



Time EST	Indicator	For	Actual*	Estimate**	Consensus***	Previous Period****
08:15 AM	ADP Employment Change	Apr	204k ↑	204k	198k	228k R ↓
02:00 PM	FOMC Rate Decision (Upper Bound)	02-May		1.75%	1.75%	1.75%
02:00 PM	FOMC Rate Decision (Lower Bound)	02-May		1.50%	1.50%	1.50%

* ↑ indicates stronger than Consensus estimated, ↓ indicates weaker than Consensus estimated, = indicates in-line with Consensus Estimated

**Estimate from Bank of the West Economics

***Consensus from Bloomberg

****↑ means prior reading revised up, ↓ means prior reading revised down

ADP Employment Gain Robust - Slightly Exceeds Consensus Expectations

The economic calendar is light today, but the one indicator that was released surprised to the upside. ADP reported that private sector job growth in April was 204,000. The estimate was actually in-line with our forecast, but somewhat above the consensus forecast for April. This marks the sixth consecutive month that ADP job growth was over 200,000; very impressive labor market performance for this stage of the economic expansion. Small businesses (<50 employees) created 62,000 jobs, medium businesses (50-499 employees) created 88,000 jobs, while large businesses (500+ employees) were responsible for 54,000. Almost 80% of the new jobs were in the service sector, with the balance in the goods sector. Further, half of the jobs were in the high-skilled professional and business services category.

The strong employment report bodes well for the official Bureau of Labor Statistics April jobs report which is released on Friday. We are forecasting a 185K nonfarm payroll gain in April up from 103K in March with the unemployment rate dropping to 4.0% from 4.1%.

Treasury yields are rising across the board this morning. The 10-Year Treasury yield is up 0.8 basis points to 2.972%. The 2-10 Treasury spread is 46.8, up 0.6 basis points from yesterday. The futures market probability of another Fed funds rate hike in June is 92.5%, down sharply from 96.9% yesterday.

U.S. stock indexes are modestly lower this morning as traders await the release of the Fed minutes later today. The Dow and S&P 500 are down 0.37% and 0.22%, respectively, while the NASDAQ is down 0.25%. Losses in the S&P 500 today are led by consumer staples, health care, and telecommunications stocks.

The U.S. dollar is stronger against the major currencies today. The Bloomberg dollar spot index is up 0.12% from Tuesday. The U.S. dollar is increasing the most against the Mexican peso, euro, and Korean won today.

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