U.S. Shadow Employment Report: Nov 2025

MNI View: Mostly Steady Cooling Amidst The Fog

November 10, 2025 - By Chris Harrison and Tim Cooper

Executive Summary

- The latest jobs growth data has at best continued the tepid trends seen in BLS releases prior to the government shutdown.
- Layoff announcements jumped in October but initial jobless claims remain low for now.
- The Chicago Fed's u/e rate tracker has increased marginally but is still below the median FOMC forecast.
- Job openings are slowly pushing lower but not materially different to August JOLTS data, although the start of a potentially flatter Beveridge Curve and an already low hire rate amplifies downside risks.
- Powell noted that some of the FOMC think it's time to take a step back and see how the disconnect between weak labor indicators and stronger growth plays out.
- That was part of a FOMC press conference that drove an increase in uncertainty on December rate cut prospects from what had been seen as mostly priced, with talk of slowing down in the "fog".
- An imminent end to the shutdown could mean we get September's nonfarm payrolls release within the next week. The BLS Secretary has said the report will be issued "as soon as this government opens".

Prospects of the longest government shutdown in US history ending have improved notably after eight centrist Democrats on Sunday (Nov 9) voted with Republicans on a new Continuing Resolution to fund the US government through January 30. That in turn starts to see prospects of a return of official data releases, most likely with the September BLS payrolls report that would have almost been finalized before the government shut down on Oct 1. This release could come possibly late this week or into next week although its impact is likely limited being increasingly out of date (barring a sharp weakening). Indeed, we published the MNI "Shadow" Employment Report last month (link) and continue with this approach today, capturing another month of data from alternative sources, some already well-known and others increasingly coming into the spotlight.

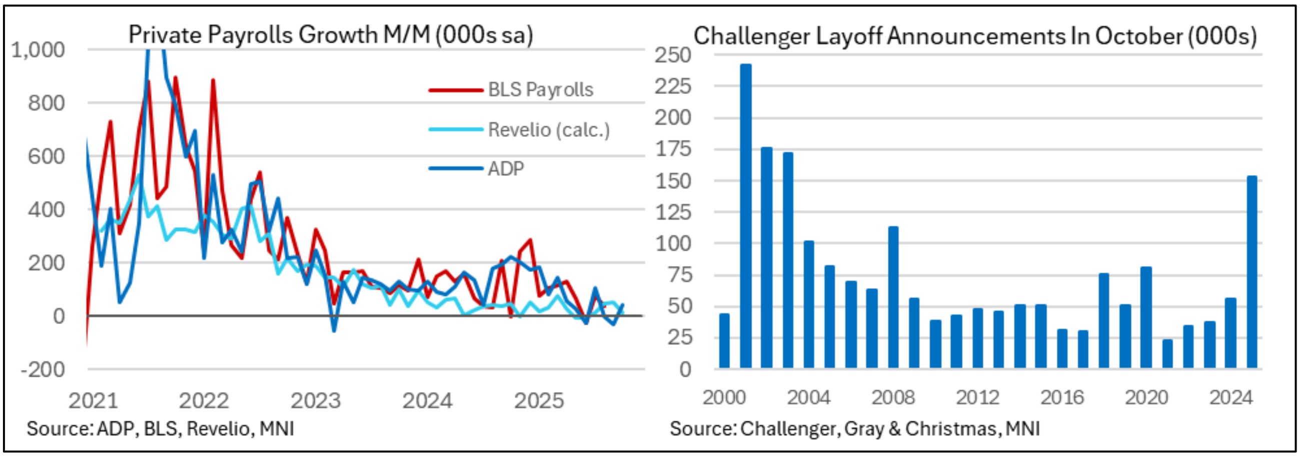
We believe this collation of data points is especially useful as it could be some time before the October BLS nonfarm payrolls report is released, and even then there are questions as to how extensive it will be. The establishment survey (behind the payrolls figures) is presumably easier to conduct retrospectively but the household survey (behind the unemployment rate amongst other metrics) could be more challenging.

MNI spoke with former BLS Commissioner William Beach on this matter, who noted that the BLS should be able to produce some October labor market data after the shutdown, especially payrolls and potentially the unemployment rate, but warned that recall bias for the household survey is likely to result in bad responses to questions such as over part- or full-time work. "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" - see the full piece below. Another former BLS Commissioner Katharine Abraham meanwhile is more pessimistic still on the likelihood of an October household survey in a just-released exclusive (link).

As Fed Chair Powell noted in Q&A of his mid-October NABE appearance, "You're at a place where further declines in job openings might very well show up in unemployment. You've had this amazing time where you came straight down, but I just think you're going to reach a point where unemployment starts to go up." For now, the below indicators suggest we're continuing to slowly move towards this point of potentially more notable increases but we haven't seen a pronounced deterioration yet.

Having pushed back against the idea that the Fed was on autopilot going into end-year at the Oct 29 FOMC press conference, one of the key questions was how the Fed would make its next rate decision in the absence of "official" government data during the ongoing federal shutdown. Powell didn't quite endorse but likewise didn't push back against the notion that the Fed could skip a December cut in light of the data "fog": "what do you do if you are driving in the fog? You slow down…I don't know how that will play into things. We may get the data -- the data may come back, but there is a possibility it would make sense to be more cautious about moving. Again, I am not committing to that, but I am saying it is certainly a possibility that you would say, we really can't see, so let's slow down."

“I think for some part of the Committee, it's time to maybe take a step back and see whether there really are downside risks to the labor market, or see whether, in fact, the stronger growth that we're seeing is real. Ordinarily, the labor market is a better indicator of the momentum of the economy than the spending data. In this case that gives a more downbeat read.”



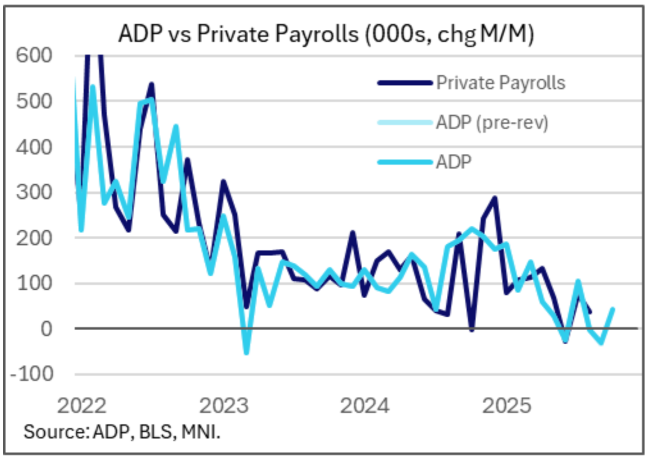
Jobs Growth: At Best A Continuation Of Pre-Shutdown Recent Trend

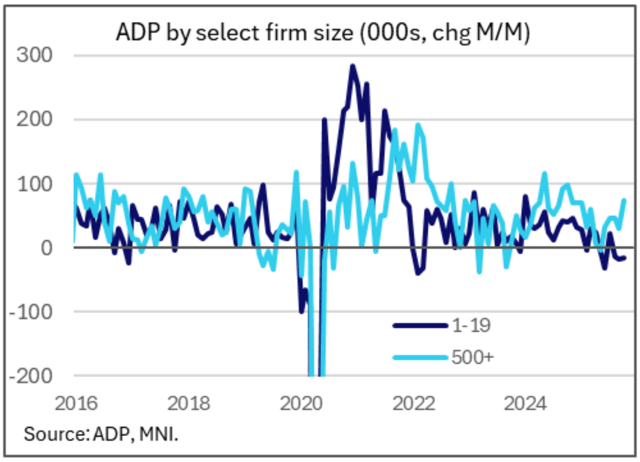
There have now been two monthly cycles for private sector estimates of net job creation since the last BLS nonfarm payrolls report for August, pointing to mixed developments for latest jobs growth trends. The well-known ADP estimate points to private sector jobs growth of 42k in October after a surprisingly downbeat -29k in September, whilst the recently un-paywalled Revelio Labs estimate for total nonfarm payrolls was -9.1k in October after a 33k increase in September (revised down from 60k originally). The combination points to at best a continuation of trends seen in the BLS report to August (of course prior to any subsequent revisions), which had seen NFP growth of 22k (or 29k 3mma) and private payrolls growth of 38k (or also 29k 3mma) in August.

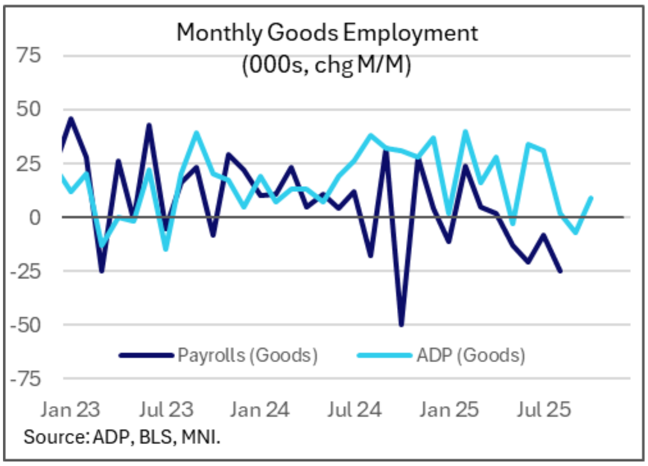
ADP Confirms Payroll Stabilization In October, Trend Still Very Soft

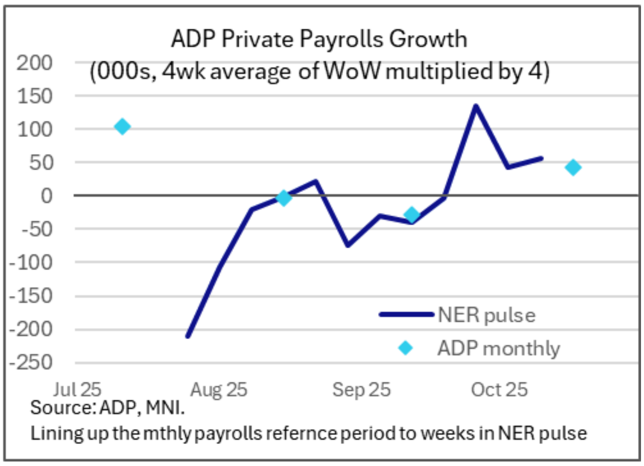
ADP private payrolls growth stabilized in October after two monthly declines, coming in between Bloomberg consensus and last week's fresh ADP New Pulse report along with minimal revisions. The combination drove only a marginal hawkish reaction.

- ADP employment chg: 42k (cons 30k) in October after -29k (initial -32k) in Sept and -3k (initial -3k) in Aug.
- Whilst a small beat of consensus at 30k, it's also not as solid as the 57k implied by last week's newly published weekly series for the four weeks ending Oct 11, i.e. just shy of the reference period used for this month's October report.
- The three-month average now stands at just 3k despite this latest increase. It has steadily declined from a recent peak of 206k in Nov 2024, moderating in all but one month since then.
- These private sector job gains look concentrated, with "trade, transportation & utilities" seeing +47k after two weak months, "education & health" +25k and "financial activities" +11k.
- Largest declines were seen with information -17k, professional business services -15k and other services -14k. That's a third straight monthly decline for professional business services, information and leisure & hospitality.
- Largest firms continue to see most resilience: those with 500+ employees saw headcount rise by 74k compared to a next highest of 5k for those with 20-49 employees. That follows September when only firms with 500+ employees saw net job creation.
- There's no clear story behind which of the smaller firms are most heavily affected though, with firms with 50-249 employees seeing a second month of largest declines, outstripping declines in the smallest 1-19 employee category.





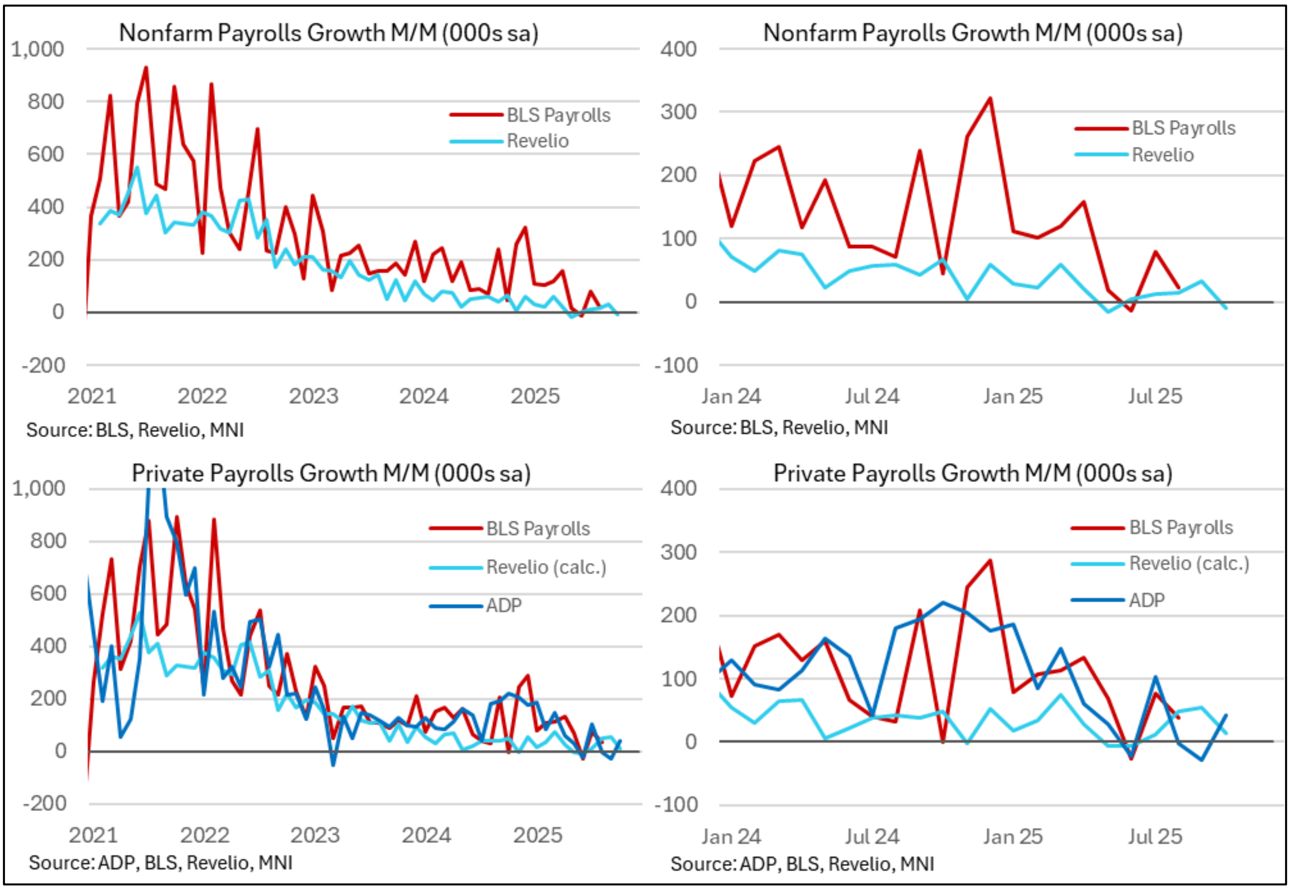




Revelio Nonfarm Payrolls Drop For First Time Since May (1/2)

Revelio Labs' estimate of October nonfarm payrolls growth came in at -9.1k vs +33.0k prior (rev from +60.1k) and August's actual figure reported by the BLS of +22k (Revelio estimates Aug at +14.5k). That is the first negative M/M reading for the Revelio series since May.

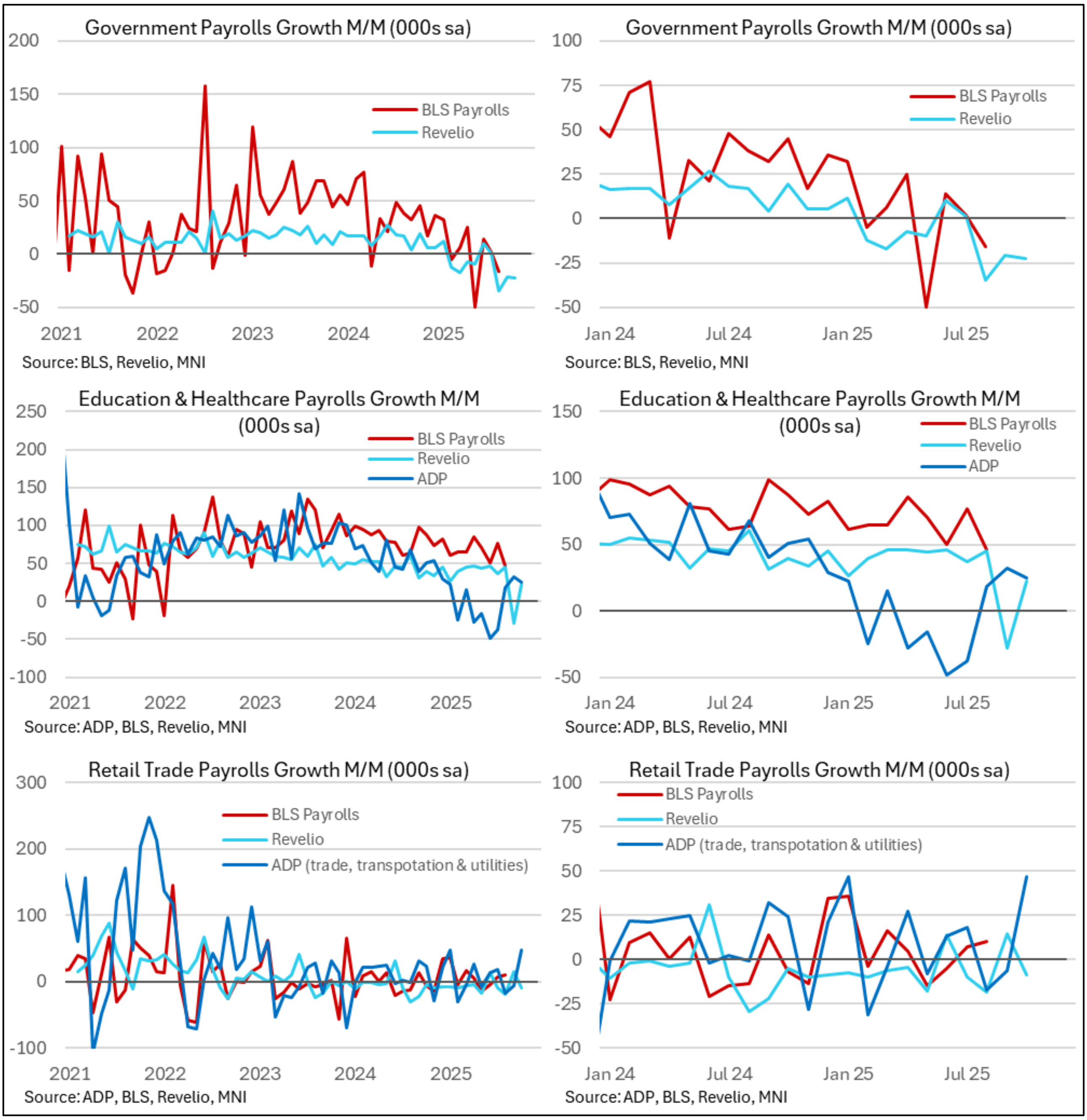
- While Friday's nonfarm payrolls report for October (not to mention September's) is postponed indefinitely, Revelio comes alongside other "alternative" data this week in suggesting a further deterioration in labor market conditions in October, or at best, mixed (to name a few: high Challenger Job Cut announcements, Chicago Fed unemployment rate uptick; continued fall in Indeed.com job vacancies; ADP private payrolls relatively more solid).
- Before going any further, a note on Revelio's methodology: they estimate monthly changes in unemployment by looking at professional profiles sourced from professional networking websites eg LinkedIn: "RPLS provides a set of employment statistics derived from over 100 million professional profiles sourced from professional networking websites. After deduplication, adjustments for reporting lags, and reweighing to ensure that the data resembles the national distribution of the workforce, these data yield timely and detailed measures of employment dynamics."
- They claim a correlation coefficient of 0.74 with monthly changes in the BLS's establishment survey payrolls and overall has been good at capturing the overall trends in NFPs - see chart pack below.



Weak Revelio Private Payrolls; May Understate Gov't Job Drop (2/2)

Revelio's sectoral breakdown of October's payroll changes showed a 13.1k gains in private payrolls (+54k prior), versus a 22.2k drop in government employment (-21k prior). The latter would be on the low side of expectations for the "DOGE" effect on October payrolls: recall that deferred resignations for tens of thousands of federal workers that had effectively been laid off earlier in the year were set to impact the month's job numbers, with a drag on the establishment survey that we've seen estimates for of 75-100k.

- As such the Revelio reading appears to understate the drop. There's no discussion of this in the release, though given the methodology we wonder whether there is some difficulty in capturing "sudden" job losses for employees who haven't updated their LinkedIn profiles or perhaps updated them earlier in the year.
- On the other hand, Revelio has undershot BLS government payrolls growth estimates anyway most of the last couple of years, so we pay more mind to the overall downward trend in the series which has been getting increasingly negative (see chart).
- We also note a 22.0k gain in Education and Health Services, a non-cyclical sector that's helped buoy overall payrolls for many months now, and without which private payrolls would have been firmly negative.
- Of the 15 non-government sectors in the report, just 7 including Education/Health (Agriculture +0.7k, Construction +1.6k, Transportation/warehousing +1.6k, Financial activities +9.6k, professional and business services +0.2k, and "unclassified" +0.8k) saw growth in October.
- ADP estimated 42k private payroll gains in October by comparison, after -29k. Revelio and ADP have undershot the BLS estimates Education/Healthcare for years, with ADP undershooting by the most, but both appear to have converged in October (see chart).



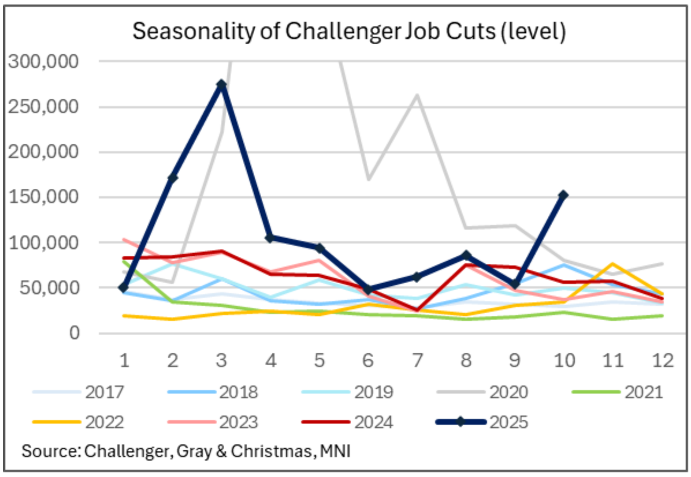
Layoffs: Sharp Rise In Announcements But Not Yet Feeding Through To Jobless Claims

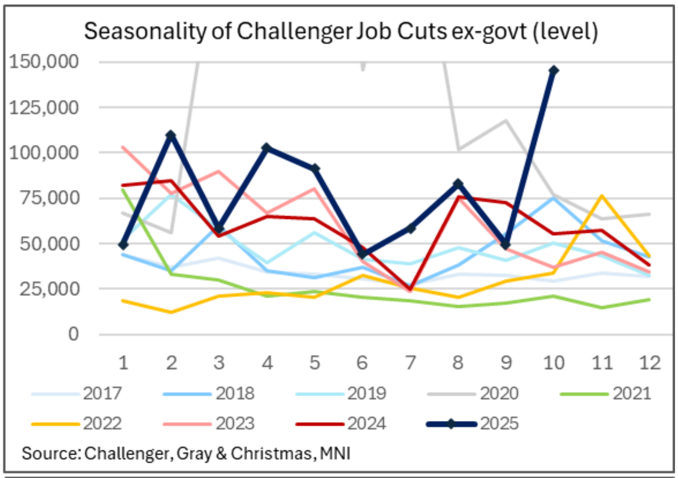
Challenger Layoffs Surge To Highest October Since 2003 [1/2]

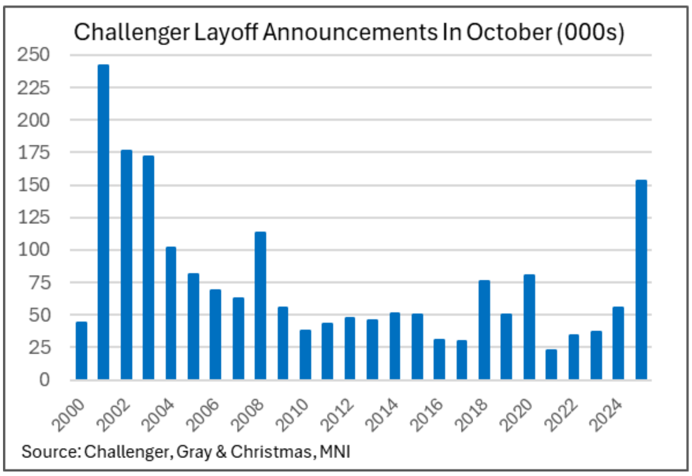
An earlier than scheduled release of the Challenger jobs report has recorded a surge in job cut announcements in October to its highest for an October since 2003. The increase is driven by warehousing and tech with the press release citing cost-cutting and AI.

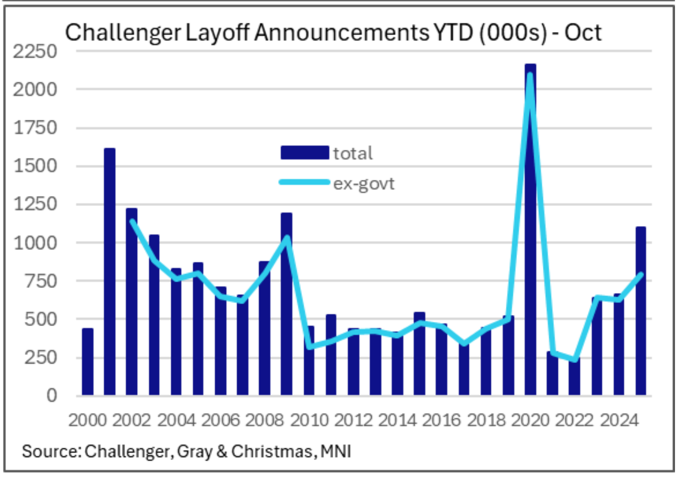
- Challenger job cut announcements jumped 175% Y/Y to 153k in October, the highest for an October since 2003, having easily surpassed the 113k of Oct 2008 for a striking comparison.
- As opposed to the DOGE-induced surge in layoffs at the beginning of the year, government layoffs were only 8k in October.

- Instead, warehousing layoffs drove the rise with 48k vs 1.4k a year ago (“The surge suggests ongoing overcapacity and automation-driven restructuring following pandemic-era growth”), followed by tech layoffs at 33k vs 3.6k a year ago.
- Job cut announcements have summed to 1.1mn in the year to date for the highest outside of the pandemic since the 1.2mn in 2009, up from 664k in 2024 and 641k in 2023 for this time of year. Whilst these won’t correct for any announcements that then weren’t followed through with, it’s still a notable comparison.
- Ex-government layoffs meanwhile sum to 792k for a still sizeable increase from the 627k in 2024 and 640k in 2023. This is also the highest since 2009 outside of 2020.
- The Challenger press release on this comparison with Oct 2003: “That month, large announcements occurred in Retail due to acquisitions and in Telecommunication as cell phones gained wide adoption.” Today’s release for Oct 2025 sees “the highest total for a single month in the fourth quarter since 2008. Like in 2003, a disruptive technology is changing the landscape.”
- “Some industries are correcting after the hiring boom of the pandemic, but this comes as AI adoption, softening consumer and corporate spending, and rising costs drive belt-tightening and hiring freezes.”







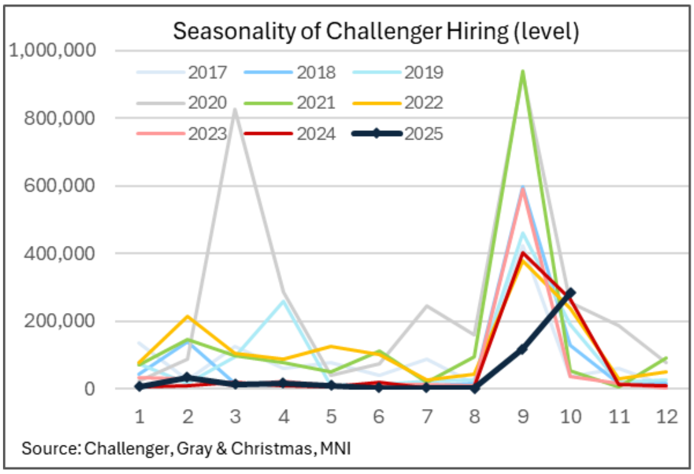


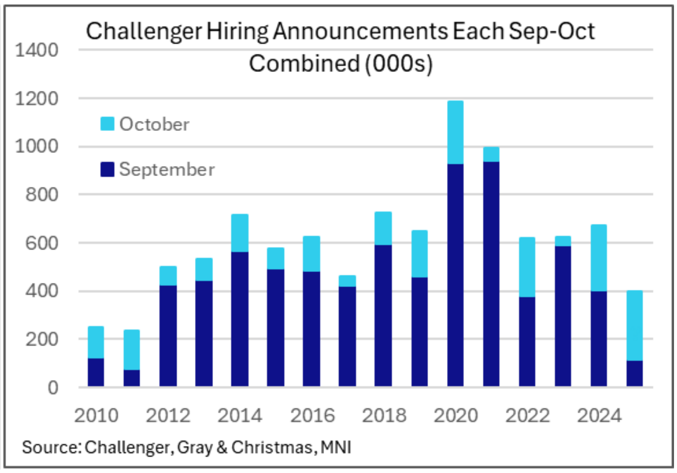
Challenger Hiring Announcements Show Little Hiring Appetite [2/2]

Challenger hiring announcements failed to materially bounce in October after a particularly soft September, leaving a cumulative 400k over the two key hiring months for seasonal workers some 40% lower than last year.

- Challenger hiring announcements increased 6% Y/Y to 283k in October but that stops a long way short of recovering from a particularly disappointing 117k (-71% Y/Y) in September.
- With Sep-Oct typically the two key months for hiring announcements, capturing seasonal hiring ahead of the holidays, the combined 400k over the two months is 40% lower than in Sep-Oct 2024 and the lowest since 2011.

- We knew that Amazon was going to account for 250k of the announcements in October (the same as in 2024), leaving little by way of hiring plans elsewhere.
- As discussed yesterday, anecdotal evidence ahead of the report pointed to broader hiring lethargy, with Target for instance usually hiring 100k of seasonal workers at this point of the year but this year only offering additional hours to its current employees. Indeed, Target's column in today's report still only showed the same 4.2k as from September's report.
- From the press release: "It's possible with rate cuts and a strong showing in November, companies may make a late season push for employees, but at this point, we do not expect a strong seasonal hiring environment in 2025".
- On that basis, we'd note that the last time there was a meaningful round of hiring announcements in November was back in 2020.





Challenger To Boost Sensitivity To Jobless Claims Increases

A sharp rise in layoff announcements in the Challenger report should increase sensitivity to the weekly claims data, which for now see initial claims at healthy levels. We watch for any softening in tone from today's heavy Fedspeak schedule.

- The October Challenger report confirmed the low hiring state of the labor market but will also start to see greater questions on the low firing characterization in place for some time.
- Initial jobless claims data have clearly been evidence of low firing, including most recently with state-level data suggesting nationwide initial claims at just a seasonally adjusted 219k per MNI calculations in latest data to the week to Oct 25. That's close to the average through 2019 when the unemployment rate had a 3-handle although clearly re-hiring conditions are softer now as evidenced by continuing claims and broader labor data.
- Today's jump in forward-looking layoff announcements should see greater sensitivity to increases in the weekly claims data, starting with today's state-level data this afternoon (we believe ~1700ET), something likely needed to drive a stronger market reaction. Indeed, Powell noted as such at last week's press conference (excerpt below).
- It will be interesting to hear whether today's weak Challenger report is acknowledged in today's deluge of Fedspeak (in chronological order from Williams, Barr, Hammack, Waller, Paulson and Musalem). Waller is clearly the most dovish of those speakers and has warned on risks to the labor market, but such comments would still be notable as it would go against the topic of central banking and payments. Most impactful though should be any softening in tone from hawks Musalem ('25 voter) and Hammack ('26).

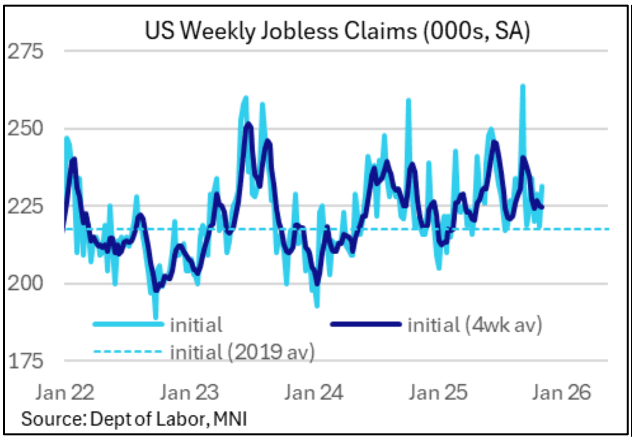
- Fed Chair Powell when asked at the Oct 29 FOMC press conference about big layoff announcements coming from Amazon and others: *"So those are -- those are both things that we're watching very -- very, very carefully. To start with the layoffs, you're right, you see a significant number of companies either announcing that they are not going to be doing much hiring, or actually doing layoffs, and much of the time they're talking about AI and what it can do. So, we're watching that very carefully. And yes, it could absolutely have implications for job creation. We don't really see it in the initial claims data yet. Now, it's not a surprise that we don't, it takes* *some time for it to get in there, but we're watching that really carefully. But again, don't see it yet in the -- in the initial claims data."*

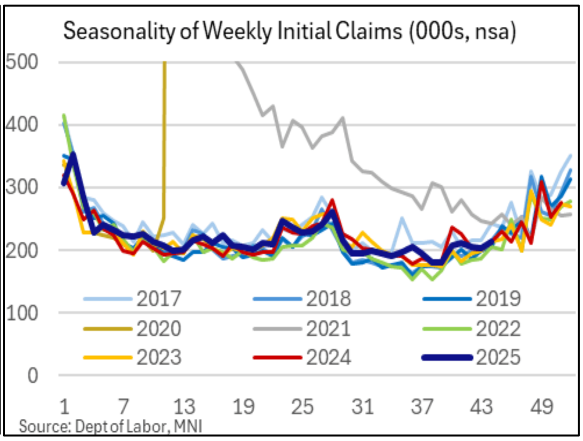
- Some further context on the then lack of a big spike in layoffs from Chicago Fed's Goolsbee on Nov 3, a '25 voter typically at the dovish end of the FOMC spectrum but who has also been recently cautioning on still stubborn inflation. He sees a higher threshold for cutting in Dec than last month: *"If you look over the last 12 months, the unemployment rate has not been going up. We haven't seen a big uptick in layoffs, which, if this were the beginning of recession or deterioration of the labor market, that was rapid, you would expect to see higher layoffs or firing and we haven't seen that. There's still concerns on that side. I'm not decided going into the next meeting. I want to see how things are playing out. I do think the public announcements of layoffs you would expect, if that is an immediate business cycle-driven matter that you would start to see an uptick in the official unemployment insurance statistics or the layoff statistics, or you would get WARN Act type data of that form that would give you a little bit of a heads up of what was coming in the job market. I do think the hiring rate is low. That's among the weakest things in the economy at the moment."*

MNI Estimates Initial Jobless Claims Pick Up To 5-Week High, Still Low

MNI estimates that initial jobless claims rose 13k in the week of Nov 1 to 232k (our latest estimate is 218k prior, just below MNI's initial 219k estimate). That estimate, based on state-by-state data, would mark the highest reading since the week of Oct 4.

- That said it would largely be within the recent range and the 4-week moving average dipped 1k to 225k, and we would continue to characterize this indicator as consistent with a "low hiring, low firing" labor market environment.
- Data available for all states (except New Mexico) showed non-seasonally adjusted claims of 214k, the highest since mid-July.
- Amid the government shutdown, there was no noticeable spike in initial claims in the Washington D.C. area, with Maryland/Virginia/DC seeing NSA claims at a 5-week low 6.9k.
- Michigan stood out with a 3.3k NSA increase on the week but this looked to be reasonably consistent with the seasonal uptick in the state.



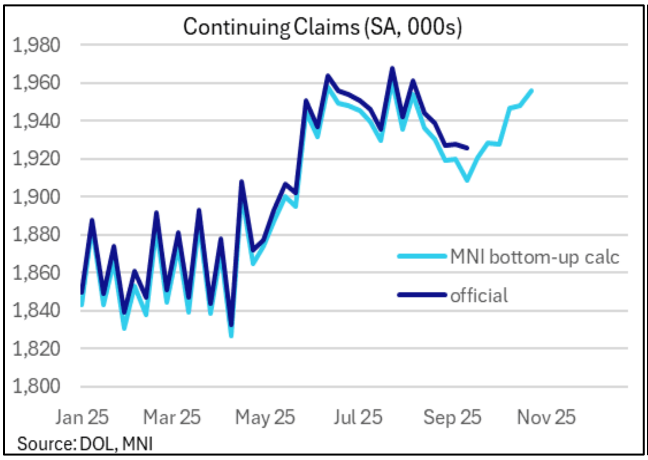


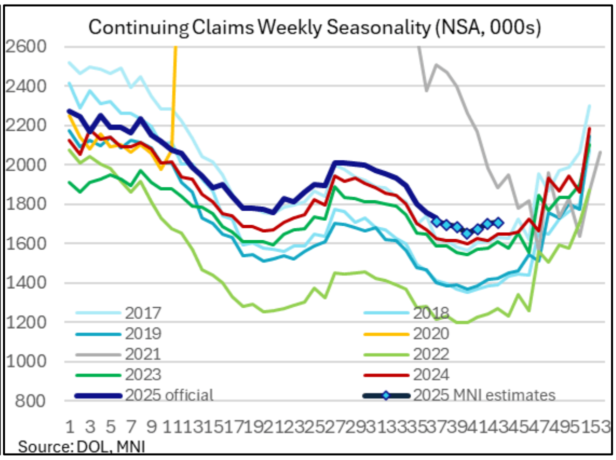
Continuing Jobless Claims Continue To Trend Up

MNI estimates that continuing jobless claims rose for the 3rd consecutive week in the Oct 25 week, to 1,956k from 1,948k prior (we had initially estimated ~1,950k), based on state-by-state data.

- That would mark the highest since the 1,962k recorded 13 weeks ago and is nearing the cycle high of 1,968k hit in July (which was the highest since 2021).
- We're less confident on the continuing figure than for initial claims due to a lack of data for federal and some other employees available to make the calculation, and additionally there have historically been downward revisions to continuing claims that become evident in subsequent weeks.
- But overall it is clear that claims are continuing to trend higher and clearly up from the recent low of 1,909k recorded in the Sept 13 week.

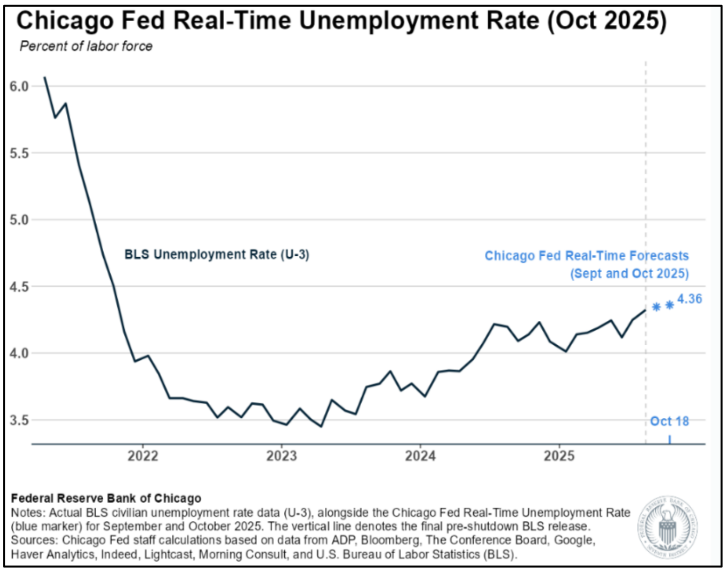
- As such it's a sign of gradual loosening in the labor market, aligning with some of the softer data we've seen across "alternative" (ie non-federal government produced) job indicators.





U/E Rate: A Marginal Increase In Tracking But Still Below Median FOMC Forecast

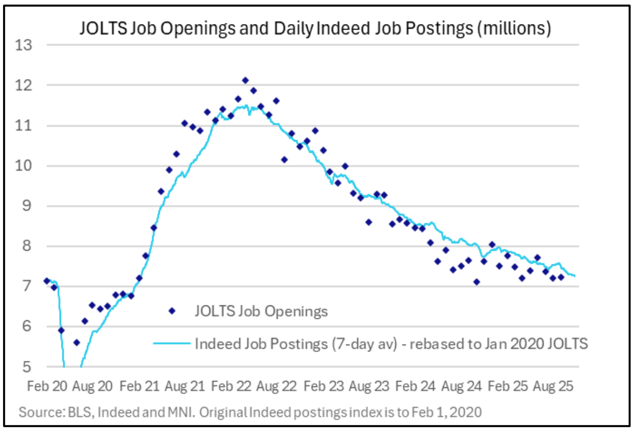
Chicago Fed Estimates A Second Month Of Marginal Climb In U/E Rate

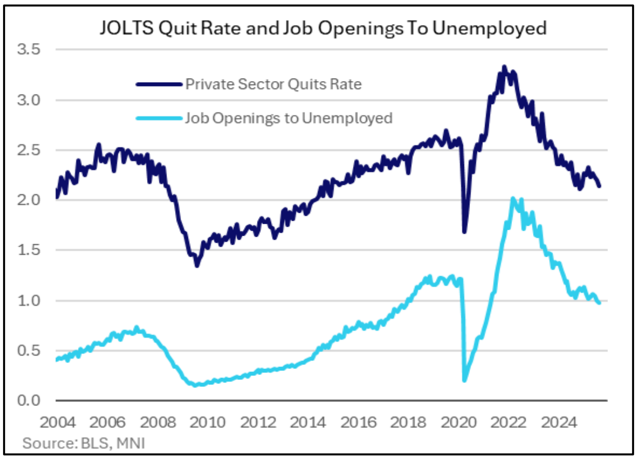


- The final release of the Chicago Fed's Labor Market Indicators report for October (here) saw its unemployment rate nowcast broadly unrevised at 4.36% from the 4.35% in the advance.
- It follows an estimated 4.34% for September, pointing to little change from the 4.32% in August in what was the last release from the BLS payrolls report before the government shutdown.
- It confirms what has been a mild nudge higher in the unemployment rate since August, pushing above a range of 4.0-4.25% that had held through May 2024 to Jul 2025.
- A reminder that the median FOMC member forecast an unemployment rate of 4.5% in 4Q25 (central tendency 4.4-4.5%) at the last two SEP rounds in June and September, which is then seen dipping to 4.4% in 4Q26 and 4.3% in 4Q27.
- Chicago Fed staff calculations for this indicator are based on data from ADP, Bloomberg, The Conference Board, Google, Haver Analytics, Indeed, Lightcast, Morning Consult and the BLS.

Openings: Further Gradual Cooling, Possibly Nearing Flatter Beveridge Curve

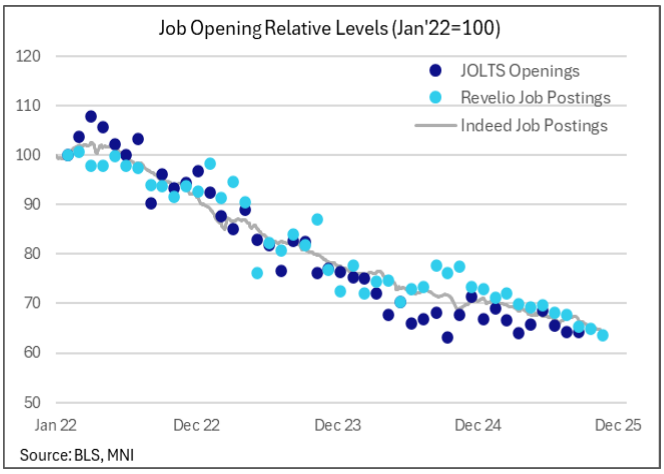
Indeed Job Openings Suggest Same Gradual Cooling In Lieu Of JOLTS





- In light of there being no JOLTS report for September from the BLS on Tuesday due to the ongoing government shutdown, we take another look at the latest daily job openings data from Indeed, provided with a 7-day rolling average up until Oct 26.
- These openings suggest there was a sizeable 2.4% decline through September since end-August (the latest period we have for JOLTS openings), before a steadier decline thereafter for a cumulative 3.1% drop in almost two months.
- Analysts estimated 7.13mn for what would have been JOLTS job openings in September, a 1.3% decline from 7.23mn in August, with Indeed openings a little more pessimistic. [Note the 12 analyst estimates for today's 'release' vs closer to 30 responses usually]
- These daily openings are at lows since 2021 but they're roughly consistent with JOLTS figures when indexing them to pre-pandemic levels. A further decline ahead would be more notable.
- Fed Chair Powell on Wednesday wasn't overly concerned about the labor market at Wednesday's press conference as part of remarks aimed at instigating some uncertainty over a December rate cut. Talking on what to watch during the government shutdown: *"The labor market is a place where we get, for example, we get the state level data on initial claims, which are sending sort of a signal of more of the same. We also get job openings, and we'll get lots of survey data, we'll get the Beige Book and things like that. So we'll have a -- we'll have a picture of what's going on in the labor market. And the fact that we're not seeing an uptick in claims, or a downtick really in openings, suggests that you're seeing maybe continued very gradual cooling, but nothing more than that. So that does give you some comfort."*

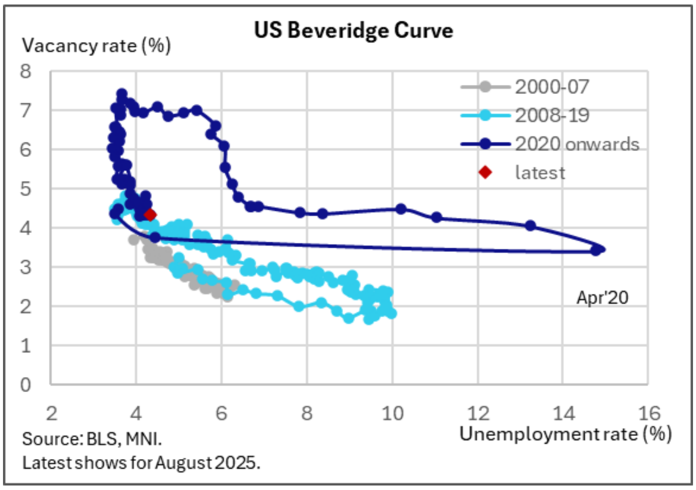
Further Decline In Revelio Labs Job Postings Echoes Indeed Metric [1/2]



- Within the Revelio labor data release, which prompted a dovish reaction in rates space with a 9k decline in its estimate for nonfarm payrolls growth in October, job postings fell further to a seasonally adjusted 16.25mn.
- It was a 307k monthly decline in postings to a new low for the cycle although with data only starting in 2022.
- Whilst it points to some further downside momentum in the JOLTS data that is currently only up to August under the government shutdown, it's relatively modest and chimes with that seen in the daily Indeed postings we have intermittently written about in recent weeks.
- We focus on the direction in these data rather than the outright level, with the Revelio figure of 16.25mn far larger than the 7.2mn in August JOLTS job openings (the figure that goes into the vacancy to unemployed ratio that still carries weight in Fed labor market analysis). That said, this much higher Revelio series could at least partly suggest that the labor market is stronger than what the JOLTS data suggest.
- Revelio on some potential factors behind such a large difference (methodology note):

- "JOLTS applies a restrictive criterion, counting only jobs that are actively recruiting and intended to be filled within 30 days. By contrast, Revelio Labs includes any active posting, regardless of employer hiring horizon. This is particularly relevant for positions with longer recruitment cycles (e.g., senior roles, government jobs, or specialized technical occupations), or evergreen job openings."
- "The Revelio Labs dataset reflects openings scraped from across the web, including company career sites, job boards, and staffing firms. This broader scope captures multi-channel labor demand that may be underrepresented in JOLTS, especially for smaller firms or rapidly emerging occupations."

Slowly Getting Closer To Flatter Beveridge Curve [2/2]



- The Indeed job postings data have been referenced by multiple FOMC officials including Powell as one metric the Fed can watch to monitor job openings amidst a lack of JOLTS data during the government shutdown.
- These latest data from both Indeed and Revelio point to a further modest decline in the vacancy rate, at a point that could start to become more pivotal for the Beveridge curve.
- Powell in the Q&A of last month's NABE speech specifically pointed to this relationship to suggest that *"You're at a place where further declines in job openings might very well show up in unemployment. You've had this amazing time where you came straight down, but I just think you're going to reach a point where unemployment starts to go up."*
- Of course, the unemployment rate has seen slow trend increase from consistent readings around the 3.6% mark in 2022-23 to 4.32% in latest data for Aug (or 4.36% in the Chicago Fed's nowcast for October also released today) after a stabilizing between 4.0-4.25% through May 2024-Jul 2025.
- We're now getting towards what has historically been a flatter section of the Beveridge curve – see chart with the latest official data up to August.

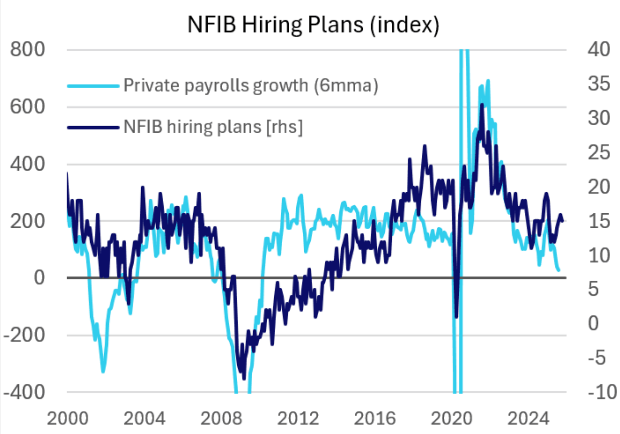
Sentiment: Little Sign Of Significant Deterioration

NFIB Survey Points To Little Deterioration In Labor Market

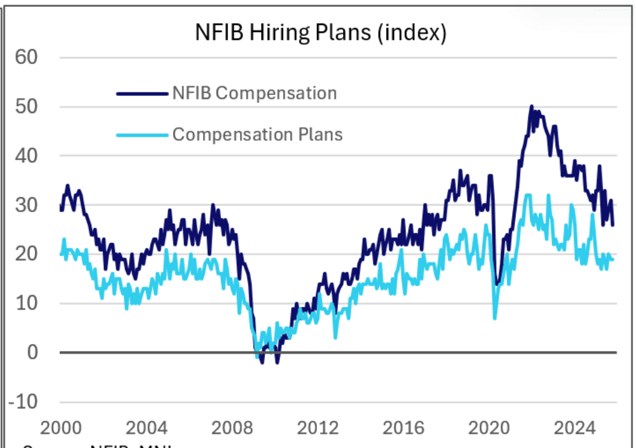
The National Federation of Independent Business's October Jobs report showed limited signs of significant deterioration in the month, and indeed, even some signs of renewed labor tightness. Overall small business hiring plans appear to be faring better than actual private payrolls growth would suggest, though forward-looking indicators of wage pressures continue to subside.

- The most notable sign of weakness was that just 15% of small business owners planned to hire in the next three months, 1pp down from September and the first decline since May. But like other indicators in the survey, this is more of a sign of stability in a normal (i.e. not pandemic-reopening) environment, albeit slightly on the soft side vs 2016-19. And indeed the report explained this as "Firms remain interested in hiring but are finding it difficult to fill openings", suggesting it's not a demand, but a supply issue.
- 27% of owners named labor quality as their single most important problem (up 9pp from prior), the highest since the all-time high 29% in November.
- Drilling deeper, "Labor quality reported as the single most important problem was the highest in the construction, transportation, and professional services industries, and lowest in finance and agriculture. Nearly half (49%) of small businesses in the construction industry reported labor quality as their single most important problem, 22 points higher than for all firms. Only 13% of businesses in the finance industry reported labor quality as their single most important problem."

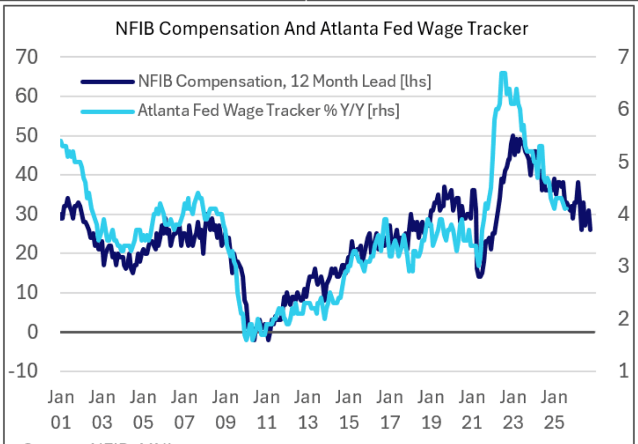
- Conversely though, labor costs as the single most important problem fell 3pp to 8%, and the net 26% of respondents reporting raising compensation marked a 5pp drop - equal to May's post-2021 low. The 19% planning to raise compensation was unchanged.



Source: NFIB, MNI.



Source: NFIB, MNI.



Source: NFIB, MNI.

[Highlights from the MNI Policy Team including two interviews with former BLS Commissioners continue below]

MNI Policy Team Insights

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

By Jean Yung (Nov 10, 2025)

Find today's freshly released exclusive here:

https://www.mnimarkets.com/articles/mni-interview-us-jobs-data-missing-at-crucial-time-abraham-1762783425989

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."