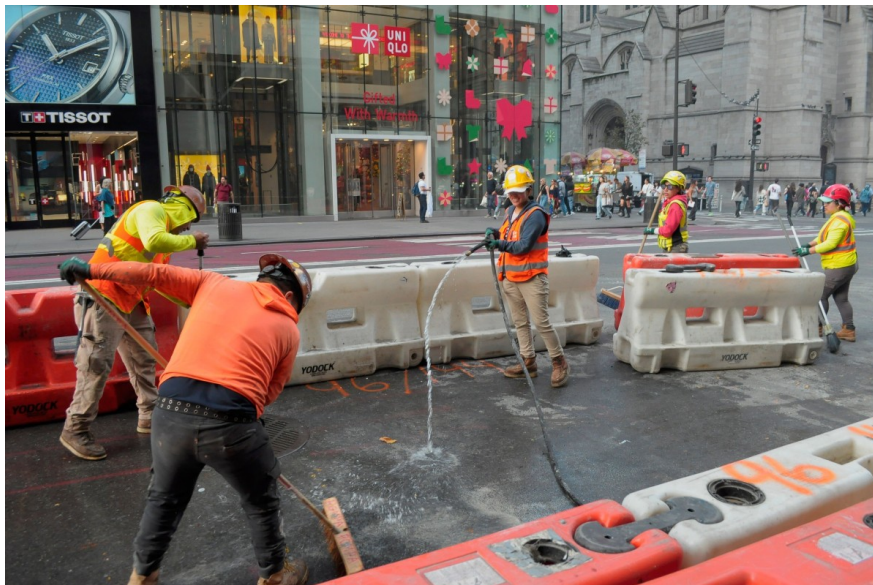


# Stronger US jobs numbers feel like ancient history

At 228,000, the US added more jobs than expected in March. But we're now in a whole new environment, which feels like a much darker place. With consumers and businesses increasingly anxious, the outlook for the jobs market is deteriorating



Construction workers in New York

228K

Number of US jobs added

Nonfarm payrolls, March

Better than expected

## Stronger jobs, but the outlook is deteriorating fast

The March headline non-farm payrolls data was stronger than forecast at 228k versus the 140k consensus prediction, but given the anxiety over the economic outlook in the post-tariff announcement world, this feels a little like ancient history. We also have to acknowledge there were 48k of downward revisions to the previous two job prints. That means a net 180k of jobs

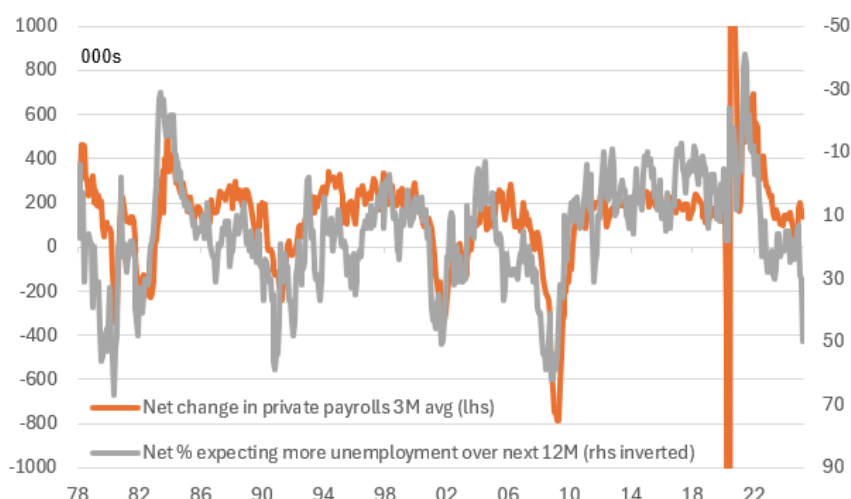
added overall within today's report.

The unemployment rate rose to 4.2% from 4.1%. Wage growth cooled to 3.8% from 4%, so with inflation set to jump on tariffs, we are expecting to see negative real wage growth by the summer, reinforcing the story of squeezed consumer spending power.

Once again, leisure and hospitality (43k) and private education and healthcare services (77k) saw the biggest gains, while retail added a decent 24k. Federal government employment fell 4k. Looking at the outlook for the jobs market, we think that government workers' positions are going to be contracting more noticeably in the official data in the coming months, while leisure and hospitality workers will be particularly vulnerable to any slowdown in consumer discretionary spending.

Given the uncertainty over where the economy is heading and with so many companies having to figure out what this new environment means for them, we see little upside risk materialising in other subsets of the jobs market.

## Workers are increasingly worried about losing their jobs



Source: Macrobond, ING

## Consumer spending is key

This all means that the potential for an outright fall in jobs is rising. Households are worried about the hit to spending power from tariffs; the chart above shows they are also worried about potentially losing their jobs. Government austerity is set to be increasingly noticed, and equity markets are sliding, leading to the conclusion that consumer sentiment is undoubtedly going to be souring.

Consumer spending is 70% of the US economy and if spending stalls that will have inevitable consequences for jobs.

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