

CAPITAL MARKETS REPORT - FEBRUARY 9, 2026



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SERVICE BEYOND COMPARISON

Renewed Focus on Fed Leadership and Policy

Labor Market Cools, Supporting a Patient Fed

Markets Watch Jobs Data Amid Policy Uncertainty

Attention has returned to the Federal Reserve as President Trump's nomination of Kevin Warsh to succeed Jerome Powell places focus on the central bank's policy direction and independence. While Warsh has recently expressed openness to near-term rate cuts, analysts expect continuity in the Fed's cautious approach, with interest rates likely to remain unchanged until economic data clearly justify a shift. Markets reacted cautiously to the nomination, reflecting uncertainty around Senate confirmation and how future leadership could shape the Fed's independence and long-term policy stance.

Labor-market data continue to show gradual cooling rather than abrupt weakness. Hiring momentum has slowed and job growth is expected to soften in upcoming reports, but employment conditions remain broadly stable. These trends support the view that the Fed has room to remain patient, allowing policymakers to assess whether softer labor conditions translate into sustained progress on inflation without triggering a sharper economic slowdown.

Financial markets have remained measured as investors balance leadership uncertainty with incoming economic data. Near-term rate-cut expectations have changed little, but longer-term outlooks now reflect a wider range of potential policy outcomes depending on how the Fed's leadership and board composition evolve. As of this morning, futures contracts are fully pricing in two cuts in 2026; the next being in mid-June and another in late October. The week ahead brings a one-two punch of the delayed employment report on Wednesday and inflation data on Friday.

Market Last Week			
	1/30/2026	2/6/2026	Weekly Change In Bps
2 yr. Note	3.52%	3.50%	-2
5 yr. Note	3.79%	3.76%	-3
10 yr. Note	4.24%	4.21%	-3
30 yr. Bond	4.87%	4.85%	-2
SOFR Rate	3.66877%	3.66529%	-0.348

Data This Week			
Date/Time (ET)	Economic Data	Market Estimate	Prior Report
2/10/2026 6:00 AM	NFIB Small Business Optimism (Jan)	99.80	99.50
2/10/2026 8:15 AM	ADP Weekly Employment Change (Jan 24)	--	7.750k
2/10/2026 8:30 AM	Retail Sales Advance MoM (Dec)	0.40%	0.60%
2/11/2026 7:00 AM	MBA Mortgage Applications (Feb 6)	--	-8.90%
2/11/2026 8:30 AM	Change in Nonfarm Payrolls (Jan)	70k	50k
2/11/2026 8:30 AM	Average Hourly Earnings YoY (Jan)	3.70%	3.80%
2/11/2026 8:30 AM	Unemployment Rate (Jan)	4.40%	4.40%
2/12/2026 8:30 AM	Initial Jobless Claims (Feb 7)	222k	231k
2/12/2026 8:30 AM	Continuing Claims (Jan 31)	--	1844k
2/12/2026 10:00 AM	Existing Home Sales (Jan)	4.21m	4.35m
2/13/2026 8:30 AM	CPI YoY (Jan)	2.50%	2.70%
2/13/2026 8:30 AM	Core CPI YoY (Jan)	2.50%	2.60%