

Employment Report | October 4, 2024

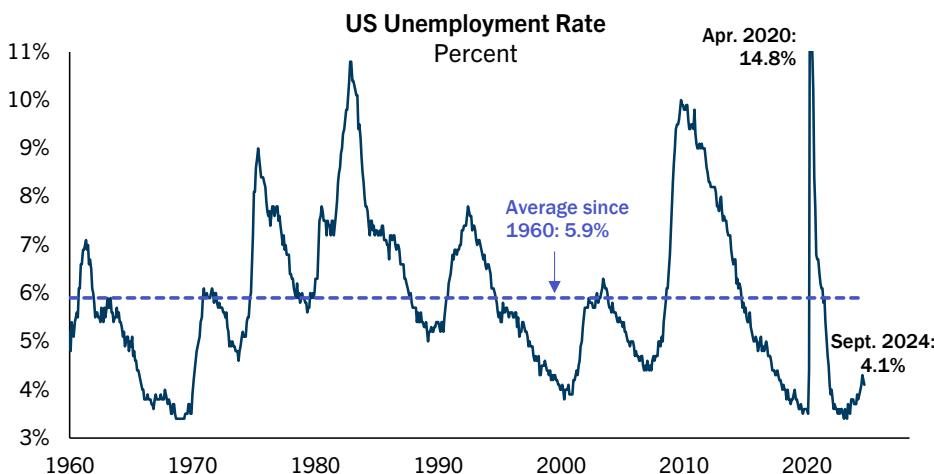
Stronger Employment Data Revives Some Optimism

September’s employment report was robust compared to recent months’ data and market expectations. The economy reportedly added 254,000 net new jobs (100,000 above expectations and beating all estimates), and the unemployment rate fell by another tenth to 4.1%. **It is important not to read too much into any one monthly report. But on the margin, today’s data suggest the labor market might be cooling off more gradually than previously feared.**

Bond markets reacted strongly to the hotter report, with yields rising across the curve. By mid-morning, the rate-sensitive 2-year Treasury yield was up 0.14% to 3.87%, and the 10-year yield was up by a more modest 0.08% to 3.95%, both to their highest levels in over a month.

Expectations for interest-rate cuts were pared back somewhat, and investors now see standard 0.25% rate cuts as the likely moves at the last two Fed meetings this year. The economic outlook is still uncertain—employment and inflation data will likely remain sources of market volatility in coming months and quarters.

In the big picture, the US labor market and economy broadly are looking increasingly normal. The challenge ahead is [keeping it that way](#). Payroll job growth is running close to the estimated trend pace, and the unemployment rate – while up moderately from its trough – is still fairly low. **The Federal Reserve is now engaged in a tight balancing act of lowering interest rates with inflation modestly above target and the employment situation highly uncertain.**



Source: Labor Department, Bloomberg

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Takeaways

- Unemployment rate: 4.1%
- Net new jobs: 254,000

What does it mean for you?

- The labor is cooling but remains resilient and will drive the Fed’s next rate decision.
- Today’s report tempered expectations for steep rate cuts.

What to watch:

- The next Federal Reserve rate decision is November 7th.
- Continue to watch weekly jobless claims, as any break in the labor market would likely first surface in that report.
- Stay informed and submit your questions at [FirstCitizens.com/Market-Outlook](https://www.firstcitizens.com/Market-Outlook).



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