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# Charts of the Week

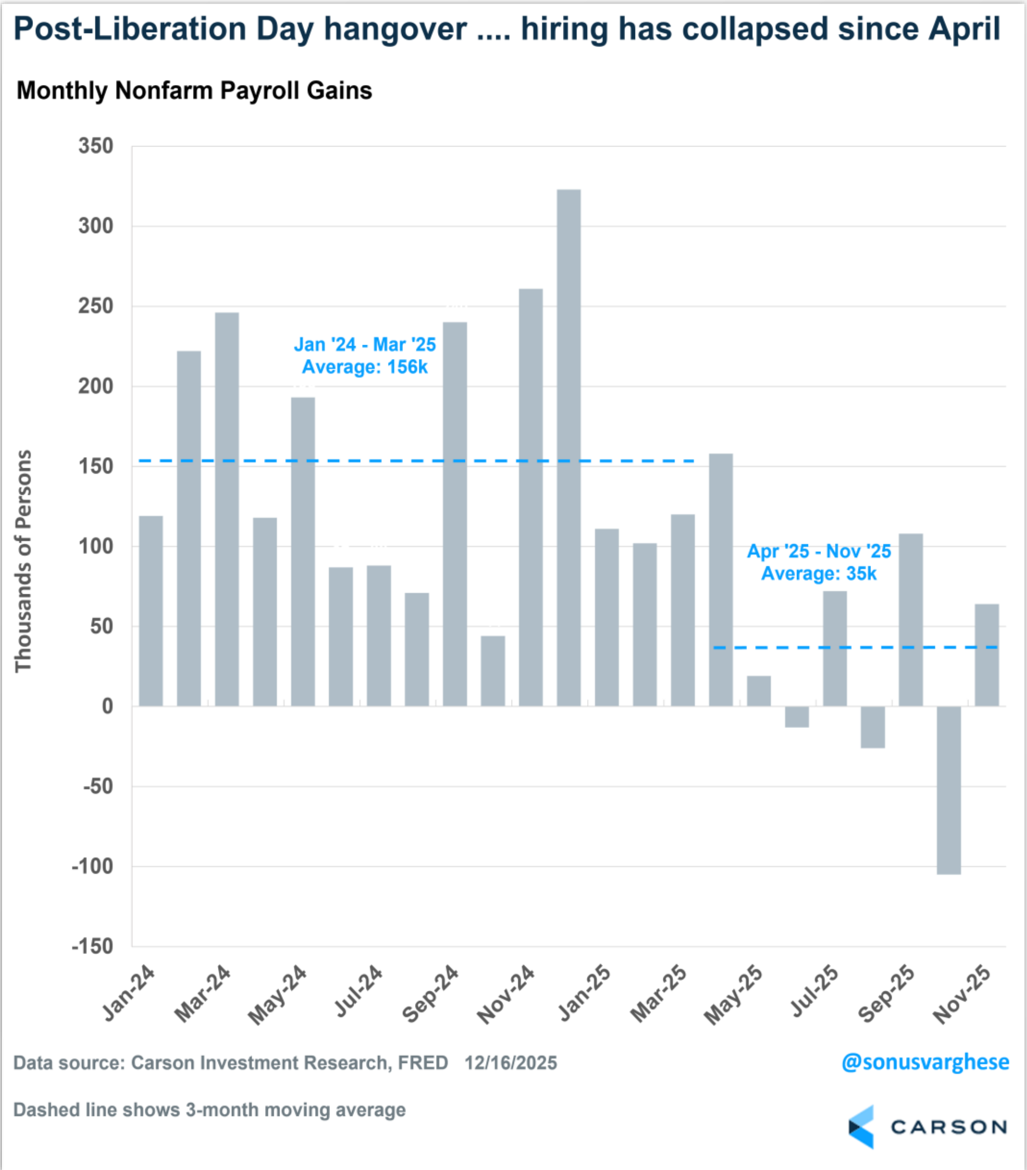
**Carson Investment Research**

December 15-19, 2025

# Chart of the Week

## Hiring Has Slowed Sharply, But Layoffs Remain Contained

- Payroll gains have fallen sharply since April, with recent job growth running well below earlier 2025 averages, signaling a clear cooling in labor demand.
- The year-over-year pace of payroll growth has been cut roughly in half, reinforcing that the slowdown is persistent rather than noise.
- Importantly, weaker hiring has not yet translated into widespread job losses, suggesting normalization rather than labor market stress.

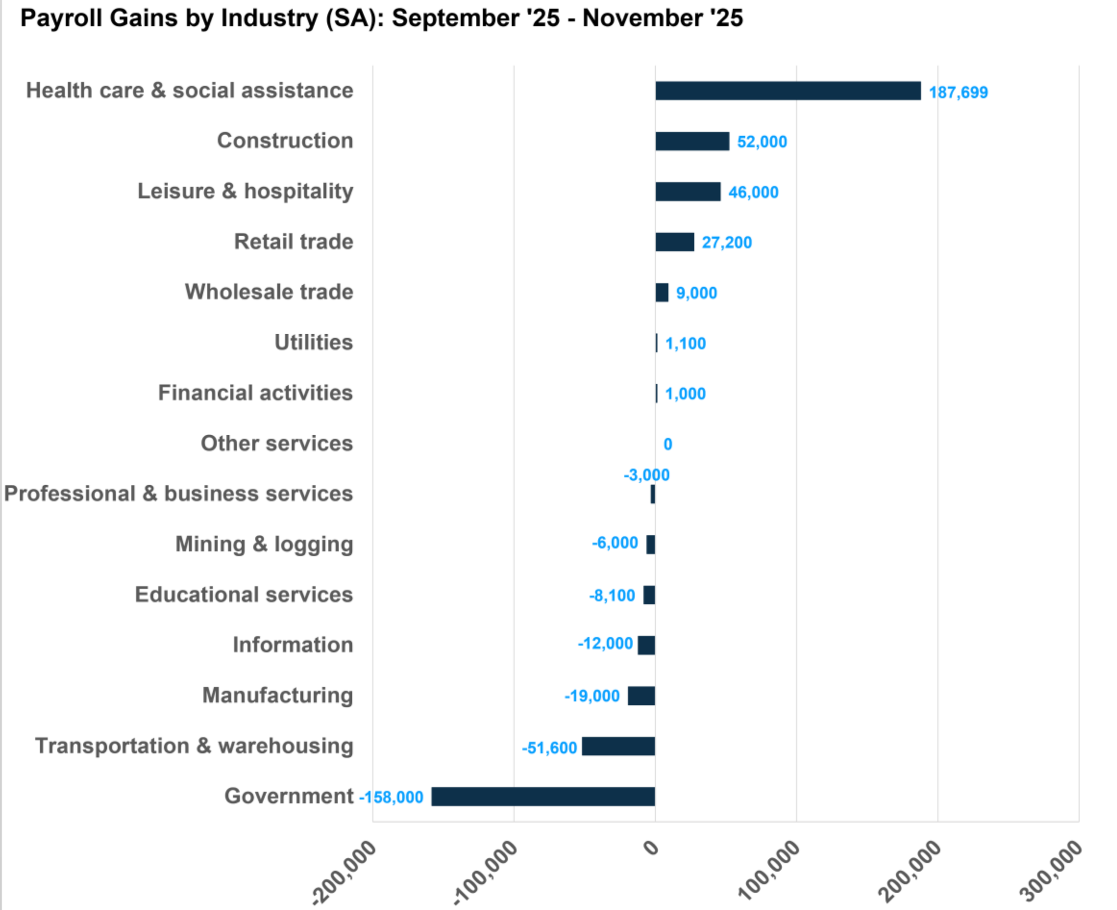


# Macro

## Job Growth Lacks Breadth Across Industries

- Recent private-sector job growth has been narrowly concentrated, with health care accounting for a disproportionate share of gains.
- Cyclical sectors such as manufacturing, transportation, and professional services show little momentum.
- Narrow hiring breadth reinforces the view that labor demand is cooling unevenly across the economy.

**Not a lot of breadth in payrolls. The private sector gained 225,000 jobs over the last three months, but mostly driven by health care**




Data source: Carson Investment Research, FRED 12/16/2025

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# Macro

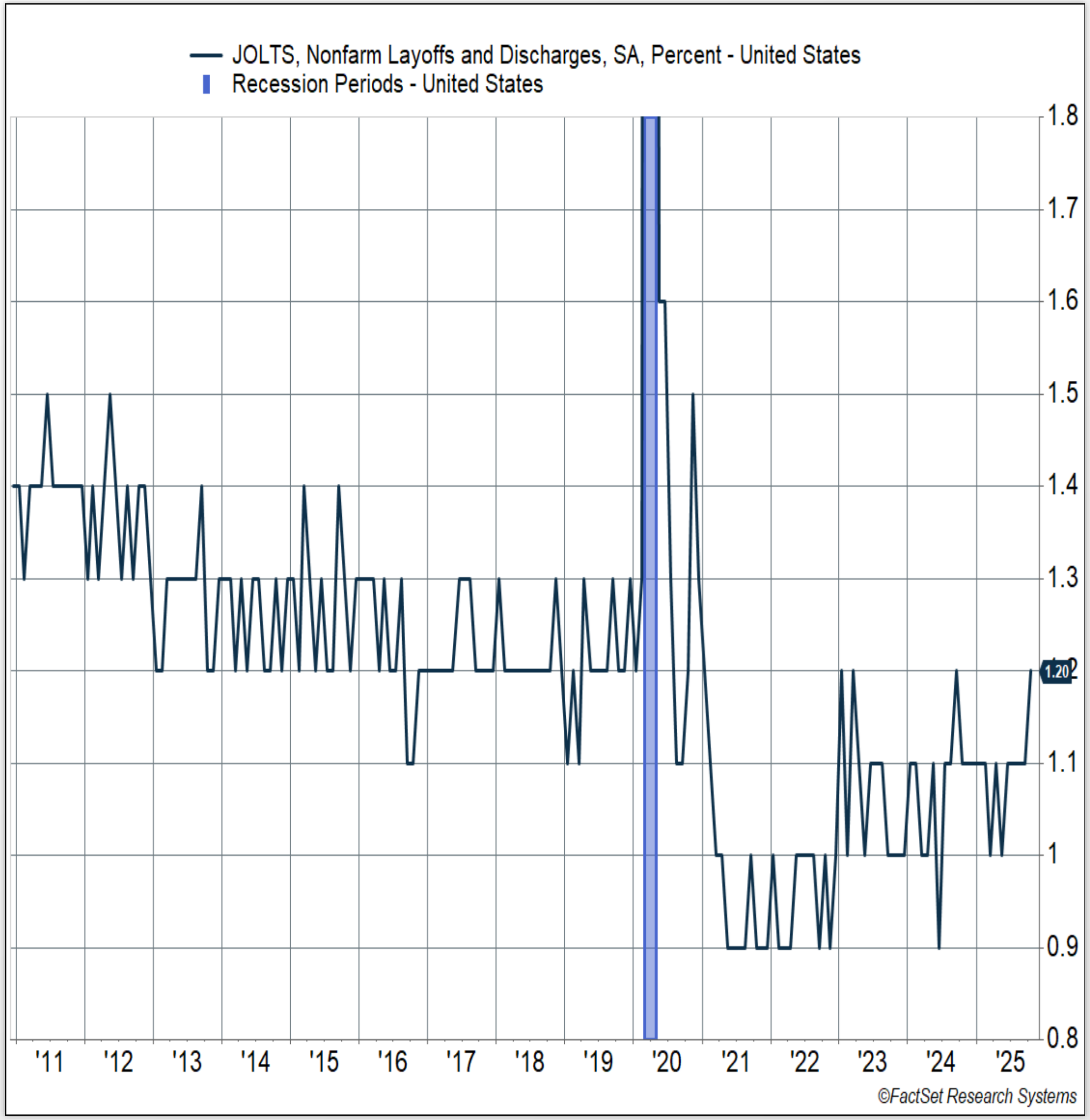
## Labor Market Churn Continues to Normalize

- Both the hires rate and quits rate have moved steadily lower, signaling reduced labor market churn.
- Lower quits suggests declining worker bargaining power after years of unusually tight labor conditions.
- This normalization supports slower wage growth without requiring a spike in unemployment.

# Macro

## Layoffs Remain Historically Subdued

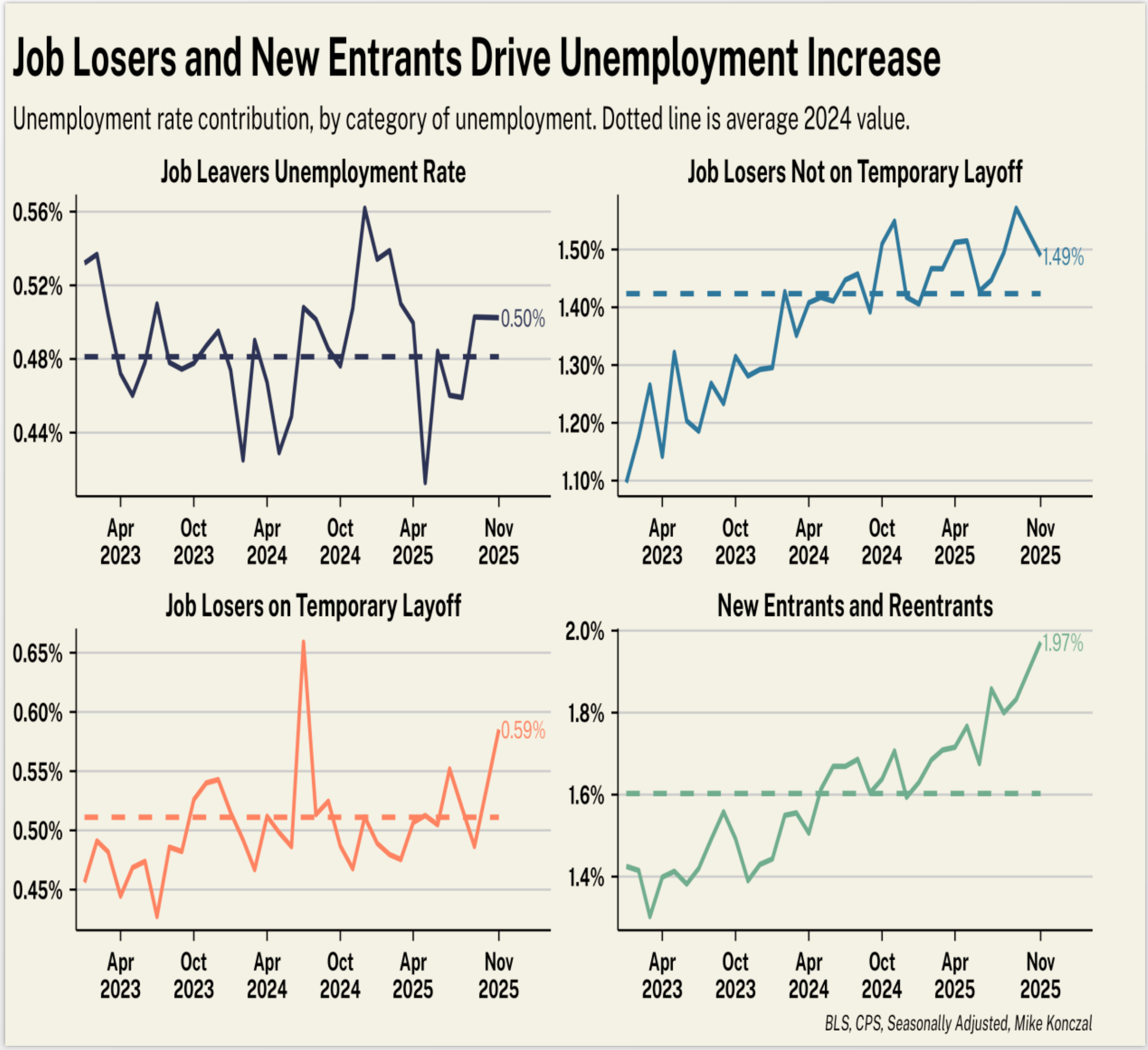
- Layoffs and discharges remain well below recessionary levels despite weaker hiring trends.
- Employers appear reluctant to shed workers after prolonged labor shortages.
- The absence of a layoff surge materially lowers near-term recession risk.



# Macro

## Unemployment Is Being Driven by Entrants, Not Job Losses

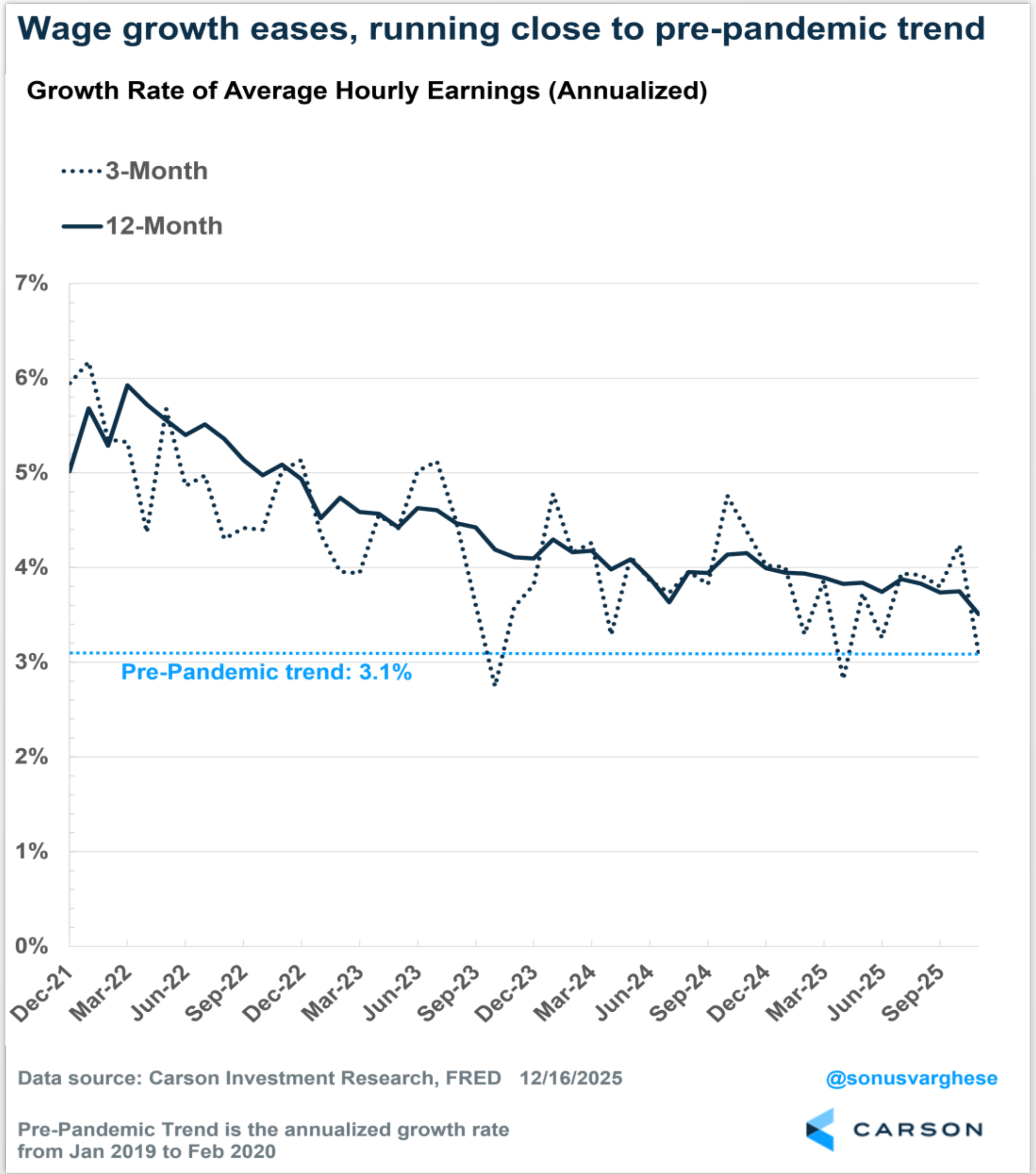
- The recent increase in unemployment is largely driven by new entrants and re-entrants to the labor force.
- Temporary layoffs remain contained, and permanent job losses have not accelerated materially.
- This reinforces the narrative of a cooling labor market rather than a deteriorating one.



# Income & Wages

## Wage Growth Has Returned to Pre-Pandemic Levels

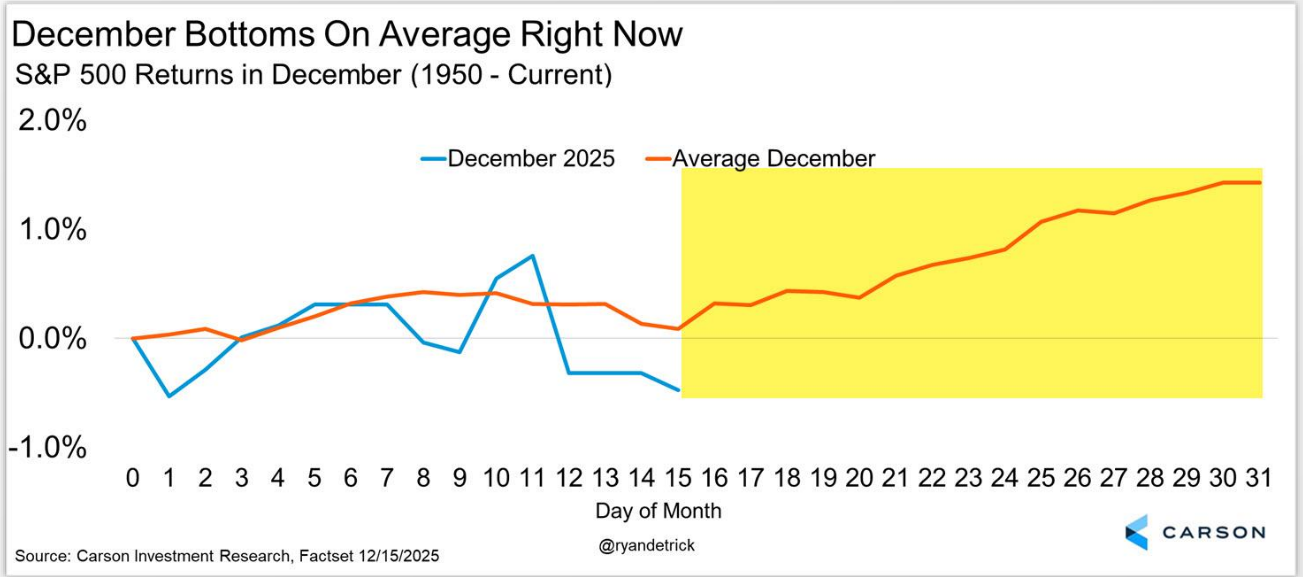
- Wage growth has cooled to roughly its pre-COVID trend, no longer acting as a major inflation driver.
- The unwinding of pandemic-era wage pressures reduces the risk of persistent service inflation.
- Slower wage growth gives the Federal Reserve more flexibility without undermining household income.



# Markets

## December Weakness Has Historically Been Short Lived

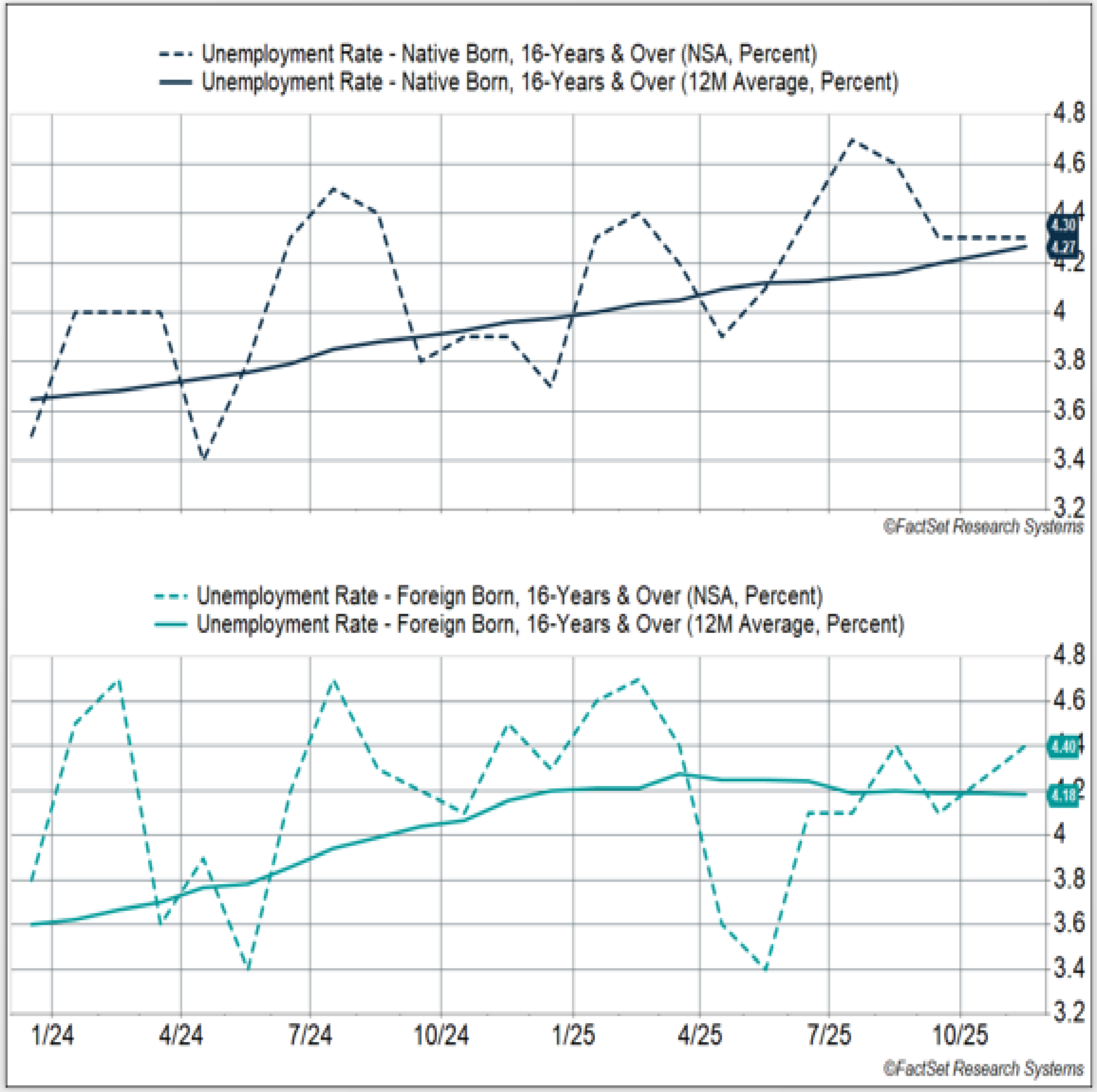
- Historically, December market weakness tends to bottom around mid-month before strengthening into year-end.
- The average December path shows improving returns in the back half of the month, even when early performance is choppy.
- Seasonal patterns suggest the Santa Clause rally window may be approaching!



# Income & Wages

A Low Hire, Low Fire Economy

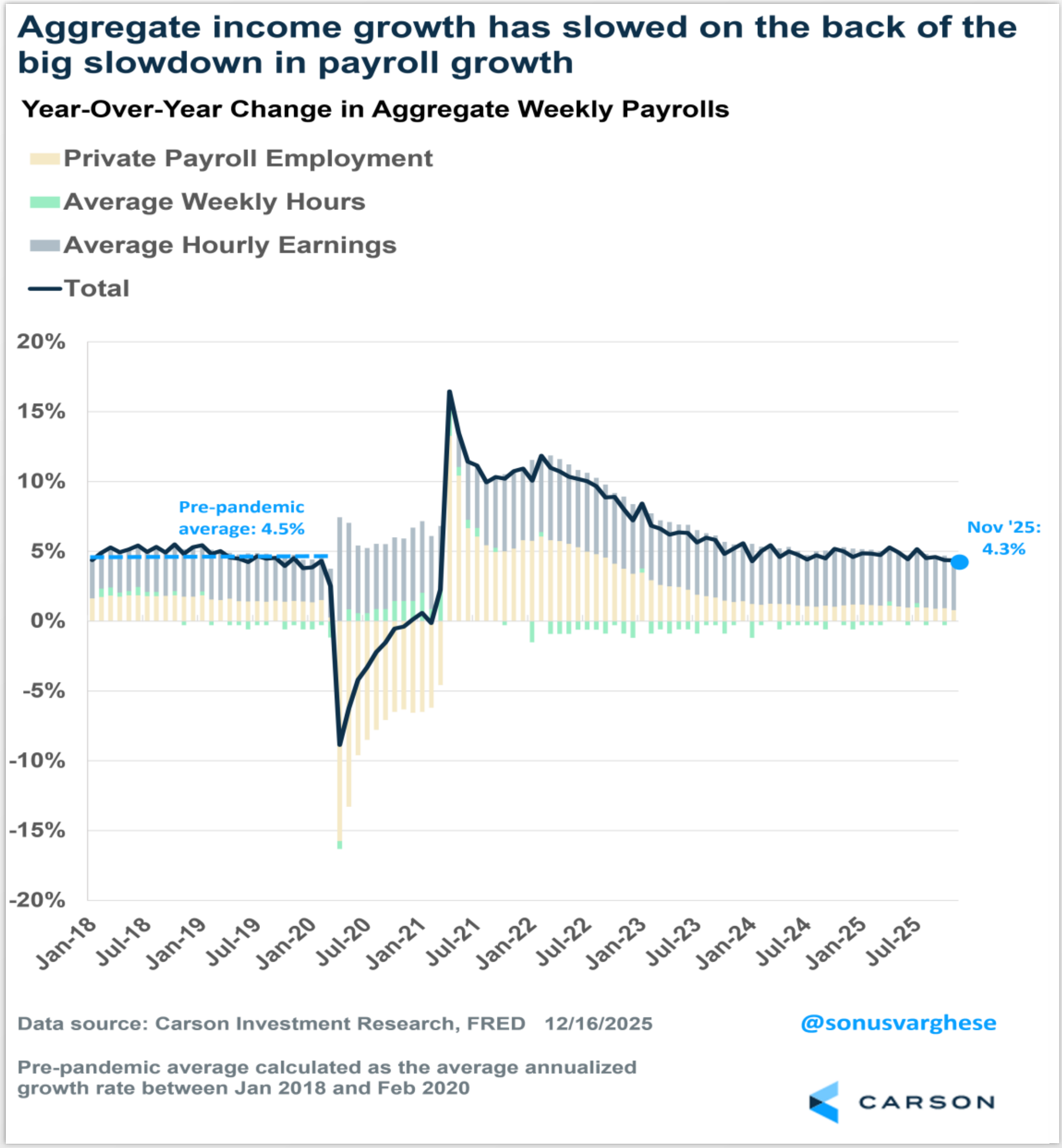
- Unemployment rates for native-born workers has climbed despite the collapse in immigration.
- This is partially because of higher labor pool growth.
- Prime working age participation (25-54) remains strong, but younger workers have been hit harder.



# Income & Wages

## Aggregate Income Growth Is Slowing Alongside Hiring

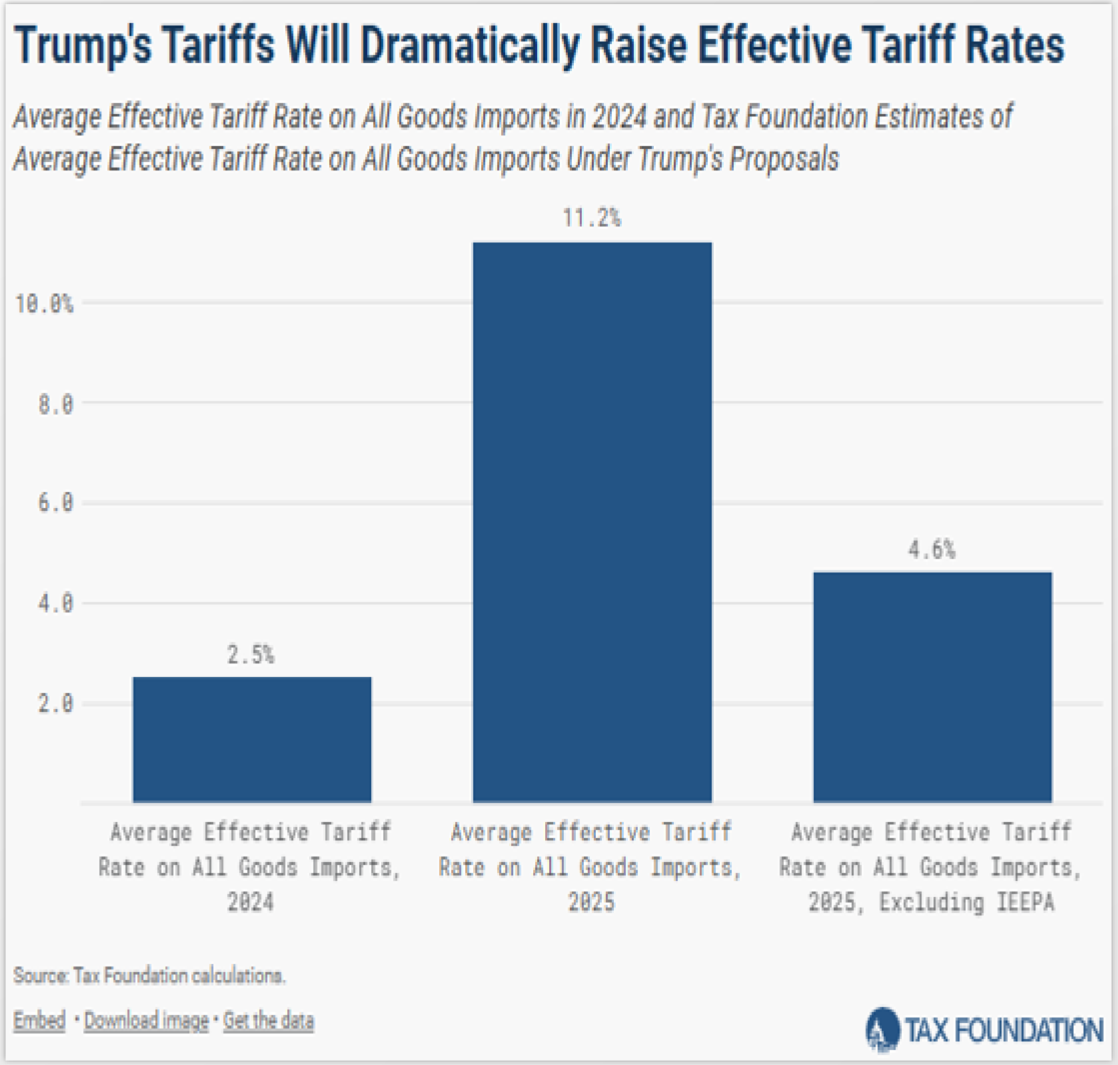
- Aggregate weekly payroll growth has decelerated meaningfully as job creation slows.
- Income growth remains positive but is no longer accelerating.
- Slower income growth may temper consumption without triggering contraction.



# Policy & Trade

## Tariffs Look Large on Paper, But the Bite Is Much Smaller

- While announced tariff rates imply a sharp jump in effective tariffs, widespread exemptions mean the realized economic impact is materially lower than headline figures suggest.
- Roughly half of U.S. imports currently avoid new tariffs through exemptions, trade agreements, or overlapping tariff rules, muting the drag on growth and inflation.
- Effective tariff rates are elevated versus 2024 but remain well below worst-case assumptions made earlier in the year and may decline further as exemptions expand.

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