

Economics

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US Non-farm payrolls (Aug): Still a robust labour market

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Employment change (thousands, unless otherwise noted)	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026
Unemployment rate (%)	4.1	4.1	4.2	4.3	4.3
Avg. hrly earn all (Monthly % Chg)	0.3%	0.2%	0.3%	0.2%	0.2%
Avg. wkly hour all (Monthly % Chg)	0.6%	0.2%	0.3%	0.2%	0.5%
Nonfarm employment	162.0	21.0	31.0	63.0	148.0
Total private	127.0	71.0	26.0	61.0	150.0
Goods-producing	41.0	29.0	14.0	3.0	6.0
Construction	22.0	18.0	3.0	2.0	3.0
Manufacturing	16.0	14.0	13.0	-2.0	-1.0
Priv. Serv providing	86.0	42.0	12.0	58.0	144.0
Wholesale trade	7.8	5.3	4.6	2.5	0.6
Retail trade	1.4	13.2	9.6	5.0	23.5
Transp. & Warehousing	5.0	13.8	-10.3	0.8	39.4
Information	-23.0	5.0	-19.0	-5.0	-6.0
Financial	-11.0	-11.0	2.0	-20.0	-6.0
Business services	10.0	15.0	36.0	6.0	20.0
Temporary help	6.8	5.2	16.9	0.2	10.5
Education, health	29.0	12.0	50.0	24.0	67.0
Leisure, hospitality	62.0	-21.0	-54.0	42.0	-7.0
Government	35.0	-50.0	5.0	2.0	-2.0
Federal Government	-5.0	-6.0	0.0	4.0	-1.0

Source: Haver Analytics

- The US labor market sprung back to life in August. Total non-farm payroll employment increased by 162K in August, beating consensus expectations of 55K. July's contraction was revised up to 21K. The June and July combined revision was +55K. The unemployment rate held steady at 4.1% as participation increased. The participation rate ticked up to 61.6% after two consecutive monthly declines, led by a large jump in participation rate in youth while prime-age held steady. Job growth was led by food services and drinking places and local government education (which largely reversed a July decline). The information industry lost 23K jobs, driven by cuts in computing infrastructure/data processing. Average hourly earnings rose 0.3% m/m in August but year-over-year earnings declined from 3.2% to 3.1%.
- Although the unemployment rate remained at 4.1% in August, it shows a small rebound in second decimal (July 4.09% to 4.14% in August). The number of unemployed changed little in August but there were more people in the

labour force as the participation rate edged up. The increase in the overall participation rate was driven by those between 16 and 19, as their participation rate jumped 0.8 percentage point from July to August. Prime-age participation rate remained unchanged. With the employment-population ratio holding steady at 59.1%, that means employment and the labour force are growing roughly in step, leaving the unemployment rate unchanged.

- After steadily declining this year, the Household Survey employment surged by 569K in August, the biggest one month increase since January 2025. That means the significant gap between the Household and Establishment surveys employment have closed slightly.
- Despite the recent worry about the drop in labour force participation, the number of discouraged workers has not gone up. The U-6 rate, which is the broadest measure of labour market slack because it includes discouraged workers, other marginally attached workers and people working part-time for economic reasons, declined to 7.7% in August, the lowest since January 2025.
- Food services and restaurants led with 59K job gains, and local government education added 42K, largely reversing the July decline. Construction, manufacturing and healthcare also added to the overall job gains. Information lost 23K mostly due to computing infrastructure, publishing and broadcasting. There were some announcements of job cuts in this sector for the past few months.
- Despite the positive job gains, wage inflation is still decelerating on a year-over-year basis. Average hourly earnings came in at a 0.3% monthly pace, led by increases in some services sectors. That nudged the 12-month rate down a tick to 3.1%. With total PCE inflation rising faster than wages, this means many American households are likely being squeezed financially which should constrain consumption growth.

Implications & actions

Re: Economic forecast — Although today's payroll job gains were higher than expected, the unemployment rate was essentially unchanged and wage growth kept decelerating on an annual basis. That is still roughly consistent with the stable labour market described in the FOMC minutes in July. That means the decisive data point for the upcoming FOMC meeting later this month will come from the August CPI report next Friday. If that report comes in largely in line with no pick up in core CPI, that will likely provide the go-ahead for many voting members waiting on confirmation of signs of disinflation to vote for a hold.

Re: Markets — Treasury yields increased after the release, as rate hike expectations ticked up.

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