

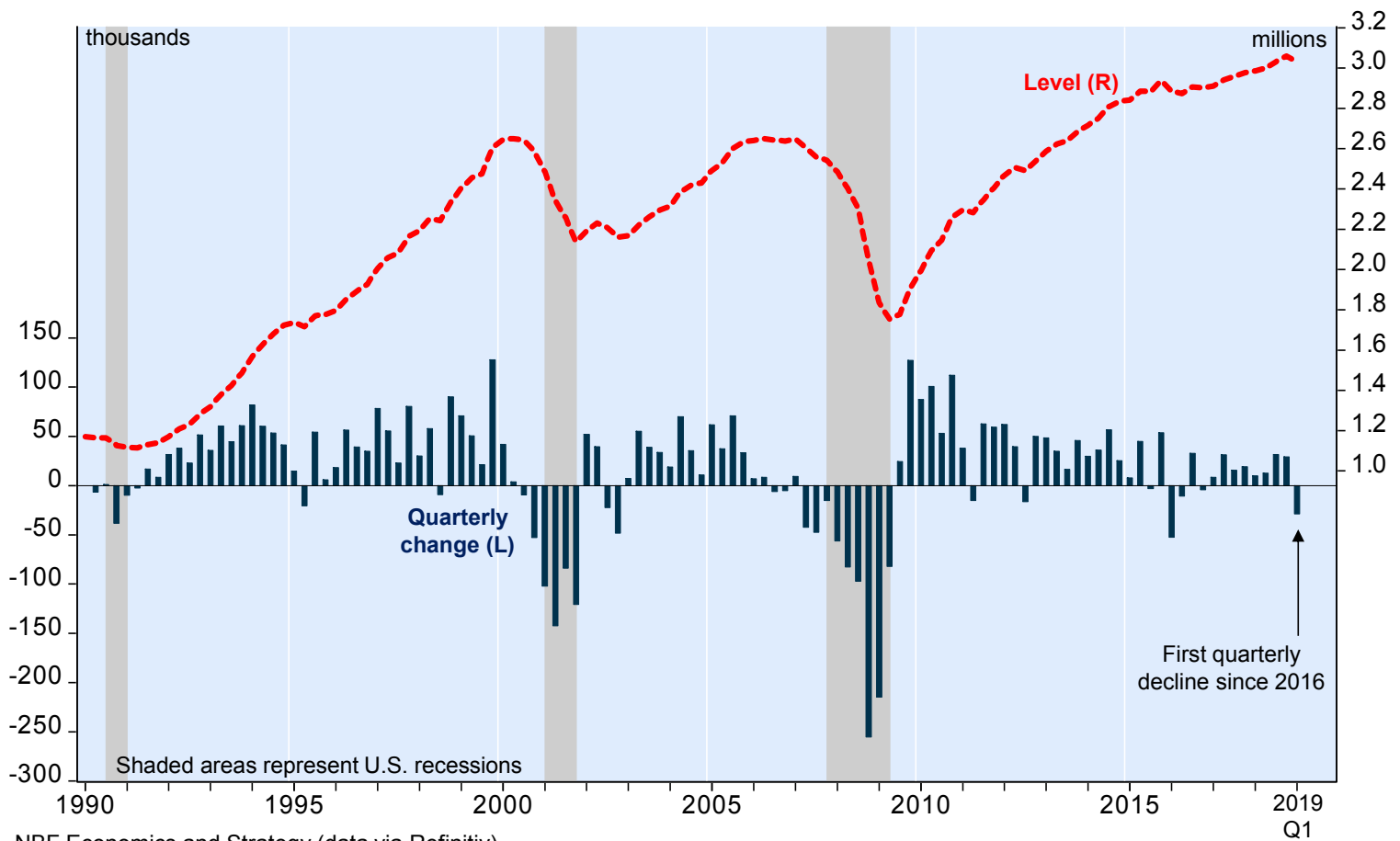
## U.S. Watch

By Krishen Rangasamy

Based on the stock market rally this morning, investors seem to have been encouraged by a consensus-topping U.S. **establishment survey**, the latter showing solid increases in March for non-farm payrolls, particularly in services-producing industries. That's not to say all is rosy in the U.S. labour market. With declines during the month, both manufacturing and temporary employment had their worst quarter since 2016. As today's *Hot Chart* shows, temporary employment – which, like the yield curve, is a decent leading indicator – even registered a quarterly decline in Q1. The other report, the **household survey**, showed a large drop in employment driven by cuts in full-time positions. And with full-timers often better remunerated than part-timers, one should not be too surprised by the moderation in wage inflation, the latter dropping in March to 3.2% on a year-on-year basis. The only reason the unemployment rate managed to stay unchanged at 3.8% (despite sizable job losses in the household survey) was the drop in labour force participation. All told, there are reasons for the Federal Reserve to be cautious and remain in pause mode for a while.

### U.S.: Another leading indicator flashes red

Temporary employment



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