

CAPITAL MARKETS REPORT - JANUARY 13, 2025



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SERVICE BEYOND COMPARISON

Market Movers:

- Stocks got hammered and bond yields climbed with traders slashing their bets for Federal Reserve interest-rate cuts after Fridays' blowout jobs report. Nonfarm Payrolls surprised to the upside at 256k vs 165k forecast. The Unemployment Rate dipped down to 4.1% (previous 4.2%), and Average Hourly Earnings declined. The 30 year US Treasury briefly touched 5%.
- The dollar trimmed losses on Monday and bank stocks climbed on deregulation optimism as the Fed's vice chair for supervision stepped down. The yield curve steepened. 30yr notes hit 4.85%.
- U.S. Services PMI was revised down from 58.5 to 56.8. While the revision down was more than forecast, it remains the highest reading since 2022.
- Factory Orders declined by 0.4% in November, while October's reading was revised higher from +0.2% to +0.5%. Durable Goods Orders were revised down.
- Treasuries fell across the curve Tuesday, with a \$39bill sale of 10yr notes drawing the highest yield since 2007, along with a flurry of investment-grade corporate deals hitting the street.
- Job openings rose to a six-month high in November, boosted by a jump in business services while other industries showed mixed demand. The 10-yr yield climbed 6bps to 4.69%.
- Swap traders who were fully pricing in a Fed rate cut by March scrapped wagers, pushing bets into the second half of the year.
- Job Openings unexpectedly surged from 7.839mn to 8.098mn, the highest reading since May 2024 as the labor market continues to demonstrate resilience.
- Mortgage Applications fell 3.7% last week with conventional 30-year rates near 7.0%. The index is at its lowest level since November 2023.
- Initial Jobless Claims surprised to the downside, falling from 211k to 201k, while Continuing Claims increased by 33k to 1867k.

Market Last Week

	1/3/25 Close	1/10/25 Close	Weekly Change
2 yr. Note	4.25%	4.38%	+13bps
5 yr. Note	4.41%	4.58%	+17bps
10 yr. Note	4.60%	4.76%	+16bps
30 yr. Bond	4.81%	4.95%	+14bps
SOFR Rate	4.31%	4.30%	-1bps

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
1/14/25 8:30 AM	PPI Final Demand MoM	0.4%	0.4%
1/15/25 7:00 AM	MBA Mortgage Applications	n/a	-3.7%
1/15/25 8:30 AM	Empire Manufacturing	3.0	0.2
1/15/25 8:30 AM	CPI MoM	0.3%	0.3%
1/15/25 8:30 AM	CPI YoY	2.9%	2.7%
1/16/25 8:30 AM	Retail Sales Advance MoM	0.6%	0.5%
1/16/25 8:30 AM	Import Price Index MoM	-0.2%	0.1%
1/16/25 8:30 AM	Initial Jobless Claims	210k	201k
1/16/25 8:30 AM	Continuing Claims	1877k	1867k
1/17/25 8:30 AM	Housing Starts	1325k	1289k
1/17/25 8:30 AM	Building Permits	1460k	1493k
1/17/25 9:15 AM	Industrial Production MoM	0.3%	-0.1%

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