TRADING GROUP UBC

Weekly Educational Topics

	Prior	Consensus	Consensus Range
Nonfarm Payrolls - M/M change	151,000	190,000	168,000 to 217,000
Unemployment Rate - Level	4.9 %	4.9 %	4.8 % to 5.0 %
Private Payrolls - M/M change	158,000	183,000	156,000 to 215,000
Participation Rate - level	62.7 %		
Average Hourly Earnings - M/M change	0.5 %	0.2 %	0.0 % to 0.2 %
Av Workweek - All Employees	34.6 hrs	34.6 hrs	34.5 hrs to 34.6 hrs

The Importance of U.S. Non-Farm Payrolls

Non-Farm Payroll otherwise abbreviated as NFP, is a source of economic data that is released every first Friday of the month, at 08:30 EST in the United States (U.S.). It is a statistical data that shows the employment rate in the U.S. and is one of the most important economic data releases, among other GDP indicators, that is monitored by the majority of the worlds' markets. The data includes all paid workers in the U.S., excluding:

- Government
- Employees
- Private Household Employees
- Employees of non-profit
- Farm Employees

The release will typically show the number of jobs added or taken away in the economy throughout the previous month, as well as other important information relating to the employment situation. Since the U.S. Federal Reserve is heavily data driven, the unemployment percentage is one of the key metrics that they follow, along with inflation. The NFP data release is pivotal to understand the overall health of the United States economy, and what the next central bank policies will look like.

Along with the actual jobs that are created, the unemployment rate is released as well. With lower unemployment rate in an economy, the stronger the economy is, and with this, the central bank leans towards increasing interest rates. It is often viewed as a positive for the currency in the sense that an economy that is expanding will be met with higher rates from the central bank. Higher rates attract buyers for the currency, and all currency pairs that have that currency in their components will move aggressively. Traders use this information to form an educated guess on future interest rate moves according to the most recent NFP data released and how it may affect their investments and future returns.

"[NFP] IS A STATISTICAL DATA THAT SHOWS THE EMPLOYMENT RATE IN THE U.S. AND IS ONE OF THE MOST IMPORTANT ECONOMIC DATA RELEASES, AMONG OTHER GDP INDICATORS, THAT IS MONITORED BY THE MAJORITY OF THE WORLDS' MARKETS."

"SINCE THE U.S. FEDERAL RESERVE IS HEAVILY DATA DRIVEN, THE UNEMPLOYMENT PERCENTAGE IS ONE OF THE KEY METRICS THAT THEY FOLLOW, ALONG WITH INFLATION."

BY:
TYLER PRESTON