

Contributors

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Chart 1

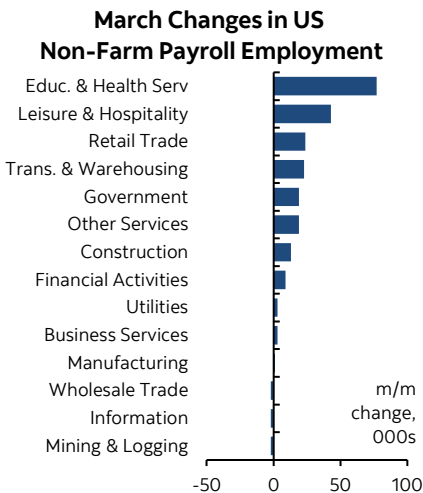
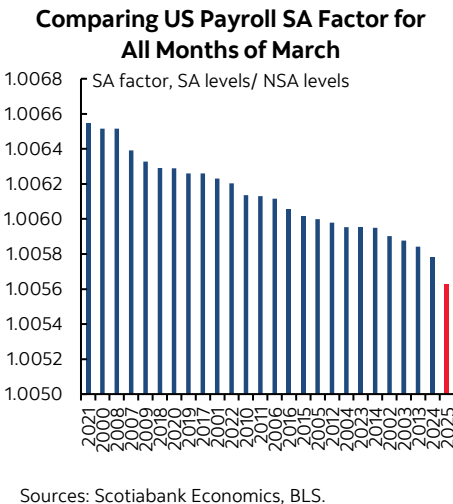


Chart 2



Nonfarm Payrolls Beat — But Who Cares?!

- The US job market remained healthy in March...
- ...even with SA factors tamping down job growth...
-but trade wars & Powell's pending talk dominate forward-looking risks

Nonfarm payrolls, m/m 000s // UR %, SA, March:

Actual: 228 / 4.2

Scotia: 175 / 4.0

Consensus: 140 / 4.1

Prior: 117 / 4.1 (revised from 151 / 4.1)

The US economy generated 228,000 more payroll positions in March, beating all forecasts but with Scotia on the right side of consensus. Who cares. It's an historical footnote on the economy that was before ruinous trade wars erupted.

Markets temporarily reversed some of the Treasury rally but yields are edging up again into Chair Powell's speech on the outlook (11:25amET).

Chart 1 shows significant sector breadth. Services dominated at +197k.

Job growth could have been stronger if not for what I continue to believe to be unreliable seasonal adjustment factors. This March had the lowest SA factor on record when comparing like months of March over time (chart 2). At different SA factors that draw upon the whole range of March SA estimates, payrolls would have risen by even more (chart 3). There is a recency bias to how SA factors are calculated and they are skewed to the distortions of the pandemic and post-pandemic period.

Regarding weather effects on US jobs, I don't see it being a big driver. I want to see the San Francisco Fed's weather adjusted payrolls measure when they refresh it. We can't say to this point that weather was a lift factor for payrolls. I doubt there will be a big difference. As for the household survey, those unable to work due to bad weather fell back to 87k from 404k (chart 4). The figure is seasonally unadjusted though, and this March was about 50k lower than an average month of March which means it was a modest driver of the household survey's job gain.

Government employment was up by 19k. Don't get too used to that. The Federal Government's payrolls were little changed (-4k) for the second consecutive small dip. State and local governments added 23k more workers as the offset. Firings in the federal civil service will show up in coming months.

Wage growth was 0.25% m/m SA. That equates to 3% m/m SAAR (chart 5). That's neither here nor there, as it's resilient, but not terribly warm.

Hours worked are tracking flat for Q1 at +0.3% q/q SAAR. That's because hours tumbled in January to start the year, but they've since been mildly rebounding. All else equal, this is a weak indicator for Q1 GDP (chart 6).

The unemployment rate edged up because the household survey registered a 201k rise in employment that was slightly exceeded by a 232k rise in the labour force (chart 7). The labour force participation rate ticked up to 62.5% but is moving sideways (chart 8).

Chart 3

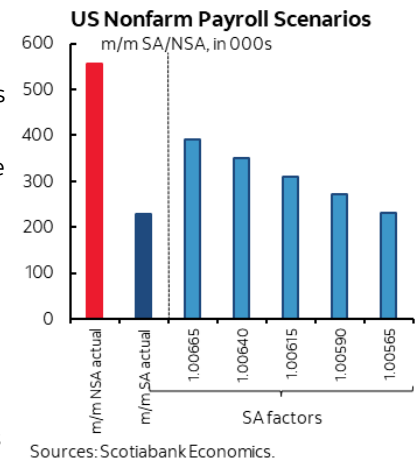


Chart 4

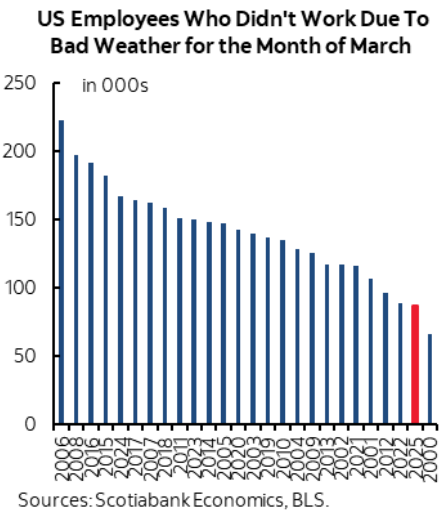


Chart 5

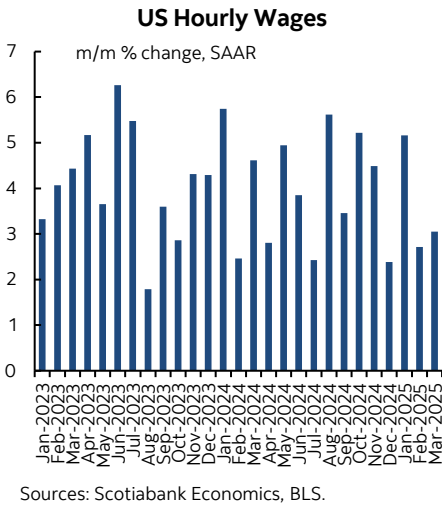


Chart 6

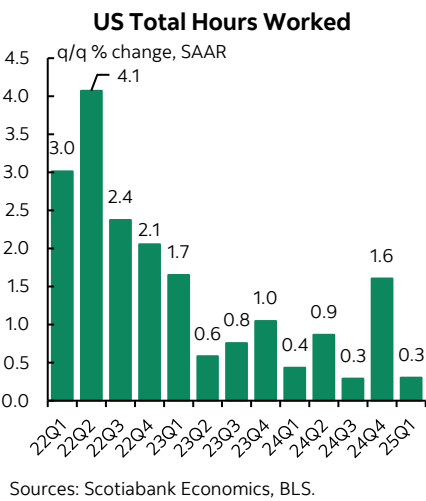


Chart 7

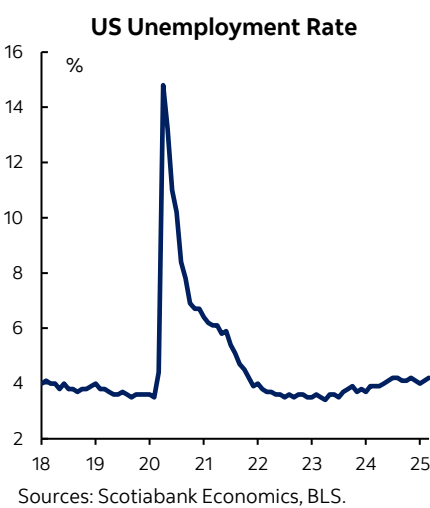
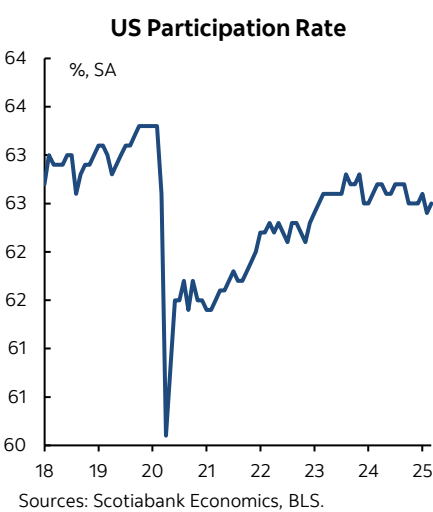


Chart 8



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