

Weekly Bottom Line

October 3, 2025

Highlights

- The U.S. government has shut down all “non-essential” services this week as Congress failed to pass a bill to fund government spending.
- In the absence of payrolls data, the ADP report took the center stage, and showed that private payrolls declined by 32,000 in September. August’s JOLTS report showed that businesses remained in low hire, low fire mode.
- The ISM manufacturing index rose slightly in September but remained in contractionary territory. Its services counterpart dropped sharply, narrowly avoiding slipping into contractionary territory.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6743	6644	6743	4983
S&P/TSX Comp.	30430	29761	30430	22507
DAX	24367	23739	24550	19003
FTSE 100	9486	9285	9486	7679
Nikkei	45770	45355	45770	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.10	4.18	4.79	3.85
Canada 10-yr Bond	3.17	3.23	3.60	2.83
Germany 10-yr Bund	2.70	2.75	2.90	2.03
UK 10-yr Gilt	4.69	4.75	4.89	4.02
Japan 10-yr Bond	1.66	1.65	1.66	0.83
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.72	0.72	0.74	0.69
Euro (USD per EUR)	1.17	1.17	1.19	1.02
Pound (USD per GBP)	1.35	1.34	1.37	1.22
Yen (JPY per USD)	147.4	149.5	158.4	140.9
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	61.1	65.7	80.0	57.1
Natural Gas (\$US/MMBtu)	3.32	2.89	9.33	1.22
Copper (\$US/met. tonne)	10456.4	10142.6	10456.4	8571.4
Gold (\$US/troy oz.)	3884.1	3760.0	3884.1	2563.3

*As of 11:22 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.

Markets Shrug Off Shutdown; Oil Slides on Supply Concerns



Note: Data as of 11:22 AM ET, Friday, October 3, 2025.
Source: Bloomberg, TD Economics.

Global Official Policy Rate Targets	
Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	4.00 - 4.25%
Bank of Canada (Overnight Rate)	2.50%
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 10/3/25	2024				2025				2026			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	4.25	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	3.56	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	4.10	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.

Shutdown Throws a Curveball at the Fed

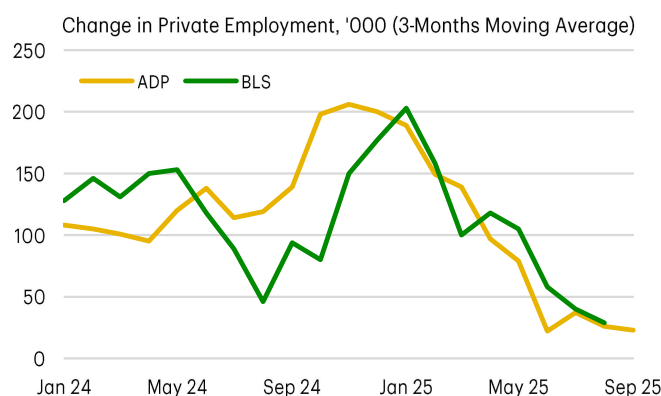
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On October 1st, the U.S. government shut down all “non-essential” services, as Congress failed to pass a bill necessary to fund government in the current fiscal year. Financial markets have shrugged off the shutdown so far, with equities ending the week higher, bond yields declining, and the U.S. dollar weakening only slightly. In past shutdowns in 2013 and 2018, equities and the USD declined modestly and recovered quickly, so the reaction this time is even more muted.

If this shutdown is brief, the markets may be right to discount it. Most lost output in previous shutdowns was eventually recovered. Studies show shutdowns reduce annualized quarterly real GDP growth by up to 0.1 percentage points for each week. However, negative effects increase non-linearly the longer the shutdown lasts as disruptions accumulate ([report](#)).

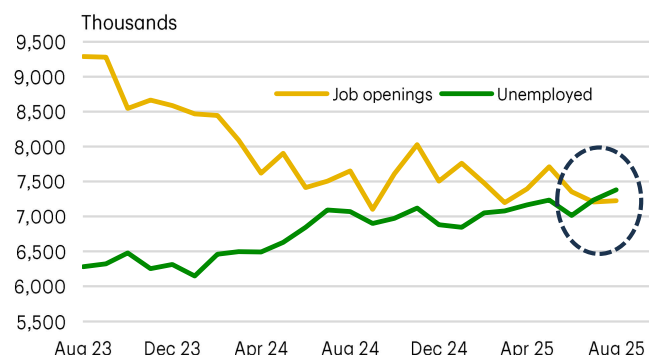
The lack of updated official economic data is another casualty of the shutdown. September’s payrolls release has been postponed. A prolonged shutdown may delay other key indicators like the Consumer Price Index (CPI). A lack of official data complicates decision-making for the Fed. For now, the Fed will have to rely on private and internal data sources. Earlier this week, Chicago Fed President Goolsbee (who is a voting member of the FOMC) echoed that, but also acknowledged that it worries him “that we wouldn’t be getting official statistics at exactly a moment when we’re trying to figure out is the economy in transition.”

Chart 1: ADP Data Points to Another Month of Weak U.S. Job Growth



Source: ADP, U.S. Bureau of Labor Statistics, TD Economics.

Chart 2: Number of U.S. Job Openings Remains Below the Number of Unemployed Workers in August



Source: U.S. Bureau of Labor Statistics, TD Economics.

Without official payrolls data, employment surveys—such as ADP and JOLTS—filled the gap. The ADP report showed continued weakness in job growth in September, with private payrolls declining by 32,000. Though ADP data can be volatile, recent trends show greater alignment with payroll figures through 2025, especially on a three-month moving average (Chart 1). The August JOLTS report, released before the shutdown, also showed a hiring drought, with job openings below the number of unemployed for a second consecutive month (Chart 2). Although job opportunities were scarce, layoffs have remained subdued. Employers seem to be in “low hire, low fire” mode, supporting stability in the unemployment rate and helping to cushion consumer spending for now.

In terms of economic growth, ISM indexes pointed to slowing momentum in September, with businesses increasingly citing the growing impact of tariffs on their bottom lines. The [ISM manufacturing index](#) edged higher, but remained in contractionary territory, with only 5 out of 18 industries reporting growth. Activity moderated in the services sector, with the [ISM non-manufacturing index](#) declining to 50.0 from 52.0, narrowly avoiding slipping into contraction. Details were disappointing: new orders and business activity moderated, prices rose and the employment subcomponent remained in contractionary territory. While limited, this week’s data continues to support the case for additional monetary stimulus from the Fed, with another rate cut in October being nearly priced in by markets.

Exhibits

Recent Key Economic Indicators: Sep 29 - Oct 03, 2025							
Release Date		Economic Indicator/Event		Data for Period	Units	Current	Prior
United States							
Sep 30		Conf. Board Consumer Confidence		Sep	Index	96.0	97.8
Oct 01		ADP Employment Change		Sep	Thsd	-32.0	-3.0
Oct 01		S&P Global US Manufacturing PMI		Sep	Index	52.0	52.0
Oct 01		ISM Manufacturing		Sep	Index	49.1	48.7
Oct 01		Wards Total Vehicle Sales		Sep	MIns	16.4	16.1
Oct 03		S&P Global US Services PMI		Sep	Index	54.2	53.9
Oct 03		S&P Global US Composite PMI		Sep	Index	53.9	53.6
Oct 03		ISM Services Index		Sep	Index	50.0	52.0
Canada							
Oct 01		S&P Global Canada Manufacturing PMI		Sep	Index	47.7	48.3
International							
Sep 29	JN	Retail Sales		Aug	Y/Y % Chg.	-1.1	0.4
Sep 29	CH	Manufacturing PMI		Sep	Index	49.8	49.4
Sep 30	UK	Gross Domestic Product		2Q	Y/Y % Chg.	1.4	1.2
Oct 01	EZ	Consumer Price Index Estimate		Sep	Y/Y % Chg.	2.2	2.0
Oct 02	EZ	Unemployment Rate		Aug	%	6.3	6.2
Oct 02	JN	Jobless Rate		Aug	%	2.6	2.3
Source: Bloomberg, TD Economics.							

Upcoming Economic Releases and Events: Oct 6 - 10, 2025						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Oct 07	8:30	Trade Balance	Aug	Blns	-61.0	-78.3
Oct 07	10:00	<i>Fed's Bostic Speaks at Fisk University in Nashville</i>				
Oct 07	10:30	<i>Fed's Miran in Fireside Chat</i>				
Oct 07	11:30	<i>Fed's Kashkari Speaks at Star Tribune Summit</i>				
Oct 08	9:20	<i>Fed's Musalem Gives Welcoming Remarks</i>				
Oct 08	9:30	<i>Fed's Barr Keynote at Community Banking Research Conference</i>				
Oct 08	14:00	FOMC Meeting Minutes	Sep 17			
Oct 08	15:15	<i>Fed's Kashkari Speaks at Center for Indian Country Development</i>				
Oct 08	16:30	<i>Fed's Kashkari Hosts Fireside Chat with Senator Tina Smith</i>				
Oct 09	8:30	Initial Jobless Claims	Oct 04	Thsd	233.0	-
Oct 09	10:00	Wholesale Trade Sales	Aug	M/M % Chg.	-	1.4
Oct 09	21:40	<i>Fed's Daly at the Silicon Valley Directors Exchange</i>				
Oct 10	9:45	<i>Fed's Goolsbee Gives Opening Remarks</i>				
Oct 10	13:00	<i>Fed's Musalem Speaking at Springfield Area Chamber of Commerce</i>				
Canada						
Oct 07	8:30	Int'l Merchandise Trade	Aug	Blns	-5.8	-4.9
Oct 09	8:15	<i>BoC Carolyn Rogers Speech at Canadian Club Toronto</i>				
Oct 10	8:30	Net Change in Employment	Sep	Thsd	-10.0	-65.5
Oct 10	8:30	Unemployment Rate	Sep	%	7.2	7.1
International						
Oct 06	5:00	EZ Retail Sales	Aug	Y/Y % Chg.	1.3	2.2

*Eastern Standard Time. Source: Bloomberg, TD Economics.

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