

U.S. Payrolls Preview: Apr 2026 Report

MNI View: Eyeing A More 'Normal' Month

May 6, 2026 - By Chris Harrison

CONTENTS

[MNI Point of View](#) | [Recent Labor Developments](#) | [Analyst Views](#) | [MNI Policy Team](#)

Executive Summary

- Nonfarm payrolls are seen increasing by 65k in April (dealer median 70k) after three particularly volatile reports where growth oscillated between 160k in Jan, -133k in Feb and then 178k in March.
- This volatility has been a feature of a low labor supply environment and depressed response rates (both likely here to stay in the near-term) along with various short-term factors including weather and strikes (impacts of which drop out this month).
- As such, it should be a somewhat more “normal” report but we certainly don’t rule out more large surprises.
- Some important higher frequency indicators have firmed or at least maintained their recent pace in April compared to March, but the weather and a lack of boost from returning strikers helps explain a large part of the anticipated moderation in payrolls growth this month.
- Seasonality will also play an important role, with the typically high level of non-seasonally adjusted hiring in April providing a firmer test than in March of a labor market that’s characterized as “low fire, low hire”.
- Expect just as much attention on the unemployment rate from the household survey, which surprisingly fell from 4.44% to 4.26% in March.
- The unemployment rate remains a key gauge of labor market balance considering recent shifts in labor supply (breakeven monthly payrolls growth is seen around 0k vs 50-150k in previous years) yet the record low response rate in the household survey will have added month-to-month volatility.
- We expect greater sensitivity to a dovish report although Middle East conflict developments are likely to remain in the driving seat. Wednesday’s relief rally on hopes of a US-Iran peace deal helped rates off lows but we remain at the hawkish end of levels seen since the first US-Israel strikes on Iran back on Feb 28.

Various Reasons To Expect Softer Payrolls Growth Despite Strong Indicators

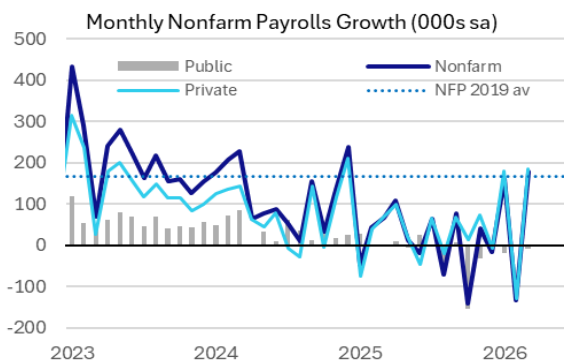
Summary Of Expectations For Apr 2026 Report

Payrolls M/M (000s)	Feb	Mar	Apr estimate		
			BBG cons	Primary dealer	
NFP	-133	178	65	70 (range -15 to 135)	
Private	-129	186	75	75 (range -5 to 115)	*a reduced sample for private

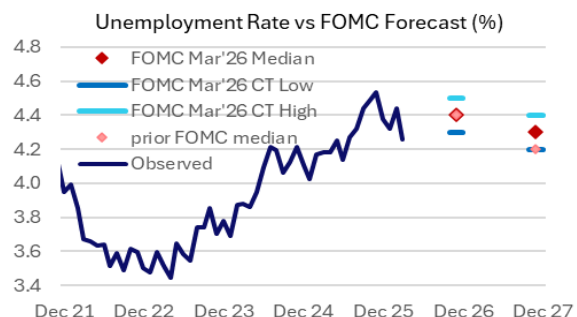
U/E Rate	Feb	Mar	Apr estimate		
			BBG cons	Primary dealer	
%	4.44	4.26	4.3	4.3 (range 4.2-4.4)	Balanced views

AHE	Feb	Mar	Apr estimate		
			BBG cons	Primary dealer	
% M/M	0.38	0.24	0.3	0.3 (range 0.2-0.4)	Viewed skewed to lower figure

Source: Bloomberg Finance L.P., BLS, MNI



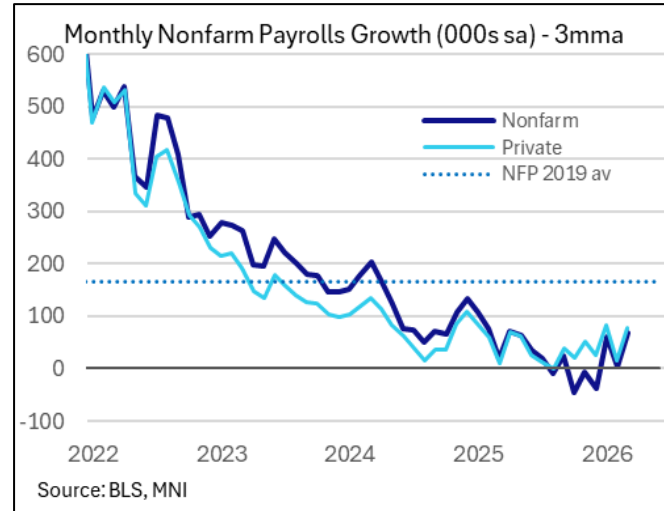
Source: BLS, MNI



Note we have interpolated an Oct'25 value here as a one-off
*Low and high range of Central Tendency. Showing Q4 average
Source: BLS, Federal Reserve, MNI

Various Reasons To Expect Softer Payrolls Growth Despite Strong Indicators

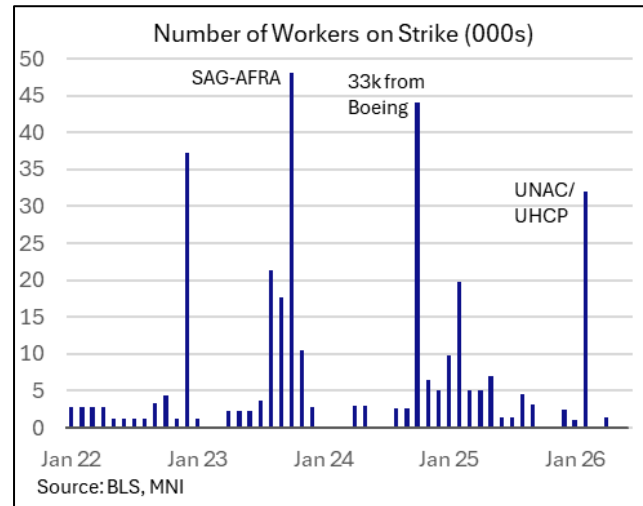
Nonfarm payrolls growth has been particularly volatile in recent months, a pattern further amplified by last month's revisions, leaving jobs growth of 160k in January, -133k in February and then 178k in March. It's a feature of a low labor supply environment and depressed response rates along with various short-term factors including weather and strikes. Some important higher frequency indicators have firmed or at least maintained their recent pace in April but there are various reasons as to why consensus looks for nonfarm payrolls growth to moderate quite notably to 65k in April. We suspect there will be an increased focus on recent averages to get a better idea of underlying trends, with the three-month average of 68k M/M in March an eleven-month high. Driving this, the three-month average of private payrolls growth was 79k, just shy of the 82k in January but otherwise its strongest since Jan 2025. These are decent monthly jobs figures considering estimates of the breakeven pace of payrolls have drifted towards zero, for example Governor Waller last month ([link](#)): "In previous years, this number ranged between 50,000 and 150,000 per month, but with no growth in the labor force, it is now likely close to zero."



Similarly, Fed staff last month published a [paper](#), which concluded "near-zero labor force growth implies that breakeven employment growth (i.e. the pace needed to maintain a steady unemployment rate) would also be near-zero—making negative job growth almost as likely as positive job growth in any given month". And "the 90-percent confidence interval of total employment growth based on the BLS's estimate of the standard error of monthly payroll employment growth from their establishment survey ... implies that it would not be unusual for there to be one or more months in 2026 with declines in total payroll employment as large as -100,000 jobs, even if economic output was growing at the rate of potential output growth."

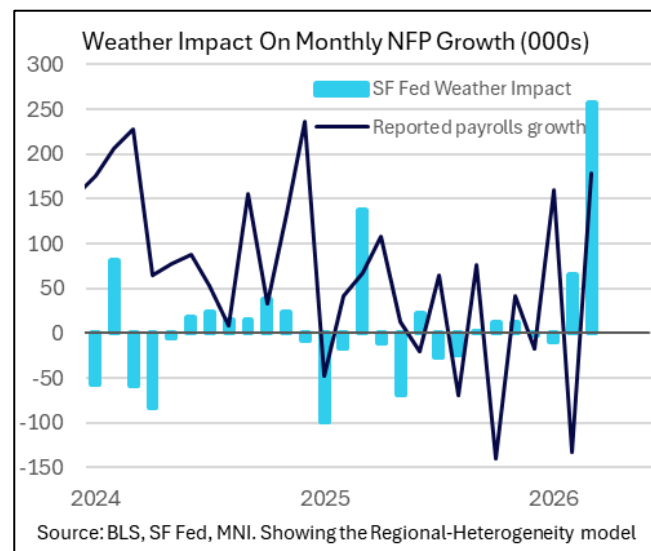
Returning Striker Boost Drops Out This Month

Starting with the easiest to estimate factor, this will be the first month of the past three that isn't notably distorted by striking workers, which dragged 31k from payrolls growth in February before adding 32k in March for a non-trivial factor behind the particularly volatile recent profile. Just 1.4k workers were on strike over the April reference period, linked to IAM action and to show up in arms & ammunition related manufacturing.



Neutral Weather After An Arguably Sizeable Boost In March

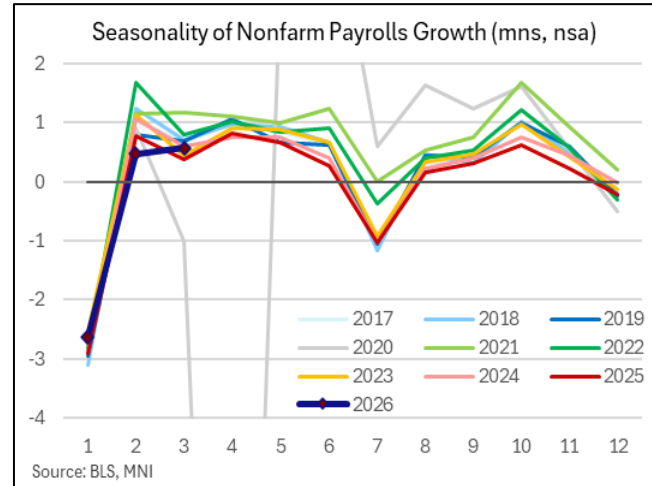
It is widely agreed that favorable weather boosted payrolls growth in March and is less likely to have done so in April. The extent of the prior boost is contentious, however. SF Fed models estimate March saw a huge boost in the range of 225-257k to monthly growth, implying that the 178k increase currently estimated for March nonfarm payrolls growth would actually have been a drop of circa 50-80k if the weather had been entirely neutral. The estimated boost was comfortably the largest since estimates started in 2015. JPMorgan on the other hand offer their own useful estimate based on a simple regression based on heating degree day deviations, with a 60k boost in March which then



disappears in April. We don't think is a particularly unusual view on the sellside, with JPMorgan's estimate of 50k for nonfarm payrolls growth in April only a little below consensus of 65k. The household survey reported that a non-seasonally adjusted 91k were not at work due to bad weather in March, almost identical to the prior year (87k) though lower than the 122k average of the last 5 March's, with this year's weather particularly good for March. The rebound in construction and leisure/hospitality payrolls were also suggestive of a more solid-than-usual weather effect after February's depressed figures, although the SF Fed's estimate look high compared to these as well.

Seasonality Hurdle

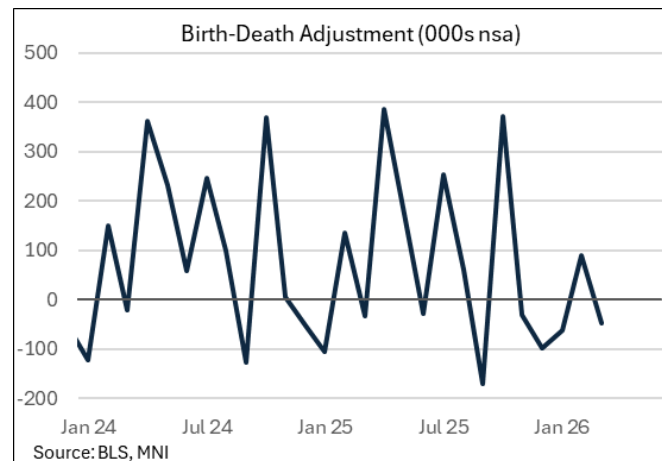
April will be a better test of hiring demand in the "low fire, low hire" labor market than March, with it typically seeing one of the largest months for non-seasonally adjusted hiring. In fact, whilst February used to be the largest month of the year for outright hiring (re-hiring after January post-holiday layoffs/seasonal employment decline), that pattern changed somewhat last year with April's 828k increase the largest. The past two months have seen mixed hiring relative to their seasonal norms, with February seeing a particularly small 476k (smallest Feb hiring since 2010) but March was solid with 571k as it bounced after an admittedly very weak 383k in Mar 2025 (only lower in 2009 and 2020). Scotia on the matter, who are at the low end of consensus with nonfarm payrolls growth seen at just 10k: "just to keep flat on the m/m SA payroll change would require marrying last April's SA factor to a seasonally unadjusted gain of at least 750k m/m. That's possible, but a repeat gain over 100k m/m SA would require at least 850,000 jobs to be gained in seasonally unadjusted terms when the US has been losing hiring momentum."



jobs to be gained in seasonally unadjusted

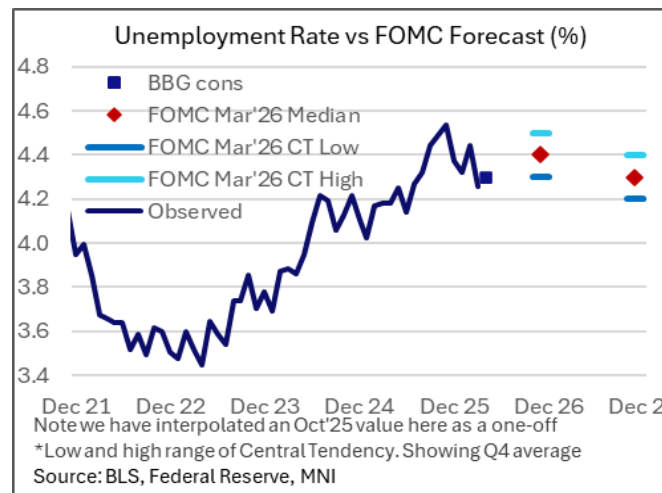
Birth-Death Adjustment Remains A Wildcard

The BLS's Birth-Death model subtracted 47k (NSA) from payrolls in March after adding 90k in February, for a 3rd subtraction in 4 months. That compares to -33k in March 2025 and was larger than the -22k average for the last 5 March's. It will however compare with a huge 386k increase in Apr 2025.



Household Survey: Unemployment Rate Seen Consolidating Recent Pullback Off Highs

We, and we suspect most on the FOMC based on recent commentary (including from Powell at the March FOMC press conference), have been paying more attention to the unemployment rate in the Household Survey than the headline payrolls figure in the Establishment Survey. It's seen at 4.3%, with primary dealer analysts mostly centered on it albeit with two-sided risk, after it surprisingly hit a nine-month low of 4.26% in March to prove that the headline payroll gains were no fluke. The median FOMC participant forecast an unemployment rate of 4.4% in 4Q26 before 4.3% in 4Q27 in the March SEP. The details of the lower-than-expected u/e rate in March suggested it was less impressive than first appeared though, with it uncertain whether it was supply or demand that is the bigger driver of the employment slowdown. While the Establishment survey posted



178k payroll gains, Household survey employment fell -64k on the month. Further, whilst unemployment dropped 332k (largest monthly decrease since Nov 2021 excluding January population control months) following a 203k increase in February, it came as the number of those not in the labor force jumped 488k. As such, the participation rate fell to 61.88% from 62.05% prior, the first sub-62% reading since 2021 and the lowest since October 2021. Participation fell across demographics: most notably prime-age participation fell to 83.8% from 83.9%, continuing to reverse the apparent gains to the 18-month high 84.0% in January; 16-24 (55.1% from 55.7%) and 55+ (37.2% from 37.3%) also declined.

Analyst Estimates: Decent Range To NFP Estimates

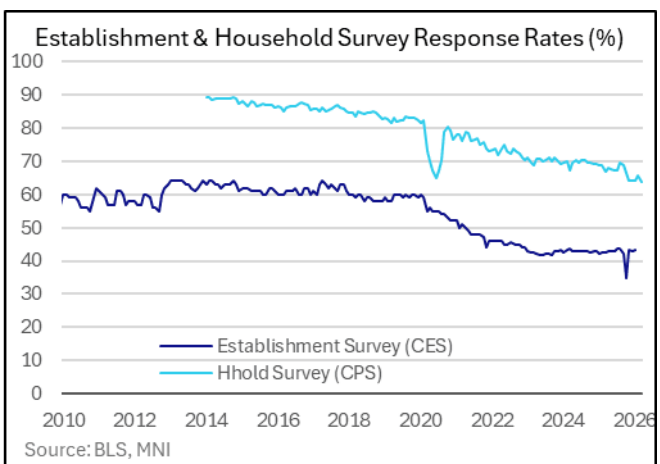
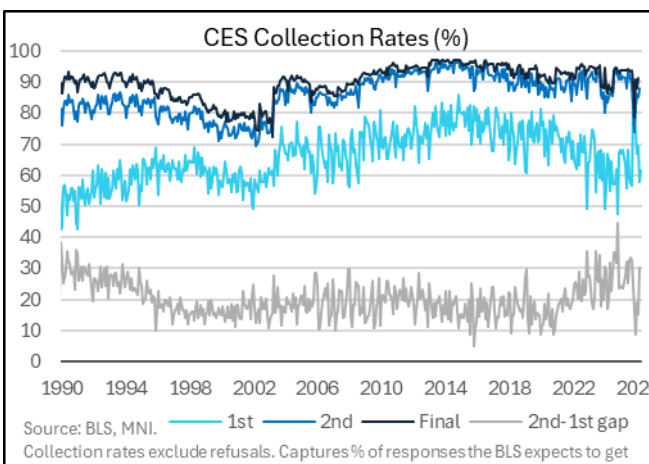
- MNI's survey of primary dealers for the April Employment Report shows a median expectation of +70k nonfarm payrolls, (coincidentally the same as last month's entry before payrolls firmly overshoot expectations with 178k.
- There's a wide range to these estimates from -15k (Citi, the only one looking for a net jobs decline) to 135k (Jefferies, noting strong implications from weekly claims data and ADP tracking). This compares with a range of 30-115k ahead of last month's release.
- Most expect the unemployment rate to round to 4.3%, and whilst a few unsurprisingly look for 4.2% (it was 4.26% in March), there are a few also looking for a larger move to 4.4%.
- Average hourly earnings growth meanwhile is seen at 0.3% M/M but with a more clearly dovish skew to a dovish outturn.

Primary Dealers Mixed On U/E, Dovish AHE

mni	Payrolls (chg M/M, k)			U/E Rate	AHE
	Total	Private	Govt	(%)	(% M/M)
Citi	-15	-5	-10	4.4	0.2
Barclays	0	0	0	4.3	0.3
Scotiabank	10			4.2	0.3
RBC	26			4.3	0.2
Societe Generale	40	50	-10	4.3	
Santander	45	50	-5	4.3	0.3
Deutsche Bank	50	60	-10	4.3	0.3
J.P.Morgan	50	60	-10	4.2	0.3
BNP Paribas	65	70	-5	4.3	0.4
BMO	70			4.3	0.3
Morgan Stanley	70	80	-10	4.3	0.3
Nomura	70	75	-5	4.2	0.2
Wells Fargo	70	75	-5	4.4	0.3
Goldman Sachs	75	80	-5	4.3	0.3
BofA	80	90	-10	4.3	0.3
NatWest	80	80	0	4.4	0.3
TD Securities	80	85	-5	4.3	0.2
HSBC	100			4.3	0.2
UBS	100	95	5	4.27	0.27
Mizuho	110			4.3	0.3
Jefferies	135	115	20		
Median	70	75	-5	4.3	0.3
<i>Prior</i>	<i>178</i>	<i>186</i>	<i>-8</i>	<i>4.26</i>	<i>0.24</i>

Recapping The Divergence In Response Rates In March

- The response rates to the establishment survey improved in March. The 1st round collection rate increased from 57.7% to 61.7%, still very low historically but at least some consolation that February's abysmal rate (one of the lowest in survey history) wasn't repeated. The 2nd rate for February came in at 88.0% (highest since August) and the 3rd rate ended up at 91.3% (also the highest since August). That said, the gap between 1st and 2nd/3rd collection rates still leaves scope for large revisions in the April release.
- Against that, household survey responses weakened to 63.9%, down 2pp from February and a fresh all-time low (for comparison, at the depths of the pandemic in 2020, this bottomed at 64.9%). This deterioration will cast doubt on the signal sent from the month-to-month changes on the Household side.



Markets: Sensitivity To Downside Surprise But Limited, Especially With Iran Headlines Still Key

Fed Chair Powell described the unemployment rate as “*changed little in recent months*” in last week’s FOMC press conference. The rate fluctuated between 4.3-4.5% on a rounded basis since July 2025 and with the single 4.5% reading in November likely biased a tenth higher due to distortions following the government shutdown (there was no October reading). He went on to repeat verbatim from the March statement: “*Job gains have remained low. A good part of the slowing in the pace of job growth over the past year reflects a decline in the growth of the labor force, due to lower immigration and labor force participation, though labor demand has clearly softened as well. Other indicators, including job openings, layoffs, hiring, and nominal wage growth, generally show little change in recent months.*”

When asked “how would you describe the economy outside of the misbehaving inflation? I mean, it’s still awfully resilient given all of the blows”, Powell responded, “*I don’t know that you can be awfully resilient. So it’s actually quite resilient I would say because it’s a positive thing, if I can -- if I can have that amendment. Yeah, the -- you know, growth is really solid across our economy. Some of that is that consumer spending is hanging in pretty well. The most recent data are good. And some of it is just the apparently insatiable demand for data centers all over the United States. [...] If you look at the unemployment rate, it’s 4.3, so that’s a low rate. That’s pretty close to mainstream estimates of the natural rate. We’ve been there for a long time. So it’s -- it doesn’t feel like a good labor market to some who don’t have jobs because quits are really low, hires are really low, and there’s effectively no new net job creation. So that’s a -- that’s -- you know, in a sense, the labor market is in balance, but it’s an unusual and uncomfortable kind of a balance where people who don’t have jobs will have a hard time breaking in unless somebody quits their job. So that’s pretty good.*”

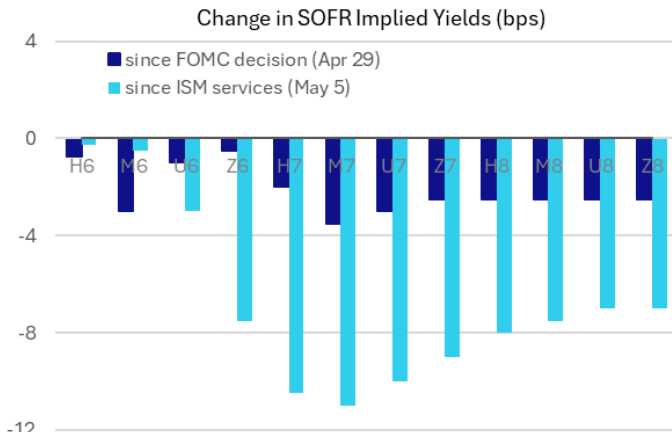
All told, a single month of labor data is unlikely to meaningfully alter perceptions of this unusual and uncomfortable kind of balance. That’s especially so where payrolls growth has swung considerably in recent months and the unemployment rate has also seen sizeable volatility, leaving multi-month trends better indicators of labor market momentum. There can be an argument that a strong report will see greater support for the FOMC to drop its easing bias from the statement after three hawkish dissents to its inclusion at last week’s meeting (MNI Fed Review link). The market is however already there, with a very mild easing bias seen over the next few months (-4bp Sep) before a mild hiking bias starting Dec 2026 and then expanding into 1H27 (+6bp Apr 2027 from current levels). Equally, a soft print with the unemployment rate climbing towards 4.5% could warrant an initial dovish reaction, especially ahead of incoming Fed Chair Kevin Warsh (assuming Senate confirmation after the banking committee approval) but it will again come down to being one month of data and with a FOMC that is looking increasingly patient with the current level of rates. On balance, we expect greater sensitivity to a dovish report although Middle East conflict developments are likely to remain in the driving seat for now. Wednesday’s relief rally on hopes of a US-Iran peace deal helped rates off lows but we remain at the hawkish end of levels seen since the first US-Israel strikes on Iran back on Feb 28.

FOMC-dated Fed Funds futures implied rates

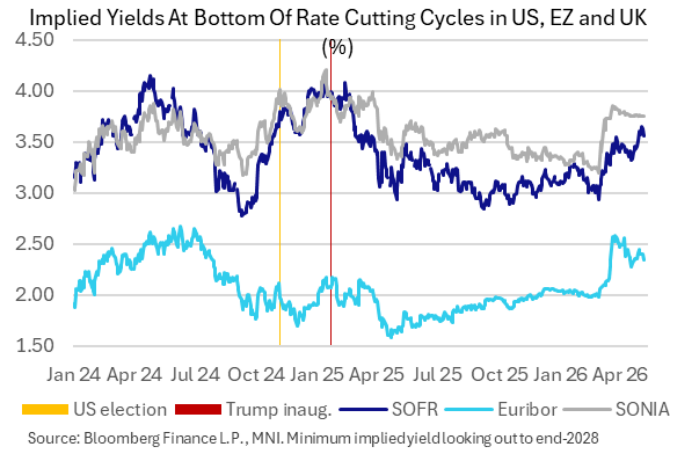
Meeting	Latest			pre Powell presser (Apr 29)			chg in rate	pre FOMC decision (Apr 29)			chg in rate
	%	step (bp)	cum. (bp)	%	step (bp)	cum. (bp)	bp	%	step (bp)	cum. (bp)	bp
Effective	3.64			3.64				3.64			
Jun'26	3.62	-1.7	-1.6	3.64	0	0.1	-1.7	3.64	0	0	-1.7
Jul'26	3.61	-1.6	-3.2	3.64	0	-0.2	-3.0	3.63	-1	-1	-2.0
Sep'26	3.60	-1.0	-4.2	3.64	0	-0.3	-3.9	3.63	0	-2	-2.7
Oct'26	3.63	3.0	-1.2	3.65	1	0.8	-2.0	3.62	0	-2	0.6
Dec'26	3.66	3.1	1.9	3.66	1	2.0	-0.1	3.63	1	-1	2.7
Jan'27	3.67	0.9	2.8	3.69	3	4.8	-2.0	3.66	3	2	1.0
Mar'27	3.70	2.8	5.6	3.73	4	8.8	-3.2	3.69	3	5	1.0
Apr'27	3.70	0.7	6.3	3.75	2	10.7	-4.4	3.71	2	7	-0.4
Jun'27	3.69	-1.8	4.5	3.74	-1	9.8	-5.3	3.70	-1	6	-1.2

Source: Bloomberg Finance L.P., MNI. Assuming same EFR-target lower bound spread from latest fix going ahead

+11,00.90



Source: Bloomberg Finance L.P., MNI

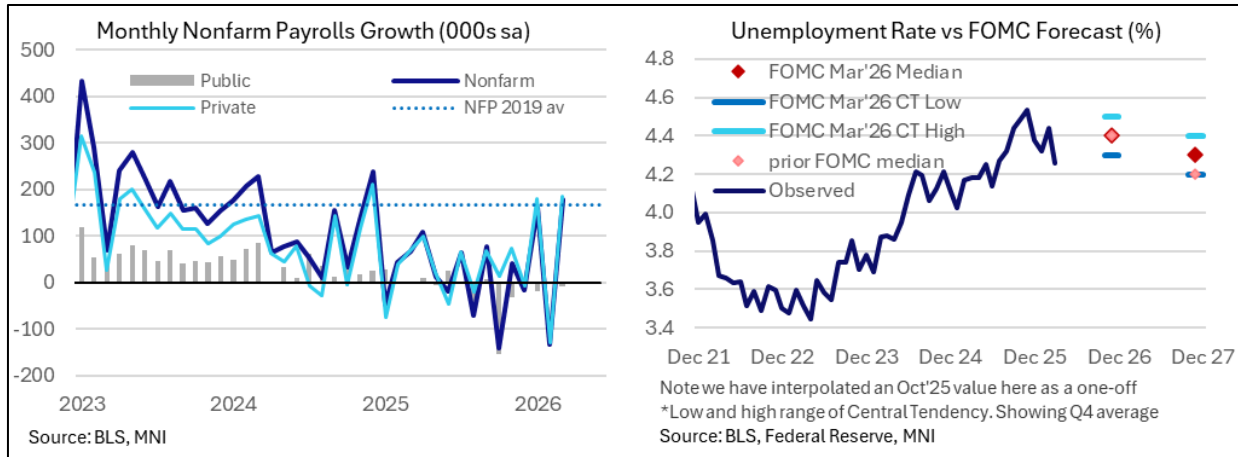


Source: Bloomberg Finance L.P., MNI. Minimum implied yield looking out to end-2028

[Report continues below with recent development and analyst views]

Recent Labor Market Developments

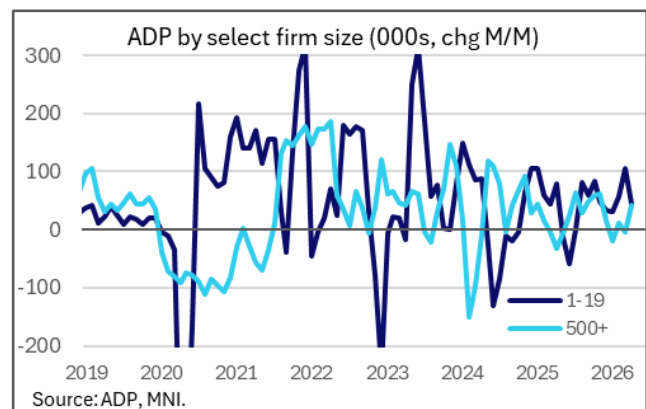
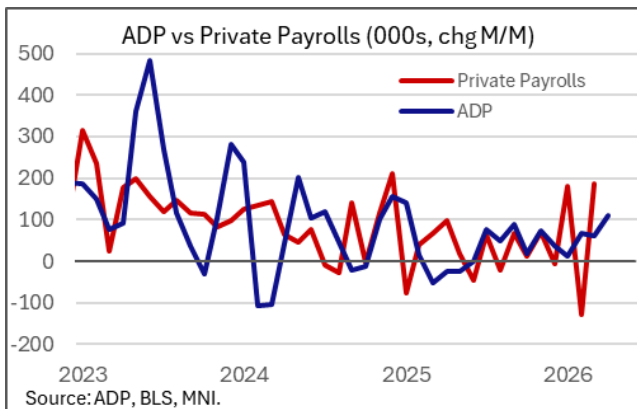
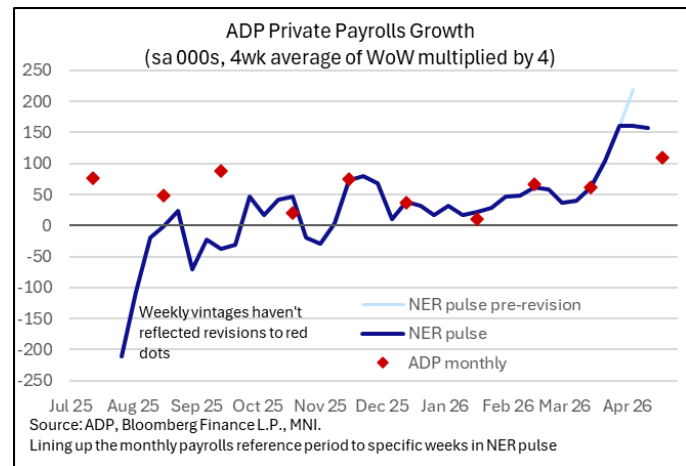
The recap of the March payrolls report: U.S. Employment Insight: Strong Bounce Alleviates Concerns ([link](#)).

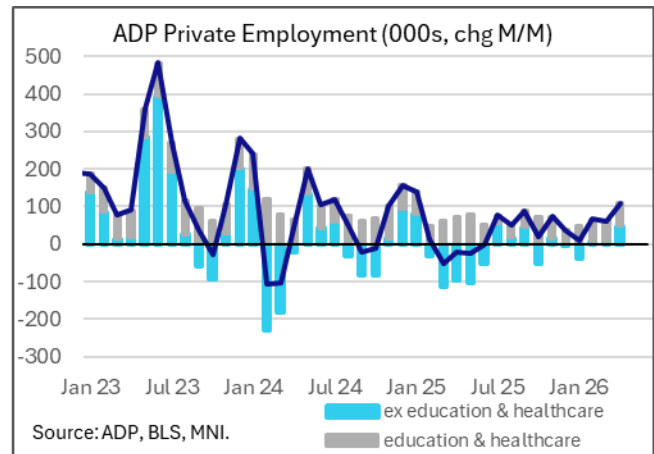
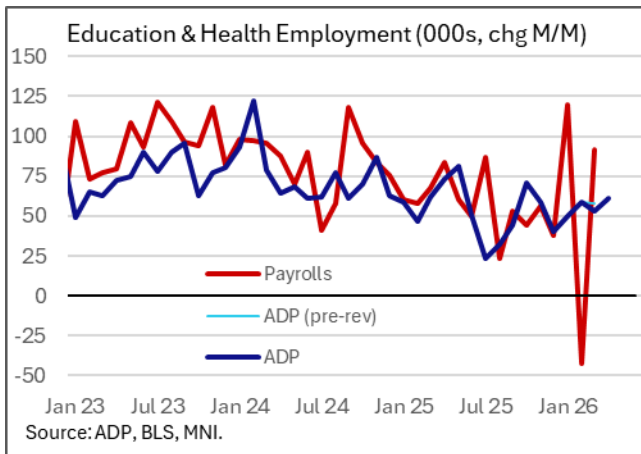


Upside

Monthly ADP Undershoots Consensus and Tracking In April But Still Solid

- ADP private sector employment disappointed as it increased 109k (sa, cons 120k) in April after a barely revised 61k (initial 62k) in March and 66k in February.
- The weekly updates had seen a particularly impressive acceleration recently, with three weeks running at circa 160k on a monthly equivalent for the four-week moving average.
- Whilst a small miss to consensus and weekly tracking, it's still comfortably above the 75k expected for private payrolls in Friday's BLS report, and breakeven estimates for nonfarm payrolls drifting closer to zero.
- See the below charts for context behind how much steadier the ADP series has been in recent months compared to heightened volatility in the BLS series.
- ADP chief economist Richardson notes: "Small and large employers are hiring, but we're seeing softness in the middle [] Large companies have resources to deploy, and small ones are the most nimble, both important advantages in a complex labor environment."
- By sector, ADP job creation ex education & healthcare increased 48k for its largest increase since Jul 2025 in the latest vintage.

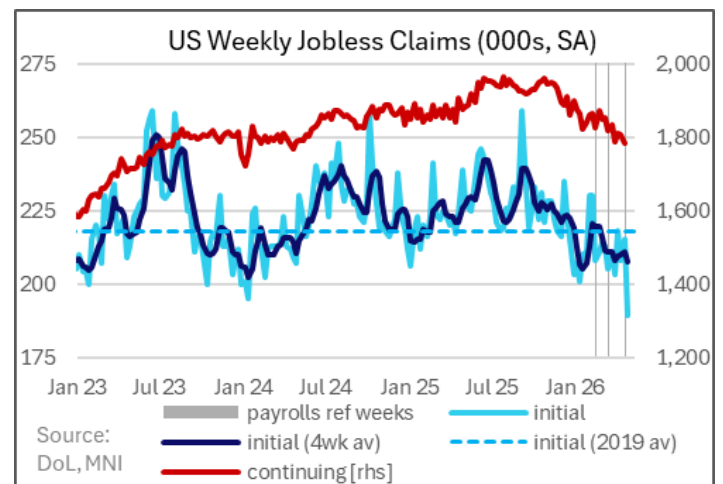




Mixed To Better Jobless Claims (Predating Sharper Initial Claims Drop)

Initial claims developments, at least compared to prior reference periods, are probably more suited to the neutral section here although continuing claims are in the upside category as they continued to trend lower.

- Specifically, the 215k for seasonally adjusted initial claims in the April reference week compares with 205k in March, 208k in Feb, 210k in Jan, 224k in Dec and 222k in Nov. They did however then drop to 189k a week later, a lowest single week since 1969.
- The 1785k for continuing claims meanwhile compares with 1816k in March, 1827k in Feb, 1823k in Jan, 1910k in Dec and 1943k in Nov.

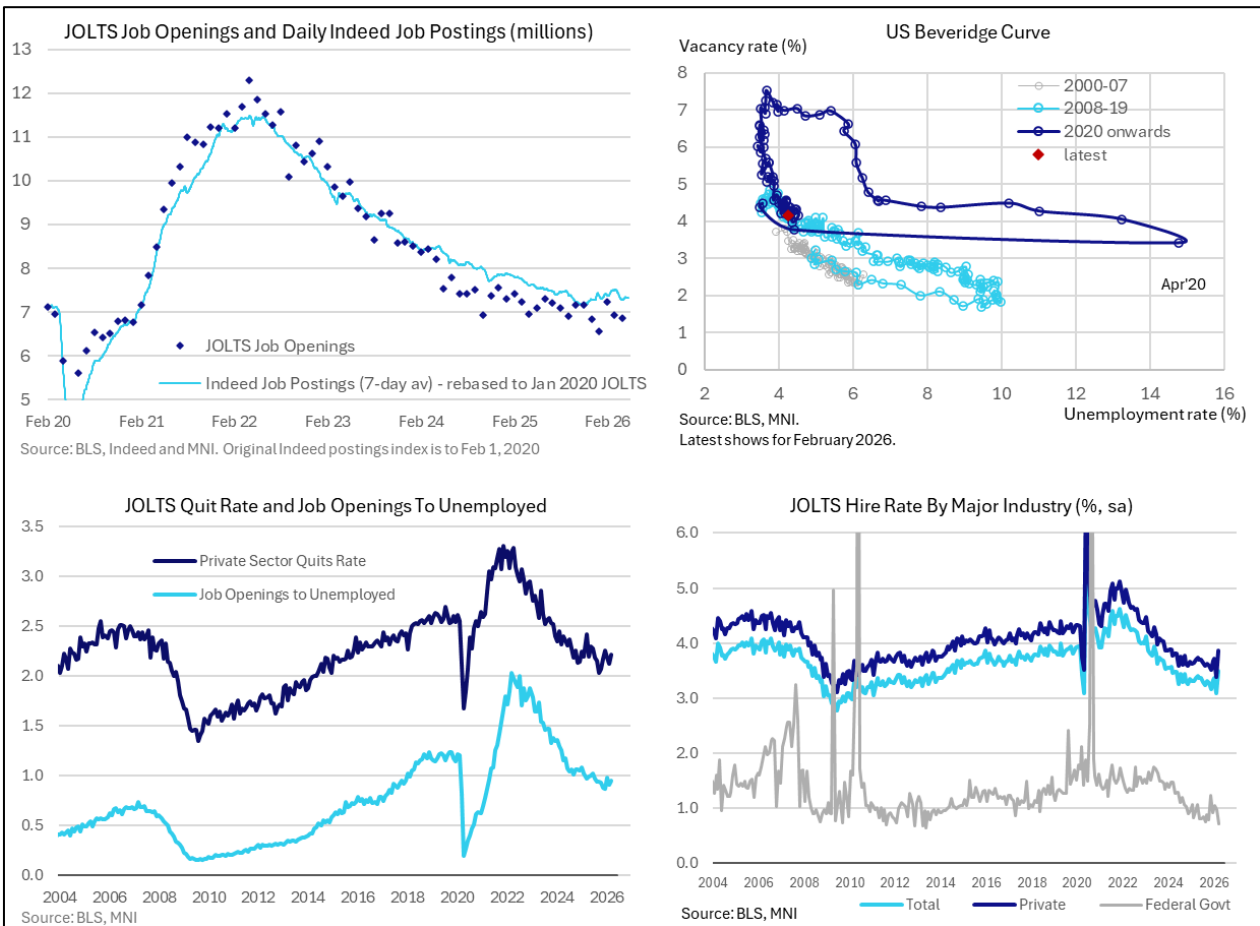


Neutral

JOLTS Openings Roughly In Line Whilst Hire Rate Bounces After Notable Latest Drop

The March JOLTS report saw job openings only slightly higher than expected but with a more interesting swing higher in hire rates. We caution putting too much weight on this uptick but further signs of improvement next month would be notable as very low hire rates have been a particular vulnerability of the labor market.

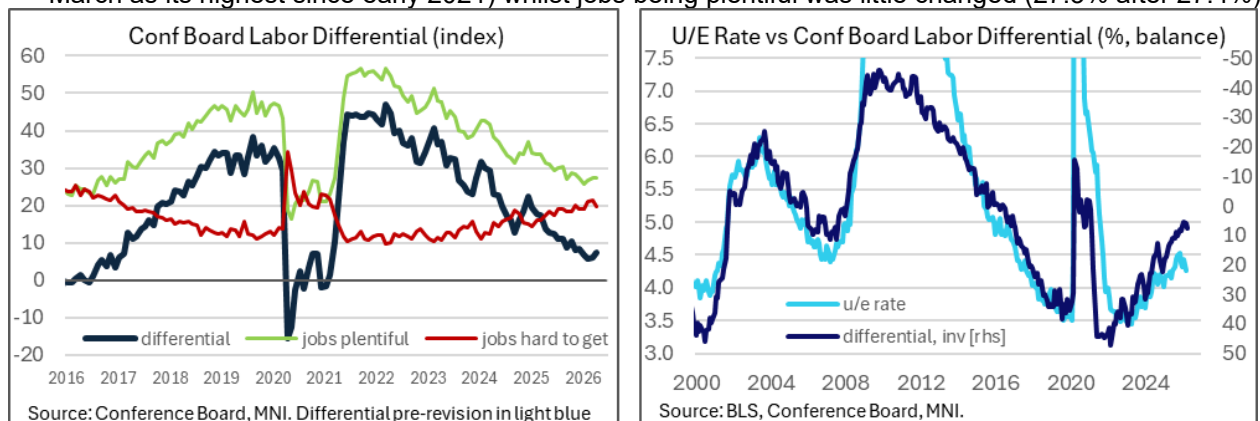
- Job openings** were slightly higher than expected in March at 6866k (sa, cons 6850k) for a small decline after an upward revised 6922k (initial 6882k) in February.
- The ratio to unemployed increased from 0.91 to 0.95, unsurprising as already published unemployment data had showed a sharp drop in March. This ratio has lifted from an average 0.88 in Nov and Dec (lowest since early 2021 and or mid-2017 looking pre-pandemic) but has broadly plateaued in trend terms having averaged 0.95 over the past twelve months.
- The most interesting element of the report to us was the bounce in the **hire rates** to 3.50% (highest since Feb 2024) from a particularly low 3.09% in Feb (joint low with Apr 2020 and before that last lower Jan 2011).
- It's a puzzling two-month swing that isn't confined to a particular industry - most clearly pronounced in leisure & hospitality and professional & business services but with also a recent increase in trade, transportation & utilities. The 3.30% average of the last two months is close to where it's stabilized since late 2024, at low levels compared to the 3.9% averaged in 2019 and 3.8% in 2017-18.
- The **quits rate** was a little more encouraging on the month at 2.00 after 1.92 but again continues to broadly plateau. It has averaged a relatively low 2.0 since late 2024 vs the 2.3 in 2019 or 2.2% through 2017-18.



Labor Differential Sees A Second Small Improvement But Caution Remains

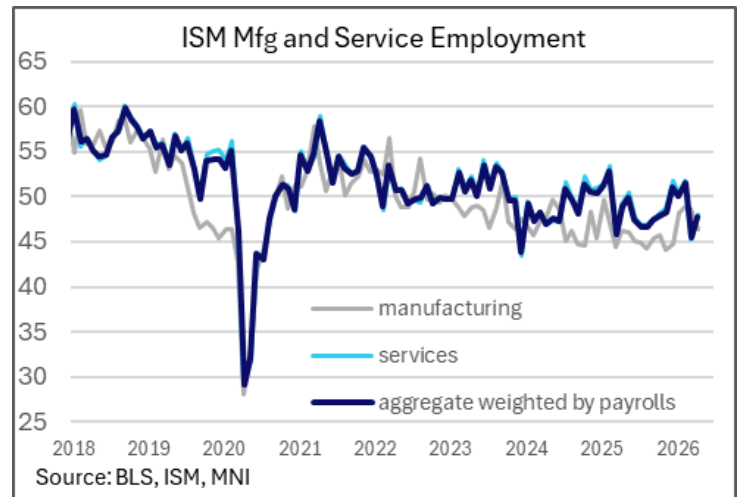
The Conference Board's labor differential has shown some stabilization in recent months after its trend deterioration, although continues to point to a softening in the labor market that isn't yet reflected by the BLS unemployment rate. It's in contrast to more resilient findings in weekly ADP and jobless claims data.

- The Conference Board's labor differential improved a little to 7.5 in April from a marginally revised 6.1 (initially reported 5.8) in March.
- It technically sees a second monthly improvement off a recent low of 5.7 in February although in trend terms it has plateaued in recent months with an average of 7.1 since November.
- It's a low level by recent year standards and continues to point to trend upwards pressure in the unemployment rate.
- The latest driver was from improved prospects of jobs being hard to get (fell to 19.8% after the 21.3% in March as its highest since early 2021) whilst jobs being plentiful was little changed (27.3% after 27.4%).



At Best Mixed ISM Survey Employment Components

ISM surveys had mixed outturns for employment components. The manufacturing series slipped to 46.4 (lowest since Dec 2025) after three relatively stronger months averaging 48.5, still comfortably in contraction territory but their highest since Jan 2025 having been sub-50 since Sep 2023. The services series on the other hand was close to consensus in April at 48.0 as it partly recovered from a slide to 45.2 in Mar. Whilst an improvement on the month, it continues to suggest a deterioration in labor conditions since the three >50 readings through Dec-Feb (av 51.3).



Selected Sell-Side Views

Ranked from largest to smallest NFP figure for February:

Jefferies: NFP growth of 135k in Apr (private 115k)

- “Average nonfarm payroll growth from Liberation Day through January 2026 was just +12k per month. This sluggish pace of job growth has variously been attributed to limited immigration flows, AI adoption, and demographic shifts, but our long-held view has been that the tariff uncertainty was the primary culprit. At this point, we think that the tariff factor has faded significantly, and thus we think that the trend in job growth is higher than most estimate we hear tossed around. It is difficult to put this into a point estimate, but 50-75k per month seems reasonable.”
- “However, if one believes that the other factors were more responsible for the slow pace of job growth, then there is no reason for them to think that trend job growth is meaningfully above zero. So the persistence of job growth at a pace above 100k per month is going to result in even more pessimistic views towards rate cuts from the Fed this year, presenting risk to higher yields in the front-end of the curve.”
- “That being said, we are looking for +135k for April payrolls, which is almost 2x the monthly average. So, why so strong? [...] The data that was released on Thursday showed that continuing claims fell to the lowest level in 2 years during the April survey week. As the graph below shows, large month-over-month declines in continuing claims tend to correlate well with above-trend increases in nonfarm payrolls.”
- “The new ADP Weekly Labor Market Pulse data also gives reason for optimism for a solid private sector payroll print as well. This measure has been trending higher since the end of October, inflected to an even steeper trajectory since the middle of February, and legged up to the strongest pace of job growth in the short series as of the middle of April.”

UBS: NFP growth of 100k in Apr (private 95k), U/E rate 4.3%

- UBS see “two sided risks from weather and significant support from seasonal adjustment, in particular the pandemic's influence on the pretreatment intended to account for additional distance between some monthly survey periods.”
- “The recent volatility poses risks too: we have a view on the underlying trend but the recent data has been sufficiently volatile to undermine the confidence in any such assessment.”
- “We expect private employment expanded 95K and government 5K, the latter benefitting from a waning of the 2025 efforts to trim the federal workforce. We expect cumulative downward revisions to prior months.”
- “For April, the RNBD poses two sided risks. We guess they tilt downward. [...] the main reason we expect the April 2026 adjustment is lower than the current post-benchmark estimate of +386K is because of the 2025Q2 birth and death data from the Business Employment Dynamics data. Incorporating that data into an estimate for what the April 2025 actual value of the residual might be, we expect the trend of a rising adjustment in April ends and starts trending lower this month. [...] Although we estimate that the adjustment in 2026 will be smaller, we doubt that it entails much downside risk to the projection as long as it remains between, say, 365K and 385K, which is roughly what we expect. [...] At 365K or lower, you start consider what might be a 5K weight on the SA change to something larger. However, substantial uncertainty remains since this new methodology of the BLS has not been previously used in real time.”
- AHE seen rising 0.27% M/M in April, “which absent revision would push the year-over-year change back up from 3.52% to 3.77%. We expect average weekly hours remained unchanged at 34.2 hours, though on an unrounded basis we would expect the workweek lengthened in April.”
- They see the unemployment rate at 4.27% whilst “the labor force participation rate remains at 61.9%, at least when rounded. More unwinding of last month's 16.5 bp drop in LFPR poses an upside risk to the unemployment rate projection, given how much of the decline in the unemployment rate could be accounted for by that decline. If LFPR had not declined in March, the March unemployment rate would have been 4.51% and not 4.26%, and the conversation around the labor market would likely sound much different.”

BofA: NFP growth of 80k in Apr (private 90k), U/E rate at 4.3%

- “After job growth came in above all expectations in March, we look for April NFP to print at a solid 80k (private: 90k), which would be comfortably above breakeven.”
- “Education & health will continue to lead job gains. Warmer weather may support leisure & hospitality and construction, though softer air traffic could weigh on the former. Risks are tilted to the upside, with claims remaining benign and the weekly ADP data inflecting upwards.”

- “We expect the u-rate to remain at 4.3%, with LFPR unchanged at 61.9%.”

TD Securities: NFP growth of 80k (private 85k) in Apr, U/E rate at 4.3%

- “This year has seen various idiosyncratic factors influence payrolls, including birth-death adjustments, strikes, and weather. In that context, the April payrolls report may be the first “clean” reading on job gains for 2026.”
- “We expect headline payrolls to show a normalization in job gains at 80k, with 85k private and -5k government. The sectoral makeup will likely be similar to last year, with job gains largely supported by healthcare.”
- “The UE rate should continue showing stabilization at 4.3%. We also expect AHE to stay modest at 0.2% m/m, with the y/y moving up to 3.7%.”
- “The report is likely to continue to support a Fed hold, however with focus shifted to the Middle East, the market reaction could be muted. We would expect the reaction to be asymmetric, where a higher UE rate would put the Fed’s dual mandates in tension and elicit a larger reaction.”

Goldman Sachs: NFP growth of 75k in Apr (private 80k), U/E rate at 4.3%

- “On the positive side, the big data indicators of job growth we track were solid and higher frequency measures of layoffs remained low. On the negative side, we expect a 5k decline in government payrolls—reflecting a 10k decline in federal government payrolls that is partly offset by a 5k increase in state and local government payrolls.”
- “We estimate that the unemployment rate was unchanged on a rounded basis at 4.3% in April. That said, the bar for rounding down to 4.2% is not high from an unrounded 4.26% in March.”
- They see AHE rising 0.3% M/M, “reflecting neutral calendar effects.”

Morgan Stanley: NFP growth of 70k in Apr (private 80k), U/E rate at 4.3%

- “Falling jobless claims signal even slower layoffs and a slightly faster reemployment rate at the start of April. We forecast payrolls rose 70k, with private payrolls rising 80k, about in line with the 1Q average pace. That employment growth is close to our estimate of the payroll pace consistent with a flat unemployment rate, and the unemployment rate moves sideways, 4.3% but on the cusp of a 4.2%.”
- “We project average hourly earnings rise on trend 0.3% m/m. The y/y pace spikes, likely temporarily to 3.8% from 3.5% in March although it’s still below the 3.9%/y at the end of 2025.”

Wells Fargo: NFP growth of 70k in Apr (private 75k), U/E rate at 4.4%

- “The labor market is still stuck in the low fire, low hire dynamic that has prevailed for the past two years. While layoffs at well-known tech companies made headlines in recent weeks, initial jobless claims, WARN notices and Challenger job cut announcements point to economy-wide layoffs remaining tame for now. Yet, firms still show little appetite to hire additional workers.”
- “With demand for workers little changed, the supply of workers has become a bigger factor in the pace of job growth. Last month’s 178K rise in payrolls, even accounting for the ~30K boost from completed strikes, is untenable given the immigration and demographic constraints on labor force growth. We expect some payback in April and estimate total payrolls advanced 70K, with private payrolls up 75K.”
- “The April unemployment rate is also like to point to a slightly softer jobs market. Last month’s drop to nearly 4.2% (4.26% unrounded) was driven by a swath of unemployed workers leaving the labor force. We look for a rebound in the labor force and ranks of the unemployed in April to push the unemployment rate back to 4.4%. That would leave the unemployment a tick higher than what most FOMC members estimate is full employment—uncomfortable amid an uncertain demand backdrop, but not indicative of the labor market’s delicate balance tipping in April.”

UniCredit: NFP growth of 60k in Apr, U/E rate 4.3%

- The April employment situation report “is likely to show a broadly stable labour market” after “wild swings in recent months”.
- “The unemployment rate likely held at 4.3%, with average hourly earnings up 0.3% mom.”
- “Timelier indicators have been stable. Among them, initial jobless claims have remained low and the job postings index compiled by Indeed has moved up slightly.”

ING: NFP growth of 50k in Apr

- “[I]f the US couldn’t meaningfully add jobs when the economy was growing robustly and sentiment was strong, it’s going to be much harder with huge economic and geopolitical challenges stemming from the Middle East conflict.”
- “The ISM employment indices point to contraction while job lay-off announcements remain elevated and consumer confidence surveys suggest sentiment on jobs remains depressed. Yet jobless claims are very low, and the ADP weekly employment statistics have been good.”
- “Considering that payrolls surged 178,000 in March with private payrolls rising 186,000, we expect to see a gain closer to 50,000 for April with employment again concentrated in private education and healthcare services.”

JPMorgan: NFP growth of 50k in Apr (private 60k), U/E rate at 4.2%

- “Employment growth has been very choppy over the last few months, with the last three prints for private payrolls at +180k, -129k and +186k. This, along with less support from favorable weather, is a key reason why we look for payrolls to slow a bit relative to the three-month average of 68k (90k excluding the federal government sector). In fact, it wouldn’t surprise us to see an outright drop, as that would still leave the level of jobs in line with the trend in job growth since the start of 2025.”
- “The possibility that technical factors could depress payrolls, even as some other high-frequency labor indicators have improved, means we wouldn’t be as concerned by a low payroll reading as we normally would be.”
- “Among other metrics that have been strong, initial and continuing claims stand out, as does the weekly ADP figures. Initial claims in the week ending April 25—the week after the payroll survey week—hit their lowest since 1969, while continuing claims in the payroll survey week were the lowest since mid-2024. Likewise, in the four weeks to April 11, the ADP estimate of private payrolls rose 157k, with the last few reports being the strongest since the end of 2024. ADP hasn’t had the same degree of recent choppiness as the BLS number. If we assume that its job count grows by 160k between March and April, and apply ADP’s December to April cumulative percent change to BLS, it would imply that BLS private payrolls would need to rise about 70k in April.”
- “Temperatures relative to seasonal norms increased significantly between early February and early March, then fell between March and April. A simple regression of payroll growth against the three-month average lagged growth and heating degree day deviations in the current and prior month would suggest a change, relative to the prior month, of around 60k in March, with that effect then disappearing in April.”
- “BLS’s new birth/model [...] has drawn attention as an added source of volatility in monthly payroll figures. However, March’s surprisingly large payroll increase was not associated with an unusually supportive birth/death adjustment. The March birth/death adjustment had been gradually moving lower over time, and this year’s factor was in line with that trend.”
- “The March unemployment rate was 4.256%, so it would be easy to round down to 4.2%, which is what we forecast will happen in April. Some leading indicators of unemployment have been turning slightly more positive, particularly continuing claims.”

CIBC: NFP growth of 45k in Apr, U/E rate at 4.3%

- “Labor market performance has been choppy lately, with the sixmonth average trend in job gains sitting at a low 15K. Surveys show that jobs are hard to come by, in line with the low job openings rate and layoff announcements in tech.”
- “Compounded by uncertainty tied to the war in Iran and weakness in cyclical sectors including residential construction and manufacturing, employers likely added only 45K jobs in April. Given the slowdown in population growth, that could have left the unemployment rate steady at 4.3%.”
- “Job creation remains lacklustre and was on display in the slowdown in consumption in the first quarter. Still, business investment in productivity-enhancing technology continues to drive growth. With the unemployment rate contained, the Fed will remain focused on keeping inflation expectations anchored, and is likely to remain on hold until December.”

SocGen: NFP growth of 40k in Apr (private 50k), U/E rate at 4.3%

- “The four-week average of initial jobless claims, the main high frequency indicator of inflows into unemployment, has been steady throughout April around the lows observed over the past year-and-a-half. Thus, as in previous months, the inflow into the pool of unemployed people remained historically muted. For continued claims (people claiming jobless claims beyond the first week), a high frequency indicator of

unemployment, the four-week average took a significant leg down from the end of February and reached the lowest level since April 2024. Comparing this particular measure across the reference weeks for the March and April job reports, it eased from 1846.25k to 1797.25k – quite a notable decrease.”

- “I expect payrolls in April to have grown at a much more muted pace of 40k compared to March. Despite this, I don’t expect the unemployment rate to go up and to remain constant at 4.3% given the above-mentioned trends in claims data.”
- “This is not necessarily a contradiction. Since the start of the year, it has become clear that the labor force has been growing at a very muted pace close to zero. One consequence is that the pace of payrolls growth that keeps the unemployment rate constant (a.k.a. the breakeven pace) is now very low and very likely close to zero as well.”
- “Another consequence is that the likelihood of a negative payroll change in a given month has gone up, and given my 40k projection and the historical standard deviation of payroll changes it certainly isn’t out of the realm of possibilities we’ll see a negative print this time around.”
- “The market needs to get used to more volatile payrolls prints going forward that are a feature of a low labor supply environment rather than a bug.”

RBC: NFP growth of 26k in Apr, U/E rate at 4.3%

- “We expect nonfarm payrolls added +26K jobs—a number which, in the current environment of low immigration and high retirements, is roughly breakeven.”
- “In this vein, we expect the unemployment rate to hold steady at 4.3%, supported by a modest decline in jobless claims between the reference weeks for March and April.”

Scotiabank: NFP growth of 10k in April, U/E rate at 4.2%

- “I went with a gain of only 10k payroll jobs in April. The unemployment rate is projected to dip to 4.2%. After 178k payroll positions were created in March, a near-donut with more downside than upside risk to the call could restore a little more balance in fed funds policy rate pricing that doesn’t presently think the FOMC will cut until year 2200, give or take.”
- “Here’s the logic, which is always presented by first reminding us that nonfarm payroll changes have a 90% confidence interval of +/-122,000 which is actually about 15k lower than the last time I checked with the BLS.”
- “The San Fran Fed’s estimate of weather effects on nonfarm payrolls in March showed that weather overstated the job gain by between 225–250,000 depending upon which of their two methodologies you use. Controlling for weather, the official 178k gain in March would have been more like roughly -50k to -75k. This matters because even though there were plenty of tornadoes and storms across the Midwest during April’s nonfarm reference period, a high contribution from weather effects in March makes it tougher to post a repeated large gain the next month. Weather should be a drag on m/m payrolls this time.”
- “April is usually a strong seasonal up-month for employment creation before controlling for this with seasonal adjustments. Having said that, just to keep flat on the m/m SA payroll change would require marrying last April’s SA factor to a seasonally unadjusted gain of at least 750k m/m. That’s possible, but a repeat gain over 100k m/m SA would require at least 850,000 jobs to be gained in seasonally unadjusted terms when the US has been losing hiring momentum.”
- “I don’t have a strong view on this contribution which is a risk to the call in both directions. What I’ve assumed is a bit of cooling from the 90k addition of health and social service jobs that were added in March. The powerful and concentrated flu season distorted the ebbs and flows in this category for a number of months. The expiration of some ACA subsidies at the end of 2025 may be a trend downside to health sector hiring but this is very difficult to time. Health sector job postings are the most likely to offer visa status which has a higher option value in the context of current immigration policy.”
- “Another nervousness factor surrounding the call is how the prior two months get revised this time. I’ve gone with a modest 20–30k downward revision which is around the trend, but the high degree of under-sampling that happened last month could mean bigger revision effects—we just can’t necessarily tell in which direction”.

Barclays: NFP growth of 0k in Apr (private 0k), U/E rate at 4.3%

- “Flattening is likely to be driven by a few factors, including the end of March’s nurses strike, unwinding weather effects, and payback for March’s unusually favorable birth-death adjustments. With government payrolls expected to see no gain in the aftermath of Q4’s “fork in the road” layoffs, we also expect a flat reading for private payroll employment.”

- “Given all the monthly volatility, we expect the Fed to focus even more than usual on moving averages of the headline payroll gain. Barring revisions, our April headline forecast would place the 3mma pace at 15k/m. The 4mma pace—which likely gives a better sense of the underlying pace at present—would be 51k/m, close to our assessment of the underlying pace.”
- “We expect the unemployment rate to continue to round to 4.3% in April, after March's decline from 4.441% to 4.256%. This reflects our view that April's job gain will come roughly in line with the current breakeven pace, which we doubt is any higher than 10k/m. This levelling would also be consistent with signals from initial claims, which were little changed between the March and April reference weeks. Although outlook uncertainty has intensified in recent weeks, we retain our baseline that the unemployment rate will gradually track downward over the course of 2026, with slow job gains still somewhat exceeding the modest breakeven pace.”

MNI Policy Team Insights

MNI INTERVIEW: US Services Growth Still Largely Intact - ISM

By Evan Ryser (May 5, 2026)

WASHINGTON - The U.S. services sector in April held up well and the expansion is set to continue despite rising input costs, with a surge in AI-related activity offsetting weakness in other areas, Institute for Supply Management services chair Steve Miller told MNI.

"I'm not seeing any signals that say we're slowing down. This is the third month in a row where we've had nine of the 10 sub indexes in expansion territory," Miller said. The PMI "continued to show strength."

The ISM services index eased 0.4 percentage points in April to 53.6, largely meeting expectations. The composition of the report was mixed and it was the lowest reading since November, but still above the 2025 average of 51.7.

"With my view of a greater than 50% chance that we'll see moderate flow of oil through the Strait of Hormuz through the summer, I'm expecting us to be in the mid 50s, maybe 54, 55, 56" on the PMI, he said. "There is a significant risk that we're going to see a higher oil price than USD105 or USD110, unless the shepherding of vessels through the Strait of Hormuz works."

ELEVATED INFLATION

The energy price shock due to the war with Iran kept the prices index elevated at 70.7, the same as last month. That points to a further increase in inflation. (See: MNI INTERVIEW: Fed Is Firmly On Hold For Some Time - Sheets)

"The only time we've seen 70s has been when we've seen high inflation," Miller said. "I don't know how we avoid it."

There was a sharp drop in the new orders measure, by 7.1 points to 53.5 in April. It was the sixth largest monthly drop in the history of reporting the PMI.

Miller didn't express much concern about the drop in new orders, noting the level is back down to its 12-month average. "My inference into the data is that the drop is just related to back to normal ordering after people ordered ahead to try and beat fuel price and transportation cost increases from the increased oil levels."

He said the average monthly reading over the last 12 months is 53.9 and the February and March indexes were 58.6 and 60.6, way above the 12-month average. "It looks like we had some abnormal ordering behavior in February and March, and it's back to normal in April."

The employment index rebounded by 2.8 points in April to 48.0 after having dropped sharply in March. "It's the same story. We're at 48 in employment, versus a 48.6 for the 12-month average," Miller said.

TWO-SPEED ECONOMY

Miller said the U.S. expansion is becoming increasingly bifurcated as demand related to the buildout of infrastructure for AI remains strong while other parts of the economy lag.

"It's two different economies in construction. It's housing and its data centers," Miller said. "Housing is depressed and in data centers it's difficult to keep up."

MNI INTERVIEW: Fed Is Firmly On Hold For Some Time - Sheets

By Evan Ryser (May 5, 2026)

WASHINGTON - The Federal Reserve is likely to keep interest rates on hold for some time, with a higher and more prolonged oil price trajectory making a rise in interest rates more probable, the former director of the Division of International Finance at the Fed Board of Governors, Nathan Sheets, told MNI.

"I think they are firmly, firmly in wait and see mode," he said in an interview after the FOMC last week kept rates on hold for the third straight meeting and outgoing Chair Jerome Powell said the center of the Committee is moving toward a more neutral place.

Sheets said the Fed's March SEP indicating one rate cut by the end of the year remains a reasonable benchmark. "If they cut as they project, it's going to be out a ways, toward the end of the year."

Whether disruption from the Iran war is large, broad, and durable enough to generate widespread supply chain stress is still uncertain, and oil prices would still have to rise, though those odds have climbed, he said. "If you're in that world with USD120 per barrel oil, the probability that the Fed will need to hike this year is substantial. I wouldn't put it over 50% but I'm not sure I would put it a lot below 50% in that scenario."

MAXIMUM OPTIONALITY

Powell flagged last week the central bank could remove its easing bias as soon the next meeting in June. Three regional Fed presidents dissented at the last meeting against the guidance. (See MNI INTERVIEW: Warsh Fed Won't Manage To Ease Soon-Hubbard)

Sheets said rate guidance in June will depend on the situation in the Middle East and oil prices. "It'll depend entirely on what's happening in the Middle East, where the price of oil is, what the inflation data are looking like, and what the economy is looking like. Is it possible? Yes."

"But there's a lot of wood to chop. There's a lot of data that we're going to see," said Sheets, now global chief economist at Citigroup.

By retaining the easing bias in the rate guidance while also seeing several members of the FOMC dissent, Powell is arguably giving Warsh more room for maneuver when he takes over at the Fed's next meeting in June, Sheets said.

"Maybe there's a case here that Powell's giving Warsh maximum optionality for the June meeting," he said. "With this strategy, you make the statement, but then you leave it to the Warsh Fed to decide what they want their bias to be."

BALANCE SHEET TOOLS

Sheets, who was involved in helping establish and manage dollar swap lines with foreign central banks during the Global Financial Crisis, suggested that Warsh's answers to Senate Democrats about such facilities are in keeping with the program's past, while also acknowledging the different roles of the Treasury Department and the Fed.

"Treasury is the senior partner on international affairs in the US government, senior partner for U.S. economic affairs. The other paradigm is that the swap lines are tied critically to U.S. monetary policy," he said. Warsh's answers also flagged to senators his intent to review monetary policy implementation, including IORB and the ONRRP facility.

"He does want to move to a smaller balance sheet, and there are mechanisms to achieve that smaller balance sheet, but it will require further fleshing out some of the existing tools like the standing repo facility," Sheets said. "I see as a critical part of being able to reduce the size of the balance sheet."

MNI INTERVIEW: US Manufacturing Nears Tipping Point - ISM

By Evan Ryser (Mar 1, 2026)

WASHINGTON - The U.S. manufacturing sector has been resilient in the face of the Iran war supply shock but is closer to a point where higher prices will bite and uncertainty drag on demand, Institute for Supply Management manufacturing chair Susan Spence told MNI Friday.

"If the war ended tomorrow, we'd have lingering prices for a bit, but it would be over pretty quick," she said in an interview. "If we don't start to see movement toward something other than a temporary ceasefire, I think we're going to erode this PMI above 50."

The ISM manufacturing index was steady at 52.7 in April, somewhat below market expectations. The April reading matching the best reading since 2022 was also the fourth straight monthly figure above 52, after failing to reach that level for over two years. The tone of respondents' comments, however, was less positive.

"If we're sitting here in the middle of the summer and we've got no end in sight with respect to the war, I do worry about that tip forward," Spence said.

INFLATION

The prices index surged again in April, up 6.3 points to 84.6, the highest reading since April 2022. There were 46 commodities reported up in price, up from 24 in March.

The ISM price gauge was rising even before the Iran war, suggesting price pressures are more widespread than just the supply shock from the Middle East, Spence said.

"They were rising precipitously by the time that started. Having said that, my feeling is that if there is a swift end to the war I think that's going to correct itself within a few months, but the fact it was rising before that concerns me overall. I don't think we can blame it all on that," she said.

The Federal Reserve may need to act to ensure that prices are on track to reach the central bank's 2% inflation target, Spence said. "If the unemployment rate is largely steady, then I could potentially see a hike in their future because people can't stand these inflation rates." (See: MNI INTERVIEW: Warsh Fed Won't Manage To Ease Soon-Hubbard)

EMPLOYMENT

The new orders measure inched up to 54.1, while the employment figure softened to 46.4, well below 50 but slightly above the 2025 average. There were 1.7 comments on reducing head counts for every one comment on hiring, a weakening from the 1.2 to 1 ratio in March.

Spence doesn't think that AI adoption is a reason for the contraction in manufacturing employment, which has been below 50 for 31 straight months. "Our panelists in December said their AI adoption is not very big right now. They're thinking about it. They're planning for it, but most folks just weren't doing anything yet."

"I am actually a little relieved that the PMI didn't deteriorate more given the events of the last six weeks. Although, while I try to be optimistic, I think I'd feel better if new orders were up more," Spence said.

"Expansion was muted a bit because we have had all these incredible price shocks on top of kind of shaky sentiment."

MNI INTERVIEW: Warsh Fed Won't Manage To Ease Soon-Hubbard

By Pedro Nicolaci da Costa (May 1, 2026)

WASHINGTON - The Federal Reserve's incoming chair Kevin Warsh would have a tough time convincing an increasingly hawkish FOMC to go along with rate cuts at a time when a large energy shock is creating fresh fears of inflation, former White House Council of Economic Advisers Glenn Hubbard told MNI.

"It would be hard to believe that the Fed could cut rates immediately given all the obvious pressures on inflation and the fact that the real economy is still fairly solid," said Hubbard, who served in the CEA alongside Warsh before he became a Fed governor.

Warsh has previously hinted that he would back lower interest rates by touting the prospect that strong AI-led productivity could allow for more non-inflationary growth. But Hubbard thinks the outlook is more nuanced, while the conflict in Iran has added to uncertainty.

"Eventually, yes, the AI boom is, of course, a productivity boom, and it's probably disinflationary. In the near term, AI is adding a lot to aggregate demand, data centers and hard capital build out, that's going to put upward pressure on the real interest rate and possibly inflation. You have to be a little bit careful. Any story about AI shouldn't be an argument for cutting rates now," said Hubbard, now a professor at Columbia Business School.

He said mission number one for Warsh as he rejoins the central bank will be to develop a strong rapport with the institution and its many layers of staffers.

"The first step for Warsh will be to build relationships with other governors and members of the FOMC. Sometimes people forget the chair is not a king. It's a consensus organization. And as part of that, I think he'll have to have a theory of the case, if you will, for the short run, the medium run and the long run," said Hubbard.

"The only argument for cutting rates in the near term would be if you thought the economy had weakened markedly and inflation is behaving. But neither of those seems true."

The Fed this week held rates steady but three Fed presidents dissented against the statement because they thought language that is perceived as an easing bias is no longer appropriate. (See MNI INTERVIEW: Fed Hawks Right To Focus On Inflation - Harris)

BALANCE SHEET

As to the Fed's large balance sheet, of which Warsh has been a long-time critic, Hubbard also does not expect immediate drastic action.

"It would have to be gradual, more complicated than whether you want the Fed to have a big or small balance sheet. There's two discussions that get conflated. One is, as Warsh put it in his testimony I think, is staying in your lane, not having too big a footprint in the economy, I appreciate that. And we also have a lot of regulations that have neutered the ability of private market makers to maintain liquidity in the Treasury market," he said.

"I think you'd have to go pretty slow on shrinking the balance sheet and at the same time, maybe make regulatory changes to bring those market makers back. So I wouldn't expect him to make any radical changes."

COMMUNICATIONS

Hubbard strongly supports the changes to communications that Warsh has called for, he said. (See MNI POLICY: Warsh Could Reshape Fed On Rates, Communications)

"I'm 100% with him on both the dot plot and forward guidance. I don't think they've served the Fed well. I also think that communications need to be more coordinated," said Hubbard.

"I think we've had entirely too much discussion in the open from other Fed officials, policy disagreements. I think the Fed needs more discussion inside the room, but less discussion outside the room."

Unauthorized disclosure, publication, redistribution or further dissemination of this information may result in criminal prosecution or other severe penalties. Any such authorization requires the prior written consent of Market News International. Redistribution of this information, even at the instruction of your employer, may result in personal liability or criminal action unless such redistribution is expressly authorized in writing by Market News International. Violators will be prosecuted. This information has been obtained or derived from sources believed to be reliable, but we make no representation or warranty as to its accuracy or completeness. This is not an offer or solicitation of an offer to buy/sell. Copyright © 2026 Market News International, Inc. All rights reserved.