



The Alt Labor Data Story

What the latest alternative labor market data is telling us
about the economy

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Overview and Key Takeaways

The longest government shutdown on record closed our best window into the health of the U.S. labor market at a critical time for the economy and for policymakers at the Fed. However, in the absence of official data, there remain a number of alternative private-sector sources that can shed light on the current state of affairs and help us triangulate where we might be headed. **Overall, the data suggests the labor market has softened further, with tepid job creation and slightly higher unemployment.** However, the magnitude of weakness seen so far has not been unexpected and remains in line with the Fed's projections released in September.

- Job creation has slowed throughout 2025 across multiple indicators, including the official BLS data. **Since the government shutdown, alternative indicators of job creation from ADP, Revelio Labs, and Gusto all point to the same trend – weak employment growth in September and October.**

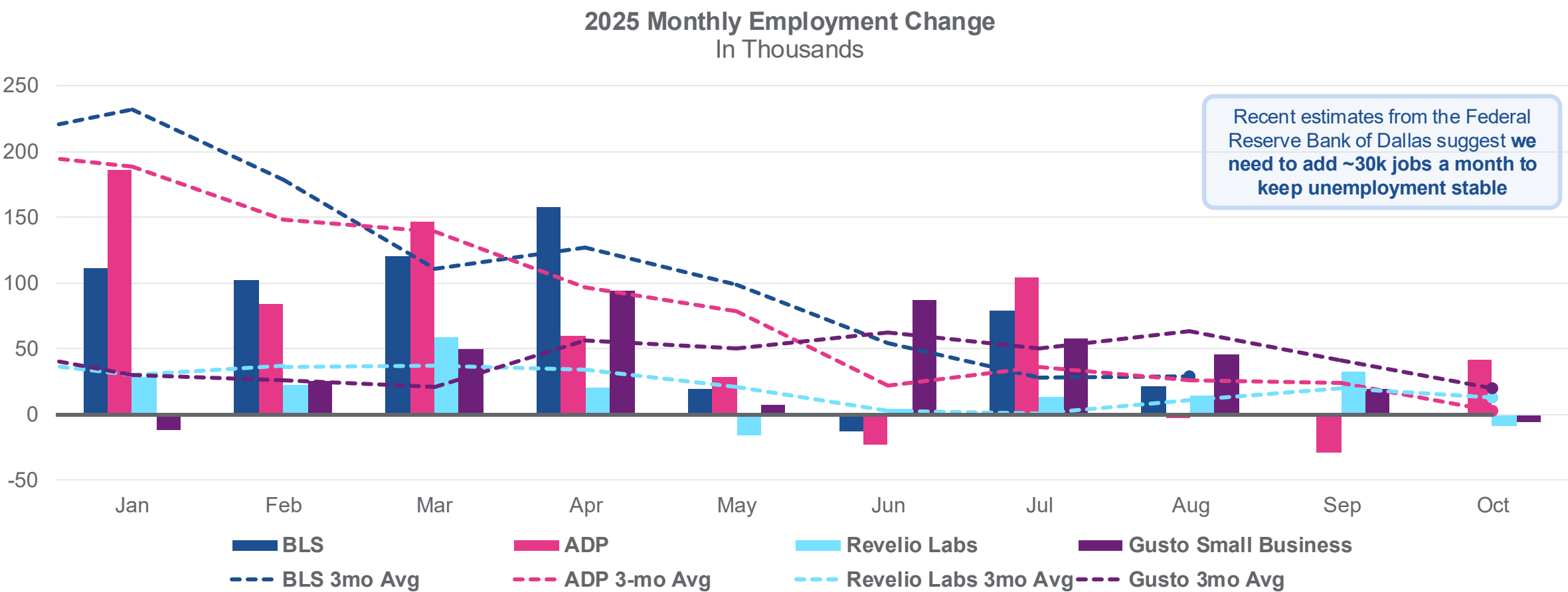
However, it should be noted that **many estimates, including from Federal Reserve Bank of Dallas, suggest the breakeven level of job creation – or the level needed to keep unemployment stable – has declined dramatically over the last year due to the slowdown in immigration.** So, weaker job creation does not necessarily indicate increased stress.

- Layoff announcements spiked in October according to Challenger, Gray & Christmas, and Revelio Labs' tracker of WARN (mass-layoff) notices. However, state-level, initial unemployment claims – a proxy for layoffs and registered when someone first loses their job and files benefits – remain low and in-line with year ago levels. **Additionally, a new measure of labor market health from the Federal Reserve Bank of San Francisco still signals relatively low levels of stress.**
- **Morning Consult's unemployment index and the Federal Reserve Bank of Chicago's Real-Time Unemployment Forecast both suggest the unemployment rate has ticked modestly higher since August.** The increase appears in line with the Fed's latest view that unemployment would average 4.5% in Q4 2025.



Alternative indicators show job growth continues to soften

— Private-sector indicators have helped to fill the data gap during the government shutdown

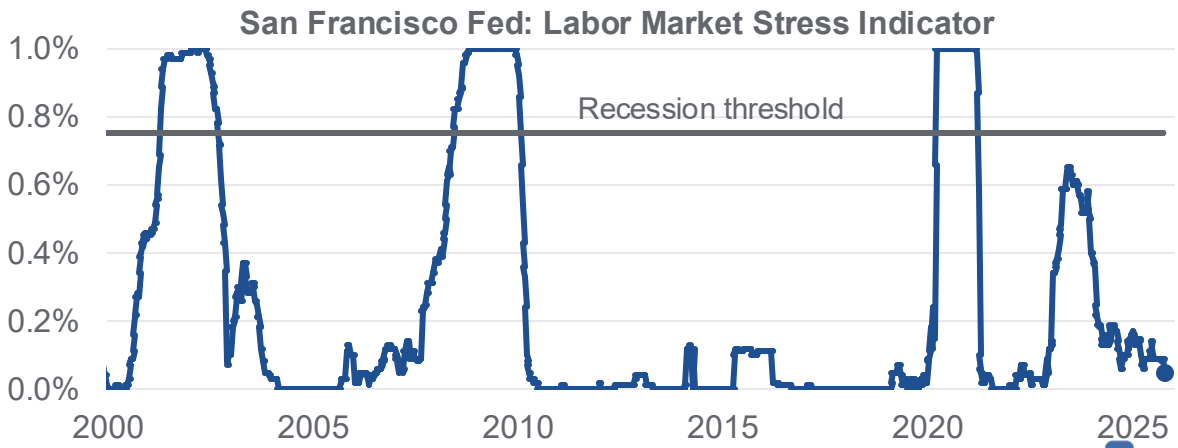
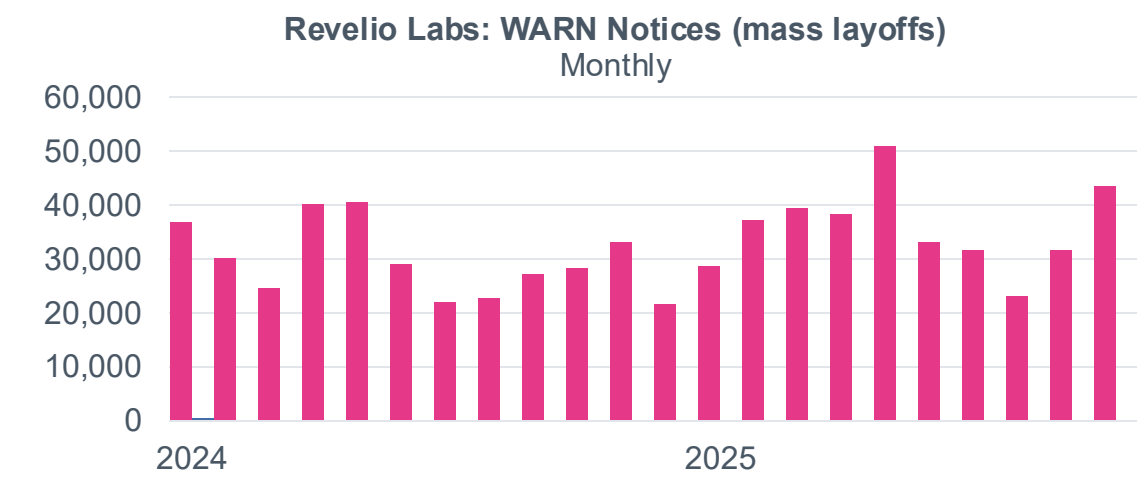
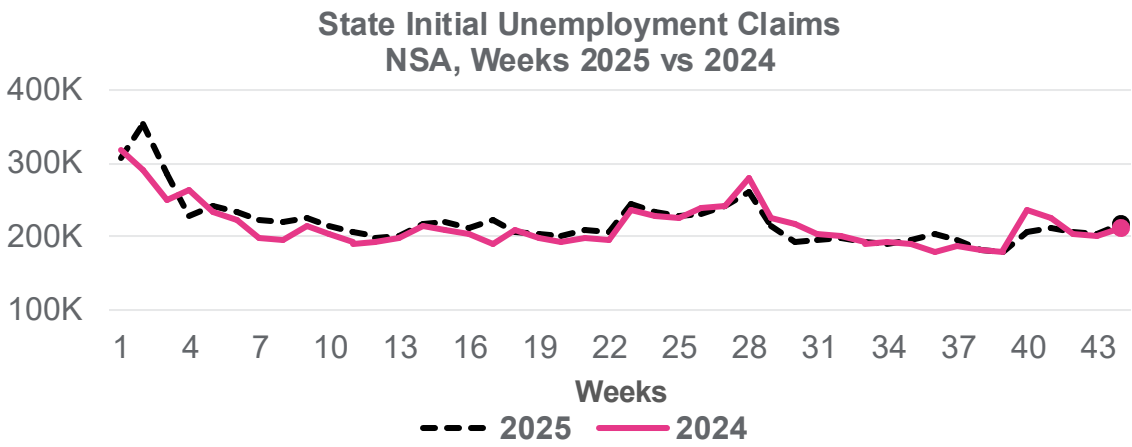
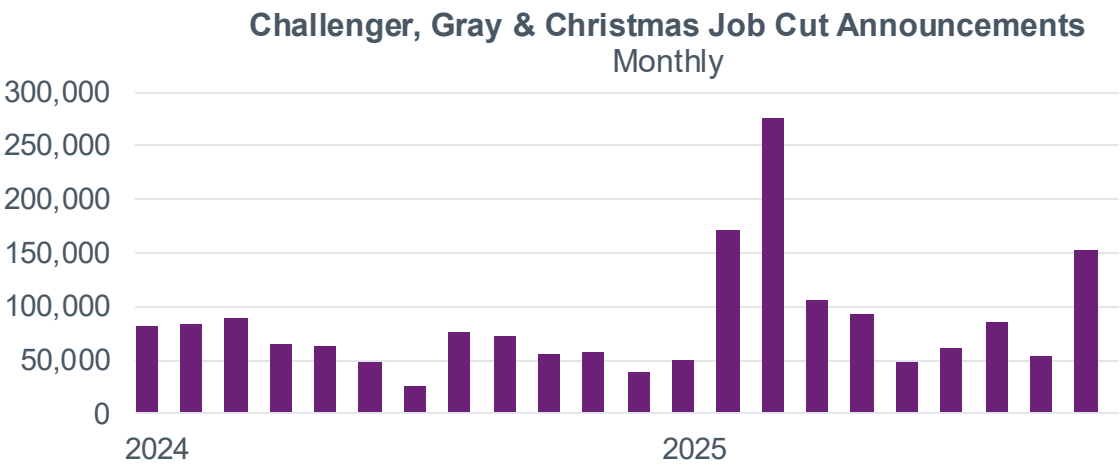


Source: Bureau of Labor Statistics, ADP, Revelio Labs, Gusto, Federal Reserve Bank of Dallas and Experian Economic Strategy Group



Despite increased reports of layoffs, initial unemployment claims are low

— According to a new indicator from the San Francisco Fed, labor market stress is low

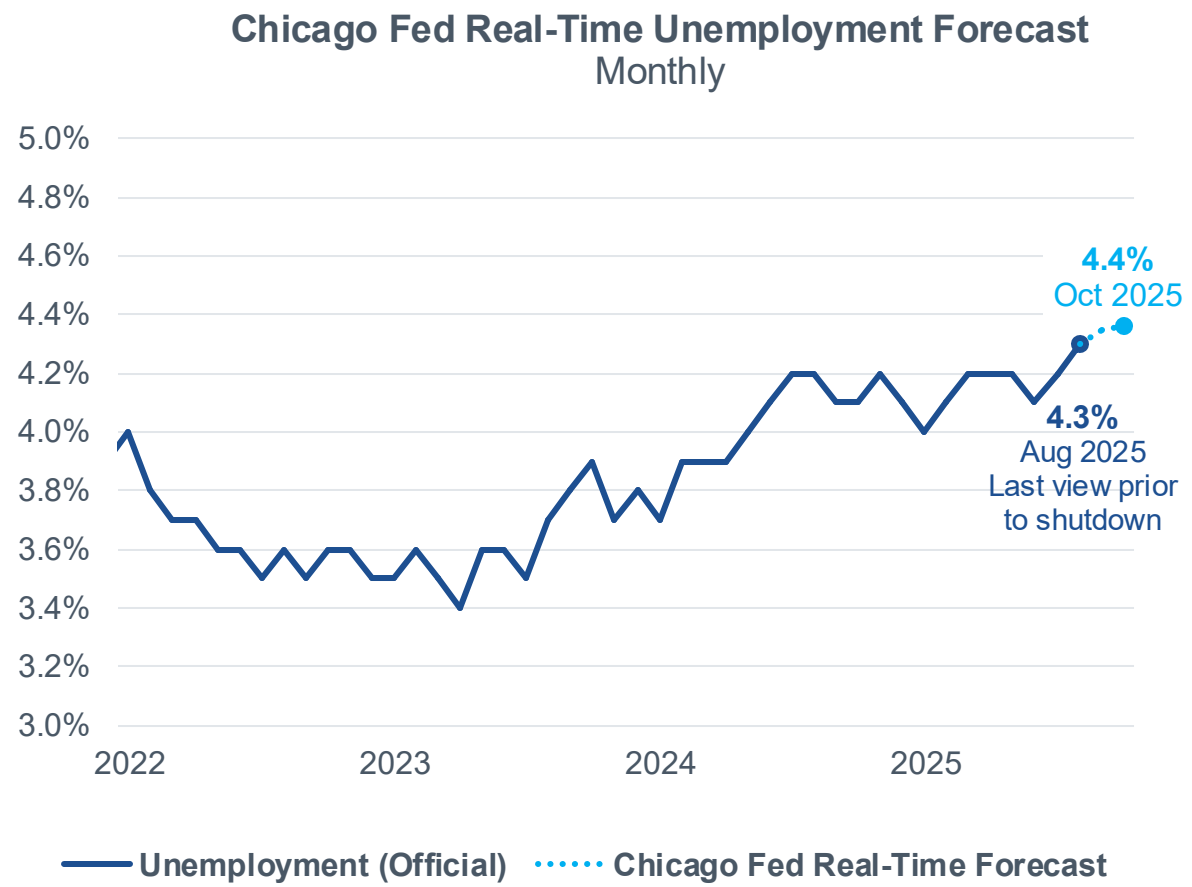
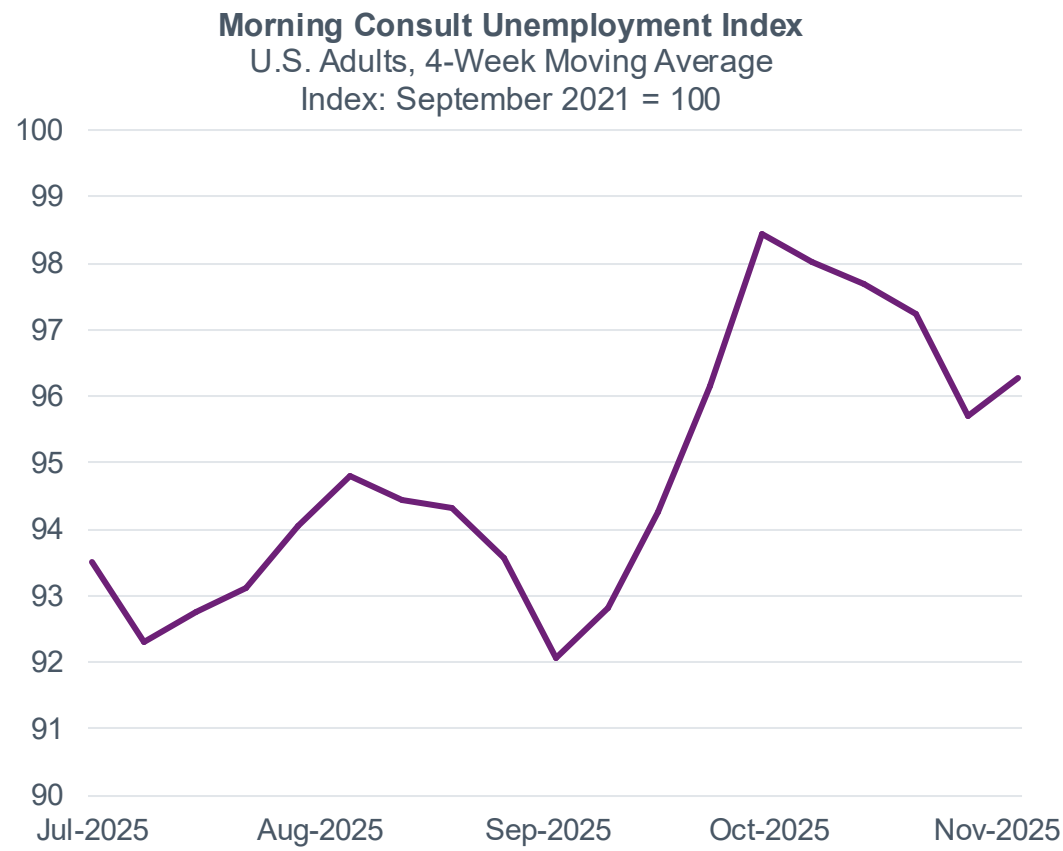


Source: Challenger, Gray & Christmas, Revelio Labs, Economic Policy Institute, and Experian Economic Strategy Group



Nowcast measures of unemployment showing slight increase

— Both Morning Consult and Chicago Fed show likely increase in unemployment since the last official employment report

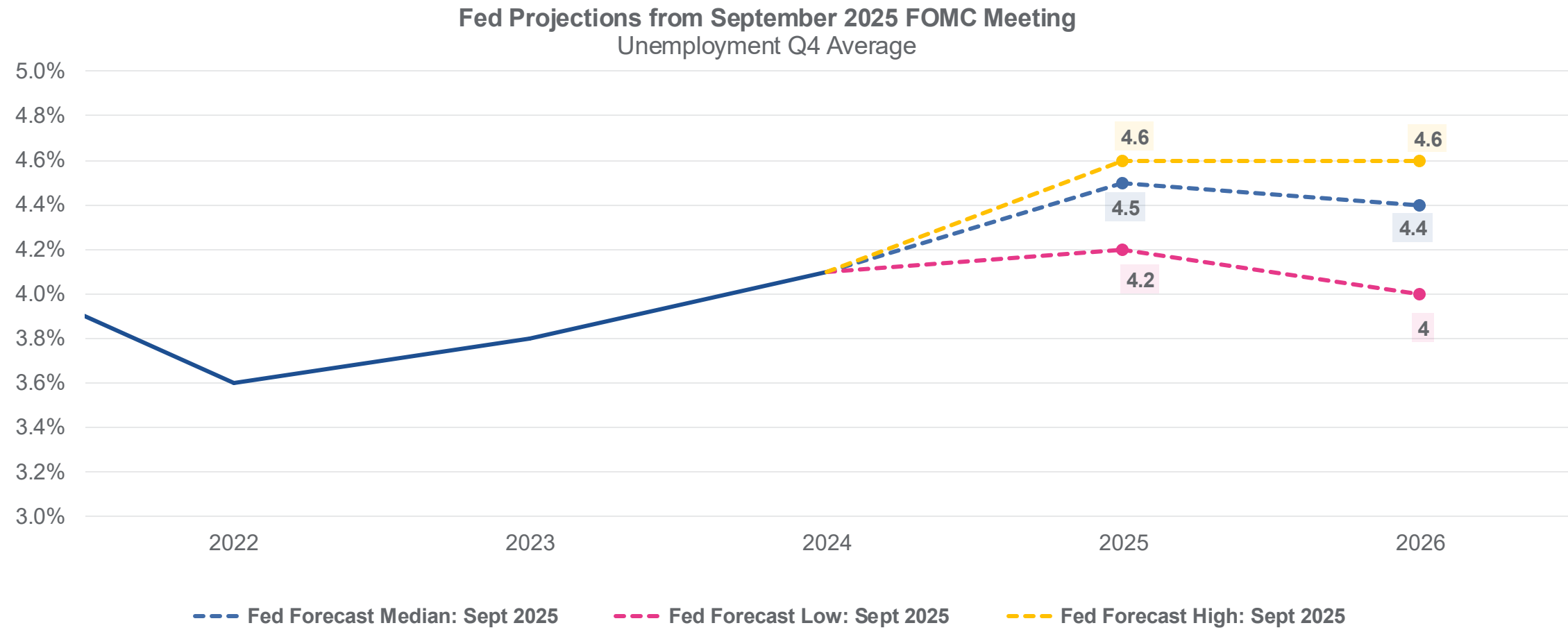


Source: Morning Consult, Bureau of Labor Statistics, Federal Reserve Bank of Chicago and Experian Economic Strategy Group



Recent weakness appears to be in line with Fed's Sept projection

— Fed officials saw unemployment climbing to 4.5% by Q4



Source: Federal Reserve and Experian Economic Strategy Group





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