

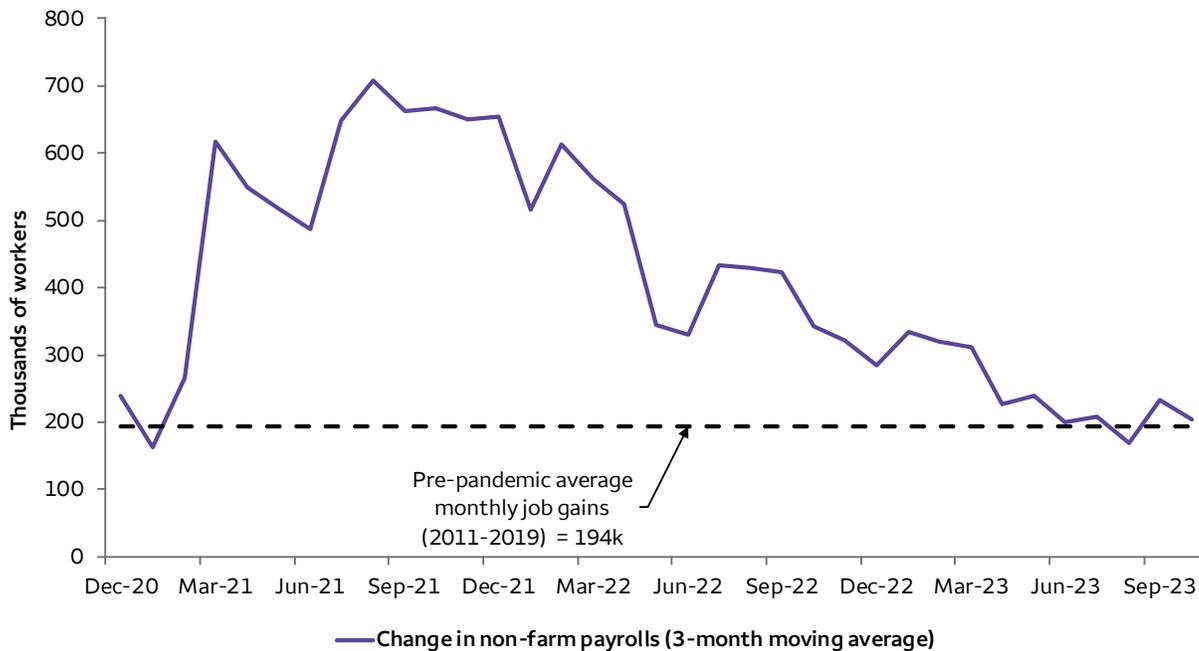


Chart of the Week

Weekly market analysis on key market indexes

November 28, 2023

Job growth is slowing to pre-pandemic levels



Sources: Bloomberg, Bureau of Labor Statistics, and Wells Fargo Investment Institute. Monthly data from December 1, 2020 to October 31, 2023.

Change in non-farm payrolls (3-month moving average)

The change in non-farm payrolls, when smoothed on a three-month rolling basis, fell in August 2023 below the average experienced during the prior economic expansion (dashed line). Despite an uptick in September, the trend in the labor market remains weaker. Job growth slowed in October to a lower-than-expected 150,000.

Job gains had surged in early 2021 as employers added back jobs lost during the 2020 recession, and that job growth peaked in August 2021. While the labor market has remained more resilient than other parts of the U.S. economy, the chart shows that job growth has slowed significantly from its post-pandemic peak.

What it may mean for investors

We still view economic and financial headwinds as strong enough to deepen the economic slowdown by early 2024. Our 2023 year-end target for U.S. unemployment is 3.9%, rising to 5.6% by year-end 2024, and we believe households will find it increasingly difficult to maintain the recent pace of spending. We remain defensive and oriented toward quality as the economy likely downshifts in coming months.

Excerpted from *Economic and Market Strategy Update* (November 2023)

Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value

Risk Considerations

Forecasts and targets are based on certain assumptions and on views of market and economic conditions which are subject to change.

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