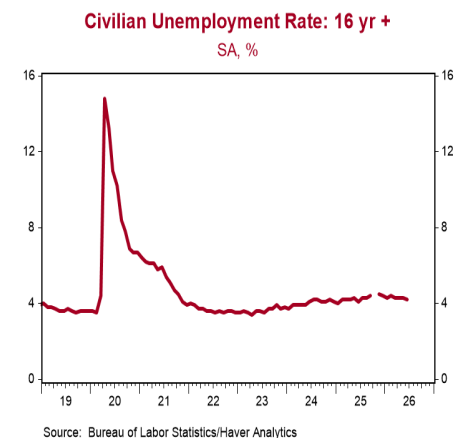
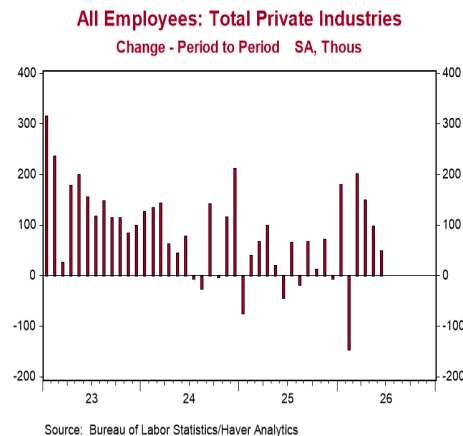


June Employment Report

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- Nonfarm payrolls rose 57,000 in June, lagging the consensus expected gain of 113,000. Payroll gains for April and May were revised lower by a total of 74,000, resulting in a net decline, including revisions, of 17,000.
- Private sector payrolls rose 49,000 in June and were revised down by 50,000 in prior months. The largest increases in June were health care & social assistance (+47,000), and professional & business services (+36,000). Manufacturing rose 3,000 while government increased 8,000.
- The unemployment rate declined to 4.2% in June.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in June and are up 3.5% versus a year ago. Aggregate hours rose 0.1% in June and are up 0.9% from a year ago.



Implications: Following a string of better-than-expected reports, the US labor market disappointed in June. Nonfarm payrolls rose 57,000, however when including downward revisions for prior months, fell 17,000. That said, the US employment picture has clearly strengthened during the first half of 2026, adding on average 92,000 jobs a month versus an average of just 10,000 per month in 2025. This is good news because last year’s jobs slowdown, as well as fears around AI replacing employment, are likely behind the recent string of victories for Socialists in Democratic primaries which ironically will only undermine future job growth further if they are elected. Speaking of AI, it seems clear that the worst-case scenarios aren’t unfolding. Jobloss.ai which tracks layoff announcements and aggregates them says there have been roughly 127,000 jobs lost to AI since the beginning of 2025. While that is a large number, keep in mind the US currently has roughly 162 million employed people. Turning to the details of today’s report, job gains in June were led by health care & social assistance, and professional & business services. We like to follow payrolls excluding government and health care & education (which are often driven by government policies), which fell 20,000 in June. Though Federal government payrolls did increase 2,000 June, they are down 323,000 since the Trump Administration took office. Leaving out the end of the Census every decade, the decline in Federal payrolls in the past seventeen months has been the steepest since the wind-down from World War II. Over time, we think a smaller federal government will help boost growth in the private sector. We also saw the unemployment rate tick down to 4.2% in June. However, that was due to a large decline in the labor force that outpaced the 507,000 decline in civilian employment, an alternative measure of jobs that includes small-business start-ups. Notably this measure has been much weaker than nonfarm payrolls so far in 2026 after significantly outperforming in 2025. Finally, average hourly earnings rose 0.3% in June, which given the recent (though we believe temporary) increase in inflation likely struggled to keep pace with higher prices for the month. Put it all together and we expect continued jobs gains in the months ahead. In other recent news, initial jobless claims fell 1,000 last week to a still-low 215,000; continuing claims increased 2,000 to 1.814 million.

Employment Report <i>All Data Seasonally Adjusted</i>	Jun-26	May-26	Apr-26	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.2	4.3	4.3	4.3	4.3	N/A
Civilian Employment (monthly change in thousands)	-507	149	-226	-195	-288	N/A
Nonfarm Payrolls (monthly change in thousands)	57	129	148	111	92	42
Construction	11	6	3	7	10	5
Manufacturing	3	-2	-1	0	3	-3
Retail Trade	-8	8	24	8	8	3
Finance, Insurance and Real Estate	0	-22	-6	-9	-14	-8
Professional and Business Services	36	11	20	22	23	7
Education and Health Services	69	45	67	60	58	54
Leisure and Hospitality	-61	40	-7	-9	-2	10
Government	8	32	-2	13	4	-18
Avg. Hourly Earnings: Total Private*	0.3%	0.3%	0.2%	3.1%	3.4%	3.5%
Avg. Weekly Hours: Total Private	34.3	34.3	34.3	34.3	34.3	34.3
Index of Aggregate Weekly Hours: Total Private*	0.1%	0.1%	0.3%	2.1%	1.4%	0.9%

Source: Bureau of Labor Statistics *3, 6 and 12 month figures are % change annualized