



1. Labour Market Context

The U.S. labour market has materially weakened over recent months, with slower job creation, softer hiring intentions and rising signs of cooling across employment indicators.

Alongside CPI, labour market data has become one of the primary drivers of rate cut expectations, as the Federal Reserve closely monitors employment conditions when assessing the timing and pace of easing

Scenario 1: NFP ABOVE Expectations

- USD: Bullish reaction as labor market strength reduces urgency for rate cuts
- Stocks: Short-term pressure as yields rise
- Crypto: Bearish due to tighter financial conditions
- Gold: Bearish as real yields move higher

Why: Stronger employment reinforces the “higher for longer” narrative and pushes back rate cut expectations.

Scenario 2: NFP BELOW Expectations

- USD: Bearish as rate cuts are repriced forward
- Stocks: Bullish on easier financial conditions
- Crypto: Bullish due to increased liquidity expectations
- Gold: Bullish as yields and USD weaken

Why: A weak labor report strengthens the case for Fed easing and improves risk appetite

What Matters Most?

Average Hourly Earnings (Wages):

- Higher wages → USD bullish, risk assets pressured
- Lower wages → USD bearish, risk assets supported

Unemployment Rate:

- Rising unemployment → dovish signal
- Falling unemployment → hawkish signal

Revisions:

- Negative revisions can completely negate a strong headline
- Positive revisions can amplify bullish USD reactions