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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

December 8 2025

"95 % of people have no chance of beating the S&P 500 Index." Charles Thomas Munger "Charlie"

MARKETS

Macro Recap: With official U.S. employment data delayed due to the recent government shutdown, private-sector figures provided an early signal of labor market conditions. ADP reported that private employers shed 32,000 jobs in November, reversing October's gain of 47,000 positions. This decline underscores economists' concerns that hiring momentum is slowing. The government's November jobs report is now scheduled for December 16, more than two weeks behind its usual release.

The Federal Reserve's preferred inflation gauge, the Core Personal Consumption Expenditures (PCE) Index, rose at an annual rate of 2.8% in September, down slightly from 2.9% in August. While still above the Fed's long-term 2.0% target, the moderation suggests inflationary pressures are easing. This trend could bolster expectations that the Fed may consider rate cuts in the coming months if economic conditions continue to soften.

Despite labor market concerns, consumer confidence improved slightly. The University of Michigan's preliminary December reading came in at 53.3, up from 51.0 in November, marking a modest rebound after several months of declines. While sentiment remains historically low, the uptick hints at some resilience among consumers even as job growth slows.

Equity Recap: The stock market finished the week modestly higher, with major indexes edging upward despite uneven sector leadership and shifting interest rate expectations ahead of next week's FOMC meeting. The S&P 500 gained 0.3%, the Nasdaq Composite advanced 0.9%, and the Dow Jones Industrial Average added 0.5%. Broader participation was evident as small- and mid-cap stocks joined the rally, with the Russell 2000 up 0.8% and the S&P MidCap 400 rising 0.4%.

Bond/Rate Recap: Prices of medium- to long-term U.S. government bonds declined last week, pushing yields sharply higher. The 10-year Treasury yield closed at 4.14%, up from 4.02% the previous week, while the 30-year yield climbed to 4.79%, its highest level in three months. Despite the rise in yields, futures markets continued to signal strong expectations for a rate cut at the Federal Reserve's meeting ending Wednesday, December 10. As of Friday's close, CME FedWatch data implied an 87% probability of a quarter-point cut, with only a 13% chance of no change.

INDICES

	Dec 1 Open	Dec 5 Close	Weekly Change	Dec 31 2024	YTD Change
DJIA	47,716	47,955	0.5%	42,544	12.7%
S&P 500	6,849	6,870	0.3%	5,882	16.8%
NASDAQ	23,366	23,578	0.9%	19,311	22.1%
Russell 2000	2,500	2,521	0.8%	2,230	13.1%
KBW Bank Indx	154.1	159.0	3.2%	127.5	24.8%
Bitcoin	$85,783	$90,056	5.0%	$93,714	-3.9%
Oil (WTI)	$59.09	$60.08	1.7%	$71.72	-16.2%
Gold	$4,262	$4,198	-1.5%	$2,625	59.9%
Prime	7.00	7.00	0.00	7.50	-0.50
Effective Fed Funds	3.88	3.89	0.01	4.33	-0.44
3m Tbill	3.79	3.69	-0.10	4.31	-0.62
2yr UST	3.49	3.56	0.07	4.24	-0.68
10yr UST	4.00	4.14	0.14	4.57	-0.43
2-10yr UST Spread	55	57	2	33	25
2y AAA Muni/10y UST	71.0%	69.3%	-1.7%	66.5%	2.9%
10y AAA Muni/10y UST	67.9%	66.4%	-1.5%	68.4%	-2.0%
5yr Inflation Forecast	2.34	2.35	0.01	2.42	-0.07

Week Ahead

- **Monday:** No major reports
- **Tuesday:** JOLTS, Small Business Optimism Index
- **Wednesday:** FOMC rate decision, Productivity and labor costs, Federal budget
- **Thursday:** PPI, Wholesale inv., Trade balance
- **Friday:** No major reports

***Could be delayed or canceled**

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✉ Forward

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