MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: December 19, 2025

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MAIN MANAGEMENT, LLC

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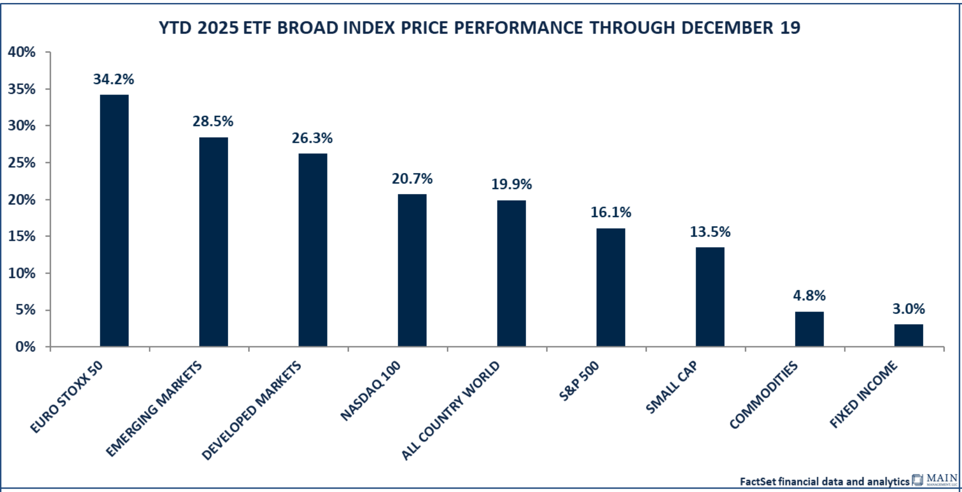
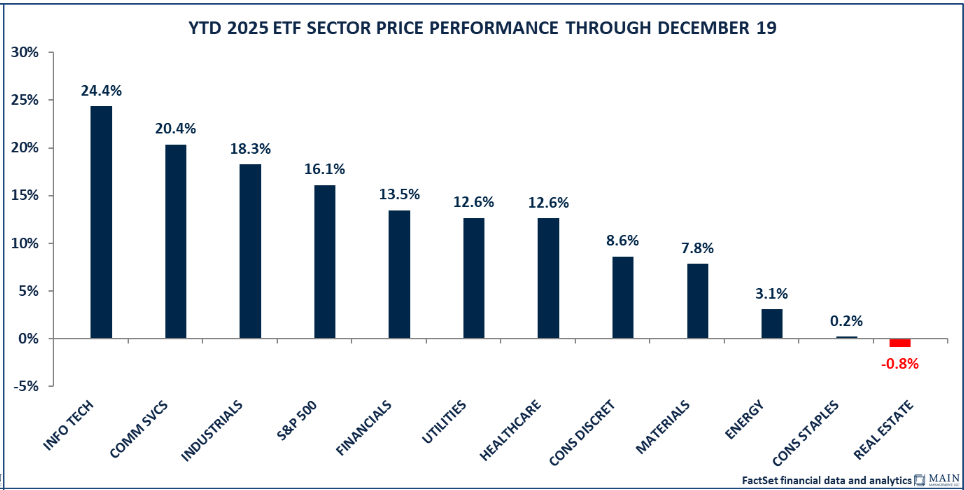
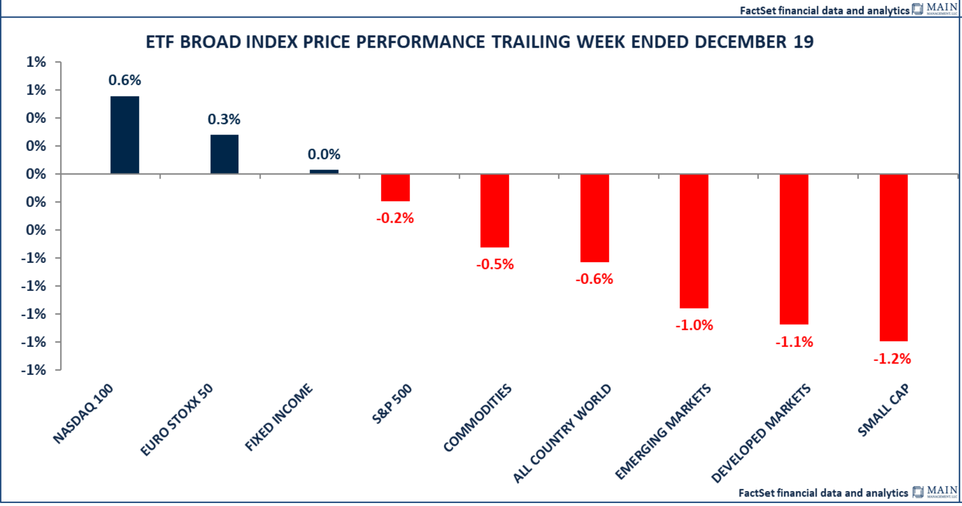
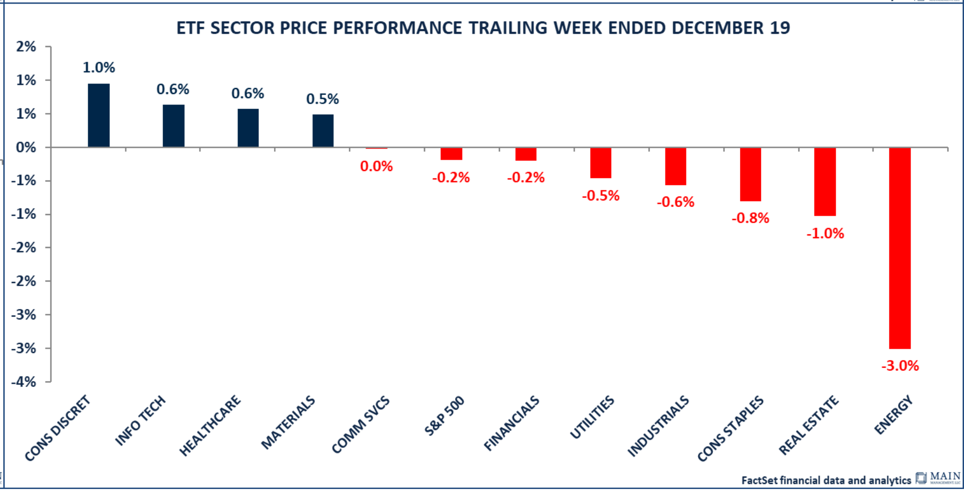
Performance









Recession Dashboard

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	↑	↑	↔	↔	↑	↔	↑	↔	↔
DEC 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

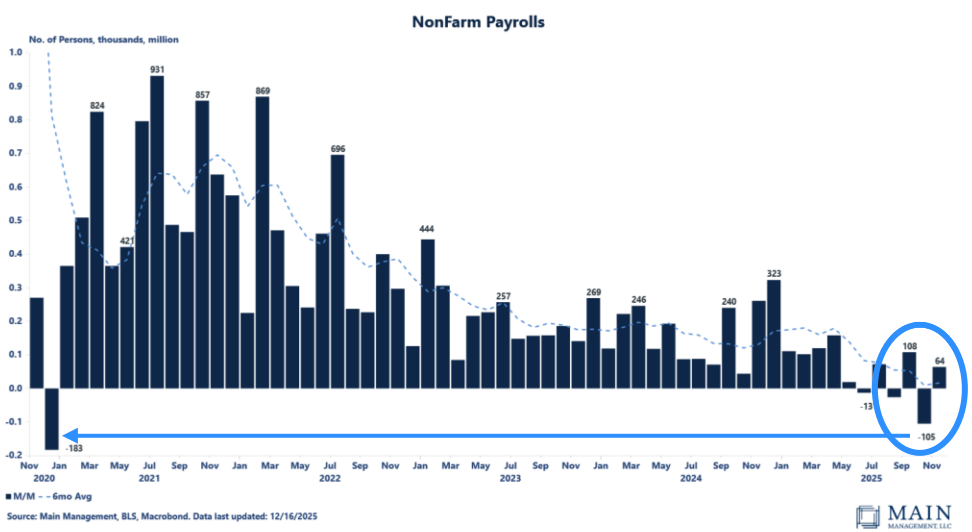
Overall:

↑ *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.*

NonFarm Payrolls

NonFarm Payrolls were finally released this past week and showed that October shed -105k jobs, the most since Dec. 2020, while November rebounded, adding +64k jobs (left). The Labor Force grew by +323k and Household Employment by +96k. The Unemployment Rate jumped to 4.6%, the highest since Sept. 2021 and above forecasts for a 4.4% reading. The Participation Rate increased to 62.5% while Wages slowed to 3.51% Y/Y, the smallest increase since May 2021. Overall, we're seeing ongoing moderation in the labor market, which isn't news to anyone at this point.



US Employment

(All population/employment figures in 000s)

	November 2025	Prior Mo	12mo Ago	Y/Y	M/M
Total Nonfarm Employment	159,552	159,488	158,619	0.6%	0.0%
Total Nonfarm Employment (Δ From Prior Period)	64	-105	261		
Civilian Non-Institutional Population	274,633	274,226	269,463	1.9%	0.1%
Civilian Non-Institutional Population (Δ From Prior Period)	407	0	174		
Civilian Labor Force	171,571	171,248	168,304	1.9%	0.2%
Civilian Labor Force (Δ From Prior Period)	323	0	-124		
Participation Rate	62.5%	62.4%	62.5%	0.0%	0.2%
Employed (Household data)	163,741	163,645	161,183	1.6%	0.1%
Employed (Household data) (Δ From Prior Period)	96	0	-273		
Employed / Population	59.6%	59.7%	59.8%	-0.3%	-0.1%
Unemployed	7,831	7,603	7,121	10.0%	3.0%
Unemployed (Δ From Prior Period)	228	0	149		
Unemployment Rate (U3)	4.6%	4.4%	4.2%	9.5%	4.5%
Unemployment Rate (U6)	8.7%	8.0%	7.7%	13.0%	8.7%
Part-time for Economic Reasons	5,488	4,579	4,469	22.8%	19.9%
Want A Job Now (Δ From Prior Period)	-18	0	-197		
Not in Labor Force	103,061	102,978	101,159	1.9%	0.1%
Not in Labor Force (Δ From Prior Period)	83	0	298		
Not In Labor Force / Population	37.5%	37.6%	37.5%	0.0%	-0.1%
Δ in NFPs Less Those Leaving the Labor Force	-19	-105	-37		
Average Hourly Earnings	$36.86	$36.81	$35.61	3.5%	0.1%
Average Hourly Earnings (Y/Y change)	3.51%	3.75%	4.15%		
Private Weekly Hours Worked	34.3	34.2	34.3	0.0%	0.3%
Manufacturing Weekly Hours Worked	40.0	39.9	40.1	-0.2%	0.3%
Total Private Diffusion Index (256 Industries, 1mo Span)	56.8	51.2	58.6	-3.1%	10.9%
Manufacturing Diffusion Index (74 Industries, 1mo Span)	46.5	43.8	47.9	-2.9%	6.2%

Source: Main Management, BLS, Macrobond. Data last updated: 12/16/2025

Unemployment & Wages

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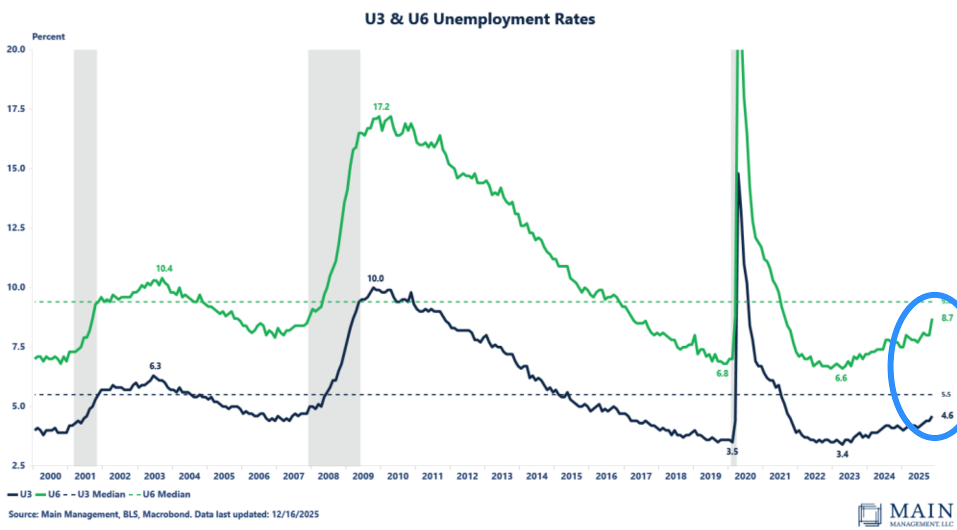
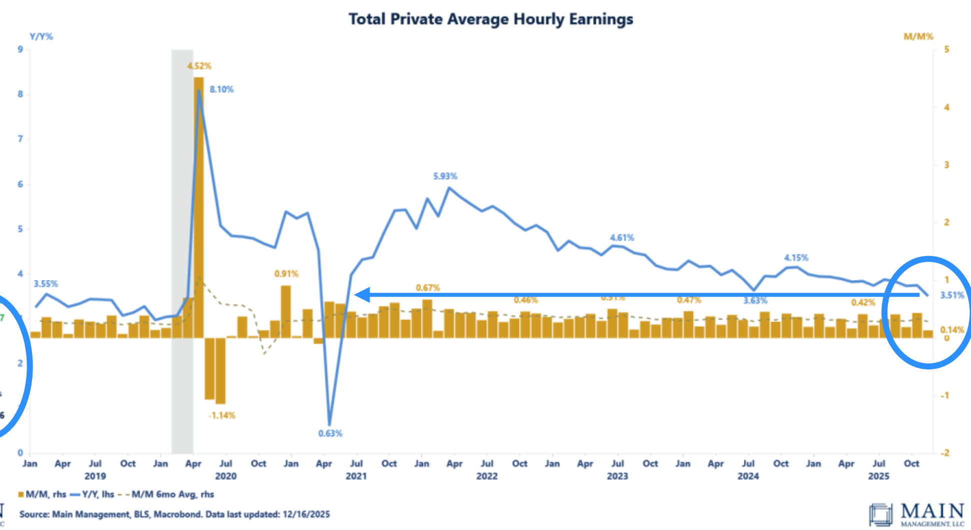
There were good and bad aspects to the NFP report. On the negative side, the headline U3 Unemployment Rate rose to 4.6% (left), well above forecasts for a 4.4% reading and the highest since Sept. 2021. The broader U6 rate jumped to 8.7%, the highest since Aug. 2021. Wages (right) posted a meager +0.14% M/M gain, the smallest since Feb. 2022 and solidly below forecasts for a +0.3% figure. The Y/Y figure slowed to just +3.51%, the smallest gain since May 2021 and back in line with pre-covid levels.

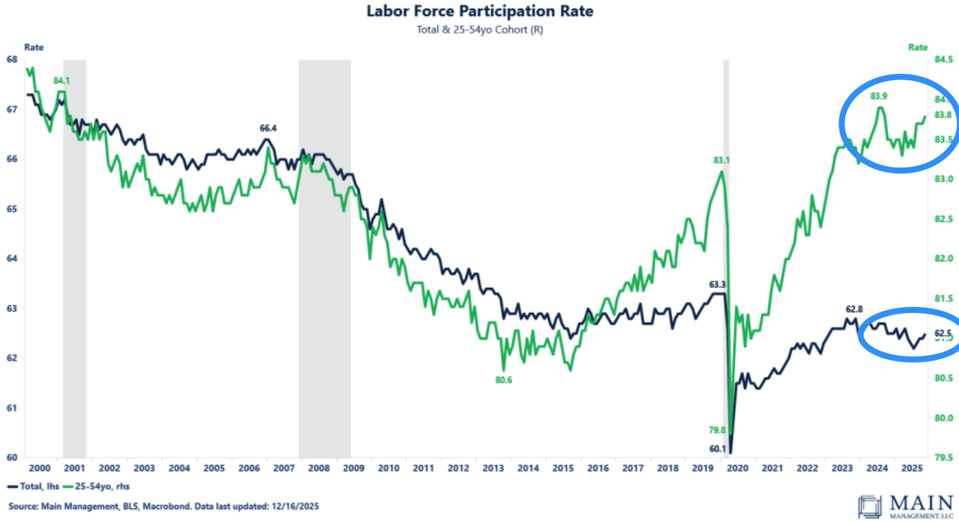


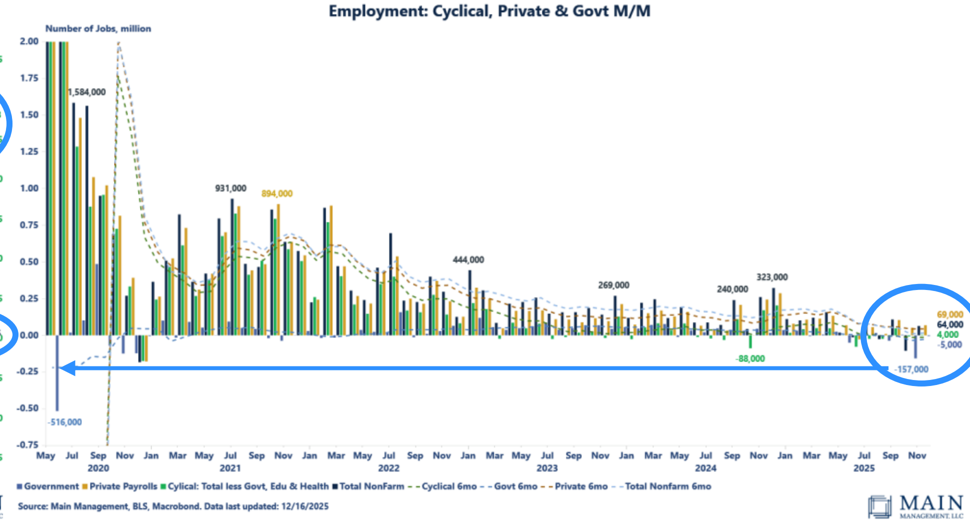


Negative

Participation & Govt Payrolls

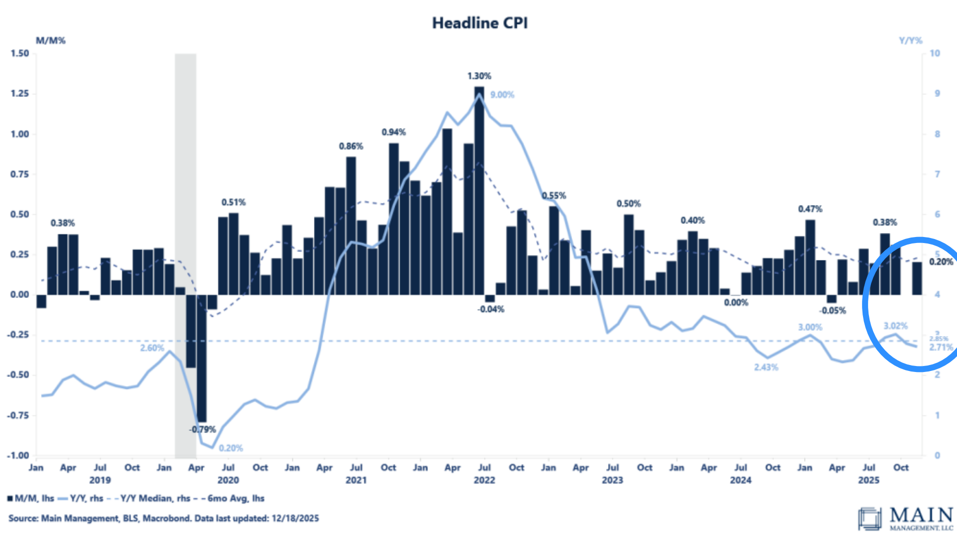
The Participation Rate (left) was one of the more positive aspects in the report, as the rate for the 25-54yo prime working-age cohort is back up to 83.8%, the 2nd best reading since May 2001 (behind only July/Aug. 2024)!! The Overall Participation Rate improved to 62.5%, a 6mo high. It's also worth noting that the -105k drop in October in total payrolls was entirely due to Government, which shed -157k jobs, the most since May 2020! Private Payrolls actually added +52k jobs and have averaged +44k over the last 6mos for a total of +264k jobs. Meanwhile, Government has averaged a decline of -27.3k jobs per month for a total decline of -164k! It's good to see the private sector continuing to post pretty consistent gains as it comprises around 85% of total employment.

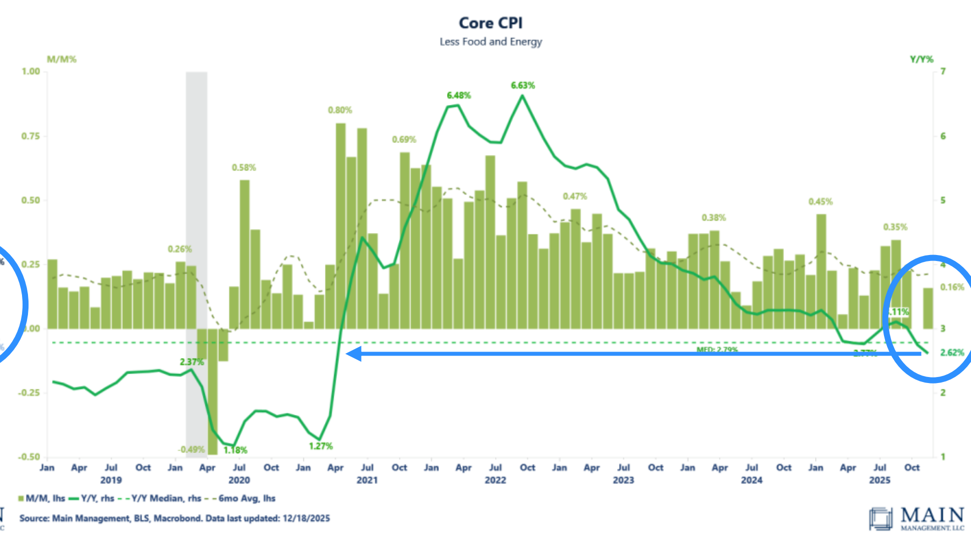




CPI

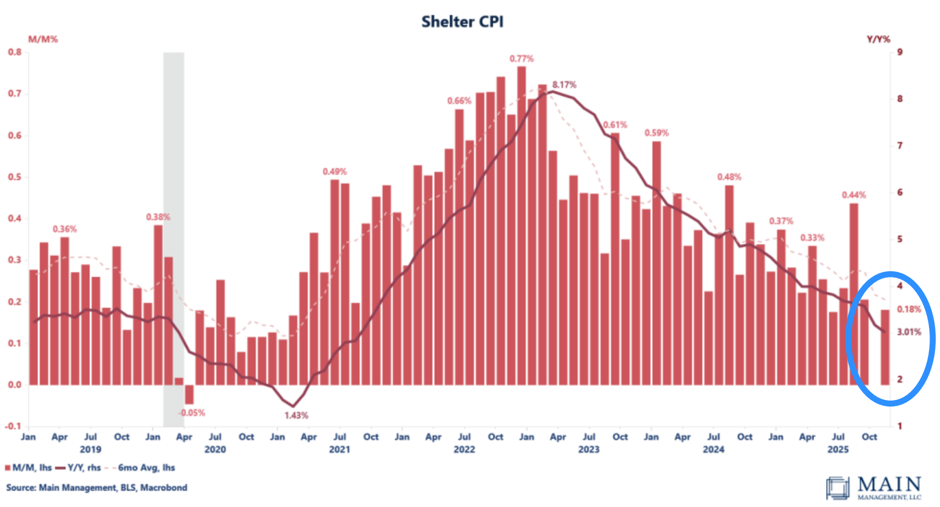
The much-delayed CPI report was also released this past week. The BLS basically just omitted any October readings (thus the gaps on the charts) and reported November figures only. The Headline CPI reading (left) was up +0.20% M/M and slowed to +2.71% Y/Y, below forecasts for a 0.3% rise. Core CPI (right) also came in below expectations at +0.16% M/M and decelerated to +2.62%, the smallest increase since March 2021!! These readings give the Fed more room to cut…

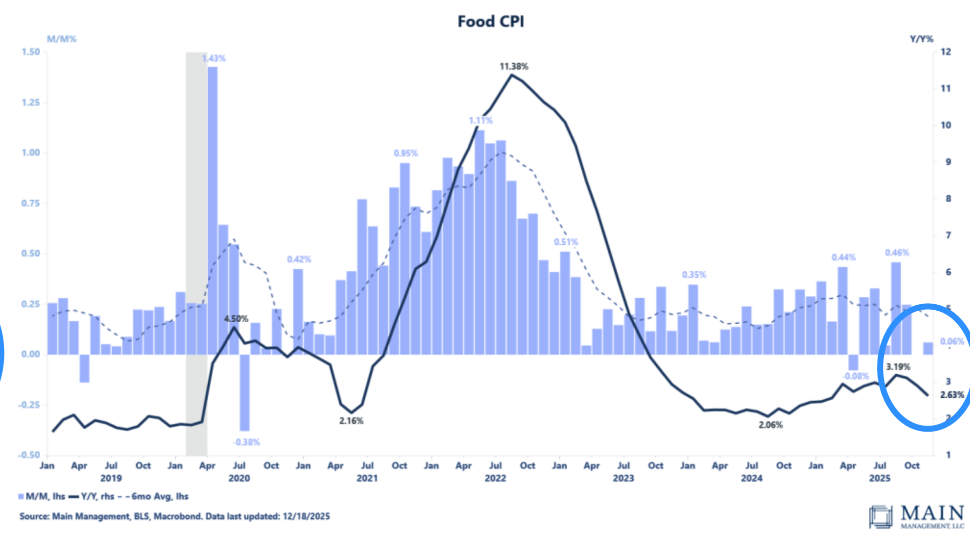




Shelter & Food

Shelter (left) was pretty sticky there for a while, but the November M/M reading was just +0.18%, the 2nd smallest monthly reading since Feb. 2021. The Y/Y figure has slowed back to +3.01%, the lowest since Aug. 2021, and is back below pre-pandemic levels. Food (right) was accelerating for a bit but has since started to slow again, up just +0.06% M/M, which brings the Y/Y figure down to +2.63%. It's worth noting that Eggs are now down -13% Y/Y after being up as much as +60% back in March 2025. How 'bout them apples (eggs)?





Positive

Goods & Services

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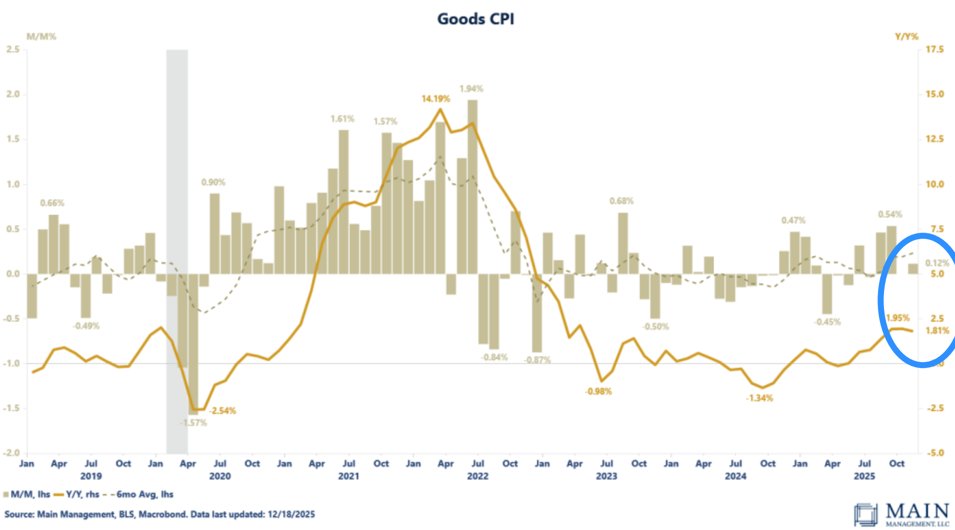
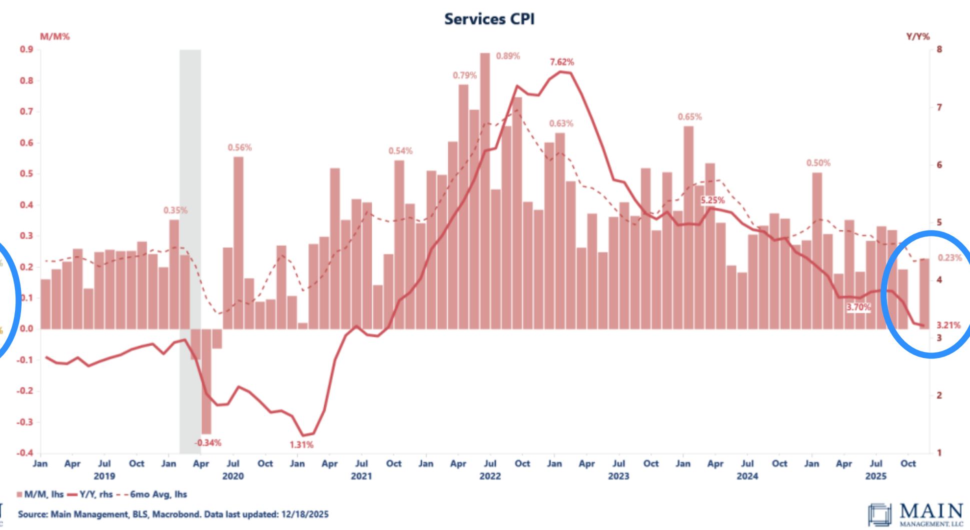
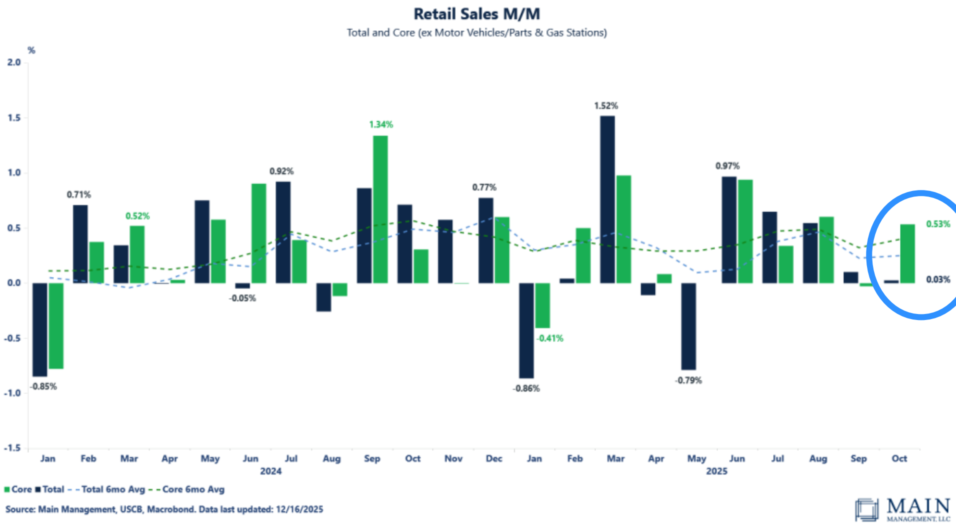
As the subject of tariffs, Goods CPI (left) got a lot of scrutiny. It's been choppily accelerating on a Y/Y basis since bottoming at -1.34% in Sept. 2024, rising to a recent high of +1.95% in Sept. 2025 but has since ticked back down to +1.81% on the back of a meager +0.12% M/M increase in November. On the right we show Services, which have been steadily slowing on a Y/Y basis and are now +3.21%, the smallest increase since Sept. 2021.

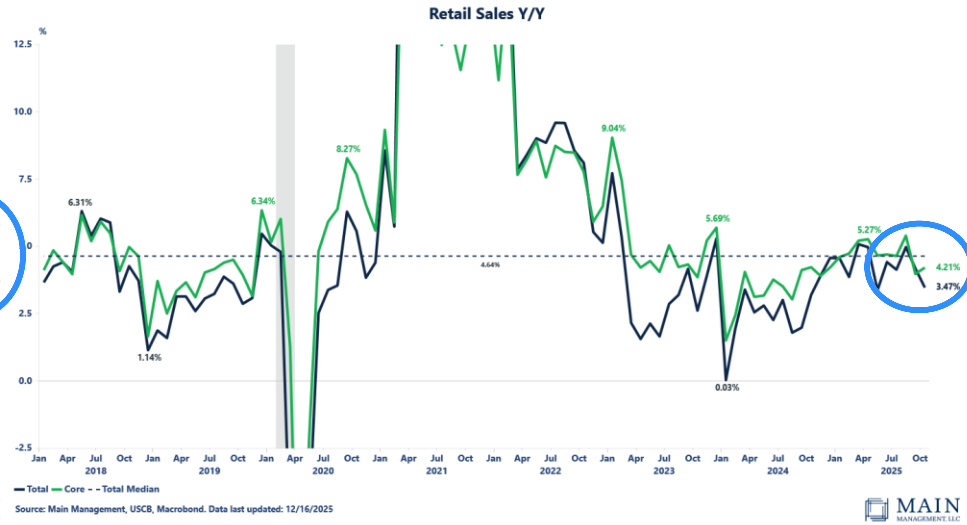




Retail Sales

Headline Retail Sales were basically flat in October (left), rising just +0.03% and missing forecasts for a +0.1% increase. The Core Group (ex Autos & Gas Stations) was up +0.53% M/M, though, accelerating from a flat September. On a Y/Y basis (right), Total Retail Sales decelerated to +3.47%, the smallest rise since May 2025, while the Core Group ticked up to +4.21%.





Sales by Category

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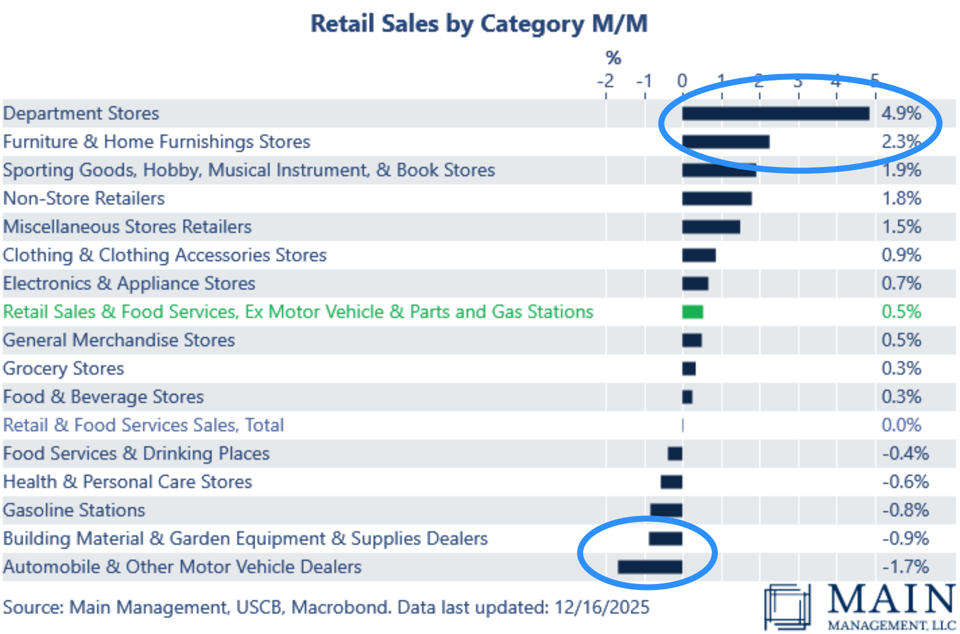
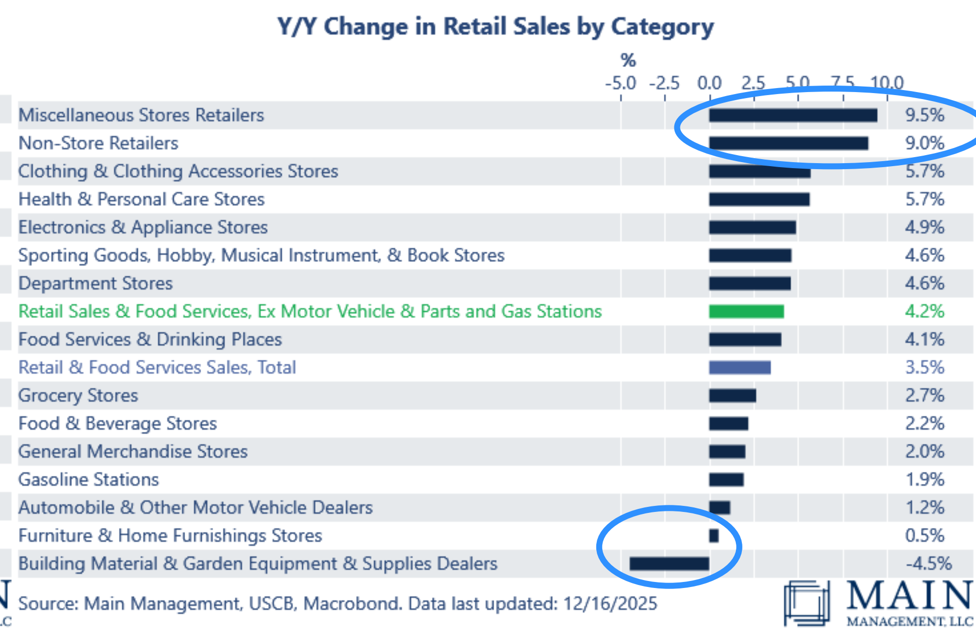
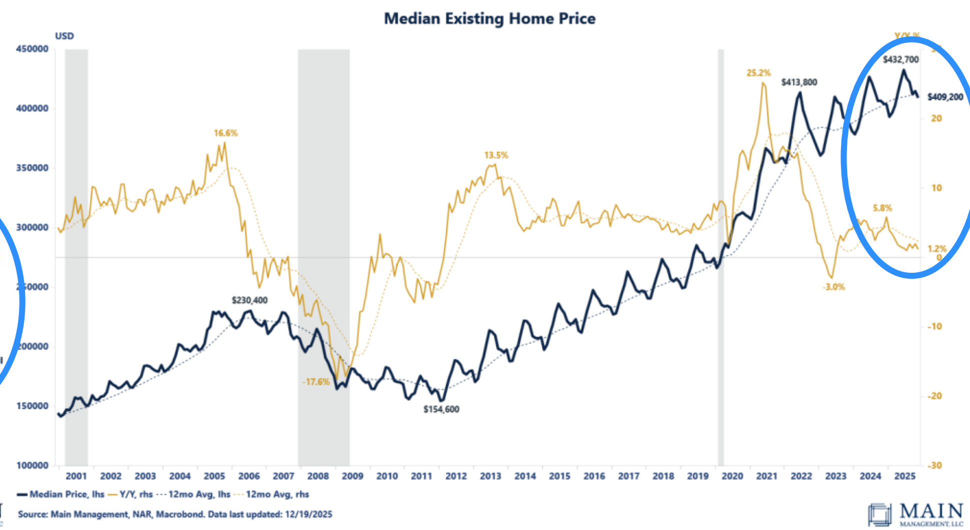
Looking through at the categories, on a M/M basis (left), Dept Stores led the way up +4.9%, followed by Furniture up +2.3%. The laggards were Autos, down -1.7% M/M, and then Building Materials/Garden down -0.9%. On a Y/Y basis, Misc Stores are up the most at +9.5% and then NonStore up +9.0%. Building Mats/Garden are down the most Y/Y at -4.5% (the only negative category) and then Furniture, which is up just +0.5%.





Existing Home Sales

Existing Home Sales increased to 4.13mil units SAAR in November (left), slightly below forecasts for a 4.2mil figure. Still, that's the 3rd straight monthly increase, the longest streak in about a year. On a Y/Y basis, they fell back into negative territory, down -1.0%. The Median Existing Home Price (right) appears to be following its seasonal trend, declining to $409,200. It's good to see that the longer-term slope has slowed from the immediate post-covid surge. Median Prices are now up +1.2% from a year ago.



Summary

- NonFarm Payrolls dropped -105k in October before rebounding by +64k in November. The Unemployment Rate hit 4.6%, the highest since Sept. 2021.

- November Headline and Core CPI readings came in below forecasts. Headline CPI is now up +2.71% Y/Y and Core is up +2.62% Y/Y, the smallest gain since March 2021!

- Headline Retail Sales were muted, up just +0.03% M/M in October, while the Core group posted a more robust +0.53%, led by Dept. Stores.

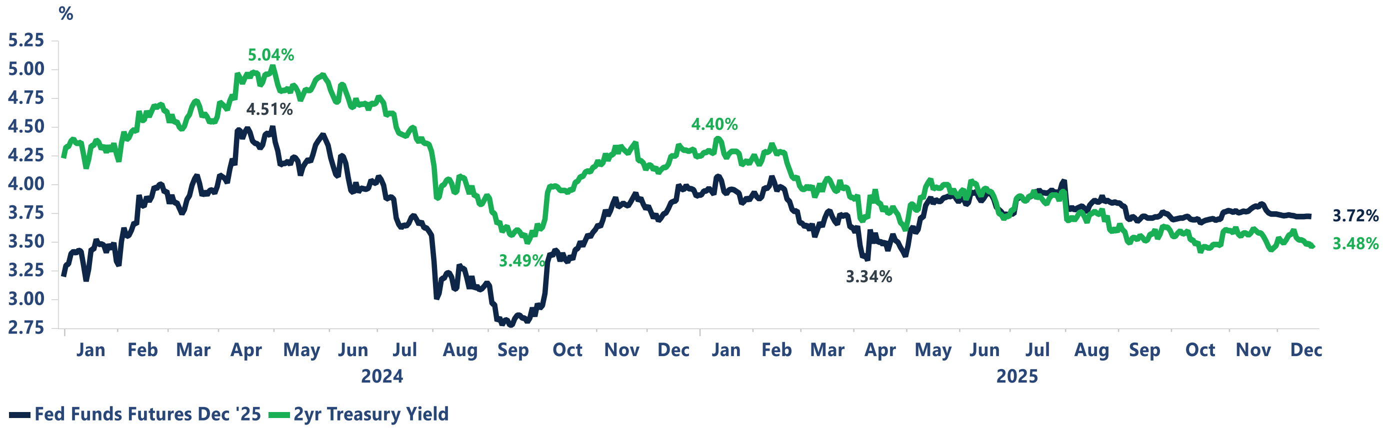
- Existing Home Sales posted their 3rd straight M/M gain, rising to 4.13mil units in November, but still below forecasts. Price increases have slowed, which will hopefully help buyers enter the market.

- Upcoming key data:
  - Q3 GDP (Tues)
  - Durable Goods (Tues)
  - Industrial Production (Tues)

Appendix

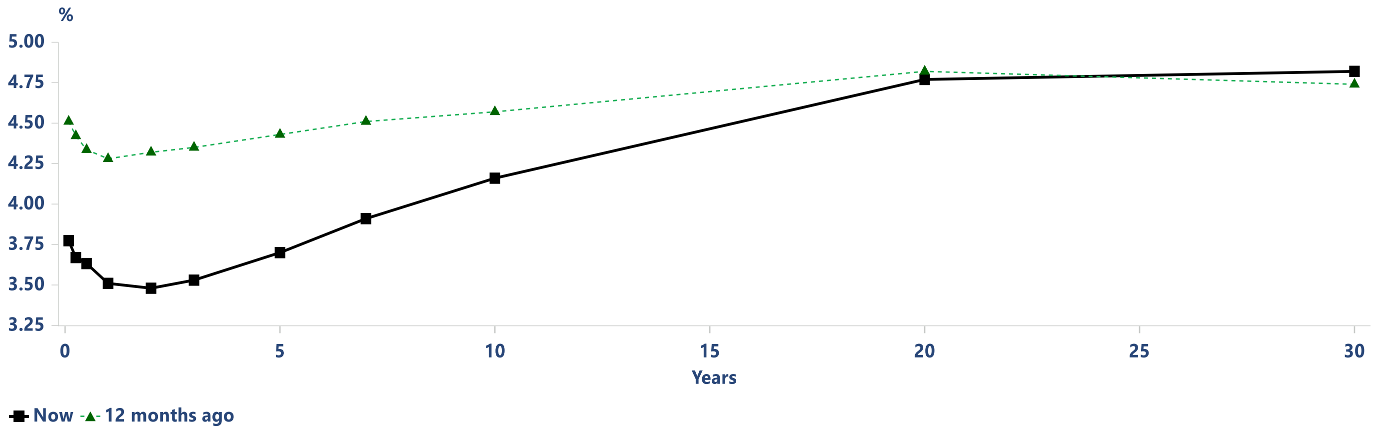
Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 12/19/2025

US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 12/19/2025

Inflation Watch

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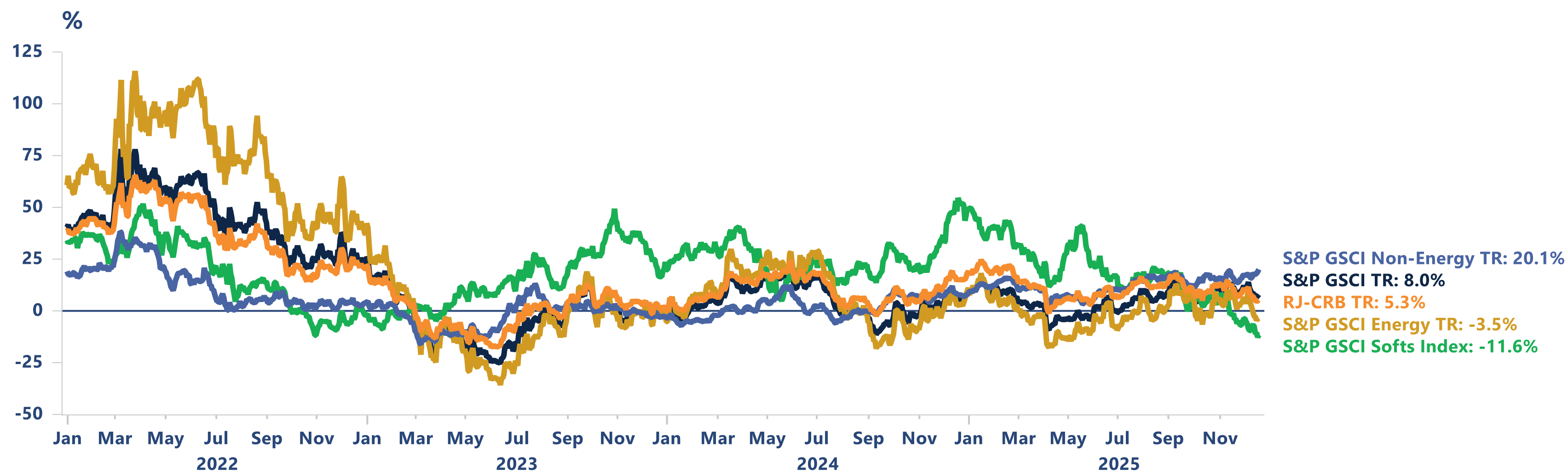
MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCan, ICCO, ICO, USDA, MIAX, TREA, TMX, Macrobond. Data last updated: 12/19/2025

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Commodity	1 Month	3 Months	YTD ↓	1 Year
Silver	27.6	54.8	123.2	111.3
Gold	7.1	18.4	66.3	63.8
Copper	9.7	18.5	35.9	32.3
BBG Commodity Index	-0.7	3.7	9.5	10.9
Coffee	-14.2	-11.1	8.0	6.1
Natural Gas	-10.4	26.1	7.6	18.1
Soybeans	-9.1	0.8	5.4	7.7
S&P GSCI	-2.7	-1.3	5.1	7.4
Lumber	2.1	-1.8	1.2	3.1
Corn	2.3	4.2	-3.1	0.2
Cotton	1.8	-3.6	-7.1	-7.5
Bitcoin	-7.2%	-26.6%	-8.5%	-19.5%
US Dollar (DXY)	-1.2	1.6	-9.3	-8.0
Gasoline	-14.5	-16.1	-15.0	-12.5
Crude Oil	-6.5	-12.4	-21.9	-19.9

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 12/18/2025

Disclosures

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