2026-11-7

ECO

ECONOMY

U.S. employers generate 165K jobs

Translate

By Paul Wiseman
The Associated Press

WASHINGTON — U.S. employers created a surprising 165,000 new jobs last month, and the unemployment rate dipped to 4.1%.

Hiring was far stronger than the 65,000 new jobs that economists had expected.

The jobs report comes three days after voters delivered a stunning defeat to President Donald Trump and his Republican Party in midterm elections. Frustrated with the state of the economy — and especially the high cost of living — Americans handed full control of Congress to the Democrats.

But the latest jobs report looked solid. Labor Department revisions added a combined 84,000 new jobs to the August and September totals.

The unemployment rate fell even though 421,000 people entered the labor force.

Average hourly wages rose 0.4% in October from September, the biggest month-over-month gain since January.

"This was a blowout jobs report," said Angelo Kourkafas, senior global strategist at Edward Jones. "Payroll growth exceeded expectations, revisions were positive, the unemployment rate fell, participation improved, and wage growth strengthened."

The strong job gains will likely make Federal Reserve policymakers more confident in the health of the labor market, giving them leeway to focus on persistently high inflation and raise their benchmark interest rate at their next meeting in December.

Not

The central bank typically seeks to bring down inflation by lifting its key interest rate to cool borrowing and spending.

The Fed raised the rate in September but left it alone at its meeting last month. Wall Street investors now see the chance of a December rate hike at 77%, up about 10 percentage points from Thursday, according to CME's FedWatch.

"For sure, we're looking at another rate increase in December and possibly another one in early 2027," said Boston College economist Brian Bethune.

Solid hiring also underscores a concern among many Fed officials that their key rate isn't high enough to slow inflation.

Hourly wages were up a meager 3.1% from October 2025. That means many workers have seen their purchasing power decline over the past year, despite continued hiring.Professional and business services — a broad category of

administrative and managerial workers — added 70,000 jobs. Healthcare companies hired nearly 42,000. Factories added 19,000 jobs. But hotels, restaurants and bars cut 10,600.

The job market has been solid but unspectacular.

So far this year, employers — companies, government agencies and nonprofits — have added an average of 86,000 jobs a month. That is modest by historic standards but an improvement over 2025, when monthly job creation averaged 9,700. That was the weakest performance outside of a recession since 2002. Last year, high interest rates and President Donald Trump's unpredictable trade policies discouraged hiring.

Despite recovering this year, hiring remains well below the average of 166,000 jobs created monthly in 2023 and 2024, let alone the 491,000 a month recorded during the 2021-2022 hiring boom that followed COVID-19 lockdowns.

Economists see a "low-hire, low-fire" environment in which employers are reluctant to let go of existing workers but aren't in any hurry to hire new ones. Young people entering the workforce, or those who've lost their jobs, can struggle to find work.

The United States doesn't need as many new jobs as it once did to keep the unemployment rate from rising. That's because baby boomer retirements and Trump's immigration crackdown mean fewer people are competing for work.

In late 2023, the so-called break-even point was around 166,000 new jobs a month. It's now just over 5,000, according to an estimate by Yale University's Budget Lab, which drew on an earlier Federal Reserve report.

The American economy and job market have proven resilient in the face of a series of shocks — Trump's double-digit tariffs on imports and the war with Iran, which has driven U.S. gasoline prices above $4 a gallon and pinched family budgets.

Gross domestic product — the nation's output of goods and services — advanced at a sprightly 3.4% annual pace from July through September, lifted by strong consumer spending and booming investment in artificial intelligence.

But AI can also mean that businesses need fewer workers.

At SharkNinja in Needham, Massachusetts, sales jumped 21% in the latest quarter as budget-minded shoppers brought the company's appliances — such as coffee- and smoothie-makers— to save money on dining out.

But CEO Mark Barrocas says he's slowed hiring — to 5% next year from 8% to 10% the previous two years. The reason: AI. SharkNinja, which has a total global work force of 4,200, has implemented AI tools in such areas as product innovation, media planning and finance.

"It's allowing people to work on much more higher impact initiatives as opposed to more tedious tasks," he said. But AI has also created new jobs for people with expertise in using AI to increase efficiency.