

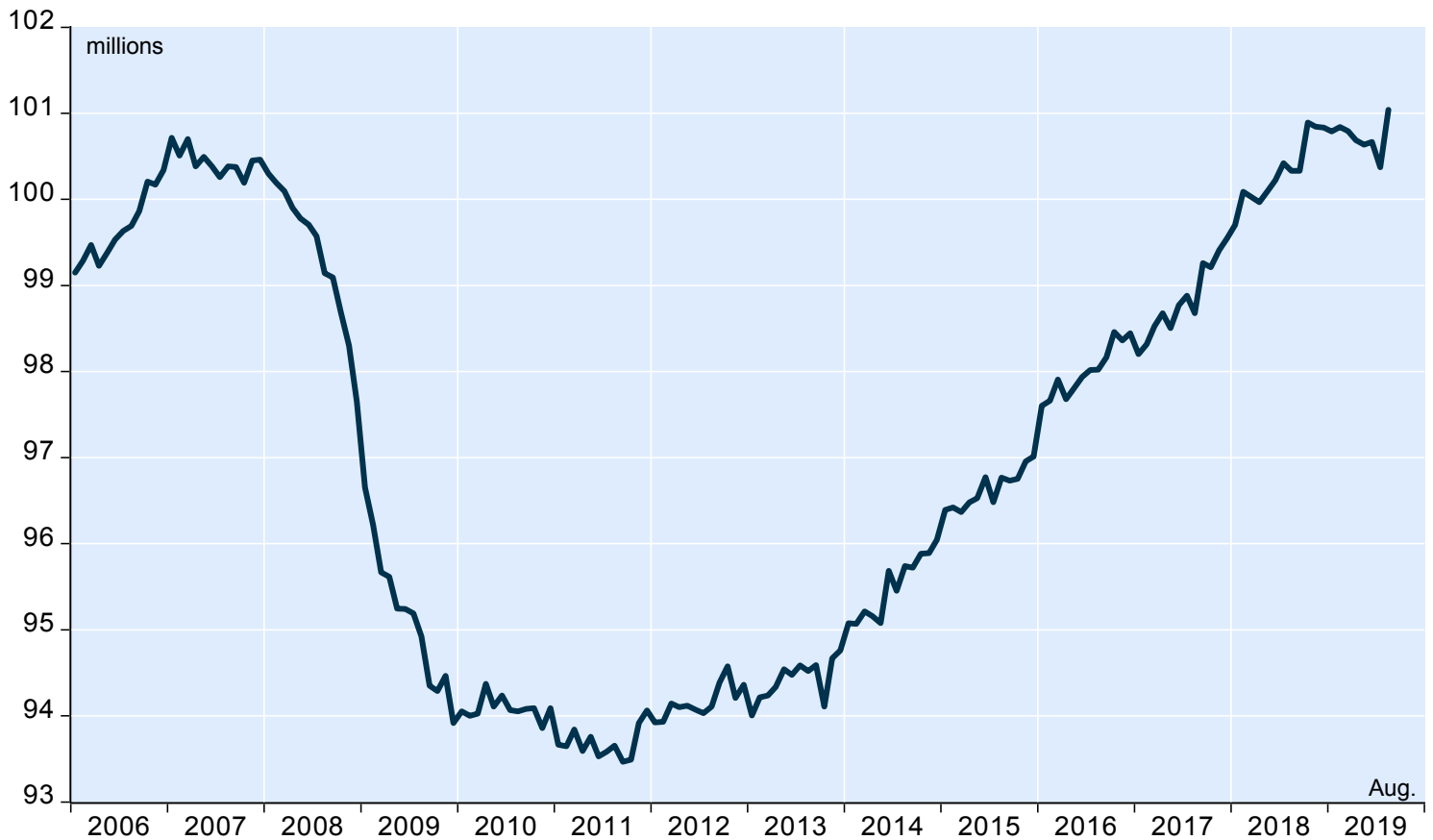
## U.S. Watch

By Krishen Rangasamy

There was something for everyone in U.S. employment reports for August. Those calling for aggressive rate cuts from the Federal Reserve will focus on a weaker-than-expected establishment survey which showed non-farm payrolls rising just 130K and downward revisions to prior months. Others, calling for a more measured approach by the Fed, will note that the establishment survey's job gains are enough to absorb new entrants in the labour force, but will also point out gains in cyclical sectors such as construction and manufacturing (which suggest the U.S. expansion continued in Q3), further increases in temporary employment (a good leading indicator), and most of all the blockbuster household survey. The latter's massive job gains (+590K is the largest since February 2018) helped keep the unemployment rate at 3.7%, i.e. near 50-year lows. That survey also showed healthy hourly wage growth (3.2% year-on-year), as well as new records for full-time employment and employment among the 25-54 age group a key demographic with regards to spending on durable goods (see today's *Hot Chart*). All in all, despite the moderation in non-farm payrolls, the U.S. labour market remains tight and suggests the economic expansion is continuing. As such, the Fed is likely to carry on with its measured approach to dealing with risks posed by the ongoing trade war by cutting its fed funds rate by no more than 25 basis points at its meeting of September 18<sup>th</sup>.

### U.S.: Employment for key demographic surges to record high

Employment for age group 25-54



NBF Economics and Strategy (data via Refinitiv)



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