Outlook

**Employment Rebound in Fed Sensitive Sectors**

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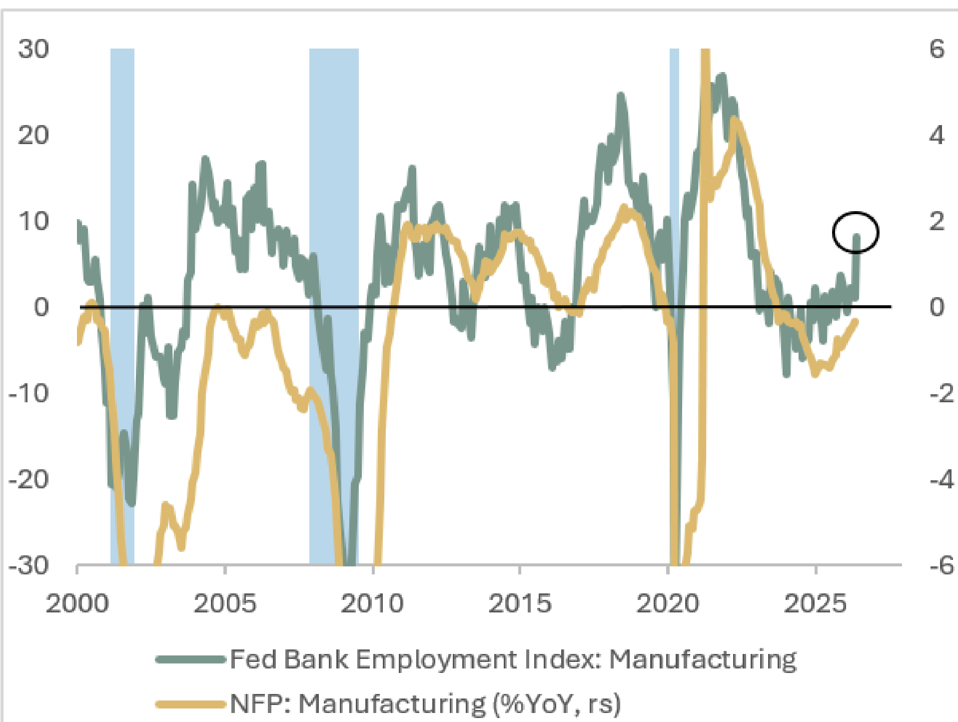
Private job growth has stabilized over the last twelve months due to 1) a pronounced rebound in the highly cyclical manufacturing sector (formerly in a downtrend), while 2) a robust buildout of data centers has propelled construction employment. While the latter dynamic is likely to continue in the near future, ***regional Fed bank surveys indicate that this upturn in manufacturing jobs is likely to accelerate in the coming months*** (shown below). ***Strong payroll growth from two of the most interest rate sensitive sectors will enable the Fed to continue its hawkish communication drift.*** For Thursday's data, we are forecasting +125k for headline NFP, +121k for private NFP and 4.3% unemployment.

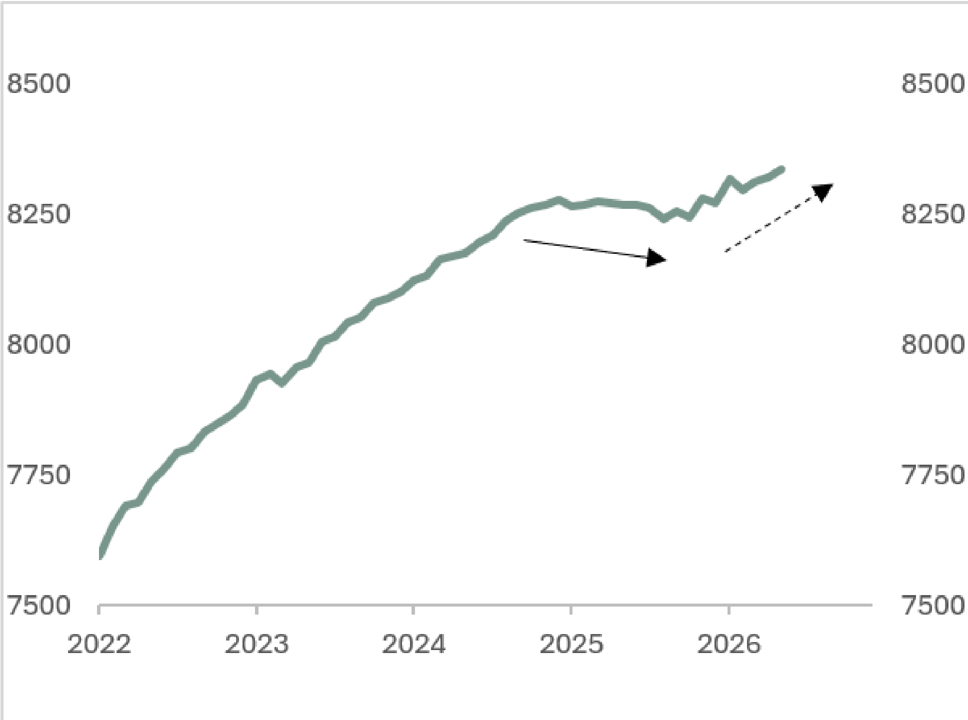
Please let us know if you would like to discuss.

## Manufacturing Sector Hiring Upswing...




Source: Federal Reserve Banks of Richmond, Philadelphia, New York, Kansas City, Dallas, BLS, Haver, SMBC Nikko

## Construction Employment (Thousands)...




Source: BLS, Haver, SMBC Nikko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