

Economics

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## US Non-farm payrolls (Mar): Easing fears

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Employment change (thousands, unless otherwise noted)	Mar 2026	Feb 2026	Jan 2026	Dec 2025	Nov 2025
Unemployment rate (%)	4.3	4.4	4.3	4.4	4.5
Avg. hrly earn all (Monthly % Chg)	0.2%	0.4%	0.4%	0.1%	0.4%
Nonfarm employment	178	-133	160	-17	41
Total private	186	-129	180	-7	72
Goods-producing	43	-20	45	-21	25
Construction	26	-13	45	-7	36
Manufacturing	15	-6	2	-13	-10
Priv. Serv providing	143	-109	135	14	47
Wholesale trade	3	7	2	-5.7	-6.4
Retail trade	10	-8	13	-23.6	-0.9
Transp. & Warehousing	21	-49	23	-4.8	-58.9
Information	-3	-21	-27	-6	-5
Financial	-15	2	-39	1	1
Business services	2	7	36	-19	56
Temporary help	4	0	19	-14.1	13.7
Education, health	91	-42	119	38	56
Leisure, hospitality	44	-11	5	25	-12
Government	-8	-4	-20	-10	-31
Federal Government	-18	-9	-37	-11	-15

Source: Haver Analytics

- Payroll employment rebounded more than expected in March and the unemployment rate edged down, something that will, temporarily at least, ease fears regarding a weakening labor market. However, even after today's rebound the underlying trend in payrolls remains fairly uninspiring, and the softer wage growth seen in today's report is a concern for household disposable incomes and spending ahead given the squeeze currently felt at the pump. Overall, today's report won't change the Fed's current wait-and-see approach, as policymakers weigh signs of slower economic growth against the inflationary impact of higher oil prices.
- The 178K gain in payrolls employment was well above the consensus forecast (+65K), and was offset only very slightly by cumulative downward revisions of 7K to prior months. Health care employment rebounded sharply following a strike-impacted February, while retail trade, transportation and leisure & hospitality also saw gains following declines in the prior month. The number of people not at work due to weather was below March averages this year, whereas that wasn't the case in February, suggesting that improved weather could have played a roll in the employment

rebound in some of these sectors. Even after the strong March rebound, the 3-month average payroll gain still sits at a fairly unimpressive 68K.

- Despite strong employment growth, hourly earnings were weaker than expected at 0.2% m/m and 3.5% y/y (consensus 0.3% and 3.7% respectively). While that's not great for households, particularly given the pressures to disposable incomes from higher pump prices, it may ease concerns at the Fed regarding broader-based inflationary pressure.
- The household survey was somewhat less positive than the payrolls count. While the unemployment rate ticked down to 4.3%, that was flattered by a slight decline in participation and the wider U6 measure of unemployment (including discouraged, marginally attached and those working part-time involuntarily) edged up slightly. Employment fell within the household survey, although so too did the supply of labor.

## Implications & actions

**Re: Economic forecast** — Through the monthly volatility the US labor market appears to be in reasonable health; not strong enough to justify higher interest rates but not weak enough to warrant near-term cuts, particularly given the uncertain inflationary backdrop. Some further weakening could be seen ahead, however, in line with signs of slower growth within the economy more generally, which could still see cuts from the Fed before year-end.

**Re: Markets** — Bond yields and the US\$ rose following the better than expected data release.

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