
TRENDMACRO LIVE!

On the September Jobs Report

Friday, October 4, 2019

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The dove-friendliest report ever – and with scant confirmation of recession.

This will be an unusually brief analysis, because today we are relocating the global headquarters of TrendMacro from Chicago to Dallas. We finally decided to walk our talk about low tax rates and growth.

[This morning's September Employment Situation report](#) with 136,000 net payrolls wasn't as bad a miss as it seems versus the consensus for 145,000, thanks to 45,000 net upward revisions for the prior two months. 38,000 of those were for August, which we said at the time was an anomalously weak report, ripe for upward revision (see ["On the August Jobs Report"](#) September 6, 2019). Today's payrolls will likely be revised higher too, since contemporaneous labor market indicators reflect that actual payroll growth in September was more like 180,000.

- *This could not have been a more dove-friendly jobs report, as far as the Fed is concerned.*
- *The unemployment rate fell to 3.5%, a level not seen since the boom of the late 1960s. Yet there is no hint of the so-called "wage inflation" that Phillips Curve hawks on the FOMC are always afraid lurks under every bed, with hourly wage growth reported at a rounded zero, but actually lower by 0.04% for the month (see ["Data Insights: Jobs"](#) October 4, 2019).*
- *At the same time, while not a barn-burner, it hardly confirms the whiffs of recession that have been in the air this week (see ["Data Insights: Global PMI"](#) October 3, 2019).*
- Just like last month, the ["household survey"](#) was a much stronger-looking view of the labor market – with employment rising by 391,000 and unemployment falling by 275,000. The civilian labor force grew by 117,000 – and if you put that all together, it's why the unemployment rate fell so dramatically during what, according to the headline, was a soft month for jobs.

Update to strategic view

US MACRO, US FED: Not so bad a miss, thanks to upward revisions to prior months of 45,000. The unemployment rate fell to a multi-generational low, with no evidence of the so-called "wage inflation" that scares the hawks on the Fed – average hourly earnings contracted. A very dove-friendly report, yet offering only weak confirmation for recession fears.

[\[Strategy dashboard\]](#)

Bottom line

Not so bad a miss, thanks to upward revisions to prior months of 45,000. The unemployment rate fell to a multi-generational low, with no evidence of the so-called "wage inflation" that scares the hawks on the Fed – average hourly earnings contracted. A very dove-friendly report, yet offering only weak confirmation for recession fears. ▶