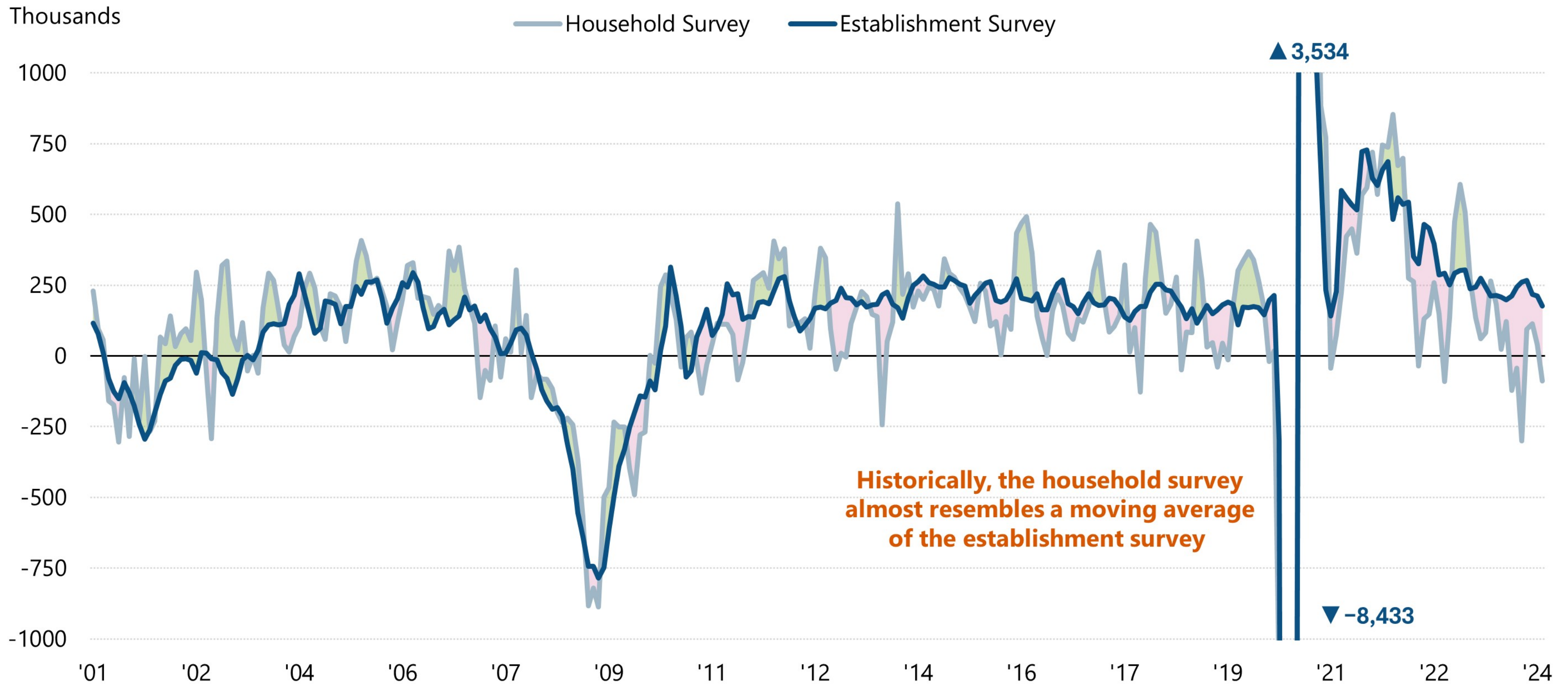


## Tale of Two Surveys

Employment Trend\* In Household Versus Establishment Survey

For The Week Ending 07/05/2024



Source: Bureau of Labor Statistics

\*Three-month moving average of monthly change

As investors recovered from 4th of July barbeques, the Bureau of Labor Statistics greeted them with a larger-than-expected number of 206,000 new jobs added in June. Not everything was great in the report; the unemployment rate was up to 4.1%. What explains the divergence? We remind our readers that the jobs report comprises two surveys, household and establishment. Employment in the household survey recovered from a negative reading in May, but the labor force rose by even more, putting upward pressure on the unemployment rate. Meanwhile, the establishment survey maintains its pace of ~200k jobs, around its average levels since the summer of 2023. Despite the market odds of a September rate cut at 70%, celebrate your freedom from relying on just the household survey and embrace the reality that it will take a sharper slowdown in job growth—probably something closer to -213k in terms of payrolls—to push the Fed to cut rates.