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TITLE: Labour Market Whiplash, Buy-the-Dip Fever, and the Waiting Game for Central Banks

TRANSCRIPT:

**Host:**

**Eric, markets this week felt... twitchy. Not panicked, not euphoric — just uncertain. We've seen mixed labour data, a government shutdown still grinding on, and central banks sounding cautious. What's the big picture here?**

**Eric:**

That's exactly right — the tone has shifted from steady optimism to a kind of uneasy pause.

The U.S. labour market, which had been the rock of this recovery, suddenly looks more complicated. One survey says job growth is holding up, another says job cuts are surging. It's no wonder markets can't quite decide which story to believe.

At the same time, the U.S. government shutdown continues, clouding the data and making it almost impossible for economists to read the underlying trends. And that uncertainty is feeding straight through to investor sentiment.

Globally, central banks are frozen in place. The Bank of England stayed on hold — but by the narrowest of margins, a 5-4 split vote. Norway, Brazil, Czechia, Malaysia — all kept rates unchanged this week. Nobody wants to move first.

But the key is that rate cuts are still on the table — maybe not now, but likely as we approach year-end. There's scope for policy easing, just not the confidence to pull the trigger yet.

**Host:**

**So, policy paralysis on one side, but some clear signs of labour-market weakness on the other. Let's unpack that Challenger report — it really spooked people.**

**Eric:**

Yes, the Challenger, Gray & Christmas survey — it's not the usual headline number, but markets pay attention when it jumps.

We saw 153,000 planned job cuts in October, the highest for that month in over twenty years. That raised eyebrows and headlines about a possible turn in the labour cycle.

But here's the nuance — context matters. The number is big, but not catastrophic. Job openings are still elevated, wages haven't rolled over dramatically, and consumer spending remains fairly solid. That's why bond yields actually rose after the data — investors aren't fully convinced the Fed will rush to cut rates.

It's a reminder that this late-cycle environment is messy. Every piece of data tells a different story.

**Host:**

**And that uncertainty has filtered straight into markets — volatility picked up this week, right?**

**Eric:**

Exactly. After a remarkably calm October, volatility is starting to creep higher again.

Equity markets are whipsawing — one day we're "buying the dip," the next we're questioning whether the rally's gone too far.

Early in the week, we saw some profit-taking, especially in tech and cyclical names. But by midweek, the buy-the-dip instinct came roaring back.

An upbeat ADP private-sector survey reassured investors that the jobs market isn't collapsing, and suddenly risk appetite returned.

The story of 2025 continues to be: as long as growth doesn't fall off a cliff, investors keep buying the dips.

**Host:**

**So we had that mid-week rebound — but the bond market didn't play along, did it?**

**Eric:**

No, not at all. Bonds told a completely different story.

The ISM Services survey surprised sharply to the upside — 52.4 versus 50.8 expected. That headline strength might sound good, but the inflation component — “prices paid” — shot up to 70. That's a flashing yellow light for the Fed.

So you've got the equity market cheering resilience while the bond market worries about sticky inflation.

Ten-year Treasury yields climbed about 10 basis points on the day — a decent move — before settling back slightly.

It's a tug-of-war between optimism and caution, and right now both sides are winning and losing on alternating days.

**Host:**

**Let's talk politics for a moment. The U.S. government shutdown — still unresolved, still weighing on sentiment. How big a deal is that for markets?**

**Eric:**

Symbolically, it's huge; economically, it's manageable — for now.

The shutdown complicates everything: data releases are delayed, contractors are unpaid, and policy uncertainty adds another layer of noise for investors.

But markets aren't panicking because they've seen this movie before. Unless it drags deep into December, the impact will likely stay contained.

Still, it reinforces the perception that Washington is dysfunctional — and that affects confidence. The lack of compromise doesn't just muddy the numbers; it muddies the mood.

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