CAPITAL MARKETS REPORT - November 16, 2026

FNBB Capital Markets

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Service Beyond Comparison

- **Inflation Pressures Remain Elevated**
- **President Trump on Iran Conflict**
- **Fed Officials Signal Additional Hikes**

--> October inflation data continued to show persistent price pressures, with headline CPI rising 0.4% for the month and core CPI increasing 0.3%. Producer prices also remained elevated, with annual PPI inflation reaching 6.5%, reflecting continued pressure from higher energy and production costs. Despite the stronger inflation readings, oil prices have declined from recent highs as global supply conditions improved. Gasoline and diesel prices have also moved lower, providing some relief to consumers. For fixed income markets, persistent inflation remains a significant concern as the Fed continues to assess the need for additional tightening. While easing energy prices could help moderate inflation in the coming months, elevated consumer and producer prices may keep interest rates higher for longer. Markets will remain focused on upcoming economic data for further guidance on the Fed's policy outlook ahead of its December meeting.

--> President Trump signaled a reduced likelihood of additional military action against Iran last week, raising hopes that the conflict could begin to ease. However, uncertainty remains over the administration's longer-term strategy, with no formal ceasefire or diplomatic agreement in place. Continued restrictions on international nuclear inspections have also raised concerns about Iran's nuclear activities. Tensions increased again over the weekend following reports of additional Iranian drone attacks targeting U.S. military facilities in Bahrain. Despite indications that further U.S. strikes may be unlikely in the near term, the risk of renewed conflict remains. For fixed income markets, continued geopolitical uncertainty could contribute to volatility in energy prices, complicate the inflation outlook, and influence expectations for future Fed policy.

--> Federal Reserve officials continued to signal that additional rate hikes may be necessary following stronger-than-expected October inflation data. Headline CPI rose 0.4% for the month, while core CPI increased 0.3%, reinforcing concerns that price pressures remain elevated. Several policymakers expressed support for further tightening, with some indicating that a larger rate increase could be appropriate if inflation continues to accelerate. Recent Fed commentary also highlighted concerns that inflation pressures are spreading beyond energy and other supply-related factors. While officials generally agree that additional tightening may be needed, views differ on the timing and pace of future increases. For fixed income markets, the increasingly cautious outlook on inflation could keep upward pressure on Treasury yields, particularly at the shorter end of the curve, as markets assess the likelihood of another rate hike in December.

Market Last Week

Index	11/6/2026	11/13/2026	Weekly Change In Bps
2 yr. Note	4.514%	4.844%	+33
5 yr. Note	4.65%	4.96%	+32
10 yr. Note	4.86%	5.14%	+28
30 yr. Bond	5.27%	5.47%	+20
SOFR Rate	3.89%	3.90%	+1

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
Monday, November 16 2026 8:30 AM	Empire Manufacturing (Nov.)	17.9	25.5
Tuesday, November 17 2026 8:30 AM	Retail Sales Advance MoM (Oct.)	0.20%	0.80%
Tuesday, November 17 2026 8:30 AM	Retail Sales Ex Auto MoM (Oct.)	0.40%	0.90%
Tuesday, November 17 2026 8:30 AM	Retail Sales Control Group (Oct.)	0.40%	0.10%
Tuesday, November 17 2026 8:30 AM	Import Price Index MoM (Oct.)	0.75%	1.10%
Tuesday, November 17 2026 8:30 AM	Export Price Index MoM (Oct.)	0.40%	2.20%
Tuesday, November 17 2026 9:15 AM	Industrial Production MoM (Oct.)	0.10%	0.70%
Tuesday, November 17 2026 9:15 AM	Capacity Utilization (Oct.)	76.80%	76.90%
Wednesday, November 18 2026 8:30 AM	Housing Starts (Oct.)	1,250k	1,221k
Wednesday, November 18 2026 8:30 AM	Building Permits (Oct. P)	1,377k	1,398k
Thursday, November 19 2026 8:30 AM	Initial Jobless Claims (Nov. 14)	198k	200k
Thursday, November 19 2026 8:30 AM	Continuing Claims (Nov. 7)	1,700k	1,697k
Friday, November 20 2026 10:00 AM	U. of Mich. Sentiment (Nov. F)	52	51
Friday, November 20 2026 10:00 AM	U. of Mich. 1 Yr Inflation (Nov. F)	4.20%	4.30%
Friday, November 20 2026 10:00 AM	U. of Mich. 5-10 Yr Inflation (Nov. F)	3.40%	3.40%

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