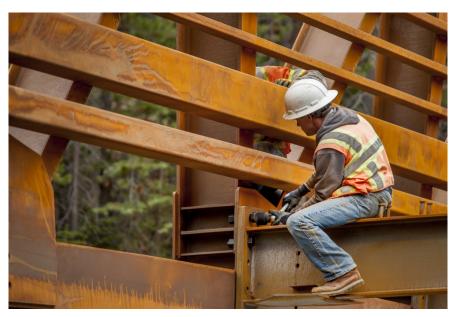
Snap | 1 June 2017

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

Snap | 1 June 2017 1

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

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

Snap | 1 June 2017 2 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 http://www.ing.com.

Snap | 1 June 2017