Labor Market Stalls Again, Eyes Turn to Inflation Data

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The markets responded quickly to another disappointing jobs report, with Treasury yields falling and rate cut expectations rising. Nonfarm payrolls increased by just 22k in August, well below the 75k forecast. Private payrolls added 38k, while manufacturing employment declined by 12k, marking the fifth consecutive monthly decline in factory jobs.

The Bureau of Labor Statistics (BLS) warned earlier in the morning that the release could be delayed due to data retrieval issues, but the report was published on time, and it didn't disappoint in terms of weakness. Net downward revisions of -21k to prior months brought the three-month average payroll gain to just 29k, holding steady at the weakest pace since June 2020. June payrolls were revised to -13k, the first negative monthly change since December 2020, showing that the slowdown in job growth has been more persistent than previously known.

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