

## What we're expecting from the US jobs report

We're expecting sub-consensus wage & jobs growth, but it won't stop the Fed from hiking in June



Source: iStockphoto

### Jobs growth

We think April's 211k jobs growth was little more than a solid rebound after a weather-depressed reading in March. We'd expect payrolls to dip closer to the underlying trend, as weaker economic growth in the first quarter combines with a gradual slowdown in jobs growth as the economy flirts with full employment.

# 155k

Change in Non-farm Payrolls (NFP)

Consensus: 190k

## Wage growth

May had three more workdays than April, and as the data doesn't adjust for this, we could see a weak wage growth reading. But don't forget, the tight labour market should continue to translate into higher pay. However, the Fed really needs to see 3%+ wage growth before taking the pace of hikes up a notch.

**2.5%** Avg. Hourly Earnings Growth (YoY%)  
Consensus: 2.7%

## Unemployment rate

Unemployment has fallen by almost half a million people since December, and that has seen the unemployment rate tumble from 4.8% to 4.4% in three months. Whilst undeniably a positive story, the household measure does tend to jump around and we suspect we could see a partial correction this time.

**4.5%** Unemployment rate  
Consensus: 4.6%

## Author

**James Smith**

Developed Markets Economist

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

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