

CAPITAL MARKETS REPORT - SEPTEMBER 8, 2025



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SERVICE BEYOND COMPARISON

- **Weak Jobs Data Fuels Fed Cut Expectations as Unemployment Rises**
- **Markets Whipsaw Between Highs and Lows Amid Economic Jitters**
- **President Trump's Fed Pick Faces Scrutiny**
 - A series of weak US labor market reports dominated last week's news, showing payroll growth slowing to just 22,000 in August, unemployment rising to 4.3%, and downward revisions to prior months. Economists warned the softness signaled cracks in the economy, with disparities across demographic groups and wage growth easing despite inflation pressures. Corroborating data from firms like Paychex, Gusto, and ADP echoed the slowdown, while consumer surveys reflected growing anxiety about job security. The reports locked in expectations for multiple Federal Reserve rate cuts this year, with most analysts forecasting at least a quarter-point reduction in September and some projecting cuts at each remaining 2025 meetings.
 - Markets reacted swiftly to the jobs data, with stocks swinging between record highs and pullbacks, and bonds rallying on bets of faster monetary easing. Analysts debated whether weaker jobs would provide the "Goldilocks" backdrop for rate cuts or risk tipping the economy toward inflation or stagflation. Strategists highlighted tailwinds such as fiscal support, trade agreements, and a weaker dollar that could sustain equities, even as large-cap tech showed fatigue. Commodities and currencies were volatile, with oil falling, gold rallying, and the dollar weakening.
 - Politics also played heavily into the Fed story. President Trump's nominee, Stephen Miran, faced contentious Senate hearings, drawing Democratic criticism for planning to retain his White House post and for sidestepping questions on the 2020 election and data manipulation allegations. While he pledged central bank independence, skepticism persisted given Trump's push to reshape the Fed by firing Governor Lisa Cook, threatening Chair Jerome Powell, and aiming for a board majority supportive of aggressive rate cuts. With Republicans backing Miran, his confirmation appears likely, creating the potential for a more politically influenced Fed as markets and policymakers navigate the balancing act between slowing jobs and sticky inflation.

Market Last Week

	8/29/2025 Close	9/5/2025 Close	Weekly Change In Bps
2 yr. Note	3.62%	3.51%	-11
5 yr. Note	3.70%	3.58%	-12
10 yr. Note	4.23%	4.07%	-16
30 yr. Bond	4.93%	4.76%	-17
SOFR Rate	4.27256%	4.21729%	-5.527

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
9/11/2025 8:30 AM	Initial Jobless Claims (Sep 6)	235k	237k
9/11/2025 8:30 AM	CPI YoY (Aug)	2.90%	2.70%
9/12/2025 10:00 AM	U. of Mich. Sentiment (Sep)	58	58.2
9/10/2025 7:00 AM	MBA Mortgage Applications (Sep 5)	--	-1.20%
9/10/2025 10:00 AM	Wholesale Inventories MoM (July)	0.20%	0.20%
9/11/2025 8:30 AM	CPI Ex Food and Energy YoY (Aug)	3.10%	3.10%
9/11/2025 2:00 PM	Federal Budget Balance (Aug)	-\$331.4b	-\$380.1b
9/10/2025 8:30 AM	PPI Final Demand YoY (Aug)	3.30%	3.30%
9/11/2025 8:30 AM	Continuing Claims (Aug 30)	1950k	1940k
9/10/2025 8:30 AM	PPI Ex Food and Energy YoY (Aug)	3.60%	3.70%
9/9/2025 6:00 AM	NFIB Small Business Optimism (Aug)	100.5	100.3
9/12/2025 10:00 AM	U. of Mich. 1 Yr Inflation (Sep)	--	4.80%

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