PREVIEW - US Nonfarm Payrolls are due on 5th June at 13:30BST/08:30EDT

SUMMARY: The US economy is expected to add 85k nonfarm payrolls in May, vs 115k added in April. The unemployment rate is seen unchanged at 4.3%. Average hourly earnings are expected to rise 0.3% M/M, while the annual rate is seen easing to 3.4% from 3.6%. ADP's stronger-than-expected 122k private payrolls print has offered some encouragement, though analysts caution that ADP data tends to deviate from official BLS figures, and that prior pick-ups have proved false signals. Business surveys offer little comfort, with both the ISM manufacturing and services employment sub-indices remaining in contractionary territory. Traders will be watching closely for signs of labour market deterioration, given that FOMC officials view employment risks as tilted to the downside, though Fed officials are seemingly more concerned about the inflation side of its mandate, amid the labour market stability.

EXPECTATIONS: The consensus expects 85k nonfarm payrolls to be added to the economy in May (prev. 115k; 3mth avg 48k, 6mth avg of 55k, and 12mth avg of 21k), with the jobless rate expected to remain unchanged at 4.3% (note: the Fed's March projections, which are due to be updated in June, saw unemployment rising to 4.4% this year, but the Chicago Fed's advance labour-market indicators forecast an unemployment rate of 4.32% in May vs April's 4.34%, reflecting a small decline in layoffs and other separations; it added that rounded to BLS conventions, it implies 30% probability of a decrease, 28% no change, and 42% an increase). Average hourly earnings are seen rising +0.3% M/M (prev. 0.2%), though the annual rate is expected to ease to 3.4% Y/Y (from 3.6%).

WEEKLY CLAIMS: Initial jobless claims in the reference week for the jobs data were little changed vs April levels, printing 210k (vs 215k into the April data), while continuing claims rose a touch to 1.786mln from 1.776mln into the April report.

ADP: ADP's monthly private-sector payrolls rose by 122k in May (exp. 110k), the strongest monthly gain since January 2025; education and health services led with 57,000 new jobs; trade, transportation and utilities added 36,000. Job-changers saw pay rise 6.5% Y/Y (prev. 6.6%), while job-stayers' pay rose 4.4% Y/Y (prev. 4.4%). Meanwhile, its weekly data through to the week ending 9th May point to a monthly private payrolls increase of around 145k, well above the 12-month average of 40k; Pantheon Macroeconomics, which expects 50k payrolls, and the jobless rate to rise to 4.4%, cautions that ADP's estimates have deviated from the official BLS figures by an average of 83k since its methodology was overhauled in August 2022, and that prior pick-ups in ADP data have proved to be false signals. Pantheon places more importance on survey-based indicators, and says the best payroll indicators over the past four years have been the Conference Board's job availability differential (which fell by 0.6 points to 6.9 in the most recent report), the NFIB hiring intentions index, and regional Fed employment intentions indexes; it notes that NFIB hiring intentions were strong in January, but have since weakened sharply, returning to mid-2025 lows, and also notes that Indeed job openings have fallen 3% over the past three months, while LinkUp openings have dropped 4%.

BUSINESS SURVEYS: The ISM Manufacturing PMI data's employment sub-index rose by 2.2 points to 48.6 in May, rising on the month but remaining in contractionary territory; it said that among panellists, 50% indicated that managing head counts remains the norm at their companies, while 50% are hiring. The ISM Services PMI employment sub-index fell 0.1 points to 47.9 in May, declining on the month and remaining in contractionary territory for a third consecutive month; respondents frequently noted that companies had instituted hiring freezes or were not backfilling vacated positions, though most industries reported holding flat in employment month over month.

FED: The most recent FOMC meeting minutes showed that most participants judged that recent data showed labour market stabilisation, and generally expected conditions to remain stable near term. Several said low job growth may reflect slow labour force growth rather than fragility, though a few saw it as a possible weakness signal. Most judged employment risks were tilted to the downside. And with the labour market being seen as stable, officials' concerns appear to be more around price pressures: some warned that sustained high energy prices and tariffs could embed broader inflation pressures, de-anchor expectations and worsen the employment-inflation trade-off, though most said longer-term inflation expectations remained stable, while tariff effects on core goods inflation should fade this year. Former Fed Chair Powell also argued that the jobs market was not contributing to inflation at present. At the time of writing, money markets are pricing a 56% chance of a rate rise by the end of this year, a 42% chance of rates remaining between 3.50-3.75%, and just a 2% probability of a rate cut.

BEIGE BOOK: The latest Fed's Beige Book, based on information collected on or before May 27, 2026, saw that employment showed little to no change across eleven Districts, while one District experienced modest growth. Manufacturing hiring was the strongest sector in several Districts, supported by defense-related activity and rising data center demand. Wage growth generally remained modest to moderate and largely in line with inflation. That said, Districts reported more frequent wage adjustments and cost-of-living increases to manage increasing fuel and other household cost pressures. Most Districts described a low-hire, low-fire environment, with workers increasingly reluctant to change jobs because of economic uncertainty. Hiring remained selective and primarily focused on critical roles or attrition replacement. Professional services occupations had mixed demand conditions, partly reflecting shifts in technological and operational changes.