

US: Job Creation Loses Momentum in September

October 2, 2026

- In September, nonfarm payrolls registered an increase of 29,000 new jobs, moderating from 133,000 in the previous month.
- The unemployment rate rose to 4.2% from 4.1% in August.
- The labor participation rate rose to 61.8% from 61.6% previously.

Downward Revisions in July and August Slow Down the Period's Momentum

According to the report of the *U.S. Bureau of Labor Statistics*, in September nonfarm payrolls added 29 thousand new positions, well below the market estimate (+90 thousand) and the 133 thousand revised downwards that were recorded in August. With this result, a relevant moderation of the U.S. labor market is observed, also considering that the figures for July and August were revised downwards by 31 thousand and 29 thousand positions, respectively, combining 60 thousand jobs below what was previously reported. After these adjustments, job creation averaged only 51 thousand positions during the last three months, reinforcing the signs of less dynamism in hiring.

As for labor indicators, the unemployment rate in September rose to 4.2% from 4.1% previously, its first increase since June. However, the labor participation rate increased to 61.8% from 61.6% in August, reaching its highest level since May 2026. As for wages, there was moderate progress: average hourly earnings increased 5 cents, to US\$37.81, equivalent to an increase of 0.1% monthly and 3.0% annually

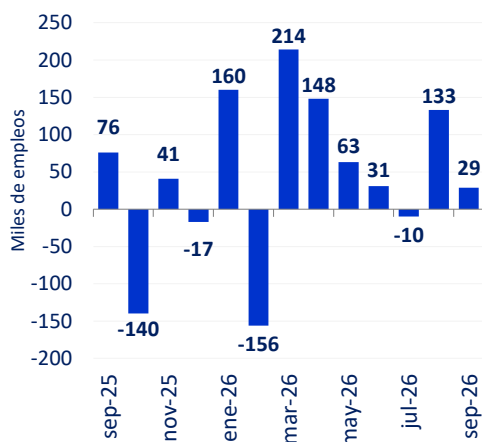
In September, the highest growth was mainly concentrated in the private sector, which added 46,000 jobs, although slowing down from the 89,000 registered in August.

Nonfarm payroll (Monthly variation in thousands)		
	aug-26	sep-26
Total	133	29
Private	89	46
Assets	34	18
Construction	16	11
Manufacturing	15	9
Services	55	28
Government	44	-17

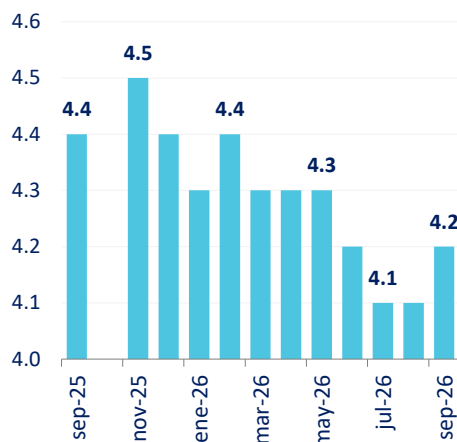
Source: Authors' elaboration with data from the U.S. Bureau of Labor Statistics.
Seasonally adjusted figures.

*To check our previous report, click [here](#).

Nonfarm Payrolls



Unemployment Rate (%)



Source: Authors' elaboration with data from the *U.S. Bureau of Labor Statistics*.

Within it, the goods-producing sector added 18,000 jobs (vs. 34,000 previously), with advances in both construction (+11,000) and manufacturing (+9,000). The latter was mainly supported by the manufacture of plastic and rubber products (+5,000 jobs) and machinery (+5,000). On the other hand, services showed less momentum with 28,000 new jobs, compared to 55,000 in the previous month. On the other hand, government employment deteriorated, with a loss of 17,000 jobs, after presenting an increase of 44,000 positions in August.

Advances and Setbacks of the Period

At the sectoral level, the health sector maintained a positive trend by adding 17 thousand jobs, although at a lower rate than the monthly average of 33 thousand observed during the last 12 months. Within it, ambulatory medical care services (+13 thousand) and hospitals (+12 thousand) stood out, while nursing and residential care centers subtracted 9 thousand positions. In contrast, financial activities lost 7 thousand positions in September and accumulate a decrease of 129 thousand jobs since May 2025, of which 90 thousand correspond to insurance and related activities.

What to Expect?

The U.S. labor market showed a significant moderation in September, with the creation of just 29,000 jobs, well below the expected 90,000 positions. Added to this were the downward revisions of July and August, which together subtracted 60,000 positions from the previously reported figures. Likewise, the unemployment rate increased slightly to 4.2%, although it remains within the narrow range of 4.1% – 4.3% observed since March. Overall, the results point to a lower dynamism in hiring, although without signs of an abrupt deterioration in labor conditions.

In this context, the report incorporates greater caution about the Fed's monetary policy path. At its last meeting, the FOMC raised the rate by 25 bps, to a range of 3.75% – 4.00%, in the face of inflation remaining above its target. However, lower job creation, a slight increase in unemployment and wage moderation reduces the urgency to make an additional adjustment in the short term, in line with recent comments by Fed members on the need to evaluate incoming information more carefully. Thus, going forward it will be relevant to determine whether the loss of employment momentum is maintained over the coming months, while the evolution of inflation will continue to be the main conditioning factor to define the Fed's room for action.

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