SUMMARY & OVERVIEW

This note seeks to provide an update on labor market conditions for the month of November 2025. Just as we did with our retail sales update note from this morning, we delayed this note a week this month to try and wait for the bulk release of government data today. Next month we'll get back to a more regular publishing cadence closer to the turn of the calendar. As a reminder, this note includes the following indicators:

- ADP's (Ticker: ADP) monthly jobs report
- Paychex's (Ticker: PAYX) Small Business Employment Watch data, which tracks same-store worker growth as well as weekly and hourly wage growth
- LinkedIn's (owned by Microsoft, Ticker: MSFT) Workforce Reports
- Intuit's (Ticker: INTU) Small Business Index report
- Bank of America (Ticker: BAC) Institute's new notes on job growth, employee compensation, etc.
- Gusto's (Private) small business reports
- Indeed's (Private) job openings and wage growth data
- UKG's (Private) Workforce Activity Reports

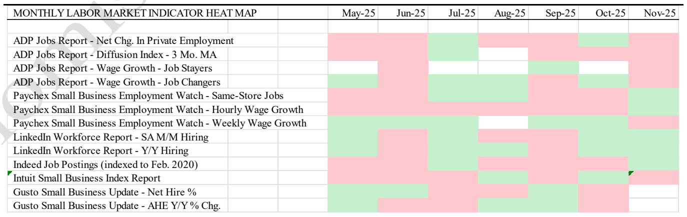
A couple other items about this month's note:

- Bank of America's data is new starting in September. Given we don't have enough hard historical data from this set yet, for now we are just using their charts.
- Gusto's November data is still not published as of this writing, so we can't discuss it this month
- We again have no UKG report
- LinkedIn's data tends to come out mid-month, so we usually have to come back to this data the next month in order to publish this note in a timely manner. Because we waited a little longer this month, however, we'll be able to include updated data here this time.

The bottom line takeaway from the data from private market sources indicates that labor market conditions were (again) mixed in November, but did not appear to deteriorate further from recent months. Things seem soft, and maybe even weak, but stable. For reference, here are our notes from October and September.

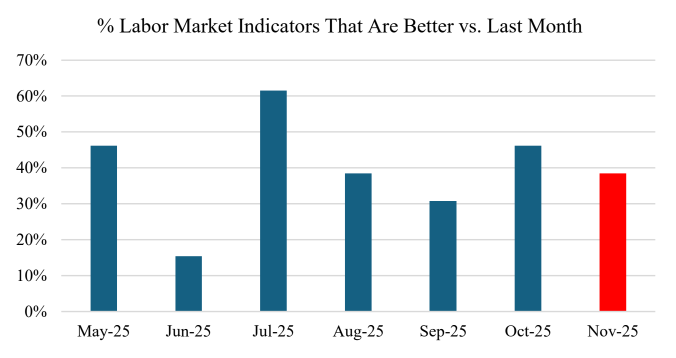
PORTFOLIO MANAGER'S REVIEW

As we usually do, let's start by showing a heat map of our indicators, followed by a chart of the data. As the table shows, November's data remains mixed (as it has in recent months), but the lack of additional deterioration is probably encouraging.



Source: *The Curb Economist*

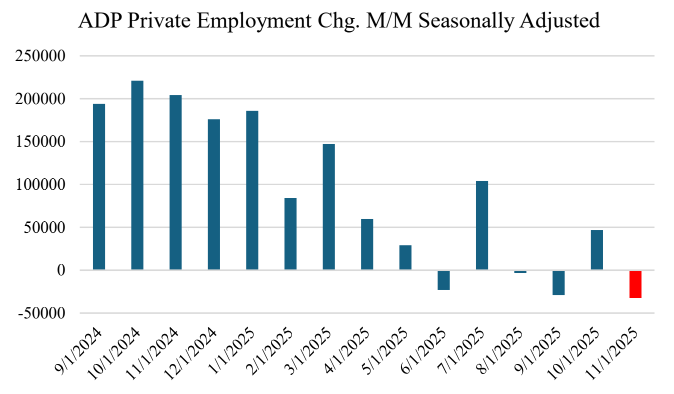
Next is a chart showing the percentage of indicators that improved sequentially compared to the previous month. This shows that November was not a great month, but probably not awful either. The labor market remains soft, and maybe even weak, but there's some emerging green shoots that might allow us to inflect higher soon.



Source: *The Curb Economist*

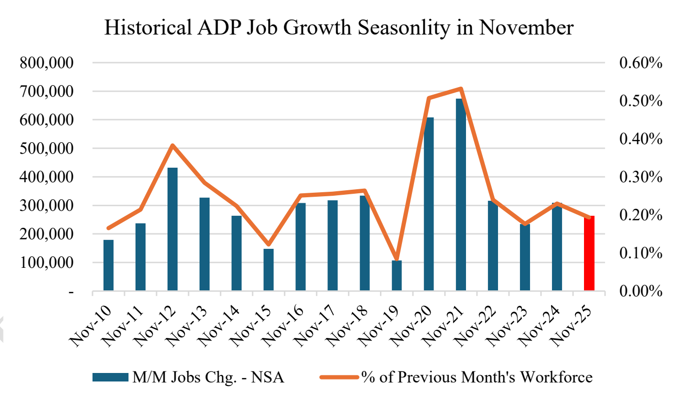
EMPLOYMENT & JOB OPENINGS

Let's now turn to specific data, and we'll start with ADP's monthly employment report. ADP's jobs report again turned negative this month, reporting a loss of 32,000 private sector jobs. This is the fourth month of job losses in the last six.



Source: ADP Employment Report, *The Curb Economist*

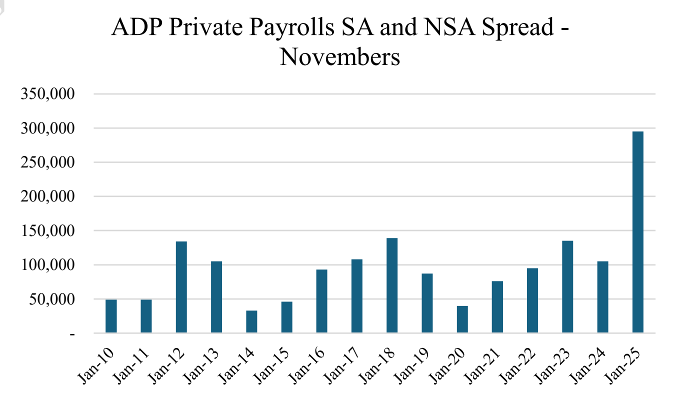
ADP's report looks a little better if you look at things on a non-seasonally adjusted basis. We do this in the chart below, where the bars show the typical change in private aggregate employment levels in Novembers compared to Octobers. The chart below also has a line that looks at the typical employment level change in November compared to October's employment base. This allows us to adjust for the growth in the size of the employment base over time.



Source: ADP Employment Report, *The Curb Economist*

When viewed on a percentage basis then, November's job gains were actually reasonably in-line with the historical average over the last 15 years (0.19% month-over-month change in November 2025 relative to October 2025 versus a 0.26% average month-over-month change in Novembers from 2010-2024).

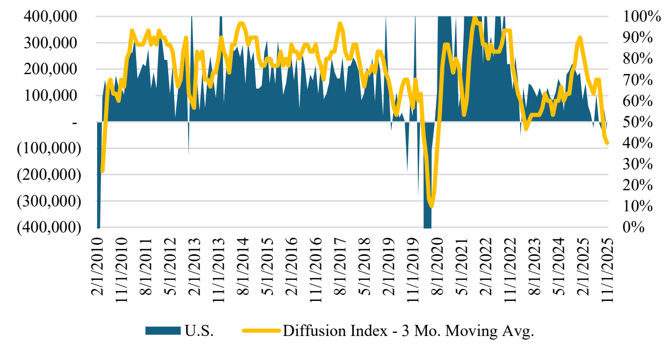
The significance of looking at things on a non-seasonal basis is that it accounts for, you guessed it, seasonal adjustments. We do this because seasonal adjustments are in many ways arbitrary and can and do change. Looking at the non-seasonally adjusted data also becomes particularly important for a month like November, where the non-seasonally adjusted data usually shows substantial gains but because of holiday hiring, the seasonally adjusted figures can be much lower. This year's seasonal adjustment in the ADP data happened to be significantly greater than usual, however, as the next chart below shows. This too helps paint a slightly better picture of the November report.



Source: ADP Employment Report, *The Curb Economist*

If we calculate a sector Diffusion Index from ADP's jobs data, however, things start to look worse again. Diffusion Indexes are helpful in that they serve as a barometer of breadth, and in this case, the measure of breadth is job growth across different sectors. If the labor market was healthy, we should (in theory anyway) be seeing job growth in a large number of ADP's 10 sectors. The first chart below shows historical job creation in the ADP employment reports overlaid with the Diffusion Index (with COVID extremes cut off). As the chart makes clear, there is a strong overlap. Large job creation months are almost always seen in months where there is a high Diffusion Index value as well. The reverse is also true.

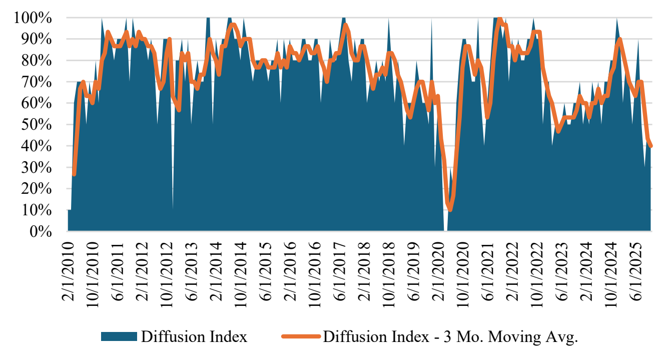
ADP Jobs Created vs. Diffusion Index



Source: ADP Employment Reports, *The Curb Economist*

If the Diffusion Index is synonymous with both labor market breadth and health then, what is it saying now? In November, both the one-month and three-month average Diffusion Indexes fell to 40%, the lowest since the depths of 2020 (in August 2020 the Diffusion Index was 37%). The below two charts help put this concerning trend in perspective.

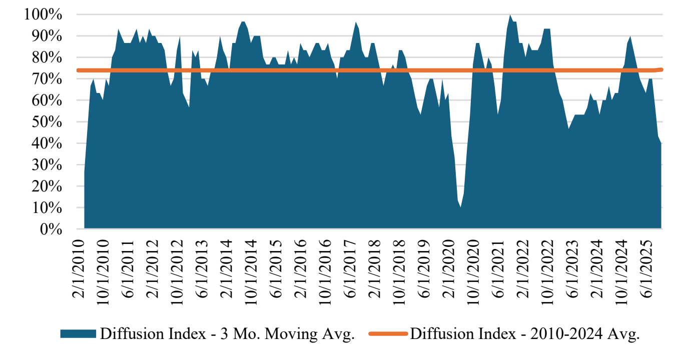
ADP Jobs Report Diffusion Index & 3 Mo. MA



Source: ADP Employment Reports, *The Curb Economist*

Now here is the same 3 month moving average compared to the historical average from Feb. 2010 to Oct. 2025. Here too, you can see we're well below the historical average (40% in November vs. 74% historically), confirming weak breadth, and likely, a weak labor market.

ADP Jobs Report Diffusion Index & 3 Mo. MA



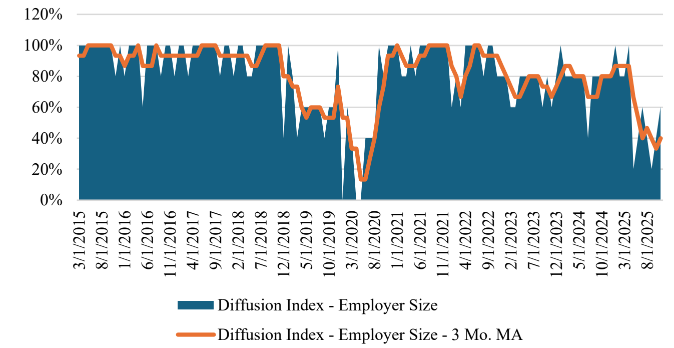
Source: ADP Employment Reports, *The Curb Economist*

The same trends can be seen when cutting the ADP data based on employer size. Below is a table showing the number of months of positive job growth by employer size over the last 6, 12, and 24 months, as well as a chart showing a Diffusion Index based on company size as well. The table shows that hiring has been meaningfully skewed towards larger employers, which has resulted in the Diffusion Index being pulled down in the chart below.

Employer Size	1-19	20-49	50-249	250-499	500+
Last 6 Months	1	0	4	2	6
Last 12 Months	5	3	10	7	11
Last 24 Months	16	8	21	15	23
Employer Size	1-19	20-49	50-249	250-499	500+
Last 6 Months	17%	0%	67%	33%	100%
Last 12 Months	42%	25%	83%	58%	92%
Last 24 Months	67%	33%	88%	63%	96%

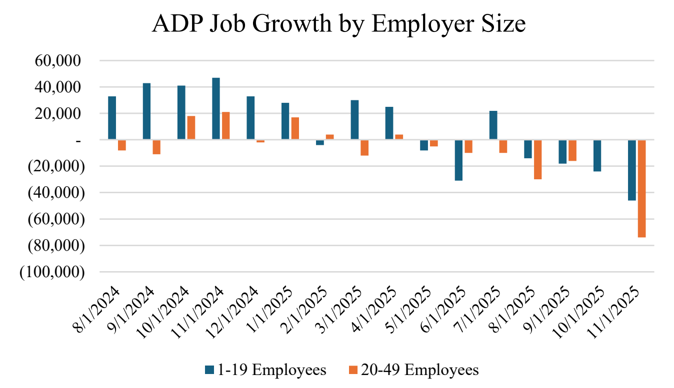
Source: ADP Employment Reports, *The Curb Economist*

ADB Jobs Diffusion Index by Employer Size

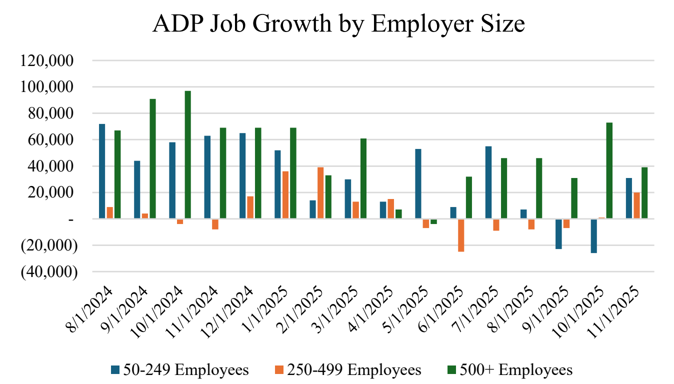


Source: ADP Employment Reports, *The Curb Economist*

This can be more easily seen if we show aggregate job growth based on firm size, which the next two charts show. Larger firms are clearly carrying the bulk of what little employment growth we have.

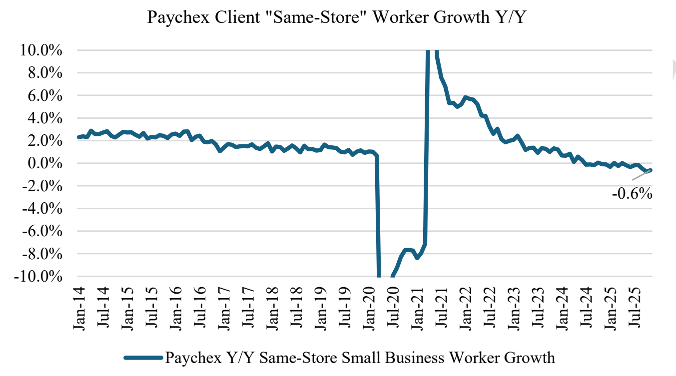


Source: ADP Employment Reports, *The Curb Economist*



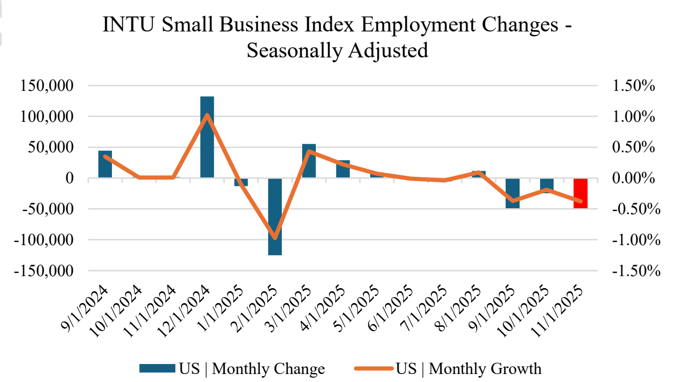
Source: ADP Employment Reports, *The Curb Economist*

Let's now turn to Paychex's Small Business Employment Watch Data. This metric tracks "same-store" employment at PAYX's clients. For November, this index ticked up slightly to 99.38. While this was slightly higher than October's 99.27, this was still about as low as this dataset has seen since March of 2021. For perspective, the lowest figure from the pre-COVID era (in this case we have data from September 2014 until February 2020) was 100.75, which occurred in September of 2019 (February 2020, for reference was 100.67). The PAYX same-store data has clearly been softening, but it didn't get any worse in November. This stands in contrast a bit to what the ADP data showed, which indicated hiring trends in the small business world got worse in November (see first of two charts above).



Source: Paychex Small Business Employment Watch, *The Curb Economist*

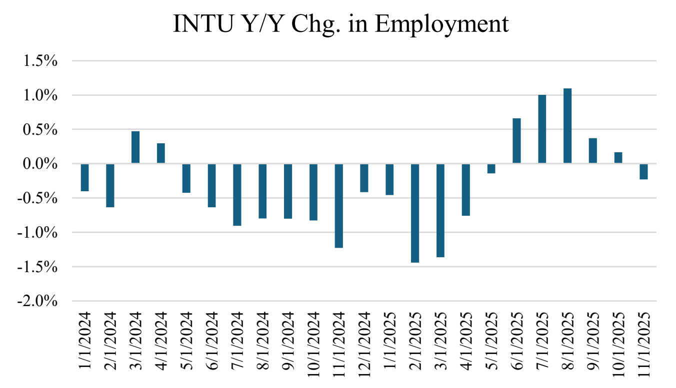
Intuit's QuickBooks Small Business Index (which is seasonally adjusted and tracks businesses with 1-9 employees) was more in-line with ADP's data than PAYX's this month, and showed another month of losses.



Source: Intuit Small Business Index, *The Curb Economist*

Since INTU doesn't give us seasonally un-adjusted employment levels, we can try and compensate for this by looking at year-over-year growth in employment. As a reminder, ADP's jobs data looked significantly more encouraging looking at the data without seasonal adjustment, suggesting seasonal adjustments may be pulling down the aesthetics of that datapoint. We're trying to essentially do the same thing here for the INTU data, albeit in a different way. The below chart shows that year-on-year growth in the INTU data actually slipped back into negative territory in

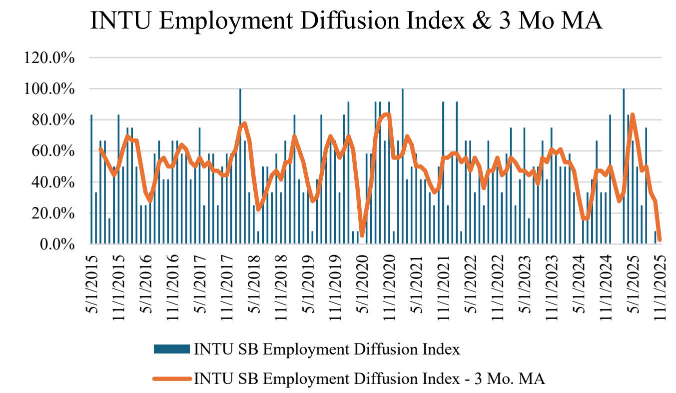
November. Whatever silver lining the ADP data might have been able to give us in this regard, the INTU data doesn't substantiate it.



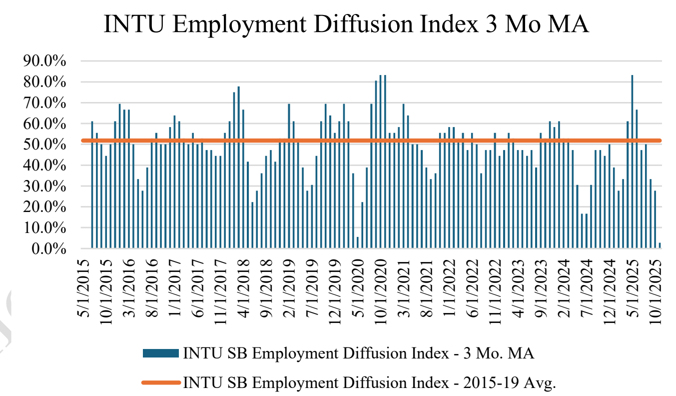
Source: Intuit Small Business Index, *The Curb Economist*

Like ADP, INTU also discloses employment by sector, which allows us to compile a Diffusion Index from that dataset as well. The below two charts seek to do that, compiling both a raw Diffusion Index predicated on the 12 sectors that INTU discloses, and then a 3 month moving average. Similar to what we did with ADP, the Diffusion Index is simply the percentage of sectors each month with job growth (6 out of 12 would equate to a Diffusion Index value of 50%, 9 would be 75%, etc.). The first chart shows the raw Diffusion Index against the 3 month moving average, and the second chart looks at the 3 month moving average and compares it to the average Diffusion Index value from 2015-19.

Both charts show noticeable weakening of late, with both the raw Diffusion Index and the 3 month moving average trending down. In November, INTU's Diffusion Index again fell back to 0%, indicating 0 of its 12 sectors reported job creation. Arguably worse was that the 3 month moving average fell to an all-time low for this dataset to 2.8%. Though only one datapoint, this suggests employment in the small business world is precarious at best.

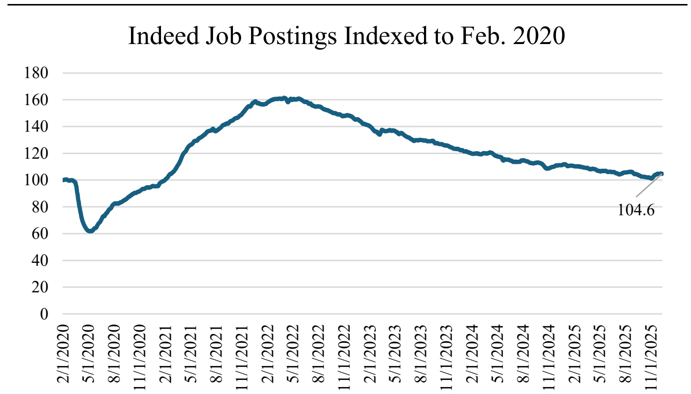


Source: Intuit Small Business Index, *The Curb Economist*



Source: Intuit Small Business Index, *The Curb Economist*

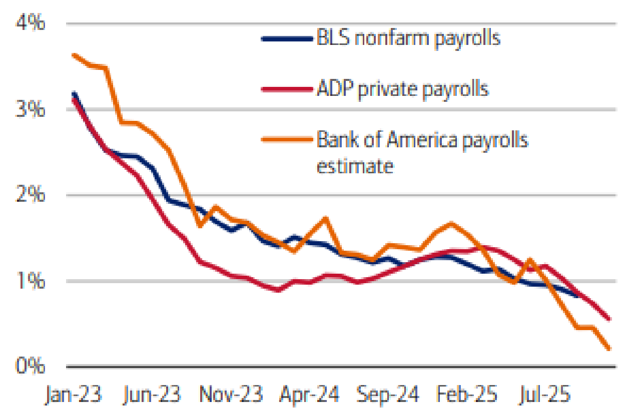
Indeed posts both job opening and posted wage growth data. We'll come back to the wage growth data later, but for now, the job openings data for November indicates a slight tick up in job openings, which is encouraging and may bode well for a future pickup in hiring in coming months.



Source: Indeed Hiring Lab, *The Curb Economist*

Let's now turn to the Bank of America Institute's Employment Report for November of 2025. Their data estimates both payrolls and unemployment payments based on the payment data into their clients' accounts. Though there are still only a few months worth of hard numbers for us to track here, their charts indicate weaker job growth and greater unemployment payment growth in November compared to recent months. They write, "Our data suggests payroll growth slowed in November, though remained positive year-over-year (YoY). Combined with no acceleration in the rise in unemployment payments into Bank of America customer accounts, the data suggests we remain in "low-hire, low-fire" mode, in our view."

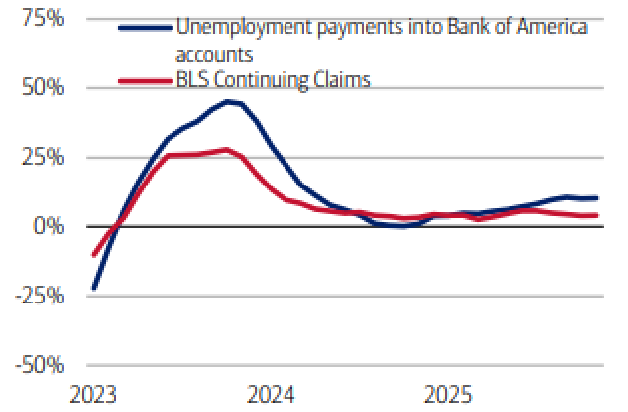
Exhibit 1: An estimate of payrolls from Bank of America internal data suggests November saw some deceleration in YoY jobs growth
Payroll estimates from Bank of America internal data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (ADP) (monthly, YoY)



Source: Bank of America internal data, Haver Analytics
BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted.
BANK OF AMERICA INSTITUTE

Source: Bank of America Institute, *The Curb Economist*

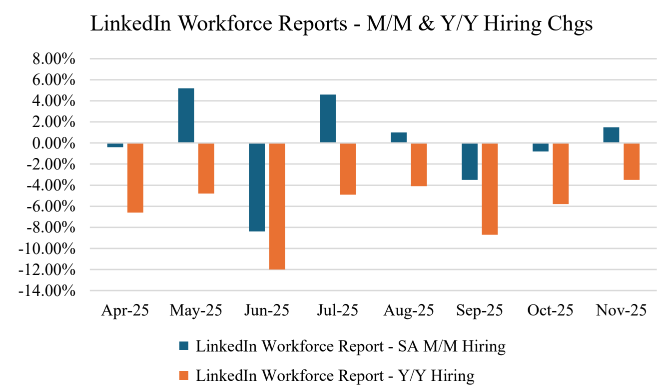
Exhibit 2: Unemployment payments into Bank of America customer accounts rose around 10% YoY in November, similar to September and October
Number of households receiving unemployment payments (three-month moving average, YoY%, not seasonally adjusted (NSA)) and Continuing claims (three-month moving average, YoY%, seasonally adjusted (SA))



Source: Bank of America internal data, Bloomberg
November continuing claims YoY data is average for weeks through November 21, 2025.
BANK OF AMERICA INSTITUTE

Source: Bank of America Institute, *The Curb Economist*

Let's close this section with LinkedIn's Workforce data. This data too shows continued softness, but less so than in recent months. There's even an argument to be made this data is inflecting higher, with more hiring in store in coming months.



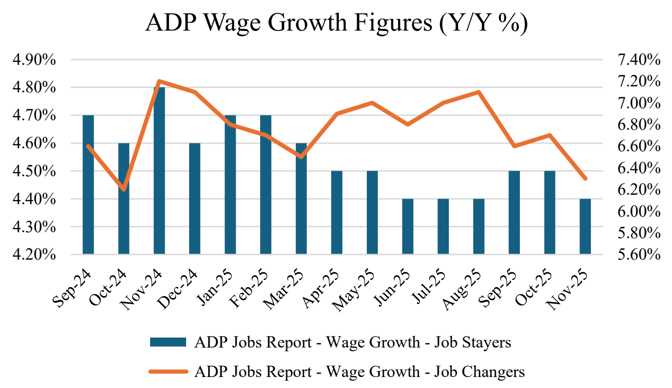
Source: LinkedIn Workforce Reports, *The Curb Economist*

In summary, most of the November data on hiring and job openings indicate a still soft labor market, but perhaps with some signs of improvement on the horizon.

WAGES, HOURS & PAYROLL GROWTH

While the employment side of the labor market coin again feels precarious in November, the wages data coming from private market sources again feels more stable. But perhaps not as stable as we've seen in recent months.

Let's turn to the specific data. We'll again start with wage growth from the ADP employment reports. ADP wage growth data on a year-over-year basis for November actually slowed for both "job-stayers" and "job switchers", even if only slightly.

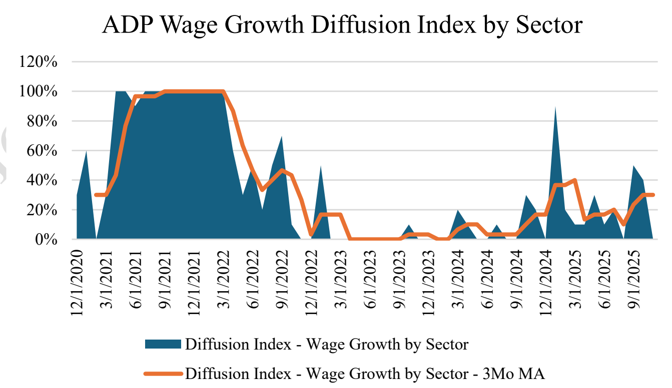


Source: ADP Employment Reports, *The Curb Economist*

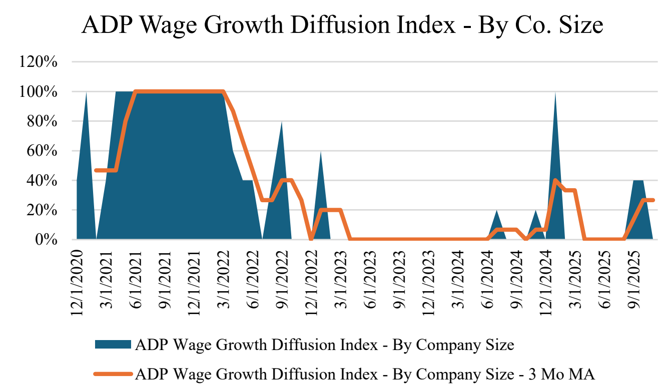
ADP Pay Diffusion Indexes for both sector and company size show a mixed but arguably more positive picture. For starters, the raw ADP Diffusion Indexes for both sector and size fell back to 0% this month. While this is seemingly bad, a 0% on the Diffusion Index with respect to wages is not nearly as alarming as a 0% on the jobs index, simply because wage growth moves much more slowly than actual employment. A 0% on a Diffusion Index when it comes to wage growth would be bad if we were seeing consistent *declines* across the board, but not necessarily if we were seeing *stability* (this is also why it's all the more relevant to use 3 month moving averages in this case). Both can produce a 0% result, however.

So which are we seeing? This month, 5 of the 10 ADP sectors saw wage growth slow by 0.1% in November. The other five sectors saw wage growth in-line with where it was in October. That isn't super encouraging. When it comes to company size, however, only one of the five company size delineations saw wage growth decelerate in November, with the other four remaining stable month-over-month.

As noted above, however, this is what makes using the 3 month moving averages that much more important for these Diffusion Indexes. In November, Diffusion Indexes based on both sectors and company size were flat on a 3 month rolling average basis. Though we're nowhere close to where we were in '21-22, the strength we've seen late in '24 and early in '25 has generally continued in recent months, as the two charts below indicate.

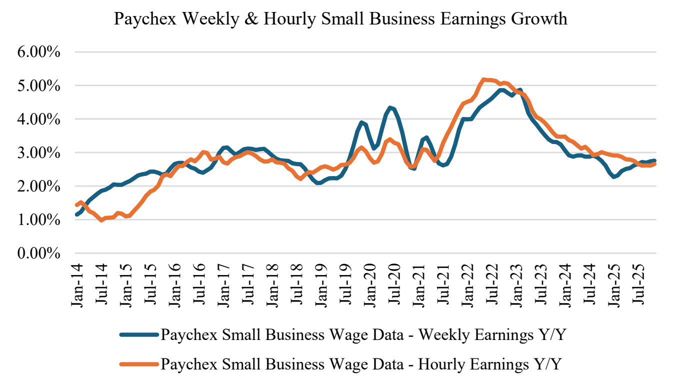


Source: ADP Employment Reports, *The Curb Economist*



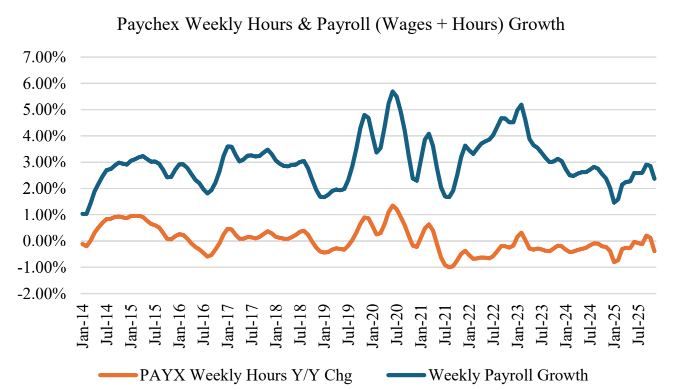
Source: ADP Employment Reports, *The Curb Economist*

Let's now turn to PAYX, which again this month tells a bit more upbeat story. Hourly wage growth had been slowing in recent months, while weekly wage growth has been improving, largely on the back of stronger hours. Now, however, we're starting to see wage growth tick up in both hourly *and* weekly earnings.



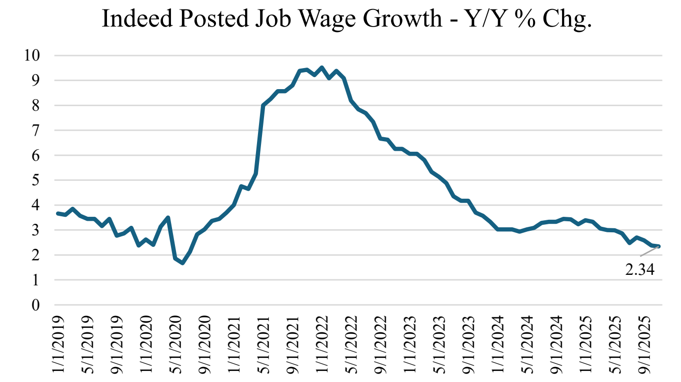
Source: Paychex Small Business Employment Watch, *The Curb Economist*

We noted above that weekly earnings growth was being driven by growth in hours, not wages. In November, however, at least on a preliminary basis (PAYX data isn't immune to revisions, especially on this metric), this seems to have reversed a bit, with hours growth falling -0.39% this month. As the chart below shows, this hours data can be volatile, however, so we shouldn't make too much out of one month. But it is a departure from a positive recent trend.



Source: Paychex Small Business Employment Watch, *The Curb Economist*

Lastly, Indeed's posted wage growth data indicates more slowing as well, with November's 2.34% wage growth the slowest since July 2020.

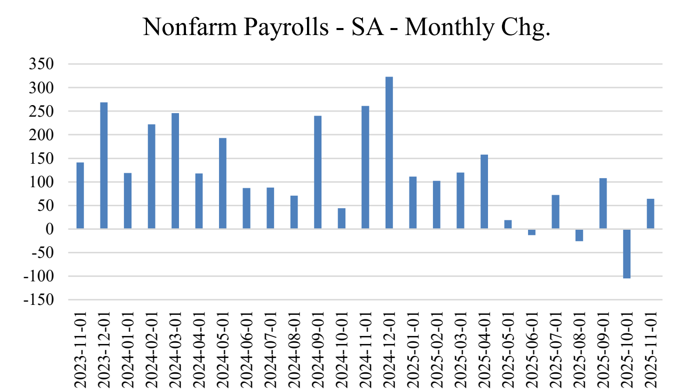


Source: Company Data, *The Curb Economist*

The conclusions from the wage growth side of the labor market coin can probably be summarized as mixed, with some signs of continued stability, but perhaps fewer signs than what we've seen in recent months. Now let's turn to the government data to see how our conclusions thus far compare to the data from the BLS.

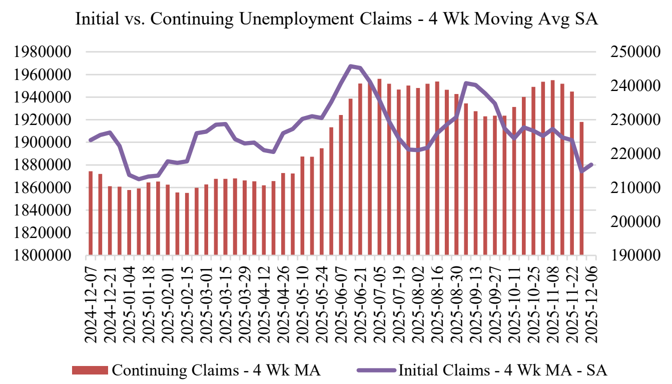
WHAT DOES THE GOVERNMENT DATA SAY?

Today's nonfarm payroll release painted a mixed picture of the labor market (in case you're tired of reading this, we're just as tired of writing it). On the one hand, November saw a 64,000 job *gain*. October, on the other hand, saw a 105,000 job *loss*. This was the third job loss in the last 6 months, likely confirming little to no hiring, but also little to no firing happening too.

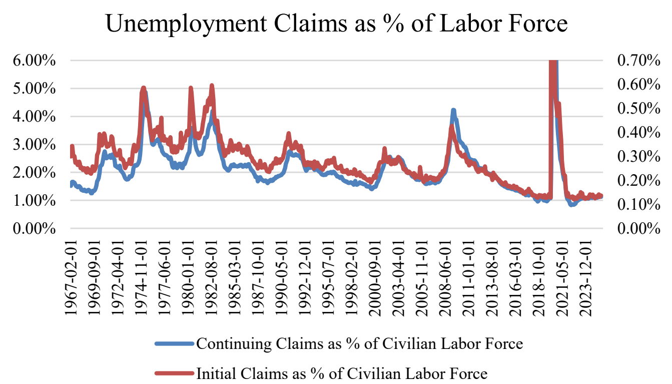


Source: Bureau of Labor Statistics (BLS), FRED, *The Curb Economist*

Unemployment claims, however, remain low (first chart), and even lower when you adjust for the size of the labor force (second chart). The rise in continuing claims seems to indicate that those people that do get laid off are taking longer to find a job, but the stabilization of continued claims suggests that far more often than not, people who are unfortunate enough to lose their job are indeed finding work again. We should remind the reader that unemployment claims are one of the "harder data" categories that we have from the government, so they are a good sanity check on what's happening with the BLS jobs report each month.

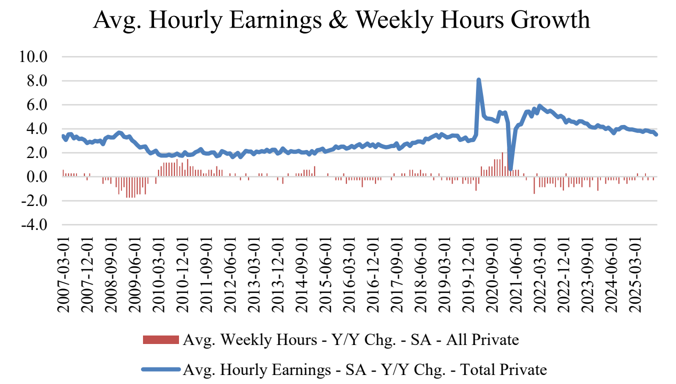


Source: U.S. Employment and Training Administration, FRED, *The Curb Economist*

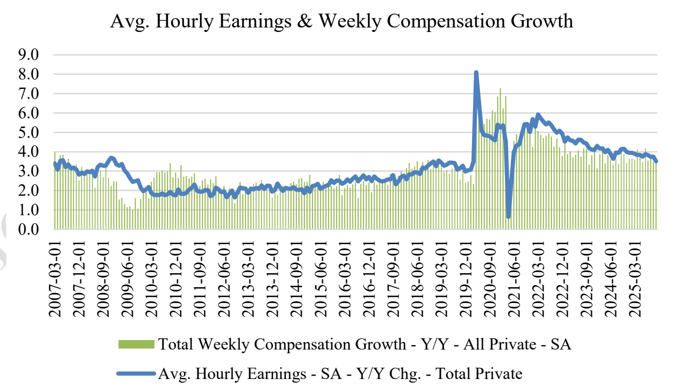


Source: U.S. Employment and Training Administration, FRED, *The Curb Economist*

So if little net hiring is happening, what's happening with wages? Here the government data is generally lining up with the private data, which is showing slowing but still solid hourly earnings, wage, and overall compensation growth.



Source: BLS, FRED, *The Curb Economist*



Source: BLS, FRED, *The Curb Economist*

The conclusion from the government data that we got this morning for October and November generally lines up with the private sector data: job growth has slowed, though firings in earnest are not yet significant to the economy. That said, the looseness in the labor market has affected wage growth, which generally remains stable but which may be starting to soften further.

CONCLUSION

Labor market conditions in the United States remain fragile, but they did not appear to worsen in November. Thankfully both the private sector and government data seem to corroborate this. It seems we continue to live in a slow-to-hire, slow-to-fire labor market, and the resilience of wage growth suggests employers are not yet keen on reducing workers *en masse* anytime soon. That said, wage growth statistics still suggest stability, though perhaps not as much as we've seen in recent months. While job cuts came down in December, they were still up 24% year-on-year, according to the latest Challenger Gray & Christmas data. The reduction in December off a 14 year high in November has put job cuts above, but much closer to, the general range we've seen since 2022. If there is a silver lining in this data, this is it.

It remains to be seen which way we'll inflect from here. On the one hand, data from Indeed (which we discussed above), suggests job openings may be on the rise again, or have at least stabilized, and the government's JOLTS data seems to indicate the same. LinkedIn's data seems to indicate the same. Furthermore, after another quarter of solid retail sales, it seems the effects of tariffs have probably been more digested than not, though there is still likely something of a pig-in-a-python dynamic here that we may not fully understand until after the holiday shopping season. If we can make it through the holidays without a significant consumer spending drop, maybe we'll be able to see the light through whatever bizarre half-recession tunnel we seem to be in (to be clear, we at TCE don't think we're actually in a recession, but it certainly feels like it sometimes).

The other large, looming question for the labor market is how AI will affect it, and just as importantly, *when* it will affect it. Though it's beyond the scope of these monthly notes to go into too much detail, the impact of AI on the US economy is almost certainly already being felt, just seemingly not yet in earnest on the labor market. Work so far from the New York Fed suggests that ominous forecasts for what AI will eventually do to the labor market may prove misguided, and this latest technology advance on society may in turn go the way of almost all the others (new technology creates wealth and income for some, which in turn gets recycled back into new business formation and subsequently, new jobs for everyone else). But this too remains to be seen.

So bottom line, for now, the labor market is hanging tough, but things feel increasingly precarious. Check back next month to see where things stand for December in the new year.

Merry Christmas, Happy Holidays, and Happy New Year!