U.S. Employment Insight: Nov 2025

MNI View: Payrolls Won't Sway Foggy Fed Views

Nov 20, 2025 - By Chris Harrison and Tim Cooper

Quick Take: Fed Doves Will Point To Unemployment, Hawks To Job Gains

- The long-postponed September Employment Situation report delivered a largely solid if slightly stale snapshot of the US labor market, with an unexpectedly large uptick in the unemployment rate to a 4-year high appearing to outweigh consensus-beating payrolls growth to deliver a slightly dovish market reaction.
- The payrolls data in the Establishment Survey were stronger than expected, with gains of 119k (cons 51k), following a downward revised August to -4k (22k initially) after 72k in July (from 79k) and -13k in June. This means trend job growth rates are at the lower end of the range of "breakeven" estimates, rather than pushing more materially below, and a very strong response rate to the survey should give more confidence that September's gains won't be revised away.
- While private payrolls were on the weaker side when considering downward revisions, we note September saw the first net job creation for private industries outside of health & social assistance since April.
- But to our eye, the Household Survey broadly leaned to a conclusion that the labor market is loosening or at least, not showing material improvement in demand. The 4.44% unemployment rate in September is the highest since October 2021 (4.32% prior) and was above the consensus expectation of 4.3%.
- While it could be argued this represented a "healthy" rise, given that it came with a rise in participation, we didn't see it as unambiguously so as other metrics continued to point to continued soft labor demand.
- Indeed we don't think the FOMC's doves will see much in this report to change their perception of risks to the labor market as a whole, though by the same token the expectation-beating payroll gains will be taken by hawks as evidence that downside has not materialized to a point that warrants further easing just yet.
- With no October or November payrolls data available going into the December 9-10 FOMC, policymakers will have to wade through the data "fog" and ascertain whether the "alternative" measures of labor market health show a trajectory since September that would warrant a further risk-management cut.
- While most such data suggests conditions haven't improved since September, neither is the bottom falling out of the labor market.
- Post-NFPs, some analysts shifted their views for the December Fed meeting, now seeing a hold whereas they had previously expected a cut, with none that we are aware of doing the converse.
- That was slightly at odds with market-implied prospects for a cut at next month's meeting which shifted back to 9-10bp vs 6bp beforehand, though larger moves are seen further out the curve.

CONTENTS

Payrolls Summary Statistics For September 2025

	Actual	Cons.	Surprise on mth	2-mth Rev	Aug	Jul	Net Surprise
Monthly growth (000s)							
NFP	119	51	68	-33	-26	-7	35
Private	97	65	32	-41	-20	-21	-9

	Actual	Cons.	Prior mth	Cycle low		2019 av
U/E rate (%)	4.44	4.3	4.32	3.45	Apr'23	3.67

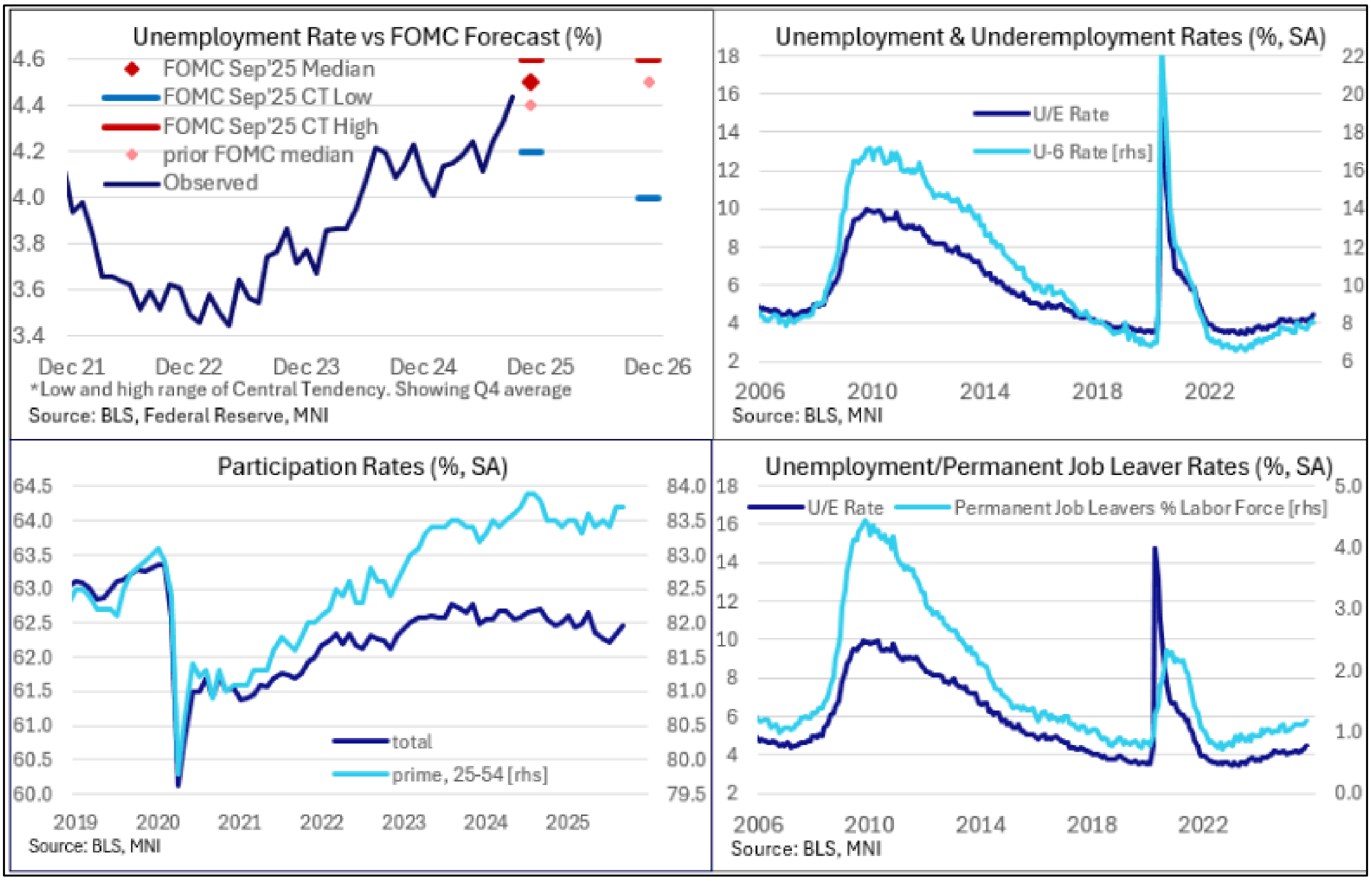
	M/M Growth		Y/Y Growth	
	Actual	Cons.	Actual	Cons.
AHE (%)	0.25	0.3	3.79	3.7

Source: Bloomberg Finance L.P., BLS, MNI

Unemployment Rise Puts FOMC Median Q4 Forecast In Sight

September's Household Survey broadly added to evidence that the labor market is loosening.

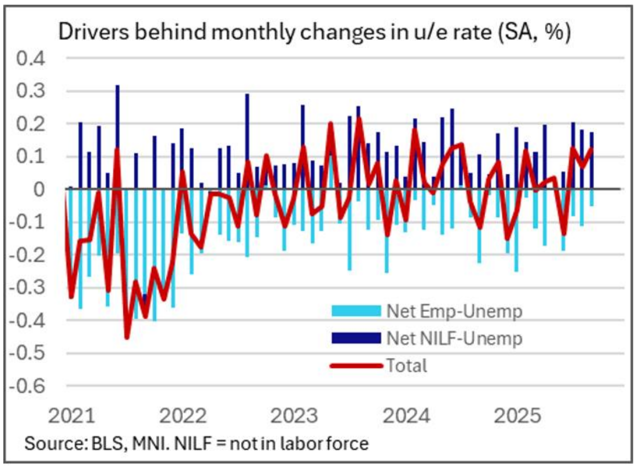
- The 4.44% unemployment rate in September is the highest since October 2021 (4.32% prior) and was above the consensus expectation of 4.3%.
- With the number of unemployed rising 219k, it's now up 588k in the last 3 months. We haven't seen a 3-month increase like that since May-Jul 2024 (which of course helped encourage the Fed to cut 50bp in September 2024).
- The unemployment rate has now risen by 0.32pp in since June, and suddenly the FOMC's median forecast made in September for a 4.5% unemployment rate in Q4 is in sight.
- Permanent job losers rose 78k, with job losers up 88k and those not on temporary leave up 139k, while job leavers totaled 77k. All of these were multi-month highs.
- Conversely, employment rose 251k, with a net 279k of gains in the last 3 months. But on a Y/Y basis (when adjusting for population controls), employment remained negative.
- Unemployment would have risen to 4.45% had it not been for an increase in the labor force (470k) that brings it up 906k in the last 2 months alone (though overall it remains on a clear growth downtrend); Participation rate rose to a 4-month high 62.5%.
- This leaves the employment-to-population ratio at 59.7%, a 3-month high.
- Somewhat counter-intuitively, the U-6 "underemployment" rate fell 0.1pp to 8.0%, despite all of the other unemployment aggregates (U-1 through U-5) saw an increase in the rate. This came as the number of those working part-time for economic reasons fell 170k, as part of a broader fall in part-time work (-712k total, implying an 824k gain in full-time work, so a sign of strength rather than weakness).



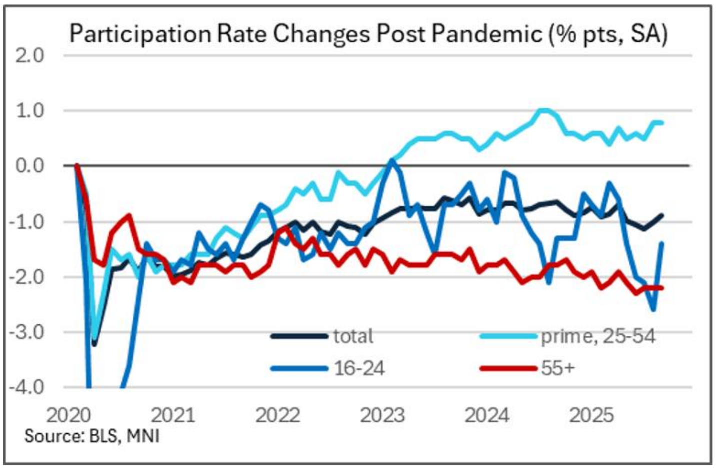
Ambiguously "Healthy" Unemployment Up As Periphery Metrics Stay Loose

September's Household Survey arguably delivered a sign of a "healthy" rise in the unemployment rate, but not unambiguously so.

- Chair Powell at the September FOMC press conference made the following observation about recent Employment Reports: "you see minority unemployment going up, you see younger people-people who are more vulnerable economically, more susceptible to economic cycles. That's one of the reasons, in addition to just overall lower payroll job creation, that shows you that at the margin the labor market is weakening. I would also point to labor force participation. Some part of the significant decline in labor force participation over the last year has probably been cyclical in nature, rather than just the usual aging process."
- Looking through that lens, the September household report was mixed.
- The 0.12pp rise in the unemployment rate in September to 4.44% came on the back of a rise in the participation rate (0.12pp), which outpaced the rise in the employment-to-population ratio (0.05pp). Thus while the rise in the employed (+251k) outpaced the rise in the unemployed (+219k), the pickup in participation meant the unemployment rate ticked higher.
- Though as noted earlier apart from temporary employment, there were rises across all categories of unemployment (new entrants and re-entrants totaled just 65k of the 219k). Indeed the permanent job losers rate as the % of the workforce rose 0.05pp to 1.18%, highest since October 2021 in a further sign of a "low hiring" environment.
- Prime-age participation was flat at 83.7% - still elevated on a historical basis, to be sure - as prime age female participation rose 0.3pp to a 12-month high 77.8% and male dipped 0.3pp to 89.5%. Prime age employment was flat on the month (up 2k) with unemployment rate up 50k, and with the labor force rising 52k, this brought this age cohort's unemployment rate up to a 10-month high 3.65%. (55+ participation was 38.1% for a 3rd consecutive month.)
- That meant the participation rise overall came on the back of an unusually large jump in age 16-24 participation: by 1.2pp to 55.5%, a 4-month high, after a worrying drop to post-August 2020 lows in July/August.
- That could be considered a sign that more marginal workers are getting more encouraged to work, but then it's a pretty volatile cohort. And we see various other demographics that suggest sustained and perhaps increased looseness across the board: black/African-American unemployment remained at 7.5% for a 2nd consecutive month and a joint-46-month high, while the unemployment rate for those with less education than a bachelor's degree ticked up 0.1pp to 6.8%, a 12-month high.



Source: BLS, MNI. NILF = not in labor force



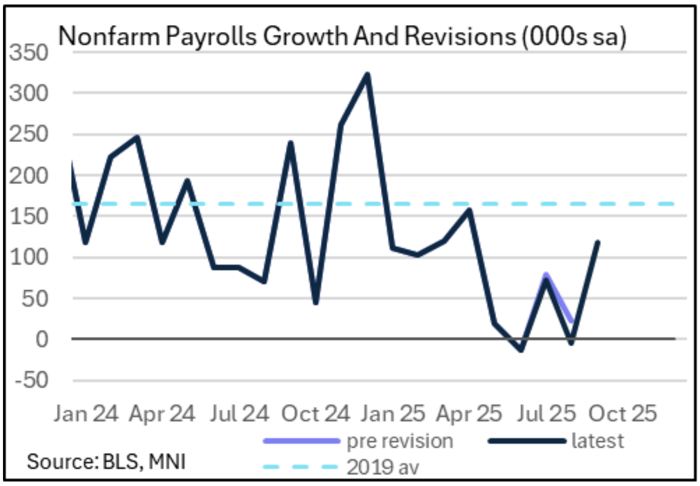
Source: BLS, MNI

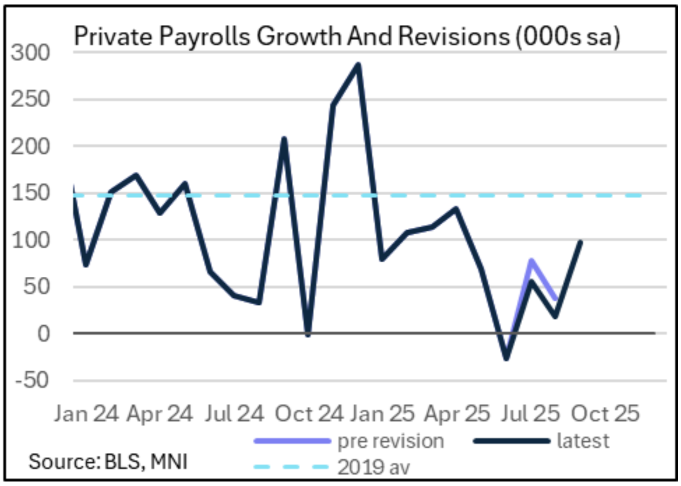
Genuine Improvement On Payrolls Side Of September Jobs Report

Separate to the weaker household survey with its push higher in the u/e rate, the payrolls data in the establishment survey were stronger than expected in September. Trend growth rates are at the lower end of the range of breakeven estimates rather than pushing more materially below. Further, September alone saw the first net job creation for private industries outside of health & social assistance since April, albeit after some heavy cumulative declines since then.

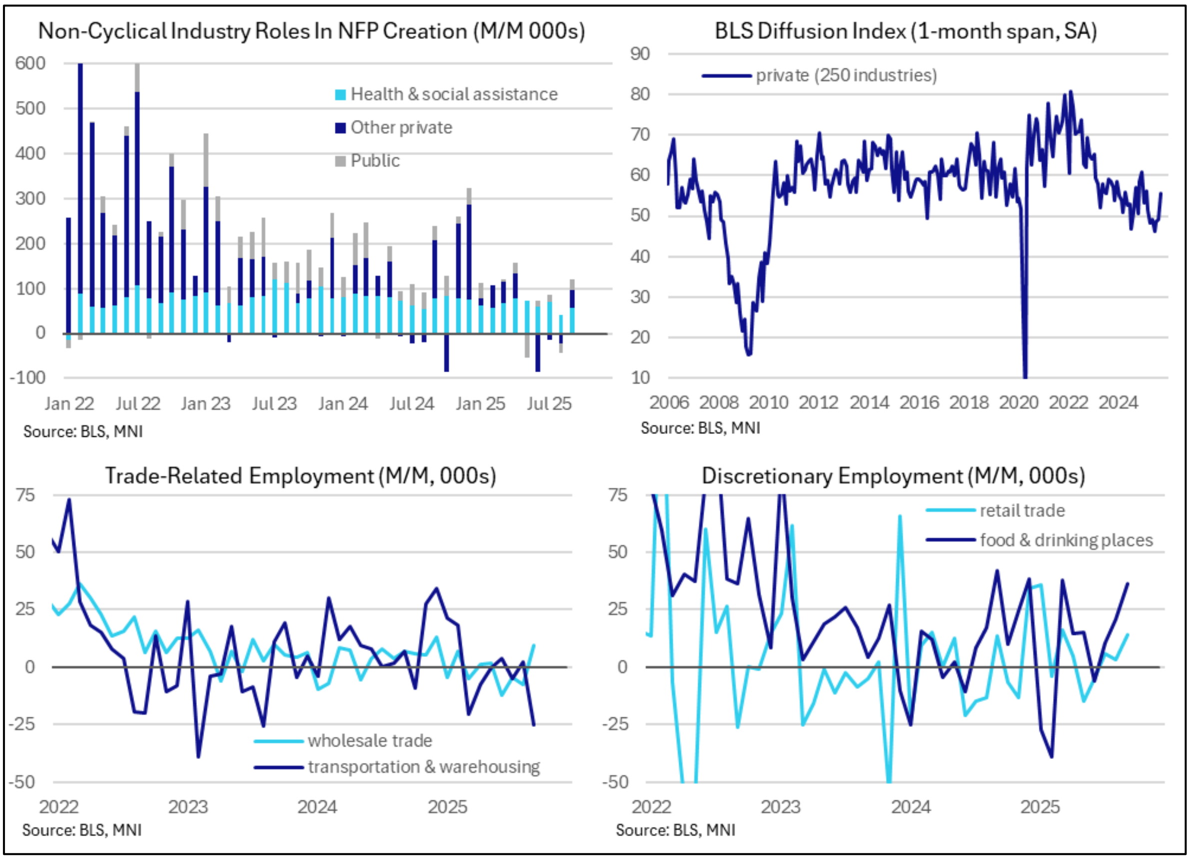
- September's report put nonfarm payrolls growth at a stronger than expected 119k in September (cons 51k), following a downward revised August to -4k (22k initially) after 72k in July (from 79k) and -13k in June.

- Private payrolls were weaker on net though, increasing 97k (cons 65k) in a surprise that was offset by a two-month revision of -41k (spread over both August and July).
- Looking through monthly volatility, three- and six-month averages for both nonfarm and private sector payroll growth stand close to 60k per month in the latest vintage of data.
- That's at the low end of recent estimates for breakeven payrolls growth rather than pushing more clearly below them.





- Within the details, a 57k increase in the cyclically insensitive health & social assistance sector after 40k in August takes a little of the gloss off the latest private sector strength.
- Still, it's notable that private sector job creation ex health & social assistance increased 40k, its first increase since April having lost -126k through May-Aug.
- Other main positive drivers were food & drinking places (37k after 21k), construction (19k after -14k), retail trade (14k after 3k for its highest since March) and arts, entertainment & recreation (13k after 10k).
- The main drags came from transportation & warehousing (-25k after 3k for its weakest since Aug 23), professional & business services (-20k after -17k) and manufacturing (-6k after -15k).
- The 97k private payrolls growth is in firm contrast with the -29k in the September ADP report, which subsequently improved to 42k in October. Large discrepancies in September come from leisure & hospitality employment (+47k for payrolls vs -16k for ADP) and construction (+19k for payrolls vs -4k for ADP), along with the education & health category (59k vs 25k) which has seen large gaps over the past year.
- Supporting a rosier September, the 1-month diffusion index increase to 55.6, its highest since February after five months below 50 (with <50 indicating more than half of the 250 industries monitored declined on the month).



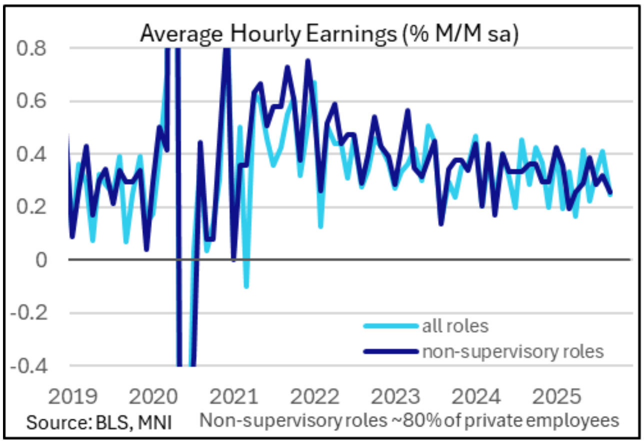
Mixed Results For Average Hourly Earnings In September

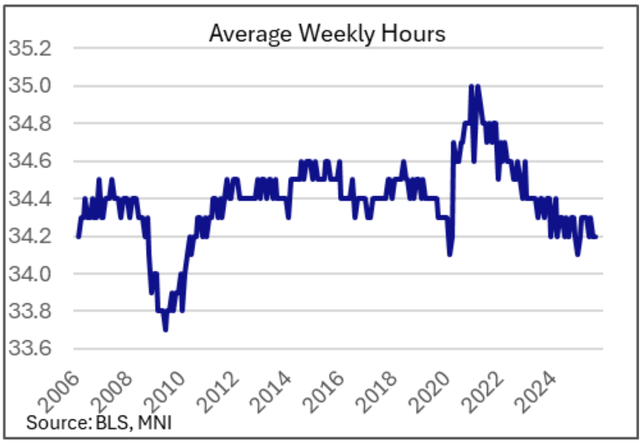
- Average hourly earnings were softer than the 0.3% M/M expected (albeit exaggerated by rounding at 0.246%) but it followed a firmly upward revised 0.41% M/M in Aug.
- Interestingly, this upward revision was entirely driven by supervisory workers, with the non-supervisory category (~80% of the private workforce) rising 0.25% M/M after a downward revised 0.32% (initial 0.38).
- Average weekly hours worked meanwhile held steady at 34.2.

Total AHE:
- M/M (SA): 0.246% in Sep from 0.412% in Aug (initial 0.274%)
- Y/Y (SA): 3.793% in Sep from 3.832% in Aug

AHE Non-Supervisory:
- M/M (SA): 0.254% in Sep from 0.319% in Aug (initial 0.383%)
- Y/Y (SA): 3.785% in Sep from 3.898% in Aug

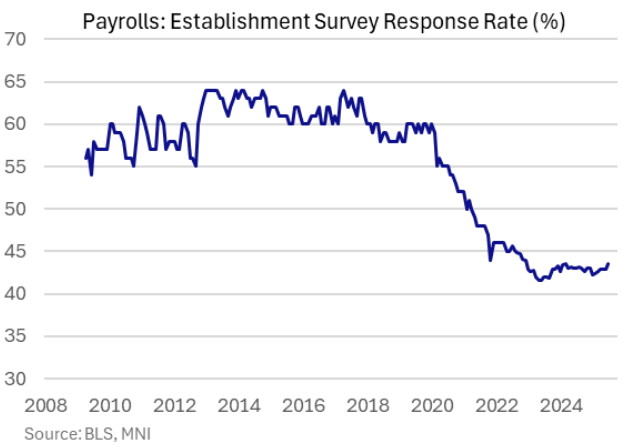
Source: Bloomberg Finance L.P., MNI

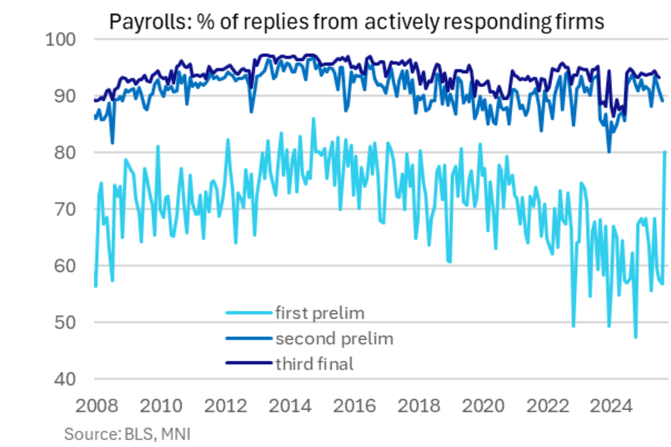


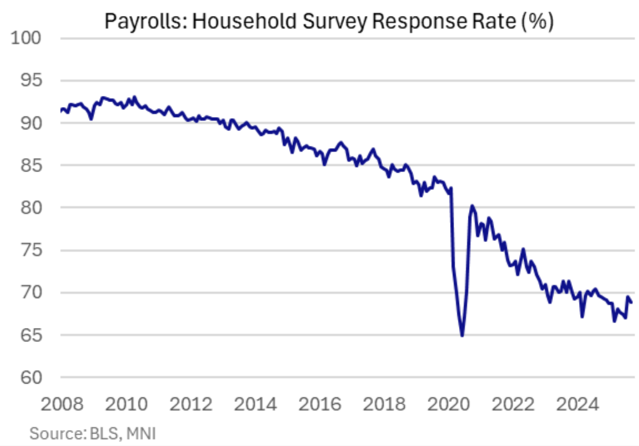


Much Higher Response Rate For September's ‘First’ NFP Reading

- The response rate for this first release of payrolls data (establishment survey) jumped to 80.2% in September from 56.7% in August and a prior twelve-month average of 62% - see the below chart for context.
- This should give the Fed more confidence in the September uptick in jobs growth as it reduces scope for revisions come the next update, which we know won’t come until Dec 16 when the October establishment survey readings are bundled in with the regular November readings.
- That doesn’t rule out what can still be large revisions, but it adds to the likelihood that the first look at October data, when we do eventually receive it, should also be more accurate compared to first estimates from earlier this year.
- The BLS on today’s high response rate: “September estimates from the establishment survey include both data collected on our normal schedule prior to the shutdown and also September data that businesses self-reported electronically during the shutdown. As a result, the establishment survey collection rate (80.2 percent) for this initial release of September 2025 data is higher than usual.”
- As you can see though, this didn’t have an impact on the second preliminary response rate, at 89% vs 91% in the prior release.
- Separately, the response rate for the household survey (behind the u/e rate) was similar to recent months, at 68.9% vs 69.5% in August and 12-mth average of 68.5%. This isn’t revised from month-to-month, unlike the payrolls data, but instead indicates scope for a continuation of typical volatility within u/e rate estimates.
- Fed Governor Waller discussed prospects for establishment survey revisions in Q&A on Monday: “It's not clear we're ever going to get a third revision or second revision to the September report. We might get some truncated first revision. Probably not going to get a second revision. First, the October report. We're not exactly sure what it's going to look like. How much was recorded? How much did we have? Are we going to get a second and third or a first revision second out of that data? I don't know. So that's going to be the tricky thing is without any revisions to the data, we don't really have a good idea of how accurate these numbers are going to be.”







STIR: December Cut Odds Build But Still Clearly In Favor Of A Pause After Recent Shift

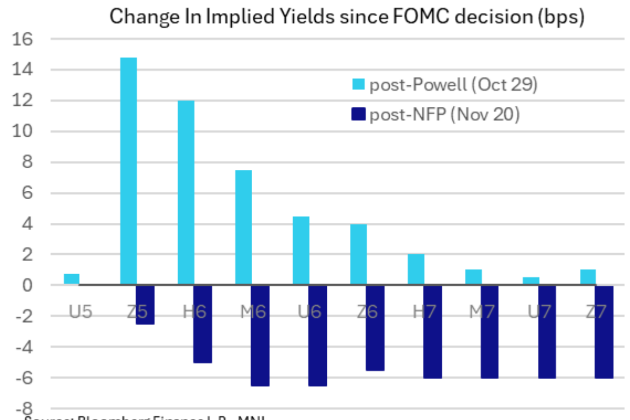
- The higher unemployment rate has outweighed better than expected payrolls growth in the September jobs report, for what was initially a modest dovish reaction that has extended with broader risk-off as equities slid later in the session.
- Cut prospects for next month’s meeting have shifted back to 9-10bp vs 6bp beforehand, having continued to be trimmed on Wednesday by 1) the BLS confirming that today’s NFP report for September will be the last payrolls report the FOMC sees before its Dec 9-10 meeting and 2) the FOMC minutes from the Oct 28-29 meeting further highlighting committee divisions.
- Larger moves are seen further out the curve, with the March implied rate 4.5bp lower and the June rate 6.5bp lower.
- The SOFR terminal implied yield meanwhile has pushed to 3.04% (SFRH7, -4.5bp on the day) and is set for its lowest close since a hawkish Powell at the Oct 29 FOMC press conference. It’s only a small move out of recent ranges, having closed between 3.065-3.16% in recent weeks.

FOMC-dated Fed Funds futures implied rates

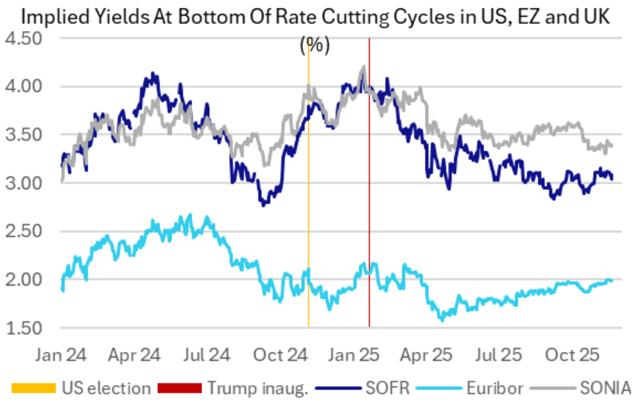
Meeting	Latest			pre NFP (Nov 20)			*chg in rate*	pre Powell (Oct 29)			*chg in rate*
	%	step (bp)	cum. (bp)	%	step (bp)	cum. (bp)	*bp*	%	step (bp)	cum. (bp)	*bp*
Effective	3.88			3.88				3.87			
Dec'25	3.79	-9.2	-9.2	3.82	-6	-6.2	*-3.0*	3.65	-22	-22	*14.2*
Jan'26	3.65	-13.6	-22.8	3.68	-14	-19.8	*-3.0*	3.52	-13	-35	*13.5*
Mar'26	3.55	-10.3	-33.1	3.59	-9	-28.8	*-4.3*	3.42	-10	-45	*13.1*
Apr'26	3.47	-8.2	-41.3	3.52	-7	-35.7	*-5.6*	3.35	-7	-52	*11.5*
Jun'26	3.30	-16.5	-57.8	3.37	-16	-51.5	*-6.3*	3.22	-13	-65	*8.0*

Source: Bloomberg Finance L.P., MNI.

Note: Assuming the same EFFR-target lower bound spread from latest fix going ahead (the pre-Powell fix factored the Oct 29 cut into the pre-announce EFFR shown)



Source: Bloomberg Finance L.P., MNI



Source: Bloomberg Finance L.P., MNI. Minimum implied yield looking out to end-2027

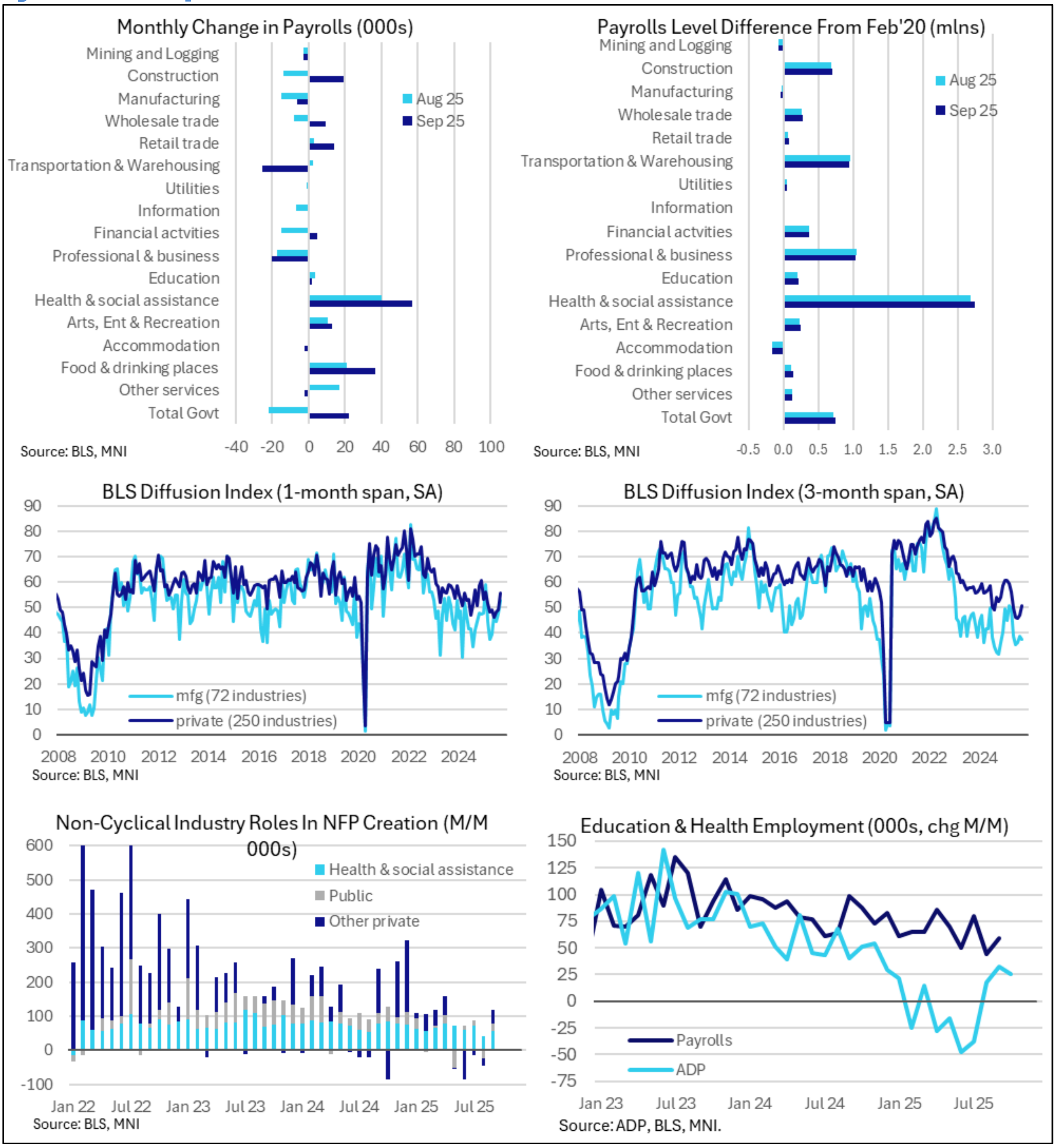
Post-NFP Fedspeak

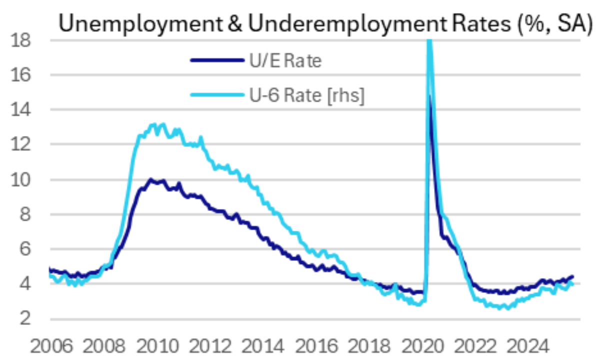
Cleveland Fed's Hammack ('26 voter, hawk) on CNBC: "JOBS REPORT IS 'A BIT STALE' BUT IS IN LINE WITH EXPECTATIONS, LOOKED A BIT MIXED AND HIGHLIGHTED CHALLENGES FACED BY MONETARY POLICY" – Reuters
Chicago Fed Goolsbee ('25 voter): "UNEASY ABOUT FRONT-LOADING TOO MANY RATE CUTS" Bbg

Analyst View Changes – to Fed now on hold

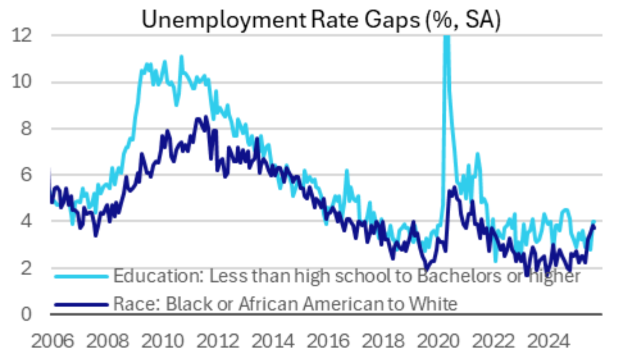
- JPMorgan: "Whereas previously we looked for a cut next month, we are now inclined to see the Committee skip next month, but with cuts still coming in January and May before going on hold. Both Powell and the minutes hinted that the Committee is looking for a reason to slow the tempo of cuts, and we think today's number gave them that opening. [...] We will be especially attentive to rhetoric from Committee voters for maintaining a hold call going into the blackout period. We hope it doesn't come down to the JOLTS report the first day of the meeting, but we can't rule that out."
- Morgan Stanley: "The broad rebound in payrolls suggests diminished risks of a higher unemployment rate. We no longer expect a Fed cut in December. We now expect cuts in January, April, and June, for the same 3-3.25% terminal rate as we had forecast."

Payrolls Report Chart Pack

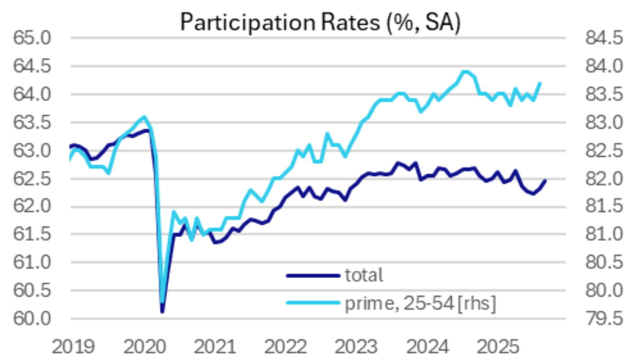




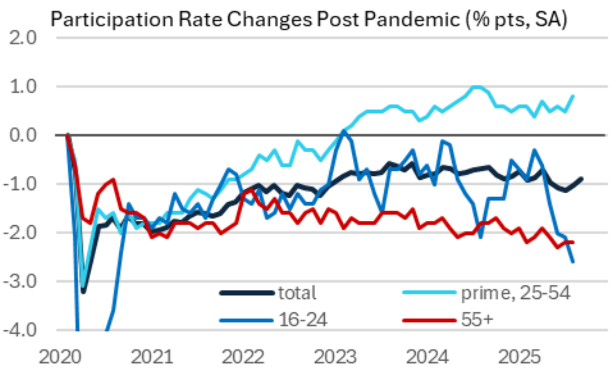
Source: BLS, MNI



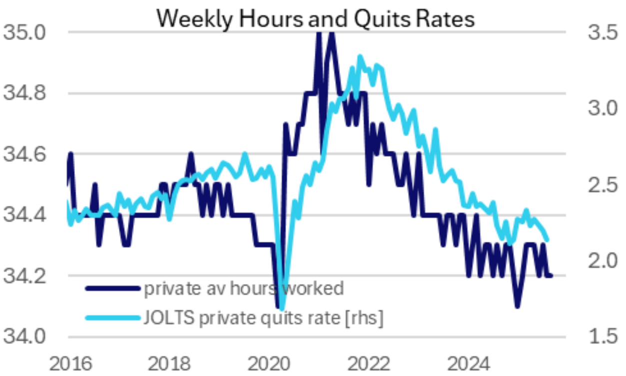
Source: BLS, MNI



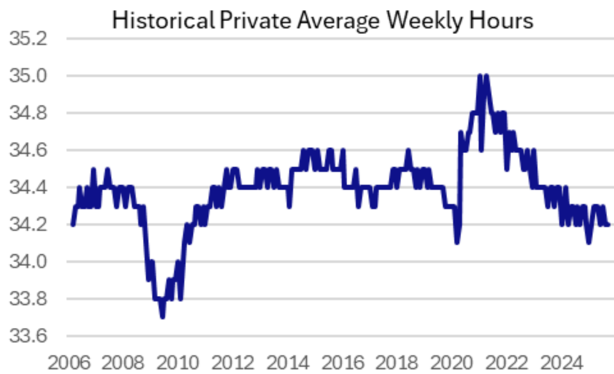
Source: BLS, MNI



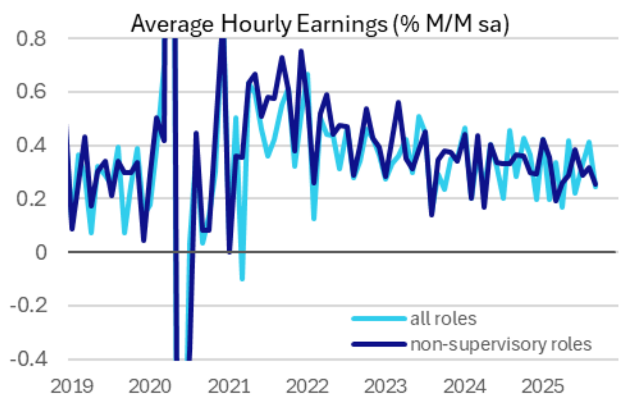
Source: BLS, MNI



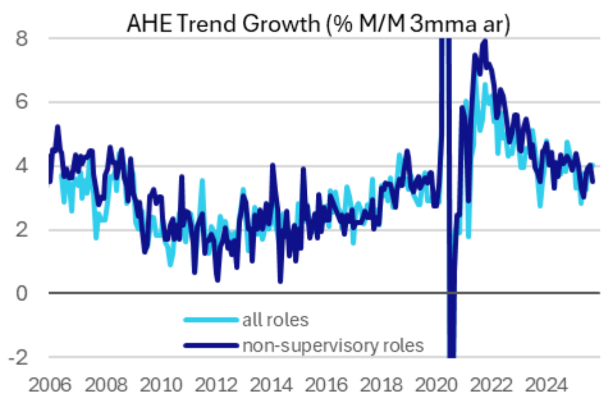
Source: BLS, MNI



Source: BLS, MNI



Source: BLS, MNI Non-supervisory roles ~80% of private employees



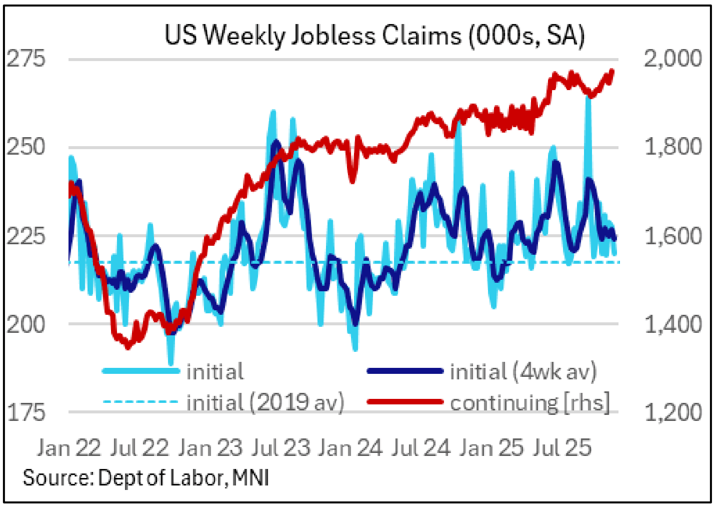
Source: BLS, MNI Non-supervisory roles ~80% of private employees

Other Labor Indicators Of Note

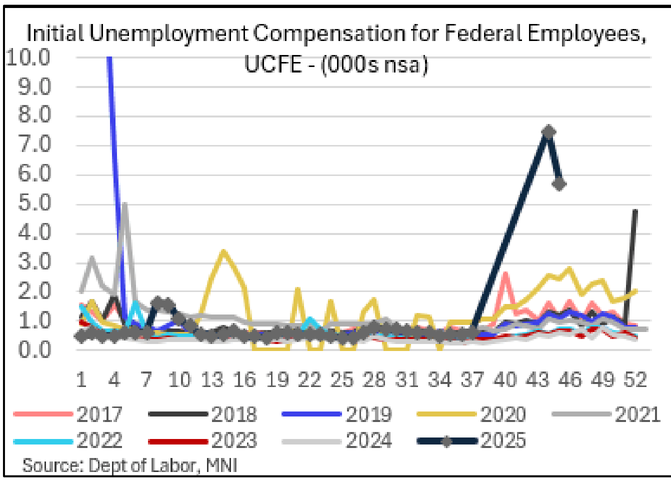
Continuing Claims Pick Up As Federal Jobless Claims Jump (Nov 20)

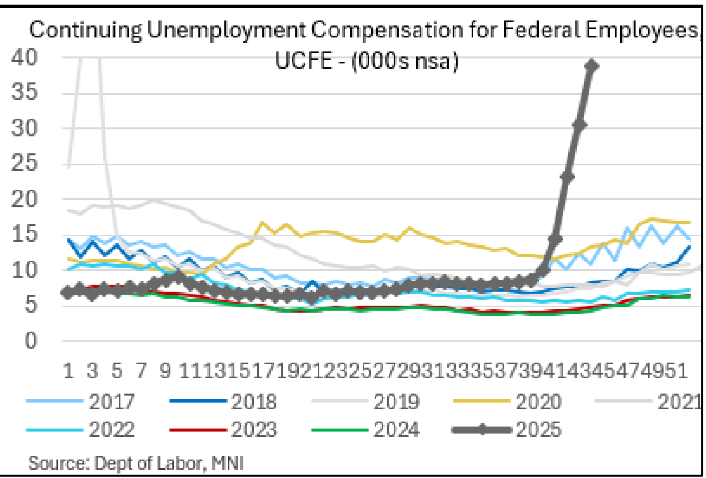
The latest weekly jobless claims data - and the first official Department of Labor release since the federal government shutdown started on Oct 1 - showed a continuation of the "low-firing" labor market trend in the initial column, though a slightly concerning "low-hiring" dynamic evident in continuing claims. However, it should also be noted that the government shutdown - and potentially federal cuts - boosted federal government worker claims substantially through early November.

- The 220k (SA) initial claims in the week of Nov 15 were the joint-lowest (seen also in the Oct 11 and Oct 25 weeks) since Sep 20, and a fall from 228k prior. This was also below the 227k consensus and suggests relative stability in this November payrolls reference week. The 224k 4-week average was the lowest in 5 weeks and this metric has been in a tight range (224-227k) since the end of September.
- More concerning were continuing claims which jumped 28k in the Nov 1 week to 1,974k (1,950k expected). That was the biggest one-week rise in 15 weeks and represents the highest figure since November 2021. We always take such moves with a bit of caution as continuing claims have a tendency to be revised down in future, but obviously we will be watching to see if there is confirmation of a shift out of the recent range.

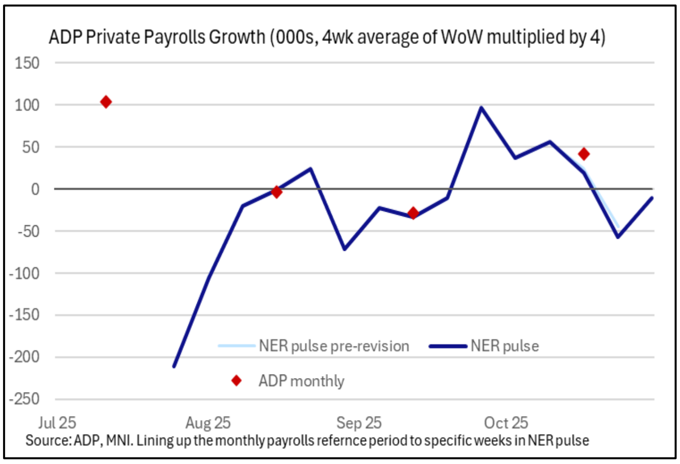


- As the chart below shows, a jump in claims from federal workers - they jumped 5,719 in the Nov 8 week, which was a decrease from 7,482k the prior week (data from mid-Sept to late Oct was not available). And there were 38,867 continued claims filed by ex-federal workers in the Nov 1 week.
- These are not seasonally adjusted series but in any case they were easily the highest readings since 2018-19, again potentially reflecting federal layoffs - and we did see a notable tickup in continuing claims in the DC area as well for the latest week.
- The back-filling of claims data didn't show much deviation from analysts' estimates based on state-by-state data that were still available through the pandemic.





Weekly ADP Sees Another Decline Heading Into November (Nov 18)



- The ADP NER Pulse reports -2.5k private sector jobs lost over the four weeks to Nov 1 on a week-on-week basis.
- It follows a downward revised -14.25k (-11.25k) in the previous week to Oct 25 and 4.75k (6.25k previously) in the week to Oct 18.
- Whilst not as weak as last week's surprisingly soft estimate, it still points to a resumption of a rolling over in jobs growth after the 42k increase in the official monthly report for October had fared a little better than expected.
- Note the chart below shows on a crude monthly basis to show how it's changed vs the last published monthly figures.
- Once again, ADP warns that "These numbers are preliminary and could change as new data is added."
- Note also that ADP first published this figure at another new link today: https://www.adpresearch.com/job-growth-is-sluggish-but-new-hires-are-on-the-upswing-how/

For a more comprehensive list of latest labor data developments from alternative sources prior to this week, see the MNI "Shadow" employment reports: *Labor Market Stays Soft* (pdf link, Oct 15) and *Mostly Steady Cooling Amidst The Fog* (pdf link, Nov 10).

For the more pertinent updates specifically to compare with today's nonfarm payrolls release, we note the following for job creation:

- ADP private sector payrolls are estimated to have declined by -29k in September (marginally revised from the -32k) before increasing by 42k in October.
- Revelio Labs pencil currently estimate nonfarm payrolls growth of 33k in September (notably revised down from a 60k in their initial release) before -9k in October.
- The Carlyle Group estimated 17k increase in September. This is based on operational data from its portfolio companies which employ more than 700k people globally (see more, here).

Layoffs/re-hiring:

- Initial jobless claims data point to go change in layoffs compared to the previous payrolls reference, at a seasonally adjusted 232k in the September week vs 234k in Aug, both a little higher than the 221k in Jul but better than the 246k in Jun. State-level jobless claims data since then point to a similar ~231k since then for the October period.
- Continuing claims meanwhile improved in the September reference week to 1916k vs two months at 1944/1946k, although have since lifted again to an estimated 1957k for October in the state details.
- Layoff announcements in the Challenger Gray report jumped to their highest for an October since 2003 but that's clearly too soon to show in the September payrolls report and it also hasn't shown in realized jobless claims to date either.

Unemployment rate

- The Chicago Fed's u/e rate nowcast inched up to 4.34% in September vs 4.32% in the BLS August report and continued to nudge up to 4.36% as of its October release.
- The Dallas Fed's alternative LMCI, which strips out government-reliant releases, increased to 4.4% in October.

MNI Policy Team Insights

MNI INTERVIEW: Fed Dec Pause Would Preserve Options - Sheets

By Evan Ryser (Nov 17, 2025)

WASHINGTON - The Federal Reserve should lean toward holding interest rates steady at its next meeting in December to continue to put downward pressure on inflation and keep its policy options open, the former director of the Division of International Finance at the Fed Board of Governors, Nathan Sheets, told MNI.

"I probably lean at this moment 60-40 to wanting to pause in December and wait and see where we land," Sheets said. If they cut, "I don't think that would be a mistake" but "its not something that can be taken back" if inflationary pressures build.

"The Fed has missed its inflation target for four years in a row" and inflation is "going the wrong direction," Sheets said. "On the other hand, the labor market has softened" but is not collapsing.

The FOMC will need to analyze incoming data after the government shutdown, which still could provide sufficienty clarity about the need for a cut at the next meeting, he said. (See: MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan)

CLOSE CALL

Sheets said if he had been on the FOMC he would have voted for a cut in October. But he is concerned about the path for inflation.

"With tariff inflation you tend to look through it, but you have to be careful with that narrative and see if it is necessarily true," he said. "Should you really be totally excluding it."

Excluding the effects from tariffs "feels to me a little aspirational," rather "than the Fed devising its monetary policy strategy to get it back," he said. A moderate degree of pressure on inflation is a reasonable argument. "But it's a close call. I lean toward sticking, but a cut would not be a huge mistake."

Sheets questions whether underlying inflation is really moving in the right direction. "I'm not so persuaded by non-shelter services. It's like Missouri. I want to see it. Show me," he said, referring to the state's famous sobriquet. "I'd like to see non-shelter services behaving better."

"A much more robust set of data and a much more robust capacity to be able to evaluate the economy in January is one reason I would feel a little more comfortable cutting in January. I might be even able to have a little bit of sense anecdotally as to whether I'm seeing a little bit perkier pass through of tariff inflation or not in January." (See: MNI INTERVIEW: More Fed Cuts Risk Inflation Spike-Weinberg)

HARD TO REVERSE

Measures of activity have been pretty solid and another complication is the Fed is getting closer to the neutral rate of interest, he said. "It's a conflicted committee and that's all exacerbated by not having the data."
"If I get to January and I have already cut on incomplete data in December but now things are looking perkier on the inflation front, you can't hike. All I can do is pause," he said. "It's harder to take it back. One preserves optionality by remaining steady in December and it gives leverage on inflation."

Sheets also noted the risk that new policymakers on the FOMC next year will help to add a dovish posture. "That is a risk to the downside of lower rates."

MNI INTERVIEW: US Job Market Continues To Slow - Glassdoor

By Evan Ryser (Nov 14, 2025)

WASHINGTON - The U.S. job market is continuing to slow but there are no signs of a more worrisome decline, Glassdoor chief economist Daniel Zhao told MNI, adding that the Federal Reserve should continue its fight against inflation.

"The Fed is taking out an insurance premium at a time when the rest of their household budget might not be able to afford it," he said. "There's still the inflation side of the dual mandate that the Fed needs to worry about, and we aren't seeing signs yet of a sharp deterioration in the job market."

"Overall, the holistic picture we're seeing is still a job market that is slowing, if not sluggish," Zhao said about Glassdoor labor market data. "The job market is still slowing steadily. We don't see any reason to believe that trend has stopped."

The Fed lowered borrowing costs for a second straight meeting in October, though recent speeches and appearances from policymakers have shown officials are so far split on the prospect of a third cut in December. The government's data deluge will be key for the Fed and half of interest-rate traders bet the Fed would cut its interest rate in December, according to the CME FedWatch tool. (See: MNI INTERVIEW: High Bar For More Cuts As Neutral Nears-Kaplan)

SLOWING STEADILY

Glassdoor, an employment site that is part of Indeed, collects tens of thousands of employee ratings and their data suggest layoffs were down in October but increased significantly year-over-year, Zhao said in an interview. Employee anxiety about layoffs has risen over the last few years.

"The recent wave of layoff announcements came at the end of October, so its possible workers have not had the opportunity to react. Instead, we might see employee sentiment at the start of November start to incorporate this news."

Glassdoor's employee confidence index, a new report that provides a real-time pulse on the economy from the lens of employees, dropped in October and is now at the lowest level since June, which was a record low, he said. "Clearly, employees feel sour about the current job market," Zhao said.

"We've seen that in the past where a small rise in the unemployment rate tends to beget a much larger one," he said. But, "we aren't seeing signs of those cracks really starting to take hold in the labor market quite yet."

Salaries dropped month-over-month in October and September but increased year-over-year in October. "The picture for pay is that it is slowing in the short run, but overall it has not deteriorated rapidly," Zhao said. (See: MNI INTERVIEW: Fed Will Cut In Dec, More Next Year-Reinhart)

CLEAN READ

Zhao is expecting continued impacts from the government shutdown in the monthly jobs report, particularly when it comes to government payrolls, and a negative overall payrolls print is "absolutely" possible. He's not expecting a "clean read" in the BLS jobs reports until the December report is released in January.

The impetus for hiring growth is largely limited to the healthcare sector, he said. "Healthcare is really the only industry that is consistently adding jobs month-over-month, whereas if you look at all the other industries put together, they've actually lost jobs."

"We know that there are tens of thousands of federal workers who have rolled off of federal payrolls because their voluntary severance payments are ending. That is a real trend, regardless of how it shows up in the data."

MNI INTERVIEW: US Jobs Data Missing At Crucial Time - Abraham

By Jean Yung (Nov 10, 2025)

WASHINGTON - Official U.S. jobs data are sorely needed at a time when a slowdown in immigration and AI-related job cuts are making it difficult to assess the health of the labor market, and private data are no substitute, former Bureau of Labor Statistics Commissioner Katharine Abraham told MNI.

The October household survey from which the unemployment rate is calculated is unlikely to be collected, she said as the record federal government shutdown forced a second straight missed publication of the BLS's closely-watched monthly employment report Friday.

"We were starting to see upticks in long-term unemployment. Employers are not hiring as much, and it seems like there's a lot of caution in bringing people on board," she said in an interview. "AI is also a factor. You're starting to see companies talking about not hiring or laying people off because they can be more efficient."

On the other hand, with a large decline in immigration, the number of new jobs needed to hold the unemployment rate steady has fallen to something like 50,000 a month from some 120,000 a year ago, she said. "That would be a natural explanation of why payrolls has slowed, not necessarily an indication we're not keeping pace with new workers becoming available."

"It's hard to parse out all of these conflicting signals, so it's a time when having good current data seems particularly important."

HOLE IN THE DATA

Various sources of private sector data can enrich an understanding of the labor market, but they rely on official benchmarks and offer only a partial view of the U.S. economy, said Abraham, economist at University of Maryland.

A payroll service provider like ADP adjusts its customer-generated data to the Labor Department's quarterly census of employment and wages, so it can upweight industry cells where there's less representation among their customers to come up with a more representative measure, she said. "If they didn't have benchmark data, they couldn't do that."

It would be difficult for the BLS to ask about the original reference week for October belatedly, as it did following the 1995-1996 and 2013 shutdowns, she said. In those episodes, surveys were conducted just a week late. Now, much more time has passed and respondents are likely to make errors in recalling what they were doing weeks earlier.

Operationally, changing the November questions and reprogramming the computerized survey instruments would also be difficult, she said. "There will probably will be a hole in the data." (See MNI INTERVIEW: US BLS On Track To Miss Nov CPI Report -Beach)

CPI data that's typically collected physically from stores and doctors offices may be lost as well for as long as the shutdown continues, Abraham said. If the BLS manages to collect November price data, it may put out an estimate of the one-month change for October, linearly interpolating from the November price index levels, she said.

"It would be better if they did so there's a monthly number people could work with," she said.

MNI INTERVIEW: US BLS On Track To Miss Nov CPI Report - Beach

By Jean Yung (Nov 4, 2025)

WASHINGTON - The U.S. Bureau of Labor Statistics should be able to generate a good portion of the October jobs report when the federal government reopens, but October and even November CPI reports are likely to be permanent casualties of the near-record shutdown, former Bureau of Labor Statistics Commissioner William Beach told MNI.

As the shutdown enters a second month, field representatives have been unable to interview households for the Current Population Survey or collect prices at physical locations for CPI. Missing data could be estimated, but the BLS would likely refrain from doing so, Beach said.

"They'll have to make a judgment call and say, should we publish just partial data or not? And my guess is they won't publish partial data," Beach said in an interview.

"There may be some effort to try to give a sort of bridge CPI or an unofficial CPI where you take as much information as you're able to obtain and then estimate the missing observations based on econometrics or modeling. But I don't think BLS would ever do that," he said. "BLS should not be doing estimations like that. We'll let the Federal Reserve do that or some other entity."

INFLATION DATA GAP

The BLS recalled staff to generate September’s inflation report whose data collection was completed before the shutdown, but it seems two months of CPI data may be missed for the first time in a century-long series, Beach said.

"It takes a full month to collect all of the observations, so you might be able to do so with real effort – if everybody's working – in two or two-and-a-half weeks. Certainly three weeks gives you a pretty good shot. But if this goes on for two weeks in November, then we may miss the CPI for November as well."

Approximately two-thirds commodities and services price collection is done by visits to brick-and-mortar stores, according to BLS, and some staff may have quit while on furlough. Remaining data are collected by phone or on a store's website, and some like gasoline and rent prices from private sector data sets.

"We'll get some of those data, but how do you put together a CPI with only bits and pieces of it?" Beach said. The statisticians may be able to estimate some October prices from November collections, but "I seriously doubt that October will have a CPI.”

"And when BLS comes back into activity, we'll be able to see how many people have left. Hopefully none, but I would be surprised. They were already short 25% of their normal payroll."

PPI data is mainly collected electronically and should become available once the shutdown ends, though it's unclear if import and export prices, which rely on Commerce Department data, will be available, Beach said.

Without CPI, the Bureau of Economic Analysis won't be able to produce the PCE price index, the Federal Reserve's preferred measure of inflation, Beach said.

JOBS REPORT

The BLS should be able to produce some October labor market data after the shutdown, especially payrolls and potentially the unemployment rate, Beach said.

However, recall bias for the household survey is likely to result in bad responses to questions such as over part- or full-time work. And data will be particularly difficult to collect for certain groups including young people under 25, who typically require longer interviews, and smaller racial demographics, Beach said.

"The longer we get away from the 12th of October, which is the date on which that survey was supposed to start, the more unlikely they will try to get October labor force data," Beach said.

OPERATING IN THE DARK

Fed Chair Jerome Powell conceded last week the temporary data outage could warrant caution when the FOMC considers whether to cut interest rates again in December. (See: MNI INTERVIEW: More Fed Cuts Risk Inflation Spike-Weinberg)

"We are starting to operate in the dark, at a crucial time for the economy. There's an indication that prices are rising and the labor market is slowing down, so you would want right now to have the best data available. And yet we have no data available," Beach said.

"We have a sense that the economy may be operating at a slower pace, but there's some indications from the Atlanta Fed that the economy is actually picking up. These are really interesting times, and we need to have these data up and running as soon as possible."

MNI INTERVIEW: Seasonal Demand Boost To Services Will Fade - ISM

By Evan Ryser (Nov 5, 2025)

WASHINGTON - The fastest gain in U.S. service sector activity in eight months in October was due to seasonal increases that will fade back to a modest growth pace over time, Institute for Supply Management services chair Steve Miller told MNI Tuesday.

"Since we're in the same place we were two months ago, before the government shut down, I'd say it's heavily seasonality impacted," Miller said.

"The only ones that were talking about growth were talking about seasonality. It was healthcare, not the kind of seasonality you want, increases in flu and cold and that type of treatment, and then increase in retail and seeing the typical retail bump this time of year, both from wholesale, retail and transportation."

The ISM composite increased 2.4ppts to 52.4 last month, above market expectations. The business activity index jumped 4.4ppts to 54.3, and new orders surged 5.8ppts to 56.2. The prices subindex increased 0.6ppt to 70.0, the highest in three years.

"I expected to see something more in line with what expectations were, something slightly over 50 with the holiday period coming in, but the new orders and business activity looked really strong and consumer oriented, Miller said

DEMAND STABILIZING

October's PMI of 52.4 is likely the high end of the range for expected performance in the near term, he said. The demand environment appears to be stabilizing, based upon the commentary ISM has received, also pointing to a pickup in business activity and new orders.

"It's certainly the high end of the last eight months," he said. "What we've seen is a three-year decline in the trailing 12 months. There isn't anything yet that I've seen that says, 'Oh, here's an injection that's going to make our growth rate faster.' Everything is a negative pressure point -- the tariffs, the government shutdown."

"And then coming out of the Q4 seasonal improvements that we see in wholesale and retail, once we get to January and February, we could be between 50 and 53."

The supply side is still struggling. "The supplier delivery time is still in the slower range, but it's not getting slower faster," Miller said.

"One of my concerns a couple months ago was, are we going to be able to keep up with demand when we start seeing those periodic spikes in ordering? And it looks like we are. Backlog is going down, employment is still in slight contraction, but supply chain performance seems like it's stable," the ISM chief said.

Still, despite a truce with China on trade, impacts are evident in ISM data. The imports index number "took a real hit" declining by 5.5pts to 43.7. "We're seeing that turmoil in people finding other solutions or drawing down their inventories," Miller said.

LACK OF CONFIDENCE

The continued contraction in the employment index at 48.2 shows a lack of confidence, but not pessimism, in the continued strength of the economy. Miller said services employment continues to represent a slow-hire, slow-fire environment. "There's nothing dramatic."

The ISM PMI indicates decent growth in the economy, Miller said. "What our numbers are telling us is an improvement year-over-year in GDP by a percentage point. That would tend to put us in the 3.5% range, something like that."

MNI INTERVIEW: Trade War Preventing Factory Rebound - ISM Chief

By Evan Ryser (Nov 3, 2025)

WASHINGTON - U.S. manufacturing will remain in contraction territory so long as trade uncertainty continues to drag on businesses, Institute for Supply Management manufacturing chair Susan Spence told MNI.

"Havoc, uncertainty, fear, concern. Those are still the words that folks are using," she said. "It's just hard to find positive comments. It just is. And sometimes when they're positive, it's because it's seasonal," Spence said in an interview.

All four demand indicators from ISM improved over the month, but are still in contractionary territory. The ISM manufacturing index declined 0.4pt to 48.7 in October, almost a percentage point below expectations and an eighth consecutive month of contraction.

"Even though new orders are slightly up, I'm not seeing anything sustainable," Spence said, striking a pessimistic tone about demand. "There were hundreds and hundreds of comments about demand."

New orders increased 0.5pt to 49.4, production fell 2.8pts to 48.2, and employment increased 0.7pt to 46.0. The new export orders component increased 1.5pts to 44.5. The prices paid measure declined 3.9pts to 58.0.

NO TURN AROUND

"We're just looking for any sign of hope here. I'm not saying it's hopeless, but for every month that we still are in contraction and still see these anemic orders and new expert orders, I just don't expect anything to turn around," she said.

Sentiment around the labor market also worsened over the last month, Spence said. The ratio of who's hiring versus who's not back filling open positions or laying off increased from 1-to-3 to 1-to-3.5 in October.

Spence said ISM survey respondents believe Federal Reserve interest rate cuts will have little to no impact on manufacturing. "I don't know that the interest rates are going to move the needle here because of everything else going on."

"If the desire was to get companies to get going, get moving, get producing, and get hiring. That's not the thing that's going to do it. They they need orders, they need work, and they need people willing to buy from us."

The ISM manufacturing chief is hopeful that a U.S.-China trade truce will last, but she wouldn't bet on it. "The chaos and the threats and the huge numbers on tariffs that get lobbed around are just overshadowing everything."