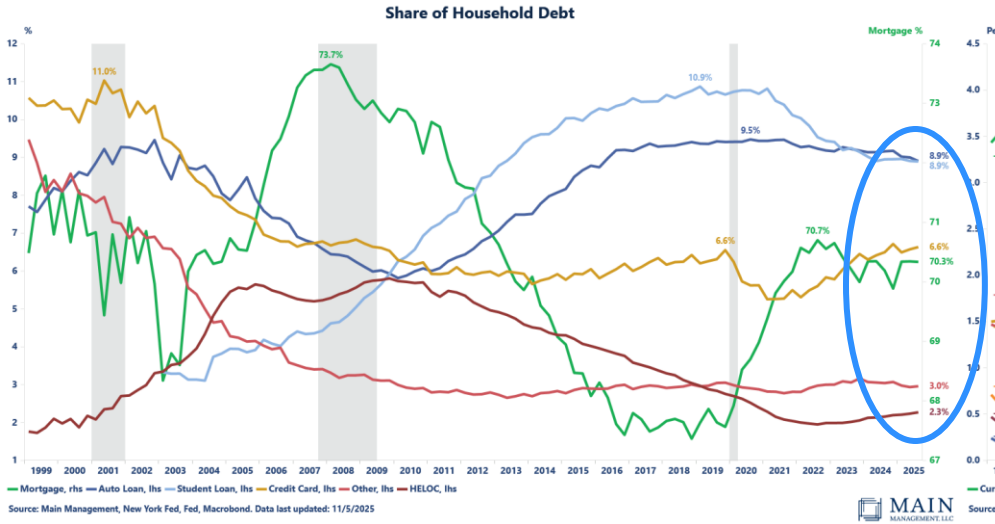
Q3 2025 Household Debt increased by +$197 billion Q/Q (left), the biggest quarterly rise since Q4 2023. Mortgage Debt was responsible for the bulk of the gain at +$137b, followed by Credit Cards at +$24b. Auto Loans were flat Q/Q and have been steadily decelerating. Total Household Debt now stands at a record high of $18.6 trillion (right), up +3.6% from a year ago. That figure is up a massive 30% from the pandemic level of $14.3 trillion. It's worth noting that from the prior peak in 2008-2009, Household Debt increased by only +12.6% over the following ~12 years, while it's taken only 5 years to jump 30% to current levels.

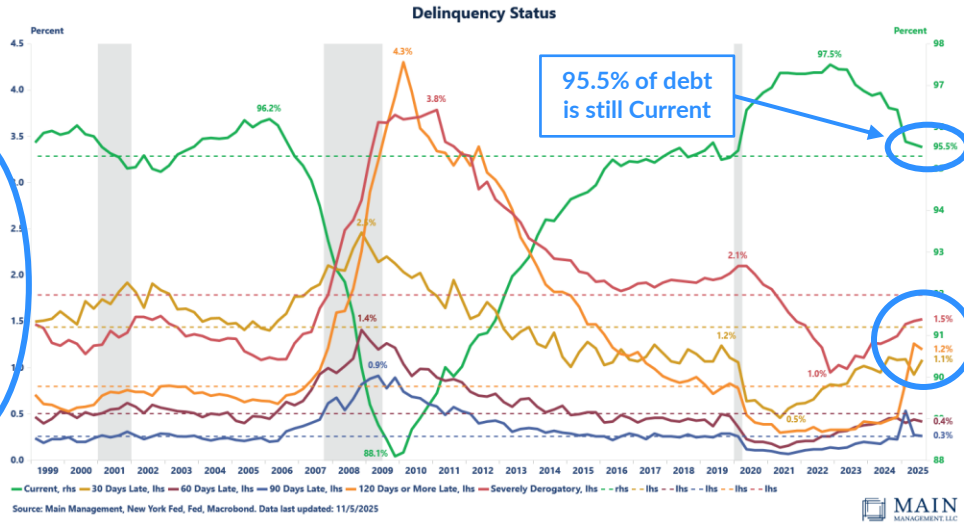




Composition & Delinquency

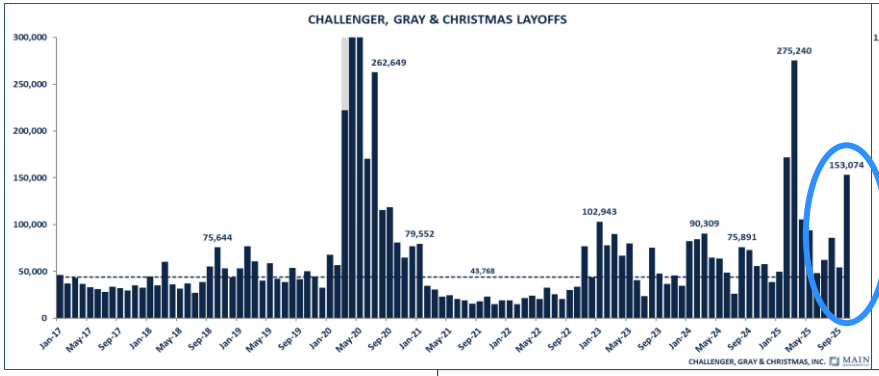
Looking at the composition (left), Mortgage Debt was basically unchanged at 70.3% share. Credit Cards increased to 6.6% and HELOC is up to +2.3%, the most in a few years. Student Loans and Auto Loans are trending lower, both at 8.9%, their lowest shares in 10-15 years. Delinquency (right) has been a rising concern, with Current (green line) declining to 95.5%, the lowest since the pandemic, but still above the median of 95.3%. 30 days late rebounded to 1.1% (med 1.4%). 60 days late ticked down to 0.4% (med 0.5%). 90 days late was unchanged at 0.3%, equal to its median. 120 days late moved back down to 1.2% but remains well above its median of 0.8%. Severely Derogatory has been rising steadily, now at 1.5% which is the highest since Q3 2021 but still below its median of 1.8%.

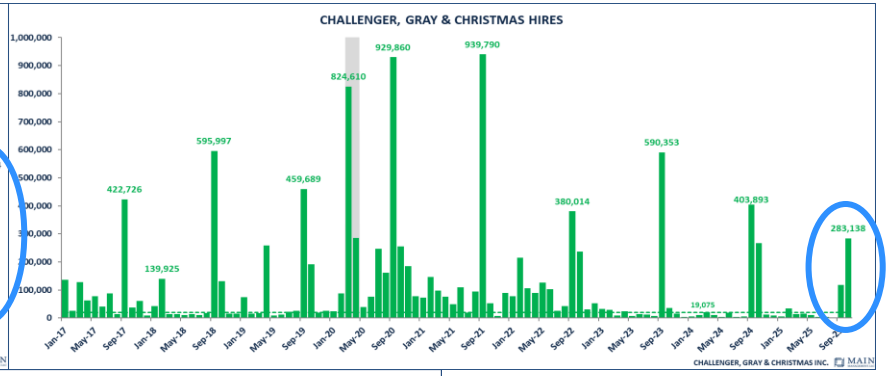


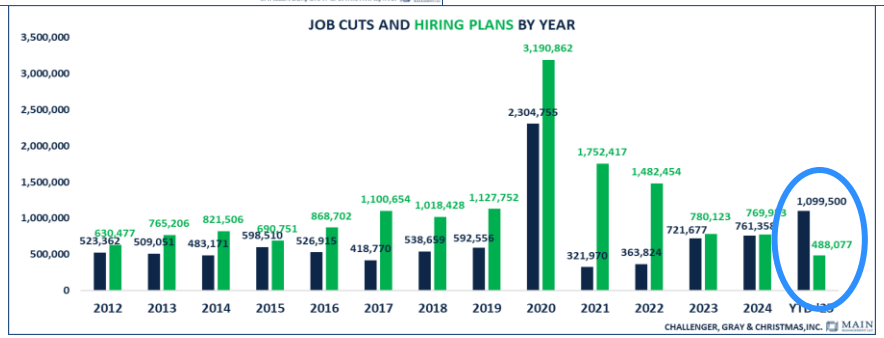


Job Cut Announcements

Challenger, Gray & Christmas Job Cut Announcements unexpectedly spiked to 153,074 in October, the highest October in over 20 years (top left). Hires also saw a seasonal spike to 283,138 (top right). However, the usual seasonal hiring between September and October amounted to just 400k this year versus the historical Sept+Oct average of 663k, a -40% decline! On a YTD basis, Cuts now stand at 1,099,500, the highest since 2020, while Hires are at 488,077. With the seasonal hiring now mostly behind us, it looks like 2025 may very well prove to be the first year where cuts outpace hires.

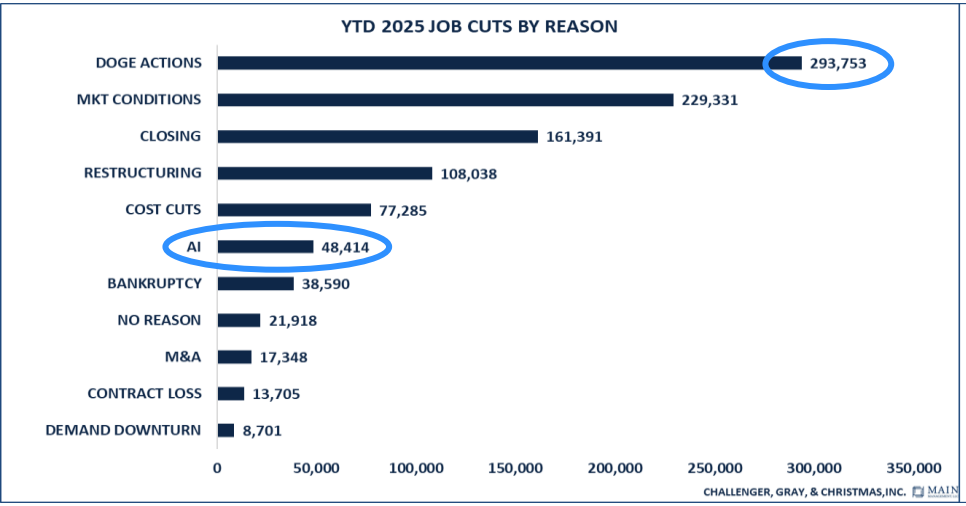


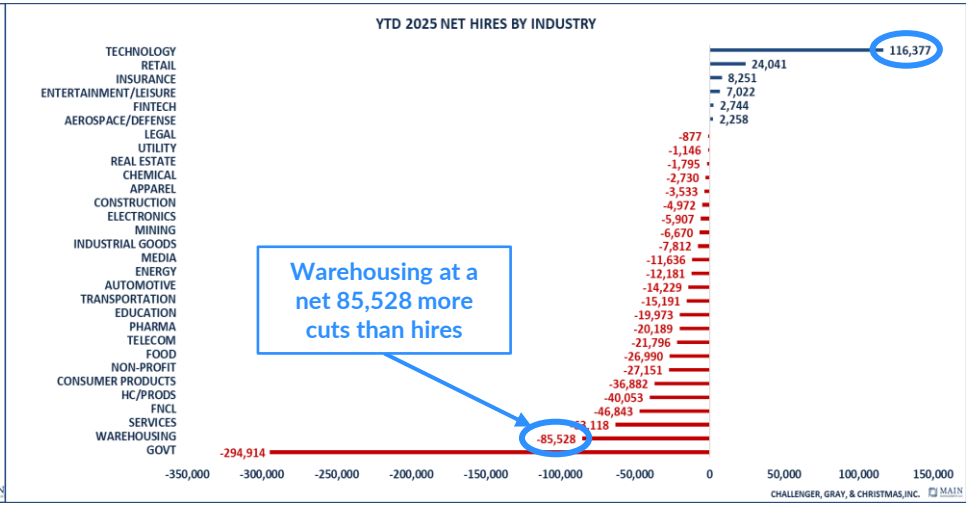




Where are the Cuts?

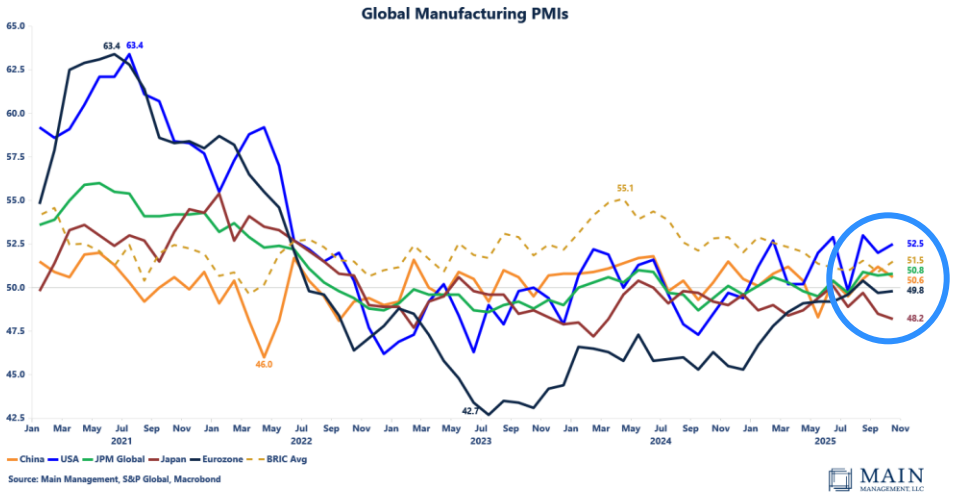
As to why companies are cutting (left), DOGE remains the biggest culprit at 294k cuts YTD. However, the number of cuts attributable to DOGE fell to ZERO in October, which to us says that they have run their course. On the other hand, AI wasn't a reason cited at the beginning of the year but is now cited as being the reason behind nearly 50k cuts YTD. On an industry basis (right), Technology leads the way with a net +116k more hires announced than cuts YTD, followed by Retail at +24k. Government will likely finish the year the most net negative due to DOGE. Outside of Government, Warehousing is the 2nd worst, having announced 90,418 cuts versus just 4,890 hires YTD, likely due to AI/productivity developments (think about a forklift operating in a static warehouse – pretty easy to automate, especially when you consider Waze has self-driving cars working very competently within live cities).

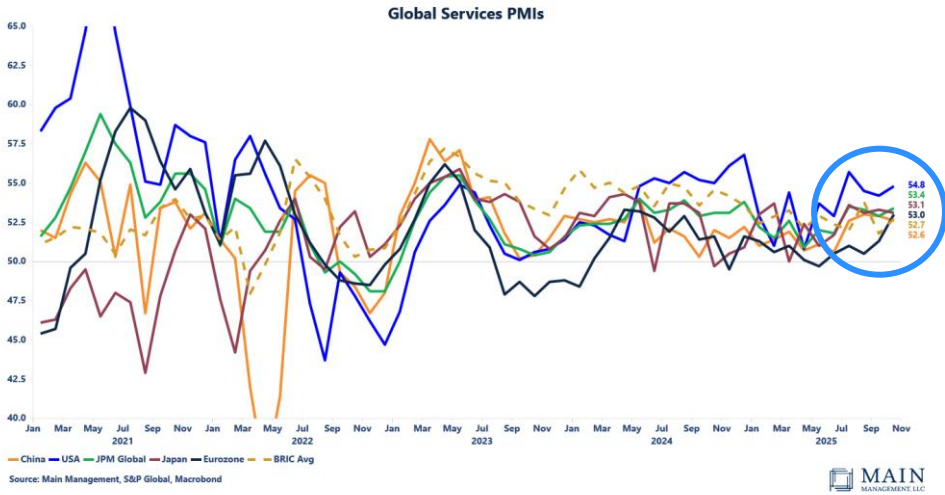




October PMIs

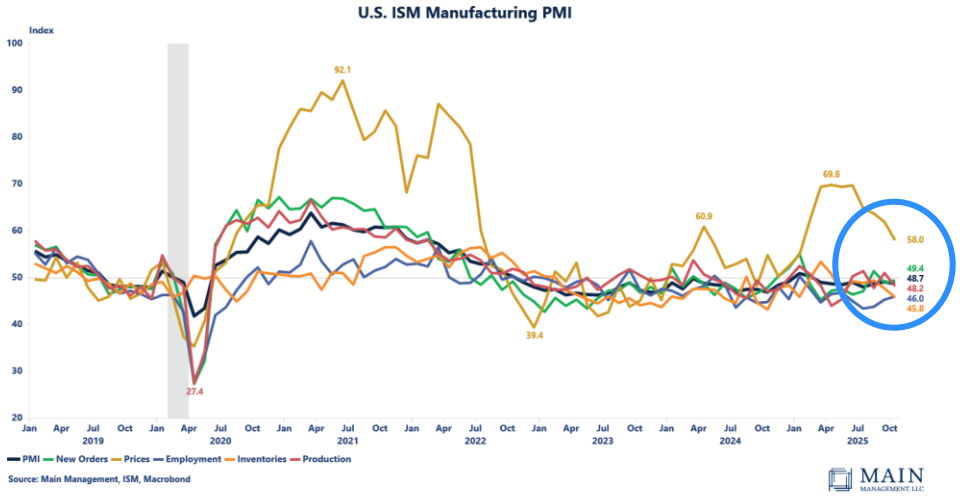
October PMIs were more up than down. On the Manufacturing side (left), the U.S. improved to 52.5. China ticked down to 50, as did Japan to 48.3 (lowest since March 2024). The JPM Global Index inched up to 50.8 and the Eurozone is up to 49.8, trying to break back above 50. The BRICs average improved to 51.5 despite China. For the Services sector (right), the U.S. moved up to 54.8, downwardly revised from flash 55.2 but still above initial expectations for 53.5. China moved down to 52.6, as did Japan to 52.4. The JPM Global Index rose to 53.4 and the BRICs average to 52.7. Notably, the Eurozone hit 53.0, its best since May 2024!

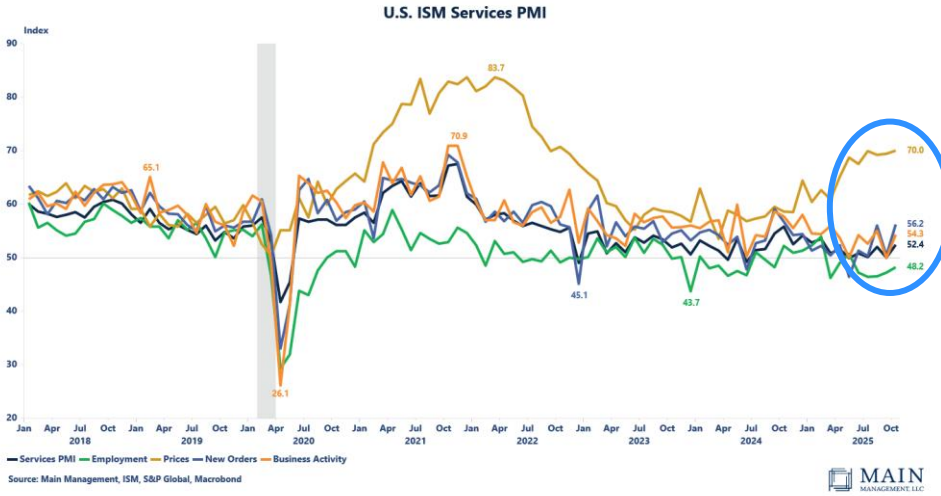




U.S. ISM PMIs

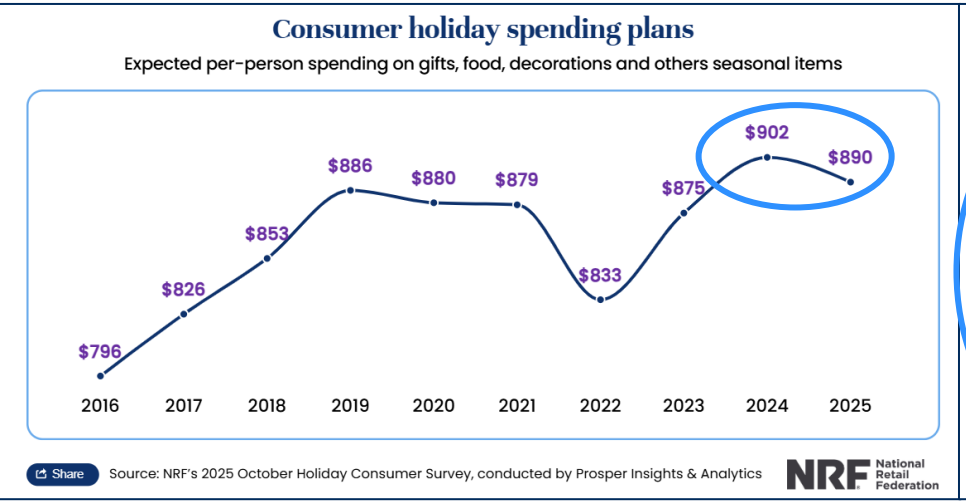
The U.S. ISM PMIs (broader in scope than the S&P PMIs) showed a mixed picture in Manufacturing (left) and a more positive reading in Services (right). Within the Manufacturing components, New Orders and Employment improved while Prices, Inventories, and Production weighed on the overall reading and brought it down to 48.7 in October. Only Prices are above 50 (expansion territory), which isn't ideal. On the Services side, every component improved. The headline Services PMI is now at 52.4, the best since February. Prices are up to 70.0, the highest since October 2022 (not ideal here either). Employment remains in contraction, though.

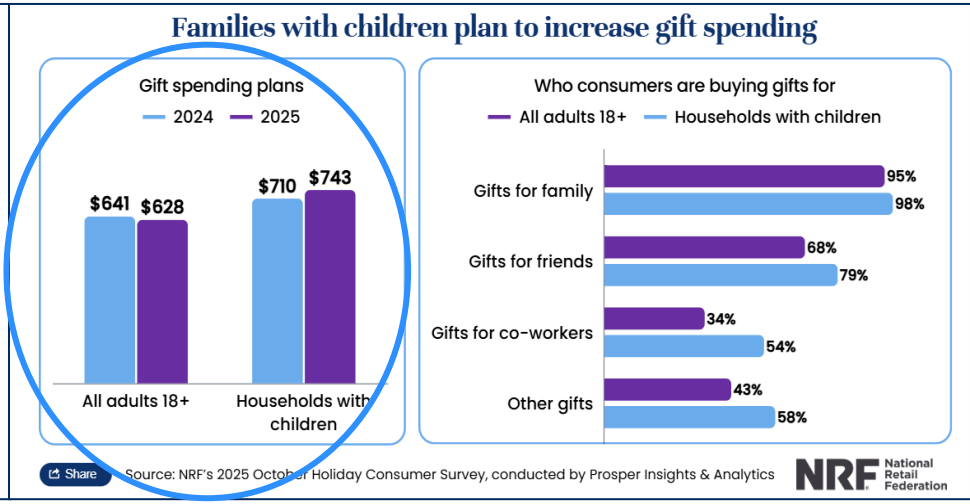




Holiday Spending Plans

The National Retail Federation and PWC are both forecasting declines in holiday spending. The NRF shows that consumers plan to spend $890 this year (left), down from $902 in 2024 (-1.3%), but that's still the 2nd highest level on record. $628 will go to gifts and the remainder to seasonal items (décor, food, etc). There's an interesting bifurcation, though. Families with children are planning to spend +4.6% more on gifts while those without are planning to spend -2.0% less. PWC conducted their survey in June when tariffs were more front-of-mind, but their respondents were also forecasting a drop of -5% in average holiday spend. The graphics below are from the National Retail Federation's report.





Summary

- ADP Payrolls added +42k jobs in October, driven only by large firms which added +74k jobs while small and medium firms shed -32k jobs.
- Q3 2025 Household Debt rose +$197b Q/Q to a new high of $18.6 trillion.
- Challenger Job Cut Announcements surged unexpectedly in October to 153,074, the biggest October in 20 years. It looks as though 2025 will be the first full year where cuts outnumber hires.
- October PMIs were more up than down, with Services better on the margin.
- The Q4 2025 retail season is forecasted to be a bit softer than 2024, with both the NRF and PWC surveys indicating consumers will spend less.
- Upcoming key data remains TBD, but here's what's scheduled:
  - NFIB (Tuesday)
  - Headline & Core CPI (Thurs)
  - Headline & Core PPI (Fri)

Appendix

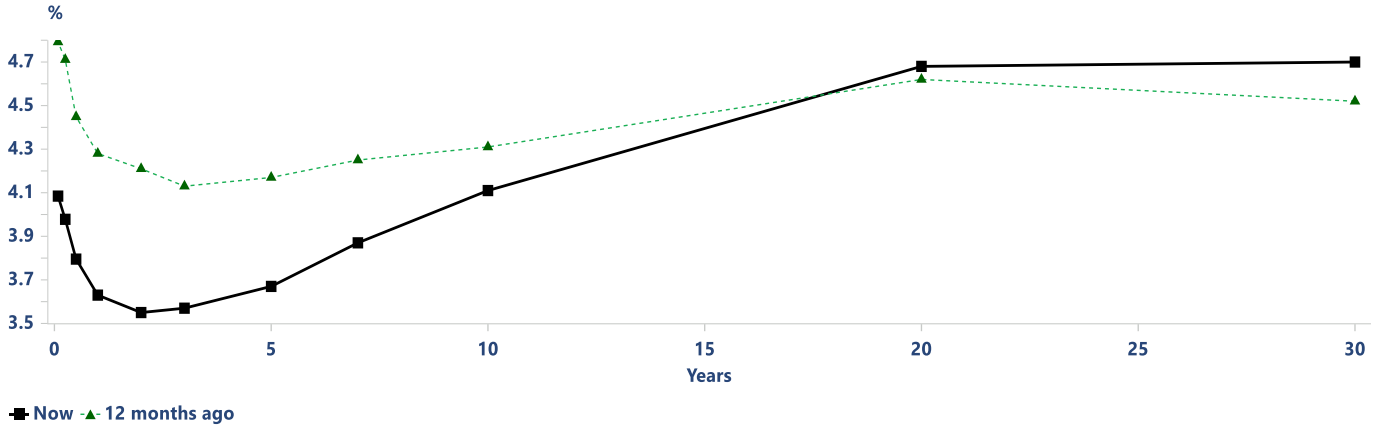
MAIN
MANAGEMENT, LLC

Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD

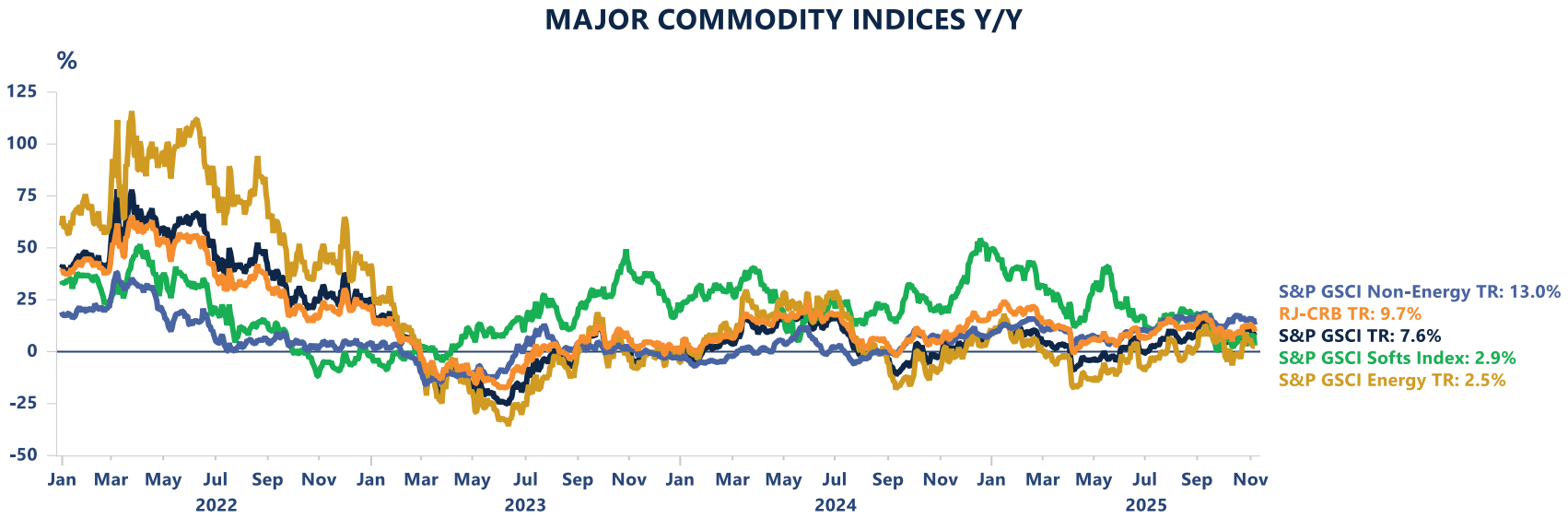
Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 11/7/2025

US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 11/7/2025

Inflation Watch



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCan, ICCO, ICO, USDA, MIAX, TREA, TMX, Macrobond. Data last updated: 11/7/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Silver	0.4	26.8	65.1	46.4
Gold	2.3	17.6	52.6	44.9
Coffee	1.5	32.8	24.1	58.6
Copper	-0.3	11.2	23.0	10.8
Natural Gas	31.1	44.8	19.9	63.2
Soybeans	7.2	12.7	9.4	9.9
Bitcoin	-17.1%	-11.2%	8.4%	46.1%
BBG Commodity Index	1.6	6.7	8.4	8.0
S&P GSCI	1.2	3.6	6.7	7.9
Gasoline	5.6	-6.0	-1.8	-3.9
Lumber	-12.6	-21.3	-2.3	-4.0
Cotton	2.7	-1.6	-5.6	-7.7
Corn	2.3	12.4	-6.5	2.4
US Dollar (DXY)	2.1	1.0	-8.1	-3.6
Crude Oil	-3.0	-7.9	-16.8	-17.0

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 11/6/2025

Disclosures

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