

What 26 Million Paychecks Reveal About the Economy (With Nela Richardson)

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This week's episode connects two of the biggest themes driving markets today: rising bond yields and a rapidly evolving labor market.

Collin Martin and Liz Ann Sonders discuss why higher Treasury yields matter far beyond the bond market. They explain how rising yields affect mortgage rates, borrowing costs, housing affordability, and stock market leadership. While higher rates create challenges for interest-sensitive sectors like real estate and utilities, as well as lower-quality companies with significant debt burdens, they also create attractive opportunities for fixed income investors.

The featured interview is with ADP Research Chief Economist Nela Richardson, who offers a detailed look at the U.S. labor market through ADP's payroll data. Richardson explains why ADP's employment data can differ from government job reports, discusses emerging wage trends, and introduces ADP's new Pay Insights research. She argues that inflation's lasting impact on purchasing power helps explain weak consumer sentiment even as economic growth remains resilient. The discussion also explores manufacturing, labor shortages, overtime trends, job-switching premiums, and how demographic shifts are reshaping workforce dynamics.

The conversation concludes with a deep dive into artificial intelligence and employment. Richardson shares research suggesting that AI may be reducing opportunities for some younger workers in AI-exposed fields while enhancing productivity and employment prospects for more experienced workers. Despite concerns about disruption, she remains optimistic that a combination of technology adoption and skilled workers can drive the next wave of productivity growth, much as previous technological revolutions did.

You can read the ADP National Employment Report that Nela and Liz Ann discuss at <http://www.adpemploymentreport.com/>.

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NERP is the National Employment Report Pulse from ADP: <https://adpemploymentreport.com/>

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