



US Market Briefing

October 2026

Payroll Growth Slows to 29,000 and July Is Revised to a Loss, While Inflation Climbs to 3.7% and Real Pay Falls

- Payrolls **+29,000** against a prior 12-month average of 45,000; unemployment **4.2%**, up from 4.1%.
- Revisions: July cut to **-10,000** and August to **+133,000**, together **60,000** lower.
- Inflation: CPI **+0.6%** on the month and **3.7%** annual; core **2.6%**, up from 2.4%.
- Pay: earnings **3.0%**, the slowest in twelve months; real hourly earnings fell year on year.

Payroll growth slowed sharply in September. Payrolls rose **29,000**, revisions took **60,000** off July and August, and July is now an outright loss. Unemployment rose to **4.2%**, consistent with labor-force growth outpacing employment.

Inflation moved the other way. Headline CPI rose to **3.7%** on a **9.1%** jump in gasoline while earnings growth slowed to **3.0%**, and the Federal Reserve raised rates for the first time since **2023**.



The September Employment Situation

Payrolls Near Stall as More People Join the Labor Force

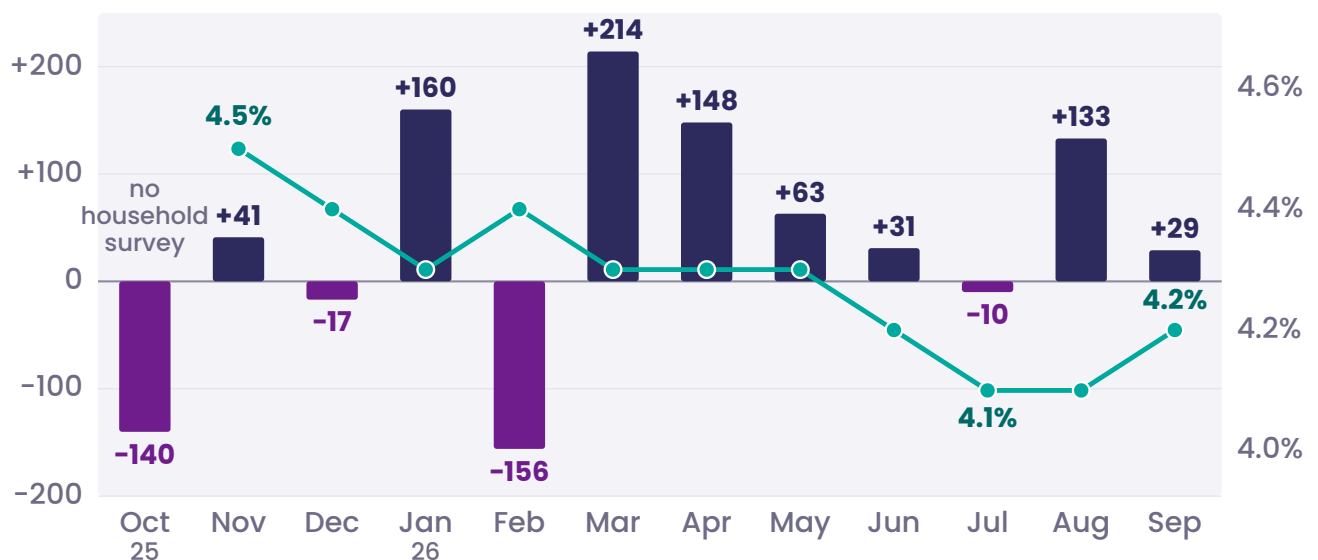
Payrolls rose 29,000 in September, against an average monthly gain of 45,000 over the prior 12 months. Unemployment edged up to 4.2% from 4.1%, which BLS called little changed, and has held between 4.1% and 4.3% since March.

The composition matters more than the rate. Household employment rose 406,000 and participation rose 0.2pp to 61.8%, consistent with labor-force growth outpacing employment growth rather than fewer people in work.

US Nonfarm Payroll Change and Unemployment Rate, October 2025 – September 2026

Monthly payroll change (000s, left axis) and unemployment rate (% , right axis), seasonally adjusted | Source: BLS Employment Situation, 2 October 2026 vintage

■ Payroll gain ■ Payroll loss — Unemployment rate



Mean of the twelve months shown +41,300; the BLS 45,000 average covers September 2025 to August 2026. Four months negative. No October 2025 household survey was collected during the shutdown. Sources: BLS, 2 October 2026; FRED, 13 October 2026.



BENEATH THE RATE

Discouraged workers were little changed at 414,000 and the marginally attached fell 236,000: no sign of rising discouragement.



Revisions in Context

Reading Last Month's Report in Light of This One

Our September report led on an August payroll rebound to 162,000 and noted that July's decline had been revised away. Both have moved again: August is now 133,000, and July, published at 21,000, is now a loss of 10,000.

Together the two months are 60,000 lower than last reported, so the revisions weaken the case for a sustained hiring recovery. The history plotted in this briefing is computed from current payroll levels, not stitched from past headlines.

US Nonfarm Payrolls: What Changed in the September Release

Previously published against currently published estimates | Source: BLS Employment Situation, September 2026, released 2 October 2026

REFERENCE MONTH	PREVIOUSLY	NOW	CHANGE
July 2026 <i>Second revision</i>	+21,000	-10,000	-31,000
August 2026 <i>First revision</i>	+162,000	+133,000	-29,000
September 2026 <i>First estimate</i>	n/a	+29,000	vs +45,000 prior 12-month average

July has flipped from a gain to a loss. First published at -23,000, revised to +21,000 in our September report, July now stands at -10,000 on its third estimate, still subject to benchmark revision.

BLS revises each month twice after first publication and benchmarks the series every February, so figures quoted in earlier briefings may differ. Source: BLS, 2 October 2026.



PLANNING NOTE

60,000

The combined downward revision to July and August. Read the latest print alongside the twelve-month mean of 41,300 and recent three-month data.

\$ Inflation and Pay

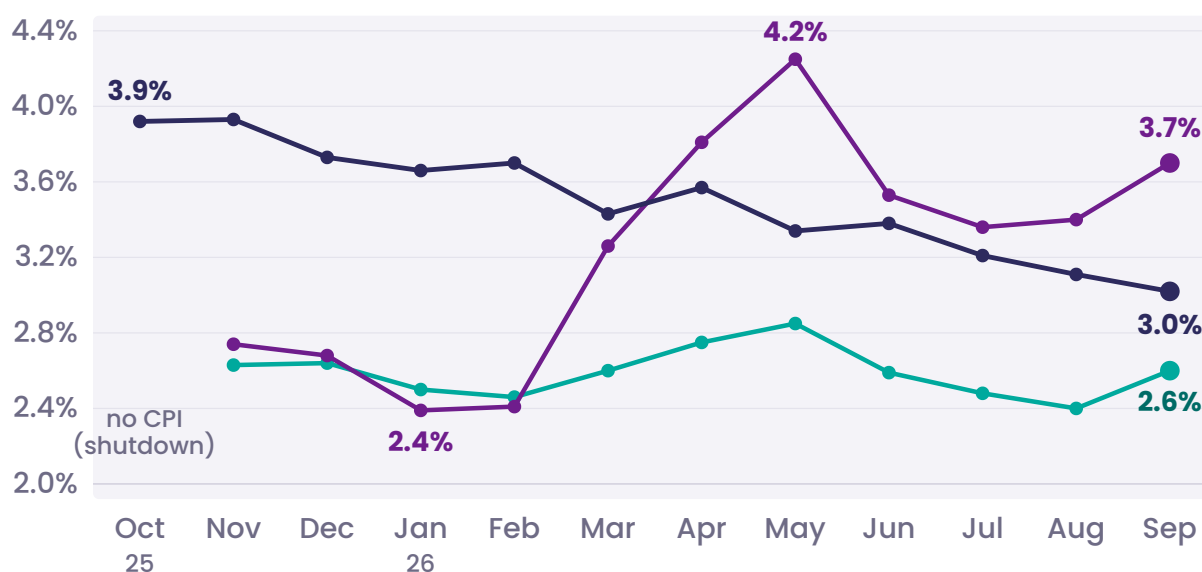
Headline CPI rose 0.6% in September, taking the annual rate to 3.7% from 3.4%, above the 3.6% Reuters poll forecast. Gasoline rose 9.1% and accounted for over half of the monthly increase.

Core rose 2.6% on the year, up from 2.4%. Average hourly earnings grew 3.0%, the slowest in twelve months, so real hourly earnings fell year on year.

US Wage Growth Against Consumer Price Inflation, October 2025 – September 2026

12-month change (%) | Earnings: average hourly earnings, total private, SA. CPI: not seasonally adjusted | Sources: BLS Employment Situation and Consumer Price Index; FRED CES0500000003, CIAUCNS, CPILFENS

— Average hourly earnings — CPI, all items — CPI, core



Earnings have run below headline inflation every month since April; BLS Real Earnings shows real average hourly earnings down 0.7% year on year. No October 2025 CPI: collection was cancelled during the shutdown. Sources: BLS CPI, 14 October 2026; BLS Employment Situation, 2 October 2026.

⚠ THE CENTRAL TENSION

Earnings growth sits 0.7pp below headline inflation but 0.4pp above core. The gap is largely energy-driven: core has held at 2.4–2.9% all year.



Sector Performance

Health Care Slows, Financial Activities Keeps Shrinking

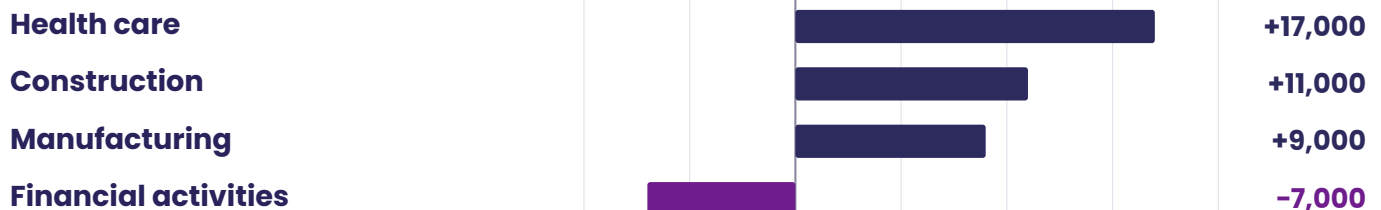
The BLS commentary highlighted four major industries in September. Health care added 17,000, below its prior 12-month average of 33,000, with ambulatory services and hospitals up but nursing and residential care down 9,000.

Construction added 11,000 and manufacturing 9,000, up 72,000 since its December 2025 low. Financial activities lost 7,000 and is down 129,000 since its May 2025 peak.

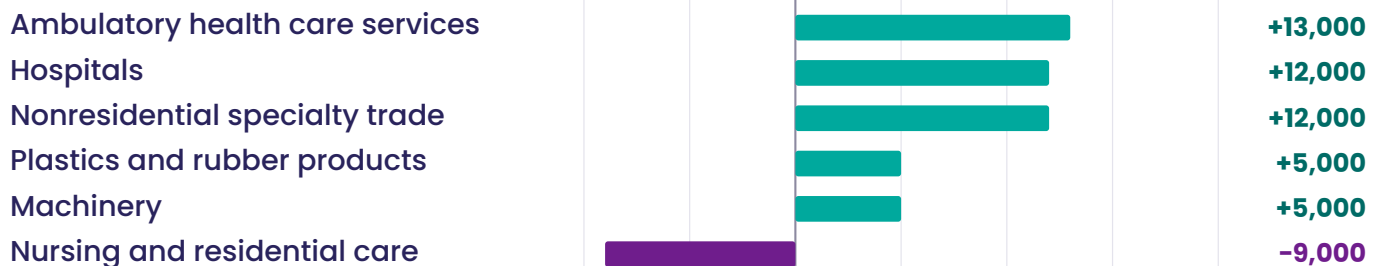
Selected Industry Employment Changes, September 2026

Change in payroll employment over the month (000s, SA). Industries highlighted in the BLS commentary | Source: BLS Employment Situation, released 2 October 2026

MAJOR INDUSTRY



SELECTED COMPONENT INDUSTRIES



Selected industries only. Other published movements include government (-17,000), information (-10,000) and temporary help services (-10,900). "Little changed" does not mean no numerical change. Source: BLS, 2 October 2026.



KEY STATISTICS

27.1%

The long-term unemployed, 1.9 million people, as a share of the 7.1 million unemployed. U-6 fell to 7.6%, and the employment-population ratio was 59.2%, below 59.7% a year earlier.



Labor Demand

A Low-Churn Market Holds Steady

JOLTS lags by one month; the latest data, for August, were released 29 September. Openings were little changed at 7.1 million (4.3%), and hires at 5.2 million over both the month and the year.

Separations were unchanged at 5.1 million and layoffs little changed at 1.6 million. Quits held at 3.1 million, a 1.9% rate and joint lowest since 2021.

US Labor Demand and Mobility, August 2026

JOLTS | Direction words are the BLS release’s own | Source: BLS Job Openings and Labor Turnover Survey, released 29 September 2026

MEASURE	LEVEL	DIRECTION & DETAIL
Job Openings August 2026 BLS	7.1M —	Little changed; rate 4.3% Changed little in all industries.
Hires August 2026 BLS	5.2M —	Little changed; rate 3.3% Little changed over both the month and the year, and in all industries.
Total Separations August 2026 BLS	5.1M —	Unchanged; rate 3.2% The one industry change noted was state and local government education, down 30,000.
Quits August 2026 BLS	3.1M —	Unchanged; rate 1.9% Down in wholesale trade (–34,000) and state and local government education (–21,000); up in nondurable goods manufacturing (+28,000) and private educational services (+13,000).
Layoffs & Discharges August 2026 BLS	1.6M —	Little changed; rate 1.0% Little changed in all industries.

Amber marker: “little changed” or “unchanged”. Source: BLS, 29 September 2026.

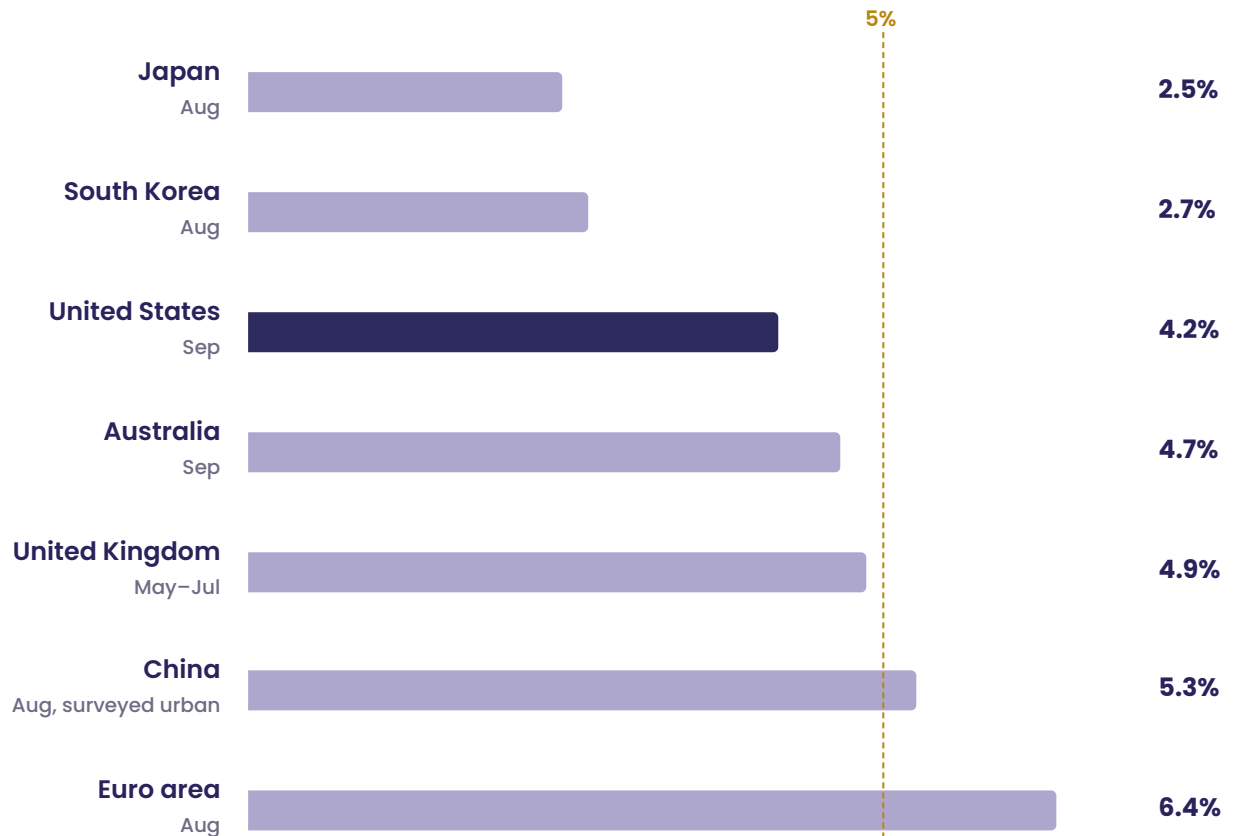


A LOW-CHURN MARKET

Employers are neither hiring nor shedding staff at pace. With quits joint lowest since 2021 and hires little changed over the year, movement between employers remains limited.

Global Unemployment Rates Comparison

Latest published headline rate (%), with reference period. Definitions, age coverage and seasonal adjustment differ; comparison is indicative, not exact.



US highlighted (4.2%, September 2026, BLS). Australia: ABS September 2026, released 15 October. UK: ONS May to July 2026. Euro area: Eurostat August 2026. Japan: Statistics Bureau, August 2026. South Korea: seasonally adjusted, August 2026. China's surveyed urban rate covers urban areas only. The 5% line is a visual guide, not an economic threshold. Data cutoff 15 October 2026.

Comparative Analysis: US and Global Markets

At 4.2%, US unemployment was below Australia (4.7%), the UK (4.9%), China (5.3%) and the euro area (6.4%), and above Japan (2.5%) and South Korea (2.7%). The US rate has moved within a 0.2pp band since March.

What it means for employers

US payroll growth has slowed from its spring pace, while September inflation was lifted by a 9.1% rise in gasoline. The Federal Reserve raised rates in September, and the minutes of that meeting discuss energy and geopolitical pressures. For employers, the risk is subdued hiring alongside continued pressure on living costs.



Strategic Implications for HR and Talent Acquisition



Budget for a flat market, not a recovery

Payroll growth has averaged 41,300 a month over the past year, with four negative months, and the summer rebound has been revised down by 60,000. Headcount plans built on an upturn need a downside case, and initial payroll estimates should be treated as provisional while the following two revisions come through.



Re-check plans signed off on the summer numbers

-10,000

July payrolls, revised to +21,000 in last month's report

July has flipped from a gain to a loss and August is 29,000 smaller. Plans approved in September on the strength of a summer rebound should be revisited against the current vintage.



Compete on retention, not counter-offers

1.9%

Quits rate, unchanged and joint lowest since 2021

Quits are unchanged and hires were little changed over the year. Low quits may limit candidate mobility, so monitor your own time-to-fill and retention risks.



Benchmark pay on role-level evidence

3.0% vs 3.7% / 2.6%

Earnings against headline and core CPI

Review pay assumptions against role-specific salary evidence. Aggregate hourly earnings growth has slowed to 3.0%, while real average hourly earnings have fallen year on year.



Read sector trends alongside your own demand

+17,000

Health care, the largest gain highlighted by BLS

Net payroll change is not gross hiring demand, and temporary help services fell 10,900. Use sector trends alongside vacancy, client and occupation-level evidence to allocate sourcing capacity.



Forecast for the Remainder of 2026



Payrolls

0–75,000

Baseline monthly payroll range to year-end

Payroll growth is likely to stay low and volatile. Four of the past twelve months were negative, so a negative month is possible in a downside scenario.

A sustained run above the summer's revised pace looks unlikely.



Unemployment

4.1–4.4%

Unemployment rate through year-end

The rate has not left a narrow band since March, and September's rise came from a larger labor force rather than job losses.

A move above 4.3% would signal a change in character.



Pay and inflation

2.8–3.0%

Earnings growth by December

Earnings growth is likely to ease further. Headline inflation depends heavily on energy, which added over half of September's rise.

Real hourly earnings growth may remain negative year on year while that persists.



The Federal Reserve

28 October

Next FOMC decision; range now 3.75–4.00%

The Committee raised rates by 25bp on 16 September, its first increase since 2023, and the median participant projection implied one further 25bp increase this year. A firmer September CPI adds to that case; we would not call the October outcome.

The principal risk is tighter policy meeting a near-stalled payroll trend.



TALiNT baseline scenarios – judgments, not official forecasts or probability intervals.

Sources & Assumptions

- U.S. Bureau of Labor Statistics, *Employment Situation, September 2026* (released 2 October 2026) – payrolls +29,000, unemployment 4.2%, participation 61.8%, employment-population ratio 59.2%, household employment +406,000, average hourly earnings +3.0%, U-6 7.6%, long-term unemployed 1.9 million (27.1%), selected industry detail and the July and August revisions; July first estimate (-23,000) from the [July release](#), 7 August 2026: [BLS Employment Situation](#).
- U.S. Bureau of Labor Statistics, *Consumer Price Index and Real Earnings, September 2026* (both released 14 October 2026) – CPI +0.6% monthly (SA) and 3.7% annual (NSA); core +0.3% and 2.6%; energy +5.2%, gasoline +9.1%; real average hourly earnings -0.7% year on year. [BLS CPI](#); [BLS Real Earnings](#).
- U.S. Bureau of Labor Statistics, *Job Openings and Labor Turnover Survey, August 2026* (released 29 September 2026) – openings 7.1 million (4.3%), hires 5.2 million (3.3%), separations 5.1 million, quits 3.1 million (1.9%), layoffs 1.6 million (1.0%): [BLS JOLTS](#); quits history: [FRED JTSQUR](#).
- FRED [PAYEMS](#), [UNRATE](#) and [CES0500000003](#), retrieved 13 October 2026 – payroll history computed from current levels; earnings growth from matching months a year apart. CPI history from FRED [CPIAUCNS](#) and [CPILFENS](#), with September 2026 observations from the BLS CPI release of 14 October.
- CPI forecast of 3.6% annual from the [Reuters poll](#), 14 October 2026. Federal Reserve, 16 September 2026 – target range raised to 3.75-4.00%; [minutes](#) for geopolitical context and [Summary of Economic Projections](#) for the median year-end projection; next decision 28 October. [FOMC statement](#).
- Comparative data: [ONS UK](#) (May to July 2026, released 15 September); [ABS Australia](#) (September, released 15 October); [Eurostat euro area](#) (August, released 1 October); [Statistics Bureau of Japan](#) (August, published 2 October); [Korea Ministry of Data and Statistics](#) (August, seasonally adjusted, released 9 September); [NBS China](#) surveyed urban rate (August, released 15 September).
- Note: data cutoff 15 October 2026. All US figures are the current vintage; BLS revises payrolls twice and benchmarks each February. There is no October 2025 unemployment rate or CPI, as neither was collected during the federal government shutdown; both are shown as gaps. The sector chart shows selected industries only.



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