

TRENDMACRO LIVE!

On the April Jobs Report, and Liberation from “Liberation Day”

Friday, May 2, 2025

Donald Luskin

No tariff recession today, but early evidence that border policy can dent jobs growth.

This morning's [May 2025 Employment Situation Report](#) with 177,000 net payrolls beat the consensus for 138,000. It also beat our model estimate based on contemporaneous labor market statistics calling for 107,000 (see [“Data Insights: Jobs”](#) May 2, 2025). This result from the [“payroll survey”](#) was more than confirmed by the [“household survey,”](#) which showed employment rising by 436,000. With 518,000 persons joining the labor force, all but 15% were able to be employed immediately, so the unemployment rate rose almost imperceptibly from 4.15% to 4.19%.

- On the downside, payrolls for March and February were sharply revised downward, by 43,000 and 15,000 respectively.
- It's hard to read from the available statistics on a single-month basis, but it appears that we may be beginning to see some effects from President Donald J. Trump's efforts to close the border to new immigrants, and effect some deportations (and probably self-deportations by those worried they will get caught in the dragnet).
- On a non-seasonally adjusted basis, employment in the “household survey” rose by 631,000. That consists of a gain of 1.04 million among native-born Americans, and a loss of 410,000 by immigrants (associated with a reduction in the foreign-born population by 778,000).
- If the border were able to be completely sealed, the dial tone for employment growth driven exclusively by the native-born, based on the last two years, would be only 71,000. With immigration, it has been 137,000. [If these numbers seem too low to square with your intuitions about job growth over the last two years, remember this is employment in the “household survey,” not payrolls in the “payroll survey” – for various reasons the latter has been consistently higher.]
- But at least for now, the irrefutable drop-dead evidence that the business cycle expansion is over, and recession has begun, is simply not there.
- President Trump will be disappointed by the fact the manufacturing payrolls, the Holy Grail of populists on the right and the left, fell by 1,000 in April, despite “Liberation Day” (see [“Are We Feeling Liberated Yet?”](#) April 2, 2025).
- That said, he will be delighted (or at least relieved) by the fact that, as of this writing, the S&P 500 has recovered all its losses since “Liberation Day.” As forecasters, we must say we're also delighted

Update to strategic view

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STOCKS: No evidence of recession. 177,000 net payrolls beat the consensus and our estimate, and were more than confirmed by the “household survey.” Employment gains were more than entirely explained by the native-born, with immigrant employment (and population) shrinking. We could be seeing the first month of evidence of the effects of deportation, self-deportation and border discipline. Based on the last two years, average monthly employment growth from the native-born exclusively would be only 71,000. Despite the atmosphere of “chaos,” as of this writing stocks have recovered from “Liberation Day.” Trump has been bargaining against himself on tariffs – delaying them and reducing them – setting himself up poorly for negotiations with other nations. If something spooked him into doing this, he will have to accept weaker trade deals than he had hoped, but he can claim victory – and trade deals, even small ones, are helpful for global growth.

[\[Strategy dashboard\]](#)

that we never panicked about all this (see, among many, [“Is There a New US Risk Premium?”](#) April 14, 2025).

- How can that be, with the new tariffs in place already collecting new taxes at any annual rate of about \$200 billion in April, and more yet to kick in? How can that be with “chaos” the universal keyword in every media story about the Trump administration and its policies?
- Perhaps it is because, as we have pointed out repeatedly, the tariffs are only part of the total portfolio of policy initiatives undertaken by the Trump administration. They are offset by aggressive moves in deregulation, and by the near certainty of making the 2017 tax cuts permanent, and augmenting them with new cuts that will likely have a higher dollar value than the tariffs (see [“Video: What you're not hearing about how tariffs are taxes -- and big new tariffs are big tax hikes”](#) April 8, 2025).
- Or – and – perhaps it’s because Trump has already backed off so substantially from the peak of tariff terror on “Liberation Day.” The so-called “reciprocal tariffs” have been delayed for 90 days. Various tariffs that would harm automakers have been downscaled (wait – you mean automakers have to be protected from the tariffs that were supposed to protect them?).
- This is Trump bargaining against himself while he is supposedly conducting trade negotiations with nations driven to the table needing to bargain against *themselves* in order to rein Trump in. If that’s the right way to see it, then something – maybe the market reaction, as mild as it actually was in the grand scheme of things – spooked Trump. Okay, good. These tariffs are tax hikes and tax hikes are anti-growth, so anything that blunts them is a positive. But Trump’s concessions don’t help his bargaining position. No matter. If, in fact, he got spooked then he will close some trade deals that may be watered-down versus what he had once hoped for, but which he will nevertheless claim are great victories (and which, whatever he claims, will at least be a move in the direction of goodness). We offer that as a minimalist vision that limits the downside from the new tariffs, but still holds the possibility for better trade deals.

Bottom line

No evidence of recession. 177,000 net payrolls beat the consensus and our estimate, and were more than confirmed by the “household survey.” Employment gains were more than entirely explained by the native-born, with immigrant employment (and population) shrinking. We could be seeing the first month of evidence of the effects of deportation, self-deportation and border discipline. Based on the last two years, average monthly employment growth from the native-born exclusively would be only 71,000. Despite the atmosphere of “chaos,” as of this writing stocks have recovered from “Liberation Day.” Trump has been bargaining against himself on tariffs – delaying them and reducing them – setting himself up poorly for negotiations with other nations. If something spooked him into doing this, he will have to accept weaker trade deals than he had hoped, but he can claim victory – and trade deals, even small ones, are helpful for global growth. ▶

Contact TrendMacro

On the web at
trendmacro.com

Donald Luskin
Dallas TX
214 550 2020
don@trendmacro.com

Thomas Demas
Charlotte NC
704 552 3625

tdemas@trendmacro.com
Michael Warren
Houston TX
713 893 1377
mike@trendmacro.energy

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