

Economic Update, October 3, 2026  
Submitted by Michael Mount

Summary: Private employment decreased in September, and hiring plans are less than half of what they were a year ago, though announced job cuts were also down. Federal Reserve Vice Chair Philip Jefferson expects GDP to maintain its rate of growth of 1.5 percent from the first half of 2025, though GDPNow's estimate of current GDP growth decreased slightly to 3.8 percent. Consumer confidence decreased, with consumers' view of the present economic situation suffering its largest drop in a year. Mortgage interest rates increased last week. Some federal reports were not released this week because of the federal shutdown. For example, the Bureau of Labor Statistics didn't release its monthly jobs report.

### **Federal Government Indicators and Reports**

#### Bureau of Labor Statistics

Tuesday, [Job Openings and Labor Turnover](#): "The number of job openings was unchanged at 7.2 million in August. . . . Over the month, both hires and total separations were little changed at 5.1 million."

### **Economic Indicators and Confidence**

#### Federal Reserve

Tuesday, [Jefferson Speech](#): Speaking at the International Monetary Policy Conference, Fed Vice Chair Philip N. Jefferson said, "Recent data indicate that U.S. economic growth has moderated. . . . In the first half of 2025, U.S. GDP grew at about a 1.5 percent annual rate, which reflects a marked cooling from last year's 2.5 percent growth rate. The slowdown in economic activity in the first half of this year was primarily driven by weaker consumer spending. That said, U.S. retail spending picked up over the summer. Overall, I expect the U.S. economy to maintain the first half's rate of growth through the remainder of the year."

Wednesday, [GDPNow](#): The Federal Reserve Bank of Atlanta's "GDPNow model estimate for real GDP growth (seasonally adjusted annual rate) in the third quarter of 2025 is 3.8 percent on October 1, down from 3.9 percent on September 26."

#### Institute of Supply Management

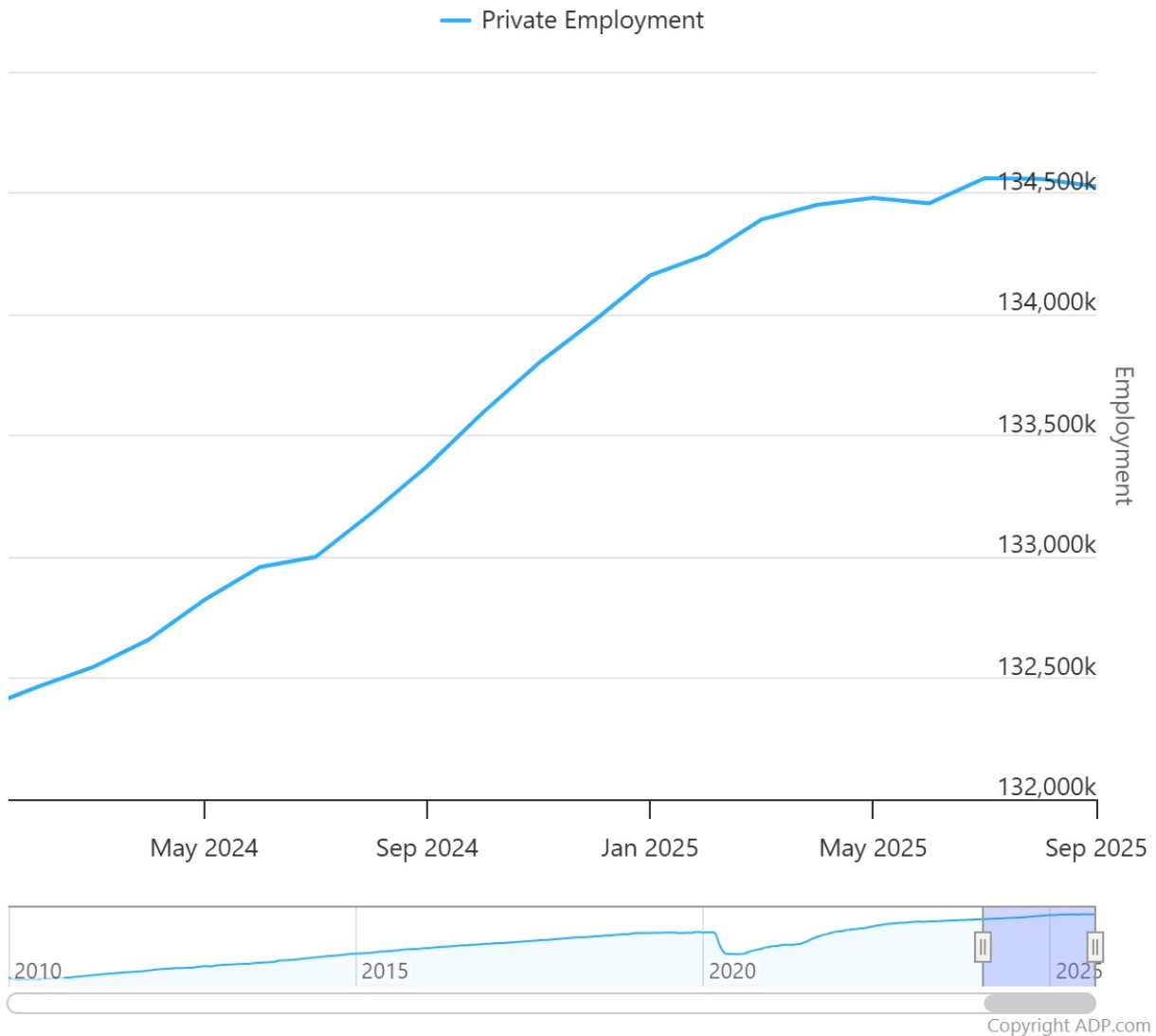
Wednesday, [Manufacturing PMI](#): "Economic activity in the manufacturing sector contracted in September for the seventh consecutive month, following a two-month expansion preceded by 26 straight months of contraction." The index "registered 49.1 percent in September, a 0.4-percentage point increase compared to the reading of 48.7 percent recorded in August." Readings below 50 generally indicate the sector is contracting.

Friday, [Services PMI](#): "Economic activity in the services sector was unchanged in September." The index "returned to numbers very similar to May and July, with weakness in business activity and continued weakness in employment."

#### ADP

Wednesday, [Private Sector Employment](#): "Private sector employment shed 32,000 jobs in September and pay was up 4.5 percent year-over-year according to the September [report]. . . . 'Despite the strong economic growth we saw in the second quarter, this month's release further validates what we've been seeing in the labor market, that U.S. employers have been cautious with hiring,' said Dr. Nela Richardson, chief economist, ADP."

# U.S. Private Employment



Source: <https://adpemploymentreport.com/>.

Challenger, Gray & Christmas

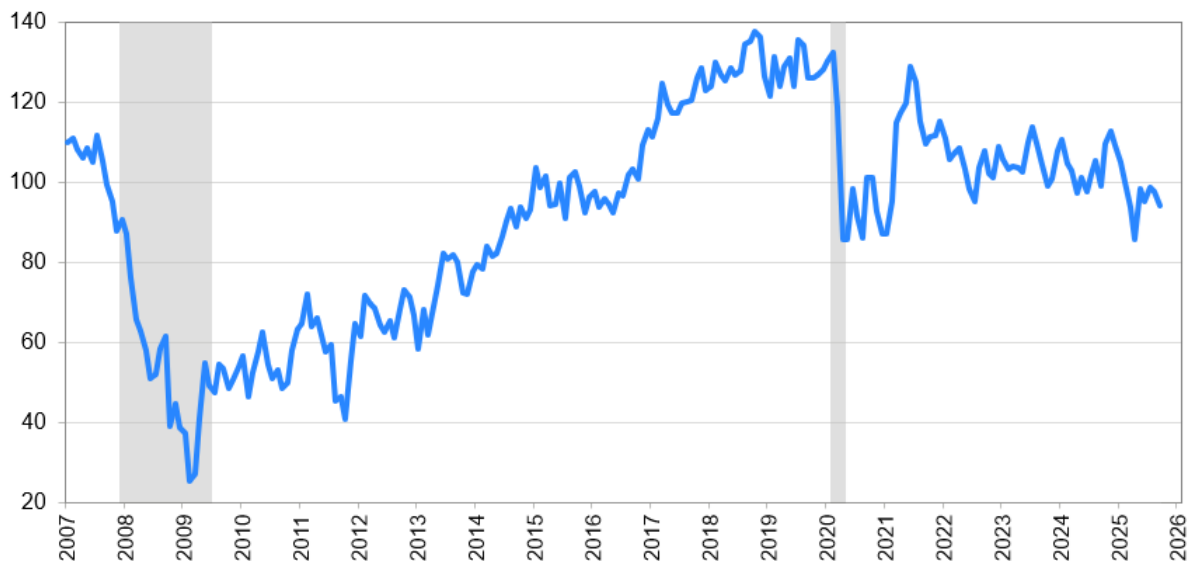
Thursday, [Job Cuts](#): “U.S.-based employers announced 54,064 job cuts in September, a 37 percent drop from the 85,979 cuts announced in August. . . . So far this year, employers plan to add 204,939 jobs, down 58 percent from the 483,590 announced hiring plans through September 2024.”

The Conference Board

Tuesday, [Consumer Confidence](#): The index “declined by 3.6 points in September to 94.2 (1985=100), down from 97.8 in August. ‘Consumer confidence weakened in September, declining to the lowest level since April 2025,’ said Stephanie Guichard, Senior Economist, Global Indicators at The Conference Board. “The present situation component registered its largest drop in a year.”

## Consumer Confidence Index®

Index, 1985 = 100



\*Shaded areas represent periods of recession.  
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### University of Michigan

Friday, [Consumer Sentiment](#): The index of consumer sentiment decreased from 58.2 to 55.1, from August to September. “Consumers continue to express frustration over the persistence of high prices, with 44 percent spontaneously mentioning that high prices are eroding their personal finances, the highest reading in a year.”

### **Mortgages and Housing Markets**

#### National Association of Realtors

Monday, [Pending Home Sales](#): “Pending home sales in August increased by 4.0 percent from the prior month and rose 3.8 percent year-over-year. . . . ‘Lower mortgage rates are enabling more home buyers to go under contract,’ said NAR Chief Economist Lawrence Yun. ‘In the Midwest, low mortgage rates combined with high levels of affordability are attracting more buyers compared to other regions.’”

#### S&P Global/Case Schiller

Tuesday, [Home Price Index](#): “The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 3.8 percent annual return for November, up from a 3.6 percent annual gain in the previous month.”

#### Federal Housing Finance Agency

Tuesday, [House Price Index](#): “U.S. house prices fell 0.1 percent in July. . . . House prices rose 2.3 percent from July 2024 to July 2025.”

#### Mortgage Bankers Association

Wednesday, [Mortgage Applications](#): “Mortgage applications decreased 12.7 percent from one week earlier. . . . The average contract interest rate for 30-year fixed-rate mortgages with conforming

loan balances (\$806,500 or less) increased to 6.46 percent from 6.34 percent. . . . The average contract interest rate for 15-year fixed-rate mortgages increased to 5.76 percent from 5.70 percent.”