BEA東亞銀行

Economic Indicators Analysis

9 November 2026

US Payrolls Expanded Sharply in October, Lifting Rate-Hike Odds



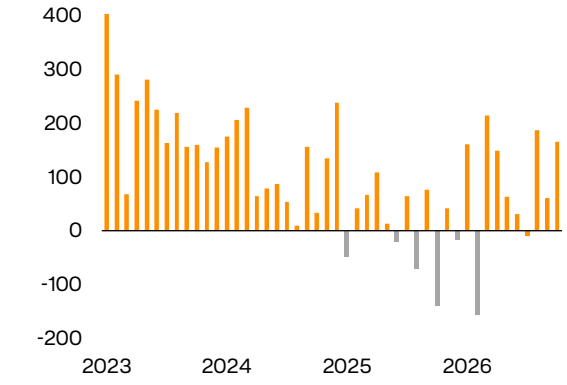
Summary:

- US nonfarm payrolls exceeded expectations in October, rising by 165,000, while payroll gains in the previous two months were revised up by a combined 84,000.
- The unemployment rate edged down to 4.1%, while wage growth ticked up.
- Stronger-than-expected labour market data will keep the door open for a Fed rate hike in December or early 2027 should inflation progress stall.

The October jobs report depicted a surprisingly resilient US labour market. Total nonfarm payroll employment increased by 165,000 in October, exceeding consensus expectations and recent hiring trends. Meanwhile, payroll gains in the previous two months were revised higher by a combined 84,000, with August's job gains revised up to 186,000 and September's to 60,000. Across sectors, professional and business services led job creation with 70,000 new jobs, while healthcare continued its robust expansion, adding roughly 42,000 jobs. Manufacturing also added 19,000 jobs. Conversely, leisure and hospitality experienced a slight pullback, cutting roughly 13,000 jobs.

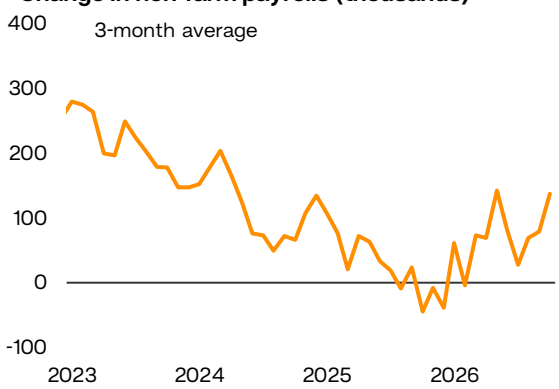
The unemployment rate edged down to 4.1%. The unemployment rate has remained within a narrow 4.1% to 4.3% range for much of the year, underscoring the resilience of the labour market. Beneath that headline stability, the report revealed that while fresh job seekers found steady placements, the average duration of unemployment stretched to 27.1 weeks in October from 24.8 weeks in September, the highest level since 2022, and long-term unemployed individuals (those jobless for 27 weeks or more) accounted for 27.6% of all unemployed people. Simultaneously, underemployment flared up, with a 339,000 surge in workers forced into part-time schedules despite wanting full-time employment.

Change in non-farm payrolls (thousands)



Source: CEIC

Change in non-farm payrolls (thousands)

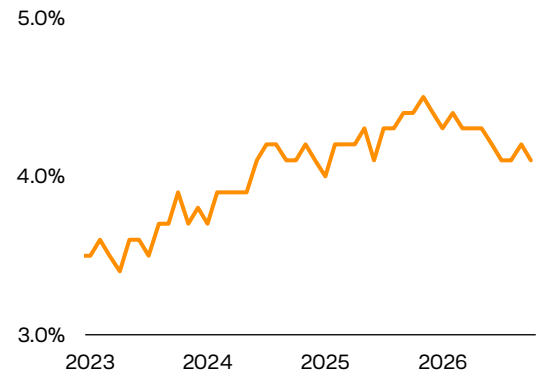


Source: CEIC

Wage growth also firmed. Average hourly earnings (AHEs) rose by a solid 0.4% MoM to USD 38.0 in October, the fastest monthly increase since January 2026. On a year-on-year basis, AHE growth slowed slightly from 3.2% to 3.1%. With inflation remaining elevated, this uptick in AHEs was not sufficient to lift purchasing power, leaving cost-of-living pressures a key concern.

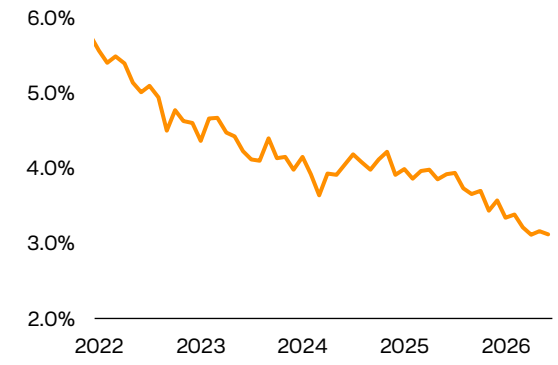
Other labour market indicators pointed to resilient conditions. With the labour market characterised as "low hire, low fire", broader indicators suggested that labour market conditions remained resilient. The latest Job Openings and Labor Turnover Survey (JOLTS) data showed that job openings rose to around 7.5 million, above levels seen over the previous three months, while the quit rate edged up to 2.1%. These indicators suggested that workers were becoming increasingly confident about securing new employment opportunities. Meanwhile, layoffs remained relatively low and stable, with initial jobless claims near historic lows.

Unemployment rate



Source: CEIC

Growth in average hourly earnings (YoY)



Source: CEIC

Looking ahead, the stronger-than-expected labour market report reinforces the case for a higher-for-longer policy stance. With payrolls expanding above trend and inflation yet to move meaningfully towards target, the Fed could hike rates in December or early 2027 should current economic momentum be sustained. That said, the outlook has become more uncertain following the recent spike in market volatility, as investors reassess the implications of the midterm election results for AI-related investment and broader economic growth.

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