



October Jobs Day Preview: Watching Signs of Weakness

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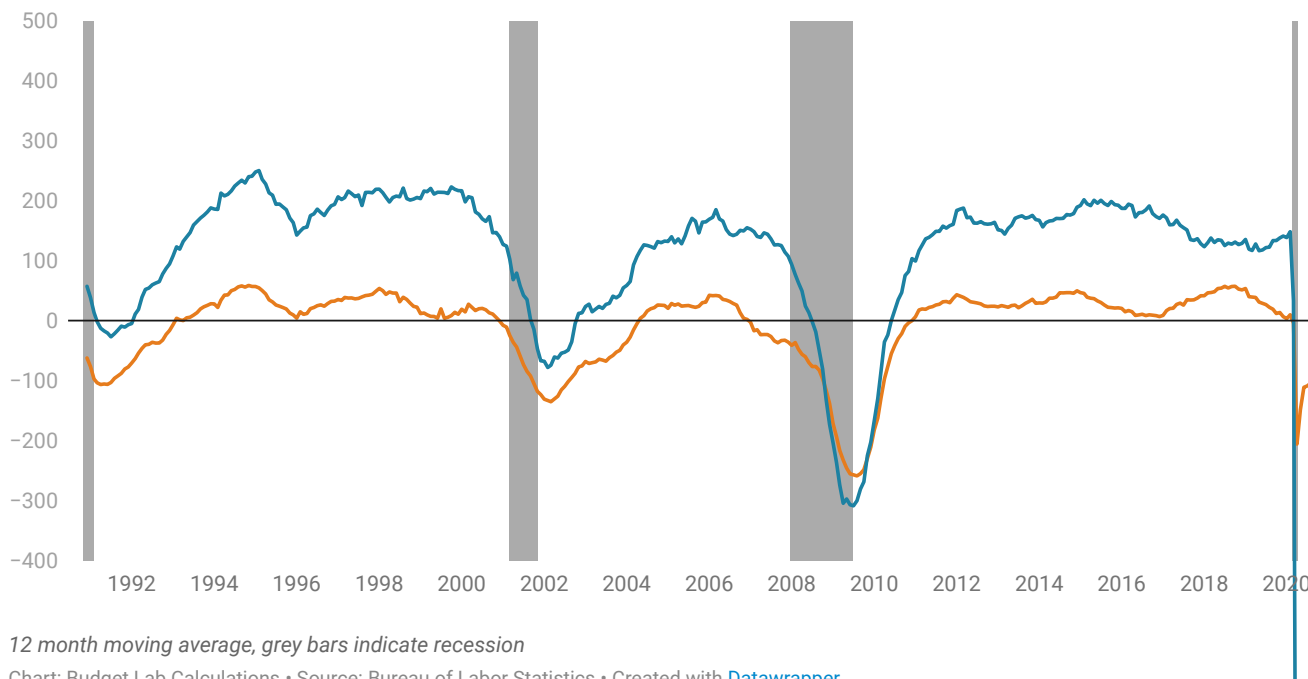
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As the state of the labor market becomes a question of increasing importance – where are signs of strain and what can they tell us about where we’re heading? Looking at some of the patterns of job growth across cyclical (and acyclical) industries can help us determine where we might be headed and how worried we should be.

On the one hand, goods-producing industries have more volatile employment than service-providing industries and often experience “mini” recessions (e.g. in the mid-2010s). We’ve seen goods-producing industries experience a slide in growth for quite some time – starting around 2023. In other words, those industries were struggling even before tariffs hit, although job growth has continued to worsen in 2025. A slowdown in goods-producing industries does not mean we are headed into a recession, but it does suggest that a substantial part of the labor market has already been experiencing “recessionary” conditions.

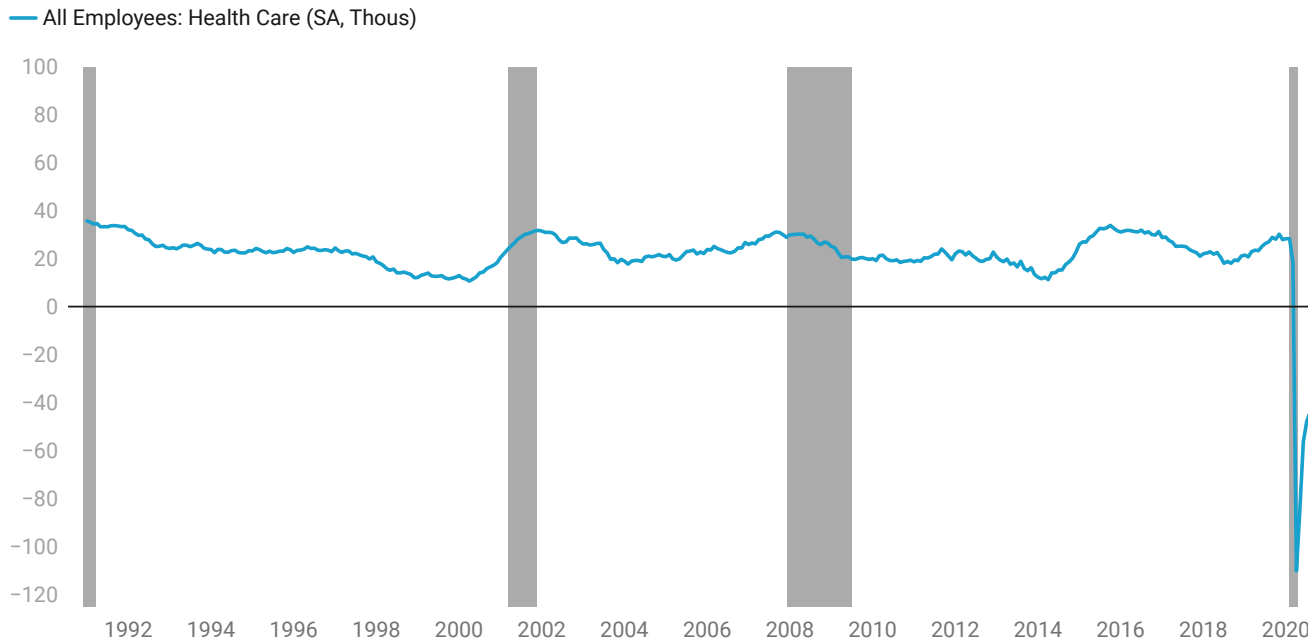
Goods-Producing Industries Have More "Cycles" Than Service-Providing Industries

— Change in Private Service-Providing Employment (SA, Thous)
 — Change in Goods-Producing Employment (SA, Thous)



On the other hand, healthcare tends to be relatively acyclical – it has relatively steady growth.

Growth in HealthCare Employment Tends to Hold Up Even in Recessions

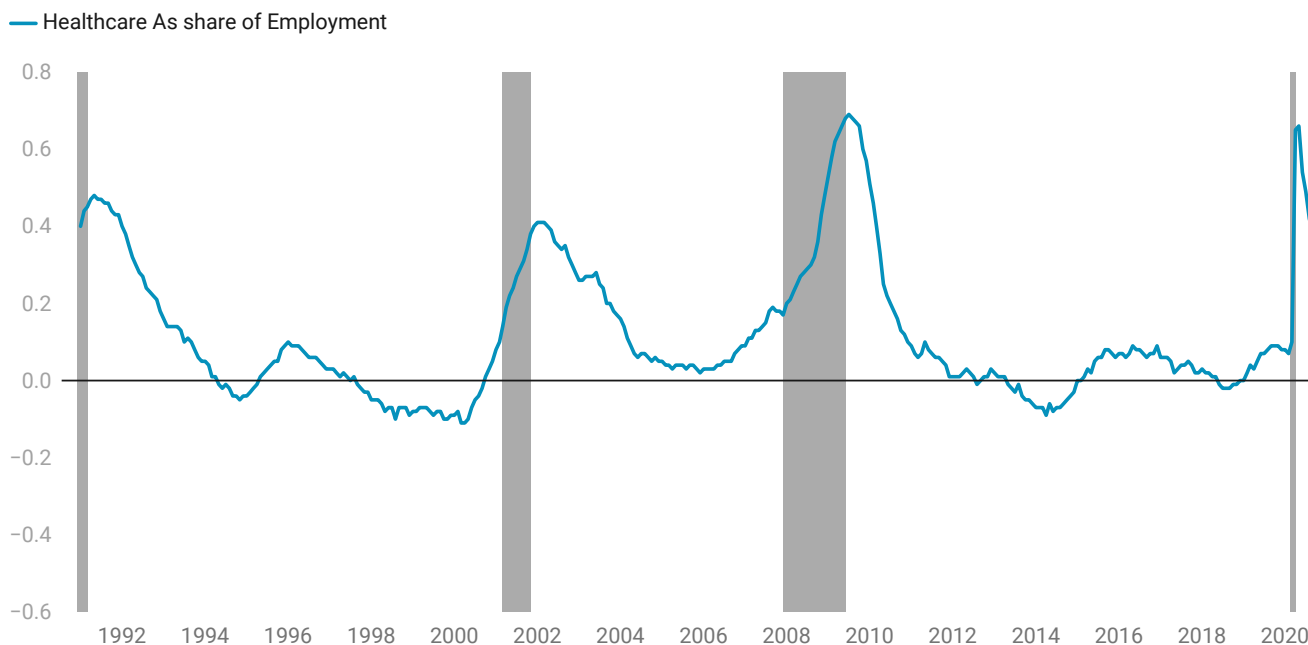


12 month moving average, grey bars indicate recession

Chart: Budget Lab Calculations • Source: Bureau of Labor Statistics • Created with [Datawrapper](#)

That means that as we head into recessions, the share of employment that is in healthcare tends to ramp up as we lose more jobs in more cyclical industries (like e.g. construction).

Healthcare as a Share of Employment Tends to Ramp Up Going into Recessions



12 month change in share of healthcare of overall nonfarm employment. Grey bar indicates recession

Chart: Budget Lab calculations • Source: Bureau of Labor Statistics • Created with [Datawrapper](#)

The rising share of employment that is in healthcare has in recent years reached a pace of change that in the past has been associated with recessions. The rate of change has slowed somewhat, but then has plateaued in recent months. However, part of the increase in healthcare employment as a share of overall employment is because of relatively strong growth in that sector, not just slowing growth elsewhere.

Neither of these indicators should be taken as a sign that we have been in a recession, are in one currently, or are necessarily heading into one. But they are both suggestive of a labor market that is experiencing weakness.