

## NFP Instant Reaction – Goldilocks?

### NFP Instant Reaction – Goldilocks?

This report should help Treasury yields go lower (nice short squeeze opportunity), which in turn should push risk assets higher.

**Barely any jobs were created.** The Establishment Survey reported 187k jobs, but that came with downward revisions of 110k, so it was a mediocre total of 77k jobs. This number is likely too small to make the Fed hawkish, but big enough to indicate that we don't have to price in recession risk – yet.

**The unemployment rate went higher for all the right reasons.** The Household Survey added 222k jobs, but unemployment went from 3.5% to 3.8% because the **labor participation rate went from 62.6% to 62.8%**. That is the **highest level since the pandemic** and is the first time since the pandemic that we have **higher labor participation rates than we did in much of 2018!** Maybe the impact of **student loan** payments restarting won't be a slowing economy, but it will instead be more people seeking jobs (ironically just as they become more difficult to find).

**Average earnings dropped back down to a manageable 0.2% for the month** (despite headlines showing the strong position that labor is in during the wage negotiations).

Average hours ticked up slightly to 34.4, which is good in that it is ticking back up, but it is still well below what we saw in 2021 and early 2022.

I'm biased, as I'm currently long bonds and long risk, but I think that today's number is perfect for that strategy right now and believe that we could squeeze nicely into a new month!

If anything, the data is almost weak enough to spur recession fears, but I don't think there is enough in here for that. The reality is that the Fed must be jumping up and down with joy about the unemployment rate – not just because it moved higher, but because it moved higher for all the right reasons!

#### Disclaimer

This document and its contents are confidential to the person(s) to whom it is delivered and should not be copied or distributed, in whole or in part, or its contents disclosed by such person(s) to any other person. Any party receiving and/or reviewing this material, in consideration therefore, agrees not to circumvent the business proposals explicitly or implicitly contained herein in any manner, directly or indirectly. Further, any recipient hereof agrees to maintain all information received in the strictest confidence and shall not disclose to any third parties any information material to the opportunity contained herein and, upon review hereof, agrees that any unauthorized disclosure by any party will result in irreparable damage for which monetary damages would be difficult or impossible to accurately determine. Recipients recognize, and hereby agree, that the proprietary information disclosed herein represents confidential and valuable proprietary information and, therefore, will not, without express prior written consent, disclose such information to any person, company, entity or other third party, unless so doing would contravene governing law or regulations.

This document is an outline of matters for discussion only. This document does not constitute and should not be interpreted as advice, including legal, tax or accounting advice. This presentation includes statements that represent opinions, estimates and forecasts, which may not be realized. We believe the information provided herein is reliable, as of the date hereof, but do not warrant accuracy or completeness. In preparing these materials, we have relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources.

Nothing in this document contains a commitment from Academy to underwrite, subscribe or agent any securities or transaction; to invest in any way in any transaction or to advise related thereto or as described herein. Nothing herein imposes any obligation on Academy.

Academy is a member of FINRA, SIPC and MSRB. Academy is a Certified Disabled Veteran Business Enterprise and Minority Business Enterprise and is a Service Disabled Veteran Owned Small Business as per the US SBA. Investment Banking transactions may be executed through affiliates or other broker dealers, either under industry standard agreements or by the registration of certain principals.