EBC Financial Group Sees Shift in Investor Sentiment as Above-Expectation 147,000 Non-Farm Payrolls Reprice Markets

Markets slash odds of a July rate cut to 4.7%, driving a broad repricing in FX and gold.

The U.S. adds 147,000 jobs in June, surprising markets and driving the dollar higher while pushing gold below $3,350 — EBC Financial Group analyses how mixed labour signals are reshaping rate expectations and investor positioning.

DC, UNITED STATES, July 4, 2025 /EINPresswire.com/ -- The latest US Non-Farm Payrolls (NFP) data, released on 3 July, delivered an unexpected jolt to global financial markets. With 147,000 jobs added in June—far above the forecasted 110,000—and the unemployment rate ticking down to 4.1%, investor expectations for an imminent interest rate cut have sharply diminished. The ripple effect was immediate, with the US dollar staging a recovery across major currency pairs, gold prices falling, and equities reassessing their recent gains.

U.S. Labour Market Resilience Redefines Fed Policy Expectations

The headline jobs number surpassed consensus estimates and included upward revisions to previous months, highlighting labour market resilience despite persistent macroeconomic uncertainty. However, the strength was not uniform: private sector job creation slowed to just 74,000—the weakest since October 2024—while government hiring surged by 73,000.

Wage growth also came in softer than expected, with average hourly earnings rising by only 0.2% month-over-month, below the 0.3% forecast. While this may ease some inflation concerns, it adds complexity to the Federal Reserve's decision-making ahead of its next meeting.

"The June NFP report is both a reassurance and a warning," said David Barrett, CEO of EBC Financial Group (UK) Ltd. "On the one hand, job growth continues. On the other, weak private hiring and soft wages reveal deeper fault lines. For traders, the market response highlights the importance of staying agile—especially in FX pairs like USD/JPY and EUR/USD, where monetary divergence is becoming more pronounced."

Currency Markets React Sharply to Fed Repricing

The US dollar strengthened broadly following the release. EUR/USD fell amid renewed speculation that the Fed will hold rates higher for longer. Technical support is expected near the 1.16 level, a previously tested zone.

USD/JPY surged above the 145 mark, with traders now eyeing the 50-day Exponential Moving Average (EMA). Markets are watching Japan closely as speculation mounts over the Bank of Japan's potential return to quantitative easing. In contrast, AUD/USD held near 0.6550 with muted upward momentum, suggesting continued consolidation unless broader risk appetite improves.

"This is a decisive moment for currency traders," Barrett added. "Differentiating between short-term reactions and longer-term structural shifts will define opportunities in Q3."

Gold Slips Below $3,350 as Yields Rebound

Gold (XAU/USD) dropped to trade below $3,350 as stronger employment data spurred a rebound in U.S. Treasury yields and dampened rate-cut expectations. The precious metal also came under pressure from technical resistance at its 20-day Simple Moving Average (SMA) and the 78.6% Fibonacci retracement near $3,372.

Still, with political pressure on the Fed mounting and upcoming trade policy developments, including the 9 July tariff deadline—volatility remains a key theme. Some investors may seek refuge in gold should geopolitical or fiscal instability resurface.

Looking Ahead: Inflation, Tariffs, and Cautious Central Banks

The CME FedWatch Tool showed market-implied probability for a July rate cut falling from 25.3% to just 4.7% after the report, while likelihood of a September cut also dropped significantly. With wage growth slowing but the labor market still adding jobs, the Fed is likely to take a "meeting-by-meeting" approach, as reiterated by Chair Jerome Powell during this week's European Central Bank forum.

Meanwhile, global risk sentiment will be tested next week as the U.S. approaches a politically charged tariff decision on 9 July, potentially affecting trade-sensitive sectors and broader economic confidence.

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