

## US Watch

## January employment: A blowout report

**Hiring shifts into high gear**

Nonfarm payroll employment increased by 353k above both the consensus forecast (+185k) and the highest forecast on Bloomberg (+300k). In addition to the strength of hiring in January, the last two months were revised up by a total of 126k, with most of that increase occurring in December (333k v 216k initially). This broke a trend of downward revisions seen throughout most of last year. Over the last three-months, payroll employment has increased by an average of a staggering 289k compared to 207k in October. In short, the jobs data show little sign of an impending slowdown in activity.

**Industry details**

The increase in employment was broad-based across industries—the one-month diffusion index for private industries increased from 64.0% to 65.6%. Job growth was once again led by education and healthcare (+112k). However, there were notable increases in professional and business services (+74k), retail trade (+45k) and manufacturing (+23k).

**Noise or signal**

Some of these gains appear to buck the recent trend. For example, administrative and waste services, which is a subcomponent of professional and business services added 29k jobs in January after falling for seven consecutive months. Similarly, nondurable goods manufacturing added 19k jobs after declining in nine out of twelve months in 2023. However, even if you toss out these numbers hiring would have still been robust. So, it's hard to argue that this is anything but a strong report.

**Wage growth surges but could be due to drop in hours**

In addition to strong job growth, average hourly earnings rose by 0.6% m/m and 4.5% y/y. This is above what the Fed would see as consistent with 2% inflation outcome if labor productivity is stable at 1.5%. Strong wage growth was driven by the service sector (+0.6%) as the goods-producing sector saw wage growth moderate to 0.2% m/m. We take the acceleration with a grain of salt as hours worked fell two-tenths to 34.1, which could very well be a weather effect. Moreover, two industries that saw a significant acceleration in wage growth—professional and businesses services and education and healthcare services—saw hours worked decline this month.

**Don't discount the consumer**

On net, this report bodes well for growth in labor income. Aggregate hours for production and nonsupervisory workers were down 1.1% in January over the 4Q average (1m/3m %chg saar). The payroll proxy, which is the product of aggregate hours worked and average hourly earnings, rose 3.9% 1m/3m saar in January. The drop in weekly hours offsets to some degree the signal from employment and wage growth, but on net it is a positive signal for growth in labor market income and, in turn, domestic consumption.

02 February 2024

Macro

United States

**US Economics**

BofAS

**Michael Gapen**

US Economist

BofAS

+1 646 855 3270

[michael.gapen@bofa.com](mailto:michael.gapen@bofa.com)**Stephen Juneau**

US Economist

BofAS

+1 202 442 7429

[stephen.juneau@bofa.com](mailto:stephen.juneau@bofa.com)**US Rates Research**

BofAS

**Meghan Swiber, CFA**

Rates Strategist

BofAS

+1 646 743 7020

[meghan.swiber@bofa.com](mailto:meghan.swiber@bofa.com)**G10 FX Strategy**

MLI (UK)

**Alex Cohen, CFA**

FX Strategist

BofAS

+1 646 743 7015

[alex.cohen2@bofa.com](mailto:alex.cohen2@bofa.com)[See Team Page for List of Analysts](#)

AHE: Average Hourly Earnings

k: thousand

saar: seasonally adjusted annual rate

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

**BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.**

**Refer to important disclosures on page 7 to 9.**

12654798

Timestamp: 02 February 2024 11:05AM EST

## Payroll revisions were modest

The benchmark revisions to the payroll data were modest. Employment in March was revised down by 266k, or roughly 0.1% of employment. In other words, the revisions did not materially change the employment data from last year.

## Household survey: stable unemployment, supply peaking

On the household survey side, there are a few takeaways. First, the unemployment rate remained stable at 3.7%, which is below estimates of the natural rate of unemployment, but it has been relatively stable. In contrast to the establishment survey, household employment fell by 31k in January and on a payroll-concept adjusted basis, household employment fell 450k. However, these prints are affected by the new population control. Excluding the population control, employment rose by 239k in January, a similar signal to the payroll print.

In addition to the unemployment rate holding at 3.7%, the labor force participation rate remained at 62.5%. Both numbers were unaffected by the new population control. Therefore, we can take them at face value. While the participation rate did hold at 62.5%, the prime age participation did tick up a tenth to 83.3%, reversing the prior months decline. Still, if the last two months are any indication, we may be nearing a peak in the labor force participation rate, which could lead to some tightening in the labor market should demand stay robust.

## Implications for the Fed

The combination of solid 4Q GDP and January employment is likely to keep the Fed needing "greater confidence" on whether inflation will converge to 2% on a sustainable basis. We think it will, but this report points to a later start to the easing cycle versus an earlier one. Following the January FOMC meeting we moved our first cut to June. This report is consistent with that outlook in our opinion.

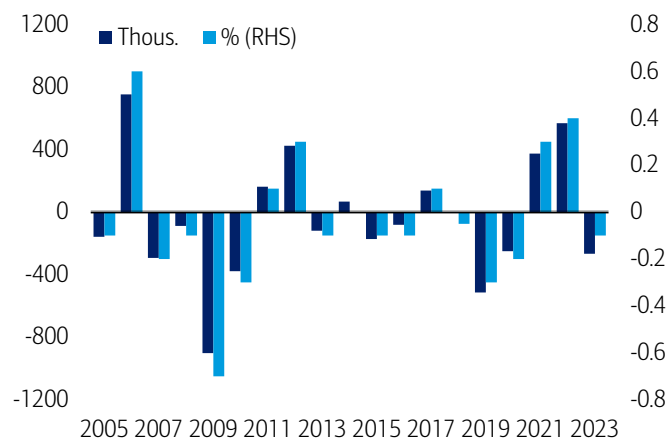
## Rates and FX: market reaction

In response to the report, the market took out almost one full cut in '24 and pricing only 15% probability of a cut in March, 90% probability of a cut by May. Curve bear flattening putting pressure on popular steepener expressions and longs. Real rates leading the way higher though breakevens also seeing a bid. We had been suggesting clients lighten up on levels below 4, trading 375 - 425 tactically. This pushes back on our preferred steepener expressions with trough of the cutting cycle also getting pushed 14 bps higher, but is consistent with trades for higher inflation risk near-term vs what market has been pricing.

The USD rallied across the board on the data release, and the moves have extended through the morning. The appreciation was broad- between 0.5 – 1.2%, with higher beta currencies underperforming along with the moderate equity sell-off, reflecting a "good=bad" reaction. The DXY moved sharply to the top-end of its trading range over the past 3 weeks, after selling off on-net, after the "hawkish" surprise at Wednesday's Fed meeting. Some of this likely reflected some renewed concern over US regional banks, but seemed the market was still focused on the next big move of the USD being lower, despite some push back on a March cut. This fits with our longer-term USD view (bearish for 2024 on an eventual soft landing), but with the caveat that it will take time and more of an H2 story. Thus far, we continue to experience "no-landing" conditions, which all else equal is a tailwind for the USD, until proven otherwise.

### Exhibit 1: Annual establishment survey benchmark revisions to nonfarm payrolls

The benchmark revision to 2023 was fairly modest



Source: Bureau of Labor Statistics (BLS)

BofA GLOBAL RESEARCH

### Table 1: Summary of jobs data (most recent 6 months)

Nonfarm payrolls have increased by an average of 248k over the last six months, but 289k over the last three

	Jan	Dec	Nov	Oct	Sep	Aug
<b>Establishment survey</b>						
Nonfarm payrolls	353k	333k	182k	165k	246k	210k
Private payrolls	317k	278k	152k	98k	196k	150k
Construction	11k	24k	15k	22k	13k	31k
Manufacturing	23k	8k	25k	-31k	13k	2k
Government	36k	55k	30k	67k	50k	60k
Average weekly hours	34.1	34.3	34.4	34.3	34.4	34.4
Avg hrly earnings (mom %)	0.6%	0.4%	0.4%	0.3%	0.3%	0.2%
<b>Household survey</b>						
Unemployment rate	3.7%	3.7%	3.7%	3.8%	3.8%	3.8%
Participation rate	62.5%	62.5%	62.8%	62.7%	62.8%	62.8%
Labor force	-175k	-676k	404k	-174k	57k	727k
Household jobs	-31k	-683k	586k	-270k	50k	291k
Employment to pop. ratio	60.2%	60.1%	60.4%	60.3%	60.4%	60.4%

Source: Bureau of Labor Statistics

BofA GLOBAL RESEARCH

### Exhibit 2: How the updated population control did and did not affect the participation and unemployment rate in recent years (ppt)

The population control did not affect the participation or unemployment rate

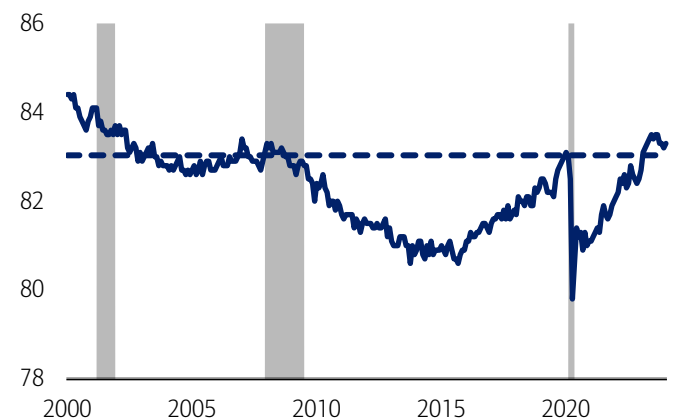
	Labor force participation rate			Unemployment rate		
	Dec-Jan change	Population control effect	Dec-Jan change, ex pop control	Dec-Jan change	Population control effect	Dec-Jan change, ex pop control
2024	0	0	0	0	0	0
2023	0.1	0.1	0	-0.1	0	-0.1
2022	0.3	0.3	0	0.1	0	0.1
2021	-0.1	0	-0.1	-0.4	0	-0.4
2020	0.2	0	0.2	0.1	0	0.1
2019	0.1	0	0.1	0.1	0	0.1
2018	0	0	0	0	0	0
2017	0.2	0	0.2	0.1	0	0.1

Source: BLS

BofA GLOBAL RESEARCH

### Exhibit 3: Prime age labor force participation rate (%), dotted line = December 2019-February 2020 average

The prime age participation rate increased in Jan

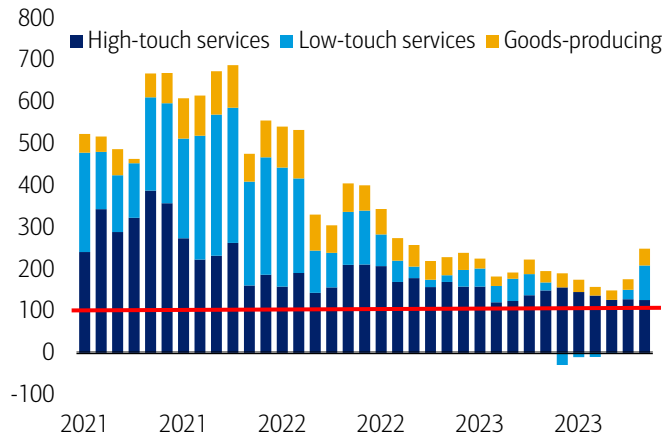


Source: Bureau of Labor Statistics

BofA GLOBAL RESEARCH

**Exhibit 4: Private sector job growth (thousand, seasonally adjusted-sa)**

Job growth has become increasingly narrowly driven

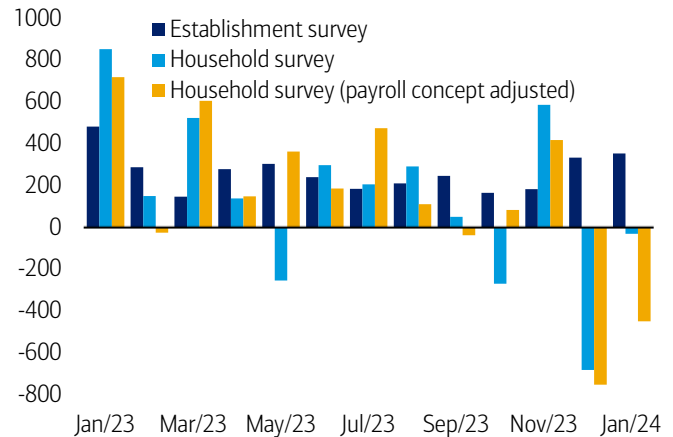


Source: Bureau of Labor Statistics, BofA Global Research

BofA GLOBAL RESEARCH

**Exhibit 5: Establishment and household payroll growth (thousand, sa)**

Different measures of employment growth



Source: Bureau of Labor Statistics, BofA Global Research

BofA GLOBAL RESEARCH

**Table 2: Monthly payroll growth heatmap (m/m change, 000s sa)**

Job growth has been driven by a narrow group of industries

Jan-24 nfp share	Component	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
100%	<b>Total nonfarm</b>	<b>353</b>	<b>333</b>	<b>182</b>	<b>165</b>	<b>246</b>	<b>210</b>	<b>184</b>	<b>240</b>	<b>303</b>	<b>278</b>	<b>146</b>	<b>287</b>
85%	<b>Total private</b>	<b>317</b>	<b>278</b>	<b>152</b>	<b>98</b>	<b>196</b>	<b>150</b>	<b>148</b>	<b>185</b>	<b>254</b>	<b>231</b>	<b>91</b>	<b>226</b>
14%	Goods-producing	28	33	36	-10	27	33	7	42	14	33	-12	26
0%	Mining and logging	-6	1	-4	-1	1	0	2	0	3	4	2	2
5%	Construction	11	24	15	22	13	31	11	33	16	20	-6	26
8%	Manufacturing	23	8	25	-31	13	2	-6	9	-5	9	-8	-2
5%	Durable goods	4	13	37	-33	9	3	9	19	1	10	-1	0
3%	Nondurable goods	19	-5	-12	2	4	-1	-15	-10	-6	-1	-7	-2
72%	Service-providing	289	245	116	108	169	117	141	143	240	198	103	200
18%	Trade, transportation, and utilities	64	58	-45	6	42	-29	9	-15	41	15	-32	80
4%	Wholesale trade	2	11	7	12	12	2	16	1	7	-1	9	13
10%	Retail trade	45	43	-43	1	18	-6	6	-6	13	6	-27	89
4%	Transportation and warehousing	16	2	-11	-9	9	-28	-11	-12	20	7	-16	-21
0%	Utilities	2	2	2	2	2	3	-2	1	1	2	3	1
2%	Information	15	18	17	-26	11	-18	-28	-7	-3	-1	5	-18
6%	Financial activities	8	13	4	0	0	4	18	9	13	29	4	1
15%	Professional and business services	74	35	10	-5	-1	-1	-17	7	49	30	18	8
16%	Education and health services	112	84	110	77	81	93	109	77	91	79	62	62
11%	Leisure and hospitality	11	38	10	57	27	52	41	60	39	42	35	67
4%	Other services	5	-1	10	-1	9	16	9	12	10	4	11	0

Source: Bureau of Labor Statistics. nfp = non-farm payrolls.

BofA GLOBAL RESEARCH

**Table 3: Monthly average hourly earnings heatmap (% m/m)**

Wage inflation was strong in January (+0.6% m/m)

Jan-24 nfp share	Component	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
85%	<b>Total private</b>	<b>0.55%</b>	<b>0.38%</b>	<b>0.38%</b>	<b>0.26%</b>	<b>0.29%</b>	<b>0.21%</b>	<b>0.42%</b>	<b>0.48%</b>	<b>0.30%</b>	<b>0.39%</b>	<b>0.48%</b>	<b>0.24%</b>
14%	Goods-producing	0.20%	0.52%	0.58%	0.32%	0.38%	0.18%	0.65%	0.59%	0.39%	0.48%	0.51%	0.27%
0%	Mining and logging	0.83%	0.39%	-0.03%	-0.18%	1.18%	0.18%	0.37%	0.00%	0.93%	1.13%	0.40%	0.46%
5%	Construction	0.56%	0.35%	0.54%	0.46%	0.22%	0.25%	0.80%	0.33%	0.36%	0.39%	0.36%	0.45%
8%	Manufacturing	0.00%	0.60%	0.64%	0.24%	0.43%	0.06%	0.56%	0.78%	0.37%	0.47%	0.63%	0.09%
5%	Durable goods	0.00%	0.75%	0.67%	0.38%	0.50%	0.12%	0.50%	0.53%	0.57%	0.42%	0.69%	0.18%
3%	Nondurable goods	0.10%	0.26%	0.50%	0.00%	0.37%	0.00%	0.57%	1.22%	-0.03%	0.51%	0.51%	-0.03%
72%	<b>Service-providing</b>	<b>0.64%</b>	<b>0.38%</b>	<b>0.35%</b>	<b>0.21%</b>	<b>0.27%</b>	<b>0.24%</b>	<b>0.36%</b>	<b>0.45%</b>	<b>0.30%</b>	<b>0.36%</b>	<b>0.45%</b>	<b>0.27%</b>
18%	Trade, transportation, and utilities	0.41%	0.65%	0.27%	0.07%	0.41%	0.34%	0.10%	0.66%	0.14%	0.56%	0.14%	0.49%
4%	Wholesale trade	0.21%	0.27%	0.13%	-0.19%	0.38%	0.49%	-0.11%	0.88%	0.11%	0.33%	0.44%	-0.19%
10%	Retail trade	0.08%	0.71%	0.08%	-0.08%	0.33%	0.33%	0.21%	0.46%	-0.08%	0.55%	-0.42%	0.89%
4%	Transportation and warehousing	0.60%	0.63%	0.67%	0.57%	0.51%	0.27%	0.24%	0.69%	0.41%	0.66%	0.56%	0.63%
0%	Utilities	0.53%	0.14%	0.38%	0.34%	0.22%	-0.60%	0.70%	0.38%	0.30%	0.41%	0.71%	0.29%
2%	Information	0.02%	0.16%	0.90%	0.56%	0.00%	0.27%	0.17%	0.02%	0.86%	-0.83%	0.48%	0.46%
6%	Financial activities	0.56%	0.36%	0.50%	0.09%	0.48%	0.80%	0.65%	0.60%	0.63%	-0.05%	0.42%	0.16%
15%	Professional and business services	0.65%	0.41%	0.46%	0.34%	0.25%	0.00%	0.52%	0.50%	0.17%	0.55%	0.40%	0.28%
16%	Education and health services	0.65%	0.15%	0.06%	0.24%	0.48%	0.24%	0.33%	0.27%	0.24%	0.21%	0.64%	0.09%
11%	Leisure and hospitality	0.42%	0.33%	0.33%	0.61%	0.00%	0.19%	0.19%	0.43%	0.43%	0.43%	0.77%	0.19%
4%	Other services	0.52%	0.55%	0.32%	0.39%	0.20%	0.49%	0.40%	0.56%	0.47%	0.33%	0.77%	0.47%

Source: Bureau of Labor Statistics. nfp = non-farm payrolls.

BofA GLOBAL RESEARCH

**Table 4: Annual average hourly earnings heatmap (% y/y)**

Annual wage growth rose by 4.5% y/y in January

Jan-24 nfp share	Component	Jan-24	Dec-23	Nov-23	Oct-23	Sep-23	Aug-23	Jul-23	Jun-23	May-23	Apr-23	Mar-23	Feb-23
85%	<b>Total private</b>	<b>4.48%</b>	<b>4.31%</b>	<b>4.26%</b>	<b>4.28%</b>	<b>4.52%</b>	<b>4.53%</b>	<b>4.67%</b>	<b>4.66%</b>	<b>4.55%</b>	<b>4.66%</b>	<b>4.62%</b>	<b>4.74%</b>
14%	Goods-producing	5.17%	5.46%	5.33%	5.14%	5.35%	5.31%	5.45%	5.06%	4.73%	4.75%	4.74%	4.67%
0%	Mining and logging	5.79%	5.70%	5.92%	6.36%	6.61%	5.49%	5.03%	5.99%	7.06%	7.19%	4.57%	4.44%
5%	Construction	5.18%	4.83%	5.02%	4.96%	5.05%	5.33%	5.46%	4.72%	5.01%	5.27%	5.45%	5.63%
8%	Manufacturing	4.99%	5.62%	5.25%	4.92%	5.23%	5.02%	5.33%	5.09%	4.28%	4.09%	4.14%	3.93%
5%	Durable goods	5.43%	5.97%	5.12%	4.84%	4.85%	4.66%	4.98%	4.56%	3.97%	3.67%	3.91%	3.78%
3%	Nondurable goods	4.05%	4.74%	5.19%	4.99%	5.66%	5.49%	5.61%	5.79%	4.55%	4.66%	4.50%	4.04%
72%	<b>Service-providing</b>	<b>4.36%</b>	<b>4.07%</b>	<b>4.00%</b>	<b>4.04%</b>	<b>4.34%</b>	<b>4.35%</b>	<b>4.49%</b>	<b>4.57%</b>	<b>4.53%</b>	<b>4.64%</b>	<b>4.59%</b>	<b>4.78%</b>
18%	Trade, transportation, and utilities	4.31%	4.59%	4.21%	4.15%	4.97%	4.92%	4.79%	5.25%	4.79%	5.18%	4.63%	5.25%
4%	Wholesale trade	2.78%	3.79%	4.36%	3.63%	5.24%	5.29%	4.45%	5.37%	4.97%	4.76%	4.78%	4.86%
10%	Retail trade	3.10%	3.41%	2.60%	3.13%	4.10%	3.94%	3.82%	4.32%	4.21%	4.66%	3.86%	5.13%
4%	Transportation and warehousing	6.63%	6.53%	5.97%	5.75%	5.33%	5.36%	5.79%	5.81%	4.97%	5.60%	4.95%	4.60%
0%	Utilities	3.87%	4.04%	4.52%	4.10%	4.23%	5.05%	5.88%	5.18%	5.16%	6.21%	5.33%	5.99%
2%	Information	3.10%	3.06%	3.34%	2.25%	1.38%	2.28%	3.63%	3.81%	4.74%	4.59%	5.91%	5.68%
6%	Financial activities	5.34%	5.07%	5.42%	5.12%	5.10%	5.25%	4.56%	4.29%	4.29%	3.64%	4.04%	4.34%
15%	Professional and business services	4.63%	4.35%	4.23%	4.28%	4.40%	4.41%	4.71%	4.57%	4.33%	4.55%	4.58%	4.79%
16%	Education and health services	3.68%	3.32%	3.48%	3.90%	4.23%	3.80%	3.81%	4.05%	4.33%	4.60%	4.58%	4.21%
11%	Leisure and hospitality	4.38%	4.15%	4.51%	4.79%	4.71%	4.97%	5.24%	5.72%	5.85%	5.99%	6.12%	6.71%
4%	Other services	5.62%	5.75%	5.14%	5.48%	5.36%	5.77%	5.40%	5.42%	5.31%	5.07%	5.28%	4.61%

Source: Bureau of Labor Statistics. nfp = non-farm payrolls.

BofA GLOBAL RESEARCH

**Table 5: Labor market dashboard**

Employment data show a broad-based recovery across demographics

Indicator	Prepandemic avg	Jan- 24	Dec- 23	Nov- 23	Oct- 23	Sep- 23	Aug- 23	Jul- 23	Jun- 23	May- 23	Apr- 23	Mar- 23	Feb- 23
<b>Unemployment Rate</b>													
Total	3.6	3.7	3.7	3.7	3.8	3.8	3.8	3.5	3.6	3.7	3.4	3.5	3.6
Prime age (25-54)	3.0	3.3	3.3	3.1	3.2	3.2	3.1	3.0	3.1	3.2	3.1	3.0	3.1
Men	3.5	3.9	3.9	4.0	4.1	4.1	4.0	3.7	3.7	3.7	3.5	3.6	3.6
Women	3.6	3.4	3.6	3.4	3.6	3.4	3.5	3.4	3.4	3.6	3.4	3.4	3.5
White	3.1	3.4	3.5	3.3	3.5	3.4	3.4	3.1	3.1	3.3	3.1	3.2	3.2
Black	6.2	5.3	5.2	5.8	5.8	5.7	5.3	5.7	6.0	5.7	4.8	5.1	5.7
Hispanic	4.3	5.0	5.0	4.6	4.8	4.6	4.9	4.4	4.2	4.1	4.4	4.6	5.4
Asian	2.7	2.9	3.1	3.5	3.1	2.9	3.2	2.3	3.1	3.0	2.8	2.8	3.4
<b>Employment Population Ratio</b>													
Total	61.1	60.2	60.1	60.4	60.3	60.4	60.4	60.4	60.3	60.3	60.4	60.4	60.2
Prime age (25-54)	80.5	80.6	80.4	80.7	80.6	80.8	80.8	80.9	80.9	80.7	80.7	80.7	80.5
Men	66.7	65.2	65.5	65.7	65.2	65.5	65.5	65.5	65.6	65.5	65.7	65.8	65.5
Women	55.8	55.5	55.0	55.4	55.5	55.5	55.6	55.5	55.3	55.3	55.4	55.2	55.2
White	61.3	60.0	59.9	60.3	60.1	60.3	60.4	60.3	60.4	60.2	60.3	60.2	60.1
Black	59.1	60.0	60.1	60.0	59.3	59.4	59.4	59.2	58.9	59.6	59.9	60.7	59.7
Hispanic	64.7	63.5	63.4	63.9	63.8	64.1	63.9	64.3	64.4	64.1	63.8	63.7	63.3
Asian	62.2	62.6	61.9	62.7	63.3	63.8	63.5	64.0	63.4	63.1	63.0	63.0	62.9
<b>Labor force participation rate</b>													
Total	63.3	62.5	62.5	62.8	62.7	62.8	62.8	62.6	62.6	62.6	62.6	62.6	62.5
Prime age (25-54)	83.0	83.3	83.2	83.3	83.3	83.5	83.5	83.4	83.5	83.4	83.3	83.2	83.1
Men	69.1	67.9	68.1	68.4	68.0	68.3	68.2	68.0	68.1	68.1	68.0	68.3	68.0
Women	57.9	57.5	57.1	57.4	57.6	57.5	57.6	57.4	57.3	57.3	57.3	57.2	57.2
White	63.2	62.1	62.1	62.3	62.3	62.4	62.5	62.3	62.3	62.3	62.3	62.2	62.1
Black	63.0	63.3	63.4	63.7	63.0	63.0	62.7	62.8	62.7	63.1	62.9	64.0	63.3
Hispanic	67.6	66.8	66.7	66.9	67.0	67.2	67.1	67.3	67.3	66.8	66.8	66.8	66.9
Asian	63.9	64.5	63.9	65.0	65.3	65.7	65.6	65.5	65.4	65.0	64.8	64.8	65.1
<b>Wage measures</b>													
Employment Cost Index (quarterly, % yoy)	2.7	n.a.	4.2	n.a.	n.a.	4.3	n.a.	n.a.	4.5	n.a.	n.a.	4.8	n.a.
Atlanta Wage Growth Tracker (% yoy, 12mma)	3.7	n.a.	5.6	5.6	5.8	5.8	6.0	6.0	6.1	6.3	6.3	6.4	6.3
NFIB: % Raising Compensation	33.7	39.0	36.0	36.0	36.0	36.0	36.0	38.0	36.0	41.0	40.0	42.0	46.0
NFIB: % Planning to Raise Compensation	22.3	26.0	29.0	30.0	24.0	23.0	26.0	21.0	22.0	22.0	21.0	22.0	23.0
Conference Board: 6-Month Ahead Income Change	22.3	16.4	18.3	17.7	15.6	17.9	18.7	17.8	18.6	18.9	17.3	16.2	14.4
U of M: 1-Yr Ahead Income Change Expectations (Median)	2.2	2.7	2.1	2.2	1.6	1.7	2.4	1.9	1.8	2.3	1.8	1.5	2.4
NY Fed: 1-Yr Ahead Earnings Growth Expectation	2.5	n.a.	2.5	2.7	2.8	3.0	2.9	2.8	3.0	2.8	3.0	3.0	3.0

**Source:** Bureau of Labor Statistics

Note: Prepandemic average is the average of each indicator from December 2019-February 2020

BofA GLOBAL RESEARCH



# Disclosures

## Important Disclosures

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible. BofA Securities fixed income analysts regularly interact with sales and trading desk personnel in connection with their research, including to ascertain pricing and liquidity in the fixed income markets.

## Other Important Disclosures

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

This report may refer to fixed income securities or other financial instruments that may not be offered or sold in one or more states or jurisdictions, or to certain categories of investors, including retail investors. Readers of this report are advised that any discussion, recommendation or other mention of such instruments is not a solicitation or offer to transact in such instruments. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor for information relating to such instruments. Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act of 1933, as amended. SECURITIES OR OTHER FINANCIAL INSTRUMENTS DISCUSSED HEREIN MAY BE RATED BELOW INVESTMENT GRADE AND SHOULD THEREFORE ONLY BE CONSIDERED FOR INCLUSION IN ACCOUNTS QUALIFIED FOR SPECULATIVE INVESTMENT.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

The securities or other financial instruments discussed in this report may be traded over-the-counter. Retail sales and/or distribution of this report may be made only in states where these instruments are exempt from registration or have been qualified for sale.

Officers of BofA or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

This report, and the securities or other financial instruments discussed herein, may not be eligible for distribution or sale in all countries or to certain categories of investors, including retail investors.

Individuals identified as economists do not function as research analysts under U.S. law and reports prepared by them are not research reports under applicable U.S. rules and regulations. Macroeconomic analysis is considered investment research for purposes of distribution in the U.K. under the rules of the Financial Conduct Authority.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

**"BofA Securities" includes BofA Securities, Inc. ("BofAS") and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. "BofA Securities" is a global brand for BofA Global Research.**

**Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:**

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ("BofASE") with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at [www.bofam.com/BofASEdisclaimer](http://www.bofam.com/BofASEdisclaimer); BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofA Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFSA); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information has been approved for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.



This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

#### General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities. This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

Futures and options are not appropriate for all investors. Such financial instruments may expire worthless. Before investing in futures or options, clients must receive the appropriate risk disclosure documents. Investment strategies explained in this report may not be appropriate at all times. Costs of such strategies do not include commission or margin expenses.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

This report may contain a trading idea or recommendation which highlights a specific identified near-term catalyst or event impacting a security, issuer, industry sector or the market generally that presents a transaction opportunity, but does not have any impact on the analyst's particular "Overweight" or "Underweight" rating (which is based on a three month trade horizon). Trading ideas and recommendations may differ directionally from the analyst's rating on a security or issuer because they reflect the impact of a near-term catalyst or event.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments effectively assume currency risk.

BofAS or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information.

In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

#### Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or



its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies. Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.

# Research Analysts

---

## US Economics

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.