

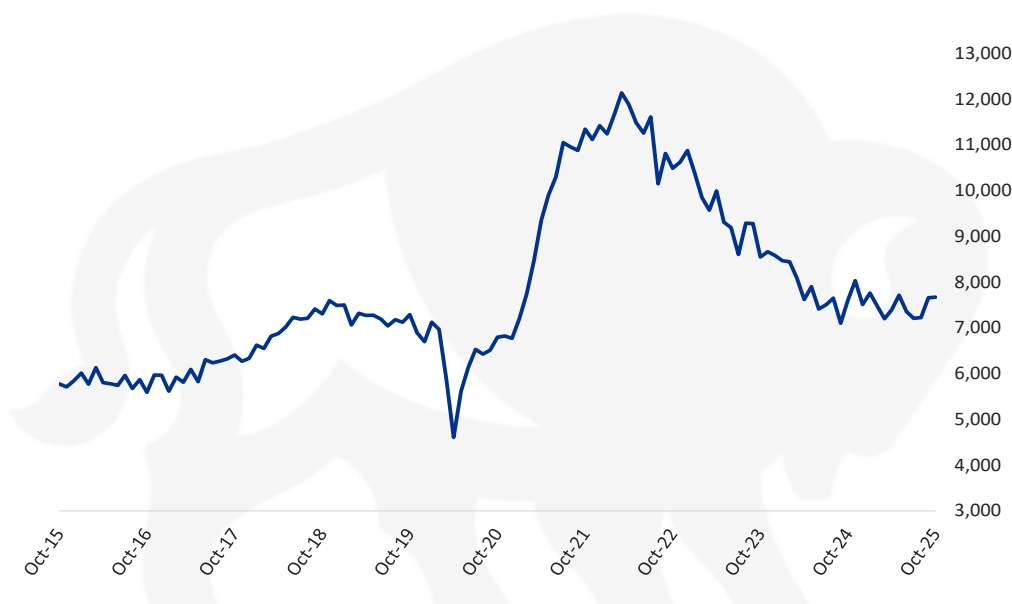
Job Openings Rise as Markets Await Tomorrow's Fed Decision

After two months of silence, today's release of the Job Openings and Labor Turnover Survey (JOLTS) is the first official labor market data for October from the Bureau of Labor Statistics, and the most up-to-date look at employment conditions for Federal Reserve policymakers ahead of tomorrow's decision. US job openings picked up in October to the highest level in five months. Openings, a proxy for labor demand, rose to 7.67 million, up from August's 7.23 million and slightly above September's 7.66 million. The data beat expectations, as economists had forecast a drop to 7.15 million.

The headline increase was concentrated in retail, wholesale trade, and health care, with the latter continuing to drive job growth this year. Openings-to-unemployed ratio improved to 1.01 in September (from 0.98 in August), suggesting near 1:1 balance between openings and unemployed workers. Beyond the headline, however, the picture turns less encouraging: layoffs climbed to 1.85 million, the highest since early 2023, while hiring fell by 218,000 to 5.15 million. The quits rate dropped to its lowest level since May 2020, signaling workers are less confident about finding new jobs. Taken together, these trends suggest workers are adjusting to a higher cost of living and financial uncertainty, even as openings remain elevated.

The Fed's two-day meeting wraps up tomorrow, and while a quarter-point cut is widely expected, it's shaping up as a "reluctant cut" given persistent inflation and uneven labor signals. The Federal Open Market Committee (FOMC) is split: five hawkish members, including Schmid, Collins, Goolsbee, Musalem, and Barr, versus dovish members including Stephen Miran, who's pushing for a 50bps cut, and Governors Waller, Bowman, Cook, and Jefferson.

JOLTS - Job Opening and Labor Turnover Survey (in thousands)



Source: Bureau of Labor Statistics

Please see disclosure starting on page 2.

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That leaves Chair Powell and NY Fed President Williams as potential swing votes; Williams hinted a couple weeks ago that policy is restrictive, suggesting he favors easing. If both vote to cut, the target range will drop to 3.50-3.75%, though dissents are likely. Futures are currently pricing in three cuts over the next year and a terminal rate near 3%.

Reports last week indicate National Economic Council Director Kevin Hassett will succeed Powell in 2026, raising questions about Fed independence. Short-term rates continue to price in the Fed cut, while the long end moved 10–15 basis points higher last week, possibly reflecting uncertainty around leadership and policy direction. All eyes are on Wednesday's decision and what it signals for January.

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Market Indications as of 11:19 A.M. Central Time

DOW	Up 49 to 47,788 (HIGH: 48,255)
NASDAQ	Up 45 to 23,591 (HIGH: 23,958)
S&P 500	Up 16 to 6,863 (HIGH: 6,891)
1-Yr T-bill	current yield 3.62%; opening yield 3.59%
2-Yr T-note	current yield 3.60%; opening yield 3.58%
3-Yr T-note	current yield 3.63%; opening yield 3.61%
5-Yr T-note	current yield 3.76%; opening yield 3.75%
10-Yr T-note	current yield 4.17%; opening yield 4.17%
30-Yr T-bond	current yield 4.80%; opening yield 4.81%

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