

Is the labor market data really that surprising?

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“The president wants his own people there, so that when we see the jobs numbers, they are more transparent and more reliable.”

Kevin Hassett, U.S. National Economic Council Director,
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U.S. National Economic Council Director Kevin Hassett provided the above rationale after July’s surprising labor market report and the equally surprising firing of U.S. Bureau of Labor Statistics (BLS) Commissioner Erika McEntarfer. The July jobs report was released on August 1 and showed 73,000 jobs gained. On a standalone basis, this slightly missed estimates. The

more important news surrounded a downward revision of -258,000 jobs in May and June, the prior two months. The large, unexpected revision immediately impacted interest rate markets and cost McEntarfer her job.

McEntarfer’s firing invited criticism and drew comparisons between the United States and Greece, Argentina, and even China. Do the critics have a point? As usual, the answer is nuanced. On the face of it, it’s obviously unlikely that any individual, even the BLS commissioner, could singlehandedly manipulate a survey of that size and importance. But apart from the bombast, U.S. President Donald Trump’s frustrations are legitimate and can be supported with a few notable points.

The monthly jobs report is arguably one of the most widely followed data sets for all investors. The report is also one of the longer data series, dating back to 1948. With that

backdrop, July’s jobs revisions were unusually large, and it was worth taking a second look. In fact, the last time we saw back-to-back monthly revisions of 100,000 jobs or more was back in August and September of 2011.

However, it wasn’t entirely out of the ordinary, as we see in the chart below, courtesy of our colleague Joey Del Guercio, CFA, Market Strategy Research Associate at Raymond James Investment Management. The chart shows the recent history of revisions – the total number of additional jobs gained or lost as the data set becomes more complete over time. Revisions have been negative in 30 of the 42 months since January 2022. That’s more than 70% of the time, and the average negative revision has been about -86,000 jobs. Plus, 11 of the past 42 months required revisions greater than -100,000, though admittedly none of those were successive in nature. Assuming a robust and healthy data collection process, one would expect revisions to be higher or lower around 50% of the time, rather than 70%.

Additionally, concerns around the BLS survey response rates are legitimate, though the household survey rate has been falling fairly linearly for more than a decade. Tighter budget constraints and staff shortages may also be contributing factors, and there’s always a trade-off between speed and accuracy in calculating government data. Finally, it’s plausible that policy uncertainty around tariffs impacted business decisions, leading to the persistence of negative revisions in recent months. Still, a decelerating jobs market seems to align with a host of other public economic indicators and lines up reasonably well with private market measures such as the ADP® National Employment Report™.

In total, we like to say, “the data is the data”. Part of the beauty of the investment profession is that experienced and skilled investors can take the same numbers from the

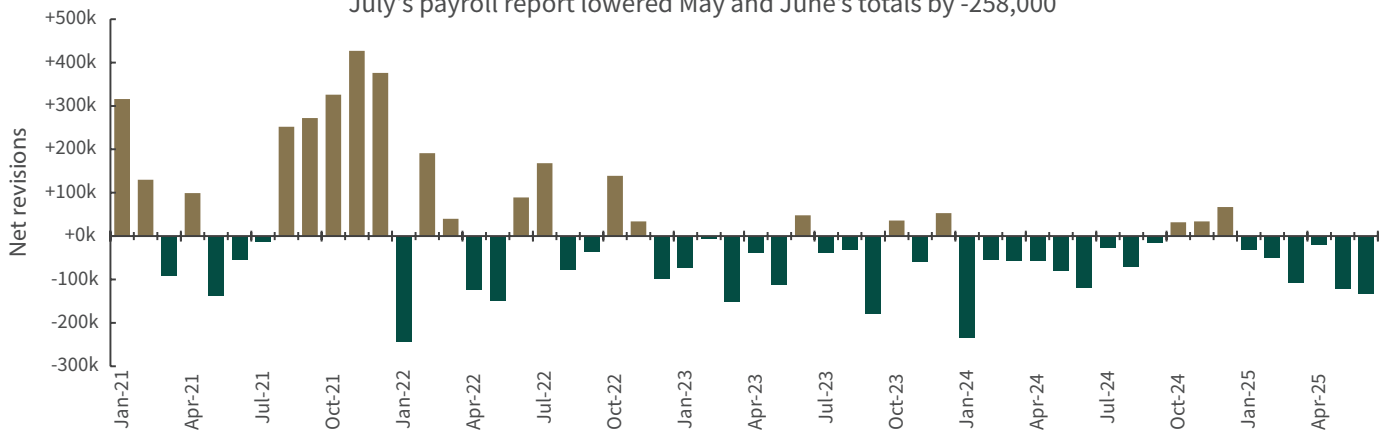
same sets of data and interpret them in vastly different directions. Quite frankly, we've expressed frustration with wider ranges of economic projections and larger forecast errors in recent years. It's a function of the challenging and uncertain economic environment rather than any issue with the particulars of various data sets.

Our takeaway is that the history and breadth of U.S.

government data is too large and valuable to ignore, and investors will continue to rely on it in the near term. A more careful choice of words could've centered around modernizing its system of data collection. However, there's little room for nuance in this administration and we anticipate further "data disputes" going forward. The bottom line is the labor market has slowed from previous years, some of which should be expected as a market cycle matures.

Monthly U.S. Nonfarm Payroll Revisions

July's payroll report lowered May and June's totals by -258,000



Source: Raymond James Investment Management, Bloomberg, as of 8/1/2025

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Jobs report refers to a monthly U.S. Bureau of Labor Statistics (BLS) report – also known as the payroll report or, officially, the Employment Situation Summary – that tracks nonfarm payroll employment and the national unemployment rate, with data on changes in average hourly earnings, and job trends in public and private sectors of employment. The report is based on surveys of households and employers.

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