PREVIEW: US Nonfarm Payrolls will be released on May 2nd at 13:30BST/08:30EDT

SUMMARY: The payrolls headline for April is expected at 130k, declining from March's 228k, with Refinitiv's analyst consensus ranging between 25k and 195k. The unemployment rate is seen unchanged at 4.2% (range 4.1-4.3%), and below the 2025 median Fed forecast of 4.4%. The labour market report will be gauged to see whether the implementation of tariffs has started to take effect with reciprocal tariffs being implemented from April 2nd, with the reduced rates announced from April 9th. In Powell's recent remarks, he has continued to toe the line that the Fed is well-positioned to wait for greater clarity before considering altering its policy stance, sticking to his 'wait-and-see approach'. Other influential officials, such as Governor Waller, have leant dovish while there is also significant pressure from US President Trump for the Fed to lower rates, as he continues to stress the Fed is moving too slowly. Heading into the jobs report, there have been some contrasting forces in play for April, as the soft and hard data continue to paint a different picture. While business and household economic expectations have plunged recently, the available labour market indicators are not showing any sudden break in the labour market, albeit the latest ADP report was weak. In addition, JPM adds that the weather may have boosted employment in March but should be a drag in April. Overall, Credit Agricole noted while some forecast 120k, they see 150k, and while they say the lower number is not at all unreasonable, as soft data has taken a sharp turn down and the ADP jobs report came in well below expectations, they are not quite ready to mark down its forecast given continued resilience in several hard data points such as jobless claims.

EXPECTATIONS: The headline is expected to print 130k, notably declining from March's 228k, with the analyst consensus ranging between 25k and 195k. The unemployment rate is seen unchanged at 4.2% (range 4.1-4.3%), and below the 2025 median Fed forecast of 4.4%. Average earnings M/M is seen coming in at 0.3% (prev. 0.3%), while Y/Y is expected to tick higher to 3.9% from 3.8%. For the record, labour force participation in March printed 62.5%.

LABOUR MARKET PROXIES: The Initial Claims data, for the week that coincides with the NFP survey window, fell to 216k from the prior corresponding month's 225k print, an encouraging sign that employment remains stable in the face of fresh tariff announcements from US President Trump. Further supporting this narrative, Continued Claims (which also coincide with the NFP survey window) fell to 1.833mln from the 1.847mln in the prior month's survey window. However, the March JOLTS report saw Job Openings fall to 7.192mln from 7.568mln, and beneath the bottom end of the expectations range. In the wake of the JOLTS report, Oxford Economics noted it showed some cooling of labour market conditions, but it is not enough to bring forward Fed rate cut expectations as the Fed will be monitoring the tariff impact on inflation. In addition, ADP national employment was weak as it printed 62k (exp. 115k, prev. 147k), and was also shy of the bottom end of the forecast range. Given some of the recent labour market proxies, Oxford Economics notes that "With layoffs remaining low, the Fed will focus on the inflation side of its mandate, which is why we expect policy to remain on extended pause, with the next rate cut not coming until December." Meanwhile, the April Challenger Layoffs fell sharply, dropping to 105,441, -62% M/M, with the largest cuts in April due to technology layoffs, but for the year government jobs have seen the largest cuts. But, hiring remains tepid and hiring plans rose to 16,191, still sluggish despite a 65% Y/Y jump. ISM Mfg. PMI employment remained in contractionary territory, but lifted 1.8ppt points to 46.5, as panellists continued to release workers.

ECONOMY: A lot of the focus currently resides around the impact of Trump's tariffs, and how much of the impact has filtered through yet into the economy, if any. The soft and hard data are currently showing differences, although Q1 US GDP slipped into contractionary territory, but labour data has been solid with no marked weakness, yet, aside from the aforementioned ADP numbers. Highlighting the disappointing soft data, US consumer confidence fell beneath expectations and saw the forward-looking Expectations Index tumble to the lowest level since October 2011. As expected, write-in responses had tariffs front and centre of their concerns.

FED: Fed Governor Waller (Dove) has stated that rate cuts could come from rising unemployment while noting he is willing to look through price increases related to tariffs. Others on the Fed, including Chair Powell, have been calling for more patience, given the expected impact of tariffs (growth slowdown, inflation increase) puts the Fed in a difficult position, and they want to wait and see how the new administration's policies impact the hard data. However, Waller has suggested this risks the Fed acting too late. The latest Fed's Beige book (based on info collected on or before April 14th) found that employment was little changed to up slightly in most districts, with the overall results a slight deterioration from the prior report. Looking ahead, the Beige Book found that several districts are taking a wait-and-see approach to employment, pausing or slowing hiring until there is more clarity on economic conditions. Credit Agricole adds, given the Fed seems comfortable with the current state of the labour market, a report in line with expectations would suggest little urgency to cut again. A sharp downside surprise could add some urgency, though they think that a cut is still unlikely to materialise before June and continue to expect that sticky inflation may prevent the Fed from easing as aggressively as the market expects, even if the labour market cools further. In terms of current Fed pricing, there are 2bps of cuts priced in for May, 17bps of cuts for June, 38bps for July, and 95bps by year-end.