

# CAPITAL MARKETS REPORT - FEBRUARY 2, 2026



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Market Last Week			
	1/23/2026	1/30/2026	Weekly Change In Bps
<b>2 yr. Note</b>	<b>3.59%</b>	<b>3.52%</b>	<b>-7</b>
<b>5 yr. Note</b>	<b>3.83%</b>	<b>3.79%</b>	<b>-4</b>
<b>10 yr. Note</b>	<b>4.23%</b>	<b>4.24%</b>	<b>1</b>
<b>30 yr. Bond</b>	<b>4.83%</b>	<b>4.87%</b>	<b>4</b>
<b>SOFR Rate</b>	<b>3.67140%</b>	<b>3.66877%</b>	<b>-0.263</b>

## Fed Signals Rates to Stay Higher for Longer

## Labor Market Cools, Reinforcing Policy Pause

## President Announces Fed Chair Pick

As expected, the Federal Reserve kept rates unchanged last week, continuing to signal a steady policy stance and emphasizing that interest rates are likely to remain unchanged until officials see clearer and more sustained progress on inflation. While price pressures have eased, particularly in goods, services inflation remains elevated, reinforcing the Fed's view that it is too early to begin cutting rates. Policymakers have stressed patience and data dependence, pushing market expectations for easing further into the year and underscoring the central bank's intent to avoid reversing progress by moving too quickly.

Labor-market conditions broadly support the Fed's cautious approach. Hiring has slowed, job openings have declined, and wage growth has moderated, but layoffs remain limited and unemployment has risen modestly. These trends suggest cooling demand without a sharp deterioration, aligning with the Fed's goal of slowing the economy enough to contain inflation while avoiding a recession. As a result, officials see little urgency to adjust policy, reinforcing expectations that rates will stay at current levels in the near term. Futures are currently pricing in another cut in the June / July timeframe and a second reduction in December.

Market attention has also shifted to President Trump's search for the next Federal Reserve chair, as investors assess how potential leadership changes could influence monetary policy over time. Commentary around possible candidates has affected market pricing, with some investors viewing the outcome as a factor in the future direction and independence of the central bank. Friday morning, the President announced Kevin Warsh as his pick for the next Chair, after which the Treasury curve steepened. Warsh, who was previously considered but passed over for the Chair position, must first be confirmed by the Senate. The start of the hearings may be delayed until the current investigation into current Fed Chair Powell is concluded.

Data This Week			
Date/Time (ET)	Economic Data	Market Estimate	Prior Report
2/2/2026 9:45 AM	S&P Global US Manufacturing PMI (Jan F)	--	51.90
2/2/2026 10:00 AM	ISM Manufacturing (Jan)	48.50	47.90
2/3/2026 10:00 AM	JOLTS Job Openings (Dec)	7250k	7146k
2/4/2026 7:00 AM	MBA Mortgage Applications (Jan 30)	--	-8.50%
2/4/2026 8:15 AM	ADP Employment Change (Jan)	45k	41k
2/4/2026 9:45 AM	S&P Global US Services PMI (Jan F)	--	52.50
2/5/2026 8:30 AM	Initial Jobless Claims (Jan 31)	212k	209k
2/5/2026 8:30 AM	Continuing Claims (Jan 24)	1850k	1827k
2/6/2026 8:30 AM	Change in Nonfarm Payrolls (Jan)	65k	50k
2/6/2026 8:30 AM	Average Hourly Earnings YoY (Jan)	3.60%	3.80%
2/6/2026 8:30 AM	Unemployment Rate (Jan)	4.40%	4.40%
2/6/2026 10:00 AM	U. of Mich. Sentiment (Feb P)	54.90	56.40

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