

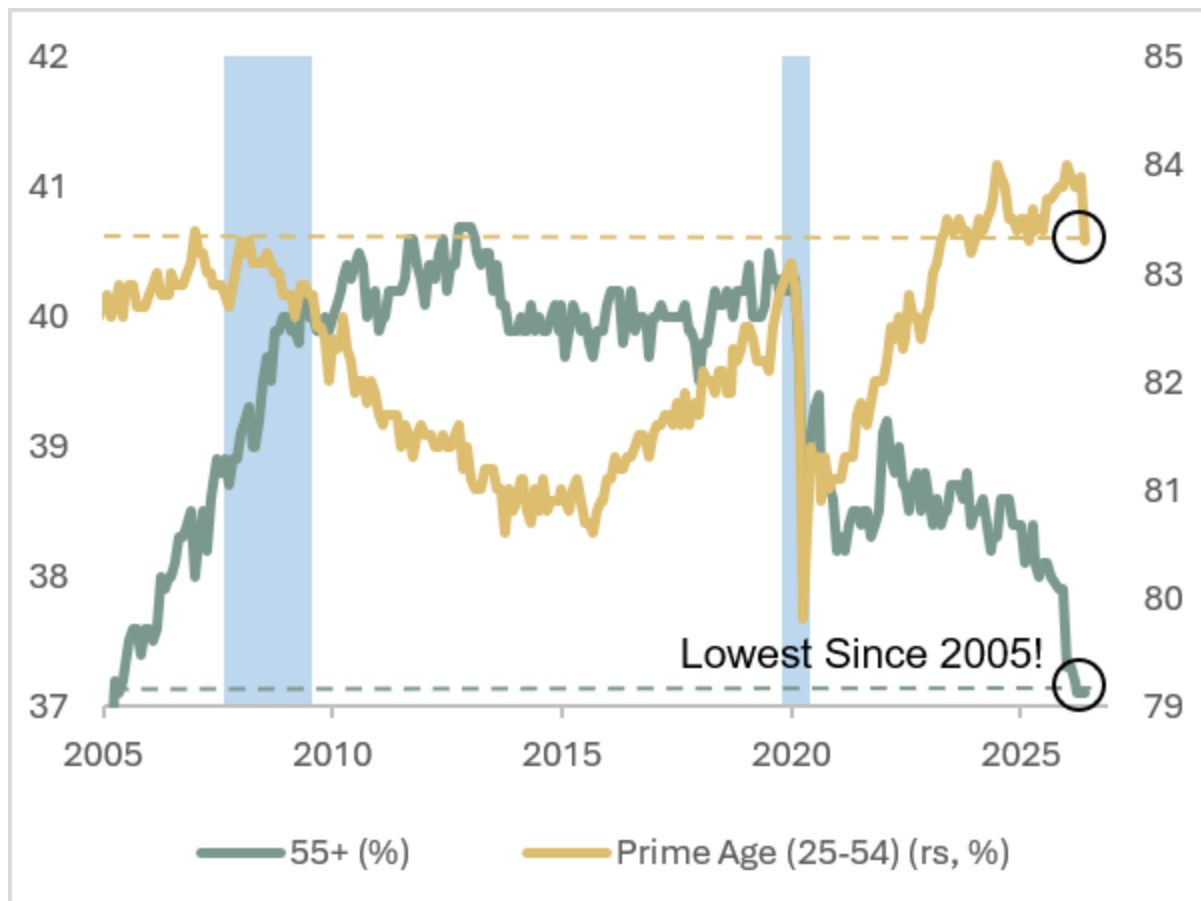
Strong Enough

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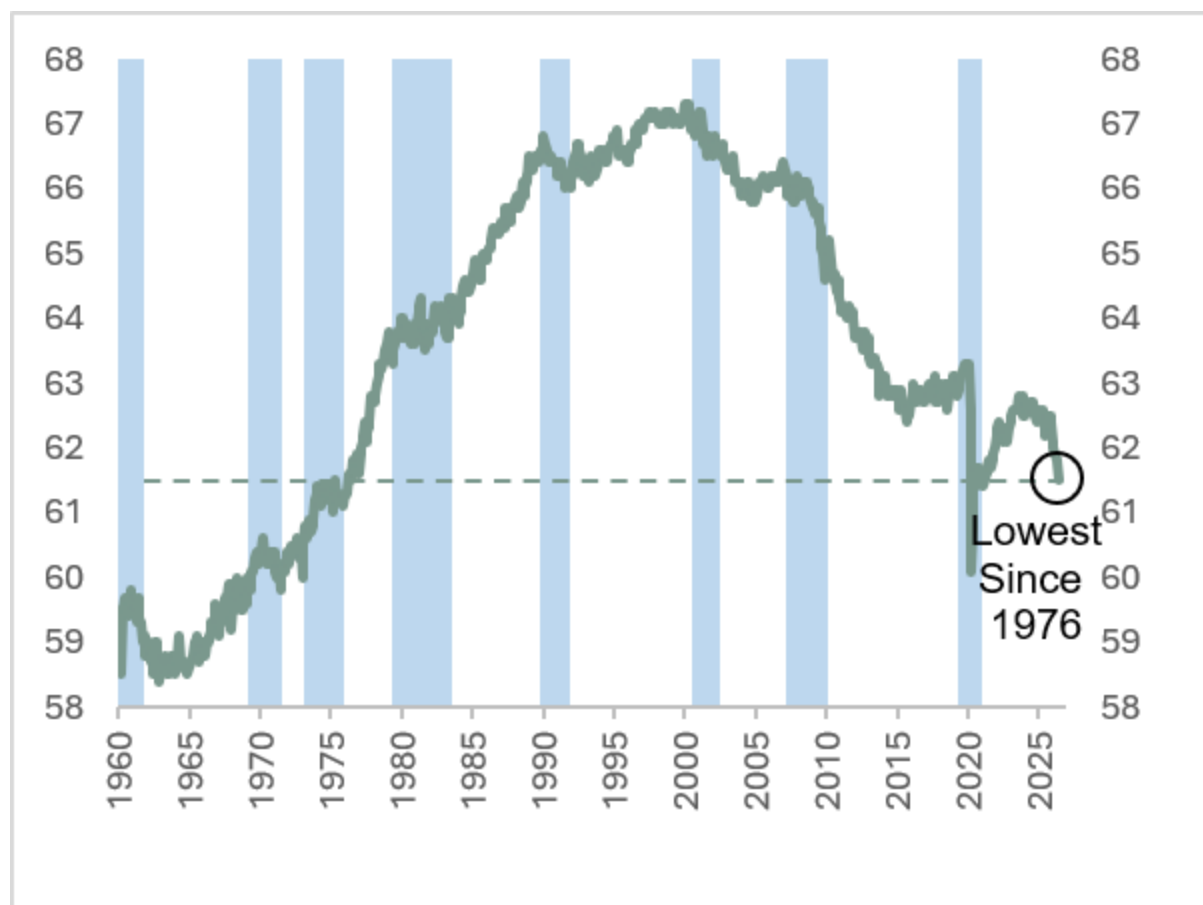
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June job growth surprised to the downside, showing just +57k job gains and downward revisions for May. While this level of job growth is uninspiring by historical standards, **the US' lack of labor supply means that job growth of this magnitude is functionally sufficient in maintaining a tight labor market**, as demonstrated by the *decline* in the unemployment rate to a very low 4.2%. **The labor force participation rate fell to 61.5% (from 61.8%), the lowest since June 1976!** This was the result of prime age participation (25-54 years) dropping to 83.3% (from 83.9%), but this has been oscillating at an elevated range of 83% to 84% since late 2023. Strength here has been more than offset by **the 55 and older age cohort, which is facing its lowest participation (37.1%) in 21 years!** This report does not change underlying economic fundamentals and is unlikely to derail hawkish momentum at the Fed.

Labor Force Participation by Age Cohort...



Lowest Labor Force Participation Rate Since 1976...



Source: BLS, Haver, SMBC Nikko

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