



Interpreting Labor Signals in a High-Revision Regime

Ryan Kimmel, Macro Asset Allocation Strategist | March 2026

Over the past year, the labor story has shifted not only because of a deceleration in employment growth but because of how that growth is measured. Payroll gains that have appeared solid upon initial release have subsequently been revised lower – sometimes drastically. The same revisionism has afflicted the measurement of household employment levels. The cumulative effect is a growing recognition that the margin of error around initial labor market estimates has widened.

In September, I highlighted structural pressures eroding the reliability of key U.S. Bureau of Labor Statistics (BLS) surveys, including declining response rates and increased reliance on statistical modeling.¹ Since then, those vulnerabilities have manifested in the survey outputs, which have been subject to persistent downward revisions, material benchmark adjustments and heightened variability. The labor market has entered what I would characterize as a high-revision regime: Initial releases carry less informational value than in the past.

Revisions No Longer Marginal

The defining feature of the current environment is not a single weak payroll report; rather, it is the cumulative effect of revisions.

Cumulative revisions since early 2023 now total approximately negative 2.77 million jobs. (Figure 1) That figure represents the gap between what was initially reported and what subsequent revisions revealed. The steady downward trajectory suggests that labor market strength appeared firmer in the initial reports than it would ultimately prove to be.

U.S. Nonfarm Payroll Monthly Change and Revisions | As of February 2026

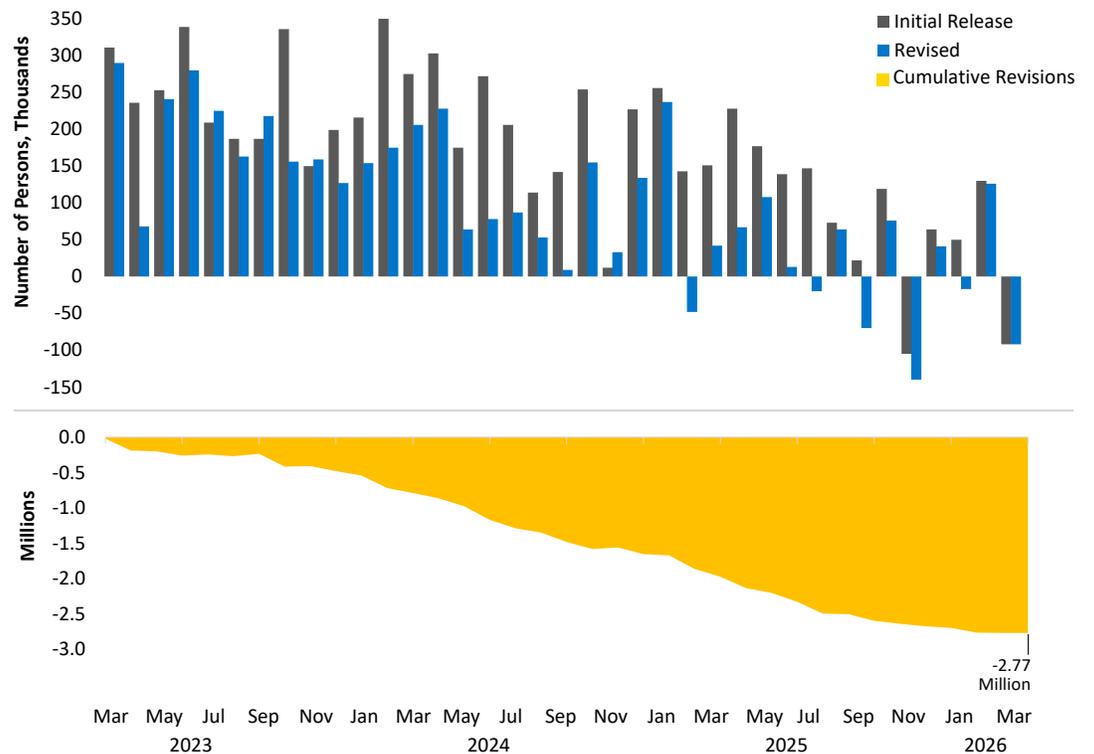


Figure 1
Source: DoubleLine, BLS, Macrobond

¹ Ryan Kimmel, “When Data Fades: Rethinking Economic Signals Beyond the BLS,” September 2025 https://doubleline.com/wp-content/uploads/Rethinking-Signals-Beyond-BLS_September-2025.pdf

Reinforcing this pattern, negative revisions in the following two months after the initial release have dominated since 2022, with a persistent, unidirectional skew rather than episodic and random changes. (Figure 2) When revisions consistently move in one direction, it raises the possibility that real-time estimates might be overstating underlying momentum.

Two-Month Net Nonfarm Payroll Revisions | As of February 2026

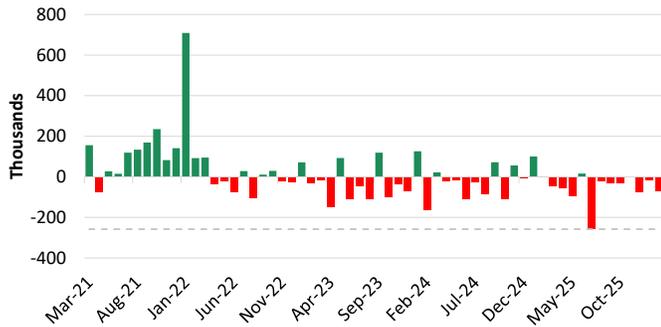


Figure 2
Source: DoubleLine, BLS, Bloomberg, Macrobond

The scale of revisions matters, but their effect on trend interpretation likely matters more. This idea emerges in a comparison of the six-month trend of employment growth as initially reported with the latest revised data. The divergence is notable. (Figure 3)

Nonfarm Payrolls Monthly Change Six-Month Moving Average as of February 2026

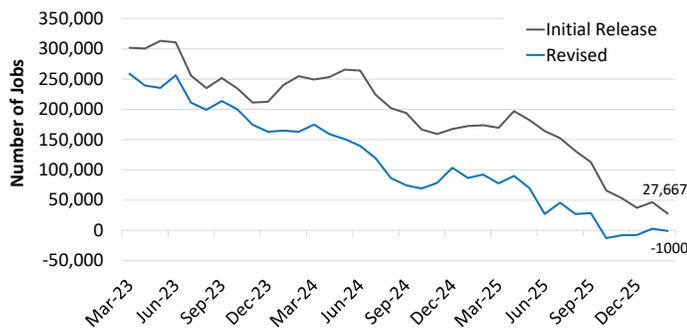


Figure 3
Source: DoubleLine, BLS, Macrobond

Over the trailing three years, the initial monthly estimate overstated labor market momentum, as subsequent revisions showed labor market growth to be flat to slightly negative since October 2025. The revisions meaningfully alter the perception of labor-market resilience.

The Household Survey: A Meaningful Level Reset

While payroll volatility often captures headlines, level adjustments appear to be equally consequential in the household survey (the Current Population Survey released by the BLS). Consider pre-revision employment levels versus their revised totals. (Figure 4) The divergence between the two series is notable. At the margin, total employment is roughly 1.6 million lower than earlier estimates.

U.S. Total Employment Household Survey | As of February 2026

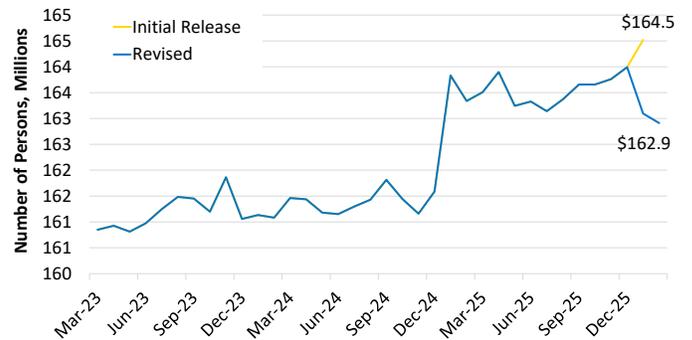


Figure 4
Source: DoubleLine, BLS, Macrobond

This represents more than monthly noise. It is a downward reassessment of the employment level and participation dynamics. When both employment and participation are revised lower, interpretations of labor market tightness can shift in subtle but meaningful ways.

Resets of this magnitude affect assessments of consumption, labor-supply trends and future growth. My tentative conclusion: Confidence bands around first-time prints probably should be wider than previously assumed.

Volatility and Modeling Influence

The high-revision regime has coincided with elevated volatility in monthly releases. January delivered a notably strong payroll report. February followed with a weaker reading. December payrolls were revised to a negative print. Narrative shifts occurred within weeks.

Part of this volatility reflects estimation mechanics. The monthly Establishment Survey’s birth-death model – which estimates net job creation from business formation and closures not fully captured in the survey sample – is a longstanding feature of the BLS framework. In periods when economic momentum is shifting and response is poor for the survey, which measures employment, hours and earnings across nonfarm businesses and government agencies, modeling assumptions can exert greater influence on first estimates. Subsequent revisions and benchmark adjustments then reconcile those assumptions with more comprehensive data.

This does not imply methodological weakness. Rather, it underscores that early releases represent estimates built on less complete information.

Cross-Validation Across Public and Private Data

In this environment, cross-confirmation becomes particularly valuable. This can be demonstrated in a comparison of three-month moving averages across BLS private payrolls, and Revelio Labs and ADP data. (Figure 5) While correlations remain relatively high, monthly dispersions can occur. Recent readings show all three measures converging toward substantially lower growth rates.

Private Payrolls Monthly Change: BLS Establishment Survey vs. Revelio Labs vs. ADP

Three-Month Moving Average as of February 2026

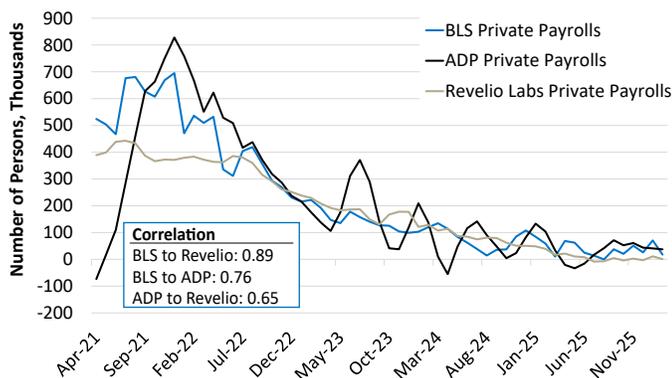


Figure 5

Source: DoubleLine, BLS, Revelio Labs, ADP, Bloomberg, Macrobond

No single dataset dominates the investment team’s interpretation. Instead, we assess whether signals are consistent across establishment payrolls, household employment, participation trends and private-sector measures. Convergence strengthens conviction; divergence warrants caution.

Employment data is evaluated alongside wage trends, credit conditions, corporate commentaries and sector-level indicators. Labor market analysis remains central to our macro framework, but it is interpreted as part of a broader mosaic.

Conclusion

Labor market data remains foundational to macro analysis. But the pattern of recent years – cumulative downward revisions of nearly 3 million jobs, repeated negative adjustments and persistent household employment resets – suggests that the early print view of employment carries a larger margin of error than in prior cycles. To date, this enlarged margin of error has tended to overstate momentum rather than understate it.

In a high-revision regime, conviction comes less from the magnitude of a single report and more from the consistency of trends across different datasets over time. The divergence between initial and revised six-month averages highlights that even trend measures can look meaningfully different in hindsight.

As economic cycles mature and potential inflection points approach, distinguishing between signal and noise becomes increasingly consequential. The current labor market environment does not diminish the value of the data, but it does require rigorous interpretation, calibrated confidence and confirmation across multiple sources. ■



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Mr. Kimmel joined DoubleLine in 2013. He is a Strategist on the Macro Asset Allocation team, the Fixed Income Asset Allocation (FIAA) Committee and a contributing member on our Global Asset Allocation Committee. Mr. Kimmel also co-hosts DoubleLine's weekly "Minutes" podcast (X @DLineMinutes, Minutes@Doubleline.com). Prior to DoubleLine, he was a Proprietary Trader at Gelber Group. Prior to that, he was an Investment Banking Analyst at Morgan Stanley. Mr. Kimmel holds a B.A. in Business Economics from the University of California, Los Angeles (UCLA), and an MBA from the Anderson School of Management at UCLA.

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