

## June Unemployment Rises and Payroll Growth Moderates

There's quite a bit to unpack in the June employment report, but on the whole it's hard to deny that labor conditions are softening. U.S. companies added +206k jobs last month, slightly above the median forecast, but prior month revisions subtracted -111k. For the quarter, nonfarm payroll growth averaged +218k, per month down from +310k in Q1.

Notable job gains were found in the more essential categories of state and local government (+60k), healthcare (+49k), social assistance (+34k) and construction (+27k). Growth in leisure and hospitality continues to fade with just +7k jobs added last month while retail trade actually shed -9k jobs. Employment in higher paying business and professional services fell by -17k and is now virtually unchanged from last year at this time.

Perhaps the most telling indication that the job market may finally be experiencing a little stress is buried in the category of temporary help services. The number of Americans holding temp jobs fell by -48.9k in June after falling by a combined -39.6k in the previous two months. Employers will typically lay-off or hire fewer temp workers before letting permanent workers go. At this point, the number of Americans working temp jobs is the lowest since April 2021.

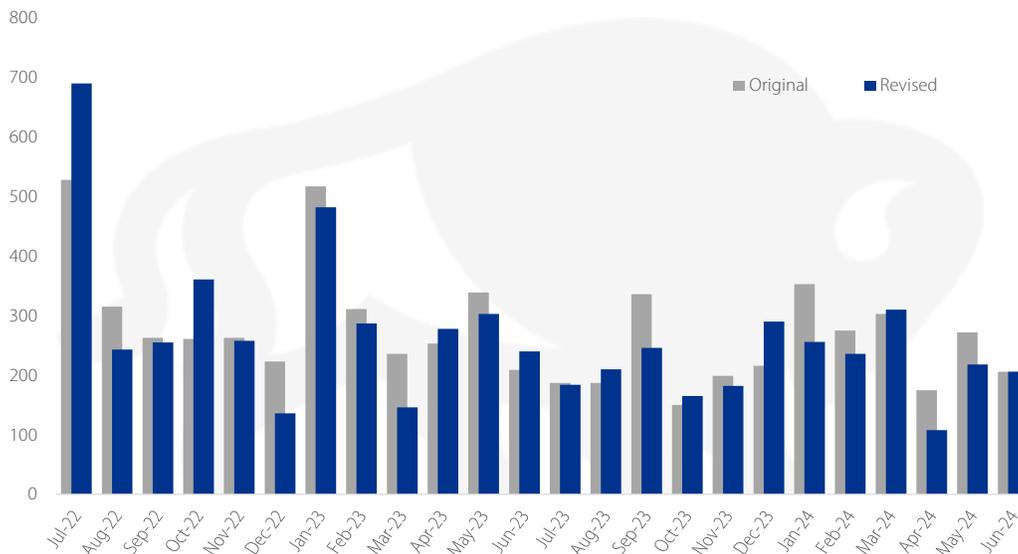
In the separate household survey, the number of *unemployed workers* climbed by +162k in June to 6.81 million, an increase of +814k over the past 12 month. At the same time, +277k Americans began looking for work in June. The combination of increased job seekers and fewer hires pushed the unemployment rate up to 4.1%, the highest since November 2021.

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### Non-Farm Payrolls Total Change (in thousands)



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Source: Bureau of Labor Statistics

Average hourly earnings rose +0.3% in June and +3.9% year-over-year, both figures matching the median forecast. Wages remain elevated but seem to be trending lower. Diminished wage pressure should help nudge overall inflation lower.

Bonds are rallying in early trading with the two-year Treasury note yield falling to a 14-week low. This morning's report is unlikely to alter Fed policy at the July FOMC meeting, but it adds to the case for more than one rate cut this year.

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## Market Indications as of 9:26 A.M. Central Time

DOW	Down -99 to 39,209 (HIGH: 40,004)
NASDAQ	Up 79 to 18,267 (NEW HIGH)
S&P 500	Down -3 to 5,534 (HIGH: 5,537)
1-Yr T-bill	current yield 5.02%; opening yield 5.04%
2-Yr T-note	current yield 4.63%; opening yield 4.71%
3-Yr T-note	current yield 4.42%; opening yield 4.50%
5-Yr T-note	current yield 4.26%; opening yield 4.33%
10-Yr T-note	current yield 4.31%; opening yield 4.37%
30-Yr T-bond	current yield 4.51%; opening yield 4.54%

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