TD Economics

Weekly Bottom Line

November 7, 2025

Highlights

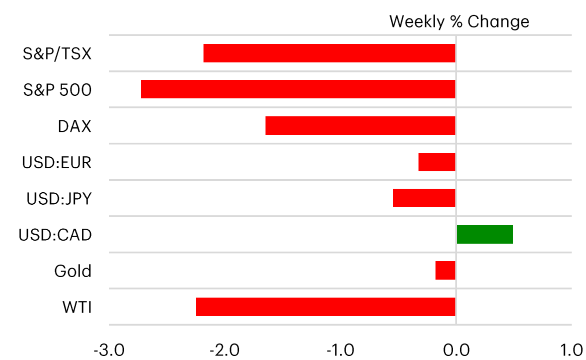
- The U.S. government shutdown officially became the longest in history, passing the 35-day record set in 2019 on Wednesday.
- The dearth of official data has us looking to alternative indicators which point to some further cooling in the labor market.
- Other data show that consumer confidence has weakened since January and has fallen to near-record lows this month.

This Week in the Markets

	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6653	6840	6891	4983
S&P/TSX Comp.	29587	30261	30637	22507
DAX	23569	23958	24611	19003
FTSE 100	9684	9717	9777	7679
Nikkei	50276	52411	52411	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.08	4.08	4.79	3.95
Canada 10-yr Bond	3.15	3.12	3.60	2.83
Germany 10-yr Bund	2.67	2.63	2.90	2.03
UK 10-yr Gilt	4.47	4.41	4.89	4.21
Japan 10-yr Bond	1.68	1.67	1.70	1.00
Foreign Exchange Cross Rates				
C$ (USD per CAD)	0.71	0.71	0.74	0.69
Euro (USD per EUR)	1.16	1.15	1.19	1.02
Pound (USD per GBP)	1.32	1.32	1.37	1.22
Yen (JPY per USD)	153.2	154.0	158.4	140.9
Commodity Spot Prices**				
Crude Oil ($US/bbl)	59.6	61.0	80.0	57.1
Natural Gas ($US/MMBtu)	3.71	3.57	9.33	1.22
Copper ($US/met. tonne)	10651.5	10873.1	11163.8	8571.4
Gold ($US/troy oz.)	3995.0	4002.9	4356.3	2563.3

*As of 11:07 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Stock Markets Down on AI and Job Market Worries



Note: Data as of 11:07 AM ET, Friday, November 7, 2025.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets

Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	3.75 - 4.00%
Bank of Canada (Overnight Rate)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	4.00%
Bank of Japan (Overnight Rate)	0.50%

Source: Bloomberg.

TD Economics Key Financial Forecasts

	Current Rate	2024				2025				2026			
	11/7/25	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	4.00	5.50	5.50	5.00	4.50	4.50	4.50	4.25	3.75	3.75	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.55	4.59	4.71	3.66	4.25	3.89	3.72	3.55	3.40	3.30	3.25	3.25	3.25
10-yr Govt. Bond Yield	4.09	4.20	4.36	3.81	4.58	4.23	4.24	4.05	4.05	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.70	4.34	4.51	4.14	4.78	4.59	4.78	4.67	4.60	4.50	4.50	4.50	4.50

Forecast by TD Economics as of September 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.

Consumer Sentiment Falls as Shutdown Enters 38th Day

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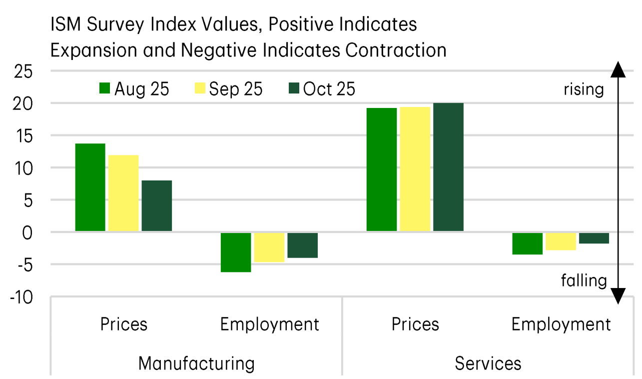
The current shutdown of the U.S. government became the longest in history this week, entering its 36th day on Wednesday. The outlook for resolving the shutdown is as murky as ever. While new compromises are being floated, confidence from lawmakers seems low. Pressure will build as constituents have to tolerate travel delays, cuts in food aid, and other more visible signs of the shutdown the longer it goes on. Just as cloudy is the picture of how the economy has been evolving since August, the last month covered by official statistics for most measures.

The dearth of federal government data has us looking to other indicators to assess the state of the economy. The preliminary November reading for the Michigan Survey of Consumer Sentiment showed consumer confidence sliding for a fourth consecutive month – reaching a three-year low. Most of the pullback was due to a further decline in consumers' perception of current economic conditions, which fell to the lowest level on record (dating back to early 1980's). The survey also showed that inflation expectations remained elevated at 4.7%. Moreover, only 37% of surveyed households think that "now is a good time to purchase large household goods" – the lowest level since 2022 when the Fed first started to raise its policy rate. And this negative sentiment appears to be spilling over to the hard data, with vehicle sales falling to a 17-month low of 15.3 million in October.

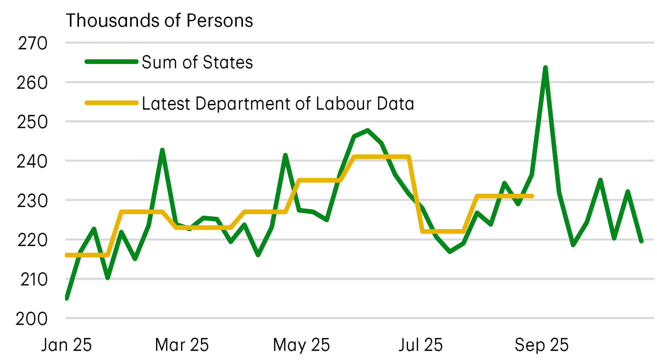
The ISM monthly surveys of firms in the manufacturing and service sector are usually helpful indicators

Chart 1: Prices Have Been Rising and Employment Has Been Falling for the Past Several Months



Source: ISM, TD Economics.

Chart 2: State-level Jobless Claims Since the Shutdown Show Continued Labour Market Cooling



Source: Department of Labor, Haver Analytics, TD Economics.

of the direction of the economy. Across both sectors, employment remains in contractionary territory, but encouragingly, has been declining at a slower rate. Meanwhile, price growth remains elevated, particularly in the services sector (Chart 1), which complicates the interest rate outlook, especially given the firming in inflation expectations in the Michigan Survey.

Outside of the ISM's, we also received several other alternative private sector readings on the labor market. ADP estimates of private payrolls rose 42k in October – a modest pick-up from September where job growth contracted by 29k – bringing the three-month moving average to a meager 3k per-month. Meanwhile, Challenger job cuts surged to 153k last month – a six-month high. The Chicago Fed's estimate of the unemployment rate ticked a touch higher to 4.4% for October. But encouragingly, state-level jobless claims remain low and relatively stable (Chart 2). Federal Reserve Governor Lisa Cook noted this week that hiring is slowing according to job posting data.

While this slew of indicators is mixed, with some showing more weakness than others, the overall message is that the job market is probably hanging in a state of semi-stasis, what we have been calling "low hire, low fire". As we turn the page on this week, the big question still in our heads is how long we will be looking at the economy through this clouded, half-closed lens – and for that, we will need to see if there is any hope of the government shutdown resolving soon.

Exhibits

Recent Key Economic Indicators: Nov 03 - 07, 2025						
Release Date		Economic Indicator/Event	Data for Period	Units	Current	Prior
United States						
Nov 03		S&P Global US Manufacturing PMI	Oct	Index	52.5	52.2
Nov 03		ISM Manufacturing	Oct	Index	48.7	49.1
Nov 03		Wards Total Vehicle Sales	Oct	Mlns	15.3	16.4
Nov 05		ADP Employment Change	Oct	Thsd	42.0	-29.0
Nov 05		S&P Global US Services PMI	Oct	Index	54.8	55.2
Nov 05		S&P Global US Composite PMI	Oct	Index	54.6	54.8
Nov 05		ISM Services Index	Oct	Index	54.8	55.2
Canada						
Nov 03		S&P Global Canada Manufacturing PMI	Oct	Index	49.6	47.7
Nov 07		Net Change in Employment	Oct	Thsd	66.6	60.4
Nov 07		Unemployment Rate	Oct	%	6.9	7.1
International						
Nov 06	EZ	Retail Sales	Sep	Y/Y % Chg.	1.0	1.6
Nov 06	UK	Bank of England Bank Rate	Nov 06	%	4.0	4.0

Source: Bloomberg, TD Economics.

Upcoming Economic Releases and Events: Nov 10 - 14, 2025							
Release Date	Time**		Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States							
Nov 11	6:00		NFIB Small Business Optimism	Oct	Index	98.2	98.8
Nov 11	22:25		*Fed's Barr Speaks on AI and Innovation*				
Nov 12	9:20		*Fed's Williams Delivers Keynote Speech*				
Nov 12	10:00		*Fed's Paulson speaks on Fintech*				
Nov 12	10:20		*Fed's Waller Speaks on Payments*				
Nov 12	12:15		*Fed's Bostic Speaks at Atlanta Economics Club*				
Nov 12	12:30		*Fed's Miran Speaks in Fireside Chat*				
Nov 12	16:00		*Fed's Collins Speaks at Community Banking Conference*				
Nov 13	8:30		Initial Jobless Claims*	Nov 08	Thsd	-	-
Nov 13	8:30		Consumer Price Index*	Oct	M/M % Chg.	0.2	0.3
Nov 13	8:30		Consumer Price Index*	Oct	Y/Y % Chg.	3.1	3.0
Nov 13	12:15		*Fed's Musalem Speaks at a Fireside Chat on Monetary Policy*				
Nov 14	8:30		Retail Sales Advance*	Oct	M/M % Chg.	-	-
Nov 14	8:30		Retail Sales Ex Auto and Gas*	Oct	M/M % Chg.	-	-
Nov 14	8:30		PPI Final Demand*	Oct	M/M % Chg.	-	-
Nov 14	8:30		PPI Ex Food and Energy*	Oct	M/M % Chg.	-	-
Nov 14	9:20		*Fed's Bostic To Participate in Moderated Conversation*				
Nov 14	10:00		Business Inventories*	Sep	M/M % Chg.	-	-
Nov 14	10:05		*Fed's Schmid Speaks at Energy Conference*				
Canada							
Nov 10	10:30		*Market Participants Survey*	3Q			
Nov 12	13:30		*Summary of Deliberations*	Oct 29			
Nov 14	8:30		Manufacturing Sales	Sep	M/M % Chg.	2.7	-1.0
International							
Nov 11	2:00	UK	ILO Unemployment Rate	Sep	%	4.9	4.8
Nov 13	2:00	UK	Gross Domestic Product	3Q	Y/Y % Chg.	1.4	1.4
Nov 13	21:00	CH	Retail Sales	Oct	Y/Y % Chg.	2.8	3.0
Nov 13	21:00	CH	Surveyed Jobless Rate	Oct	%	5.2	5.2
Nov 14	5:00	EZ	Gross Domestic Product SA	3Q	Y/Y % Chg.	1.3	1.3
Nov 14	5:00	EZ	Employment	3Q	Y/Y % Chg.	-	0.6

*May be delayed due to Government shutdown. **Eastern Standard Time. Source: Bloomberg, TD Economics.

Disclaimer