13.30 Change in Nonfarm Payrolls

Expectation	200K	Previous	162K	Previous^{-1}	-36K	Range	(86K, 500K)

NFPs returned to jobs growth last month. The bulk of the 162K of jobs growth last month was mainly on the back of private payrolls growth. This elicited a positive reaction for the markets despite the headline missing narrowly, as the growth in private payrolls points towards an economic recovery. The **private payroll number is expected to print 100K (range 50K to 155K),** with the rest of the jobs growth expected to be through temporary jobs created by the Government for the census. Analysts remain uncertain of the scale of hiring by the Government, which has made the consensus estimates so wide. Therefore the private payroll number may be the more closely followed number today.

The last 2 months had seen the equity markets disconnect somewhat to the reaction of the USD on the numbers. Last year, whilst the 'risk-on/off' correlation between the USD and equities had seen equities reverse their initial trends on the back of moves in the USD, recently equity markets had ignored moves in the USD. However, with risk appetite turning sharply lower in the last 2 weeks, we may see a return of the risk-on/off trade. This is especially pertinent as one of the fears in the market currently is that the Fed is gradually moving closer to withdrawing liquidity from the markets.

13.30 Unemployment rate

Expectation	9.7%	Previous	9.7%	Range	(9.5%, 9.8%)

The unemployment rate has had a rapid rise since 4Q '08. However last month, it eased away from the psychologically important 10.0% level. Last month saw a drop in the unemployment rate. Historically, a move to less than 8% unemployment is when the Fed have moved to a rate tightening stance.