Private Payrolls Rebound, Home Price Forecasts Remain Positive

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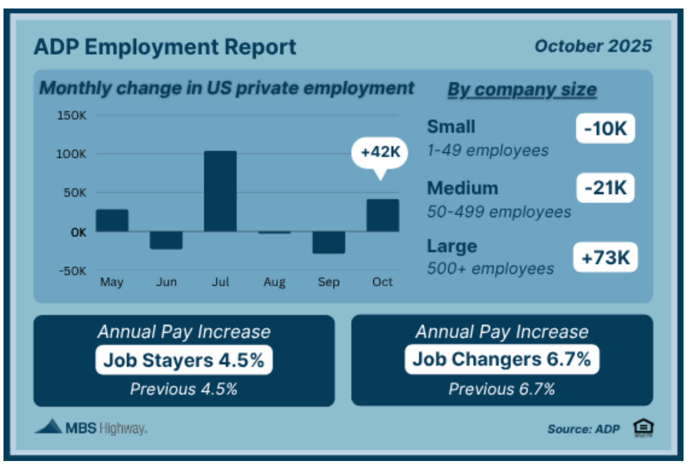
Week of November 3, 2025 in Review

The private sector added jobs in October after two months of losses, and forecasts for home price appreciation show upward momentum. Here's what you need to know.

- Private Sector Job Growth Rebounds, but Remains "Modest"
- Opportunities Remain in Housing
- Family Hack of the Week
- What to Look for This Week
- Technical Picture

Private Sector Job Growth Rebounds, but Remains "Modest"



The private sector added 42,000 jobs in October, according to ADP, exceeding expectations of a 24,000 gain. While that marks a positive turn after two months of job losses in August and September, overall growth remains subdued.

By business size, small and medium-sized firms shed 10,000 and 21,000 jobs, respectively, while large companies (500+ employees) added 73,000. Sector performance was mixed, with five of ten industries reporting declines. The trade, transportation, and utilities sector stood out, adding 47,000 jobs.

Wage growth continued to favor job switchers, who saw a 6.7% annual increase, compared to 4.5% for those who stayed in their roles. Both figures were unchanged from the previous report. ADP noted that pay growth has been "largely flat for more than a year," suggesting a balance between labor supply and demand.

What's the bottom line? Over the past three months, the private sector has added just 10,000 jobs in total. ADP Chief Economist Dr. Nela Richardson summarized it well: "Private employers added jobs in October for the first time since July, but hiring was modest relative to what we reported earlier this year."

This month's ADP report carries added weight as the government's official employment data for September and October has been delayed by the federal shutdown. That leaves the Fed relying more heavily on private data like ADP's when evaluating monetary policy.

The Federal Reserve continues to walk a fine line, aiming to bring down inflation while maintaining a stable labor market. Chair Jerome Powell recently cautioned that there's "no risk-free path" forward and emphasized that another rate cut at the December 10 meeting "is not a foregone conclusion – far from it."

For now, October's ADP data likely doesn't shift the Fed's stance in either direction: job growth wasn't strong enough to rule out rate cuts, nor weak enough to make one necessary.

Quick refresher: When the Fed changes interest rates, it adjusts the Federal Funds Rate – the short-term rate banks charge one another. While this doesn't directly set mortgage rates, it does influence them, along with other key economic factors.

Opportunities Remain in Housing

Cotality's latest Home Price Insights report shows that home values slipped just 0.2% in September. Despite the slight monthly dip, prices remain 1.2% higher than a year ago – a modest slowdown from August's 1.3% annual gain.

What's the bottom line? Cotality projects home values will rise 4.1% over the next 12 months, up from the 3.9% forecast in their previous report. This improved outlook likely reflects expectations for lower mortgage rates and pent-up demand.

Real estate continues to be one of the most dependable paths to long-term wealth. For instance, a $500,000 home appreciating at 4% per year would grow by $20,000 in just 12 months – a clear reminder of the strong return potential that homeownership offers.

Family Hack of the Week

This Apple Cinnamon Bread Pudding from Allrecipes is the perfect dessert for fall – and a delicious way to celebrate National Bread Pudding Day on November 13. The recipe makes eight servings.

Preheat your oven to 375 degrees Fahrenheit and lightly grease a deep-dish glass pie pan. In a small bowl, combine 1/2 cup sugar and 1 teaspoon cinnamon. Peel, core and shred two medium apples. In another bowl, whisk together 2 cups milk and 2 eggs until smooth; set aside.

Butter one side of eight brioche slices and cut them into cubes. Spread half of the bread cubes in the prepared dish, then sprinkle half of the cinnamon-sugar mixture and half of the apples. Repeat the layers with the remaining ingredients. Pour the egg mixture evenly over the top and let stand for about 10 minutes, until the bread absorbs the liquid.

Bake for 40 to 50 minutes, until the top is golden and crisp. Cool for 20 minutes before serving.

What to Look for This Week

The government shutdown will delay key inflation and retail sales reports originally scheduled for release. However, we'll still get updates on home price appreciation from ICE and small business optimism from the National Federation of Independent Business (NFIB).

Investors will also keep a close eye on Treasury auctions – the 10-year Note on Wednesday and the 30-year Bond on Thursday – for signals about market demand.

Technical Picture

Mortgage Bonds have been trading in a very narrow range with support at the 50-day Moving Average and resistance at the 25-day. If a breakout occurs to the upside, there's roughly 30 basis points of room before the next ceiling at 101.42.

The 10-year Treasury ended last week testing resistance at its 50-day Moving Average. If this level can't keep a lid on yields, the next ceiling is at the 4.126% Fibonacci level.