



Preview: US Nonfarm Payrolls due Wednesday February 11th at 13:30GMT/08:30EST

The January jobs report, originally scheduled for 6 February, was rescheduled to Wednesday, 11th February at 08:30EST/13:30GMT because of the partial US government shutdown.

- Headline NFP expected at 70k (prev. 50k), the unemployment rate is expected to be unchanged at 4.4%
- Focus will also be on annual benchmark BLS revisions; the prelim estimate saw a 911k downward revision in the year through March 2025.
- The Fed will likely want to see more data before adjusting rates

EXPECTATIONS: Headline nonfarm payrolls are expected to show 70k jobs added in January, accelerating from the prior 50k reading. Forecasts range from -10k to +108k. The unemployment rate is expected to remain at 4.4%, in line with the Fed's year-end median projection. Average hourly earnings are expected to rise 0.3% M/M, matching the December rate, while the annualised rate is seen slowing to 3.6% Y/Y from 3.8%. Manufacturing payrolls are expected to fall by 5k.

BLS REVISIONS: Alongside the release, the final annual benchmark revisions will be published after preliminary estimates showed a downward adjustment of 911k jobs in the year through March 2025. Analysts at BMO said the revisions are likely to be more consequential than usual, noting the labour market appears to be on a knife-edge between modest job growth and job losses. The Fed is aware of the downward bias, and Powell warned in December that the BLS may be overestimating payroll growth by about 60k jobs per month.

LABOUR MARKET PROXIES: During the week corresponding to the traditional BLS survey window, initial jobless claims held low at 210k after revisions, compared with 224k ahead of the December report. Continuing claims fell to 1.827m from 1.914m. Santander said there is no evidence that layoffs are accelerating, adding that workforce reductions are largely occurring through attrition and that underlying layoffs are roughly steady. The ADP report showed private payrolls rising by 22k in January, missing the 48k forecast and slowing from 41k previously. Revelio Labs data showed 13.3k jobs lost in January, compared with a gain of 71k in December. Challenger job cuts surged to 108k in January from 36k in December, the largest January total since 2009 and the highest monthly figure since October 2025. The December JOLTS report showed job openings falling to 6.5m from 6.9m (revised down from 7.1m), the lowest level since September 2020. In the January ISM surveys, manufacturing employment rose to 48.1 from 44.9, while services employment slipped to 50.3 from 52.0. Overall, labour market proxies lean softer, aside from initial jobless claims and the manufacturing ISM employment index.

OFFICIAL COMMENTARY: Ahead of the delayed report, NEC director Kevin Hassett warned that slightly lower job numbers should be expected, but said this should not trigger panic. The latest Fed statement said job gains have remained low but noted the unemployment rate has shown signs of stabilisation. Fed Chair Powell said risks to employment on both the upside and downside have diminished, but not disappeared, making it difficult to judge whether mandate risks are fully balanced. The Fed kept rates on hold at its latest meeting, but the decision was not unanimous; Governors Waller and Miran favouring a 25bps rate cut, with the former stating that policy remains too restrictive, and that the labour market does not look remotely healthy, adding that weak demand, not just supply, is a factor. By contrast, St. Louis Fed President Musalem (hawk, 2028 voter) said further rate cuts are not advisable, with risks currently balanced, and that cuts would only be warranted if the labour market deteriorates or inflation falls.

FED IMPLICATIONS: The data will help assess how much further policy easing may be needed alongside inflation readings, with CPI due on Friday. As always, this is one month of data, and the Fed prefers to assess trends over several months. Fed commentary on the labour market has been mixed, but consistently softer data would strengthen expectations for rate cuts. San Francisco Fed President Daly (dove, 2027 voter) said she is torn between one or two more cuts this year, while Miran has argued that a further 50bps of easing is needed, compared with the Fed's median projection of 25bps of easing this year. Markets are not pricing in rate cuts until the summer, but upcoming data should shape expectations.

JPM TRADING SCENARIOS

JPMorgan's US market intelligence trading desk assigns probabilities to outcomes and expected S&P 500 reactions. The desk notes that for options expiring on 11 February, markets are pricing a move of about 1.2%, based on the close on 6 February.

- Headline above 110k: S&P 500 down 0.5-1.00%
- Headline between 90-110k: S&P 500 +0.25-1.00%
- Headline between 60-90k: S&P 500 +0.25-0.75%
- Headline between 30-60k: S&P 500 down 0.25% to up 0.50%
- Headline below 30k: S&P 500 down 0.5-1.25%

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