VICTORY PARTNERS

MIDDLE MARKET INSIGHT | What Business Owners Need To Know

528,000
PAYROLL GAINS IN JULY EXCEEDED ALL FORECASTS

3.5%
JOBLESS RATE DECLINED TO 3.5%, MATCHING A FIVE-DECADE LOW

US Job Growth Surges, Tempering Recession Worry And Pressing Fed

- US employers added more than double the number of jobs forecast, illustrating rock-solid labor demand that tempers recession worries and suggests the Federal Reserve will press on with steep interest-rate hikes to thwart inflation.
- The report suggests a voracious appetite for workers, particularly in the service sector that's been struggling with labor shortages. The payrolls gain was broad and included firmer hiring in accommodation and food services, where companies are scrambling to beef up staffing levels against a backdrop of pent-up demand.
- While the strong advance in payrolls and wages is welcome news for President Joe Biden, it's also likely to stiffen the Fed's resolve to stay on the path of large interest-rate increases.

75BP
US SWAPS PRICE GREATER CHANCE OF 75BP SEPT. HIKE AFTER STRONG JULY JOBS REPORT

44BP
PREMIUM OF THE 2 YEAR TREASURY RATE OVER THE 10 YEAR

Treasury Yields Leap as Jobs Data Spurs Bets on Bigger Fed Hikes

- Treasury yields surged, led by the front end, after the latest US employment report suggested inflation pressures aren't disappearing just yet, boosting the case for bigger central bank interest-rate increases.
- Short-dated US interest rates jumped following a stronger-than-anticipated monthly jobs report, with swaps now indicating that an increase of 75 basis points to the Federal Reserve's benchmark rate is now seen as a more likely outcome than 50 basis points at the central bank's September meeting.
- The rate on swap contracts tied to the date of the September Fed meeting rose as much as 10 basis points to 3%, some 67 basis points above the current effective fed funds rate of 2.33%. That implies a hike of at least 50 basis points is seen as definite and an approximately two-in-three chance that it could be three-quarters of a percentage point.

$89.92
A BARREL - WTI FOR SEPT. DELIVERY ADDED $1.38 A BARREL

$95.51
A BARREL – BRENT FOR OCTOBER SETTLEMENT GAINED $1.39 A BARREL

Oil Suffers Deep Weekly Loss as Concerns Over Demand Intensify

- Oil headed for the biggest weekly decline since early April on increasing evidence that a global economic slowdown is curbing demand, with prices near the lowest level in six months.
- US gasoline consumption dropped, stoking demand concerns, while low liquidity has added to volatility. Supplies from Libya also picked up, helping shrink key oil futures time-spreads and ease the tightness in the market.
- The shift to tighter monetary policy has stoked concern among investors that growth will slow, imperiling the outlook for energy usage.

Sources: www.bloomberg.com | www.nytimes.com | www.wsj.com