Financial Markets This Week

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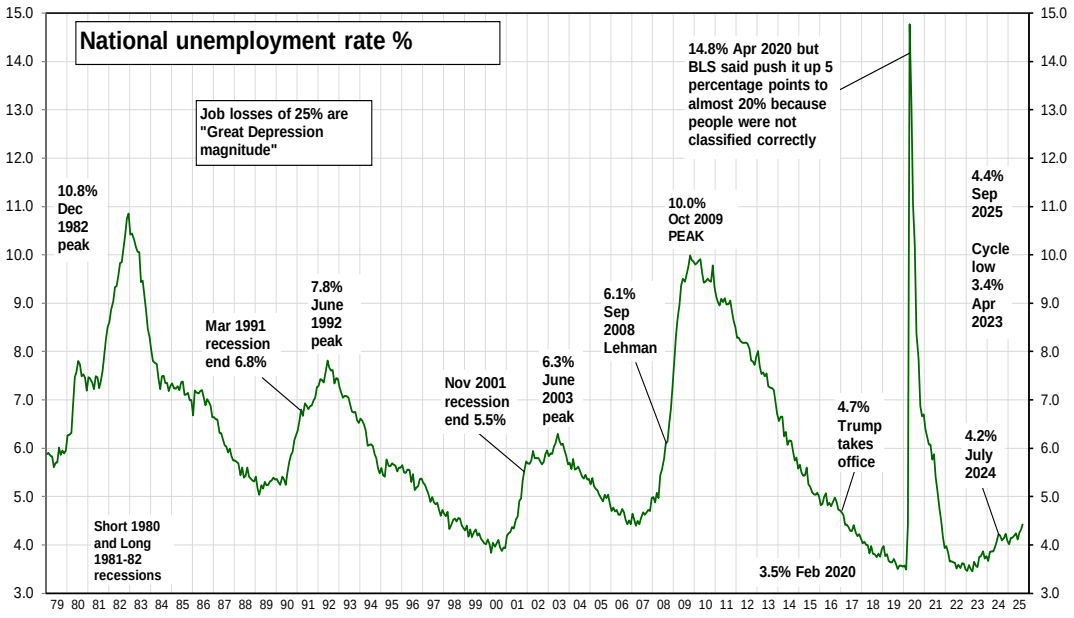
21 NOVEMBER 2025

119K JOBS



A mixed report according to some Fed officials. Markets liked the number at first glance, although stocks were up well over 1% ahead of the delayed jobs report on Thursday, after good Nvidia earnings Wednesday evening. 119K payroll jobs in September were about double the market's expectations, although there were total downward revisions of 33K to July/August. The mixed report characterization comes from the new cycle high for the unemployment rate at 4.4% (nearly 4.5% (4.440). It is slow in starting, but if these job losses keep coming, eventually it will spell r-e-c-e-s-s-i-o-n for the economy. Recession, but not for the third quarter of 2025 which the Atlanta Fed GDPNow forecast says real GDP is estimated at 4.2%. New release time is unknown, the first estimate of Q3 GDP was supposed to be released October 30.

BLS Household Survey with estimates of population, employment, unemployment has its problems. More problems now that immigration policy has changed to shipping people out of the USA. The population trend (16-yrs-plus) is very important especially for employment growth. Right now there is a remarkable change where foreign-born workers have tumbled 2 million since March, while native born has soared 3.2 million. Native born is soaring so the total of native and foreign matches population growth. It is obviously far-fetched for the native born population to jump like this; this tells us that next year's population controls will find the increase in population was not that great. The exact opposite of this year's Biden migration era estimates that boosted the population by 3.047 million from December 2024 to January 2025.

Civilian noninstitutional population 16 years and over

thousands	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2024 Total	267,540	267,711	267,884	268,066	268,248	268,438	268,644	268,856	269,080	269,289	269,463	269,638
Chg	-451	171	173	182	182	190	206	212	224	209	174	175
Native born	219,996	218,901	218,850	219,976	219,937	220,339	220,317	220,003	220,280	220,741	220,756	220,793
Chg	54	-1,095	-51	1,126	-39	402	-22	-314	277	461	15	37
Foreign born	47,544	48,810	49,034	48,089	48,311	48,099	48,327	48,853	48,800	48,547	48,707	48,844
Chg	-505	1,266	224	-945	222	-212	228	526	-53	-253	160	137
2025 Total	272,685	272,847	273,023	273,197	273,385	273,585	273,785	274,001	274,226			
Chg	3,047	162	176	174	188	200	200	216	225			
Native born	222,243	222,790	222,576	223,552	223,791	224,450	225,276	225,458	225,817			
Chg	1,450	547	-214	976	239	659	826	182	359			
Foreign born	50,442	50,057	50,447	49,645	49,593	49,135	48,510	48,543	48,409			
Chg	1,598	-385	390	-802	-52	-458	-625	33	-134			

Enough talk about the population trend and how it might be muddying the jobless stats. The jobs report looks less mixed to us, and seems to favor a December rate cut based on the Fed's slowing labor market criteria. The jobless rate, warts and all, increased and payroll jobs increases were not widespread across industries. 119K more payroll jobs, but 42.8K was health care and 36.5K was Food services and drinking places, two categories accounting for two-thirds of the 119K. Federal government jobs fell only 3K in September, down 97K since January, but another 100K may be coming in October once they finally get scrubbed from the payroll. There won't be an October jobs report, but a "combined" report for November minus an October unemployment rate will be released Tuesday, December 16.

Payroll jobs average 38K since May with two drops

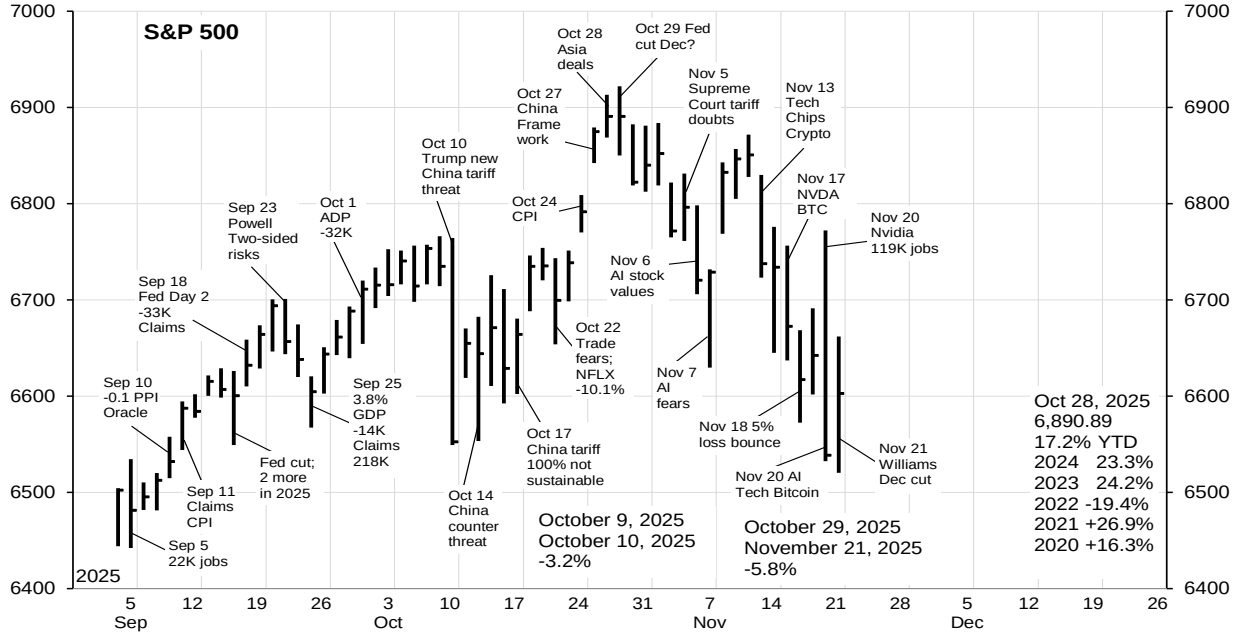
Dec. 2024 Totals millions		Sep 25	Aug 25	Jul 25	9 months Dec 24 to Sep 25	12 months Dec 23 to Dec 24
158.942	Nonfarm Payroll Employment	119	-4	72	684	2012
135.382	Total Private (ex-Govt)	97	18	56	646	1559
21.673	Goods-producing	10	-32	-16	-52	72
0.585	Mining	-2	-3	-3	-11	-9
12.760	Manufacturing	-6	-15	-9	-54	-105
1.008	Motor Vehicles & parts	-1	-9	2	-16	-20
1.015	Computer/electronics	-2	-2	-1	-15	-28
1.770	Food manufacturing	-2	0	-2	2	17
8.289	Construction	19	-14	-3	16	190
5.248	Specialty trade contractors	10	-10	-7	-1	112
113.709	Private Service-providing	87	50	72	698	1487
29.033	**Trade, transportation, utilities**	-2	-3	-4	33	179
15.538	Retail stores	14	3	6	56	-6
3.273	General Merchandise	3	9	5	48	48
3.235	Food & Beverage stores	3	3	0	16	19
6.723	Transportation/warehousing	-25	3	-5	-13	136
1.521	Truck transport	-7	0	4	-4	-18
0.569	Air transportation	-1	-1	2	8	7
1.153	Couriers/messengers	-7	4	1	-5	79
1.844	Warehousing and storage	-11	-1	-6	-32	15
2.944	**Information**	0	-7	-6	-19	-18
0.484	Computing, data, web hosting	-1	-3	-4	-5	0
9.206	**Financial**	5	-15	1	29	30
3.019	Insurance	-1	-11	3	-10	37
2.481	Real Estate	3	-2	-6	14	11
1.369	Commercial Banking	1	0	-1	-6	-17
1.128	Securities/investments	3	1	3	24	16
22.614	**Professional/business**	-20	-17	-13	-101	-50
2.552	Temp help services	-16	-10	-15	-74	-159
2.622	Management of companies	1	1	-1	12	7
1.729	Architectural/engineering	2	-2	5	26	54
2.446	Computer systems/services	-7	-1	-3	-36	-6
1.192	Legal services	1	0	3	12	-10
1.141	Accounting/bookkeeping	1	2	1	17	-9
26.931	**Education and health**	59	43	80	580	999
5.641	Hospitals	16	7	12	137	209
8.934	Ambulatory health care	23	11	36	107	330
3.992	Educational services	2	4	9	15	80
16.979	**Leisure and hospitality**	47	32	9	125	251
1.949	Hotel/motels	-2	1	-1	-7	29
12.365	Eating & drinking places	37	21	10	64	130
23.560	Government	22	-22	16	38	453
2.413	Federal ex-Post Office	-3	-11	-11	-87	48
5.512	State government	16	-22	-6	-13	134
2.630	State Govt Education	11	-17	-8	-25	37
15.036	Local government	9	14	30	145	273
8.186	Local Govt Education	5	15	19	79	109

Monthly changes (000s)	Sep	Aug	Jul	Jun	May
Payroll employment	119	-4	72	-13	19
Private jobs	97	18	56	-27	69
Federal govt ex-post office	-3	-11	-11	-9	-19
Bars/Restaurants	37	21	10	-6	15
HH Employment Survey*	251	288	-260	93	-696
Unemployment rate %	4.4	4.3	4.2	4.1	4.2
Participation rate %	62.4	62.3	62.2	62.3	62.4
Not in labor force (mln)	102.978	103.223	103.443	103.204	102.875
... and Want A Job (mln)	5.933	6.354	6.175	6.030	5.991
Average hourly earnings	$36.67	$36.58	$36.43	$36.31	$36.23
MTM % Chg	0.2	0.4	0.3	0.2	0.4
YOY % Chg	3.8	3.8	3.9	3.7	3.8

* Household (telephone) Survey of employment behind unemployment rate

Stay tuned. Trying to stick with the unemployment rate as an economic signal, despite the migration chaos effect on the population count measures, which could make the ratio, unemployment to labor force, less reliable. How can you seasonally adjust this combined series (native and foreign) with these incredible divergence in trends. The Federal government is back open for business, and the payroll jobs economy at least was doing surprisingly well heading into storm. Other shoes are set to drop in October unfortunately when over 100 thousand Federal government workers formally will leave their jobs under the deferred resignation program. It is unclear how these Federal workers are going to transition into the private sector which is currently seeing good opportunities mostly in health care services and bars and restaurants. The recession clouds remain offshore, but the cuts to Federal government spending and manpower are not helping. Since the late 70s, we've never not been in a recession with a percentage point rise in the unemployment rate.

INTERESTRATES

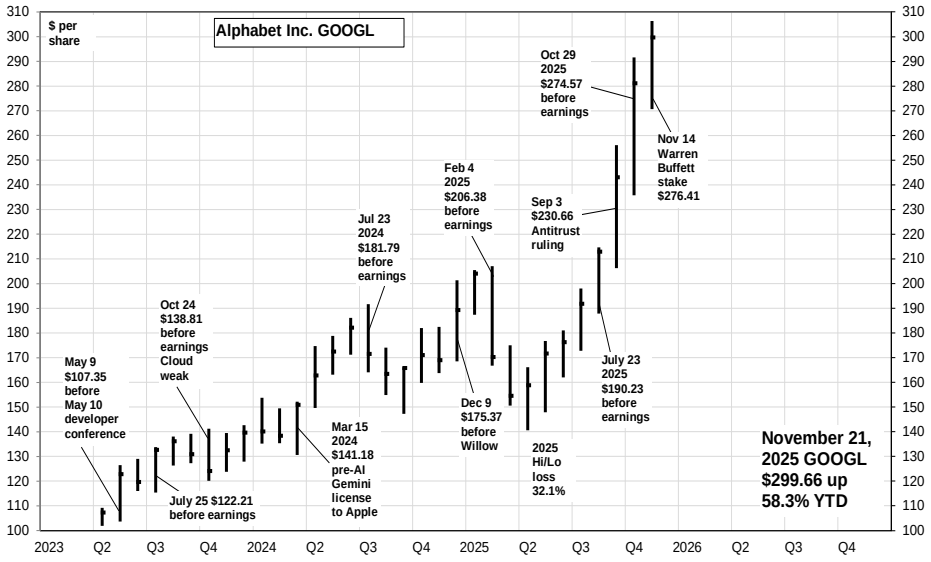


Stock market started the week off with a test of the lows. Wish there was a logical reason why. It has been a long time since the October 29 peak, long enough for some technicians to start thinking the trend has changed, and tell us later they tried to warn investors. The S&P 500 broke to new lows, down exactly 5.0%, on Tuesday, fear of Nvidia earnings Wednesday after the bell. Nvidia earnings were good, maybe Walmart too Thursday morning, then high of the day after off-schedule 119K payroll jobs. Huge breakdown to new lows for the move, something to do with Tech again and Bitcoin. Friday was near the lows at 730am ET in futures markets when the NY Fed President's speech about a December rate cut lifted the market from the low. Worst point in cash market Friday was down 5.8% for this move starting October 29. 10-year closes week at 4.07%, the bond market just a bystander.

Alphabet, Inc. (GOOGL) Warren Buffett's choice

Another strong quarter with revenues over $100 billion now, up 16% from last year. Cloud increased 34% to $15.2 billion. EPS beat Street estimates. Other than earnings, the stock price has had some luck. A judge ruled against breaking up the company and the stock jumped 9.1% to $230.66 on September 3. News of Buffett's rare tech investment after the Friday, November 14 close of $276.41 rallied the stock as much as 6.3% on Monday.

Calendar Year Mln $	Revenue	Advertising	Cloud	Operating Income
Q3 2025	102,346	74,182	15,157	31,228
Q2 2025	96,428	71,340	13,624	31,271
Q1 2025	90,234	66,685	12,260	30,606
Q4 2024	96,469	72,461	11,955	30,972
Q3 2024	88,268	65,854	11,353	28,521
Q2 2024	84,742	64,616	10,347	27,425
Q1 2024	80,539	61,659	9,574	25,472
Q4 2023	86,310	65,517	9,192	23,697
Q3 2023	76,693	59,647	8,411	21,343

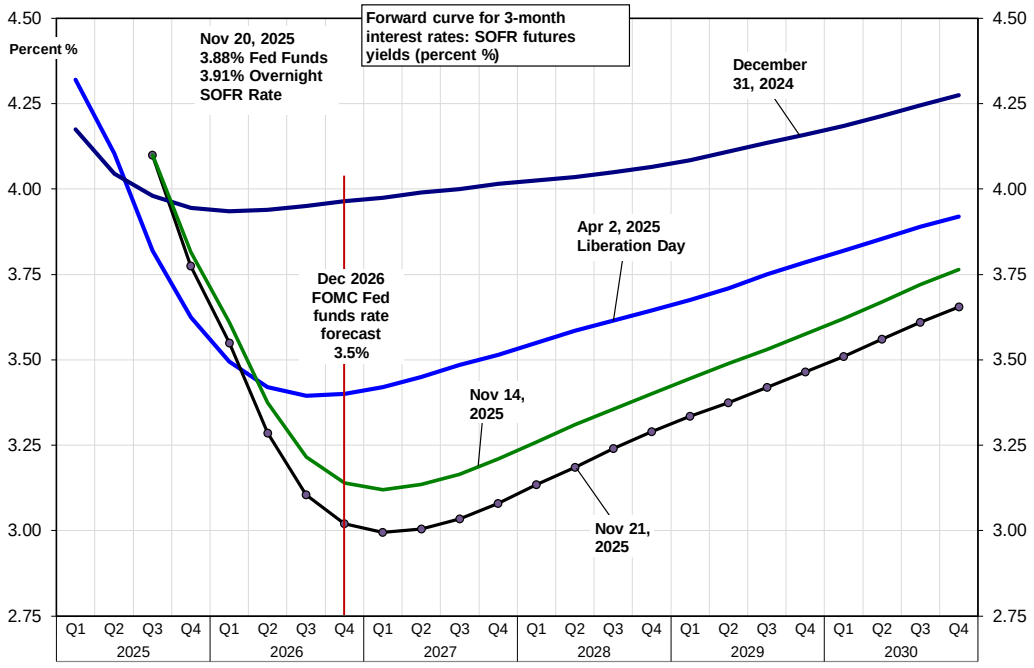


FEDERAL RESERVE POLICY

The Fed meets December 9-10, 2025 to consider its monetary policy. Most of the comments this week from Fed officials were not in favor of a rate cut in December, then bang on Friday morning at 730am ET, NY Fed President Williams down in Chile said he supported the last two rate cuts in September and October, and yes he could support a third rate cut in December. January Fed funds futures (adj.) were 3.885% before the news hit, close to 50/50 chance, despite the bearish Fed comments of Fed officials most of the week, and this yield calculation traded as low as 3.80% during the day on Friday, all but 5 bps of a third rate cut this year to 3.75% being discounted. Williams' argument for a cut has the same labor market worry as others (that's why Sep/Oct meeting cuts), but he also said the upside risks to inflation have lessened somewhat. All we can see is that core CPI in September rose 0.2% for the month, less than the 0.3% increase in July/Aug, and year-year is 3.0% down from 3.1% in July/Aug. Okay. October CPI canceled. November CPI is Thursday, December 18.

Selected Fed assets and liabilities						Change
Fed H.4.1 statistical release						from
billions, Wednesday data	19-Nov	12-Nov	5-Nov	29-Oct	3/11/20*	3/11/20
Factors adding reserves						to Nov 19
U.S. Treasury securities	4190.939	4192.993	4192.743	4196.739	2523.031	1667.908
Federal agency debt securities	2.347	2.347	2.347	2.347	2.347	0.000
Mortgage-backed securities (MBS)	2069.907	2069.963	2069.963	2069.963	1371.846	698.061
Repurchase agreements	0.006	6.052	0.102	10.311	242.375	-242.369
Primary credit (Discount Window)	6.101	5.818	7.138	7.894	0.011	6.090
Bank Term Funding Program	0.000	0.000	0.000	0.000		
FDIC Loans to banks via Fed	0.000	0.000	0.000	0.000		
Paycheck Protection Facility	0.066	0.067	0.069	0.070		
Main Street Lending Program	3.659	3.845	3.839	3.834		
Term Asset-Backed Facility (TALF II)	0.000	0.000	0.000	0.000		
Gold stock	11.041	11.041	11.041	11.041	11.041	0.000
Central bank liquidity swaps	0.047	0.031	0.086	0.026	0.058	-0.011
Federal Reserve Total Assets	6606.2	6631.1	6623.6	6637.2	4360.0	2246.157
~~3-month Libor %~~ SOFR %	3.91	3.98	3.91	4.27	1.15	2.760
Factors draining reserves						
Currency in circulation	2421.226	2423.504	2421.923	2418.200	1818.957	602.269
Term Deposit Facility	0.000	0.000	0.000	0.000	0.000	0.000
U.S. Treasury Account at Fed	900.832	943.145	942.700	983.859	372.337	528.495
Treasury credit facilities contribution	2.029	2.029	2.029	2.029		
Reverse repurchases w/others	1.129	5.886	12.814	19.504	1.325	-0.196
Federal Reserve Liabilities	3688.652	3747.758	3771.720	3809.269	2580.036	1108.616
Reserve Balances (Net Liquidity)	2917.531	2883.340	2851.923	2827.909	1779.990	1137.541
Treasuries within 15 days	59.709	52.227	64.414	66.333	21.427	38.282
Treasuries 16 to 90 days	205.280	199.016	186.371	190.102	221.961	-16.681
Treasuries 91 days to 1 year	432.488	442.612	443.029	432.478	378.403	54.085
Treasuries over 1-yr to 5 years	1409.816	1401.107	1401.005	1413.369	915.101	494.715
Treasuries over 5-yrs to 10 years	491.025	509.387	509.362	506.810	327.906	163.119
Treasuries over 10-years	1592.621	1588.644	1588.561	1587.647	658.232	934.389
Note: QT starts June 1, 2022	Change	11/19/2025	6/1/2022			
U.S. Treasury securities	-1579.840	4190.939	5770.779			
Mortgage-backed securities (MBS)	-637.539	2069.907	2707.446			
**March 11, 2020 start of coronavirus lockdown of country						

Fed Policy-key variables					Long
	2025	2026	2027	2028	Term
Fed funds	3.6	3.4	3.1	3.1	3.0
PCE inflation	3.0	2.6	2.1	2.0	2.0
Core inflation	3.1	2.6	2.1	2.0	
Unemployed	4.5	4.4	4.3	4.2	4.2
GDP	1.6	1.8	1.9	1.8	1.8
September 2025 median Fed forecasts					



All but 7 bps of a 25 bps rate cut to 3.75% is discounted on December 10.

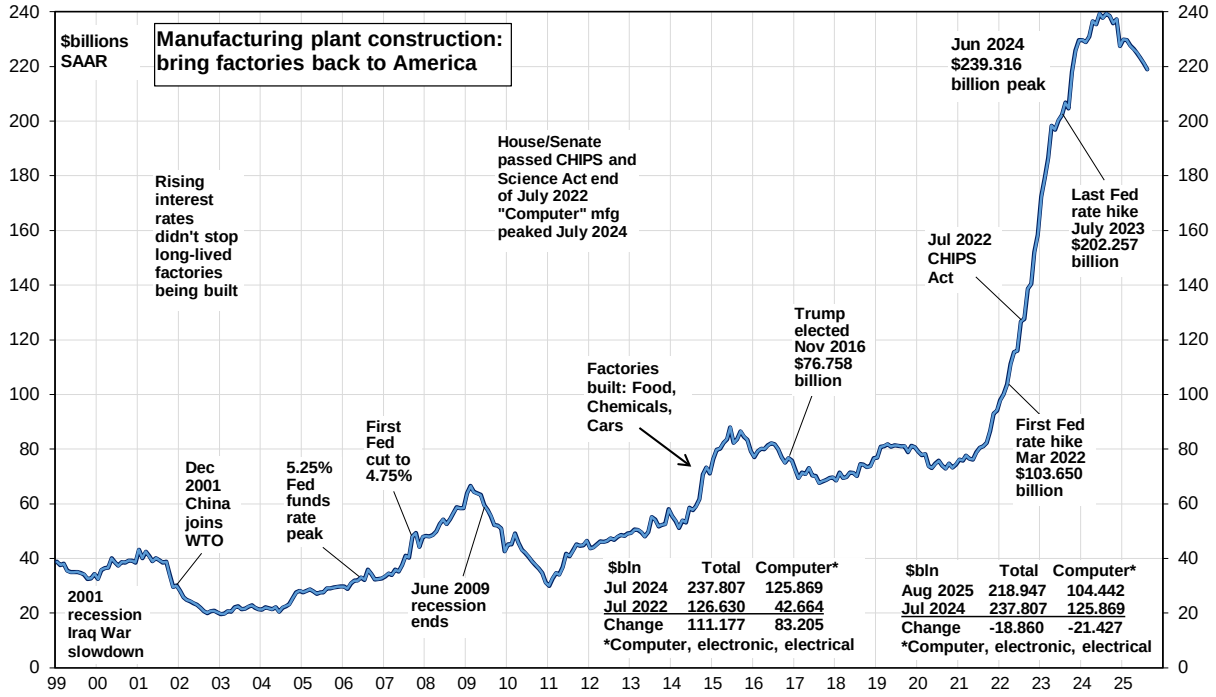
Fed funds futures call Fed policy	
Current target: November 21 -- 4.0%	
Rate+0.12 Contract	Fed decision dates
3.820 Jan 2026	Dec 10*
3.635 Apr 2026	Adds Jan 28, Mar 18*
*Jan 2026 could be two days at a new rate	
*Apr 2026 could be one day at a new rate	

Next up: November CPI inflation report Thursday, December 18 at 830am ET															
Monthly	2025								2025	2024					2024
% Changes	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul
Core CPI inflation	0.2	0.3	0.3	0.2	0.1	0.2	0.1	0.2	0.4	0.2	0.3	0.3	0.3	0.3	0.2
Core PCE inflation		0.2	0.2	0.3	0.2	0.2	0.1	0.4	0.3	0.2	0.1	0.3	0.3	0.2	0.2
Core PCE YOY		2.9	2.9	2.8	2.8	2.6	2.7	3.0	2.8	3.0	3.0	3.0	2.8	2.9	2.8
Core CPI YOY	3.0	3.1	3.1	2.9	2.8	2.8	2.8	3.1	3.3	3.2	3.3	3.3	3.3	3.2	3.2

OTHER ECONOMIC NEWS

Construction spending (Monday)

Breaking economy news. Construction spending was released suddenly to us anyway, in its normal 10am ET time slot at least, on Monday. Data for August (this is November) that should have been released October 1,.2025. They did not say when the September data are due to be released which is unusual. No market reaction to the construction data, rarely is, in part because it is normally released the same time/day as ISM manufacturing survey data each month. But this week it was released on the same morning as the latest from Trump 2.0 communications highlighting "companies have invested trillions of dollars into their U.S.-based operations – onshoring and creating hundreds of thousands of new jobs for Americans." To be sure, the good times for investment in factories and jobs undoubtedly lie ahead of us, but at the moment, manufacturing construction is falling sharply.



Manufacturing construction was boosted by the CHIPS Act in July 2022 and now it is on its way back down. The computer category in the chart here lifted from $42.664 billion in July 2022 to the $125.869 billion peak in July 2024.

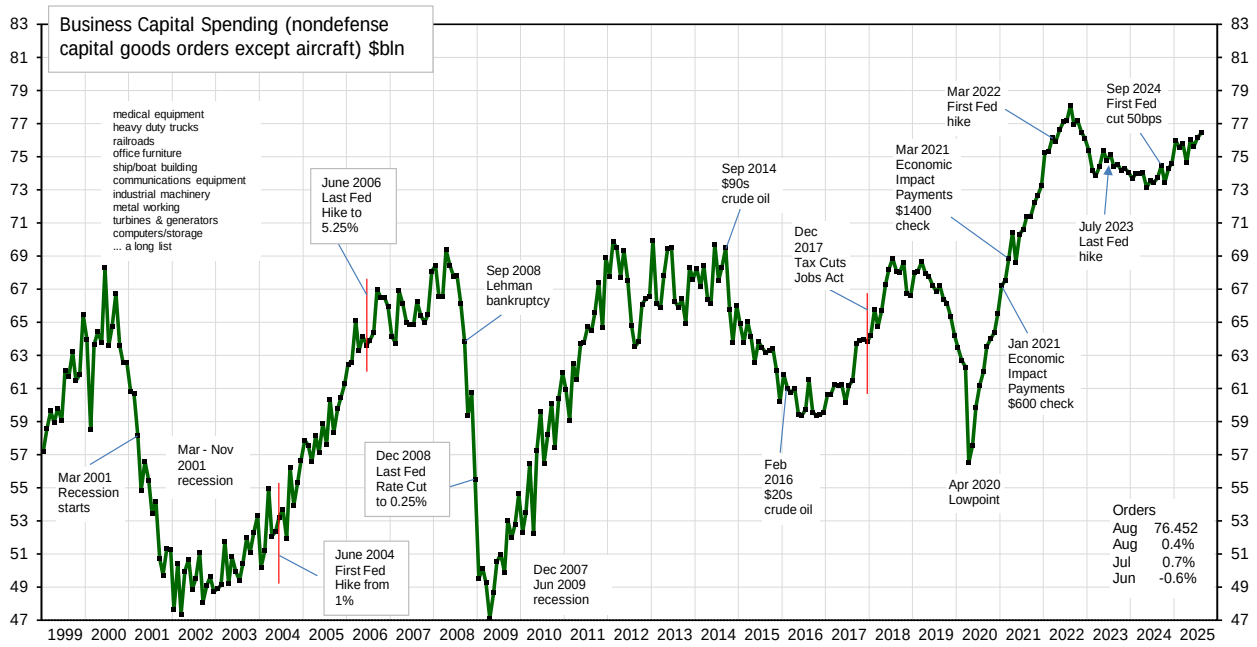
Manufacturing construction does not include data centers, as these are in the "office" construction category. Data centers are up $8.5 billion the last year to $41.415 billion in August 2025, while the entire total private nonresidential construction category (doing its best to forecast recession) is down $31.1 billion to $737.277 billion in August 2025 from a year ago.

Business orders strong (Tuesday)

Breaking economy news. We think. Second look at nondefense capital goods orders ex-aircraft released the first time in the durable goods report on September 25 before the Federal government shutdown on September 30. The Factory Orders report released at 10am ET today revises this data which is normally ignored by markets.

Net, net, business investment in key, long-lived goods continues to keep the economy moving along at a fast clip in the third quarter with no sign that higher tariffs are causing a wholesale retreat on the part of American businesses. The strength in capital goods orders is one of the reasons real GDP growth may be close to 4% in the third quarter and time will tell whether these expenditures are to meet the demand from their customers or whether companies are simply stocking up before import tariffs push their costs of goods even higher.

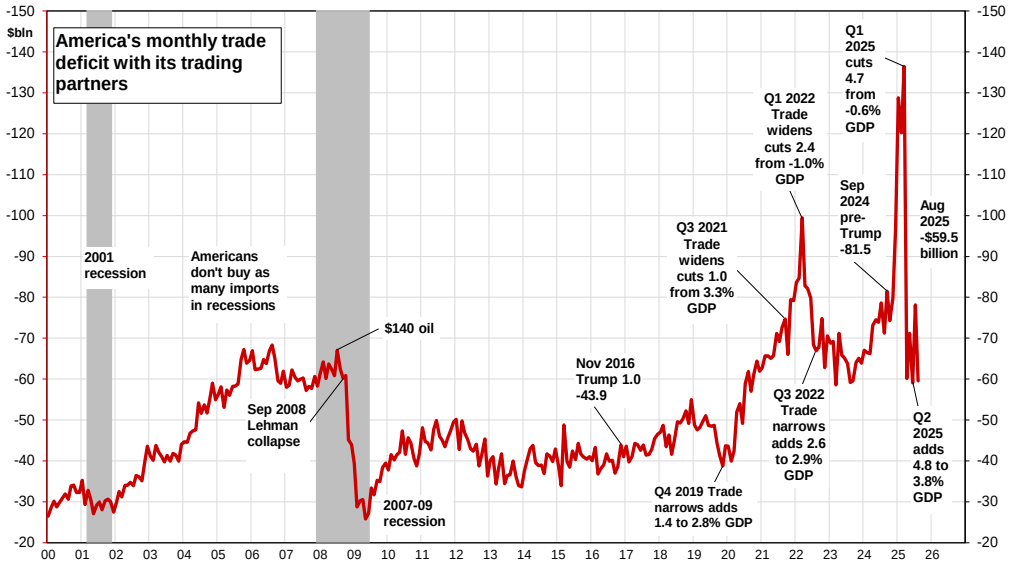
Factory orders are a complete look at manufacturing, but the durable goods orders from August were released already before the Federal government shutdown. Nondefense capital goods ex-aircraft rebounded from a 0.6% decline in June with a 0.8% increase in July and 0.6% rise in August. Factory orders today revised these figures in the durable goods report downward slightly to a 0.7% increase in July and 0.4% rise in August. Got it? Good. This is all the economic data we get for now. Stay tuned. The wheels are not coming off the bus yet with the economy looking on the strong side in August, but the road ahead does have some warning signs of a slowdown and time will tell if the economy continues at this strong of a pace.



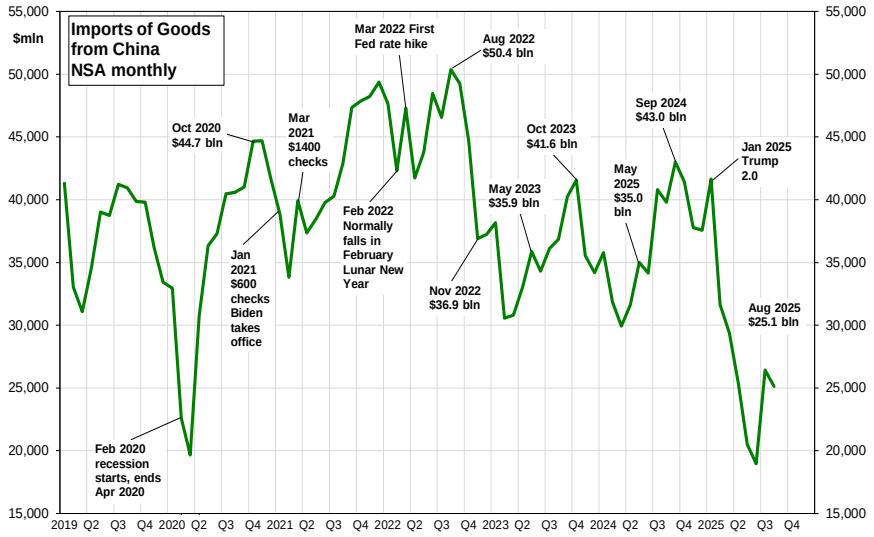
Trade deficit plummets again (Wednesday)

$mln	Trade balance			Exports			Imports		
	Total	Goods	Services	Total	Goods	Services	Total	Goods	Services
Jul 2025	-78,154	-103,723	25,569	280,602	179,549	101,053	358,756	283,272	75,484
Aug 2025	-59,550	-85,608	26,058	280,832	179,019	101,813	340,382	264,627	75,755
Change	18,604	18,115	489	230	-530	760	-18,374	-18,645	271

Breaking economy news. The August trade deficit fell to $59.550 billion from $78.154 billion in July as imports plummeted. The deficit soared on a surge in imports to beat the expected tariffs in January, February, March. Imported goods in August are $264.6 billion, the lowest since January 2023. Still unclear whether this is tariff avoidance or whether companies brought in enough in Q1 2025 to satisfy demand for now.

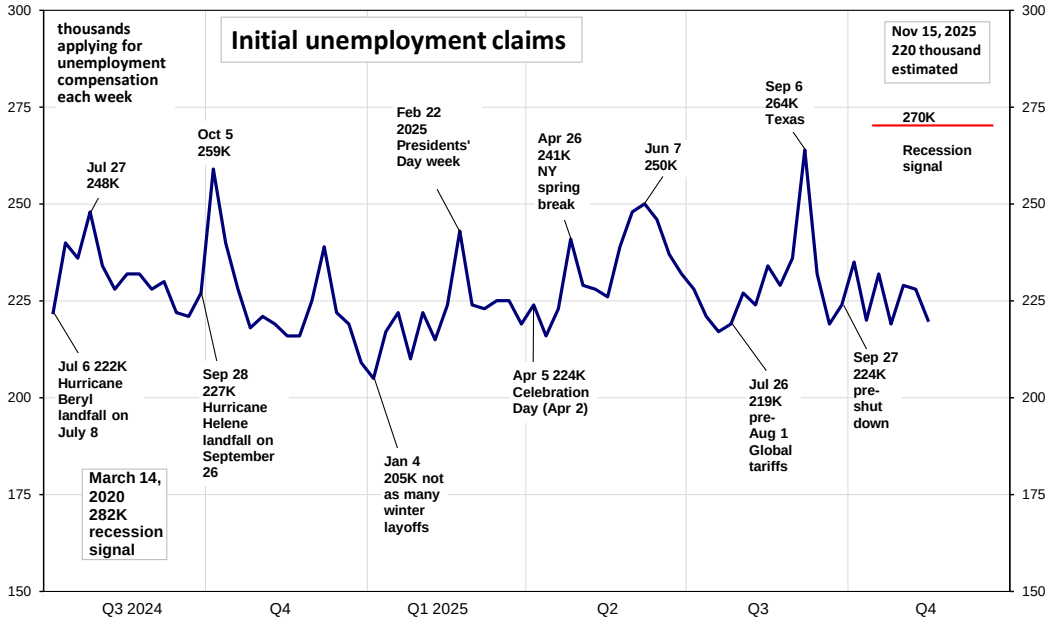


Net, net, the America First agenda from Washington has turned international trade flows into a yo-yo based on whether import tariffs are currently on again or off again. Imports collapsed in August, bringing the trade deficit red ink down sharply with it, but almost half of the $18.6 billion drop in imported goods in August was due to the $9.3 billion decline in nonmonetary gold. The trade deficit was $59.55 billion in August down from $78.154 billion in July, nearly back to the low of the year, so if Trump 2.0 wants to claim some bragging rights they certainly will feel entitled to do so. Imported goods are down even before US factories can ramp up to replace them with domestically produced goods. Economists are happy to see a return of economic data, but this report today for August is well past its stale date. US exporters are not finding their products shunned in the rest of the world, but the $179.0 billion figure in August is barely changed from $179.5 billion in July so the US factory machine is not going gangbusters. Stay tuned. The good news for trade and the US economy is the tariffs are working. The bad news for trade and the US economy is the tariffs are working. Markets and Fed officials will scramble to find which is true, but maybe both are.

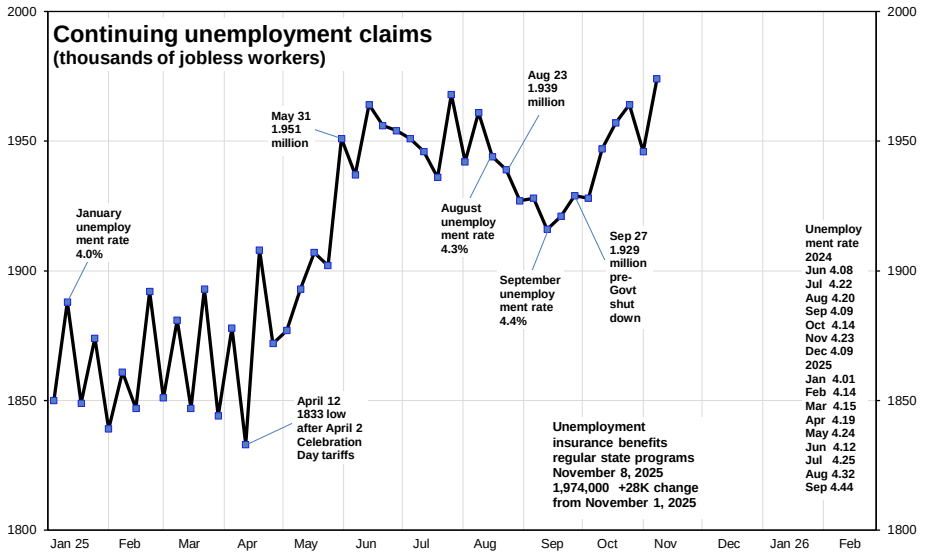


Weekly jobless claims are back (Thursday)

Breaking economy news. Weekly jobless claims are back, on the same day day/time as the delayed September payroll jobs report, and the latest trends are more unscrutable than ever. We are happy to report we did calculate all the prior weeks of data when the government was closed correctly, except for a minor 1K rounding-error miss in one of the weeks.



Initial claims fell back 8K to 220K in the November 15 week, which is the reference week used to generate the Household Survey data like the unemployment rate in the monthly "payroll jobs" report. Nothing is happening, if there are massive, recession-making job layoffs, these workers are not or have not applied for unemployment compensation. These first-time or initial filings then feed into the continuing unemployment claims. But the continuing claims series is off-kilter. Continuing unemployment claims jumped to a new 2025 high of 1.974 million and has been moving higher in a worrisome way except continuing claims are not matching up with the unemployment rate. Both should be moving higher at the same time ideally. But continuing claims were actually down at 1.916 million in the September 13 reference week for the September unemployment rate of 4.4% released today, even before the latest upswing in continuing jobless claims. Stay tuned. The only way to bring some daylight to this murky data is for the series to move even further in either direction really. Then we could be sure of the trend.



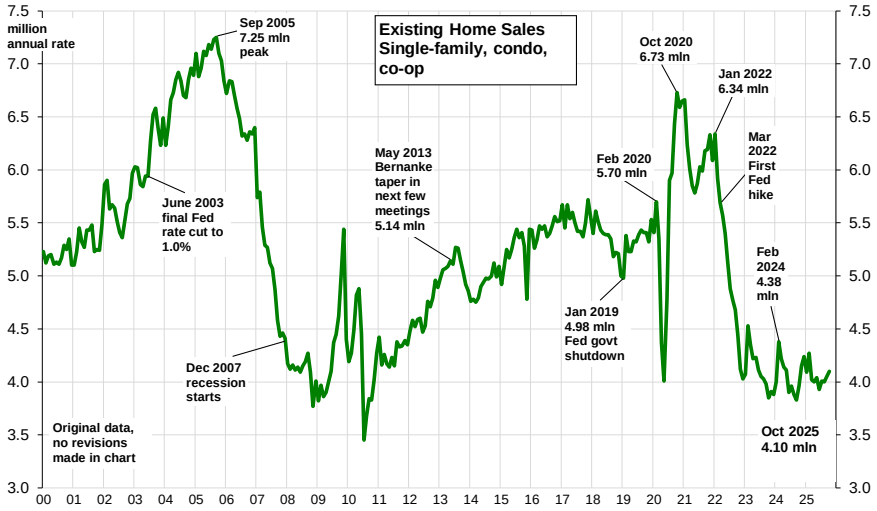
Existing home sales (Thursday)

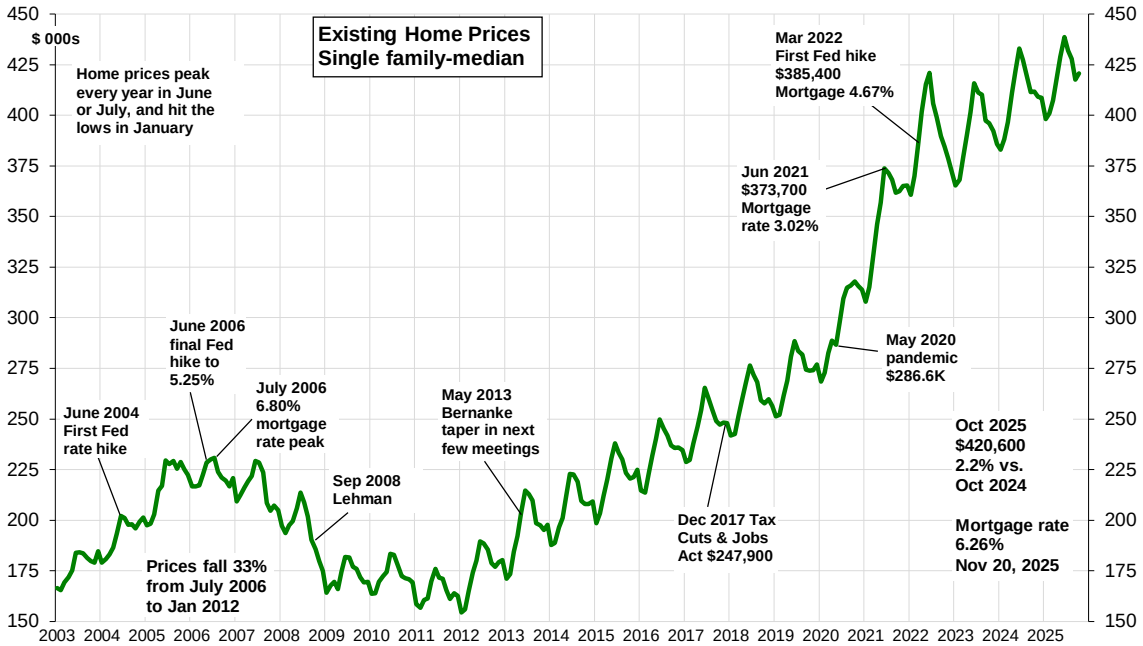
Breaking economy news. Existing home sales were released at 10am ET to little fanfare because most of Wall Street was trying to find out how to sell their Bitcoin. The rally in stocks after the stronger 119K jobs report at 830am ET had fizzled. Home sales rose 1.2% in October mostly on the sales from the Midwest while sales out West were off.

Existing Home Sales

Million	Total	Northeast	Midwest	South	West
2022	5.030	0.620	1.190	2.250	0.960
2023	4.090	0.490	0.980	1.880	0.740
2024	4.060	0.490	0.960	1.850	0.760
2025					
May	4.040	0.500	0.990	1.850	0.700
Jun	3.930	0.460	0.950	1.810	0.710
Jul	4.010	0.500	0.940	1.850	0.720
Aug	4.000	0.480	0.960	1.830	0.730
Sep	4.050	0.490	0.940	1.850	0.770
Oct	4.100	0.490	0.990	1.860	0.760

Home prices are still 2.2% higher than a year ago, and are in the down period seasonally after the summer peak selling season. Mortgage rates were 6.26% in the November 20, 2025 week, not low enough to stimulate activity and any return to 3% rates before the 2022 Fed inflation-fighting rate hikes seems unlikely. The recent peak in mortgage rates was 6.89% at the end of May 2025.





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