

Financial HARTbeat

US Payrolls
Nov 20th 2025



Good Morning,

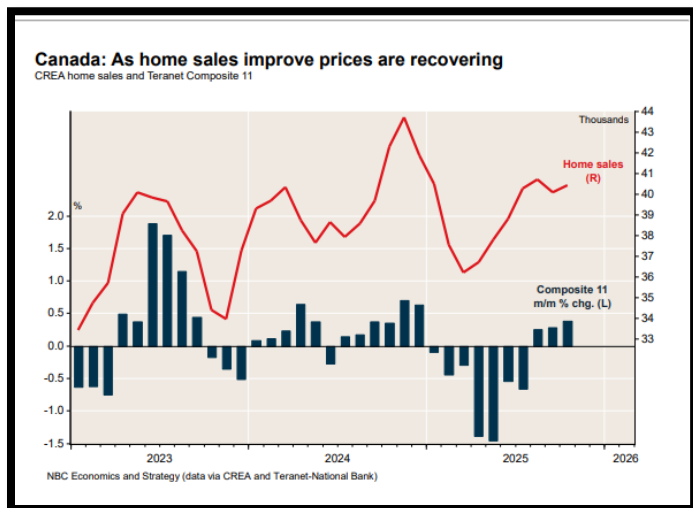
Payroll employment rose a more-than-expected +119K in September, but the prior two months were revised down. Private service job gains were only +87K and private goods producing jobs rebounded +10K. The leading components of the release were mixed. Temp employment dropped again, but the diffusion index rebounded. The index of aggregate weekly hours edged up +0.1% and from 3Q it is essentially unchanged. Productivity is 3Q is probably robust.

Average hourly earnings rose +0.2% m/m. This gain puts the y/y gain at +3.8%. The workweek was unchanged at 34.2 hours.

September's unemployment rate rose to a 4.4%. But that was due to a rise in the participation rate. Both household employment and the labor force jumping higher. That is not a worrisome combination.

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Chart of the Day: Canada housing improving...



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Top News

Futures tied to Wall Street's main indexes jumped this morning after Nvidia's stellar results quelled some concerns around an AI bubble, boosting technology stocks, while a long-awaited jobs report is also in focus. Nvidia surged almost 5% in premarket trading after the world's most valuable company forecast sales above analysts' estimates for the final three months of the year and surpassed expectations for third-quarter revenue. Walmart raised its annual forecast for the second time this year, and also set a December date to change its stock listing to Nasdaq from the NYSE. Shares of the retailer are flat in choppy trading. U.S. job growth accelerated in September, but the unemployment rate rose to 4.4% and the economy shed jobs in the prior month, suggesting labor market conditions remained sluggish. Nonfarm payrolls increased by 119,000 jobs after a downwardly revised 4,000 drop in August.

Economists had forecast 50,000 jobs would be added after a previously reported 22,000 gain in August. The report was initially due on October 3, but was delayed by the 43-day shutdown of the government. Another report showed Initial claims for state unemployment benefits dropped 8,000 to a seasonally adjusted 220,000 for the week ended November 15. Economists had forecast 230,000 claims for the latest week.

Futures tied to Canada's main stock index climbed, buoyed by Nvidia's blockbuster earnings, while investors kept an eye on the long-awaited U.S. jobs report. The Bank of Canada on Wednesday urged a coordinated, economy-wide push to revive sluggish productivity, warning the issue is growing more urgent amid headwinds from U.S. trade policy. Putting a lid on further gains, gold prices fell more than 1%, pressured by a firm U.S. dollar and diminishing rate cut hopes. Economic data this morning showed producer prices in Canada rose 1.5% in October from September on higher prices for primary non-ferrous metal products, as well as lumber and other sawmill products. This followed an upwardly revised 1.0% increase in September. European shares climbed this morning, as a relief rally swept through global markets after AI bellwether Nvidia reported strong earnings. The rebound among chipmakers was further fueled by reports that the U.S. may delay its planned 100% tariffs on semiconductor imports to ease tensions with China.



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China stocks closed down today, as investors took profits after a strong rally this year and rotated into financial shares. Shares in onshore brokerages rose as much as 2% after China International Capital Corp (CICC) said it would acquire two rivals, stoking expectations of further consolidation in the country's \$1.6 trillion securities industry. Tech majors trading in Hong Kong fell 0.6%, tracking an overnight drop in their counterparts in New York. China left its benchmark lending rates unchanged for the sixth consecutive month in November, in line with market expectations.

Japan's Nikkei share average rose, snapping a fourday decline, after strong results from Nvidia eased valuation concerns over the artificial-intelligence sector. Japan's government is in the final stages of assembling a stimulus package worth 21.3 trillion yen (US\$135.38 billion) to help households cope with persistent inflation, a draft seen by Reuters showed, in what would be the largest stimulus since the COVID pandemic.

Payrolls Pop (Argus)

The Bureau of Labor Statistics (BLS) released the long-awaited Employment Situation for September this morning. The report had been scheduled for release on October 3, but it was preempted by the federal government shutdown that started on October 1 and lasted for a record 43 days. Today's report indicates that the U.S. generated 119,000 nonfarm jobs in September and that the job market remained resilient. Our forecast in late September was for 56,000 new jobs, while the most-recent consensus was 50,000. August's payrolls were revised lower by 26,000 to -4,000 and July was reduced by 7,000 to 72,000. The strong September result and the revisions raised the three-month average to 62,000 from 29,000 before the report. The BLS Diffusion Indexes strengthened, indicating that 55.6% of 250 private industries are hiring, up from 49% in August.

Manufacturing improved to 52.8% from 47.9%. The September unemployment rate increased to 4.4%. Average hourly earnings increased \$0.09 month to month and are 3.8% higher year over year. The average workweek was unchanged at 34.2 hours. We had expected an unemployment rate of 4.3%, but the increase to 4.4% is not a big surprise. In September, employment continued to rise in healthcare, food services and drinking places, and social assistance. Job losses occurred in transportation and warehousing and in the federal government. The manufacturing sector lost 6,000 jobs.



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Healthcare and social assistance added 57,100. Federal government employment fell by 3,000, and has declined by 97,000 since January. The BLS reiterated that employees on paid leave or receiving ongoing severance pay are counted as employed in the establishment survey. After the report, stock futures rose. The yield on the 10-year Treasury declined by one basis point to 4.13%. Based on futures trading, the probability that the Fed will cut the funds target to 3.50%-3.75% at its December meeting rose to 42% from 28%. The BLS will release an employment report covering November on December 16.

Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: Key Interest Rates (Canada & U.S.)

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	2.84%	0.7
CDA Prime	4.45%	0.0	CDA 10 year	3.26%	0.1
CDA 3 month T-Bill	2.20%	0.0	CDA 20 year	3.61%	0.5
CDA 6 month T-Bill	2.25%	0.0	CDA 30 year	3.71%	0.5
CDA 1 Year	2.36%	0.0			
CDA 2 year	2.50%	0.3			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	3.75-4%	0.0	US 5 year	3.72%	1.4
US Prime	7.00%	0.0	US 10 year	4.14%	1.1
US 3 month T-Bill	3.79%	0.5	US 30 year	4.75%	0.3
US 6 month T-Bill	3.84%	0.8	5YR Sovereign CDS	37.73	
US 1 Year	3.71%	1.3	10YR Sovereign CDS	45.41	
US 2 year	3.61%	1.3			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			681.02	-0.07%	7.18%
BMO Laddered Preferred Shares (ETF)			11.95	-0.58%	9.13%

Source: LSEG

Things are looking up! Have a great day!

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