



Coffee & Commentary

November 17, 2025

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- Ongoing uncertainty surrounding both artificial intelligence and the future path of interest rates made for a volatile week in U.S. markets. Stocks surged on Monday but by week's end, the S&P 500 and Dow closed only modestly higher, while the NASDAQ slipped slightly. Final results on the week were; **S&P 500 +0.1%**, **NASDAQ -0.5%**, and the **Dow +0.3%**.
- Bond market traders have scaled back their expectations for an interest rate cut at the U.S. Federal Reserve's December 10 meeting. By Friday afternoon, pricing in rate futures suggested only about a 46% chance of a quarter-point cut, down sharply from nearly 70% just one week earlier.
- The end of the 43-day U.S. government shutdown is expected to gradually clear the backlog of postponed economic data, but the timing and completeness of many key releases remain uncertain. Despite this, markets appeared largely unfazed during the shutdown, with the S&P 500 rising +2.4% during that span.

2. How are we to prepare and act?

- The end of the government shutdown finally gives the economy some room to exhale. With a funding bill in place through January 30, 2026,

federal employees who went more than a month without pay will start receiving backpay, furloughed positions are being restored, and key programs like SNAP are turning back on. Airports should return to full staffing ahead of the holiday rush, and the flow of economic data—delayed, incomplete, or simply missing during the shutdown—should begin to resume in the coming weeks. Even so, the shutdown left a real mark. Economists estimate it likely knocked roughly 1.5 percentage points off fourth-quarter growth, pulling expectations down into the low-1% range. And while activity will recover, it won't all bounce back instantly. Some data reports need to be rebuilt, some programs will restart unevenly by state, and there's still the unresolved issue of health-care subsidies set to expire at the end of next year. If Congress doesn't reach an agreement, costs could rise for millions of households—and the risk of another funding showdown increases. For now, though, the immediate takeaway is that the machinery of government is turning back on, and the economy should gradually pick up the momentum it lost over the past six weeks.

- Markets, meanwhile, are working through their own reset. After a massive, almost uninterrupted surge in tech and AI-linked names since April, we're finally seeing signs of rotation. Big technology stocks that had powered so much of this year's rally are showing fatigue as investors take a closer look at rising debt levels, heavier capital-expenditure budgets, and a shifting interest-rate outlook. Even so, the long-term AI story hasn't changed. These companies are still posting strong earnings, reaffirming robust spending plans, and reinforcing why they've led markets for so long. What we're seeing now feels more like a healthy recalibration than the start of a deeper downturn, especially since the conditions that usually end bull markets—aggressive Fed tightening or a recession on the horizon—aren't present. If anything, this environment makes diversification even more important, because the opportunity set is broadening, not shrinking. As we look toward 2026, the market backdrop still appears constructive; it just may reward a more balanced and intentional approach instead of relying on a handful of mega-cap winners.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — Housing Market Index
- Wednesday — Release of Fed October meeting minutes
- Thursday — September jobs and unemployment report

- Friday — University of Michigan Index of Consumer Sentiment

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®

Founder, CEO & CIO

Alpha Zero

2500 N Military Trail, Suite 316

Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com

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Alpha Zero

2500 N Military Trail, Suite 316, Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com



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Alpha Zero | 2500 N Military Trail Suite 316 | Boca Raton, FL 33431 US

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