

## Economic highlights from the week ending on August 4, 2017



Job growth was stronger than expected in July, signaling ongoing strength in the labor market. Nonfarm payrolls increased by 209,000 versus the consensus forecast of 180,000. In addition, May and June payrolls were revised up by a total of 2,000. On a trailing 3-month and 6-month basis, payrolls increased by an average of 195,000 and 179,000 per month, respectively. The unemployment rate edged lower to 4.3% in July from 4.4% in June, and the labor participation rate also rose to 62.9% from 62.8%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, was unchanged from the prior month at 8.6%. Wage growth rose 0.3% in July, in line with expectations. On a year-over-year basis, wages were up 2.5% in July, unchanged from the year-over-year rate in June. Overall, the July employment report was strong. Although wage growth has been modest, today's report suggests that we could begin to see acceleration in wages over the coming months.

Relative to a basket of foreign currencies, the US dollar has weakened meaningfully year-to-date. The dollar index spot currency (DXY) has declined more than 8% since the beginning of the year, after spiking nearly 7% at the end of last year, following the Presidential election. American businesses generally benefit from a weaker dollar, because it makes the price of their goods more attractive to foreign buyers. This factor has helped to fuel corporate earnings growth and stock market gains so far this year. We believe multiple factors have put pressure on the dollar, including a growing sense of skepticism among market participants that the Trump administration will deliver on their promises for tax reform and economic stimulus. However, we believe today's stronger than expected jobs report could provide a stabilizing force for the dollar, at least over the near-term.



### Next Week

*Consumer Credit, Productivity & Costs, PPI, CPI*

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