

DECEMBER 22, 2025

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Weekly Commentary

Wrapping up the year

If you think you have a lot to do before Christmas, consider the staff of the US Bureau of Labor Statistics.

The long government shutdown delayed releases of critical data reports, and Bureau only just got to two big ones last week: the combined October and November jobs report and the Consumer Price Index (CPI), with more catching up on the way. They would surely love to wrap up the year more to wrapping presents.

Neither data dumps distort the view of the economy that is doing better than expected but still weakening. November's unemployment rate rose to a four-year high of 4.6% but average hourly earnings grew at a slower-than-expected annualized pace of 3.5%. The country added 64,000 jobs in November, up from October's loss of 105,000 (though a large chunk of these losses came from the delayed reporting of the 144,000 federal employees who accepted the Trump administration's deferred resignation offers earlier this year.

As for inflation, Core CPI, which strips out volatile elements such as energy and food prices) declined to a more than four-year low of 2.6% year-over-year (y/y) in November. The combination might lead the Federal Reserve to cut rates again in its meeting in late January, but it will see more data by then.

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

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G40461-19 (12/25)