US January jobs report

bradesco investments

FEBRUARY 2025

January US jobs report shows continued strength as unemployment rate falls to 4%

The January US jobs report showed headline figures of 143k jobs created in January versus 175k expected. While this was lower than expected, revisions to previous months data showed that December generated 307k jobs versus a very strong 256k initially reported and November was 261k versus 212k initially reported. In addition, the unemployment rate fell to 4% in January, the second month in a row it has fallen.

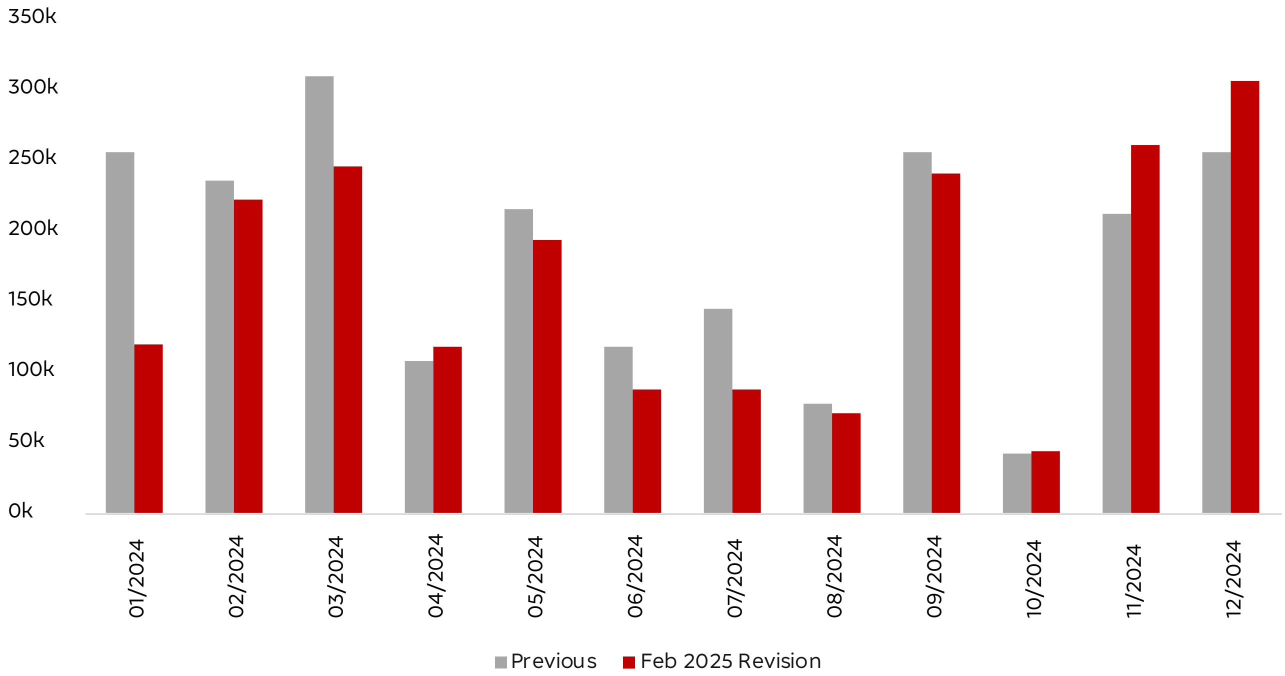
The January jobs report also included the annual revisions to previous data. On a monthly basis 2024 averaged 166k jobs created versus an initially reported 186k jobs. But this included much weaker monthly jobs earlier in the year and much stronger job creation by the end of the year, indicating that there is strong momentum in the jobs market. The overall employment level was revised down by 589k through to March 2024 which likely indicates around 600k lower for the full year versus previously published data. However, expectations were for a downward revision of anywhere from 700k-900k for total jobs so the actual revision of around 600k looks reasonable.

Wage growth data show that Average Hourly Earnings increased 0.5% MoM and 4.1% YoY, both higher than expected and indicating the labor market is still strong and employees are able to grow wages faster than inflation.

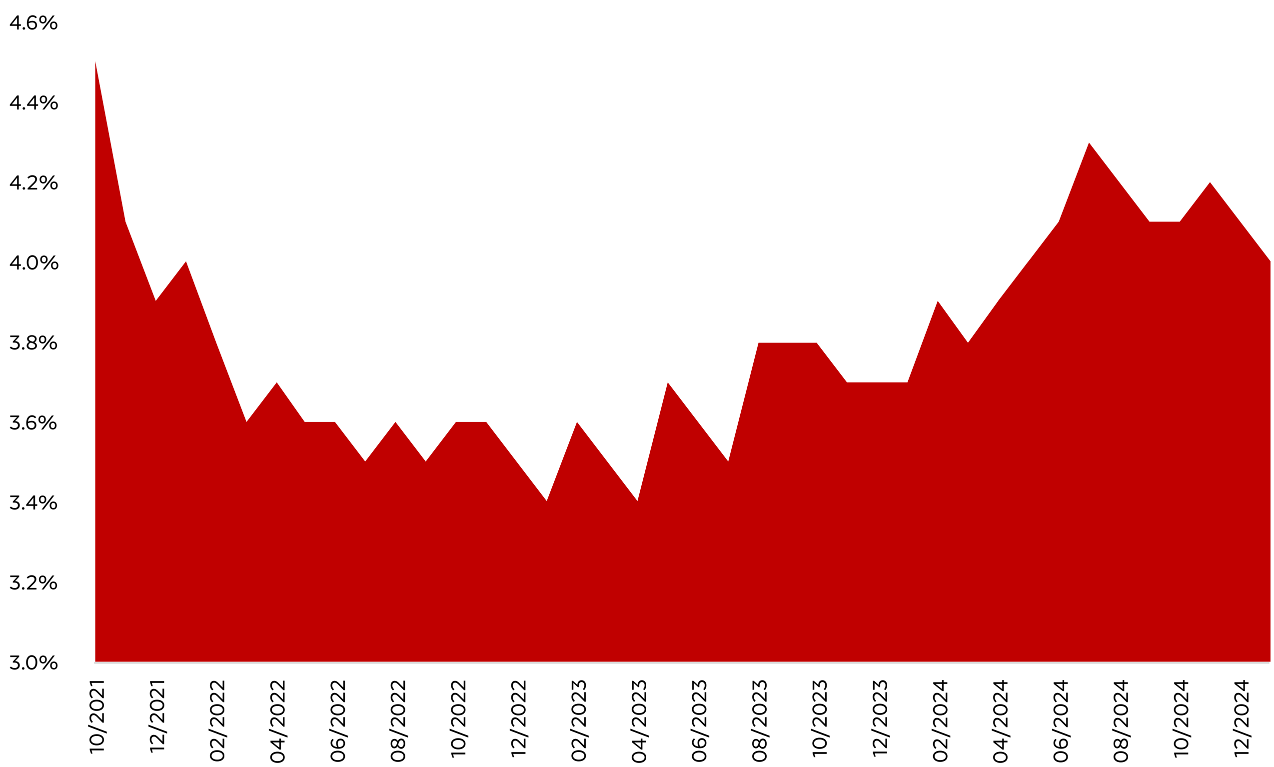
There was also additional data from the University of Michigan surveys which showed consumer inflation expectations rising even further. 1 year inflation expectations increased to 4.3% in February. This has increased rapidly from 2.6% in November, to 2.8% in December, 3.3% in January and then the full 1% jump to 4.3% currently. Consumers are realizing that Trump will not be able to bring prices down as he promised during his campaign and on the contrary, that potential tariffs could push prices even higher. Consumer expectations for longer-term inflation has also increased to 3.3% in February, up from 3.2% in January and up from 3% in December. The 3.3% level is the highest as far as the data goes back to 2015.

A still strong jobs market with unemployment falling should means the Fed can focus its attention on the inflation part of its dual-mandate. Here, inflation is still well above the 2% goal and it looks like it will take an extended time for it to reach this level. In addition, the Fed has to think about the impact any of Trump's tariff, immigration, tax and budget policies may have on the economy and inflation. Most scenarios indicate his policies can be inflationary, which means the Fed is likely to continue to hold rates at current levels until the outlook becomes clearer. We still expect the Fed to cut rates by 0.50% this year but a rate cut in March seems more unlikely. The Fed may wait until the June meeting before cutting rates again and then to take a wait and see attitude on the economic outlook.

Monthly Non-Farm Payroll Job Revisions For 2024 Show Initially Weaker But Stronger Later In The Year



The Unemployment Rate Fell Again In January, To 4%



Source: Bloomberg/Bradesco

Disclosures

Nothing in this presentation shall be regarded as an offer, solicitation, recommendation, or advice (whether financial, accounting, legal, tax or other) given by Bradesco Investments and/or its officers, employees nor affiliates, irrespective of whether such communication was given at your request. Any solicitation or offer to buy, sell, or hold any security must be made and discussed with your relationship officer at Bradesco Investments for it to be considered a solicitation for a transaction. In this regard, Bradesco Investments will make all efforts to only recommend and/or solicit investments in your best interest. Please be aware that the securities, investment views or strategies described herein may not be in the best interest of all investors and are subject to investment risks. Investors may get back less than they invested, and past performance is not a reliable indicator of future results. Asset allocation does not guarantee a profit or protect against loss. Nothing in the presentation should be relied upon in isolation for the purpose of making an investment decision. You are urged to consider carefully whether the services, products, asset classes (e.g. equities, fixed income, alternative investments, commodities, etc.) or strategies discussed are suitable to your needs. You must also consider the objectives, risks, charges, any potential conflict of interest, costs and expenses associated with an investment service, product, or strategy prior to making an investment decision.

The information contained in this is presentation is created using information from third parties that are believed to be reliable; however, Bradesco Investments does not represent or warrant its accuracy, reliability, or completeness, or accept any liability for any loss or damage (whether direct or indirect) arising out of the use of all or any part of the materials within this presentation. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary, which are provided for illustration/ reference purposes only. The views, opinions, estimates and strategies expressed constitute our judgment based on current market conditions and are subject to change without notice.

Investments and brokerage services are provided by Bradesco Investments, US SEC Registered broker/dealer, member of FINRA and SIPC and not by Bradesco Bank®. Securities products purchased or sold in a transaction are: (i) not insured by the Federal Deposit Insurance Corporation ("FDIC"), (ii) not deposits or other obligation of Bradesco Bank® and are not guaranteed by Bradesco Bank®; and (iii) subject to investment risk, including possible loss of the principal invested. Bradesco Investments, Bradesco Bank, Bradesco Global Advisors and Banco Bradesco, SA are affiliated entities under common control. For more information on Bradesco Investments and its business, including possible conflict of interests, please visit: https://brokercheck.finra.org/firm/summary/19453. Investment Advisory services are provided by Bradesco Global Advisors, a Registered Investment Advisor with the United States Securities and Exchange Commission. For more information on Bradesco Global Advisors, its services and potential conflicts of interest please visit the SEC public disclosure website at https://adviserinfo.sec.gov/firm/summary/134416.