

# US jobs data: another massive downward revision is due

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Bernd Weidensteiner<sup>AC</sup>

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Revisions to US labor market data are currently a highly sensitive political matter. President Trump took issue with the unusually sharp downward revision of job figures. The annual revision of non-farm payrolls to be published at the beginning of September could lead to further doubts about the quality of the data, as an even more significant downward revision is expected here. Employment was already revised sharply downward last year as part of this benchmark revision. The Bureau of Labor Statistics is obviously struggling with a number of quality problems.

## When revisions become political ...

The latest employment report has caused quite a stir politically: US statisticians have revised employment figures for May and June downward by a total of 258,000 jobs, an unusually sharp correction. Immediately afterwards, President Trump fired the head of the Bureau of Labor Statistics (BLS) and accused her of manipulating the data for political reasons.

The president's mood is unlikely to improve when the results of the annual benchmark revision of employment data are published next month. This is because an even more significant downward revision is expected.

## ... the annual revision is sure to attract increased attention ...

The monthly labor market data is compiled on the basis of surveys. Figures such as the unemployment rate are based on a survey of around 60,000 private households. However, the current debate about the revisions focuses on non-farm payrolls, which are determined by a survey of 121,000 companies and government agencies with over 630,000 workplaces (the so-called establishment survey).

Once a year, as part of the benchmark revision, the employment data obtained from the monthly survey is compared with a nearly complete data set on US employment collected by the Quarterly Census on Employment and Wages (QCEW). The QCEW contains a nearly complete overview of US employment, with companies' mandatory reports to unemployment insurance forming the main data source.

The comparison of the data then reveals the need for revision. Preliminary information on the scope of the revision for March 2025 – March is always the “benchmark month” – will be published

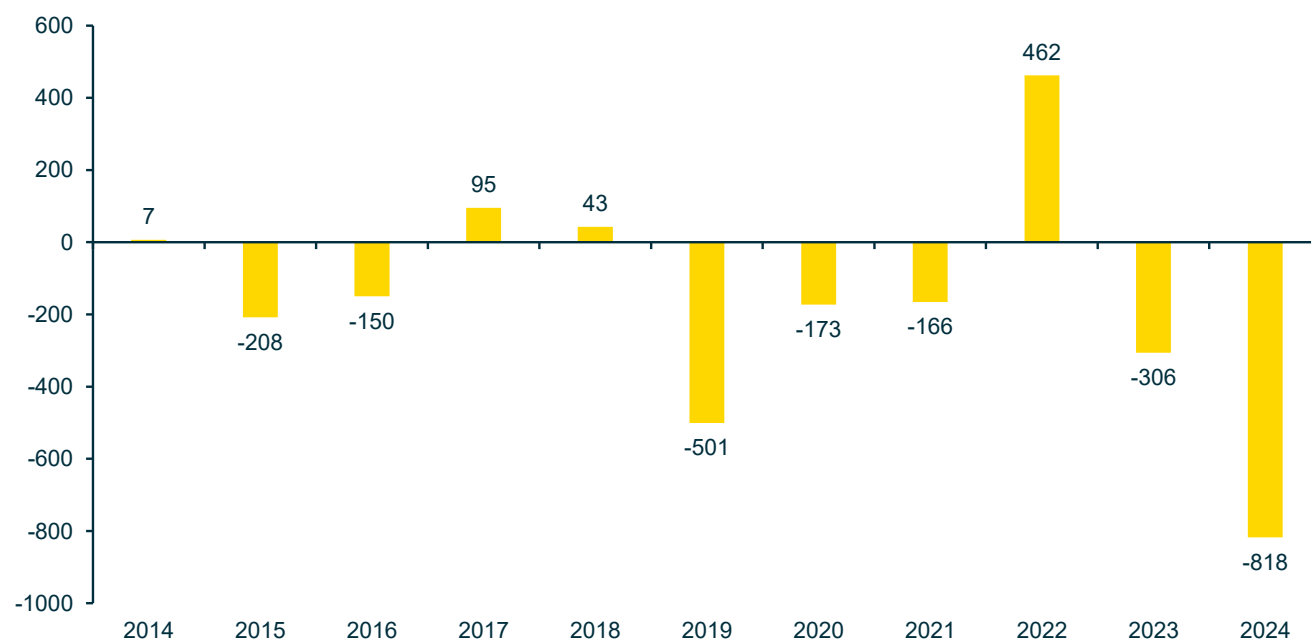


on September 9. However, the revised figures will not be worked into the payroll data until the employment report for January 2026.

In previous years, revisions were mostly relatively small, often in the range of +/- 0.1%. Last year, however, the figures had to be revised downwards by a significant 818,000 jobs, corresponding to a revision of -0.5% (Chart 1). However, this revision is not the final word; the corrections are usually somewhat smaller than initially reported in the final revision, which is incorporated into the employment data at the beginning of the following year. For March 2024 – the last benchmark revision – the revision of 818 thousand jobs was ultimately reduced to 598 thousand. On average over the last five years, the final revision was just under 120 thousand jobs lower than reported with the preliminary benchmark revision.

### Chart 1 - Revisions were larger recently

Preliminary benchmark revisions of nonfarm payrolls in thousands



Source: BLS, Commerzbank Research

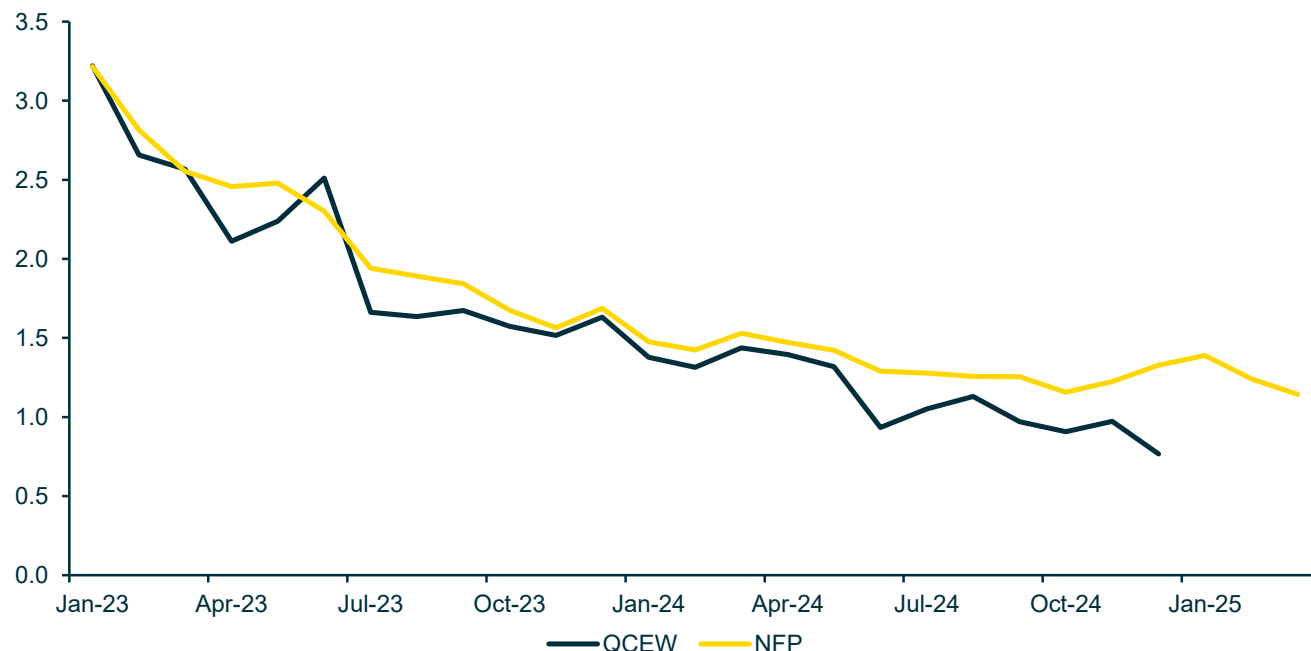
### ... especially if it costs hundreds of thousands of jobs again

The figures published so far indicate that, according to the QCEW, employment has grown more slowly since the last benchmark revision, which was carried out in March 2024, than the payroll figures from the monthly employment report suggest (Chart 2).



## Chart 2 - More comprehensive data show a less dynamic labor market

Payrolls growth based on QCEW data and on employment report figures, annual rates of change in %, monthly data



Source: BLS, Commerzbank Research

In December 2024, employment was around 0.8% higher than in the previous year according to the QCEW, while payrolls show a growth rate of 1.3% (Table 1). Assuming that the gap between growth rates in March 2025 would have been around 0.4 percentage points, employment as per nonfarm payroll data would be almost 700,000 too high. In the year to March 2024, employment would then not have risen by an average of around 150,000 per month, as previously reported by the labor market statistics, but by only a good 90,000.

### Table 1 - Job growth overestimated by 60 thousands per month?

Employment: Annual rates of change in % and average change in recent 12 months in thousands

	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25
QCEW	1.4%	0.9%	1.0%	0.8%	
in thousands per month	182	120	125	99	
Nonfarm payrolls	1.5%	1.3%	1.3%	1.3%	1.1%
in thousands per month	197	168	164	175	149

Source: BLS, Commerzbank Research

## What is the reason for this?

The significantly higher revisions in the last two years, which were also always downward, raise some questions about the quality of the statistics. One possible reason for higher revisions is the significant decline in the number of companies participating in the BLS surveys.

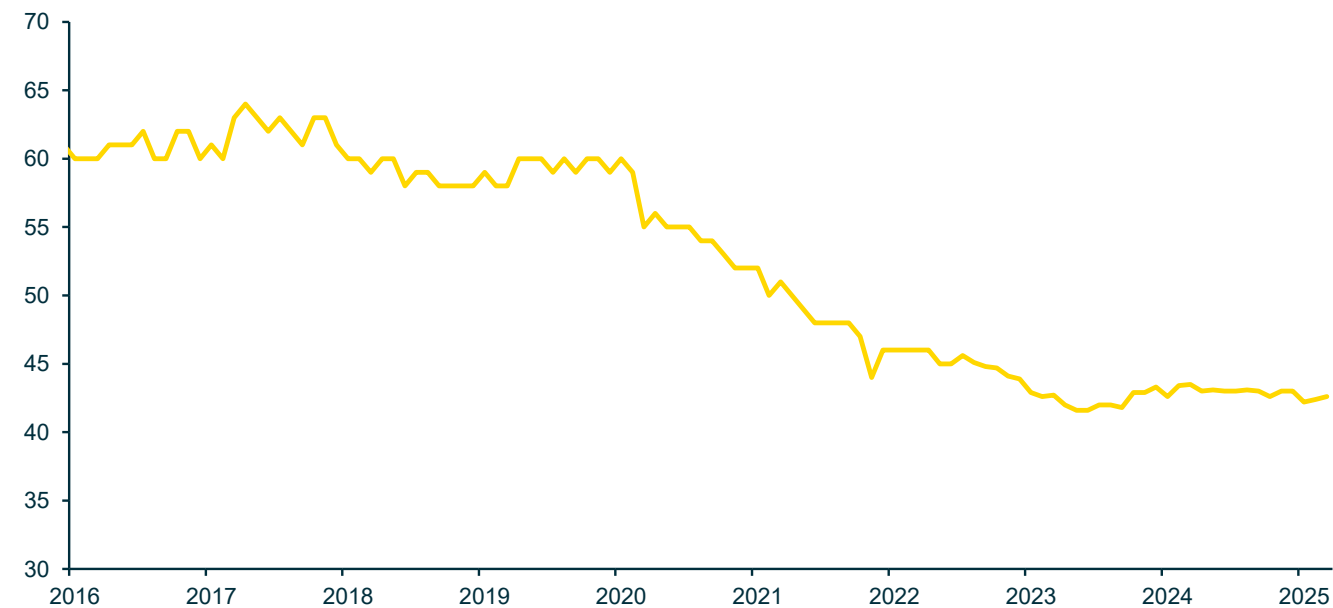
Until the coronavirus pandemic, 60% of the questionnaires sent out were usually answered, but the response rate was only slightly above 40% most recently (Chart 3). The problem with declining



response rates is that companies that do not respond may differ in important ways from those that do. Among them could be, for example, more companies that are experiencing economic problems and are therefore more likely to cut staff.

### Chart 3 - Survey response rates are falling

Percentage of the sample that responds to or participates in the BLS establishment survey



Source: BLS, Commerzbank Research

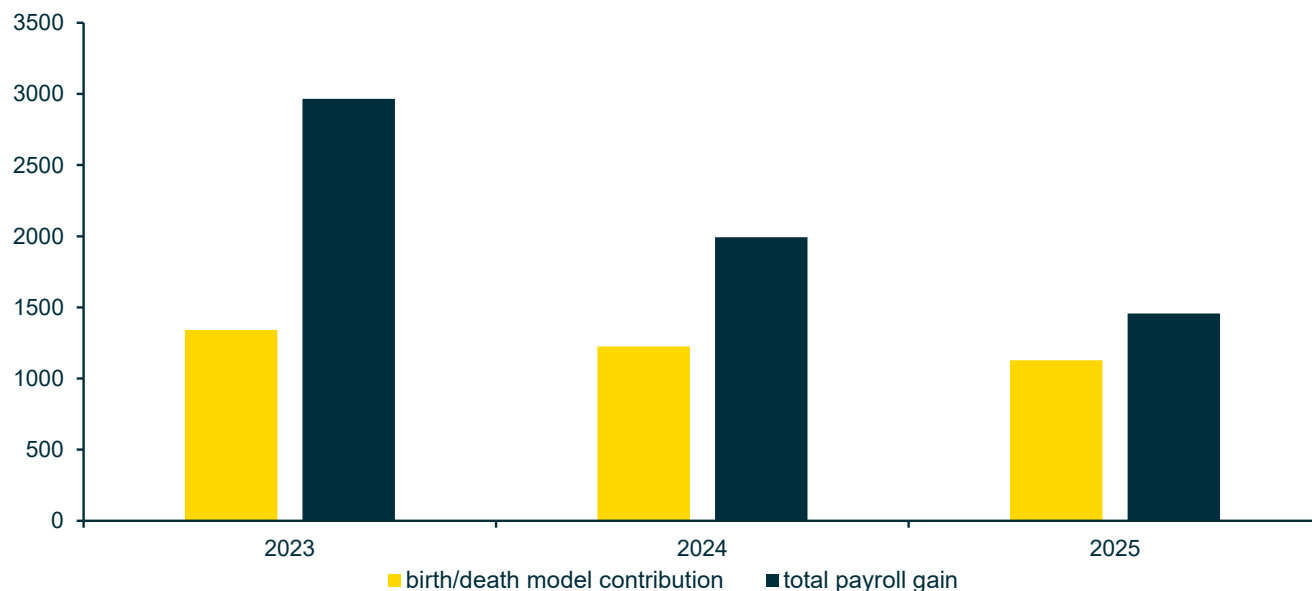
Statisticians must therefore rely even more heavily on statistical models to estimate job creation. The birth/death model plays a particularly important role here. This model estimates the balance between job gains from newly established companies (which are not yet or only partially included in the sample of the monthly survey) and job losses from companies that have left the market (which, by definition, no longer participate in the survey).

In the twelve months to July 2025, the birth/death model identified a net total of 1.1 million new jobs. This represented 77% of the total jobs created during this period according to statistics, an unusually high figure (Chart 4).



#### Chart 4 - Birth/death model dominates job growth

Net Birth/Death Adjustments in the 12 months up to July of respective year and total job gains according to nonfarm payrolls data, in thousands



Source: BLS, S&P Global, Commerzbank Research

#### And what does that tell us?

Firstly, it should be noted that the revised figures ultimately reflect the situation in March. President Trump will therefore blame the revision on what he sees as the misguided economic policies of his predecessor, President Biden. This figure and the foreseeable change in employment dynamics in the months from April 2024 to March 2025 allow only limited conclusions to be drawn about the current situation.

However, it seems clear that the underlying pace of the labor market at the beginning of Trump's term was slower than previously thought. The safety margin before employment stagnates is therefore smaller than previously estimated. This makes it less clear whether the labor market can withstand the enormous uncertainty and the dampening effects of Trump's economic policy without at least a temporary decline in employment.



## Analysts

**Bernd Weidensteiner** <sup>AC</sup>

Senior Economist

+49 69 9353 45625

bernd.weidensteiner@commerzbank.com

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#### Frankfurt

Commerzbank AG  
DLZ - Gebäude 2, Händlerhaus  
Mainzer Landstraße 153  
60327 Frankfurt  
Tel: + 49 69 136 21200

#### London

Commerzbank AG  
PO BOX 52715  
30 Gresham Street  
London, EC2P 2XY  
Tel: + 44 207 623 8000

#### New York

Commerz Markets LLC  
225 Liberty Street, 32nd floor,  
New York,  
NY 10281-1050  
Tel: + 1 212 703 4000

#### Singapore

Commerzbank AG  
128 Beach Road  
#17-01 Guoco Midtown  
Singapore 189773  
Tel: +65 631 10000