

Weekly Bottom Line

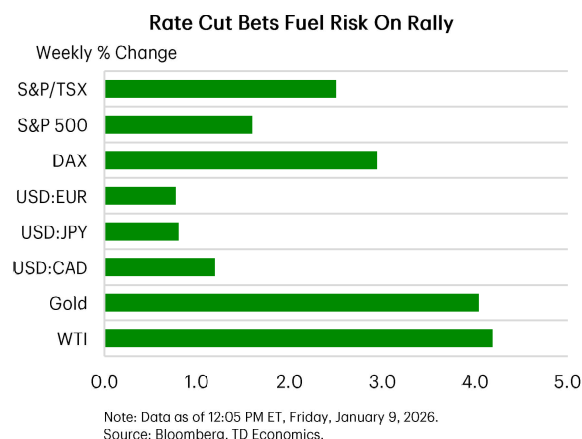
January 9, 2026

Highlights

- The payrolls report for December came in weaker than expected, capping off the “low hire, low fire” 2025 jobs market.
- Global oil markets adjusted to the possible return of Venezuelan crude to global markets following U.S. actions in the country.
- Investors will have to stay tuned for the Supreme Court’s ruling on the IEEPA tariffs.

This Week in the Markets				
	Current*	Week Ago	52-Week High	52-Week Low
Stock Market Indexes				
S&P 500	6962	6858	6962	4983
S&P/TSX Comp.	32661	31882	32661	22507
DAX	25258	24539	25258	19671
FTSE 100	10128	9951	10128	7679
Nikkei	51940	50339	52518	31137
Fixed Income Yields				
U.S. 10-yr Treasury	4.17	4.19	4.79	3.95
Canada 10-yr Bond	3.38	3.47	3.60	2.83
Germany 10-yr Bund	2.86	2.90	2.90	2.36
UK 10-yr Gilt	4.37	4.54	4.89	4.37
Japan 10-yr Bond	2.10	2.07	2.14	1.12
Foreign Exchange Cross Rates				
C\$ (USD per CAD)	0.72	0.73	0.74	0.69
Euro (USD per EUR)	1.16	1.17	1.19	1.02
Pound (USD per GBP)	1.34	1.35	1.37	1.22
Yen (JPY per USD)	158.1	156.8	158.1	140.9
Commodity Spot Prices**				
Crude Oil (\$US/bbl)	59.5	57.3	80.0	55.3
Natural Gas (\$US/MMBtu)	3.10	3.99	9.33	2.65
Copper (\$US/met. tonne)	12737.3	12508.1	13241.0	8571.4
Gold (\$US/troy oz.)	4505.9	4332.3	4533.2	2663.2

*As of 11:50 AM on Friday. **Oil-WTI, Cushing, Nat. Gas-Henry Hub, LA (Thursday close price). Copper-LME Grade A. Gold-London Gold Bullion. Source: Bloomberg.



Global Official Policy Rate Targets	
Central Banks	Current Target
Federal Reserve (Fed Funds Rate)	3.50 - 3.75%
Bank of Canada (Overnight Rate)	2.25%
European Central Bank (Refi Rate)	2.15%
Bank of England (Repo Rate)	3.75%
Bank of Japan (Overnight Rate)	0.75%

Source: Bloomberg.

TD Economics Key Financial Forecasts													
Current Rate		2025				2026				2027			
	1/9/26	Q1	Q2	Q3	Q4	Q1F	Q2F	Q3F	Q4F	Q1F	Q2F	Q3F	Q4F
Fed Funds Target Rate	3.75	4.50	4.50	4.25	3.75	3.75	3.50	3.25	3.25	3.25	3.25	3.25	3.25
2-yr Govt. Bond Yield	3.52	3.89	3.72	3.60	3.47	3.50	3.35	3.35	3.35	3.35	3.35	3.35	3.35
10-yr Govt. Bond Yield	4.17	4.23	4.24	4.16	4.17	4.05	4.00	4.00	4.00	4.00	4.00	4.00	4.00
30-yr Govt. Bond Yield	4.82	4.59	4.78	4.73	4.84	4.60	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Forecast by TD Economics as of December 2025; all forecasts are end-of-period. Source: Bloomberg, Federal Reserve Board, TD Economics.													

Hiring Slows, Affordability Worries Grow

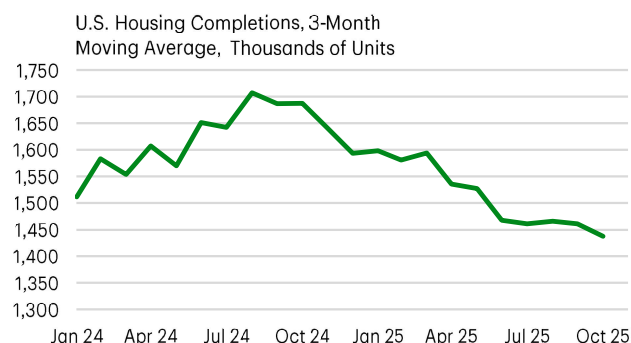
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The world was on tenterhooks this morning as all waited to see if the Supreme Court would rule on the administration's use of the International Emergency Economic Powers Act (IEEPA) to implement some of its tariffs in 2025. The much-anticipated IEEPA ruling did not come, so the big news of the day is the weaker than expected December jobs report. Private sector hiring slowed, prior months were revised lower, and the number of jobseekers declined, allowing the unemployment rate to fall even as jobs growth slowed. The data reinforce the view that 2025 was a "low hire, low fire" year, characterized by a pronounced deceleration in job growth and a modest rise in the unemployment rate (Chart 1).

Survey data this week were mixed. The ISM Manufacturing Index contracted for a tenth consecutive month, with respondents citing "tariff related pricing pressures" and notable reductions in 2026 capital expenditure plans. By contrast, the ISM Services surprised to the upside, highlighting continued resilience in consumer demand for travel, healthcare, and professional services. The divergence between manufacturing and services has persisted throughout the year, as manufacturing remains more exposed to tariff related uncertainty. Both surveys indicated easing price pressures and softening labour demand, consistent with today's payrolls release.

Developments in Venezuela added complexity to the oil market backdrop. Markets are assessing the administration's commitment to the "Donroe Doctrine" and its implications for global oil supply. Despite Washington's

Chart 2: Moribound Home Construction No Help to Affordability

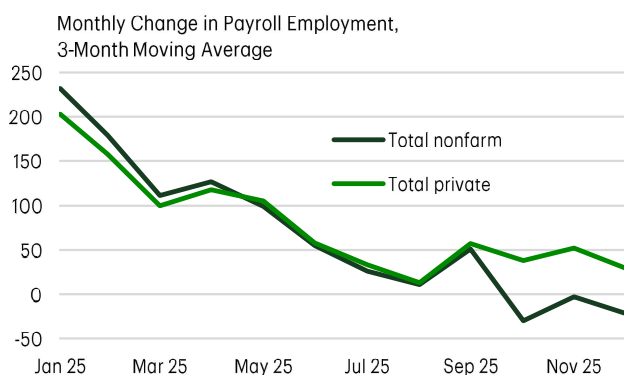


Source: U.S. Census Bureau, TD Economics.

efforts to restore Venezuelan output, significant logistical and political hurdles remain. WTI moved down toward US\$57 following the announcement that up to 50 million barrels of seized Venezuelan crude will be released to help address household affordability concerns. Adding to the affordability theme, housing data showed that homebuilding remains subdued, which doesn't help the cost of housing (Chart 2). The administration has a clear desire to act on this front, promising a ban on institutional investor purchases and demanding government purchase mortgage-backed securities to help lower mortgage rates, though we await details on actual policy actions.

Prior to Friday's jobs numbers, Federal Reserve officials suggested risks around employment and inflation were broadly balanced. Minneapolis President Kashkari indicated the labour market may be approaching equilibrium, while Richmond President Barkin characterized the economy as "finely tuned," implying the FOMC would need to give equal weight to prices and employment. This reinforces our view and the view of the market that the FOMC is not in a hurry to cut rates further now, though we do expect to see interest rates come down later this year. We look ahead next week to the release of CPI inflation data, and after being let down by the Supreme Court this week, we are not going to be alone in being eager for news about when they may release decisions next.

Chart 1: U.S. Job Machine Sputtered in 2025



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

Exhibits

Recent Key Economic Indicators: Jan 5 - 9, 2026					
Release Date	Economic Indicator/Event	Data for Period	Units	Current	Prior
United States					
Jan 05	ISM Manufacturing	Dec	Index	47.9	48.2
Jan 05	Wards Total Vehicle Sales	Dec	MIns	16.0	15.6
Jan 06	S&P Global US Services PMI	Dec	Index	52.5	52.9
Jan 06	S&P Global US Composite PMI	Dec	Index	52.7	53.0
Jan 07	ADP Employment Change	Dec	Thsd	41.0	29.0
Jan 07	ISM Services Index	Dec	Index	52.2	52.6
Jan 07	Factory Orders	Oct	M/M % Chg.	-1.3	0.2
Jan 07	Factory Orders Ex Trans	Oct	M/M % Chg.	-0.2	0.2
Jan 07	Durable Goods Orders	Oct	M/M % Chg.	-2.2	-2.2
Jan 07	Cap Goods Orders Nondef Ex Air	Oct	M/M % Chg.	0.1	0.5
Jan 08	Unit Labor Costs	3Q	Q/Q % Chg.	-1.9	-2.9
Jan 08	Initial Jobless Claims	Jan 03	Thsd	208.0	200.0
Jan 08	Trade Balance	Oct	BIns	-29.4	-48.1
Jan 08	Wholesale Trade Sales	Oct	M/M % Chg.	-0.4	-0.2
Jan 09	Change in Nonfarm Payrolls	Dec	Thsd	50.0	56.0
Jan 09	Average Hourly Earnings	Dec	M/M % Chg.	0.3	0.2
Jan 09	Unemployment Rate	Dec	%	4.4	4.5
Jan 09	Housing Starts	Oct	Thsd	1306.0	1291.0
Jan 09	Building Permits	Oct	Thsd	1415.0	1330.0
Canada					
Jan 08	Int'l Merchandise Trade	Oct	BIns	-0.58	0.24
Jan 09	Net Change in Employment	Dec	Thsd	8.2	53.6
Jan 09	Unemployment Rate	Dec	%	6.8	6.5
International					
Jan 07	EZ Consumer Price Index Estimate	Dec	Y/Y % Chg.	2.0	2.1
Jan 08	EZ Unemployment Rate	Nov	%	6.3	6.4
Jan 08	CH Consumer Price Index	Dec	Y/Y % Chg.	0.8	0.7
Jan 09	EZ Retail Sales	Nov	Y/Y % Chg.	2.3	1.9
*Eastern Standard Time. Source: Bloomberg, TD Economics.					

Upcoming Economic Releases and Events: Jan 12 - 16, 2025						
Release Date	Time*	Economic Indicator/Event	Data for Period	Units	Consensus Forecast	Last Period
United States						
Jan 12	12:30	<i>Fed's Bostic Moderates Discussion with CEO of Intercontinental</i>				
Jan 12	12:45	<i>Fed's Barkin Participates in Fireside Chat</i>				
Jan 12	18:00	<i>Fed's Williams Delivers Keynote Remarks</i>				
Jan 13	6:00	NFIB Small Business Optimism	Dec	Index	-	99.0
Jan 13	8:30	Consumer Price Index	Dec	M/M % Chg.	0.3	-
Jan 13	8:30	Consumer Price Index	Dec	Y/Y % Chg.	2.7	2.7
Jan 13	10:00	New Home Sales	Oct	Thsd	714.0	-
Jan 13	10:00	<i>Fed's Musalem Speaks on MNI Webcast</i>				
Jan 13	16:00	<i>Fed's Barkin in Moderated Conversation</i>				
Jan 14	8:30	PPI Final Demand	Nov	M/M % Chg.	0.3	-
Jan 14	8:30	PPI Ex Food and Energy	Nov	M/M % Chg.	0.2	-
Jan 14	8:30	Retail Sales Advance	Nov	M/M % Chg.	0.4	0.0
Jan 14	8:30	Retail Sales Ex Auto and Gas	Nov	M/M % Chg.	0.3	0.0
Jan 14	9:50	<i>Fed's Paulson Speaks on Economic Outlook</i>				
Jan 14	10:00	Existing Home Sales	Dec	Mlns	4.23	4.13
Jan 14	10:00	Business Inventories	Oct	M/M % Chg.	-	0.0
Jan 14	10:00	<i>Fed's Miran Speaks on Regulation and Monetary Policy</i>				
Jan 14	12:00	<i>Fed's Kashkari Speaks in Virtual Town Hall</i>				
Jan 14	12:00	<i>Fed's Bostic Participates in Moderated Discussion</i>				
Jan 14	14:10	<i>Fed's Williams Delivers Opening Remarks</i>				
Jan 15	8:30	Initial Jobless Claims	Jan 10	Thsd	-	208.0
Jan 15	8:30	Empire Manufacturing	Jan	Index	1.0	-3.9
Jan 15	8:35	<i>Fed's Bostic Delivers Remarks at Metro Atlanta Chamber</i>				
Jan 15	9:15	<i>Fed's Barr in Penal Discussion on Stablecoins</i>				
Jan 15	12:40	<i>Fed's Tom Barkin Speaks on Virginia Economic Outlook</i>				
Jan 16	9:15	Industrial Production	Dec	M/M % Chg.	0.2	0.2
Jan 16	9:15	Manufacturing (SIC) Production	Dec	M/M % Chg.	-	0.0
Jan 16	9:15	Capacity Utilization	Dec	%	76.0	76.0
Jan 16	10:00	NAHB Housing Market Index	Jan	Index	-	39.0
Jan 16	11:00	<i>Fed's Bowman Speaks on Economy and Monetary Policy</i>				
Jan 16	15:30	<i>Fed's Jefferson Speaks on Economy, Monetary Policy</i>				
Canada						
Jan 15	5:00	Existing Home Sales	Dec	M/M % Chg.	-	-0.6
Jan 15	8:30	Manufacturing Sales	Nov	M/M % Chg.	-1.1	-1.0
Jan 16	8:15	Housing Starts	Dec	Thsd	255.0	254.1
International						
Jan 15	2:00	UK Gross Domestic Product	Nov	M/M % Chg.	-0.2	-0.1

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

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