

## Markets Shrug At On-Consensus US Jobs

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

Actual: 157 / 3.9 / 2.7

Scotia: 200 / 3.9 / 2.7

Consensus: 193 / 3.9 / 2.7

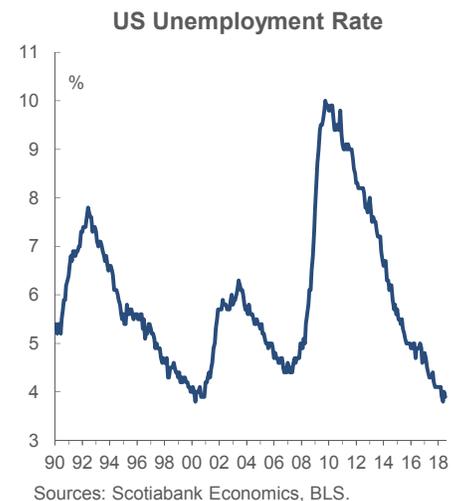
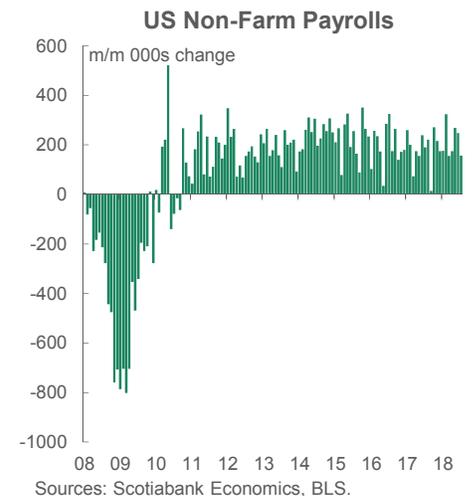
Prior: 248 / 4.0 / 2.7 (unrevised from: 213 / 4.0 / 2.7)

- Markets are largely ignoring the US jobs reports largely because they contained few if any material surprises on the main headline readings especially after taking into account revisions. The DXY, Treasury yields and US equities are little changed.
- **Revisions explain all of the miss in July payrolls** as a net 59,000 extra jobs were created in June and May than previously understood. June was revised up by 33k and May was revised up by 24k. Therefore the 36k undershoot to consensus in July was offset by the +59k revision. Nevertheless, while subject to further revisions, July's pace of job growth is a loss of momentum at the margin, but not one that leaps out in terms of wide confidence intervals surrounding estimated job growth.
- **The unemployment rate dipped a tick to 3.9%.** Recall that it is derived from the companion household survey that registered a stronger pace of job creation (+389k) than the payrolls report and the household survey also registered a cooler pace of entry into the labor force (+105k) than the prior month (+601k).
- **Note that the underemployment rate is firmly at a lower level than before the GFC.** At 7.5%, the U-6 measure that includes unemployed individuals, plus the marginally attached discourage workers plus those working part-time for economic reasons now sits at its lowest since 2001.
- **Wage growth was unchanged at 2.7% y/y for the third consecutive month as the mild acceleration following a downdraft to 2.3% in October has stalled out.**
- **Most of the job growth was in services(+118k) as goods producing sectors added 52k.** Within goods, manufacturing added another 37k to add to a string of impressive gains, while construction added 19k. Within services, business services added 51k including a 28k rise in temporary help, the leisure/hospitality sector added 40k, education/health added 22k and trade and transport combined for 15k including +7k at retailers.
- Government jobs fell by 13k entirely at state and local governments.

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