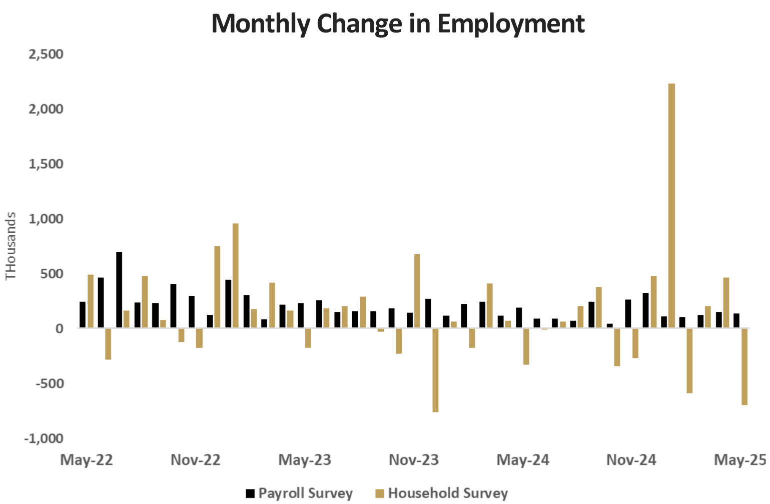
GOELZER INVESTMENT MANAGEMENT

A Tale of Two Jobs Reports

May's employment data presented two conflicting views of the labor market. The payroll survey—based on a sample of U.S. businesses—showed a gain of 139,000 jobs. In contrast, the household survey—drawn from a sample of U.S. households—reported a decline of 696,000 jobs, marking the largest monthly drop since December 2023. While the payroll survey is more widely followed due to its larger sample size and lower volatility, the household survey may be picking up signs of weakening conditions not yet reflected in headline figures.

The chart below highlights the growing divergence between the two measures. For much of the past few years, the surveys moved in relative alignment. That pattern has broken down over the last year, with monthly differences becoming both larger and less predictable. In May, the gap between the two surveys exceeded 835,000 jobs. While payroll gains have remained relatively steady, household results have become more erratic.

Markets focused on the payroll figures, largely ignoring the household report, and interpreted the business survey as a signal that labor market conditions remain stable. If the divergence between the two surveys continues, however, it could prompt fresh questions about the underlying strength of the labor market and the resilience of consumer spending.



U.S. Bureau of Labor Statistics, as of May 31, 2025. Accessed via Bloomberg.

Economy

Last Week	*This Week*
- ***ISM Manufacturing (May):*** *48.5 vs. 48.7 one month prior. Prices paid 69.4 vs. 69.8 one month prior.*	- ***Consumer Price Index (May):*** *6/11*
- ***JOLTS (Apr.):*** *7.4 mln openings vs. 7.2 mln one month prior. Layoffs (1.1%) & Quits (2%) unchanged.*	- ***Producer Price Index (May):*** *6/12*
- ***ISM Services (May):*** *49.9 vs. 51.6 one month prior. Prices paid 68.7 vs. 65.1 one month prior.*	- ***Initial & Continuing Jobless Claims:*** *6/12*
- ***Payrolls & Unemployment (May):*** *139K Two-month revision -95K. Unemployment unchanged at 4.2%.*	- ***U. of Mich. Sentiment (Jun P.):*** *6/13*

Equities

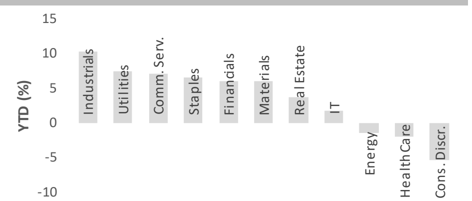
Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6006	1.21	7.31	2.72	13.82	17.32	15.27
Russell 1000 Growth	4105	1.50	13.12	1.84	16.93	23.30	17.13
Russell 1000 Value	1873	1.00	1.48	3.65	11.02	10.49	12.18
FTSE High Dividend Yield*	467	0.79	1.19	2.96	13.00	10.49	12.72
S&P Small and Mid Cap	16846	2.60	4.70	-2.64	5.52	8.66	11.67
MSCI EAFE	2626	0.53	10.73	18.54	14.47	14.44	10.75
MSCI EM	1194	3.55	9.12	12.37	14.53	7.43	6.31

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield
S&P 500	20.3	15.3	1.4
Russell 1000 Growth	26.0	17.8	0.6
Russell 1000 Value	15.9	13.5	2.3
FTSE High Dividend Yield*	12.6	13.0	4.1
S&P Small and Mid Cap	14.1	15.5	2.0
MSCI EAFE	14.4	13.4	3.1
MSCI EM	11.9	11.1	2.8

S&P Sector Returns YTD



** Bloomberg U.S Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.*

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.79	-0.01	-0.59	2.17	4.72	2.05	-1.00
U.S. Int. Gov/Credit	4.39	-0.13	0.32	2.75	5.95	3.28	0.44
U.S. Corporates	5.27	0.23	-0.08	2.23	5.19	3.47	-0.10
High Yield	7.43	0.32	2.00	3.02	9.21	7.85	5.26
Municipals (1-10)	3.42	0.14	0.37	1.07	3.20	2.25	0.87

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	4.00	3.95	3.89	4.24	4.84	2.81	0.17
10-yr Treasury	4.48	4.46	4.21	4.57	4.41	3.04	0.73
30-yr Treasury	4.94	4.98	4.57	4.78	4.54	3.17	1.51
SOFR	4.29	4.32	4.41	4.49	5.32	0.75	0.07
6-mo. CD rate	4.36	4.37	4.25	4.33	5.43	2.20	0.45
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.00	3.25
30-yr fixed mortgage	6.87	6.94	6.83	7.28	7.28	5.58	3.40