

OCTOBER 7, 2024

Paige Wilhelm
*Senior Vice President
Senior Portfolio Manager
Federated Investment Counseling*

Well, that was unexpected

The U.S. Bureau of Labor Statistics (BLS) officially calls the monthly jobs report the “Employment Situation.” The situation just became complicated.

On Friday, the BLS said the U.S. added a larger-than-anticipated 254,000 jobs last month. Financial markets and many economists were expecting another weak number in the 150,000 range (August’s was 159,000). Also, the unemployment rate slipped from 4.2% to 4.1%, and the BLS also revised the prior two months upward by 72,000 jobs. These are hardly the figures historically associated with a weakening economy—the reason the Federal Reserve gave for easing policy in September. But even that picture is far from clear because some employment reports do indicate softening in the labor market.

We think this bump in employment will lead the Fed to cut rates by only 25 basis points when its Federal Open Market Committee meets in November, rather than by another 50 basis-point chunk. But there’s still a month—and another jobs report—of data coming before that meeting, so our opinion could change. Regardless, the path forward has become more treacherous for Chair Powell and company as they try to avoid a recession

Views are as of the date above and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

Federated Investment Counseling