

# The highest unemployment claims of 2024 show that the U.S. labor market cracks widened, new rate cut hopes developed, and Wall Street soared.

May 9, 2024

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The U.S. and European stock markets closed higher, driven by the hope that the recent cracks in the labor markets may create the conditions for a round of Fed rate cuts.

The recent uptick in U.S. weekly jobless claims, peaking at 231,000, marks the highest figure in 2024. This rise signals potential softness in the labor market, prompting the Federal Reserve to reinforce its stance on rates, anticipating a cooling effect on wage gains. Treasury yields edged down, with the 2-year Treasury yield dipping to 4.80%, while the 10-year Treasury yield closed at 4.45%. Despite fluctuations, the broader trend reflects a decrease in yields from recent highs, with markets pricing in two Fed rate cuts for the year, providing a supportive backdrop for equities and bonds.

Thursday's release of the U.S. weekly jobless claims, surpassing expectations at 231,000, unveils potential softening in the labor market. This figure, the highest since August 2023, follows a disappointing nonfarm jobs report from the previous week, where job additions for April fell short by 27.08% to 175,000 from expectations of 240,000. While it's premature to discern a definitive trend from one week's data, these developments hint at a potential cooling in the robust U.S. labor market. The growing influx of workers into the job market coincides with a diminishing demand for labor, reflected in declining job openings. While an extensive increase in the unemployment rate isn't anticipated beyond 4.0% - 4.5%, a rebalancing of supply and demand might exert downward pressure on wage growth, likely fostering lower services inflation.

The April Consumer Price Index (CPI) inflation release has become critical and is now taking center stage. Following a streak of upside surprises in the first quarter, forecasts suggest moderation in both headline and core CPI inflation for April. The latest Inflation Nowcasting the CPI at 3.50%, some 42.85% above the Fed's 2% target rate, and the Core CPI at 3.65%, at 46.09% above the Fed's target inflation rate. Three or more favorable inflation readings may be required before the Fed hints at its first rate cut, a scenario likely to materialize by the year's end.

## Key Economic Data:

- **U.S. Initial Claims for Unemployment Insurance:** rose to 231,000, up from 209,000 last week, increasing to 4.55%.
- **30-Year Mortgage Rate:** fell to 7.09%, compared to 7.22% last week.
- **Japan Business Conditions Composite Coincident Index:** rose to 113.90, up from 111.50 last month, increasing by 2.15%.
- **China Exports YoY:** rose 1.49%, compared to -7.54%.
- **China Imports YoY:** rose 8.36%, compared to -1.91% last month.
- **China Trade Balance:** rose to 72.35 billion, up from 58.55 billion last month, increasing by 23.57%.

### Eurozone Summary:

- **Stoxx 600:** closed at 516.77, up 1.00 points or 0.19%.
- **FTSE 100:** closed at 8,381.35, up 27.30 points or 0.33%.
- **Dax Index:** closed at 18,686.60, up 188.22 points or 1.02%.

### Wall Street Summary:

- **Dow Jones Industrial Average** closed at 39,387.76, up 331.37 points or 0.85%.
- **S&P 500** closed at 5,214.08, up 25.41 points or 0.51%.
- **Nasdaq Composite** closed at 16,346.26, up 43.51 points or 0.27%.
- **Birling Capital Puerto Rico Stock Index** closed at 3,474.87, up 32.32 points or 0.94%.
- **Birling Capital U.S. Bank Stock Index** closed at 5,088.21, up 42.03 points or 0.83%.
- **U.S. Treasury 10-year note** closed at 4.45%.
- **U.S. Treasury 2-year note** closed at 4.80%.



# Inflation Nowcasting

## Inflation Forecasts

Month	US CPI	Core CPI	PCE	Core PCE	Updated
April	3.50%	3.65%	2.71%	2.74%	5/9/24

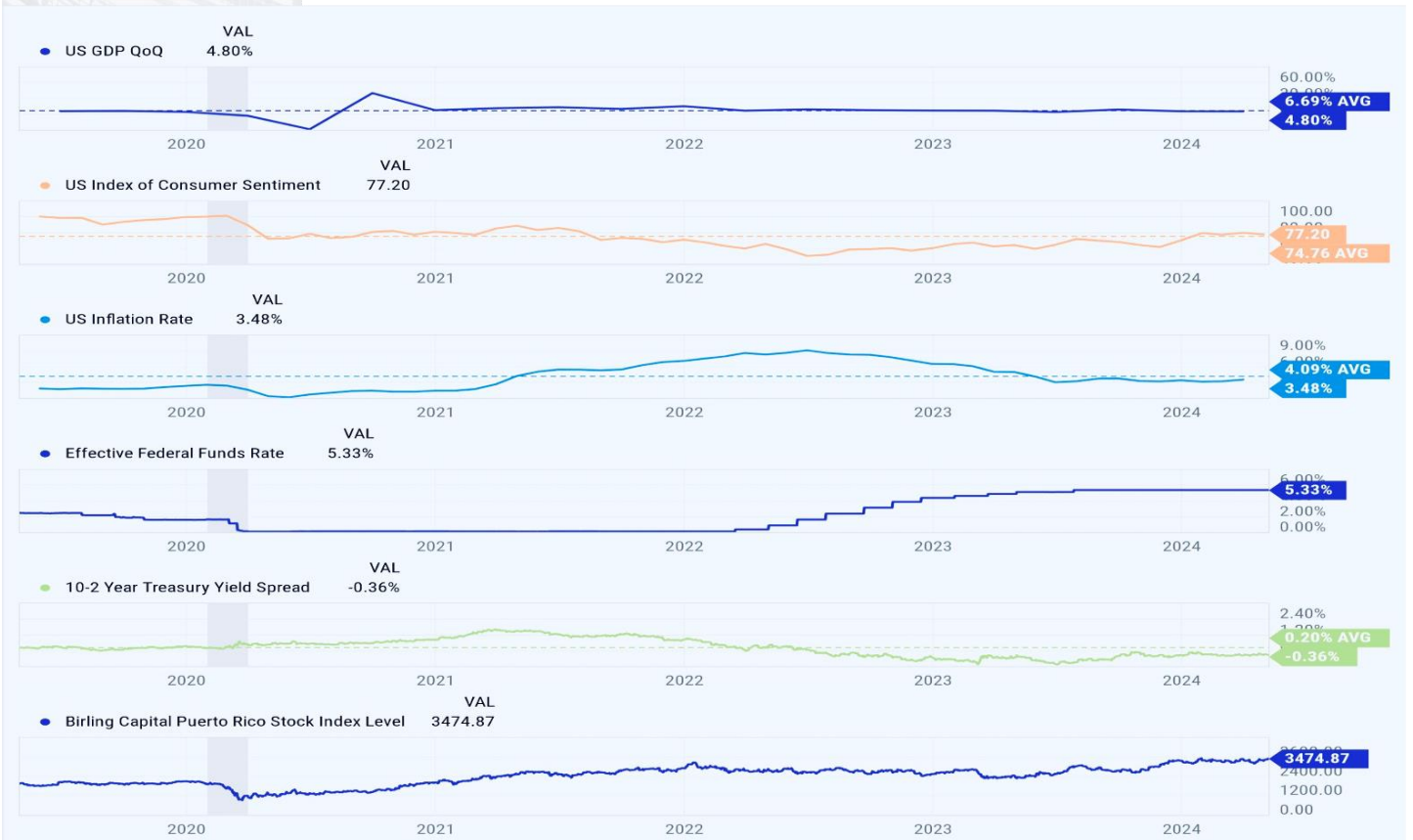


# US Initial Claims for Unemployment, US Nonfarm Payrolls, US Unemployment Rate, US Job Openings & US Job Seekers,





# The Economic Cycle

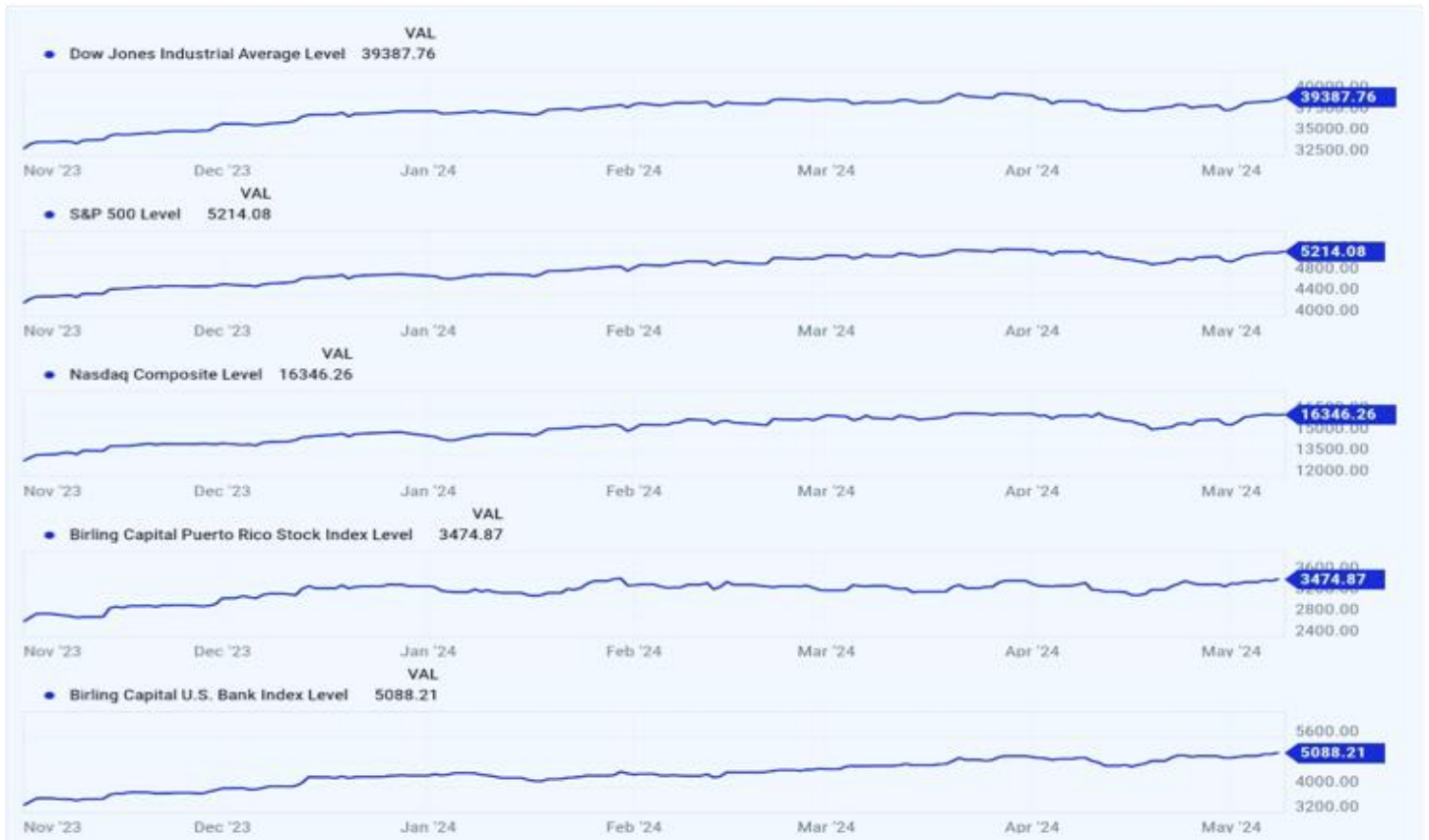




# Wall Street Update

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