Economics Focus

16:38 CET
30 September 2026

https://research.ca-cib.com

September employment preview: a middle ground

- **A much weaker-than-expected jobs report in July was followed by a much stronger-than-expected report in August, and we expect September to settle into a middle ground between the two. This would likely add further support to the view that the labour market remains close to balance, with downside risks having diminished compared to late last year.**
- **Specifically, we look for headline NFP to rise by +90k in September, a clear step down from +162k in August but at the same time much firmer than just +21k in July. This would be a solid pace in the current environment in which the breakeven rate has dropped sharply, though we do see this month's print as a bit of a wild card given that state & local government education typically play a large role in NSA hiring in September, and these have been volatile in recent months.**
- **Despite a decent pace for NFP, we look for the unemployment rate to edge back up to 4.2% from 4.1%. Here, the decline in June and July was largely down to a dip in participation that we do not expect to fully persist, and we think some payback is possible in September, especially as last month's unrounded print was already close to rounding up at 4.14%. Still, this would remain below the 4.5% level reached in November, which we currently see as the peak of the cycle.**
- **We look for average hourly earnings to rise 0.2% MoM, slightly down from 0.3% MoM in August, which would see the YoY rate holding steady at 3.1%. This would match the lowest level since 2021, reinforcing the Fed's view that the labour market is not a major source of inflation pressure at the moment.**
- **At the Fed, most FOMC members continue to see the labour market as relatively stable, and a report in line with expectations would not change this view, leaving focus squarely on the inflation side of the mandate. Given the downward revisions to PCE data revealed this morning, a downside surprise in the jobs data could further trim the odds of a second straight hike in October, though we are not sure an upside surprise would really shift our Fed expectations much, instead leaving the emphasis on the September CPI and PPI data to be released ahead of the October FOMC.**



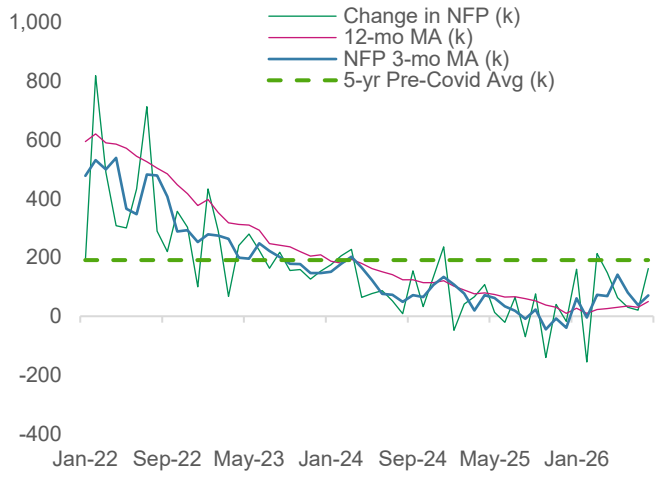
Nicholas Van Ness
Chief US Economist
+1 212 261 7601
nicholas.vanness@ca-cib.com

Click below to experience our new interactive data website:

RED MOUNTAnalytics
BY CRÉDIT AGRICOLE CIB

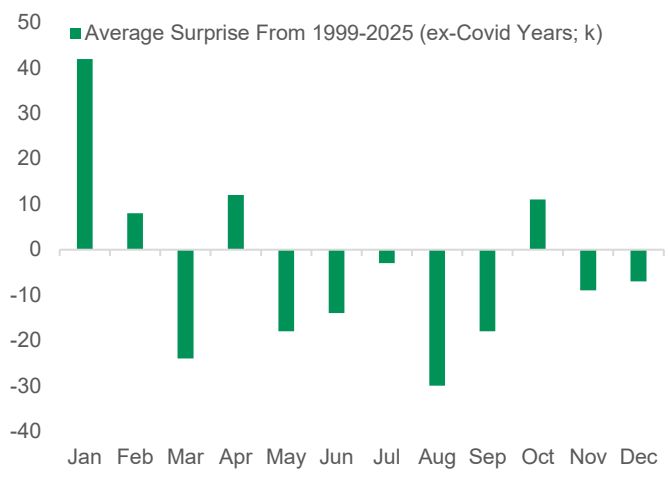
This document should not be used by a non legitimate recipient.

Fig 1. NFP bounces back in August



Source: Bloomberg, Crédit Agricole CIB

Fig 2. September can see downside surprises



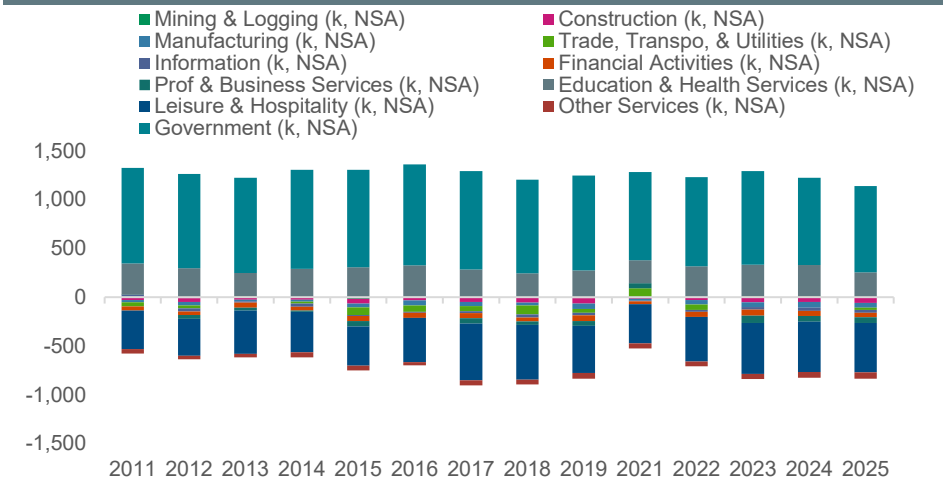
Source: Bloomberg, Crédit Agricole CIB

A much weaker-than-expected jobs report in July was followed by a much stronger-than-expected report in August, and we expect September to settle into a middle ground between the two. This would likely add further support to the view that the labour market remains close to balance, with downside risks having diminished compared to late last year.

Specifically, we look for headline NFP to rise by +90k in September, a clear step down from +162k in August but at the same time much firmer than just +21k in July. While our forecast was a bit below consensus when we first made it, consensus has since dropped to +90k as well, with the range of forecasts submitted to BBG spanning +35k to +180k. This whisper number on BBG sits at a very similar level of +87k.

If our forecast is on track, the three-month moving average would tick up to +91k from +71k, pending revisions (see Figure 1). While not great compared to a couple of years ago, we see a number in this range as a pretty solid one when considered in the context of a sharp drop in the breakeven rate due to shifts in immigration policy. In fact, we think the breakeven pace has fallen from more than +200k per month late in the Biden presidency to possibly below +50k currently, and the Dallas Fed even estimates a value of just below 0k. Thus, the three-month moving average would be clearly above breakeven in our base case.

Fig 3. September NSA payrolls: led by government education



Source: Bloomberg, Crédit Agricole CIB; note: we have omitted 2020 as the recovery from Covid lockdowns skews the data

September employment data has been a bit of a mixed bag, though we are still awaiting some typical inputs such as the employment components for the ISMs. Still, from what we have seen so far, the ADP jobs report surprised to the upside with a solid gain of +90k, though the labour differential in the Conference Board's consumer confidence survey weakened and is now barely above zero. When considering these and various other employment related data, we land on a pace near the middle of the past two months, though we note that downside surprises have tended to be more common in September in recent years (see Figure 2)

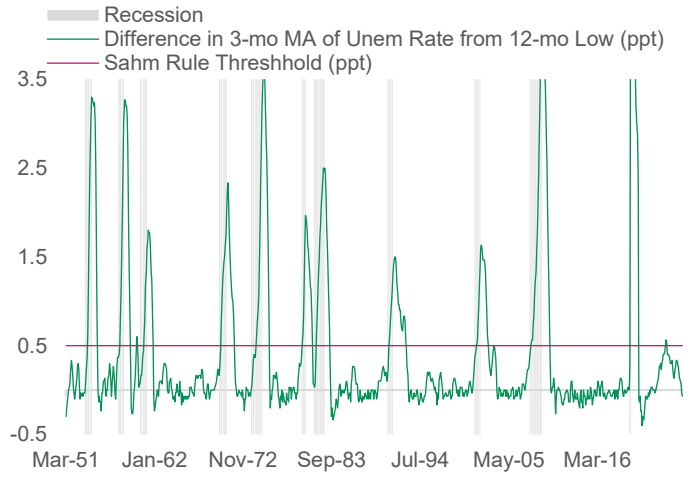
That said, we do see this month's print as a bit of a wild card given the usual composition of NSA job gains. In this case, state and local government education typically play a major role as many employees return to work after the summer break (see Figure 3), and these categories have been highly volatile over the past couple of months. For example, local government education dropped by -57k in July before rebounding by +42k in August, so another swing here could impact the headline number.

Despite a decent pace for NFP, we look for the unemployment rate to edge back up to 4.2% from 4.1%, with last month's unrounded print of 4.14% already close to rounding up. Here, the decline in June and July was largely down to a dip in participation that we do not expect to fully persist, setting up the possibility of some payback in September.

This document should not be used by a non legitimate recipient.

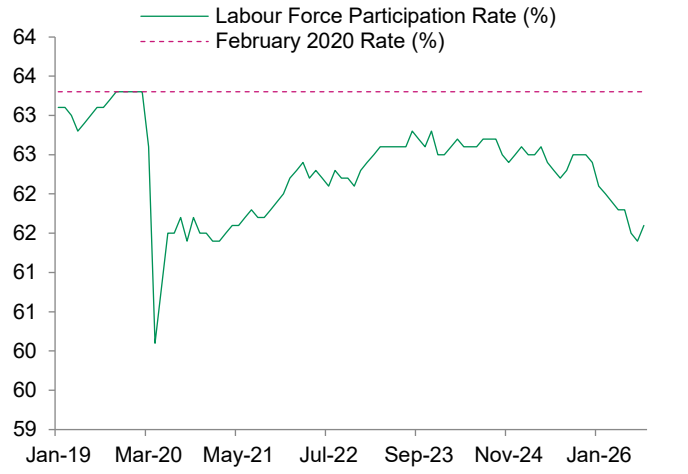
While demographics (eg, an aging population) would point toward some gradual decline in the participation rate, we think the decline seen earlier in the summer may have gone a bit too far as the participation rate fell all the way to 61.4% in July from 61.8% in May, a fairly rapid move. The rate did edge back up to 61.6% in August (see Figure 5), though we see the possibility of a bit more, providing upward pressure on the unemployment rate. Still, even if the unemployment rate returns to 4.2%, this would remain below the 4.5% level reached in November, which we currently see as the peak of the cycle, and at a low level historically.

Fig 4. Sahm rule threshold not close to being triggered



Source: Bloomberg, Crédit Agricole CIB

Fig 5. Though declining participation has played a role



Source: Bloomberg, Crédit Agricole CIB

Moving forward, we continue to look for the unemployment rate to hover in the low-4% range for the remainder of the year and into 2027. We expect that restrictive immigration policies will remain in place in the coming years, keeping the breakeven low and continuing to limit upward pressure. This dynamic likely played a role in the unemployment rate only moving gradually higher late last year before showing signs of stabilisation more recently, which has kept the Sahm rule threshold far from being breached (see Figure 4).

Elsewhere, we look for average hourly earnings to rise by 0.2% MoM in September, down from 0.3% MoM in August, which would see the YoY rate holding steady at 3.1%. This would match the lowest level since 2021, reinforcing the Fed's view that the labour market is not a major source of inflationary pressure at the moment.

Overall, we will once again reiterate that we continue to see the labour market as being in a low-hire, low-fire environment where demand and supply have cooled in tandem. This has kept the labour market close to balance, with the vacancy-to-unemployment ratio holding near 1x in recent months.

While concerns about rising downside risks to the labour market drove the three cuts the Fed delivered in late 2025, recent speakers have made clear that concerns have abated, leaving focus squarely on the inflation side of the mandate. A report in the neighbourhood of expectations would not offer anything to change this view.

Given larger-than-expected downward revisions to PCE inflation revealed this morning, we lean towards a skip in October, even if we expect the Fed to hike again in December. A downside surprise in Friday's data could further trim the odds of a second straight hike in October, though we are not sure an upside surprise would really shift our Fed expectations much, instead leaving the emphasis on the September CPI and PPI data to be released ahead of the October FOMC.

This document should not be used by a non legitimate recipient.

Macro Research advanced tools

With Red Mount Analytics, we are setting a new standard for market intelligence

Macro | Rates Markets | Sectors

1 - Outlook and Forecasts
- Global Macro Outlook
- Macro Forecasts

2 - Global Economics
- Growth Monitor, Eurozone
- Growth Monitor, US
- Japan Monitor
- Labour Market US & Europe
- Sectoral Growth Dynamics Europe

3 - Leverage analytics
- Global Leverage Dynamics

4 - Capital Flows
- Balance of Payment (BoP) tracker
- Central Bank FX Reserves
- Equities capital flows
- Fixed Income capital flows
- Japan foreign portfolio investment tracker

5 - Fiscal Policies and Public Debts
- Eurozone Fiscal Monitor
- Global Fiscal Monitor

6 - Country by Country
- France 360° Monitors

Outlook and Forecasts:
A global view on the Developed Market economies and all our forecasts on Macro (up to extremely detailed components of growth and central banks).

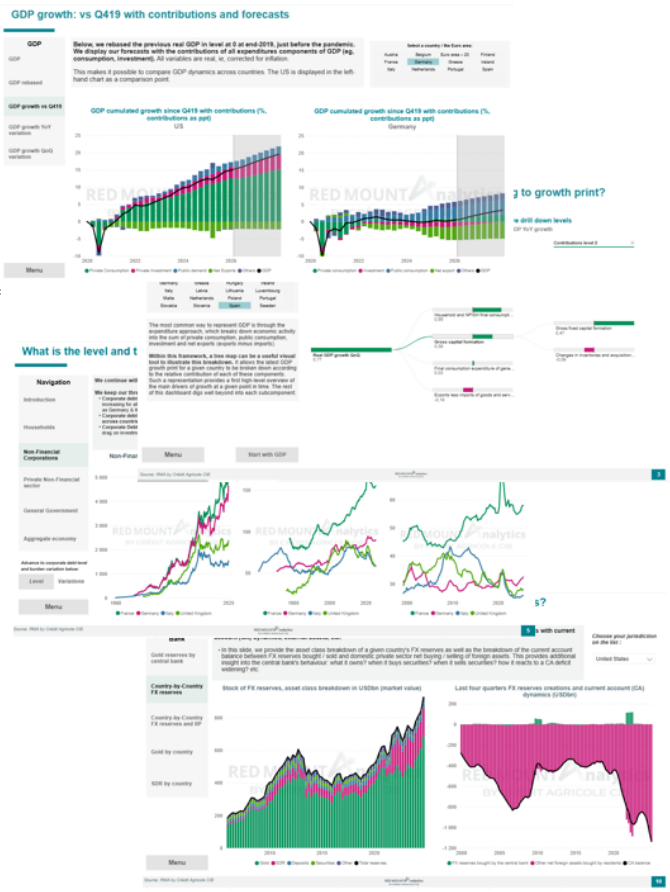
Global Economics:
A detailed view on GDP and its sub-components what contributes to growth, what is overheating what is depressed? By geographic area.
A view by sector and a cross-country analysis of labour markets.

Leverage Analytics:
Who is indebted – by agent and by country? What is the trend? What are the risks? Leverage is everywhere, but now you know where it is.

Capital Flows:
Who is buying what asset? What country is indebted to which country? What are central banks buying (by asset & by country)?
You can dig as much as you like in these dashboards – we have all the answers.

Fiscal Policies and Public Debt:
A deep dive into Eurozone fiscal outlooks: deficits, debts, trends, sustainability, details of public expenditures. From the helicopter view to the geeky Maastrichian approach.

Country by Country:
Only one topic for now, to be extended. France came to the brink of a crisis in 2024 – see how and why. This section will be expanded in the future as other countries come under the spotlight.



Source: RMA by Crédit Agricole CIB

This document should not be used by a non legitimate recipient.

Global Markets Research contact details

Jean-François Paren Head of Global Markets Research +33 1 41 89 33 95

	Asia (Hong Kong, Singapore & Tokyo)		Europe (London & Paris)		Americas (New York)
Macro Strategy	Takuji Aida Chief Economist Japan +81 3 4580 5360	Ken Matsumoto Macro Strategist Japan +81 3 4580 5337	**Louis Harreau** **Head of Developed Markets Macro & Strategy** **+33 1 41 89 98 95**	Valentin Giust Global Macro Strategist +33 1 41 89 30 01	Nicholas Van Ness ** Chief US Economist +1 212 261 7601
Interest Rates			**Jean-François Perrin** **Head of Rates and Inflation Research & Strategy** **+33 1 41 89 73 49** Matthias Loise Inflation Strategist +33 1 41 89 20 06	Guillaume Martin Interest Rates Strategist +33 1 41 89 37 66 Riccardo Lamia Interest Rates Strategist +33 1 41 89 63 83 Monna Dimitrova Interest Rates Strategist +33 1 41 89 05 61	Alex Li ** Head of US Rates Strategy +1 212 261 3950
Emerging Markets	Xiaojia Zhi Chief China Economist Head of Research, Asia ex-Japan +852 2826 5725 Eddie Cheung CFA Senior Emerging Market Strategist +852 2826 1553	Jeffrey Zhang Emerging Market Strategist +852 2826 5749 Yeon Jin Kim Emerging Market Analyst +852 2826 5756	**Sébastien Barbé** **Head of Emerging Market Research & Strategy** **+33 1 41 89 15 97**		Olga Yangol ** Head of Emerging Market Research & Strategy, Americas +1 212 261 3953
Foreign Exchange	David Forrester Senior FX Strategist +65 6439 9826		**Valentin Marinov** **Head of G10 FX Research & Strategy** **+44 20 7214 5289**	Alexandre Dolci FX Strategist +44 20 7214 5064	
Quant Research			Alexandre Borel Data Scientist +33 1 57 87 34 27		

*** employee(s) of Crédit Agricole Securities (USA), Inc.*

Certification

The views expressed in this report accurately reflect the personal views of the undersigned analyst(s). In addition, the undersigned analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report.

Nicholas Van Ness

Important: Please note that in the United States, this fixed income research report is considered to be fixed income commentary and not fixed income research. Notwithstanding this, the Crédit Agricole CIB Research Disclaimer that can be found at the end of this report applies to this report in the United States as if references to research report were to fixed income commentary. Products and services are provided in the United States through Crédit Agricole Securities (USA), Inc.

Foreign exchange disclosure statement to clients of CACIB

https://www.ca-cib.com/sites/default/files/2017-02/2016-05-04-cacib-fx-disclosure-april-2016_0.pdf

Additional recommendation obligations – available from analyst(s) upon request:

- A list of all the recommendation changes on any financial instrument or issuer disseminated within the last 12 months.
- Where Crédit Agricole CIB is a market-maker or liquidity provider in the financial instruments of the issuer.

MiFID II contact details

Andrew Taylor MiFID II Research contact andrew.taylor@ca-cib.com	Please send your questions on MiFID II to: research.mifid2@ca-cib.com

This document should not be used by a non legitimate recipient.

Disclaimer

© 2026, **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK All rights reserved.**

This research report or summary has been prepared by Crédit Agricole Corporate and Investment Bank or one of its affiliates (collectively "Crédit Agricole CIB") from information believed to be reliable. Such information has not been independently verified and no guarantee, representation or warranty, express or implied, is made as to its accuracy, completeness or correctness.

This report is provided for information purposes only. Nothing in this report should be considered to constitute investment, legal, accounting or taxation advice and you are advised to contact independent advisors in order to evaluate this report. It is not intended, and should not be considered, as an offer, invitation, solicitation or personal recommendation to buy, subscribe for or sell any of the financial instruments described herein, nor is it intended to form the basis for any credit, advice, personal recommendation or other evaluation with respect to such financial instruments and is intended for use only by those professional investors to whom it is made available by Crédit Agricole CIB. Crédit Agricole CIB does not act in a fiduciary capacity to you in respect of this report.

Crédit Agricole CIB may at any time stop producing or updating this report. Not all strategies are appropriate at all times. Past performance is not necessarily a guide to future performance. The price, value of and income from any of the financial instruments mentioned in this report can fall as well as rise and you may make losses if you invest in them. Independent advice should be sought. In any case, investors are invited to make their own independent decision as to whether a financial instrument or whether investment in the financial instruments described herein is proper, suitable or appropriate based on their own judgement and upon the advice of any relevant advisors they have consulted. Crédit Agricole CIB has not taken any steps to ensure that any financial instruments referred to in this report are suitable for any investor. Crédit Agricole CIB will not treat recipients of this report as its customers by virtue of their receiving this report.

Crédit Agricole CIB, its directors, officers and employees may have financial interests or may effect transactions (whether long or short) in the financial instruments described herein for their own accounts or for the account of others, may have positions relating to other financial instruments of the issuer thereof, or any of its affiliates, or may perform or seek to perform securities, investment banking or other services for such issuer or its affiliates, within the regulatory framework set by Article 37 of Delegated Regulation (EU) 2017/565. Crédit Agricole CIB may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Without prejudice to the requirements arising from Article 4 of Delegated Regulation (EU) 2016/958, Crédit Agricole CIB is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. Crédit Agricole CIB has established a "Policy for Managing Conflicts of Interest" which is available upon request. A summary of this policy is published on the Crédit Agricole CIB website conflict of interest | Crédit Agricole CIB. This policy also applies to the investment research activity.

None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior express written permission of Crédit Agricole CIB. To the extent permitted by applicable securities laws and regulations, Crédit Agricole CIB accepts no liability whatsoever for any direct or consequential loss arising from the use of this document or its contents.

France: Crédit Agricole Corporate and Investment Bank is authorized and regulated by the Autorité de Contrôle Prudentiel et de Résolution ("ACPR") and supervised by the European Central Bank ("ECB"), the ACPR and the Autorité des Marchés Financiers ("AMF"). Crédit Agricole Corporate and Investment Bank is incorporated in France with limited liability. Registered office: 12, Place des Etats-Unis, CS 70052, 92 547 Montrouge Cedex (France). Companies Register: SIREN 304 187 701 with Registre du Commerce et des Sociétés de Nanterre. United Kingdom: Crédit Agricole CIB is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "ACPR") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "AMF") in France. Crédit Agricole CIB London Branch is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Financial Conduct Authority and the Prudential Regulation Authority are available from Crédit Agricole CIB London on request. Crédit Agricole Corporate and Investment Bank is a public limited company ("société anonyme") under French law, incorporated in France under SIREN number 304187701 at the Nanterre Trade and Companies Registry, with limited liability and its head office address at 12, Place des États-Unis, CS 70052, 92547 Montrouge Cedex, France. It is registered in England and Wales as an overseas company at Companies House under company number FC008194, with a UK establishment at Broadwalk House, 5 Appold Street, London, EC2A 2DA, United Kingdom (UK establishment number BR001975). United States of America: This research report is prepared by Crédit Agricole Corporate and Investment Bank and is distributed in the United States solely to persons who qualify as "Major U.S. Institutional Investors" as defined in Rule 15a-6 under the Securities and Exchange Act of 1934 and who deal with Crédit Agricole Corporate and Investment Bank. This report does not carry all of the independence and disclosure standards of a retail debt research report or a research report prepared by a U.S. broker-dealer. Recipients of this research in the United States wishing to effect a transaction in any security mentioned herein should do so by contacting Crédit Agricole Securities (USA), Inc. (a broker-dealer registered with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA"). The delivery of this research report to any person in the United States shall not be deemed a recommendation of Crédit Agricole Securities (USA) Inc. to effect any transactions in the securities discussed herein or an endorsement of any opinion expressed herein. This report shall not be re-distributed in the United States without the consent of Crédit Agricole Securities (USA) Inc. Italy: Crédit Agricole Corporate and Investment Bank is authorised and regulated by the Autorité de Contrôle Prudentiel et de Résolution (the "ACPR") and supervised by the European Central Bank (the "ECB"), the ACPR and the Autorité des Marchés Financiers (the "AMF") in France. Crédit Agricole Corporate and Investment Bank Milan Branch is subject to supervision by the Bank of Italy and by the Commissione nazionale per le società e la borsa ("CONSOB"). This report is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities under the Consolidated Financial Law (Legislative Decree No. 50 of 24 February 1998) and can only be distributed to, and circulated among, professional investors (controparti qualificate), as defined by the relevant Italian securities legislation. Spain: This report may only be distributed to professional investors (as defined in Article 194 of Law 6/2023, of 17 March, of the Securities Markets and the Investment Services, and Article 112 of Royal Decree 813/2023, of 8 November, on the legal regime for investment services firms and other entities providing investment services) and cannot be distributed to other investors that do not fall within the category of professional investors. Hong Kong: Distributed by Crédit Agricole Corporate and Investment Bank, Hong Kong branch, an authorized financial institution registered with the Securities and Futures Commission for Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities with Central Entity Number AAK816. This research report has not been reviewed or authorised by any regulatory authority in Hong Kong and is available only for professional investors within the meaning of the Securities and Futures Ordinance (Cap.571) and its subsidiary legislations. Japan: Distributed by Crédit Agricole Securities Asia B.V. which is registered for financial instruments business in Japan pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948), and is not intended, and should not be considered, as an offer, invitation, solicitation or recommendation to buy or sell any of the financial instruments described herein. This report is not intended, and should not be considered, as advice on investments in securities which is subject to the Financial Instruments and Exchange Act (Act No. 25 of 1948). Singapore: Crédit Agricole Corporate and Investment Bank, Singapore branch ("CACIB SG") may distribute information/research produced by its head office Crédit Agricole Corporate and Investment Bank incorporated in France, pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Credit Agricole Corporate and Investment Bank only distributes to accredited, expert, or institutional investors (in each case, as defined in the Securities and Futures Act 2001).

Switzerland: This report is provided only to institutional clients and/or professional clients within the meaning of the Swiss Financial Services Act and in strict compliance with applicable Swiss law. This document is not a prospectus within the meaning of Swiss Financial Services Act. The products mentioned in this document may not be suitable for all types of investors. Germany: This report may only be distributed to institutional investors. Australia: Distributed to wholesale investors only. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT, YOU AGREE TO BE BOUND BY THE FOREGOING.

09/12/25

This document should not be used by a non legitimate recipient.