



Employment Report | September 5, 2025

Weaker Job Growth, More Rate Cuts

This morning's employment report confirmed two notions. First, the labor market has weakened. Second, the Federal Reserve is very likely to begin cutting its overnight policy rate.

Job growth appears to be stalling. Over the summer, the economy added just 29,000 net new jobs per month on average, well below the roughly 75,000 needed to "break even" and hold the unemployment rate steady. Hiring and job-switching is slowing across the economy, which we can see not only in the slower pace of new payroll jobs but also in the number of job openings posted and in survey data about hiring plans. Looking underneath the hood, few sectors are adding jobs—healthcare and social care jobs have accounted for over 100% of recent job gains, and the manufacturing, professional, and government sectors have actually shed jobs.

Financial markets reacted strongly to this morning's weaker than expected report. Treasury yields fell sharply, with the 10-year dropping 0.08pp to 4.07%, the lowest since the early-April tariff announcements that roiled markets. Shorter-term yields tumbled as markets bolstered and increased their expectations for Fed rate cuts this year and next. Equity markets initially reacted favorably, with S&P 500 futures popping +0.4% minutes after the release and trading at all-time highs at the open. But as the trading day has progressed, this "bad news is good" reaction has faded with the S&P 500 now down 0.5% as of this writing.

Although this morning's report shows the labor market has weakened, the economic outlook is still far from determined. There is considerable noisiness in economic data this year, and this may drive market volatility as the macro narrative fluctuates. We continue to emphasize the importance of having and sticking to a financial plan, especially in times of heightened uncertainty.

CONTACT

Blake Taylor | VP, Market and Economic Research Analyst

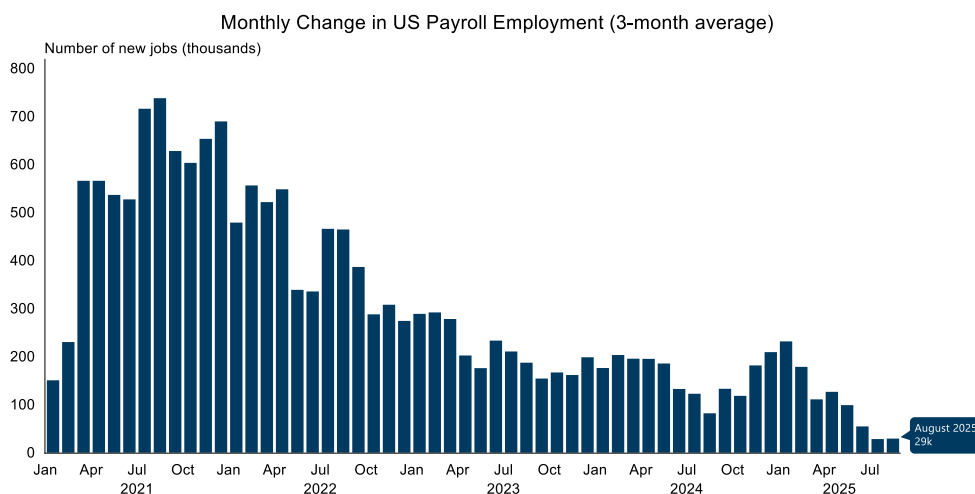
blake.taylor@firstcitizens.com
919-716-7964

Phillip Neuhart | SVP, Senior Director of Market and Economic Research

phillip.neuhart@firstcitizens.com
919-716-2403

Brent Ciliano, CFA | SVP, Chief Investment Officer

brent.ciliano@firstcitizens.com
919-716-2650



Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 5, 2025



First Citizens Wealth™

Making Sense



[Sign up](#) to receive regular market & economic updates straight to your inbox.

FIRSTCITIZENS.COM/WEALTH

The views expressed are those of the author(s) at the time of writing and are subject to change without notice. First Citizens does not assume any liability for losses that may result from the information in this piece.

This material is for informational purposes only and is not intended to be an offer, specific investment strategy, recommendation, or solicitation to purchase or sell any security or insurance product, and should not be construed as legal, tax or accounting advice. Please consult with your legal or tax advisor regarding the particular facts and circumstances of your situation prior to making any financial decision. While we believe that the information presented is from reliable sources, we do not represent, warrant, or guarantee that it is accurate or complete.

Your investments in securities and insurance products and services are not insured by the FDIC or any other federal government agency and may lose value. They are not deposits or other obligations of, or guaranteed by any bank or bank affiliate and are subject to investment risks, including possible loss of the principal amounts invested.

About the Entities, Brands and Services Offered

First Citizens Wealth™ (FCW) is a marketing brand of First Citizens BancShares, Inc., a bank holding company. The following affiliates of First Citizens BancShares are the entities through which FCW products are offered. Brokerage products and services are offered through First Citizens Investor Services, Inc. ("FCIS"), a registered broker-dealer, Member **FINRA** and **SIPC**. Advisory services are offered through FCIS, First Citizens Asset Management, Inc. and SVB Wealth LLC, all SEC registered investment advisers. Certain brokerage and advisory products and services may not be available from all Investment Professionals, in all jurisdictions, or to all investors. Insurance products and services are offered through FCIS, a licensed insurance agency. Banking, lending, trust products and services, and certain insurance products and services are offered by First-Citizens Bank & Trust Company, Member **FDIC**, and an Equal Housing Lender and SVB, a division of First-Citizens Bank & Trust Company. **FDIC**

For more information about FCIS, FCAM or SVBW and its Investment Professionals click here:

<https://www.firstcitizens.com/wealth/disclosures>

©2024 First-Citizens Bank & Trust Company. All rights reserved. Silicon Valley Bank, a division of First-Citizens Bank & Trust Company. Member FDIC., First Citizens Wealth is a trademark of First Citizens BancShares, Inc. .