

Financial HARTbeat

Jobs, Jobs, Jobs..
June 6th 2025



Good Morning,

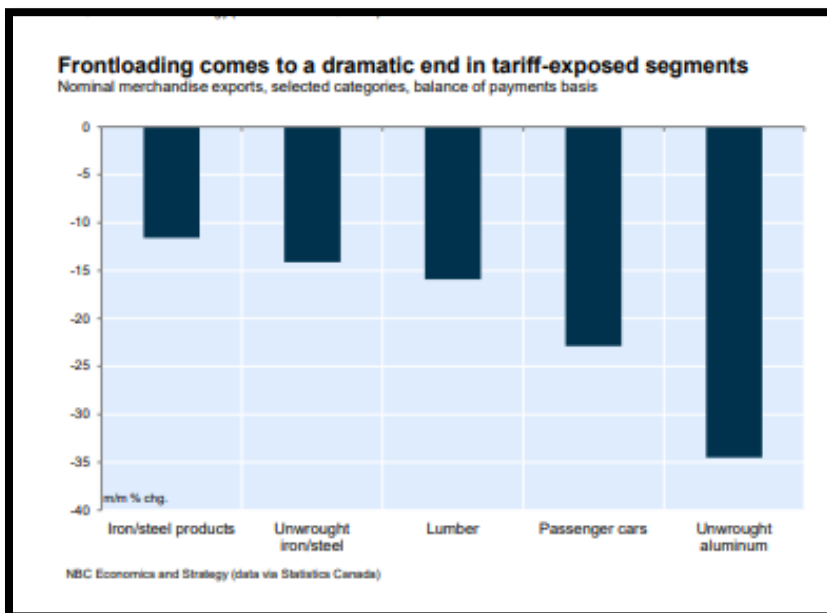
Unemployment ticked up in Canada again to 7%...highest level in many years, as I track and measure and map what's ahead..as long as inflation stays in check overnight rates likely to continue to come down this year as expected...75bps prior to year end..

Nonfarm payrolls in the United States today were slightly better than expected on the headline...if you look below the surface...625,000 dropped out of the workforce...odd time for this and makes the numbers look better...

Major point to continue to watch in the US is the 10 Year US bond...as it approaches 5%, equities start to come under pressure...

Catch the playback of our Weekly Roundup [Click here](#)

Chart of the Day: Now that tariffs kicked in and frontloading passed...feeling the effects..



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Top News

U.S. stock index futures extended gains after a stronger-than-expected jobs report calmed worries over the health of the labor market in the wake of President Donald Trump's tariff war. A Labor Department report showed nonfarm payrolls increased 139,000 in May, compared with estimates for a rise of 130,000. The unemployment rate stood at 4.2%, in-line with a forecast of 4.2%. On Thursday, investors also took stock of a leader-to-leader call between Trump and Chinese leader Xi Jinping as they confronted after weeks of brewing trade tensions and a battle over critical minerals.

The leaders, however, left key issues unresolved for future talks.

Futures tied to Canada's main stock index rose as investors digested domestic employment figures and monthly payrolls data from the U.S., while signs of easing tensions between Washington and China fueled trade optimism. Canada's unemployment rate in May jumped to its highest level in almost nine years outside of the pandemic era with 1.6 million jobless people in the country amid a constrained labor market, data showed this morning. The unemployment rate ticked up to 7% in May from 6.9% in April, a third consecutive monthly increase, Statistics Canada said, adding that the total jobless people in May were almost 14% higher than what was seen a year ago. This was primarily driven by an almost flat employment growth amid a rising population, even though there were no major mass layoffs. The total number of people employed saw a meager addition of 8,800 people.

Analysts had forecasted the unemployment rate to be at this level due to the impact of U.S. tariffs on Canada. They had estimated the total employment number to drop by 12,500. Canada's Industry Minister Melanie Joly said on Thursday that Prime Minister Mark Carney and Trump are in direct communication as part of Ottawa's bid to persuade Washington to lift tariffs. Additionally, China called on Friday for steps to improve bilateral ties with Canada, saying there were no deep seated conflicts of interest, following a spike in trade tensions with many of Beijing's Western trade partners this year. In commodities, oil prices slipped but are on track for their first weekly gain.

Gold prices firmed while copper ticked up; both set for weekly rises. European shares were stable this morning, as investors welcomed good U.S. jobs data, with persistent trade tensions adding to the uncertainty. Meanwhile, the ECB's anticipated interest rate cut was largely overshadowed by President



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Christine Lagarde's signals that the central bank is approaching the end of its easing cycle, prompting investors to scale back expectations for further cuts.

On the data front, German exports and industrial output appeared to fall more than expected in April, as demand from the U.S. decreased following months of strong purchases in anticipation of U.S. tariffs.

China and Hong Kong stocks ended slightly lower today, as investors remained cautious after a call between U.S. President Donald Trump and Chinese leader Xi Jinping failed to provide clear signals of progress in easing trade tensions. For the holiday-shortened week, the CSI 300 Index gained nearly 1%, while the Hang Seng Index rose 2.2%. China's 10-year and 30-year government bond yields held steady, after the country's central bank said it would inject 1 trillion yuan (US\$139.23 billion) cash to its banking system via outright reverse repos on Friday.

Japan's Nikkei share average rose today, as a weaker yen lifted sentiment.

Unemployment Unchanged at 4.2% (Argus)

The job market remained strong in May amid concerns it is poised to slow from tariffs, job cuts at government agencies, and weak business and consumer confidence. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated 139,000 nonfarm jobs in May, almost exactly matching our forecast of 140,000. Consensus was 130,000. April's payrolls were revised lower by 30,000 and March by 65,000. The May result and the revisions reduced the three-month average to 135,000 from 155,000 before the release. The BLS diffusion index indicated 50% of 250 private industries are hiring. The May unemployment rate remained at 4.2%. Average hourly earnings increased 15 cents month to month and are 3.9% higher year over year, a tick higher than our estimate. The average workweek remained at 34.3 hours. Employment continued to trend up in healthcare, leisure and hospitality, and social assistance. Employment showed little change in mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; retail trade; transportation and warehousing; information; financial activities; professional and business services; and other services.

The manufacturing sector lost 8,000 jobs. Healthcare added 78,000, while federal government employment fell by 22,000. The decline of 59,000 since January is far below 284,000 federal layoffs announced this year according to outplacement firm Challenger, Gray & Christmas. The BLS reiterated



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that employees on paid leave or receiving ongoing severance pay are counted as employed in the establishment survey. After the report, stock futures rose, as did the yield on the 10-year Treasury. Based on futures trading, the probability that the Federal Reserve will cut the funds target at its July meeting declined to 15% from 31%, and expectations the funds target range will be lower than the current 4.25%-4.5% after the September meeting declined to 63% from 73%.

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	2.75%	0.0	CDA 5 year	2.87%	0.4
CDA Prime	4.95%	0.0	CDA 10 year	3.26%	0.0
CDA 3 month T-Bill	2.66%	0.0	CDA 20 year	3.46%	-0.6
CDA 6 month T-Bill	2.67%	0.5	CDA 30 year	3.52%	-0.6
CDA 1 Year	2.64%	1.0			
CDA 2 year	2.63%	0.8			
US Key Rate	Last	Change bps	US Key Rate	Last	Change bps
US FED Funds	4.25-4.50%	0.0	US 5 year	4.00%	1.1
US Prime	7.50%	0.0	US 10 year	4.39%	0.0
US 3 month T-Bill	4.24%	-0.5	US 30 year	4.88%	-0.7
US 6 month T-Bill	4.27%	0.1	5YR Sovereign CDS	48.03	
US 1 Year	4.09%	-0.6	10YR Sovereign CDS	52.03	
US 2 year	3.93%	1.1			
Preferred Shares Indicators			Last	Daily %	YTD
S&P Preferred Share Index			654.20	-0.03%	2.96%
BMO Laddered Preferred Shares (ETF)			11.36	-0.22%	3.74%

Source: LSEG

Things are looking up! Have a great day!

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