



Wall Street Surges as Job Growth Beats Expectations by 69.33%, Unemployment Falls to 4.1%, and U.S. Seaport Strike Deal in the Works.

October 4, 2024

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed mostly higher as the markets surged following the release of September's nonfarm payroll data, blew past expectation of 150,000, and produced 254,000 new jobs or 69.33% ahead of the estimates. Despite predictions that the unemployment rate would stay at 4.2%, it fell to 4.1%.

The stronger-than-expected jobs report is a positive signal that the U.S. economy remains resilient, especially after a few months of weak labor data; we are still in a phase where strong economic performance supports the equity market, enhancing the likelihood of a soft landing. Sector-wise, the gains were broad-based, with consumer discretionary and financials leading the charge.

Asian markets delivered mixed results, while European markets mainly moved higher, except for the FTSE 100, which fell slightly.

Meanwhile, the U.S. dollar is strengthening against major currencies. In commodities, WTI oil prices rose amid concerns over potential supply disruptions in the Middle East, while gold saw a decline.

Job Growth Beats Expectations

The September employment report revealed stronger-than-expected job growth, with total nonfarm payrolls increasing by 254,000 or 69.33% above the forecasted 150,000 and surpassing the 12-month average gain of 203,000. Additionally, job numbers for July and August were revised upward by 77,000. The unemployment rate fell to 4.1%, and average hourly earnings grew 4.0% year-over-year. These figures suggest a labor market that, while resilient, is gradually cooling—a development supportive of the "soft landing" narrative for the economy.

Following a tentative deal between shippers and port operators, the East Coast port strike resolution has also mitigated potential supply chain and labor market risks.

Bond Yields Tick Higher on Strong Jobs Data

Bond yields increased, with the 10-year Treasury yield closing at 3.98%. The robust job report has led markets to anticipate a slightly slower pace of Federal Reserve easing, with expectations now pricing around 1.5% of interest rate cuts over the next year.

As the labor market cools and inflation moderates, the Fed's dual mandate of maximum employment and price stability balances out, making further rate cuts likely in the months ahead. Lower rates would reduce borrowing costs for businesses and consumers, potentially boosting economic growth and corporate profitability.

Key Economic Data:

- **U.S. Nonfarm Payrolls MoM:** rose to 254,000, up from 159,000 last month, increasing 59.75%.
- **U.S. Unemployment Rate:** fell to 4.10%, compared to 4.20% last month.
- **U.S. Labor Force Participation Rate:** unchanged at 62.70%, compared to 62.70% last month.
- **U.S. Average Hourly Earnings YoY:** rose to 3.97%, compared to 3.89% last month.
- **Canada Ivey PMI:** rose to 53.10, up from 48.20 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 518.56, up 2.27 points or 0.44%.
- **FTSE 100:** Closed at 8,280.63, down 1.89 points or 0.02%.
- **DAX Index:** Closed at 19,120.93, up 105.52 points or 0.55%.

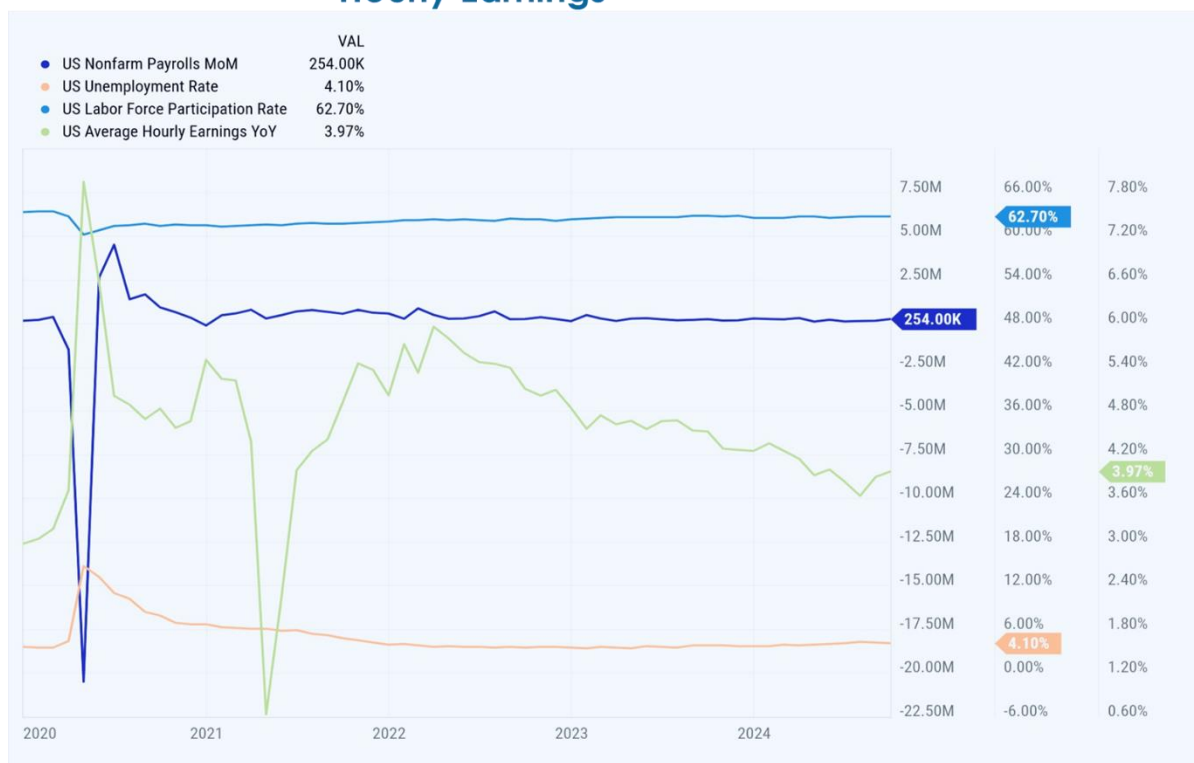
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,352.75, up 341.16 points or 0.81%.
- **S&P 500:** closed at 5,751.07, up 51.13 points or 0.90%.
- **Nasdaq Composite:** closed at 18,137.85, up 219.37 points or 1.22%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,685.25, up 7.03 points or 0.19%.
- **Birling Capital U.S. Bank Stock Index:** closed at 5,263.64, down 33.76 points or -0.64%
- **U.S. Treasury 10-year note:** closed at 3.98%.
- **U.S. Treasury 2-year note:** closed at 3.93%.



BIRLING
CAPITAL ADVISORS, LLC

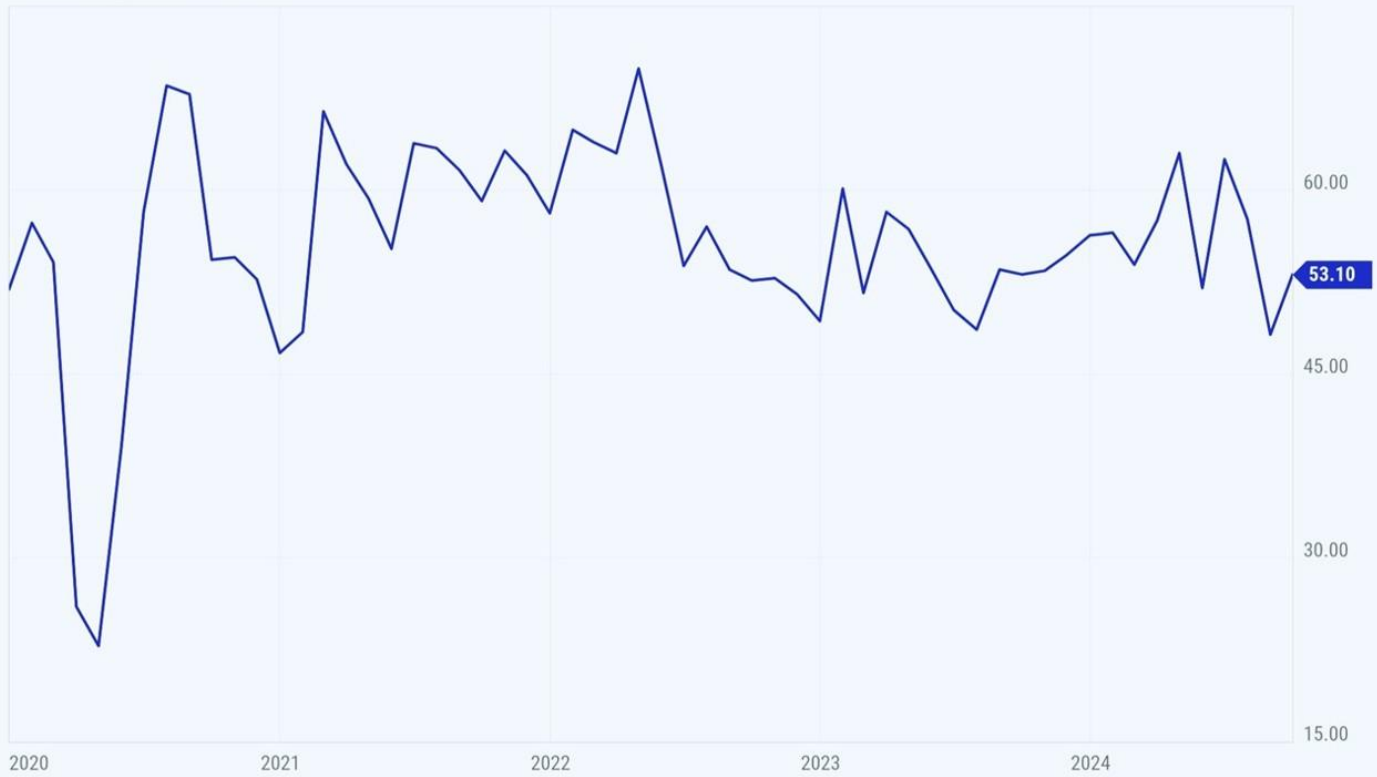
US Nonfarm Payrolls, US Unemployment Rate, US Labor Force Participation Rate, & US Average Hourly Earnings





Canada Ivey PMI

Canada Ivey PMI VAL 53.10





Wall Street Recap

October 4 , 2024

www.birlingcapital.com



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.