



# What's Happening with the Labor Market? We're About to (Maybe) Find Out

Author(s): Martha Gimbel

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This week we will finally get the employment situation release for November from BLS. What will it say? Of course we have no idea. But there are a few points to keep in mind as we head into the release.

## 1. It is plausible the government shutdown will still affect the jobs numbers for November

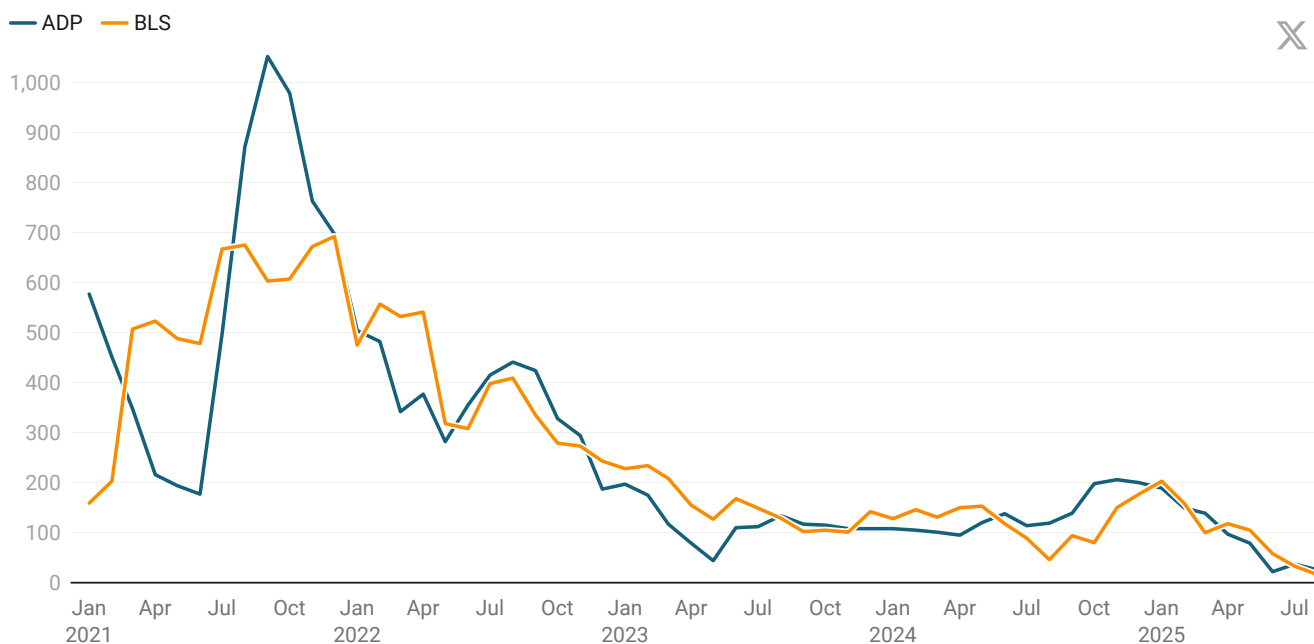
The shutdown ended on November 12. Normally the reference period for the Bureau of Labor Statistics is the pay period/week including the 12<sup>th</sup>. But BLS had to ramp back up and start collecting data once they were back online. It is plausible that the constraints around the collection period and getting the process up and running again could inadvertently shift the jobs numbers (in either direction). In addition, the numbers for November may still be affected by the shutdown – for instance JOLTS for October showed higher layoffs for state and local government, which may reflect those governments losing federal government dollars due to the shutdown. We also were anticipating a loss in federal government jobs in October anyway as workers who took the “fork” left payrolls.

## 2. We know something from the private-sector data... but not everything

We continue to get private-sector data releases while the government was shutdown. But private-sector data is imperfect. For instance, layoff data from Challenger, which received a fair amount of attention during the shutdown, suggests that there have been substantially more layoffs this year due to AI as due to tariffs. Not only is this prima facie absurd (it's only been three years!), but Budget Lab's AI tracker shows minimal impact of AI on the labor market so far.

However as Budget Lab nonresident fellow Ernie Tedeschi has pointed out, the three-month moving average of ADP employment changes does correlate with the three-month average change for private-sector employment from BLS.

## Over three months, ADP and BLS private-sector employment do correlate



Three-month moving average of private-sector employment.

Chart: The Budget Lab • Source: BLS, ADP, Budget Lab calculations. • [Get the data](#) • Created with [Datawrapper](#)

As such, it is reasonable to assume that on average over the next few months we may be looking at zero employment growth on average.

### 3. Whatever happens, please don't yell "AI"

As mentioned earlier, the AI tracker from the Budget Lab continues to show no aggregate impact from AI in the labor market. This is not a predictor of what may happen in the future – but it's an important reminder that technological change takes time. Companies have to figure out how to incorporate new technology into their workflow – and the technology itself is evolving. We may start seeing dramatic changes (or not) to the labor market in the next few months – but any changes are more likely to be about the macroeconomic situation and rather than a technological revolution that is still in its infancy.