



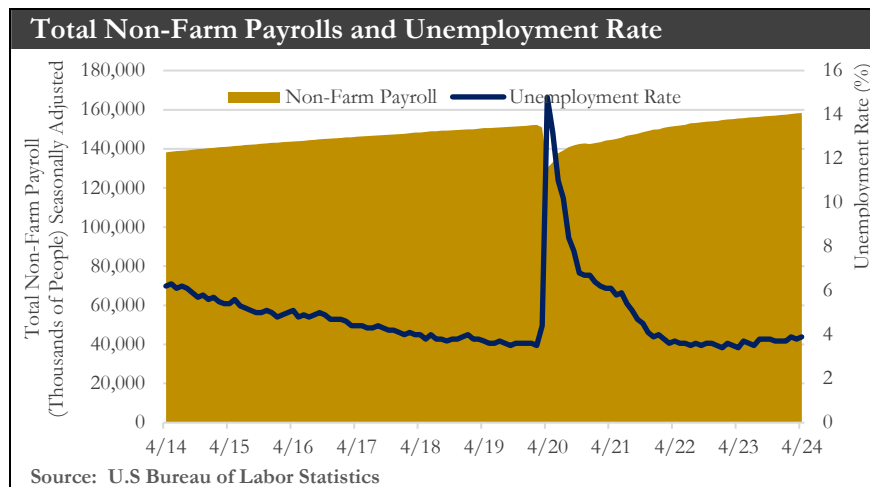
CMC UPDATE: U.S. Job Creation Engine Loses Steam in April

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May 3, 2024

The U.S. job engine lost a bit of momentum in April. Non-farm employment rose by 175,000 in April. Job gains in the two prior months were also revised lower by a combined 22,000. The unemployment rate ticked up 0.1 percentage points to 3.9%. Meanwhile, the labor force participation rate held steady at 62.7%. Average hourly earnings were up 0.2% in April – a deceleration from March's 0.3% gain.

By most metrics, the labor market remains both healthy and tight. Employment gains remain robust, the unemployment rate is low, and job openings – while falling – are still elevated relative to pre-pandemic levels. With the unemployment rate expected to hold steady through Q2, inflation is unlikely to ease in a way that would give policymakers enough confidence that it's on a sustainable path back to 2% until sometime in the second half of the year. As a result, we have pushed out the timing of the first Fed rate cut until late Fall.



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