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**TOM KEENE, BLOOMBERG:**

Let us get ahead of the raging debate this weekend on how we measure our labor economy. Tiffany Wilding is an expert at this. She's with PIMCO and we’re thrilled she could join us here on YouTube and in CarPlay. Tiffany, I'm going to cut to the chase. There's two reports. You know the “gloom crew” is going to come out and say, “Forget about 600,000 plus jobs in 60 days. There's a massive divergence here between non-farm payrolls and the establishments and the other survey, the unemployment rate survey”. How big is the divergence as we study the labor economy?

**TIFFANY WILDING, PIMCO:**

Well, I think you have to be a little bit careful just because of the way that the surveys are measured. The population controls were actually included. So you have to be a little bit careful about looking at either survey this month. But what I would say is once you smooth through the noise, labor market momentum still looks reasonably strong, both in the establishment survey as you suggested. But if you look at the unemployment rate in the household survey, it's moving sideways as well. So when you have payroll growth and on a six month moving average basis, 250,000 jobs being created per month, that's a pretty strong economy still. So I mean, to me, the bottom line here is that you're not really seeing a slowing economy that would be consistent with Fed cuts.

**KEENE:**

Peter Scheer, Academy Securities publishes this out on ZeroHedge. Thank you, ZeroHedge for this. And as Tiffany Wilding says, Paul Sweeney, simply stunning number that the establishment survey, “Even the household survey was barely negative”.

**PAUL SWEENEY, BLOOMBERG:**

Interesting, interesting. Okay. And Tiffany, it's not just the number of jobs that have been created. It's also the wages associated with those jobs. We had average hourly earnings on a month-to-month basis of 0.6% well ahead of the 0.3% consensus and better than last month. What's your call on the wages there?

**WILDING:**

Yeah, well, I mean, I think again, you have to be a little bit careful because any survey can be noisy. We did have a big drop in average hours and sometimes that can distort the data. But having said that and taking in just a broader range of wage data, what I would say is that wages, wage inflation has certainly come down since its post-pandemic peak. But there's still a question around where it settles. And the data that we've gotten over the last couple of months suggests that it might settle above levels that would be consistent with the Fed's target. So if you think the Fed's target is two, you do a productivity adjustment. People should get paid for how much inflation there is post how productive they are. That suggests that target-consistent wage inflation is more like 3%, and we think we're running 4, when we look across the range of surveys. So again, all of this sort of suggests to us that all of the growth will probably slow in 2024, a March cut is probably not likely at this point.

**KEENE:**

Paul, just a program note here. We've got a special guest coming in right now. Ed, JFK and they're racing to get here from Monsat, Italy. And we'll have that on in a moment. I just want to highlight that, folks. We'll have that in a number of minutes.

**SWEENEY:**

Tiffany, I'm seeing just some research coming off the street, this morning on the back of this labor data. I guess March for the Fed is off the table. And now some people are even questioning May. How do you think the Fed's going to kind of stomach this data today?

**WILDING:**

Well, again, I think the Fed will not want to, to heavily be dependent on any one report. And I think we also have to keep in mind that there's a lot of data between now and May. We also have to keep in mind that it's always possible that you could have other things happen. Obviously, the markets were very focused on this New York Community Bank that was having some issues. So certainly possible that we have stresses in other parts of the market. We know there's still a pretty high CRE concentration on these regional banks and how quickly that gets worked out is still yet to be seen. But there's a lot of things that can happen between now and May. So I mean, we think you have to do scenario analysis here. And the point that we've been making is that you're not out of the woods yet in terms of a soft landing. On the one hand, the labor market report today is very consistent with a risk that inflation potentially re-accelerates. But of course, there's still risks on the downside here as well, just because you have tight monetary policy. And there's definitely some areas of weakness in the US economy. So we think you have to be careful here. Our view is that June or around mid-year is probably a more likely time frame with which the Fed will cut. But certainly, they're going to be watching the data.

**KEENE:**

Come on, it's a fully employed America watching the data. I saw an Atlanta GDP number that was stellar. One quick question here, Tiffany, we’ll let you go. I'm sorry. Neil Dutta is right. “Optimism pervades”. Do I have that right? Is that what you're going to tell the portfolio managers at PIMCO on Monday?

**WILDING:**

Well, I think it depends on where you sit in the world. The US has been pretty standout in terms of its strength. If you look elsewhere across the DM, by the way, growth has been very stagnant. Inflation trends look better in Europe, for example. So I think in terms of where you sit, it's going to matter. But in the United States, at least, it does look pretty optimistic right now.

**KEENE:**

Tiffany, thank you for the brief. Tiffany Wilding with PIMCO here.