Financial Markets This Week

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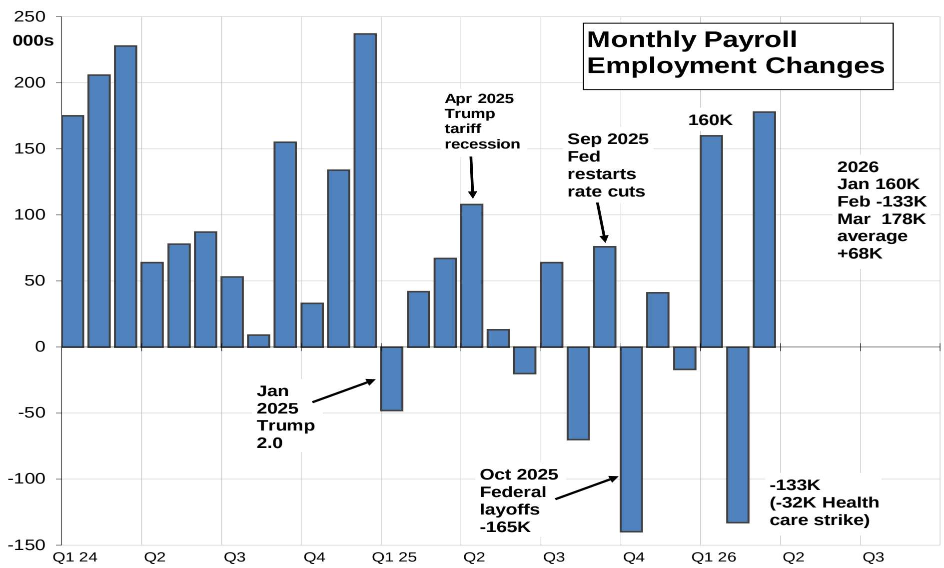
JOBS YOUR WAY



The payroll jobs reports have been volatile in 2026 at 160K up in January, 133K down in February and now up 178K in March. If you want a job, March winners are: Health care 76K rebound from health care strike "loss" in February, Construction 26K, Bars and restaurants 21.5K, Couriers and messengers 20K, Manufacturing 15K, and Social assistance (mostly Individual and family services) 13.5K. Employment services added 11K more staff in March, if you need them to find work that gives your life purpose, although the unemployment rate fell from nearly 4.5% in February to almost 4.2% in March which is consistent with the sharp drop-off in the total number of jobless workers receiving unemployment compensation in 2026. So the number of unemployed dropped 332K to 7.239 million, while those not in the labor force jumped 488K to 104.771 million; commentators/politicians often say the unemployed figures only declined as thousands said they were no longer looking for work and left the labor force. We would not recommend using this finding however to tell a story of fundamental labor market weakness. Same story. The BLS Household Survey measure of employment and unemployment levels is hard to read month to month as there were big revisions in the population count due to accelerated migration inflows during the Biden years, probably trying to get in before Trump 2.0. The population jumped 3.047 million in January 2025 from the population controls effect, and has yet to decline meaningfully, a year after Trump 2.0 took office. No special migration outflows that we can see from the total population trend 16-years old and up, ex-military or those in prison, maybe both. When the data are broken down into foreign born and home-grown domestic, you run into the same credibility problem with the total population up 1.835 million or 0.7% to 274.858 million the last year, foreign born down 1.4% or 722K to 49.725 million, and native born up 1.1% or 2557K to 225.133 million. The Administration says millions have been deported.

Payroll Employment			
Dec 2025	Dec-Dec Changes 000s		
Mar 2026	2025	2024	
205	116	1459	Total
237	296	1021	Private
112	387	633	Health care
57	299	250	Social assistance
19	78	55	Bars/Restaurants
32	146	250	Local government
220	910	1188	Sub-total
-68	-283	50	Fed govt ex-P.O

Here are our real-time comments after the employment data were released on Friday when most market participants were out of office. Net, net, wow, don't count the economy out yet as there was a veritable explosion of new jobs created in March and the jobless rate fell. The Great American jobs machine is back in gear with more jobs in health care, construction, messengers, bars and restaurants; even factory and manufacturing jobs are picking up, the latter likely to be music to the Trump 2.0 economic officials ears. To be sure, it isn't all rosy out there for the labor market as there was a bigger hole and much greater loss of 133K jobs in February to climb out of, but the latest results are consistent with moderate economic growth. They say you can't have a recession without job losses, and the unemployment rate dipped to 4.3% in March from 4.4% in February. In fact the unemployment rate was nearly 4.2% at 4.256%. Stay tuned. The bottom line is Fed officials advocating rate cuts have less data than ever to back up the need for additional monetary stimulus in the near term with the endless war in the Middle East pushing energy prices and consumer inflation higher and the labor market tightening up.

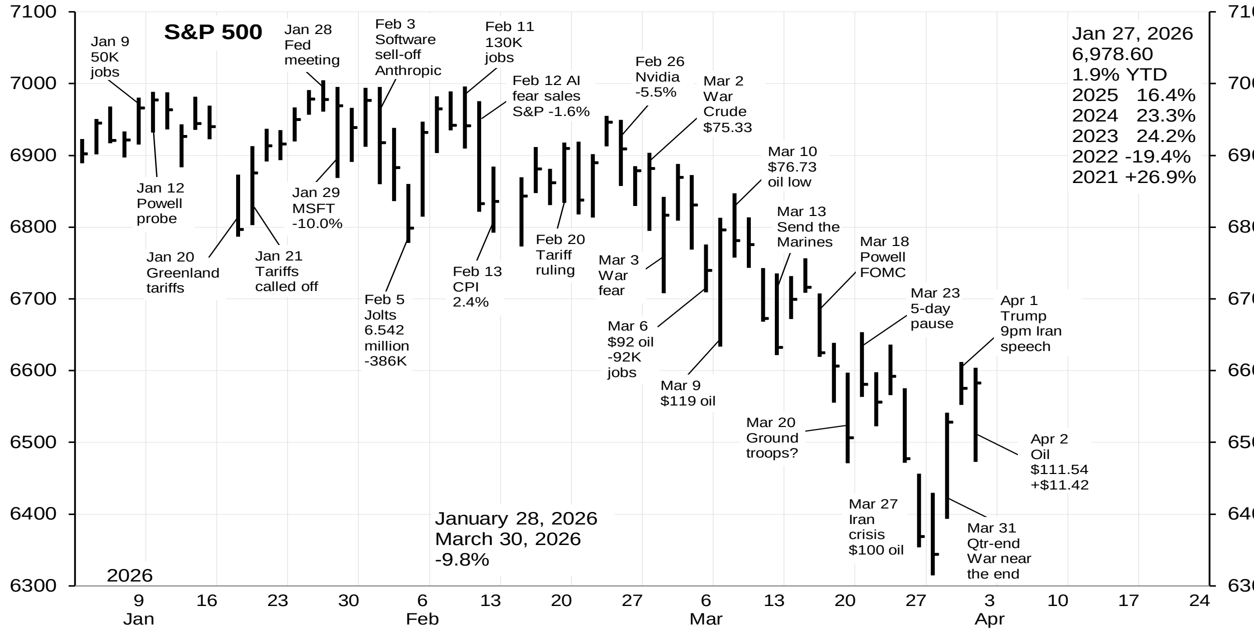
2026 Payroll jobs volatility

Dec. 2025 Totals millions		Mar 26	Feb 26	Jan 26	3 months Dec 25 to Mar 26	12 months Dec 24 to Dec 25
158.432	Nonfarm Payroll Employment	178	-133	160	205	116
135.083	Total Private (ex-Govt)	186	-129	180	237	296
21.456	Goods-producing	43	-20	45	68	-135
0.566	Mining	1	-1	-1	-1	-15
12.580	Manufacturing	15	-6	2	11	-113
0.951	Motor Vehicles & parts	1	0	1	2	-37
0.990	Computer/electronics	0	-1	-1	-2	-22
1.780	Food manufacturing	-1	0	0	-2	1
8.272	Construction	26	-13	45	58	-4
5.222	Specialty trade contractors	15	-14	29	30	-17
113.627	Private Service-providing	143	-109	135	169	431
28.616	**Trade, transportation, utilities**	33	-49	38	22	-195
15.414	Retail stores	10	-8	13	14	-47
3.217	General Merchandise	2	2	13	18	-16
3.247	Food & Beverage stores	10	-5	11	16	3
6.555	Transportation/warehousing	21	-49	23	-5	-108
1.467	Truck transport	-1	-1	-2	-3	-28
0.571	Air transportation	1	5	-1	4	8
1.051	Couriers/messengers	20	-50	30	0	-43
1.836	Warehousing and storage	-1	1	-6	-6	-45
2.842	**Information**	-3	-21	-27	-51	-53
0.473	Computing, data, web hosting	-2	-3	-5	-10	-8
9.186	**Financial**	-15	2	-39	-52	7
2.993	Insurance	-6	-5	-11	-22	-23
2.452	Real Estate	1	6	-15	-8	-4
1.371	Commercial Banking	-4	-3	-7	-15	-7
1.158	Securities/investments	-2	7	0	5	34
22.372	**Professional/business**	2	7	36	45	-160
2.451	Temp help services	4	0	19	23	-91
2.622	Management of companies	-3	-2	-2	-7	3
1.746	Architectural/engineering	4	3	5	12	33
2.381	Computer systems/services	-13	7	-6	-13	-51
1.231	Legal services	-1	0	3	2	24
1.130	Accounting/bookkeeping	-3	-1	-1	-5	5
27.627	**Education and health**	91	-42	119	168	682
4.039	Educational services	2	-15	13	-1	-5
18.295	Health care	76	-32	68	112	387
9.121	Ambulatory health care	54	-37	40	57	167
5.719	Hospitals	15	11	15	41	137
3.456	Nursing/residential care	7	-6	13	14	83
5.292	Social assistance	14	5	39	57	299
16.961	**Leisure and hospitality**	44	-11	5	38	99
1.939	Hotel/motels	8	-2	-8	-2	-6
12.343	Eating & drinking places	22	-26	23	19	78
23.349	Government	-8	-4	-20	-32	-180
2.128	Federal ex-Post Office	-16	-15	-37	-68	-283
5.476	State government	-4	1	3	0	-39
2.603	State Govt Education	-3	2	10	9	-42
15.151	Local government	14	4	14	32	146
8.232	Local Govt Education	9	4	3	16	58

Monthly changes (000s)	Mar	Feb	Jan	Dec	Nov
Payroll employment	178	-133	160	-17	41
Private jobs	186	-129	180	-7	72
Federal govt ex-post office	-16	-15	-37	-12	-17
Bars/Restaurants	22	-26	23	-5	22
HH Employment Survey*	-64	-185	-895	232	na
Unemployment rate %	4.3	4.4	4.3	4.4	4.5
Participation rate %	61.9	62.0	62.1	62.4	62.5
Not in labor force (mln)	104.771	104.283	104.211	103.321	103.092
... and Want A Job (mln)	6.040	5.974	5.838	6.208	6.139
Average hourly earnings	$37.38	$37.29	$37.15	$37.02	$37.00
MTM % Chg	0.2	0.4	0.4	0.1	0.4
YOY % Chg	3.5	3.8	3.7	3.7	3.9

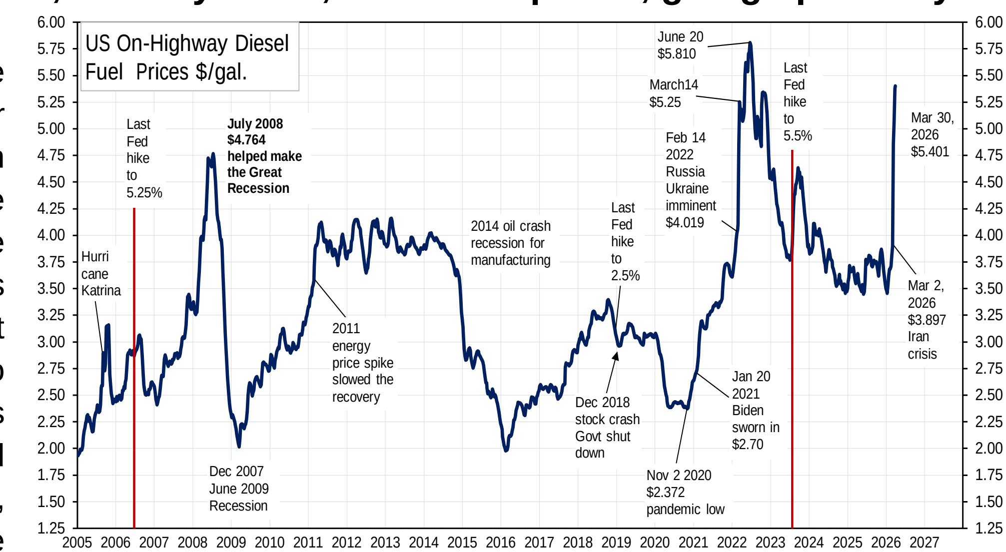
* Household (telephone) Survey of employment behind unemployment rate

INTEREST RATES



A lot of market volatility and we will just mention the end of the week. The President's speech was a bomb, literally, on Wednesday at 9pm ET, with no firm end date to the war and threats to bomb Iran back to the stone age where they belong. Stock futures were open on Good Friday until 915am ET after the jobs report, but volumes were light, and futures rallied 0.4% to the high in the first minute of trading (meaning you could not have traded it unless you were in the pits and it was just all stop-loss orders getting set off in fast market conditions). By the 915am ET Good Friday close, stock futures were 0.1% lower than they were before the 830am ET above-consensus 178K jobs report. 10-year cash yields were higher early on, perhaps our imagination, but there were stories about the Administration asking to boost defense spending by 50% or $500 billion next year. 10-yr closed 4.32%.

Diesel prices up for trucks, delivery costs, consumer prices, going up shortly



For those of you thinking more inflation ahead due to higher transportation costs, which sometimes shows up in the PPI index, and then store prices for consumer goods sitting on shelves, we will shift the "energy markets graph" to Diesel fuel prices in this week's abbreviated newsletter. Doesn't look good, the trend in this graph, but we will leave the explanation and the resulting fallout to Washington economic officials. Diesel prices are up but we have less sympathy after driving on the roads this extended holiday weekend with truckers driving over the speed limit, except in California where there is a speed limit, and cuts at least 10 mph off the truck highway speeds. Stay tuned. March 30 diesel prices $5.401, over 38% higher pre-War.

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