FLORIDA PRIME™

AN INVESTMENT TOOL FOR PUBLIC FUNDS

Weekly Commentary

FEBRUARY 10, 2025

Paige Wilhelm

Senior Vice President

Senior Portfolio Manager

Federated Investment Counseling

End of an era

Since Donald Trump's victory in November, conversations about the US labor market have centered on the impact his potential policies could have. A labor shortage could arise from deportations, which might drive up wage inflation; tariffs could lead companies to slow hiring or lay off workers, which might have the opposite effect.

But the January Employment Situation report, released last week, is arguably more backward-looking than normal because it is essentially the last month of the Biden administration. Outside of the pandemic, Biden's term was marked by a consistently strong labor market, with solid monthly additions and a steady unemployment rate. That was again the case for January. The economy added 143,000 jobs, and the unemployment rate barely moved, decreasing from 4.1% to 4%. While the former amount is roughly half the size of December's number, the January additions were close to the 170,000 that many economists had expected and also reflect the post-holiday pullback.

It's worth noting that annualized hourly wages rose, so some companies already might have been preparing for the shifts Trump might make. The February job's report will give a better idea of the direction that the labor market might be headed under Trump, though it may take a while for his policies to affect employment.

G40461-19 (2/25)