FROM THE DESK OF:

New York Life Investments' Global Market Strategy team

The "low fire, low hire" labor market persists

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NEW YORK LIFE INVESTMENTS

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As of 9:15 am, 9 January 2026

Key takeaways

- Jobs growth was relatively flat in December with new jobs increasing by 50k, slightly below estimates around 70k, and last month's 64k print. The unemployment rate fell to 4.4% from 4.6%.
- This report aligns with our view that job growth is slow enough to justify modest further Fed easing. We continue to see another 25-50bps of cuts as justified to land at a neutral policy rate. Market pricing of the probability of a rate cut in January moved slightly lower on the release, reflecting further conviction in the market the Fed will hold steady in January.
- Overall, job growth in 2025 was quite modest, with less than 700k jobs added, compared to 2 million new jobs in 2024. Both supply and demand factors were at play, given changes to immigration policy. Job growth was heavily concentrated in education and health services, with the most job losses in government.
- We continue to believe the labor market can muddle along in 2026, with strong corporate profitability preventing systemic layoffs. Questions around labor hoarding, business environment uncertainty, and the impact of AI represent risks to our outlook.

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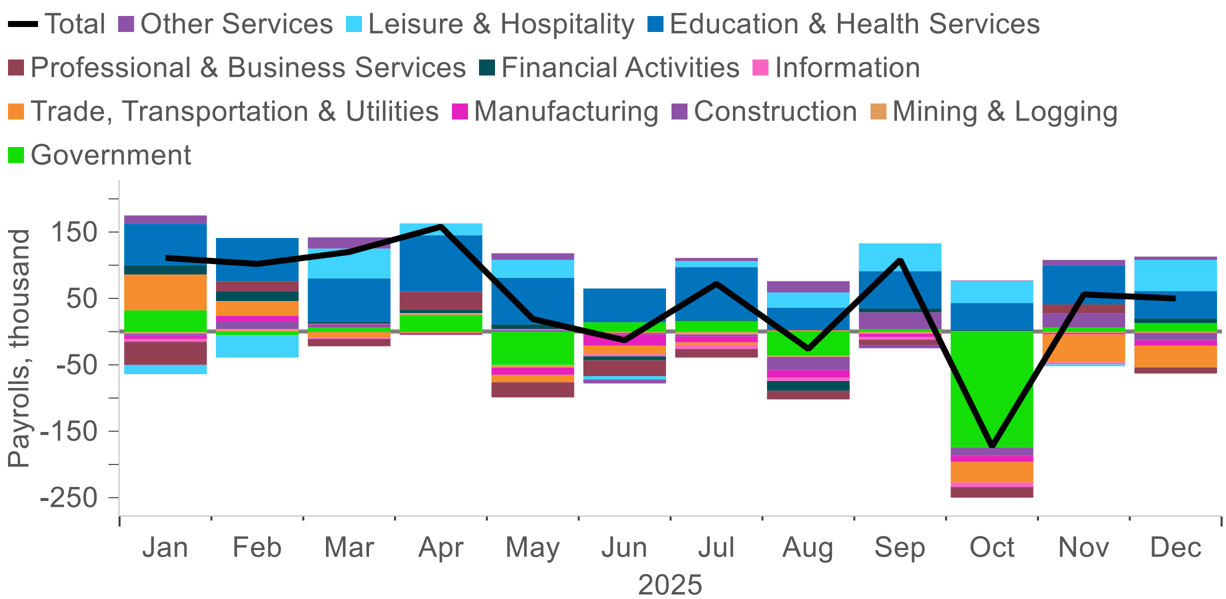
Payrolls created by sector, monthly



Sources: New York Life Investments Global Market Strategy, U.S. Bureau of Labor Statistics (BLS), Macrobond, January 2026.

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