August Jobs Preview: Treading Water

Natixis · Christopher HODGE · 2026-09-02 · English original

Marketing communication: This document is a marketing presentation. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. 1 September 2026 US M ACRO S NAPSHOT August Jobs Preview: Treading Water We expect another lackluster Employment Situation Report this Friday, with payrolls undershooting the consensus expectation and the unemployment rate ticking up a touch. The labor market is still in equilibrium currently, and the unemployment rate has been remarkably stable but we think there is some underlying softness that could be revealed if participation recovers. Inflation is still the more concerning of the Fed's mandates, but we see continued softness in labor demand along with tepid wage growth that will not add to inflationary pressures. We estimate payrolls rose by 25k in August Source : Natixis, Haver WRITTEN BY Christopher HODGE Tel. +1 212 891 1917 christopher.hodge@natixis.com %º We estimate that nonfarm payrolls rose by 25k in August (prev. -23k), which is below the consensus estimate of 55k. %º We expect the unemployment rate to increase slightly to 4.2% on the back of higher participation from prime-age workers. %º Over the last 10 years, payrolls for July have been revised down seven times. Discover more on our Website

US M ACRO S NAPSHOT We expect the labor data for August to again surprise to the downside but rebound from the dismal numbers posted in July. July payrolls were very poor but were dragged down by outsized losses in the government sector that we expect to bounce back in August. If in line with our forecast, the three-month average for job gains would decline to 7k (from 20k the prior month). Payrolls have been volatile in the past year, with five months registering declines, and many other months surprising significantly to the upside. Given our estimates of breakeven job gains of about 15-30k, payrolls undershooting this range persistently would be a cause for concern. Payroll gains have not been widely shared Source : Natixis, Haver Given the pessimism from consumers regarding their assessments of the labor market, we think there are some underlying weaknesses, but the slowdown in labor demand has been consistent with a slowdown in labor supply, keeping the unemployment rate remarkably stable in the past year. On an unrounded basis, the unemployment rate for July registered 4.09% but declines in the unemployment rate have been, at least in part, aided by a decline in participation. Should participation begin to normalize, as we expect it will, this should be accompanied by an increase in the unemployment rate to a rounded 4.2%. Low participation has aided the unemployment rate Source : Natixis, Haver

US M ACRO S NAPSHOT The labor market has been, in Kevin Warsh's words, stable. We think, however, that there is less stability than meets the eye and some additional softness will be forthcoming. To be sure, we are not envisioning a dramatic fall in labor conditions, but enough softness to warrant attention from policymakers. This is still an inflation first Fed but it's not an inflation only Fed and the fears of inflation have to be balanced, at least a bit, with some angst about the labor market. A "no fire no hire" labor market is nothing to brag about and, importantly for the Fed, it is not providing an inflationary impulse either. On the flip side, a hotter than expected print that helps to reverse the poor July print would raise the bar for what is considered progress on disinflation and make the Fed more inclined to hike in September. The labor market is far from thriving Source : Natixis, Haver

Source: https://www.research.natixis.com/Site/en/publication/FAelhFdsMfASpWLJ-CLfSw%3D%3D