

## US jobs strength continues despite survey weakness

The US added 303,000 jobs in March, which is more than anyone was expecting. With next week's inflation likely to remain hot, the prospect of a June rate cut from the Fed looks slim. Nonetheless, with business surveys universally pointing to weakness over the next 3-6 months we do expect to see more evidence of cooling by the summer



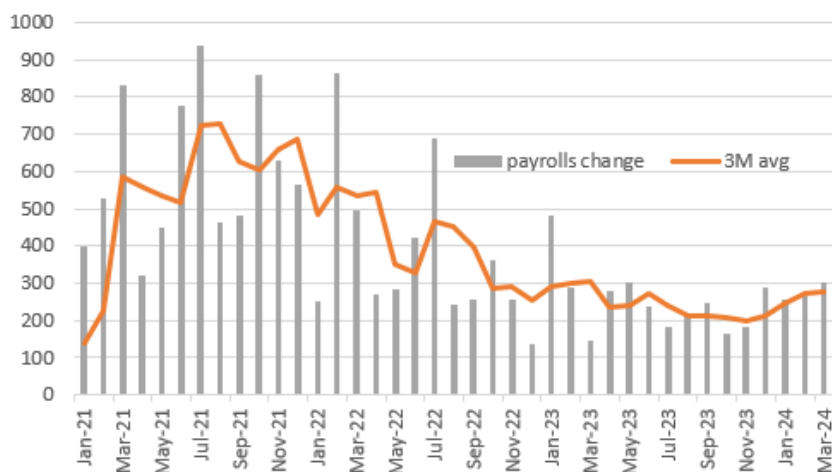
**303,000** Number of US jobs added in March

### Strong jobs trend continues

US non-farm payrolls rose 303k in March versus the 214k consensus while there were 22k of upward revisions to the past two months of data. 303k was higher than anyone was forecasting in the surveys (74 forecasts of which the high was 290k). The unemployment rate came in at 3.8%, down from 3.9% and average hourly earning rose 0.3% month-on-month/4.1% year-on-year.

Undeniably strong throughout with interest rate cut expectations unsurprisingly receding on this newsflow.

### Change in non-farm payrolls (000s)

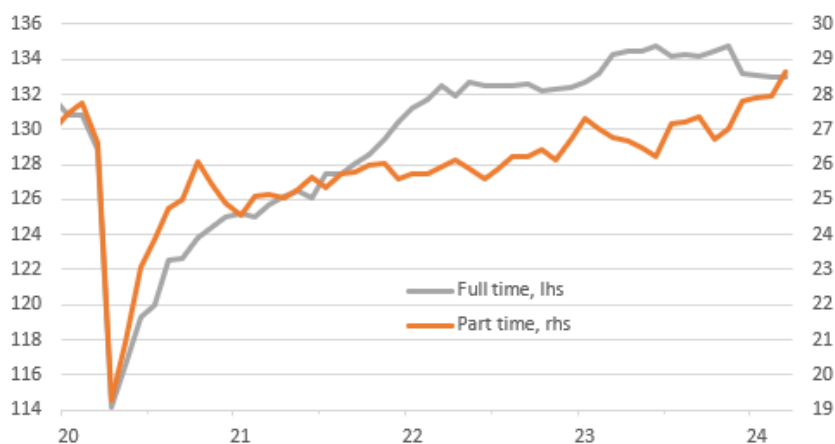


Source: Macrobond, ING

### But the composition doesn't look so strong

The details show private payrolls rose 232k with manufacturing flat on the month, construction adding 39k, private education and health up 88k, leisure and hospitality up 49k while government payrolls rose 71k. These latter three categories continue to be the main engines of job creation in the US economy. My issue about this is that all three tend to be lower paid than the median and more likely to be part time and are arguably less secure. For a strong vibrant US economy I would like to see full-time tech, business services, transport & logistics, manufacturing, construction to be contributing much more than 25% of jobs, which is what they have averaged over the past 18 months.

### Full time versus part time employment levels (millions)



Source: Macrobond, ING

In this regard, the household survey shows that full-time employment fell for the fourth consecutive month (to 132.94mn) which leaves us at the lowest level of full-time employment since January 2023 while part-time employment rose to an all-time high of 28.632mn. Once again, this suggests the details paint a slightly weaker picture than the headlines alone suggest.

## The prospect of a June rate cut now looks slim

Moreover, with the ISM employment components in contraction territory, the National Federation of Independent Business (NFIB) hiring intentions survey at the lowest level since May 2020 and job lay-off announcements on the rise there are clear contradictions between official data and what businesses are telling survey compilers. That said, the Federal Reserve obviously won't cut rates imminently with jobs this strong and next week's core CPI print likely to remain hot at 0.3% MoM. Our assumption remains that the official data will eventually reflect the views expressed by business, but it may not come in time for the next FOMC meeting in June.

## NFIB hiring intentions versus private payrolls changes (000s)



Source: Macrobond, ING

### Author

**James Knightley**

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose

possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).