October Employment Report Puts Labor Worries Back in Play

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As expected, storms and strikes contributed to the lowest payroll count in nearly four years, but surprising weakness in previous months has rekindled concerns of a deteriorating labor market, nudging bond yields lower.

The establishment survey showed an October payroll increase of just +12k, well below the +112k median forecast. Economists had expected a significant decline as a result of hurricanes Helene and Milton, but the October data was quite a bit weaker. The bigger surprise this morning was found in unusually large revisions to previous months. September payrolls were revised downward from +254k to +223k while the August count was lowered from +159k to +78k. *Suddenly, Fed concerns over a softening labor market are back in play.*

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