



## Summary

Markets delivered mixed results last week, with the Dow Jones Industrial Average falling 0.7%, while the S&P 500 and Nasdaq gained 0.1% and 0.5%, respectively, as concerns over an AI-driven bubble eased. Several economic reports were delayed due to data backlogs caused by the prolonged federal government shutdown, but key indicators were still released. The Bureau of Labor Statistics'

Employment Situation Report, following a missed October release, showed that the unemployment rate rose above expectations, confirming that the labor market is cooling, but not falling off a cliff. In fact, initial unemployment claims declined by 13,000 in the week ending December 6, although continuing claims remained elevated. Inflation data offered some relief, with the November CPI coming

in below expectations and lowering the annual rate to 2.7% from 3.0% in September. The October report was not published. In housing, existing home sales rose 0.5% month over month in November but remained down 1.0% year over year. Consumer sentiment weakened further, with the Consumer Confidence Index down 28% from a year ago amid ongoing affordability pressures.

**Happy Holidays!** The *Weekly Economic Update* will not be produced for the next two weeks and will resume on January 9, 2026.

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Nonfarm Payrolls (Nov – Mon 08:30)	64K	30K	
Nonfarm Private Payrolls (Nov – Mon 08:30)	69K	34K	
Unemployment Rate (Nov – Mon 08:30)	4.6%	4.4%	
Avg. Hourly Earnings (Nov – Mon 08:30)	+0.1%	+0.3%	
Average Workweek (Nov – Mon 08:30)	34.3	34.3	
Retail Sales (Oct – Mon 08:30)	0.0%	+0.3%	
Retail Sales ex-auto (Oct – Mon 08:30)	+0.4%	+0.3%	
Housing Starts (Sep – Mon 08:30)	DELAYED	1320K	
Building Permits (Sep – Mon 08:30)	DELAYED	1348K	
MBA Mortgage Applications Index (12/13 – Tue 07:00)	-3.8%	NA	
Retail Sales (Nov – Tue 08:30)	DELAYED	+0.2%	
Retail Sales ex-auto (Nov – Tue 08:30)	DELAYED	+0.2%	
CPI (Nov – Wed 08:30)	+0.2%	+0.3%	YOY=+2.7%
Core CPI (Nov – Wed 08:30)	+0.2%	+0.3%	YOY=+2.6%
Initial Claims (12/13 – Wed 08:30)	224K	229K	
Continuing Claims (12/06 – Wed 08:30)	1897K	NA	
Leading Indicators (Nov – Wed 10:00)	DELAYED	-0.1%	
Personal Income (Nov – Thu 08:30)	DELAYED	NA	
Personal Spending (Nov – Thu 08:30)	DELAYED	NA	
PCE Prices (Nov – Thu 08:30)	DELAYED	NA	
PCE Prices - Core (Nov – Thu 08:30)	DELAYED	NA	
Existing Home Sales (Nov – Thu 10:00)	4.13M	4.10M	
Univ. of Michigan Consumer Sentiment - Final (Dec – Thu 10:00)	52.9	53.3	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
GDP-Adv. (Q3 – Mon 08:30)	+3.0%	+3.8%	
GDP Deflator-Adv. (Q3 – Mon 08:30)	+2.7%	+2.1%	
Durable Orders (Oct – Mon 08:30)	+0.3%	+0.5%	
Durable Goods ex transportation (Oct – Mon 08:30)	-1.1%	+0.6%	
Industrial Production (Nov – Mon 09:15)	+0.1%	NA	
Capacity Utilization (Nov – Mon 09:15)	77.4%	NA	
Consumer Confidence (Dec – Mon 10:00)	89.0	88.7	
New Home Sales (Nov – Mon 10:00)	NA	NA	
MBA Mortgage Applications Index (12/20 – Tue 07:00)	NA	-3.8%	
Initial Claims (12/20 – Tue 08:30)	226K	224K	
Continuing Claims (12/13 – Tue 08:30)	NA	1897K	

\*Sources: [www.briefing.com](http://www.briefing.com) and [www.federalreserve.gov](http://www.federalreserve.gov)



## Economic Review

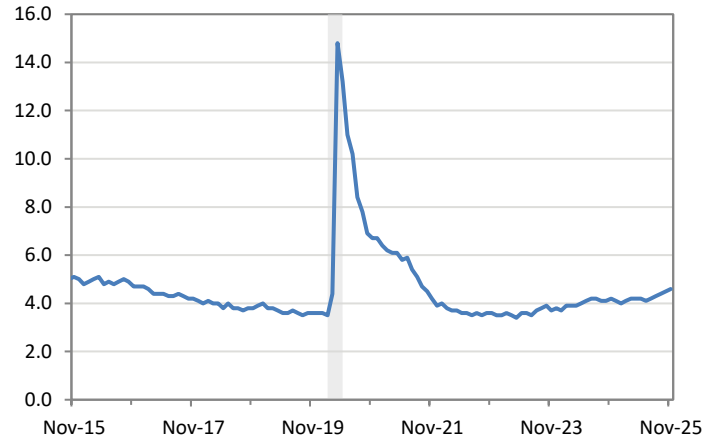
The EMPLOYMENT SITUATION report for November gave a mixed outlook of the U.S. labor market. NON-FARM PAYROLLS increased 64,000 in November after falling 105,000 in October. November's employment growth was primarily driven by the health care and social assistance sector, which added 64,000 jobs. Manufacturing employment, however, declined 5,000 in November and 9,000 in October, continuing its downward trend. The UNEMPLOYMENT RATE rose to 4.6% in November from 4.4% in September; however, the LABOR FORCE PARTICIPATION RATE ticked up to 62.5% from 62.4%, suggesting that reentrants may be driving the unemployment rate. With payroll employment changes volatile, October household data missing, and both the unemployment rate and labor force participation rate increasing, this employment report adds to the uncertainty experienced by policymakers and investors going into the new year.

RETAIL SALES were flat in October as a 1.6% decline in sales for the largest category, motor vehicle and parts dealers, was offset by a 1.8% increase in sales for the second largest category, nonstore retailers, a group that includes e-commerce. Excluding autos, auto parts,

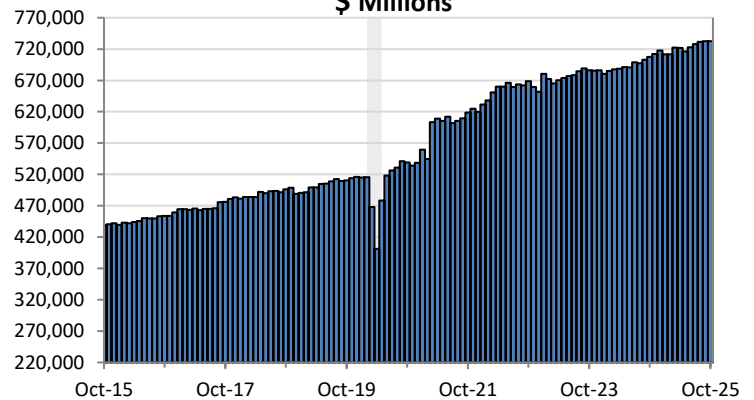
and gasoline stations, retail sales were up 0.5%, suggesting consumer spending was still steady moving into the holiday shopping season.

The CONSUMER PRICE INDEX (CPI) rose 2.7% year-over-year in November, well below consensus expectations of 3.1%. Core CPI, which excludes food and energy, similarly rose 2.6% against consensus expectations of 3.0%. Notably, the shelter CPI, which has been stubbornly elevated, slowed from 3.6% in September to 3.0% in November, the slowest pace since August 2021. Durable goods prices and nondurable goods prices both accelerated but remained subdued, rising 1.5% and 2.0% year over year, respectively. Services inflation cooled from 3.6% in September to 3.2% in November. Due to the government shutdown, the October CPI data were not released. Some caveats warn against extrapolating a trend from the November CPI data. Due to the government shutdown, there was a shorter collection period, with data collected primarily in the second half of the November, which may have skewed results due to Black Friday related sales promotions. Analysts and policymakers will likely need to wait for the December CPI to get a full perspective of end-of-year inflation.

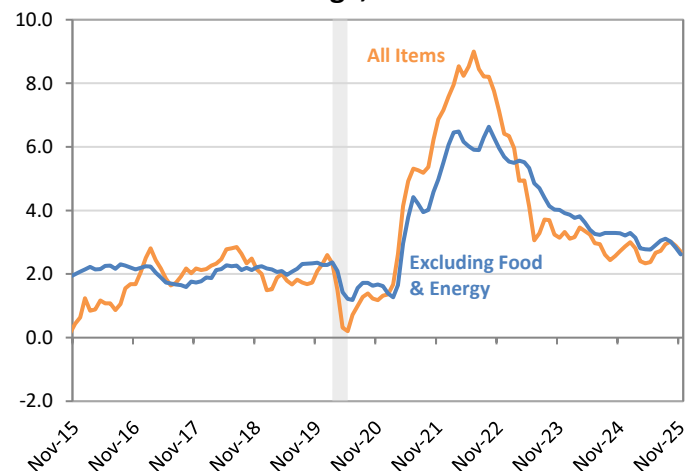
### Unemployment Rate



### Retail Sales \$ Millions



### Consumer Price Index Percent Change, Year-Over-Year





## Fed Speeches

Federal Reserve Governor Stephen I. Miran delivered a detailed assessment of the U.S. inflation outlook, focusing on how different components of inflation should influence monetary policy.

Miran emphasized that **shelter inflation**, a large part of headline inflation, largely reflects past imbalances between housing demand and supply and thus lags real-time market conditions; he expects shelter inflation to decline more quickly now that this catch-up phase is complete.

*Two factors give me additional confidence: first, the negative population shock resulting from a reversal in net migration, and second, an elevated ratio of nominal shelter services consumption relative to overall consumption, which has historically been mean-reverting.*

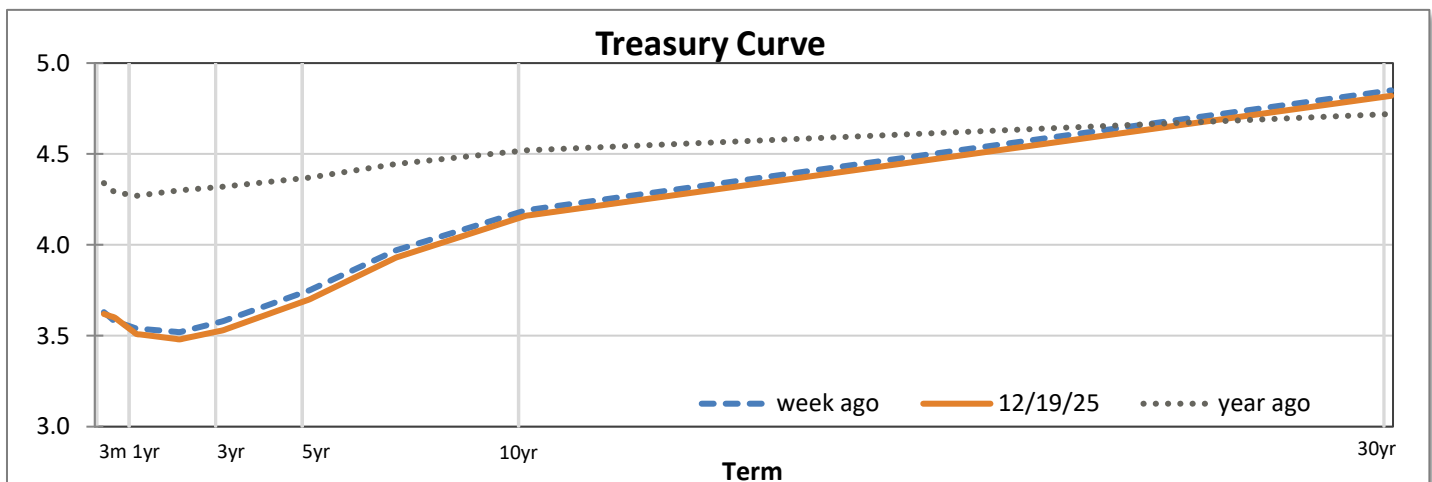
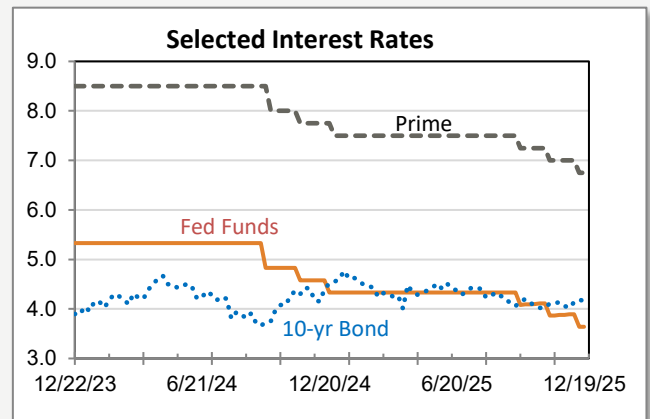
He also discussed **core nonhousing services** (i.e. childcare, education, entertainment, and medical expenses inflation), which is closely linked to labor costs, noting that wage growth has slowed meaningfully as labor market tightness has eased, reducing upward pressure on prices in this category.

*On net, I am still a little more concerned about labor market weakness than about upside risks to inflation.*

Miran does not believe the recent uptick in inflation is due to trade policies but rather to lingering anomalous post-pandemic experiences. Overall, Miran stressed that monetary policy should be forward-looking, and indicated that easing could become appropriate as underlying price pressures continue to moderate.

## Financial Markets

Another week of mixed performance for U.S. equity markets: the Dow Jones declined by 0.7%, while the S&P 500 and the NASDAQ reversed last week's losses, supported by a rebound in AI-related stocks following the recent sell-off. Treasury yields generally moved lower across the curve, except for the 6-month note, which rose 2 basis points. Mortgage rates followed the broader bond market, with the 30-year fixed rate edging down by one basis point. Oil prices continued their decline, ending the week at \$56.66 per barrel, the lowest level in more than four years. Gold prices reached a new record high, posting a remarkable 65% YTD gain and outperforming equity markets. In foreign exchange markets, the U.S. dollar strengthened against all major currencies, supported by the Bank of Japan's recent rate hike and weaker-than-expected inflation data in the euro area.





## Interest Rate Forecast\*

During the Fed's December policy meeting, the Federal Open Market Committee (FOMC) lowered the federal funds target rate to 3.50% to 3.75%. In the statement released following the meeting, the FOMC stated, "In support of its goals and in light of the shift in the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/4 percentage

point to 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the

federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The

Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective."

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
4 <sup>th</sup> Qtr '25	7.05	3.92	4.00	3.78	3.56	4.08	4.67	6.21
1 <sup>st</sup> Qtr	6.75	3.63	3.64	3.66	3.51	3.89	4.51	6.02
2 <sup>nd</sup> Qtr	6.59	3.46	3.48	3.54	3.48	3.82	4.30	5.96
3 <sup>rd</sup> Qtr	6.42	3.29	3.31	3.39	3.41	3.75	4.20	5.88
4 <sup>th</sup> Qtr '26	6.25	3.13	3.14	3.23	3.29	3.68	4.14	5.79

December 2025

## FINANCIAL MARKET SUMMARY

	As of 12/19/2025	As of 12/12/2025	Weekly Change	4-Week Change	13-Week Change
<b>MONEY MARKETS (Changes in BPs)</b>					
Prime	6.75	6.75	0	(25)	(50)
Secured Overnight Financing Rate (SOFR)	3.66	3.67	(1)	(25)	(48)
Fed Funds (Wed close)	3.64	3.64	0	(24)	(44)
<b>TREASURIES (BE) (Changes in BPs)</b>					
3 Months	3.62	3.63	(1)	(28)	(41)
6 Months	3.60	3.58	2	(15)	(21)
1 Year	3.51	3.54	(3)	(11)	(9)
2 Years	3.48	3.52	(4)	(3)	(9)
5 Years	3.70	3.75	(5)	8	2
10 Years	4.16	4.19	(3)	10	2
30 Years	4.82	4.85	(3)	11	7
<b>MUNICIPALS- AAA G.O. &amp; Mortgage (Changes in BPs)</b>					
2-Year Muni	2.45	2.47	(2)	(3)	43
5-Year Muni	2.40	2.41	(1)	(1)	27
10-Year Muni	2.73	2.74	(1)	32	(12)
30-Year Muni	4.19	4.19	0	8	(6)
30-Year Conventional Mortgage	6.21	6.22	(1)	(5)	(5)
<b>MARKET INDICATORS (Changes in %)</b>					
DJIA	48,134.89	48,458.05	(0.7)	4.1	3.9
S&P 500	6,834.50	6,827.41	0.1	3.5	2.6
NASDAQ	23,307.62	23,195.17	0.5	4.6	3.0
CRB Futures	369.47	373.19	(1.0)	0.1	(0.3)
Oil (WTI Crude)	56.66	57.44	(1.4)	(5.7)	(9.5)
Gold	4,368.10	4,328.30	0.9	7.5	18.5
Yen / Dollar	157.73	155.81	1.2	2.1	6.8
Dollar / Euro	1.17	1.17	(0.3)	1.7	(0.3)



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