

# Register-Guard Capital

EMPLOYMENT MEMO 2/11/26

We predict a mild, positive surprise tomorrow. We expect job growth above consensus, an unemployment rate below consensus, and annual wage gains of below consensus. Specifically, we project non-farm employment gains of 70,000, an unemployment rate of 4.2%, and average hourly earnings growth of 3.4%.

The Bureau of Labor Statistics releases its delayed January 2026 Employment Situation Report tomorrow on February 11<sup>th</sup>, 2026. The Dow Jones consensus forecast shows that many are expecting payroll growth of 55,000 with the unemployment rate at 4.4% and annual wage gains of 3.7%.<sup>1</sup> Despite this, economists from many Wall Street banks are projecting lower job growth with estimates between 0 and 45,000.<sup>2</sup> Yet, Federal Reserve officials think that slower hiring will be paired with lower layoffs as well, signaling a stabilization rather than a true weakening.<sup>3</sup>

We are above consensus on jobs because GDP growth has been strong and initial jobless claims are steady. First, the Atlanta Fed's GDPNow estimate for Q4 sits at 3.7% as of February 10<sup>th</sup>, 2026.<sup>4</sup> Strong output growth cannot be sustained with a labor market in retreat, unless high productivity and/or strong exports are present. We haven't seen either of those in the data. Second, initial jobless claims have held steady in the 215-220K range through January, well below levels that would signal rising layoffs.<sup>5</sup> The Fed's recent characterization of the labor market as "stabilizing" rather than weakening is accurate, but stabilization at current demand levels still produces job gains, just at a more moderate pace than the post-pandemic surge.

We are below consensus on wage growth because the soft landing is still in action. The JOLTS quits rate has fallen to 2.0%, the lowest since 2015, meaning workers are no longer job-hopping for raises.<sup>6</sup> Labor supply has caught up with demand. Employers are still hiring, but they're not bidding up wages to do it. A 3.4% print would mark continued normalization toward the pre-pandemic trend of 3.0-3.5% without signaling demand destruction.

We are below consensus on the unemployment rate because household survey volatility from the October shutdown gap should normalize, pulling the rate back toward trend.

Finally, as a note, forecasters and the consensus estimates are historically inaccurate in our view. We have been at odds with the consensus estimates for non-farm payrolls and inflation since the Great Post-Pandemic Inflation Surge. In our history of projection, relying heavily on ADP private payroll reports, the ISM indices, and independent advisory firms' reports leads us astray. We root our analysis in a fundamental understanding of the macroeconomy.

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1. Jeff Cox, "January Jobs Report Preview: What to Expect from a Labor Market in Flux," CNBC, February 10, 2026, <https://www.cnbc.com/2026/02/10/jobs-report-preview-january-2026.html>.
  2. Cox, "January Jobs Report Preview."
  3. Cox, "January Jobs Report Preview."
  4. Federal Reserve Bank of Atlanta, "GDPNow," February 10, 2026 (estimate for Q4 2025), <https://www.atlantafed.org/research-and-data/data/gdpnow>.
  5. U.S. Employment and Training Administration, "Initial Claims [ICSA]," retrieved from FRED, Federal Reserve Bank of St. Louis, February 10, 2026 (observation for week ending Feb 7).
  6. Bureau of Labor Statistics, "Job Openings and Labor Turnover Summary," February 10, 2026 (data for December 2025).

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