

This note seeks to provide an update on labor market conditions for the month of October of 2025. This note is (again) particularly important this month given the continued government shutdown. Consequently, private company indicators become all the more significant. In future versions of this note, we'll compare the data from these private market indicators to what the data from the BLS itself says, but this month we again obviously can't do that. As a reminder, this note includes the following indicators:

- ADP's (Ticker: ADP) [monthly jobs report](#)
- Paychex (Ticker: PAYX) [Small Business Employment Watch](#) data, which tracks same-store worker growth as well as weekly and hourly wage growth
- LinkedIn (owned by Microsoft, Ticker: MSFT) [Workforce Reports](#)
- Intuit's (Ticker: INTU) [Small Business Index](#) report
- Bank of America (Ticker: BAC) Institute's [new notes on job growth](#), employee compensation, etc.
- Gusto's (Private) [small business reports](#)
- Indeed (Private) [job openings and wage growth data](#)
- UKG (Private) [Workforce Activity Reports](#)

A couple quick reminders:

- Bank of America's data is new starting in September. So far they don't give us many numbers to track, so we are just using their charts.
- UKG's Workforce Activity Report for October (and September) is not out yet for some reason, so we're not going to discuss that source in this note.
- LinkedIn's data tends to come out mid-month, so we usually have to come back to this data the next month in order to publish this note in a timely manner.

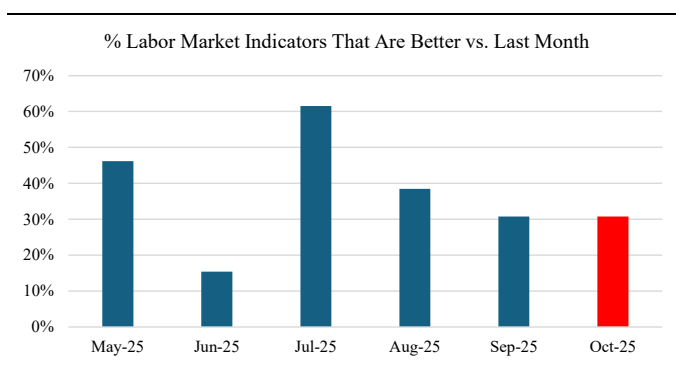
The bottom line takeaway is that the data from private market sources indicates that labor market conditions were mixed in October versus [September](#), but on balance may have softened.

As we usually do, let's start by showing a heat map of the indicators, followed by a chart of the data. Note that we don't include the Bank of America indicator in the heat map because we have no numbers, and we also don't include UKG's because we don't have the data. It's also worth highlighting the LinkedIn and Indeed Wage data that came in from September after we published last month's update. Both showed deterioration compared to August. As the table shows, October's data so far everywhere else is mixed at best.

MONTHLY LABOR MARKET INDICATOR HEATMAP	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
ADP Jobs Report - Net Chg. In Private Employment						
ADP Jobs Report - Diffusion Index - 3 Mo. MA						
ADP Jobs Report - Wage Growth - Job Stayers						
ADP Jobs Report - Wage Growth - Job Changers						
Paychex Small Business Employment Watch - Same-Store Jobs						
Paychex Small Business Employment Watch - Hourly Wage Growth						
Paychex Small Business Employment Watch - Weekly Wage Growth						
LinkedIn Workforce Report - SA/MM Hiring						
LinkedIn Workforce Report - YY Hiring						
Indeed Job Postings						
Intuit Small Business Index Report						
Gusto Small Business Update - Net Hire %						
Gusto Small Business Update - AHE Y/Y % Chg.						

Source: *The Curb Economist*

Now here's a chart showing the percentage of indicators that improved sequentially compared to the previous month. This shows that October was not a great month, but probably not awful either.

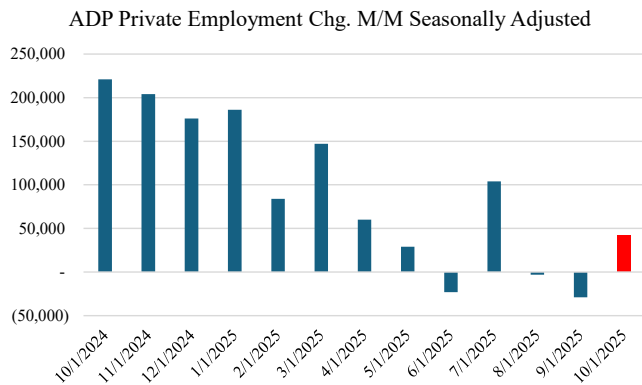


Source: *The Curb Economist*

EMPLOYMENT & JOB OPENINGS

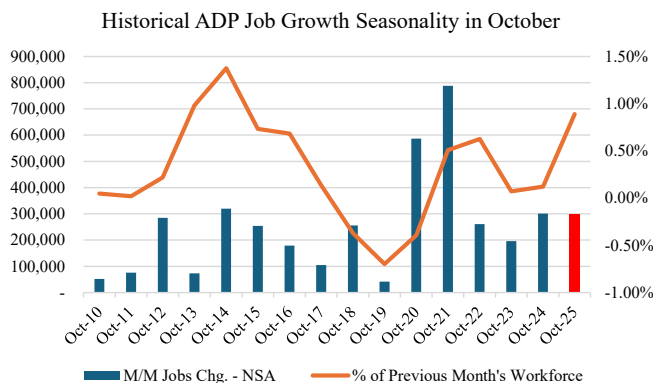
Let's turn to the specific data, and we'll start with ADP's monthly employment report. After three

months of job losses in the last four, ADP’s jobs report again returned to growth in October, with 42,000 reported job gains (seasonally adjusted). While this is well below where we were late last year and early this year, it’s the best figure since April.



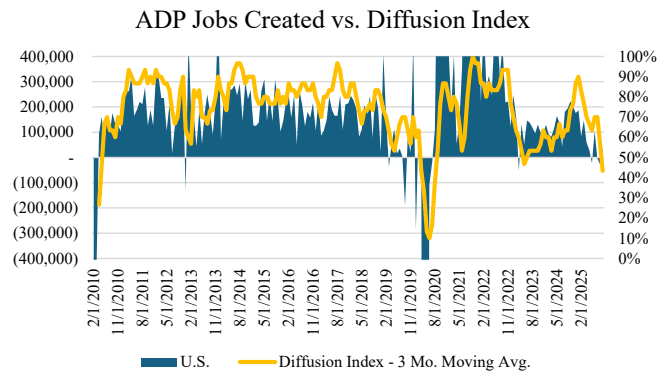
Source: ADP Employment Report, *The Curb Economist*

ADP’s report looks even better if you look at things on a non-seasonally adjusted basis. We do this in the chart below, where the bars show the typical change in private employment levels in Octobers compared to Septembers. The chart below also has a line that looks at the typical employment level change in October compared to September’s employment base. This allows us to adjust for the growth in the size of the employment base over time. When viewed on a percentage basis then, October’s job gains were actually quite good, and one of the best Octobers in the last 15 years.



Source: ADP Employment Report, *The Curb Economist*

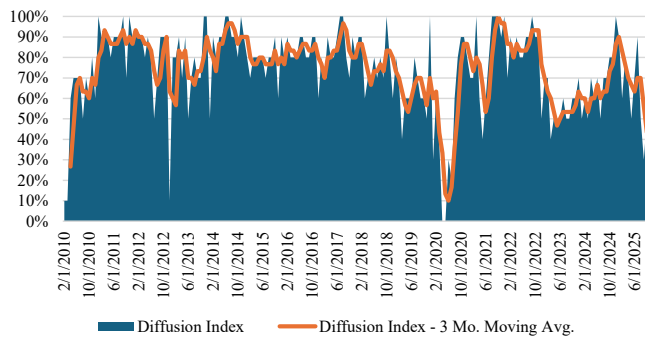
If we calculate a Diffusion Index from ADP’s jobs data, however, things start to look more unhealthy again. Diffusion Indexes are helpful in that they serve as a barometer of breadth, and in this case, the measure of breadth is job growth across different sectors. If the labor market was healthy, we should (in theory anyway) be seeing job growth in a large number of ADP’s 10 sectors. The first chart below shows historical job creation in the ADP employment reports overlaid with the Diffusion Index (with COVID extremes cut off). As the chart makes clear, there is a strong overlap. Large job creation months are almost always seen in months where there is a high Diffusion Index value as well.



Source: ADP Employment Reports, *The Curb Economist*

If the Diffusion Index is synonymous with both labor market breadth and health then, what is it saying now? As noted above, the Diffusion Index paints a less optimistic picture of the labor market. This month, it was two sectors (Trade, Transportation and Utilities, and then Education and Health Services) that accounted for an outsized portion of job gains (+47,000 and +25,000, respectively, against a +42,000 total). Consequently, the Diffusion Index value was only 50% this month. This was above last month’s 30%, but the 3 month moving average fell to 43%, its lowest value since August of 2020 (when it was 37%) in the depths of COVID. The below two charts help put this concerning trend in perspective.

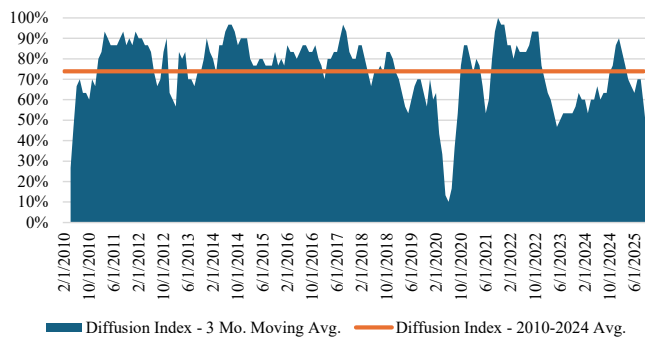
ADP Jobs Report Diffusion Index & 3 Mo. MA



Source: ADP Employment Reports, *The Curb Economist*

Now here is the same 3 month moving average compared to the historical average from Feb. 2010 to Sept. 2025. Here too, you can see we’re well below the historical average (43% in October vs. 74% historically), confirming weak breadth, and likely, a weak labor market.

ADP Jobs Report Diffusion Index & 3 Mo. MA



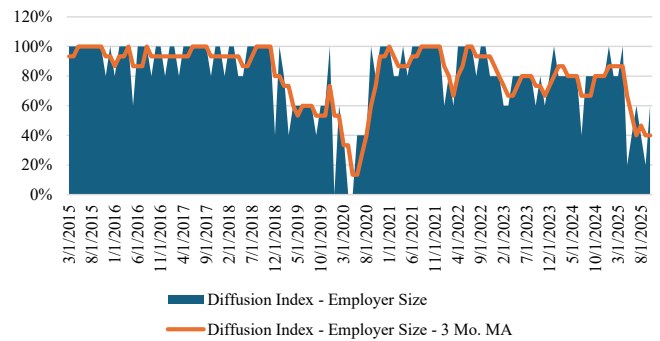
Source: ADP Employment Reports, *The Curb Economist*

The same trends can be seen when cutting the ADP data based on employer size. Below is a table showing the number of months of positive job growth by employer size over the last 6, 12, and 24 months, as well as a chart showing a Diffusion Index based on company size as well. Both show the same kind of weakness that the sector ADP data showed, with positive job growth in only 1 of the last 6 months in three of the five employer sizes.

Employer Size	1-19	20-49	50-249	250-499	500+
Last 6 Months	1	1	4	1	5
Last 12 Months	6	5	10	6	11
Last 24 Months	17	9	21	14	23
Employer Size	1-19	20-49	50-249	250-499	500+
Last 6 Months	17%	17%	67%	17%	83%
Last 12 Months	50%	42%	83%	50%	92%
Last 24 Months	71%	38%	88%	58%	96%

Source: ADP Employment Reports, *The Curb Economist*

ADB Jobs Diffusion Index by Employer Size



Source: ADP Employment Reports, *The Curb Economist*

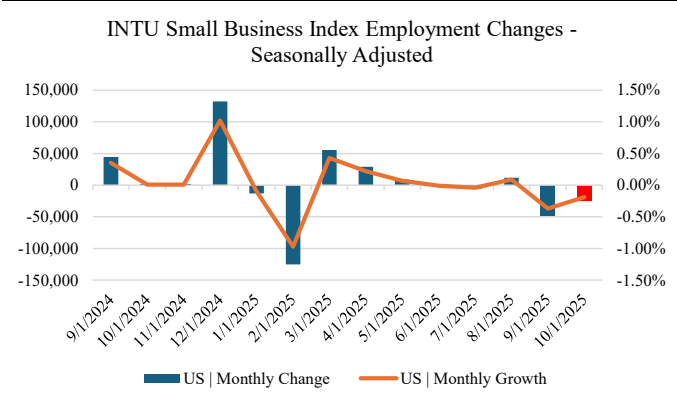
Let’s now turn to Paychex’s Small Business Employment Watch Data. This metric tracks “same-store” employment at PAYX’s clients. For October, this index slowed to 99.27, which was lower than last month, and again was the lowest figure since March of 2021. For perspective, the lowest figure from the pre-COVID era (in this case we have data from September 2014 until February 2020) was 100.75, which occurred in September of 2019 (February 2020, for reference was 100.67). The PAYX same-store data has clearly been softening and did so again in October.

Paychex Client "Same-Store" Worker Growth Y/Y



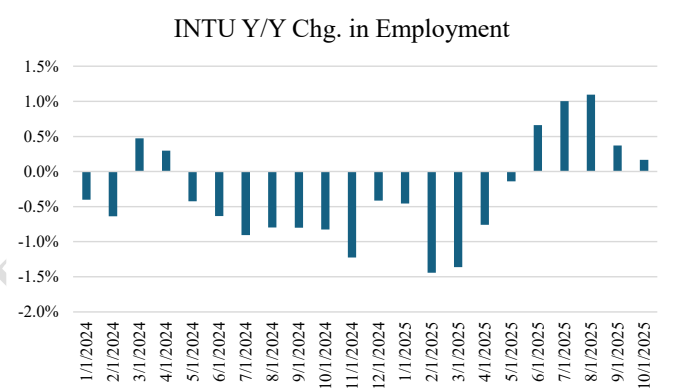
Source: Paychex Small Business Employment Watch, *The Curb Economist*

Intuit’s QuickBooks Small Business Index (which is seasonally adjusted and tracks businesses with 1-9 employees) was more in-line with PAYX’s than ADP’s, showing employment declined again in October.



Source: Intuit Small Business Index, *The Curb Economist*

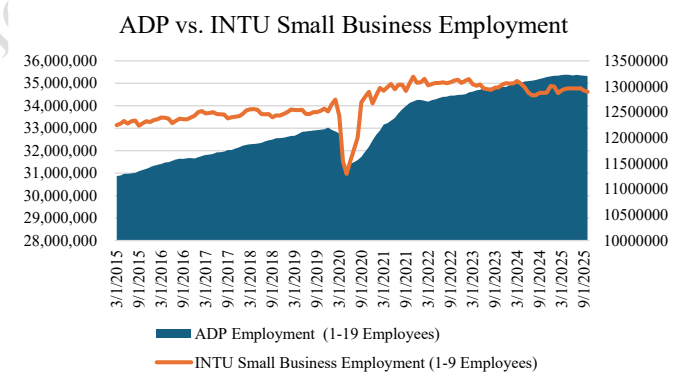
Since INTU doesn’t give us seasonally un-adjusted employment levels, we can try and compensate for this by looking at year-over-year growth in employment. As a reminder, ADP’s jobs data looked significantly more encouraging looking at the data without seasonal adjustment, suggesting seasonal adjustments may be pulling down the aesthetics of that datapoint. We’re trying to essentially do the same thing here for the INTU data, albeit in a different way. The below chart shows some growth, but slowing growth at that. The INTU employment data doesn’t seem to have the silver lining that ADP’s did in this regard.



Source: Intuit Small Business Index, *The Curb Economist*

The modest year-on-year growth is even harder to get excited about when you take a step back and look at INTU’s data from a bigger picture perspective. As the chart below shows, INTU’s data indicates that small business employment in absolute terms has generally declined since late 2020 / early 2021 and has fallen in 15 of the last 22 months. While not completely apples-to-apples with PAYX’s same-store figure, the two datasets tell a similar story in this regard, as PAYX’s data indicates same-store declines in 13 of the last 16 months as well.

While ADP’s data tells a different story about small business growth generally since 2021, the ADP data does show similar trends in small business employment weakness of late as both PAYX and INTU show, with job growth in only 1 of the last 6 months versus 6 of the last 12 and 17 of the last 24.

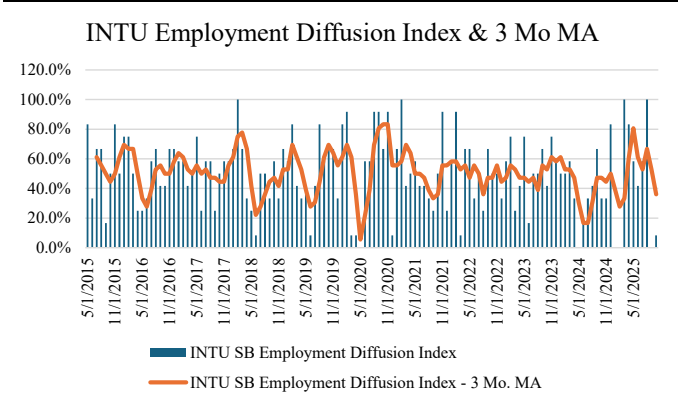


Source: ADP, Intuit Small Business Index, *The Curb Economist*

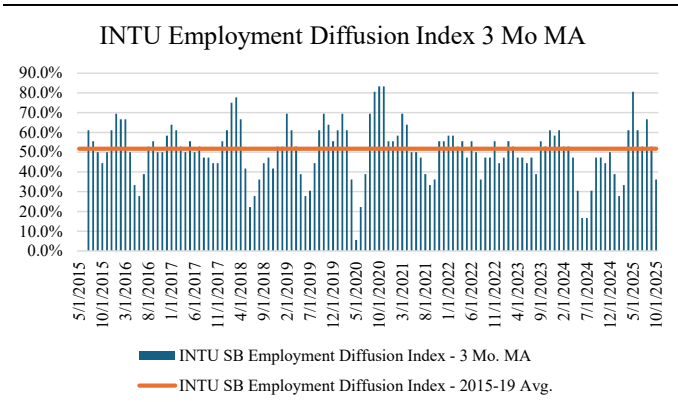
Like ADP, INTU also discloses employment by sector, which allows us to compile a Diffusion Index from that dataset as well. The below two charts seek to do that, compiling both a raw Diffusion Index predicated on the 12 sectors that INTU discloses, and then a 3 month moving average. Similar to what we did with ADP, the Diffusion Index is simply the percentage of sectors each month with job growth (6 out of 12 would equate to a Diffusion Index value of 50%, 9 would be 75%, etc.). The first chart shows the raw Diffusion Index against the 3 month moving

average, and the second chart looks at the 3 month moving average and compares it to the average Diffusion Index value from 2015-19.

Both charts show noticeable weakening of late, with both the raw Diffusion Index and the 3 month moving average trending down (the 3 Mo. MA will likely be even lower next month after the 100% figure from Aug '25 drops out of the calculation).



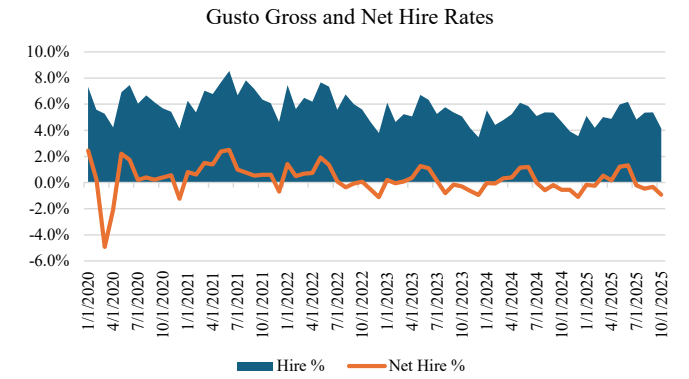
Source: Intuit Small Business Index, *The Curb Economist*



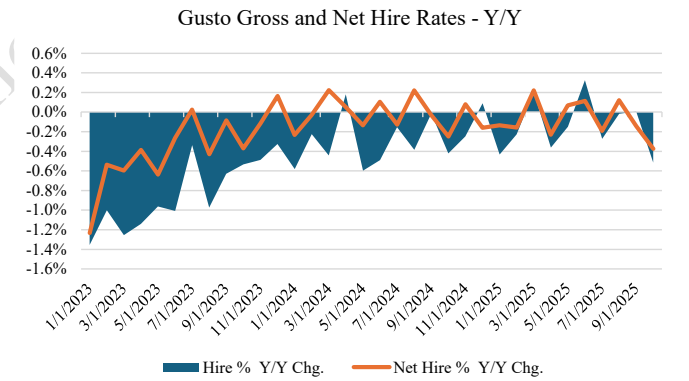
Source: Intuit Small Business Index, *The Curb Economist*

Let’s now turn to Gusto’s data. In last month’s [note](#), Gusto’s data, which is not seasonally adjusted, was among the encouraging data we had. This month, it’s much less so. The Hire Rate fell 50 bps Y/Y, which is the largest decline since May ’24. The Termination Rate also fell year-on-year (50 bps), driven by a decline of 40 bps in the Quits Rate and an Involuntary Termination Rate decline of 10 bps. The Net Hiring rate then remained roughly unchanged year-over-year, but how we got there

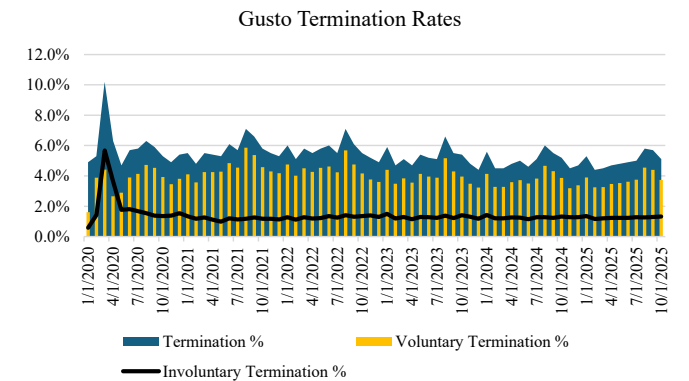
suggests some cause for concern, as it suggests lower hiring from employers and employees who are more fearful of leaving their jobs in hopes of finding a better one. This is more evidence of a the slow-to-hire-slow-to-fire job market we talked about [last month](#).



Source: Gusto Economic Data, *The Curb Economist*



Source: Gusto Economic Data, *The Curb Economist*

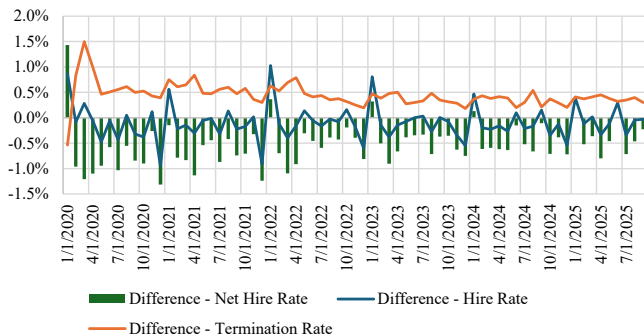


Source: Gusto Economic Data, *The Curb Economist*

Note, however, that this month, Gusto seemed to significantly restate its data. The revision went all the way back to 2020 and affected both Hire and Fire rates (Hours and Wage data seemed to remain unaffected, however). On average, the revisions resulted in the following changes:

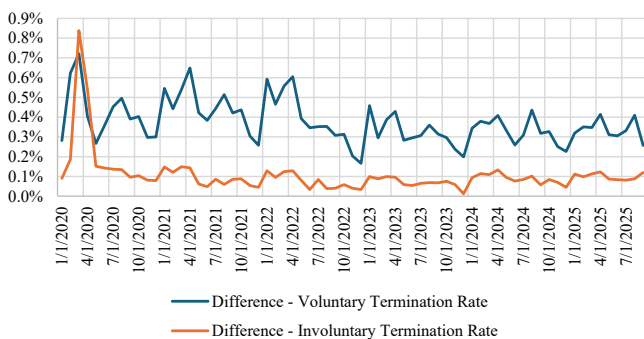
- An average downward revision in the Hire Rate of 0.09%
- An average upward revision in the Termination Rate of 0.45%. This was driven by an average 0.38% increase in the Voluntary Termination Rate (Quits Rate), and an average 0.11% upward revision in the *In*-Voluntary Termination Rate (note that averages don't add due to rounding)
- This resulted in the Net Hire Rate being downwardly revised across the dataset by 0.54%.

Oct. vs. Sept. '25 Gusto Revisions



Source: Gusto Economic Data, *The Curb Economist*

Oct. vs. Sept. '25 Gusto Revisions

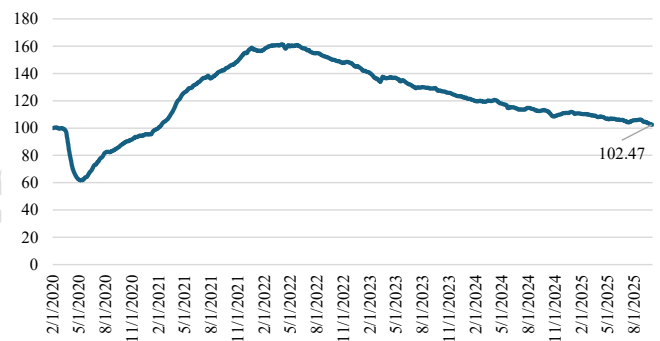


Source: Gusto Economic Data, *The Curb Economist*

Bottom line, the Gusto data is now telling a more similar, and unfortunately pessimistic, story about the labor market as most of the rest of our data.

Indeed posts both job opening and posted wage growth data. We'll come back to the wage growth data later, but for now, the job openings data indicates fewer job openings in October, which (unfortunately) fits with most of the rest of our data. October 31st's 102.47 (which is job openings indexed to February 2020) is the lowest since the middle of Feb. 2021. While fewer people are quitting, employers are seemingly backfilling those jobs at a lower and lower rate as time goes on.

Indeed Job Postings Indexed to Feb. 2020

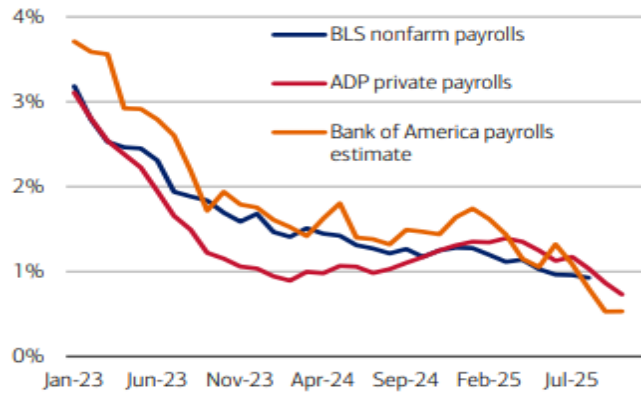


Source: Indeed Hiring Lab, *The Curb Economist*

Let's now turn to the Bank of America Institute's Employment Report for October of 2025. Their data estimates both payrolls and unemployment payments based on the payment data into their clients' accounts. Though they don't give explicit numbers for us to track here, their charts indicate weaker job growth and greater unemployment payment growth in October compared to other data sources. [They write](#) "Bank of America internal data remains consistent with a cooling of the labor market, but the October data tends to suggest this slowdown has not significantly intensified. YoY employment growth appears similar between September and October, as does the rise in unemployment payments, while there are signs of modestly softer wage pressure."

Exhibit 1: An estimate of payrolls from Bank of America internal data suggests October did not see a further deceleration in YoY jobs growth

Payroll estimates from Bank of America internal data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (monthly, YoY)

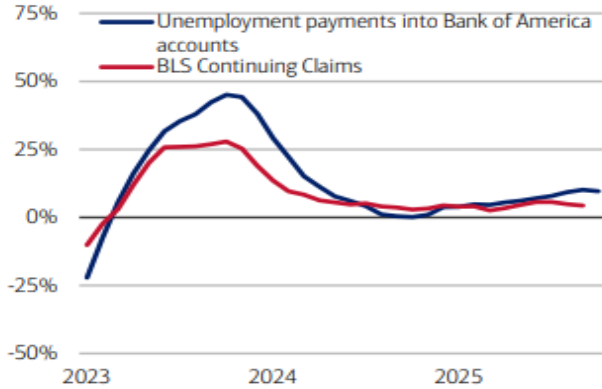


Source: Bank of America Internal data, Haver Analytics
BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted.

Source: Bank of America Institute, *The Curb Economist*

Exhibit 2: Unemployment payments into Bank of America customer accounts rose around 10% YoY in October, a slight easing compared to September

Number of households receiving unemployment payments (three-month moving average, YoY%, not seasonally adjusted (NSA)) and Continuing claims (three-month moving average, YoY%, seasonally adjusted (SA))

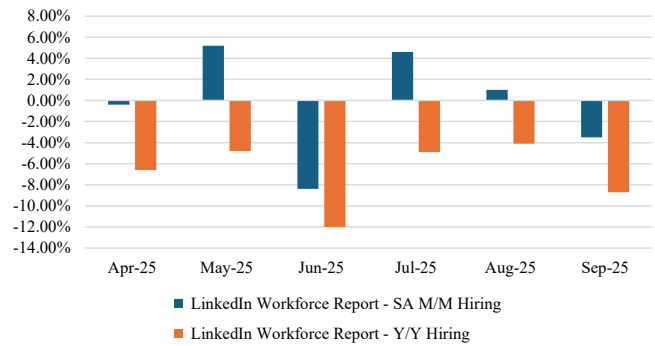


Source: Bank of America Internal data, Bloomberg
September continuing claims YoY data is weekly data for week ending September 12, 2025.

Source: Bank of America Institute, *The Curb Economist*

Because we still UKG’s data for October yet, let’s close this section with LinkedIn’s Workforce data. As a reminder here, the LinkedIn data comes out mid-month, so the data here we’re talking about will be for September. Here is what that data looks like through September:

LinkedIn Workforce Reports - M/M & Y/Y Hiring Chgs



Source: LinkedIn Workforce Reports, *The Curb Economist*

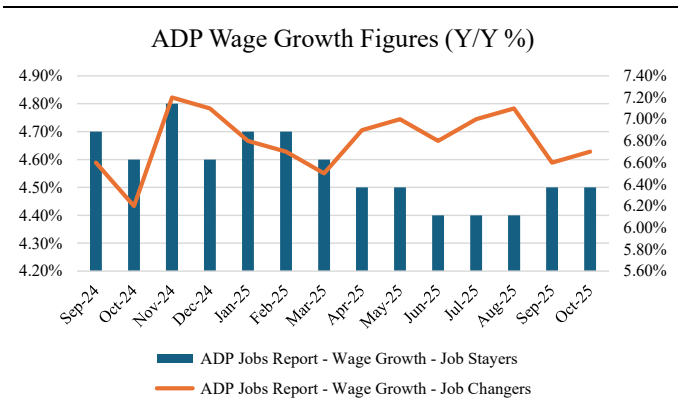
In summary, most of the October data on hiring, firing and job openings indicate a slower-to-hire, slower-to-fire labor market. ADP data was the bright spot this month (especially given seasonal adjustments might be depressing that number), but the breadth in that data also indicates weakness. The bulk of the datapoints indicate the labor market likely softened incrementally in October.

WAGES, HOURS & PAYROLL GROWTH

While the employment side of the labor market coin again feels precarious this month, the wages and hours data coming from private market sources is again more encouraging in October. The conclusion here is that yes, net changes in employment are low, but wage growth remains noticeably stronger. The optimist can say this indicates stability in the labor market. Wage growth in theory should slow further before job losses pick up (often employers might ask people to take a pay cut before they lay them off). The glass-half-empty pessimist can say the strength in wages hasn’t cracked yet, but it will. It’s hard to prove that argument wrong except in time.

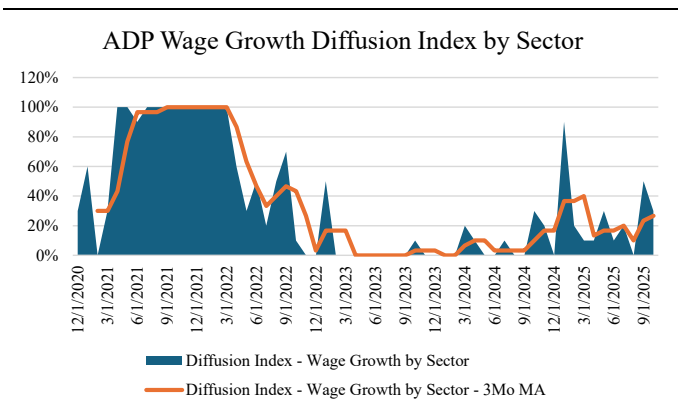
Let’s turn to the wage data. We’ll again start with wage growth from the ADP employment reports. ADP wage data for October actually showed consistent wage growth for “job-stayers” month-over-month, but “job switchers” actually saw a tick up in their wage gains from moving employers. So

this month at least, fewer people seem to be quitting, but those that are saw a mild reward.

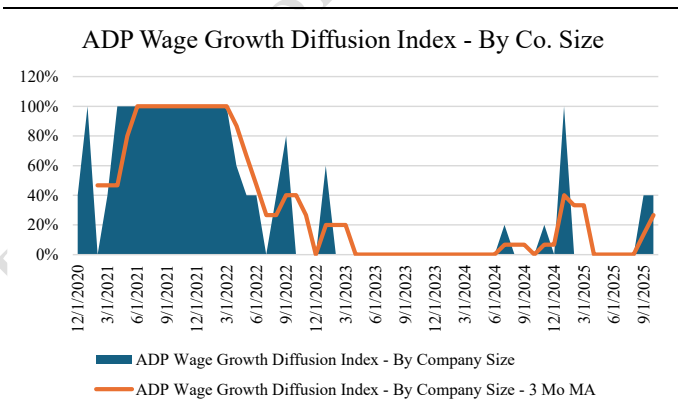


Source: ADP Employment Reports, *The Curb Economist*

Strength in ADP’s wage data can also be seen in both sector and size Diffusion Indexes. Though we’re nowhere close to where we were in ’21-’22, the strength we’ve seen late in ’24 and early in ’25 generally continued in October.

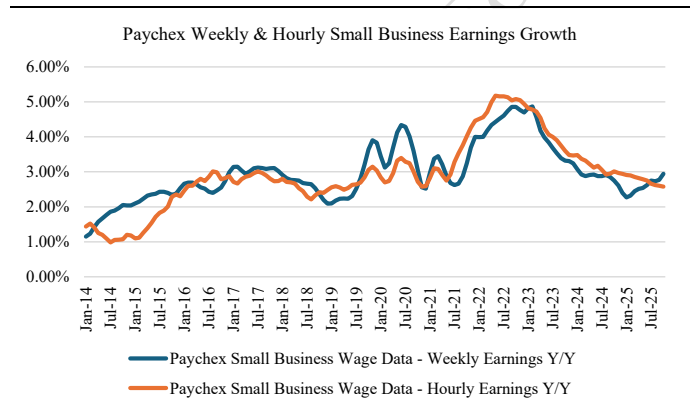


Source: ADP Employment Reports, *The Curb Economist*



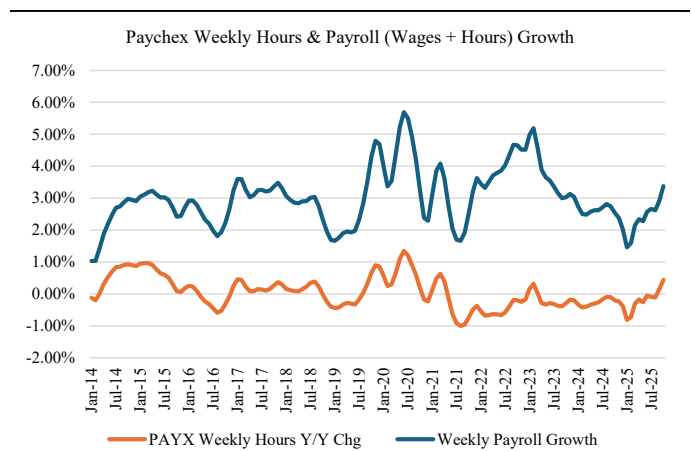
Source: ADP Employment Reports, *The Curb Economist*

Let’s now turn to PAYX, which generally tells a similar story: stabilizing, and if anything, improving wage growth. The noteworthy item in the PAYX data, however, is the divergence in hourly wage growth and weekly earnings growth. As we’ll show in a moment, hourly wage rates remain under pressure, but employers are giving employees more hours to work, boosting weekly earnings as a result.



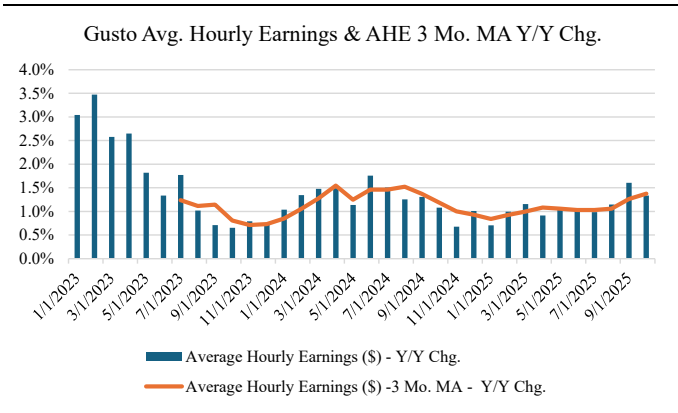
Source: Paychex Small Business Employment Watch, *The Curb Economist*

Additionally, resilience in hours worked growth in the PAYX data has pushed total payroll growth (which we measure by adding hourly wage growth + hours worked growth) up as well. Both of these metrics got better in October. If employers were looking to pull back on employees and employment costs at large, we probably wouldn’t be seeing this, especially at the small business level.



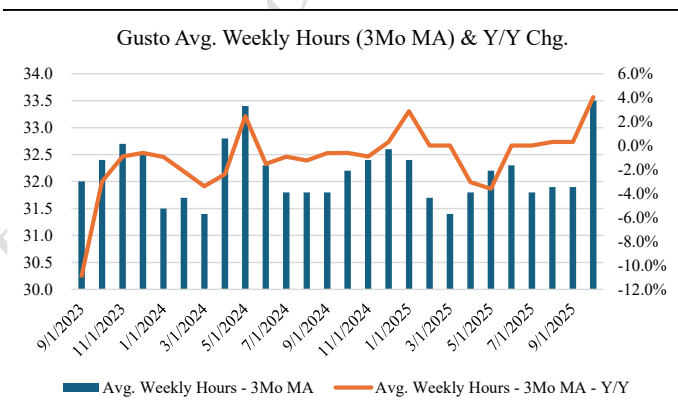
Source: Paychex Small Business Employment Watch, *The Curb Economist*

Gusto’s wage data also shows resilience in October, as the chart below shows. October’s monthly figure ticked lower on a year-over-year basis versus September, but it remains elevated compared to most months this year. Additionally, the 3-month moving average rose to levels not seen since the middle of 2024. This is encouraging.



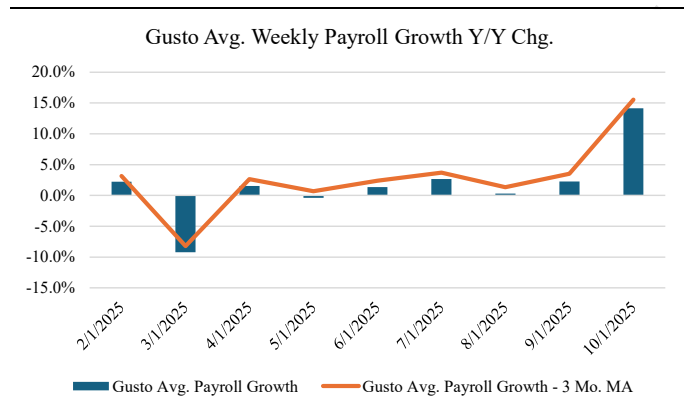
Source: Gusto Economic Data, *The Curb Economist*

Gusto’s Average Weekly Hours data is also encouraging in light of its data on wage growth. It would be one thing if wage growth was improving because small businesses were paying fewer workers more per week, or fewer workers more per hour but giving them less hours per week. But similar to the PAYX data, Gusto’s data seems to indicate that isn’t happening, and instead that firms are increasing growth in total compensation to employees rather than decreasing it. While this month’s datapoint feels a little out of bounds, even a downward revision would likely still show strength.



Source: Company Data, *The Curb Economist*

Combining the solid wage growth with improving hours growth indicates continued solid payroll growth for Gusto clients, similar to the PAYX data.



Source: Gusto Economic Data, *The Curb Economist*

Lastly, Indeed’s posted wage growth data indicates more slowing than the other metrics we’ve examined so far. Though even here, October’s figure ticked up versus September.



Source: Company Data, *The Curb Economist*

CONCLUSION

Labor market conditions in the United States seemed to slow again in October, but labor market conditions *in aggregate* still seem to be hanging in. The US labor market might be called “good, but definitely not great.” We seem to continue to be living in a slow-to-hire, slow-to-fire labor market, and the resilience of wage growth suggests employers are not yet keen on reducing workers *en masse*.

That said, things do feel like they're getting incrementally worse, especially with all the [job cut announcements in recent weeks](#). The [Challenger, Gray and Christmas data for October](#) that came out this morning indicated job cut announcements were the highest since 2003.

As others have discussed at length at this point, perhaps the slower hiring is being driven just as much by slower labor *supply* as it is by less labor *demand*. Slowing job opening growth from Indeed, which we discussed above, would seem to refute that argument somewhat though.

It obviously remains to be seen if this will hold up. The effects of tariffs are still very likely to be on the horizon just as much as they have already been digested. If retailers have worked through their lower cost inventory already and are now on the cusp of dealing with tariff-affected inventory, more price inflation could be on the horizon in coming months, which could not only affect consumer spending over the holidays, but also the Fed's proclivity to lower rates much further. Both of these things would likely weigh on the labor market.

The other large, looming question for the labor market is how AI will affect it, and just as importantly, *when* it will affect it. Though it's beyond the scope of this note to go into too much detail, the impact of AI on the US economy is almost certainly already being felt, just seemingly not yet on the labor market. Work so far from the [New York Fed](#) suggests that ominous forecasts for what AI will eventually do to the labor market may prove misguided, and this latest technology advance on society may in turn go the way of almost all the others (new technology creates wealth and income for some, which in turn gets recycled back into new business formation and subsequently, new jobs for everyone else). But this too remains to be seen.

So bottom line, for now, the labor market is hanging tough, but things feel increasingly precarious. Check back next month to see where things stand for November.