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August Employment Report

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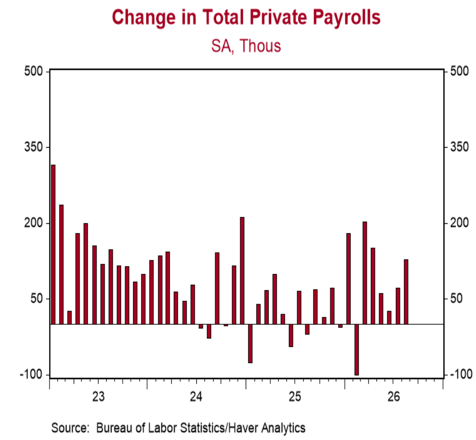
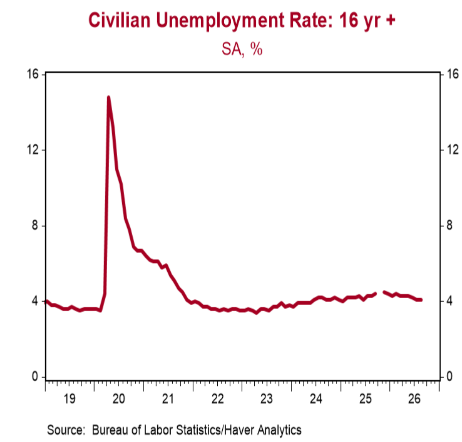
- Nonfarm payrolls increased 162,000 in August, easily beating the consensus expected gain of 55,000. Payroll gains for June and July were revised higher by a total of 55,000, resulting in a net gain, including revisions, of 217,000.
- Private sector payrolls rose 127,000 in August and were revised up by 37,000 in prior months. The largest increases in August were in leisure and hospitality (+62,000) and healthcare and social assistance (+28,000). Manufacturing rose 16,000 while government increased 35,000.
- The unemployment rate remained unchanged at 4.1% in August.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in August and are up 3.1% versus a year ago. Aggregate hours also increased 0.3% in August and are up 1.2% from a year ago.





Implications: The job market continues to defy fears of an AI-related job apocalypse. Nonfarm payrolls jumped 162,000 in August, beating even the most optimistic forecast by any Economics group on Bloomberg. Job growth in prior months was revised higher by 55,000 as well, erasing the prior negative reading for July. Meanwhile, civilian employment, an alternative yet volatile measure of jobs that includes small-business start-ups, rose 569,000, corroborating the strong headline number. Big picture, it looks like the US labor market has strengthened so far this year, with average monthly growth of 80,000 in 2026 versus just 20,000 in 2025. While government employment posted one of the largest gains in August (+35,000), private-sector payrolls increased 127,000 as well, driven by broad increases. Leisure and hospitality (+62,000), healthcare and social assistance (+28,000), construction (+22,000), and manufacturing (+16,000) all contributed. Manufacturing and construction are worth highlighting because both categories have significantly improved in 2026, likely related to the buildout of data centers across the country. For added perspective, these two sectors alone have added 145,000 jobs in 2026. Despite strong job growth in August, the unemployment rate remained unchanged at 4.1%. However, this was due to a 683,000 increase in the labor force (people who are either working or looking for work), another healthy signal. While data on growth in both jobs and the labor force were stronger than expected in August, keep in mind the underlying trend likely isn't as strong as August data show. A combination of strict immigration enforcement and an aging population should mean slower growth in jobs without pushing up unemployment, which is what we've witnessed in the past year. The most important part of today's report for the markets is that average hourly earnings rose 0.3% in August and are up 3.1% from a year ago. All the strength in jobs and hours makes it more likely the Fed raises rates later this month unless next week's CPI report comes in below the consensus expected 0.4%.

Employment Report *All Data Seasonally Adjusted*	Aug-26	Jul-26	Jun-26	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	**4.1**	4.1	4.2	4.1	4.2	#N/A
Civilian Employment (monthly change in thousands)	**569**	-87	-507	-8	-28	#N/A
Nonfarm Payrolls (monthly change in thousands)	**162**	21	31	71	107	50
Construction	**22**	18	3	14	11	10
Manufacturing	**16**	14	13	14	9	2
Retail Trade	**1**	13	10	8	10	4
Finance, Insurance and Real Estate	**-11**	-11	2	-7	-11	-8
Professional and Business Services	**10**	15	36	20	19	13
Education and Health Services	**29**	12	50	30	46	45
Leisure and Hospitality	**62**	-21	-54	-4	11	11
Government	**35**	-50	5	-3	0	-18
Avg. Hourly Earnings: Total Private*	**0.3%**	0.2%	0.3%	2.8%	2.6%	3.1%
Avg. Weekly Hours: Total Private	**34.4**	34.3	34.3	34.3	34.3	34.3
Index of Aggregate Weekly Hours: Total Private*	**0.3%**	0.1%	0.0%	1.7%	1.6%	1.2%

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