<u>Commentary: Week of May 31, 2026</u>

172,000 new jobs were added in May, significantly higher than the Dow Jones consensus estimate of 80,000, while the unemployment rate stayed constant at 4.3%. These strong numbers show market resilience despite high energy prices and higher inflation.
Leisure and hospitality led the way with 70,000 new jobs added, perhaps in response to the summer vacation season and a lead-up to the World Cup.
Hiring in the hospitality sector is expected to remain strong as our population ages, while leisure hiring may be short-term and abate after the summer.
These numbers are especially important as labor constitutes half of the Fed's mandate (the other half being inflation). Strong job growth could result in the Fed not only holding rates steady but also possibly increasing rates depending on inflation.
With Kevin Warsh sworn in as the new Fed chief and Trump continuing to pressure for lower rates, the June 17/18 meeting will be significant.