

THE THREE WEEKS AHEAD

December 22 - 26, 2025; December 29, 2025 - January 2, 2026 and January 5 - 9, 2026

Out of the darkness and into the fog

by Avery Shenfeld avery.shenfeld@cibc.com

The data is flowing again on the US economy, but we've come out of the darkness and into the fog. Simply put, the facts on the economy don't paint a clear, consistent picture. The fog is thicker because we're still behind on some Q4 data releases, and because the unemployment and inflation reports could have measurement errors tied to disruptions in the monthly survey process.

The coming week will show that we've made up for a soft Q1 real GDP by stringing together two vigorous quarters, with our Q3 call sitting at a 3.3% pace. Broadly upbeat corporate earnings reports, with a heavy majority beating expectations, back up that picture. As for Q4, we have little data at this point, but a slowing to our projected 1½% pace would be largely tied to a dent from the government shutdown.

So why has job creation been missing in action since April, just as growth accelerated? The payrolls figures would look even worse if Chairman Powell is right that we're overcounting by some 60K positions per month. November's household survey was even more concerning, with a two-tick jump in the unemployment rate, and huge rise in involuntary part-time work.

The combination of solid output gains and labour market weakness implies a surge in productivity, or more likely, reflects the details on where growth is coming from. Productivity gains from AI adoption would lead to fewer white collar service positions, but recent job losses are instead concentrated in the goods sector. Factories aren't hiring because they are being dented by sluggish global growth, tariffs on their inputs, and uncertainties over trade policy ahead. A lot of the output growth is coming from low-labour-intensive AI-related equipment spending, where the domestic content is in the intellectual property, and from labour-light online retailers, or thinly staffed stores with automatic checkout machines.

If people are losing jobs, then why has consumption growth held up so well? Perhaps it's tied to wealth gains keeping a subset of Americans in a mood to shop. The equity trend is now not as clearly headed onward and upward, so we might put that theory to the test in the coming months.

The latest labour market news was also made to look worse due to a sudden upturn in estimates for the US population and a rebound in labour force participation. The available workforce, having grown at a paltry 63K per month over the prior eight months, supposedly jumped by 323K from September to November. The result was that a better than expected payroll gain in November was accompanied by an ugly jump in the jobless rate.

Population growth had earlier slowed sharply due to a tight border and deportations, and perhaps that process has been delayed by due process, giving those being deported their days in court. But the BLS methodology for the monthly population count is also not that accurate in real time. The latest CBO report stuck to a projection for very limited net immigration in both 2025 and 2026. That would help the jobless rate level off or ease even if net hiring is sluggish.

Moreover, the economist Justin Wolfers noted that the November unemployment rate was biased upwards because, having skipped a poll in October, there were more new respondents added to the November sample than normal. There's a known bias for first time responders to more frequently admit to being jobless.

A similar issue casts a touch of doubt on the good news in the November CPI report. Much of the softness was tied to rent measures, which we've long argued were destined to ease off dramatically as the CPI measures caught up to softening rent inflation for new leases. But core goods prices, where we're watching for tariff impacts, may have gotten a misleading break by a later-than-normal November survey period, catching more holiday sale prices in the process.

Come January, we'll get fresh facts on the labour market in December, and start to catch-up on indicators that will build the picture for Q4 GDP. One way or another, we're expecting the gap between the growth and employment picture to narrow, cutting through the fog in the process. But as long as the new light on the subject still leaves the Fed a bit further from its full employment target, and a bit closer to its inflation target, a couple more rate cuts will still be in the cards.

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, December 22	8:30 AM	INDUSTRIAL PROD. PRICES M/M	(Nov)	(M)	-	-	1.5%
Monday, December 22	8:30 AM	RAW MATERIALS M/M	(Nov)	(M)	-	-	1.6%
Tuesday, December 23	8:30 AM	GDP M/M	(Oct)	(H)	-0.3%	-0.3%	0.2%
Tuesday, December 23	1:30 PM	Publication: Summary of Deliberations	-	-	-	-	-
Wednesday, December 24	-	-	-	-	-	-	-
Thursday, December 25	-	Markets Closed (Christmas Day)	-	-	-	-	-
Friday, December 26	-	Markets Closed (Boxing Day)	-	-	-	-	-

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, December 22	-	AUCTION: 2-YR TREASURIES \$69B	-	-	-	-	-
Monday, December 22	8:30 AM	CHICAGO FED NAT.ACTIVITY INDEX	(Nov)	(M)	-	-0.2	-
Tuesday, December 23	-	AUCTION: 1-YR TREASURIES \$50B	-	-	-	-	-
Tuesday, December 23	-	AUCTION: 5-YR TREASURIES \$70B	-	-	-	-	-
Tuesday, December 23	-	AUCTION: 2-YR FRN \$28B	-	-	-	-	-
Tuesday, December 23	8:30 AM	GDP (annualized)	(3Q S)	(H)	3.3%	3.2%	3.8%
Tuesday, December 23	8:30 AM	GDP DEFLATOR (annualized)	(3Q S)	(H)	2.4%	2.6%	2.1%
Tuesday, December 23	8:30 AM	PHILADELPHIA FED NON-MANUFACTURING	(Dec)	(M)	-	-	-16.3
Tuesday, December 23	8:30 AM	DURABLE GOODS ORDERS M/M	(Oct P)	(H)	-2.0%	-1.5%	0.5%
Tuesday, December 23	8:30 AM	DURABLE GOODS ORDERS EX-TRANS M/M	(Oct P)	(H)	0.2%	0.3%	0.6%
Tuesday, December 23	9:15 AM	INDUSTRIAL PRODUCTION M/M	(Nov)	(H)	0.2%	0.1%	0.1%
Tuesday, December 23	9:15 AM	CAPACITY UTILIZATION	(Nov)	(M)	76.0%	75.9%	75.9%
Tuesday, December 23	10:00 AM	RICHMOND FED MANUF. INDEX	(Dec)	(M)	-	-	-15
Tuesday, December 23	10:00 AM	CONF.BOARD CONSUMER CONFIDENCE	(Dec)	(H)	-	91.7	88.7
Wednesday, December 24	-	AUCTION: 7-YR TREASURIES \$44B	-	-	-	-	-
Wednesday, December 24	7:00 AM	MBA-APPLICATIONS	(Dec 19)	(L)	-	-	-3.8%
Wednesday, December 24	8:30 AM	INITIAL CLAIMS	(Dec 20)	(M)	-	-	224K
Wednesday, December 24	8:30 AM	CONTINUING CLAIMS	(Dec 13)	(L)	-	-	1897K
Thursday, December 25	-	Markets Closed (Christmas Day) observed	-	-	-	-	-
Friday, December 26	-	-	-	-	-	-	-

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, December 29	-	-	-	-	-	-	-
Tuesday, December 30	-	AUCTION: (Preliminary CFT) 3-M BILLS \$7.4B, 6-M BILLS \$2.7B, 1-YR BILLS \$2.7B	-	-	-	-	-
Wednesday, December 31	-	-	-	-	-	-	-
Thursday, January 1	-	Markets Closed (New Years Day)	-	-	-	-	-
Friday, January 2	-	-	-	-	-	-	-

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, December 29	8:30 AM	PENDING HOME SALES M/M	(Nov)	(M)	-	-	1.9%
Tuesday, December 30	8:30 AM	HOUSE PRICE INDEX M/M	(Oct)	(M)	-	-	0.0%
Tuesday, December 30	9:45 AM	CHICAGO PMI	(Dec)	(M)	-	39.5	36.3
Tuesday, December 30	2:00 PM	FOMC Meeting Minutes	(Dec 10)	-	-	-	-
Wednesday, December 31	7:00 AM	MBA-APPLICATIONS	(Dec 26)	(L)	-	-	-
Wednesday, December 31	8:30 AM	INITIAL CLAIMS	(Dec 27)	(M)	-	-	-
Wednesday, December 31	8:30 AM	CONTINUING CLAIMS	(Dec 20)	(L)	-	-	-
Thursday, January 1	-	Markets Closed (New Years Day) observed	-	-	-	-	-
Friday, January 2	9:45 AM	S&P GLOBAL US MANUFACTURING PMI	(Dec)	(L)	-	-	51.8
Friday, January 2	10:00 AM	CONSTRUCTION SPENDING M/M	(Nov)	(M)	-	-	-

Week Ahead Calendar And Forecast—Canada

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, January 5	-	-	-	-	-	-	-
Tuesday, January 6	-	-	-	-	-	-	-
Wednesday, January 7	-	AUCTION: 2-YR CANADAS	-	-	-	-	-
Wednesday, January 7	10:00 AM	IVEY PMI	(Dec)	(L)	-	-	48.4
Thursday, January 8	8:30 AM	MERCHANDISE TRADE BALANCE	(Oct)	(H)	-\$2.0B	-	\$0.2B
Friday, January 9	8:30 AM	EMPLOYMENT CHANGE	(Dec)	(H)	0.0K	-	53.6K
Friday, January 9	8:30 AM	UNEMPLOYMENT RATE	(Dec)	(H)	6.6%	-	6.5%

Week Ahead Calendar And Forecast—United States

H, M, L = High, Medium or Low Priority

SAAR = Seasonally Adjusted Annual Rate

Consensus Source: Bloomberg

Date	Time	Economic Releases, Auctions and Speakers	Month	Priority	CIBC	Consensus	Prior
Monday, January 5	10:00 AM	ISM - MANUFACTURING	(Dec)	(H)	48.5	48.3	48.2
Tuesday, January 6	9:45 AM	S&P GLOBAL US SERVICES PMI	(Dec)	(L)	-	-	52.9
Tuesday, January 6	9:45 AM	S&P GLOBAL US COMPOSITE PMI	(Dec)	(L)	-	-	53.0
Wednesday, January 7	7:00 AM	MBA-APPLICATIONS	(Jan 2)	(L)	-	-	-
Wednesday, January 7	8:15 AM	ADP EMPLOYMENT CHANGE	(Dec)	(M)	-	-	-32K
Wednesday, January 7	10:00 AM	ISM - SERVICES	(Dec)	(M)	52.2	-	52.6
Wednesday, January 7	10:00 AM	JOLTS Job Openings	(Nov)	-	7600K	-	7670K
Thursday, January 8	8:30 AM	INITIAL CLAIMS	(Jan 3)	(M)	-	-	-
Thursday, January 8	8:30 AM	CONTINUING CLAIMS	(Dec 27)	(L)	-	-	-
Thursday, January 8	8:30 AM	NON-FARM PRODUCTIVITY	(3Q P)	(M)	-	3.3%	3.3%
Thursday, January 8	3:00 PM	CONSUMER CREDIT	(Nov)	(L)	-	-	\$9.2B
Friday, January 9	8:30 AM	NON-FARM PAYROLLS	(Dec)	(H)	45K	-	-105K
Friday, January 9	8:30 AM	UNEMPLOYMENT RATE	(Dec)	(H)	4.5%	-	4.6%
Friday, January 9	8:30 AM	AVERAGE HOURLY EARNINGS ALL EMPLOYEES M/M	(Dec)	(H)	0.3%	-	0.1%
Friday, January 9	8:30 AM	AVERAGE WEEKLY HOURS ALL EMPLOYEES	(Dec)	(H)	-	-	34.3
Friday, January 9	8:30 AM	MANUFACTURING PAYROLLS	(Dec)	(H)	-	-	-5K

Week Ahead's market call

by Avery Shenfeld

In the **US**, old news will be good news, as we look for a belated report on Q3 GDP growth to come in at 3.3%, with residential construction likely to be the only notable weak spot. Newer news, in the form of October durable goods orders, looks to have some downside risks relative to the consensus, although the ex-transport reading is coming off a healthy gain in the prior month. Overall, a holiday-shortened week that's not likely to stir the pot very much. The real news will come early in 2026, where we expect December payrolls data to remain modest, but the household survey might see the jobless rate move down a tick, correcting some statistical quirks that contributed to its jump in November.

In **Canada**, after an upside surprise in Q3 GDP tied to an export recovery, Q4 looks to be off to a weak start, with October GDP expected to post a decline. The early news on November, including a rebound in the flash estimate for retailing, looks a bit brighter, which is what one might expect if the recent improvement in the employment figures is an accurate signal. The summary of the deliberations at the Bank of Canada's last meeting will show that there was little if any consideration given to an interest rate move, with a fairly balanced set of concerns over downside risks to growth and upside risks to inflation. Since this is our last Week Ahead until the new year, we're also giving a look ahead to the December jobs data, where we look for the unemployment rate to move up one tick, erasing just a small part of the recent improvement.

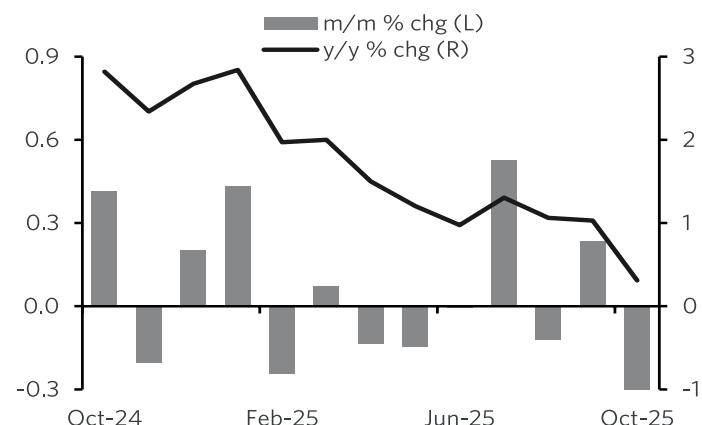
Week Ahead's key Canadian number: Gross domestic product—October

(Tuesday, December 23, 8:30 am)

Andrew Grantham andrew.grantham@cibc.com

Variable (%)	CIBC	Mkt	Prior
GDP (m/m)	-0.3	-0.3	0.2

Chart: Canadian GDP at basic prices



Source: Statistics Canada, Haver Analytics, CIBC

Following better than expected headline growth in the third quarter, the Canadian economy likely took a step backwards at the start of Q4. The 0.3% decline we forecast would be in line with the advance estimate, with industry data released subsequently not deviating enough from the initial forecasts to expect an upward revision.

However, the dip in October is expected to be driven primarily to one off factors reducing activity in certain sectors, for example the teacher's strike in Alberta which will result in a decline in activity in the education sector. With those one-off factors either fading or reversing in November, we expect Statistics Canada to signal a rebound in its advance estimate for that month. A full 0.3% rebound would keep quarterly GDP on pace for a broadly flat reading.

Forecast implications — A dip in October GDP wouldn't be too much of a surprise given some one-off factors that impacted activity that month. However, even following an expected November rebound, underlying growth would still be fairly weak and not strong enough to justify recent market pricing for Bank of Canada rate hikes before the end of 2026.

Other Canadian releases: Labour force survey—December

(Friday, January 9, 8:30 am)

Was November's sharp decline in the unemployment rate real or fantasy? We expect a bit of both. While we don't expect a give back in employment during December, a flat reading combined with a slight rebound in participation would be enough to see the unemployment rate back up slightly to 6.6%. That's still high enough to place downward pressure on inflation ahead, even if it is half a percent lower than the peak reached over the summer.

International trade—October

(Thursday, January 8, 8:30 am)

Following an unexpected foray into surplus in September, we expect Canada's trade balance will have slipped into deficit again in October. That will largely be because of a moderation in gold imports, although exports of some highly tariffed items may have also eased again following an improvement in the prior month. We forecast a shortfall of \$2bn for October.

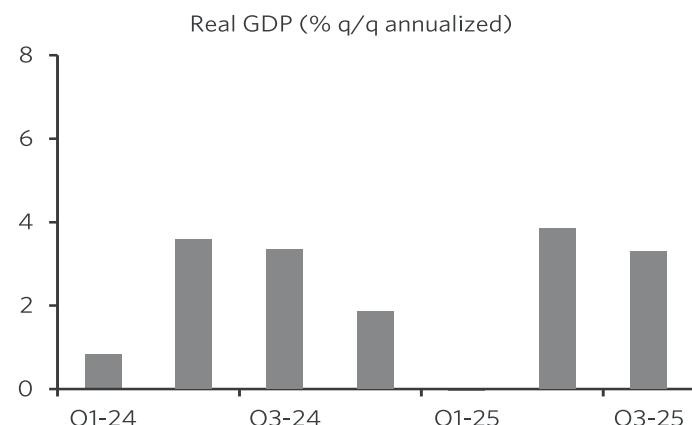
Week Ahead's key US number: Gross domestic product—3Q

(Tuesday, December 23, 8:30 am)

Ali Jaffery ali.jaffery@cibc.com

Variable (%)	CIBC	Mkt	Prior
GDP q/q annualized	3.3	3.2	3.8
GDP deflator	2.4	2.6	2.1

Chart: US GDP



Source: BEA, Haver Analytics, CIBC

The BEA will finally be serving up the Q3 GDP report just before the holidays, and it should be another good one. We expect growth of 3.3%, slightly below the latest report from the Atlanta Fed estimate of 3.5%. Consumption should be strong at close to 3%, and will continue to be the anchor of growth. But the big story may be double digit growth in AI-related investment in software and R&D.

Forecast implications — The drag from the government shutdown will soften the pace of growth in Q4, and our starting point forecast for the last quarter of 2025 is 1.5%.

Market impact — Does growth even matter anymore? The divergent trajectories of consumer activity and hiring behavior has meant the Fed has been even less concerned than usual about the GDP growth pace. The bond market knows this, and won't trim rate cut bets on account of another strong GDP report.

Other US Releases: Employment situation—December

(Friday, January 9, 8:30 am)

Weak hiring, but also limited news of layoffs given what we see in jobless claims, should see nonfarm payrolls advance by a moderate 45K in December, with average hourly earnings climbing 0.3% after a soft prior-month. In years past, that sort of payrolls level would have been tied to a further climb in the household survey's jobless rate, but we look for it to ease by one tick, to 4.5%. The jump in unemployment in November was impacted by two quirks. First, there was sharp two-month climb in the working age population and the participation rate that might have statistical noise, as it runs against what we know about immigration policy, and the high portion of deported people who participate in the labour market. As well, the failure to conduct a survey in October meant that we had more first-time respondents than normal in November, and there's a known bias for more of them to admit to being unemployed than those who have been in the sample for several months.

Contacts:

Avery Shenfeld
avery.shenfeld@cibc.com

Benjamin Tal
benjamin.tal@cibc.com

Andrew Grantham
andrew.grantham@cibc.com

Ali Jaffery
ali.jaffery@cibc.com

Katherine Judge
katherine.judge@cibc.com

CIBC Capital Markets
PO Box 500
161 Bay Street, Brookfield Place
Toronto, Canada, M5J 2S8
[Bloomberg @ CIBC](mailto:Bloomberg@cibc.com)
economics.cibccm.com

CIBC Capital Markets is a trademark brand name under which Canadian Imperial Bank of Commerce ("CIBC"), its subsidiaries and affiliates (including, without limitation, CIBC World Markets Inc., CIBC World Markets Corp. and CIBC Capital Markets (Europe) S.A.) provide different products and services to our customers around the world. Products and/or services offered by CIBC include corporate lending services, foreign exchange, money market instruments, structured notes, interest rate products and OTC derivatives. CIBC's Foreign Exchange Disclosure Statement relating to guidelines contained in the FX Global Code can be found at www.cibccm.com/fxdisclosure. Other products and services, such as exchange-traded equity and equity options, fixed income securities and futures execution of Canadian securities, are offered through directly or indirectly held subsidiaries of CIBC as indicated below.

Distribution

This report is written by the economics team at CIBC Capital Markets and is not the product of a CIBC Capital Markets research department. This report is issued and approved for distribution: (a) in Canada, by CIBC World Markets Inc., a member of the Canadian Investment Regulatory Organization, the Toronto Stock Exchange, the TSX Venture Exchange and a Member of the Canadian Investor Protection Fund; and (b) in the United States, by either: (i) CIBC World Markets Inc. for distribution only to U.S. Major Institutional Investors ("MII") (as such term is defined in SEC Rule 15a-6) or (ii) CIBC World Markets Corp., a member of the Financial Industry Regulatory Authority. U.S. MIs receiving this report from CIBC World Markets Inc. (the Canadian broker-dealer) are required to effect transactions (other than negotiating their terms) in securities discussed in the report through CIBC World Markets Corp. (the U.S. broker-dealer).

This report is provided, for informational purposes only, to institutional investor and retail clients of CIBC World Markets Inc. in Canada and does not constitute an offer or solicitation to buy or sell any securities discussed herein, including (without limitation) in any jurisdiction where such offer or solicitation would be prohibited.

The distribution of this report in the United Kingdom is being made only to, or directed only at, persons falling within one or more of the exemptions from the financial promotion regime in section 21 of the UK Financial Services and Markets Act 2000 (as amended) ("FSMA") including, without limitation, to the following:

- authorised firms under FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order 2005 ("FPO") and directors, officers and employees acting for such entities in relation to investment;
- high value entities falling within article 49 FPO and directors, officers and employees acting for such entities in relation to investment; and
- persons who receive this presentation outside the United Kingdom.

The distribution of this report to any other person in the United Kingdom is unauthorised and may contravene FSMA. No person falling outside such categories should treat this report as constituting a promotion to them or rely on it for any purposes whatsoever. This report is distributed solely to eligible counterparties or professional clients and not retail clients as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

For all other jurisdictions, this report is distributed solely to institutional clients and not retail clients as defined by the applicable securities legislation and regulation to which CIBC Capital Markets may be subject in any jurisdiction.

Miscellaneous

This report does not take into account the investment objectives, financial situation or specific needs of any particular client of CIBC. Before making an investment decision on the basis of any information contained in this report, the recipient should consider whether such information is appropriate given the recipient's particular investment needs, objectives and financial circumstances. CIBC suggests that, prior to acting on any information contained herein, you contact one of our client advisers in your jurisdiction to discuss your particular circumstances. Since the levels and bases of taxation can change, any reference in this report to the impact of taxation should not be construed as offering tax advice; as with any transaction having potential tax implications, clients should consult with their own tax advisors. Past performance is not a guarantee of future results.

The information and any statistical data contained herein were obtained from sources that we believe to be reliable, but we do not represent that they are accurate or complete, and they should not be relied upon as such. All estimates and opinions expressed herein constitute judgments as of the date of this report and are subject to change without notice.

This report may provide addresses of, or contain hyperlinks to, Internet web sites. CIBC has not reviewed the linked Internet web site of any third party and takes no responsibility for the contents thereof. Each such address or hyperlink is provided solely for the recipient's convenience and information, and the content of linked third-party web sites is not in any way incorporated into this document. Recipients who choose to access such third-party web sites or follow such hyperlinks do so at their own risk.

Unauthorized use, distribution, duplication or disclosure without the prior written permission of CIBC World Markets Inc. is prohibited by law and may result in prosecution.

CIBC Capital Markets and the CIBC Logo Design are trademarks of CIBC, used under license.