

## US Job Growth Stalls

### United States, Nonfarm Payrolls (000s) / Unemployment rate (%) / wages y/y (%), March:

Actual: 103 / 4.1 / 2.7

Scotia: 200 / 4.0 / 2.7

Consensus: 185 / 4.0 / 2.7

Prior: 326 / 4.1 / 2.6 (revised from: 313 / 4.1 / 2.6)

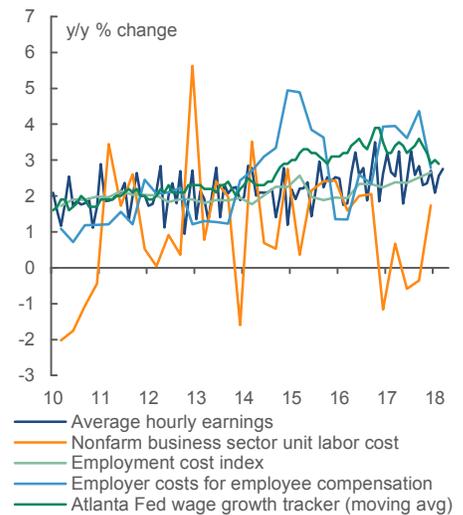
- I would put more emphasis upon the headline payrolls disappointment than the wage figure. I therefore agree with the market reaction to back off on the Treasury two year yield as it dropped by about 2bps post-release although China's additional strong warnings of retaliation against possible US trade actions roughly coincided. I would think that softer job growth and strengthening trade rhetoric are likely to leave Fed Chair Powell and incoming NY Fed President Williams sounding somewhat more cautious this afternoon at 1:30pmET and 4pmET respectively.
- Wages ticked up as expected, but they are just about noise within a directionless trend over the past year. There was only one notable acceleration back in 2015 and over the past year the broad array of wage figures has been directionless. The jobs numbers are a sizeable miss of 132,000 including revisions and that's worth greater emphasis.
- Average hourly wage growth accelerated to 2.7% y/y. See the updated chart showing a variety of wage measures. Basically the takeaway remains that wage growth is volatile but hasn't trended anywhere clearly across a variety of yardsticks. In real terms, modest wage gains are being registered across most measures but slightly firming PCE inflation is chipping away.
- Revisions to nonfarm job gains were negative. February was revised up 13k to 326k but January was revised lower from +239k down to 176k. That meant a two-month combined revision of -50k. Nevertheless, job growth has still averaged a decent 202,000 in Q1 but February's 326,000 rise skewed the average as the other two months posted job growth at a one-handed pace.
- By sector, goods added 15k jobs and services added 87k. Within goods, manufacturing was up 22k and construction fell 15k. Within services, business services added 33k jobs but not through the volatile temp help category that was flat. Education/health added 25k, trade/transport added 21k and the rest of the sectors were little changed.
- The unemployment rate was unchanged at 4.1% (rounded) and is derived from the companion household survey. The household survey showed a loss of 37,000 jobs but the labor force shrank by more (-158,000) all of which rounded out to a seven one-hundredths improvement in the unemployment rate to 4.07% for not great reasons.
- Private jobs were up 102,000 while government jobs were flat (+1k) both at the federal (-1k) and state/local (+2k) levels.
- Hours worked increased by 0.1% m/m after the large 0.6% increase the prior month but following the small dip in January.

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### Muted US Wage Growth



Sources: Scotiabank Economics, BLS, Federal Reserve Bank of Atlanta.

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