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Job seekers waited in line to enter an auditorium for a job fair hosted by the Cook County government, in Chicago in late June. JAMIE KELTER DAVIS/ BLOOMBERG NEWS

Labor Market Slows to a Crawl

Weak August hiring, loss of jobs in June all but clinches a Fed rate cut this month

BY RACHEL LOUISE ENSIGN AND JUSTIN LAHART

U.S. job growth continued to slow down in August, with just 22,000 new jobs added—a sign that the labor market is deteriorating markedly and all but sealing the case that the robust hiring of the postpan-demic years is over. Note

The report practically guarantees a Federal Reserve rate cut this month. But beyond that, Fed officials are likely to debate whether to continue with consecutive cuts through their remaining meetings this year, rather than reductions every other meeting, as previously anticipated. The central bank meets again in October and December.

Friday's report adds to a summer of slow hiring and points to a stagnant job market that has lengthened job searches, shut young people out of employment and increased unemployment for Black workers.

The Labor Department's report also highlighted weakness from earlier in the year. The government revised its numbers from previous months and said that the economy lost a net 13,000 jobs in June. It was the first such decline since December 2020.

Stock prices ended lower on concerns that coming rate cuts won't be enough to necessarily jump-start economic growth. The Dow Jones Industrial Average fell some 220 points, or 0.5%, while the broader S&P 500 declined 0.3% and the Nasdaq Composite ended slightly lower. Treasury prices rose, sending their yields lower. — Note

Some financial advisers are even now speculating about a possible rate cut of a half percentage point, or 50 basis points, at its September meeting. "A 50-basis point cut is now in play," wrote Jamie Cox, managing partner for Harris Financial.

Friday's job report showed the losses in August were widespread, with the data reflecting drops in employment across sectors including manufacturing and finance. The unemployment rate, based on a separate survey from the jobs figures, rose to 4.3% from 4.2%. That is still relatively low, suggesting that President Trump's immigration restrictions are crimping the supply of available workers. Note

The report was also the first since Trump a month ago fired the head of the agency that puts together the jobs data, after the July release painted a surprisingly gloomy picture of the economy. Trump's pick to take over as head of the Bureau of Labor Statistics will need to be confirmed by the Senate.

Uncertainty over Trump's tariffs and other policies has led many companies to cut back on adding workers—a change that has been particularly challenging for people just entering the labor force, such as new graduates from high school and college.

Consumers, who are still feeling pinched from the recent run of inflation, are likewise worried that the new tariffs are starting to trickle through the economy.

"The labor market is continuing to slow to stall speed," said Rebecca Patterson, an economist and senior fellow at the Council on Foreign Relations. "The economic outlook is incredibly uncertain. Companies are being very cautious about adding personnel."

The August jobs numbers were well below the gain of 75,000 jobs that economists polled by The Wall Street Journal had expected to see.

Note

The U.S. has added just 598,000 jobs so far in 2025. Outside of 2020, when the pandemic hit, that is the fewest for the first eight months of the year since 2009, when the economy was buckled by the financial crisis. The weakness has been particularly pronounced since May—the month after Trump announced his sweeping "Liberation Day" tariffs—with an average gain of about 26,750 jobs a month.

Note

Private-sector employment grew by 38,000 jobs in August. That was driven by a gain of 46,800 jobs in healthcare and social assistance, a category that tends to add jobs regardless of how the overall economy is faring. Among the sectors registering sharp employment declines, manufacturing lost 12,000 jobs, construction lost 7,000 and professional and business services lost 17,000.

"If America wasn't getting older and sicker, we would have a negative payroll print today. That's not a good thing," Patterson said.

Note

Federal government employment declined by 15,000 jobs. However, those losses don't reflect the magnitude of the massive job cuts the Trump administration has announced. Many federal workers have been on paid leave or are still getting severance pay, and therefore still counted as employed. JPMorgan Chase economists said that about 150,000 employees who took deferred resignations, and are still counted as having jobs, are set to roll off of government payrolls starting in October. Trump criticized Fed Chair Jerome Powell in a socialmedia post after the report came out. "Jerome 'Too Late' Powell should have lowered rates long ago. As usual, he's 'Too Late!'" he wrote.

Fed officials are increasingly concerned about weakness in the labor market. Powell had previously signaled the central bank was on track to cut rates if data suggested that the labor market was slowing.

Note

Companies are pulling back on hiring to keep profits healthy at a time of tepid demand. Meanwhile, immigration restrictions are crimping the availability of workers, lowering the number of jobs the economy needs to add each month to keep the unemployment rate from rising.

Note

Pantheon Macroeconomics economist Samuel Tombs noted that the unemployment rate has risen slightly less than 0.2 percentage point over the past six months, despite weakening job growth, which "probably partly reflects weaker growth in the workforce due to tighter migration policies."

"The slowdown in immigration means that we don't need as many jobs to keep the labor market in balance as we did a year or two ago," said Jed Kolko, senior fellow at the Peterson Institute for International Economics.

Some groups are faring worse than others. The share of unemployed people who have been out of work for 27 weeks or longer rose to 25.7%—the highest since February 2022. That is a reflection of how it has gotten harder, in a low hiring environment, for those without work to find jobs.

July's figures were revised up by 6,000 to a gain of 79,000 for the month.

June's figures were revised from a gain of 14,000 to the 13,000 loss.

