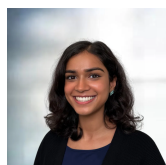


First to Market

June 4, 2026

THE JOB MARKET'S BACK (SORT OF)



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"Honestly, I really just think I work too hard to feel any pressure." — Jalen Brunson

Chart of the Day

HEADWINDS: Oil and 10-yr yield at highs

Oil YTD



10-yr YTD



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Good morning!

Some measures suggest that the job market's worst days are over, a bullish sign for the broader economy that has defied all odds time and time again to keep growing.

Yesterday's ADP report said that private employers added 122,000 jobs in May, higher than the 110,000 expected. The hiring was once again concentrated in education and healthcare, adding about 57,000, but there were also signs of growth in the trade, transportation, and utilities sectors. Jobs there rose by 36,000. I've written in the past why it's better to see economically-sensitive jobs like that grow over healthcare.

The Labor Department's monthly survey of job openings and labor turnover also had positive news on Tuesday. Job openings in April rose to 7.6 million, the highest level since May 2024 and coming in hotter than expectations of a 6.8 million increase.

A big chunk of the increase was in the professional and business services category, which added 668,000 positions. It includes jobs in management and administration, legal, accounting, advertising, janitorial, and everything in between. Some of these jobs were among the first ones to get hit by companies' widespread adoption of AI, so it's a good sign to see plans of hiring there.

This could mean that companies are realizing they pulled back too aggressively and they aren't even saving money with AI, thanks to rising token costs. Anecdotal evidence in the Federal Reserve's Beige Book on Wednesday indicates that entry-level workers in that industry are getting hit harder by AI, but demand for skilled professional service workers is rising.

But I'd like to make clear that even with these early signs of a recovery, the jury's still out on whether it will go back to the pandemic-era hiring frenzy.

Wage growth keeps declining, employees don't have the same level of sway they did in 2021 and 2022, and some employers are even "holding out for the perfect candidate who meets all their criteria," according to the Beige Book, so it's entirely possible that an increase in job openings takes a while to translate to actual job growth and vis-à-vis economic growth.

Still, an apparent and continued resurgence in job growth can no longer be ignored, and Friday's nonfarm payrolls, the gold standard in jobs numbers, is widely expected to confirm this uptrend. Economists are expecting that the U.S. economy added 80,000 jobs in May, after gaining 115,000 in April. The unemployment rate is forecast to remain steady at 4.3%. If this comes in better than expected, I'd wager that those job optimism surveys would improve, too.

A strong or at least not a crumbling labor market can take the pressure off the Federal Reserve, while it focuses on the price stability part of the dual mandate. The war has sent prices surging for commodities, leading to broader price-based pressures across the economy. Some investors are now leaning toward an interest-

rate hike over a cut this year to fight inflation. That's why it's so important for the job market to show signs of life: Otherwise the monetary tightening could threaten to take down the economy.

In other news, we have five new summer interns. In addition to the typical intern task of going on coffee runs for the firm (kidding, sort of!), they will assist us in analyzing economic data. Here's the latest in the series:

Economic data summary:

(1) **PMIs:** May ISM services came in at 54.5%, increasing from April's 53.6%, marking the 23rd straight month of growth in the service sector. The S&P Global Services PMI shows a more cautious story at 50.7%, still growing but barely, as it is one of the weakest readings in over 2 years.

Both reports highlight the same two problems. Firstly, prices keep rising. The ISM's Price Index hit 71.3%, its highest level since August 2022, driven by fuel, labor, and materials costs. The other problem is that businesses are cutting jobs, with the ISM Employment Index shrinking for a third straight month and S&P Global reporting the fastest rate of job losses since May 2020.

This gives mixed signals for the upcoming months. Although the growth numbers look solid on the surface, businesses are paying more for everything and hiring less, two pressures that could weigh on an economy that has been surprisingly resilient so far. Going forward, these rising prices would likely make it more difficult for Federal Reserve Chair Kevin Warsh to make the argument for cutting interest rates, and with consumers holding back on spending, growth could cool off a little bit in the near future. — *Kieran McBride*

(2) **Beige Book:** The Beige Book Report reported that 10 of the 12 Federal Reserve Districts increased in overall economic activity, while one District was flat, and one reported a slight decline. Increased costs for shipping, packaging, and groceries have made producers reluctant to materially expand. Due to this, input costs are rising faster than selling prices, rapidly compressing margins for businesses.

In the Chicago District, for example, businesses reported buying only sufficient quantities of diesel to satisfy their immediate needs instead of by the “truck load” because of the unpredictable cost of oil and higher prices. Also, farmers are starting to favor growing soybeans over corn to cut costs on fertilizer. Since the war started, prices for everything from gas to diesel to fertilizer have risen.

The labor market, meanwhile, has stayed stagnant, with hiring intentions remaining selective. The notable exception was manufacturing hires, which saw strong growth from defense-related activity and greater data center demand.

Nationwide, businesses remain uncertain and anticipate limited growth in the future because of inflation and spikes in fuel and energy costs resulting from the war in Iran.

— *Dean Park*

Share your thoughts

What signs are you seeing that the labor market is expanding? Click [here](#) to send us your response.

Here's what a reader commented

Q: How are you using prediction markets now?

A: I've been using prediction markets to forecast specific words that will be said during earnings calls. For example, Lululemon's CEO briefly mentioned a new lineup featuring a performance fabric. After reviewing the news, I spotted a mispriced word, took advantage of it, and it paid off nicely. There are plenty of these markets where analytical individuals can find an edge.

Catch up with Fundstrat

We discuss the upcoming capital raises by SpaceX, Google, Anthropic and OpenAI. We believe investors are willing to provide this substantial capital in the near term.

Technical

I am turning short-term negative on SPX as of tonight's close, with a minor pullback now getting underway as the index fell to new three-day lows, and it's right to be defensive in the short run for those with a tactical bent.

Crypto

Strategy Concerns Continue to Pressure Crypto Markets: It was another difficult session for crypto, with BTC closing down more than 6% and most major assets participating in the selloff.

News We're Following

Breaking News

- Broadcom Earnings Weigh on Markets WSJ

Markets and economy

- A Short Seller's Fraud Conviction Is Spooking Wall Street WSJ
- Tech's Biggest Bull Was in Despair. An AI Spree Has Him Back on Top. WSJ
- Hotel prices in World Cup cities are about 50 percent higher on game days NYT
- Blackstone caps withdrawals from flagship private credit fund FT
- Kevin Warsh set to revamp Federal Reserve's signalling to Wall Street FT
- Bitcoin's high-conviction holders are turning into sellers as the crypto's price hits new lows CNBC

Business

- Terms Revealed for SpaceX's Unconventional \$75 Billion IPO WSJ
- Anthropic's relentless race to the top FT

Politics/U.S.

- Why Los Angeles Mayor Karen Bass Has to Fight for Her Job NYT

- House votes for measure that would end Iran war, in blow to Trump RT

Overseas

- The Hormuz Squeeze Is Redrawing the Oil Map for Good WSJ

Of Interest

- Jalen Brunson takes over as Knicks surge past Spurs in Game 1 of NBA Finals
NYT
- The Small-Business Owners Managing Whole Armies of A.I. Employees NYT

Overnight

S&P Futures	-26 ▼ point(s) (-0.3% ▼)
overnight range:	-47 ▼ to -14 ▼ point(s)

APAC

Nikkei	-1.36% ▼
Topix	-1.11% ▼
China SHCOMP	-0.64% ▼
Hang Seng	-1.48% ▼
Korea	-1.84% ▼
Singapore	-1.38% ▼
Australia	-1.13% ▼
India	+0.05% ▲
Taiwan	-1.68% ▼

Europe

Stoxx	50 +0.45% ▲
Stoxx	600 +0.21% ▲
FTSE	100 -0.21% ▼

DAX	+0.67% ▲
CAC	40 +1.10% ▲
Italy	-0.10% ▼
IBEX	+0.72% ▲

FX

Dollar Index (DXY)	-0.32% ▼ to 99.21
EUR/USD	+0.36% ▲ to 1.1639
GBP/USD	+0.29% ▲ to 1.3457
USD/JPY	+0.14% ▲ to 159.85
USD/CNY	+0.11% ▲ to 6.7713
USD/CNH	+0.12% ▲ to 6.7719
USD/CHF	+0.58% ▲ to 0.7875
USD/CAD	+0.02% ▲ to 1.3894
AUD/USD	+0.17% ▲ to 0.7141

UST Term Structure

2Y-3M Spread narrowed	-4.2bps ▼ to 32.6bps
10Y-2Y Spread widened	0.4bps to 41.4bps
30Y-10Y Spread widened	1.0bps to 50.5bps

Yesterday's Recap

SPX	-0.74% ▼
SPX Eq Wt	-0.38% ▼
NASDAQ	100 -0.29% ▼
NASDAQ Comp	-0.89% ▼

Russell Midcap	-0.30% ▼
R2k	-1.31% ▼
R1k Value	-0.04% ▼
R1k Growth	-1.35% ▼
R2k Value	-1.26% ▼
R2k Growth	-1.36% ▼
FANG+	-1.24% ▼
Semis	+0.90% ▲
Software	-4.33% ▼
Biotech	+1.62% ▲
Regional Banks	-2.39% ▼
SPX GICS1 Sorted	-1.52% ▼
Fin	-1.21% ▼
Cons Disc	-1.07% ▼
SPX	-0.74% ▼
Utes	-0.54% ▼
Comm Srvcs	-0.17% ▼
Indu	-0.10% ▼
REITs	+0.09% ▲
Materials	+0.24% ▲
Healthcare	+0.69% ▲
Cons Staples	+0.77% ▲
Energy	+1.38% ▲

USD HY OaS

All Sectors	+4.2bps ▲ to 320bps
All Sectors ex-Energy	+4.0bps ▲ 296bps
Cons Disc	+4.2bps ▲ 312bps
Indu	+3.9bps ▲ 210bps
Tech	+4.6bps ▲ 435bps
Comm Svcs	+4.7bps ▲ 481bps
Materials	+3.6bps ▲ 303bps
Energy	+4.0bps ▲ 221bps
Fin Snr	+4.5bps ▲ 296bps
Fin Sub	+3.4bps ▲ 254bps
Cons Staples	+3.4bps ▲ 248bps
Healthcare	+4.1bps ▲ 289bps
Utes	+3.8bps ▲ 210bps *

DATE	TIME	DESCRIPTION	ESTIMATE	LAST
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DATE	TIME	DESCRIPTION	ESTIMATE	LAST
6/5	8:30 AM	May AHE m/m	0.3	0.2
6/5	8:30 AM	May Unemployment Rate	4.3	4.3
6/5	8:30 AM	May Non-farm Payrolls	85	115
6/8	11:00 AM	May NYFed 1yr Inf Exp	n/a	3.64
6/9	6:00 AM	May Small Biz Optimisum	n/a	95.9
6/9	8:30 AM	Apr Trade Balance	-55	-60.307
6/9	10:00 AM	May Existing Home Sales	4.08	4.02
6/9	10:00 AM	May Existing Home Sales m/m	0.7	0.25
6/10	8:30 AM	May CPI m/m	0.5	0.6
6/10	8:30 AM	May Core CPI m/m	0.3	0.4
6/10	8:30 AM	May CPI y/y	4.2	3.8
6/10	8:30 AM	May Core CPI y/y	2.9	2.8

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