

A Simply Stunning Jobs Report

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A stellar jobs report! The only caveat is that the BLS incorporates some annual revisions into the January report. That might make some data more difficult to compare to prior periods than normal.

The Household Survey produced 894,000 jobs! Combined with last month's 717,000, this gets us to 1.6 million jobs created in two months. This closes the gap between the Household and the Establishment Surveys.

The Establishment number at 517,000 (with 71,000 of upward revisions) is no slouch in its own right.

Weekly hours worked of 34.7 was a nice bounce and is as high as it was at any time in 2022!

That should be high enough to create new jobs and turn "part-time into full-time." It is also **potentially inflationary**.

An unemployment rate of 3.4% is the lowest going back to at least 1960!

Given the strength of the data, the one thing that seemed "weird" was that the underemployment rate ticked up, but that's probably just an anomaly.

Average hourly earnings were revised higher last month to 0.4% (and came in at 0.3%) which seems "tame" relative to the rest of the report.

I don't fully know the impact of the revisions. I haven't seen data on the survey response rate (which has been low). I didn't see the birth/death model either (which is often questioned).

Anyone at the Fed worried at all about job and wage driven inflation will have to "talk hawkish" in the coming weeks. This data seems at odds with so much on the earnings front, but it is highly visible data, and the Fed will feel compelled to respond.

Can the daily call option crowd (yesterday saw the highest volume of call options in history) reverse today's price action? It seems like a difficult task given the earnings calls that turned futures lower yesterday (combined with the NFP report today), but who knows what will happen in this world of gamma squeezes. Maybe they will just turn their attention to put buying?

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