



Weekly Update

26-Nov-2025

Carlisle C. Wysong, CFA

Managing Partner

- The positive narratives are back!
- The market believes in Google even as it might doubt Nvidia
- The balance of the Fed has shifted
- Yeah (snort), it's about the money
- Volatility is back, large Outlier moves are not
- Employment not as bad as feared
- Business surveys are mixed
- Existing Homes are now more expensive than New Homes
- Retail Sales slip heading into the holidays
- Quick Hits
- Where did all the crypto money go?
- Chart Crime of the week
- Happy Thanksgiving!

	Last	5d %	YTD %	1yr %
S&P 500	6,813	4.2%	16.8%	14.5%
QQQ	\$614.27	4.9%	20.6%	21.3%
US 10 YR	4.00%	14.00%	4.57%	4.18%
USD/DXY	99.5	100.2	108.5	106.1
VIX	17.2%	23.8%	17.4%	13.3%
Oil	\$58.88	-0.5%	-17.9%	-14.7%

*10yr, DXY, and VIX are levels not changes

** Oil is front month futures, beware

The bullish narratives were back in focus this week. All of a sudden, the Federal Reserve is going to cut interest rates in two weeks. Some macro data has weakened, but the economy is still growing at an accelerating pace with modest inflation. The Artificial Intelligence trade is still bifurcated, but some winners are emerging. And there might actually be peace in (the) Ukraine (we do not believe this for one second, but apparently the market does).

The market for predicting the outcome of the next Federal Reserve's Open Market Committee has swung wildly back in favor of a cut. The probability has gone from 94% a month ago to 30% last week to 85% now.

Backwards-looking economic data has softened somewhat. But we think the market is acknowledging that the economy has some weak spots but is generally on a good trajectory. The Atlanta Fed has 3Q GDP growing 3.9% (sequential quarter vs quarter, annualized). Goldman Sachs is just a bit below this at 3.7%. As we always note, the best market environment is when the economy is growing and the Fed is cutting rates. Strong Walmart earnings are another sign of a good economy (even though lower-end consumer spending has slowed, higher income consumers are increasing their shopping at WMT).

The Artificial Intelligence debate is as contentious as ever. Nvidia's great earnings were ultimately met with skepticism. The company even directly refuted the accounting-gimmick claims of the short sellers: Many of its 6-year-old chips are still being used today (and thus they do not need to be depreciated on a 2-year cycle as the short-sellers assert). And Nvidia is still not banking on any sales to China. But Trump is pushing Congress to no longer limit chip sales to the communists. The relationship between Trump and Xi is becoming a little chummier. But it turns out that the real story is that Nvidia may have some real competition from Google. Nvidia's biggest customers have long said they are building their own chips (Microsoft, Amazon, and Google). But the market did not give this much thought: The Nvidia software platform intertwined with its chips was too strong and embedded across the ecosystem. However, there are reports that Meta is looking to buy Google's TPU chips to deploy in its new data centers. This story likely has lots of holes. But even the notion that Nvidia has competition is enough to dampen the enthusiasm. We do not think this is a game-changer yet. But we do think Google is better positioned (thus it has overtaken Nvidia as our largest position). Not to mention, the Salesforce founder, Marc Benioff, commented that Google's new Gemini 3.0 is vastly superior to ChatGPT. We normally do not put too much into what he says (he is a serial pumper of his own products...naturally). But his commenting on an external product does carry some weight.

➤ The balance of the Fed has shifted

Breaking down recent statements by Fed members, it looked like it was going to be a close call. This was already evident given the volatility in the Fed Funds futures pricing. But qualitatively, we got the same result. Of the 12 voting members, four have been calling for a cut. Five have been leaning towards no action. And three members, including Chairman Powell, have been on the fence. But this all changed when NY Fed President Williams came out on Friday and declared current policy as too restrictive. The chances of a cut doubled from roughly 35% to 70%. According to Peter Bockvar (a good professional guesser), Williams would not have stated this publicly if he and Powell were not on the same page (ex-Dallas Fed President Fisher said the same thing). The NY Fed and the Chairman are almost always in sync (even though we get more dissent than ever now...these two are always the most important members and try to coordinate). Furthermore, there were media reports/leaks that Kevin Hassett was the odds-on favorite to be the next Fed chair when Powell's chairmanship expires in May (Powell will still be on the board of Governors). Obviously, all the finalists are prone to rate cuts to satisfy the boss's interest rate temperament. But Hassett is viewed positively by the markets.

For what it is worth, there are unconfirmed reports that senior banking executives have called Powell to express "grave concerns" about what is going on in Japan...the potential tinder box of monetary and fiscal policies facing off against each other. We still think this Yen-carry trade is percolating underneath the surface. Powell and gang might use it as more of an excuse to cut rates.

➤ Yeah (snort), it's about the money

We have not talked much about the Merrill Fund Manager Survey lately. But one thing in the latest report jumped out of us. For the first time in the report's history (since 2006), a majority of investors think companies are spending too much on capex and should improve their balance sheets instead. We think this might be a bit

premature in that only a few of the big companies are ratcheting up debt. But as we and almost everyone else have noted, it is a bad trend.

Chart 11: Record number of FMS investors say companies are overinvesting

% FMS say companies are overinvesting and % want companies to improve balance sheets



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

➤ Volatility is back, large Outliers are not

Everyone knows Volatility has skyrocketed lately. But oddly, excessive moves are not as clear cut. The Outlier Rank for daily changes greater than 1-standard deviation has more than doubled since the AI trade started to fade in mid-October. Over the last year, there have been 38 instances of the S&P 500 moving more than 1-standard deviation on any given day (the 1-std is 1.24% through Friday). Over the last month, there have been 10 instances! But the really weird dynamic is over the last 30 days, there have been zero instances of a market move greater than 2-standard deviations. Of course, this metric does not include intraday Volatility which has been really crazy. Another weird dynamic is that Volatility has not increased for junky stocks (using Crazy Cathie “The Woodchipper” Wood’s ARKK as the proxy). And Outliers have decreased for both 1-std and 2-std moves. This just tells us that junky stocks are always volatile. But we want to look into the up/down skew of these junky stocks as a sign of broad risk taking.

➤ Employment not as bad as feared

September’s Employment Report was strong on the headline but with some mixed data underneath. Nonfarm Payrolls increased nicely to +119k. This compares to the loss of -4k in August and the +50k expected. Most of the new jobs were in the Private sector with +97k. While Government jobs did increase by 22k, this was all on the local level (jobs declined on the federal level). Manufacturing jobs fell by 6k. Most of the job growth came from full-time jobs replacing part-time. This is a welcome sign. Of course, there were negative revisions to the July and August payrolls to the tune of -33k. The glass-is-half-full view is that these revisions are small compared to the giant ones we saw earlier in the year. Average Hourly Earnings increased +0.2% on the month which brings the annual gain to +3.8%. Average Weekly Hours were flat at 34.2 (which is still generally low).

The Unemployment Rate ticked higher to 4.4% from 4.3%. But there was a net increase of 251k jobs in this survey. Logically, this means the Labor Participation rate edged up to 62.4%. 470k more people entered the labor force (with 251k getting jobs).

Here is a politically charged stat: Native-born Employment increased by 2.5mm in Sept vs last year. Foreign-born employment fell by 670k. (We do not have an opinion on this politically, and we are not sure what it means for the economy. Perhaps Family Guy getting off the couch to replace the immigrant workers?)

We got seven weeks of Initial Jobless Claims. They are all in the 220k – 230k range as expected. Continuing Claims have ticked up slightly erasing the mild dip in September.

The weekly ADP Employment number fell by 13.5k (-2.5k last week).

Additionally, and maybe most importantly, the Fed's Beige Book, a collection of survey data from the 12 Fed districts that feeds into monetary policy, showed a slight weakening of the labor market.

➤ Business surveys are mixed

The S&P Composite PMI for November ticked up slightly to 54.8 from 54.6. Manufacturing slipped a touch while Services improved.

The Philly Fed's business survey for November jumped nicely to about the breakeven level (36.2 to 49.6). However, New Orders slumped and Prices jumped.

The Kansas City Fed Manufacturing index for November improved slightly from 6 to 8.

The Dallas Fed Manufacturing index fell deeper into negative territory in November (-5.0 to -10.4). Its Services index improved but it still negative (-9.4 to -2.3).

The Richmond Fed Manufacturing index fell deeper into negative territory (-4 to -15). Its Services index flipped from positive to negative (+4 to -4).

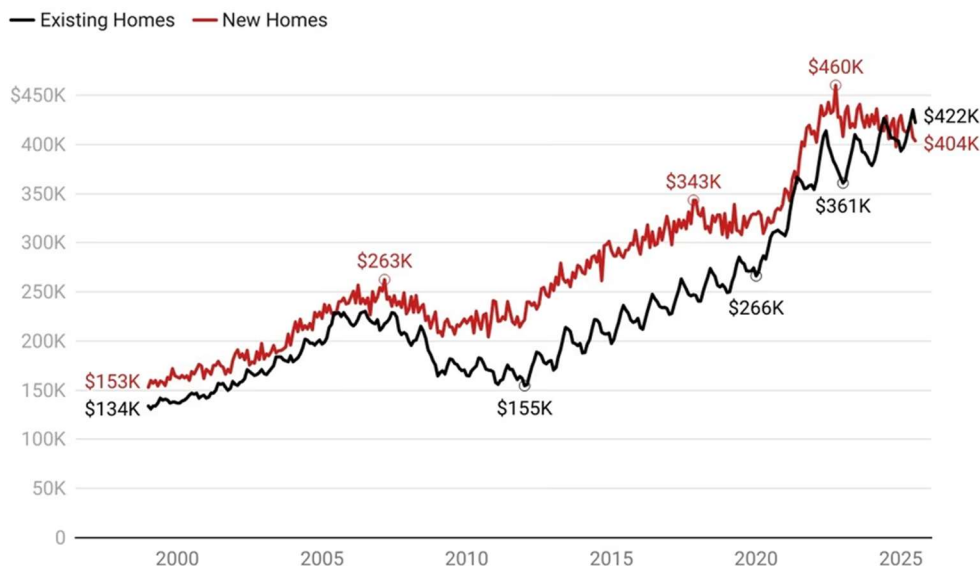
The Chicago PMI fell sharply and missed expectations for a gain (36.3 for Nov vs 43.8 in Oct).

➤ Existing Homes are now more expensive than New Homes

Existing Home prices are now more expensive than New Home prices. This is the first time this has happened since 1971. A little over 10 years ago, New Home prices were about 40% more than Existing homes.

New Homes Now Cheaper Than Previously Owned Homes

New-home prices are typically higher than those of existing homes. But the long-standing trend has reversed in recent months, with new homes now about \$20,000 cheaper than resale homes.



Median sales price in dollars

Chart: Realtor.com • Source: NAR/U.S. Census Bureau/HUD • Created with Datawrapper

Existing Home Sales in October increased slightly to an annualized run-rate of 4.1mm (+1.2%).

Pending Home Sales for October increased about 2%. This data remains volatile without a real trend.

The House Price Index was dead flat in September vs August. This means prices are up +1.7% over the last year.

The average 30-year mortgage rate increased to 6.4% from 6.37%.

Weekly Mortgage Applications remained flat.

➤ Retail Sales slip heading into the holidays

Retail Sales in September decelerated to +0.2% from +0.6% in August. This brings the annual increase down to 4.3% from 5.0%. Sales grew the most at Miscellaneous stores and Gas stations. Health & Personal Care and Food Services & Drinking Place were also strong. Sporting Goods, Apparel, and E-commerce all slowed. The so-called Control Group which is the group of items that are inputs to the GDP calculation, slipped -0.1%. This was +0.6% in August.

The Weekly Redbook Retail Sales slowed a to 5.9% from 6.1%.

We are about to get a deluge of Retail data with the kickoff to holiday shopping. Most professional guessers have swung from fearing a slow season to a better-than-feared one. We are inclined to believe the latter, but we will see soon enough.

➤ Other data is mixed

Consumer Confidence fell sharply in November to 89 from 95.5. This is back near the pre-election level.

U-Michigan Consumer Sentiment fell. Expectations improved while Current Conditions lagged. On the inflation side, 1-year Expectations ticked down from 4.6% to 4.5%. 5-year Expectations fell from 3.9% to 3.4%. As you know, we do not give a lot of credence to this data series.

The change in the Producer Price Index (PPI, aka input or wholesale prices) accelerated to +0.3% in September vs the -0.1% drop in August. This was expected (and outdated). The Core PPI also accelerated but less than expected (+0.1% in Sept vs -0.1% in August and +0.2% exp).

Inflation data for November might be skewed to the downside because of a quirk in the data collection process (which we have lampooned for being stuck in the 1950s). Simply, the Bureau of Economic Analysis (BEA) was not able to collect enough prices until the back half of November when holiday sales started kicking in.

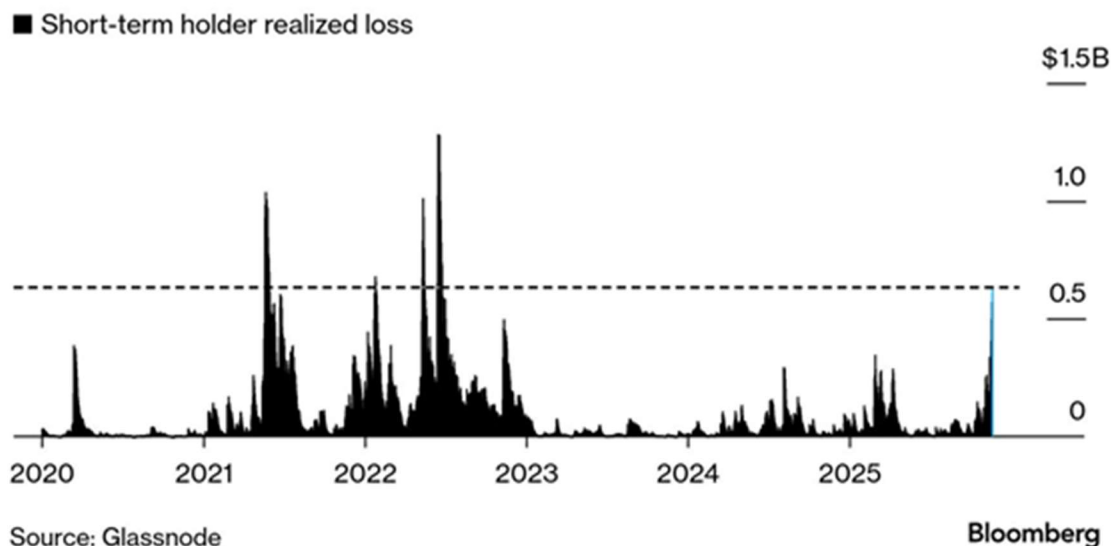
Durable Goods orders increased +0.5% in Sept. This is better than expected but down from the +3% jump in August. Core Capital Goods (aka business Spending) increased a healthy +0.9%. August was revised up from +0.6% to +0.9%.

➤ Where did all the crypto money go?

There has been a crypto blowup unfolding in real time over the last year. Andrew Tate, who Wikipedia says is famous for Kickboxing, the reality TV show Big Brother, and **criminal charges**, has chronicled his crypto trades on the platform Hyperliquid. It seems we come across this platform every so often for phenomenal implosions. But to its credit, it is incredibly transparent with rigorous risk management. Tate found this out the hard way. Over the last year, he has deposited \$727k onto the platform across various crypto trades ranging from boring ol' Bitcoin to whacky tokens. Apparently, he posts about the size of his trades and the potential winnings with his use of absurd leverage. Alas, 40x leverage means a 2.5% move against him results in immediate liquidation. Various trackers show Tate's win rate at around 33%. He has also "earned" \$75k in referral fees from the platform. All of this was plowed back into his positions. His account balance officially hit \$0.00 this past week.

There is a website that tracks Bitcoin losses among short-term holders. They define this group as having had the positions for less than 155 days.

Realized Loss of Short-term Holders Highest Since 2022 Collapse



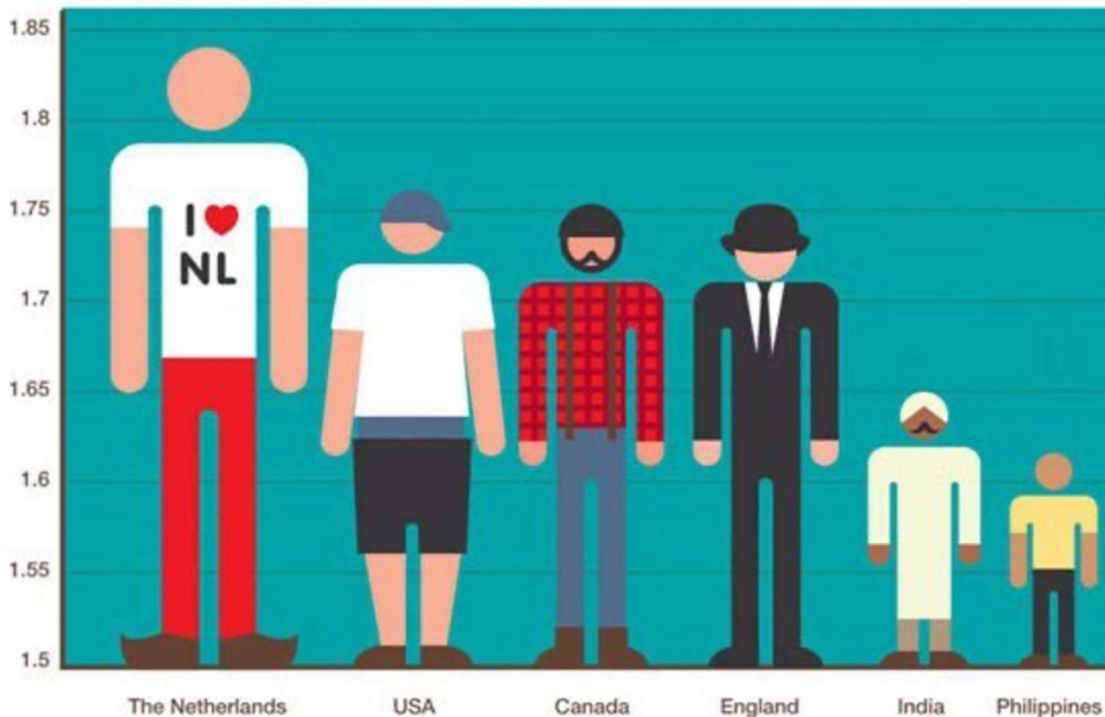
We have recently discussed the crypto advent of perpetual futures (the “perps!”). Open Interest in these contracts has dropped 35% since early October.

➤ Chart Crime of the week

We found another one! This is not as good as the average Female Height chart with the giant Latvian woman, but who knew Philippine men were so short!.

LOOKING DOWN ON THE REST OF THE WORLD

(Average male height in m)



➤ Quick Hits

- 20-17 is the most common score in NFL history. No Scorigamis this week.)
- Sharks living near Greenland have been estimated to be 392 years old (+/- 120 years).
- An Italian man was arrested for trying to renew his dead mother's ID so he could continue receiving her pension benefits. He dressed up as her...to no avail.
- There is a fern in China that naturally extracts rare earth elements from the ground. Monazite crystals are formed. (If you believe the Chinese.)
- The US Army had dogs roaming the front lines in WW1. The bulldogs would deliver cigarettes to the troops.
- A study involving Harvard students reveals that these students think they should primarily be graded on their efforts...not their actual grades.

TSLAQ: The funniest revelation in Muskland is how Grok was programmed to “excessively praise Musk’s abilities, claiming he is better than historical figures like Einstein or LeBron James.” LeBron james??????

[Check out our website to learn more about Chalk Creek Partners](#)



[Carlisle's Twitter Financial List](#)



[Carlisle's LinkedIn](#)

The information presented does not involve the rendering of personalized investment, financial, legal or tax advice, and it is intended to be general market commentary. Information presented is believed to be factual and up-to-date, but we do not guarantee its accuracy and it should not be regarded as a complete analysis of the subjects discussed. All expressions of opinion reflect the judgment of the authors as of the date of preparation and are subject to change. All information provided is for informational purposes only and should not be deemed as investment advice or a recommendation to purchase or sell any specific security. Chalk Creek has an economic interest in the price movement of the securities discussed in this letter, but Chalk Creek's economic interest is subject to change without notice. Positions reflected in this letter do not represent all the positions held, purchased, or sold, and in the aggregate, the information may represent a small percentage of activity. Certain information has been provided by third-party sources and, although believed to be reliable, it has not been independently verified and its accuracy or completeness cannot be guaranteed. Past performance is not indicative of future results.