

# CAPITAL MARKETS REPORT - DECEMBER 8, 2025



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## SERVICE BEYOND COMPARISON

- Labor Market Cools as Jobless Claims Rise
- Consumer Sentiment Edges Higher Despite Uncertainty
- Markets Rally Ahead of Likely Fed Cut and

US economic data last week reinforced signs of a cooling labor market, even as holiday hiring distortions complicated the short-term picture. Initial jobless claims fell more than expected, but continuing claims climbed to their highest in years, indicating that unemployed workers are struggling to find new positions. ADP reported the largest private-sector payroll decline since early 2023, driven largely by small-business cuts and broad wage deceleration. With hiring freezes replacing layoffs and AI adoption dampening labor demand, the overall employment backdrop appears softer heading into the Federal Reserve's final meeting of the year.

Consumer conditions showed a modest improvement despite economic uncertainty. The University of Michigan's early-December survey recorded the first rise in sentiment in five months, supported by easing inflation expectations and better household financial assessments following the end of the federal shutdown. Spending remained resilient into the holiday season, bolstered by solid Black Friday results, though consumers remain cautious about future job stability. Regional and sector-specific signals continue to diverge, but the underlying tone suggests consumers are stabilizing even as labor markets gradually lose momentum.

Markets reacted positively to the softer data, with equities and bonds rallying on expectations (at 92.8% as of this morning) that the Federal Reserve will deliver a quarter-point rate cut on Wednesday. Treasury yields edged up, the dollar weakened, and gains broadened beyond megacap technology stocks. Still, policymakers face a communications challenge: while economic indicators support easing, internal Fed divisions suggest they may try to balance a dovish rate move with a more hawkish narrative. Meanwhile, President Trump announced he has chosen his nominee for the next Fed chair—widely believed to be Kevin Hassett—signaling potential shifts ahead in monetary leadership as markets prepare for the 2026 policy path. Have a great week...

### Market Last Week

	11/28/2025	12/5/2025	Weekly Change In Bps
<b>2 yr. Note</b>	<b>3.49%</b>	<b>3.56%</b>	<b>7</b>
<b>5 yr. Note</b>	<b>3.60%</b>	<b>3.71%</b>	<b>11</b>
<b>10 yr. Note</b>	<b>4.01%</b>	<b>4.14%</b>	<b>13</b>
<b>30 yr. Bond</b>	<b>4.66%</b>	<b>4.79%</b>	<b>13</b>
<b>SOFR Rate</b>	<b>3.86417%</b>	<b>3.77733%</b>	<b>-8.684</b>

### Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
12/9/2025 6:00 AM	NFIB Small Business Optimism (Nov)	98.00	98.20
12/9/2025 10:00 AM	JOLTS Job Openings (Oct)	7150k	--
12/10/2025 7:00 AM	MBA Mortgage Applications (Dec 5)	n/a	-1.40%
<b>12/10/2025 2:00 PM</b>	<b>FOMC Rate Decision</b>	<b>-25bps</b>	<b>3.75-4.00</b>
12/11/2025 8:30 AM	Initial Jobless Claims (Dec 6)	221k	191k
12/11/2025 8:30 AM	Continuing Claims (Nov 29)	1947k	1939k



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