



Commuters in New York City's WTC transportation hub. (UBS)

Jobs

January payrolls surprise to the upside

04 February 2022, 6:26 pm CET, written by UBS Editorial Team

Nonfarm payrolls increased by 467,000 in January while the unemployment rate rose to 4%. The UBS Chief Investment Office takes a look.

Today, the US labor report for January showed nonfarm payrolls increasing by 467,000, far above consensus expectations. The unemployment rate ticked up to 4%. Average hourly earnings increased by 0.7% month-over-month and 5.7% year-over-year, beating expectations.

This month's data includes annual revisions, and incorporates information gathered from the 2020 census. Combined with the impact of the omicron variant, this makes it extraordinarily difficult to interpret the month-over-month changes reported in January. For example, the 467,000 payroll figure is seasonally adjusted; without adjustment, payrolls were down by 2.8 million. Further, 6 million people were out of work due to the pandemic, almost double the level in December.

Regardless of the noise, all of the data released this week indicate that the labor market is tight and wages are rising more quickly than usual, adding to the inflationary pressure from shortages of various goods. Payrolls are on a strong upward trend. From the Fed's perspective, this is a clear signal that monetary policy should be adjusted to a more neutral stance. Following this morning's release, bond yields moved higher, and the market is now pricing in between five and six rate hikes by the end of 2022.

Next week, the NFIB survey of small businesses will provide further information on labor market conditions. CPI for January will be another key data release.

Main contributor: Brian Rose

Read the original blog [January payrolls surprise to the upside](#) 4 February 2022.



This content is a product of the UBS Chief Investment Office.

Important information

As a firm providing wealth management services to clients, UBS Financial Services, Inc is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser and a broker-dealer, offering both investment advisory and brokerage services. Advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate contracts. It is important that you carefully read the agreements and disclosures UBS provides to you about the products or services offered. For more information, please visit our website at www.ubs.com/workingwithus.

© UBS 2021. All rights reserved. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC.

There are two sources of UBS research. Reports from the first source, UBS CIO Global Wealth Management, are designed for individual investors and are produced by UBS Global Wealth Management (which includes UBS Financial Services Inc. and UBS International Inc.). The second research source is UBS Group Research, whose primary business focus is institutional investors. The two sources operate independently and may therefore have different recommendations. The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please consult your Financial Advisor. UBS Financial Services Inc. is a subsidiary of UBS AG and an affiliate of UBS International Inc.