

# Economic Alert iQ



Thursday 2<sup>nd</sup> July 2015 – 1:20pm

International

Prepared by: Ravi Kurjah, Analyst II, First Citizens Research and Analytics

[ravi.kurjah@firstcitizenstt.com](mailto:ravi.kurjah@firstcitizenstt.com)

## U.S. Jobs report is mildly disappointing

- The unemployment rate fell 0.2% to 5.3% in June. The decline was attributed to marginal workers dropping out of the labor force, leading to the labor force participation falling to a 62.6%, a new cyclical low since October 1977.
- A weaker-than-expected June Payroll increase of 223k fell short of the 233k rise expected and, coupled with a 60k net loss to April and May, suggests significantly less momentum than previously anticipated heading into second half of the year.
- Aggregate income rose 0.2% in June following a 0.4% increase in May. However, year-on-year the growth rate slowed to 4.4% from 4.8% in April and May. This signifies the slowest growth since June 2014.
- Wages growth remains at 2%, the same level it has been for the last 5+ years.
- Hiring remains positive but the momentum remains far from the robust pace of hiring seen at the end of 2014 and remains insufficient enough to spark wage pressures.

- Payrolls growth is modest, wage inflation is non-existent and the labor force participation continues to decline.
- The employment report does little to instill confidence of further improvement in the labor market.

**Disclaimers**

*All information contained in this article has been obtained from sources that First Citizens Investment Services believes to be accurate and reliable. All opinions and estimates constitute the Author's judgment as of the date of the article; however neither its accuracy and completeness nor the opinions based thereon are guaranteed. As such, no warranty, express or implied, as to the accuracy, timeliness or completeness of this article is given or made by First Citizens Investment Services in any form whatsoever. First Citizens Investment Services and/or its employees or directors may, where applicable, make markets and effect transactions, or have positions in securities or companies mentioned herein. Neither the information nor any opinion expressed shall be construed to be, or constitute an offer or a solicitation to buy or sell.*