

### Market Volatility Persists Ahead of December Employment Report

- In another shortened holiday week, term rates saw heightened volatility with the 3Y swap rate trading in a 12 bp range, though ultimately finishing just 3 bps lower. On Friday, both the S&P 500 and the Nasdaq climbed over 1% after five consecutive days of losses driven largely by tech stocks. The S&P 500 finished the week 0.48% lower, while the 10Y UST fell 3 bps.
- Richmond Fed President Tom Barkin commented on monetary policy last week, reiterating that “there’s more work to do” as inflation has more “upside risk than downside risk.” Barkin added that he favors a patient approach and would like to see policy stay restrictive for longer. On the labor market, he believes its more likely that companies hire than fire. Barkin’s views align with statements from the December Fed meeting where Chair Powell described the labor market as “solid.”
- Initial jobless claims unexpectedly fell to 211k, the lowest level since April. Continuing claims also printed below expectations, falling to 1,844k. Despite this week’s drop, unemployment applications have trended higher and signal moderating conditions. Given holiday volatility, policymakers will look to this week’s employment report for a more detailed picture of the labor market.
- ISM manufacturing advanced more than expected in December, rising from 48.4 to 49.3. Although the gauge remains in contraction territory (below 50), the increase suggests activity and sentiment have improved.
- This week, the market will get its first round of economic data to kick off 2025. Factory and durable goods orders start the week, followed by JOLTS and ISM Services on Tuesday, the December FOMC meeting minutes on Wednesday, and finishing the week with the December employment report releasing Friday.
- *A national day of mourning will take place Thursday, January 9<sup>th</sup> in observance of former President Jimmy Carter’s death; the US Stock Market is closed for the day and bond markets will close early at 2pm ET.*

	Today	1 Week Ago	1 Month Ago	1 Year Ago	10Y Avg	20Y Avg	All Time Low
SOFR*	4.31%	4.37%	4.60%	5.31%	-	-	0.01%
1M Term SOFR*	4.31%	4.34%	4.48%	5.34%	-	-	0.01%
3M Term SOFR*	4.29%	4.31%	4.43%	5.33%	-	-	0.02%
2Y UST	4.26%	4.24%	4.10%	4.37%	2.00%	1.90%	0.10%
5Y UST	4.39%	4.36%	4.04%	3.99%	2.21%	2.36%	0.19%
10Y UST	4.59%	4.53%	4.15%	4.03%	2.48%	2.90%	0.51%

\*SOFR and Term SOFR were introduced in 2018 and 2019, respectively. As such, there is no 10- and 20-year average to calculate.

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