

Article | 5 February 2026

UNITED STATES

# US hiring slowdown points to weaker jobs numbers

An apparent slowdown in hiring suggests the Fed may have acted a little prematurely in downplaying the risks to the jobs aspect of its mandate at the January FOMC meeting. Major downward revisions to payrolls next week would add to the pressure to eventually resume rate cuts



## Hiring slowdown adds to job fears

The US December JOLTS report shows a steep drop-off in job openings to 6.54mn from a downwardly revised 6.93mn level in November. The consensus was predicting a 7.25mn outcome. This is obviously a big surprise, but I am a little sceptical given the Indeed daily job postings data, which the JOLTS number typically tracks, have remained stable. That's not to say employers are actively filling them – often the case if you want to keep the headcount from a budgeting perspective – but the JOLTS has historically been a more volatile series and I wouldn't be surprised to see a rebound/upward revisions next month.

## Job openings versus Indeed job postings data



Source: Macrobond, ING

Nonetheless, we have seen meaningful shifts in the jobs market. Back in January 2022, there were two job vacancies for every unemployed American, with 3% of all workers quitting their job to move to a new employer amidst wage growth just shy of 6% year-on-year. Today, that has dropped to 0.87 jobs available per unemployed American with a quit rate of 2%. This all points to wage growth slowing below 3% this year. Good news for keeping inflation on track for 2%, but not good for the consumer spending story.

## Job openings to unemployment ratio versus wage growth



Source: Macrobond, ING

## Jobs report to stay soft

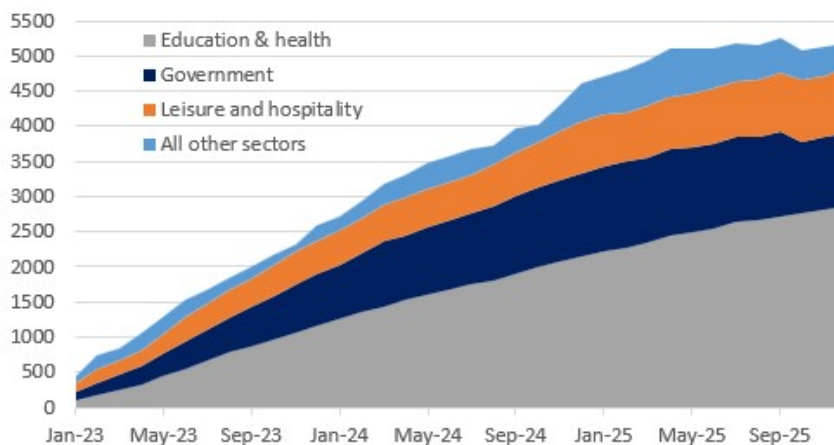
The next big data point will be the January jobs report (released Wednesday), which will include the annual benchmark revisions – where the Bureau for Labor Statistics realigns their sample-based employment estimates with unemployment insurance population counts.

The consensus is for a 71k increase in January non-farm payrolls with the unemployment rate to hold steady at 4.4%. We are forecasting a modestly stronger outcome of 80,000, but as is always the case with the jobs data, there is very little conviction in our forecast. Jobless claims remained low during the period and while the Challenger report noted the worst January for lay-off announcements since 2009, they will be spread over a number of months. At the same time, the ISM services employment reported a second consecutive print above 50, indicating expansion, after six months of contraction. The ISM manufacturing reported the slowest pace of job losses for 12 months.

Assuming we are in the right ballpark, the bigger market reaction may come from the annual benchmark revisions. The preliminary revisions were released 9 September, and they showed an overestimate of employment of 911,000 for March 2025, equivalent to 0.6% of total employment. Over the past ten years, the average error has been 0.2%.

911,000 divided by twelve months equates to a 76,000 per month overestimate, but Federal Reserve Chair Jerome Powell suggested in December that central bank officials believe the overestimate is around 60,000 per month. That would mean an annual downward revision of 720,000, so we should probably go with something closer to that rather than thinking the 911,000 will be confirmed.

### Cumulative increases in non-farm payrolls since December 2022 (000)



Source: Macrobond, ING

### Benchmark revisions could make for grim reading

However, we should also focus on the composition. The point we have repeatedly made is that of the 5.2mn jobs the US has added over the past three years, 93% have been in just three sectors – leisure & hospitality, government and private education and healthcare services. The 9 September preliminary revisions suggested that there would only be a 35k downward

revision to private healthcare & education, a 31k downward revision to government and a 176k downward revision to leisure & hospitality.

That means that 669k (73%) of the downward revision in the preliminary report are to the "all other sectors" grouping. Even if we use the Fed's implied 720k figure, that works out at 529k – more than wiping out all 363,000 jobs currently reported as added in those "all other sectors" for the past three years – think manufacturing, construction, retail, transport & logistics, financial services, business services, etc. That would not be a good look and would mean the pressure on the Fed to cut rates going into mid-term elections would undoubtedly increase.

### Author

#### James Knightley

Chief International Economist, US

[james.knightley@ing.com](mailto:james.knightley@ing.com)

### Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).