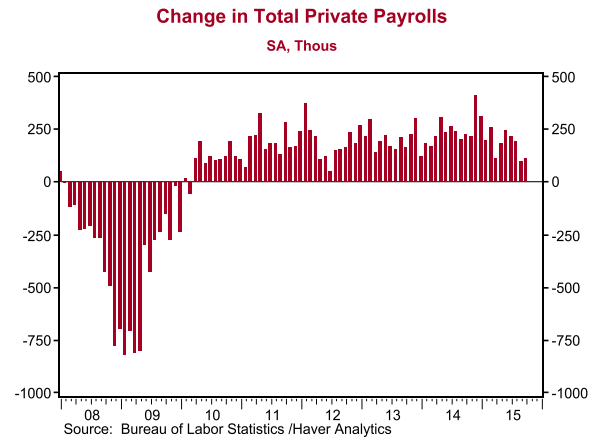


September Employment Report

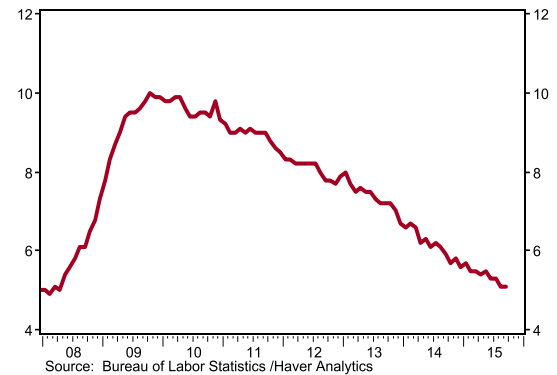
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- Nonfarm payrolls increased 142,000 in September, below the consensus expected 201,000. Including revisions to prior months, nonfarm payrolls increased 83,000.
- Private sector payrolls increased 118,000 in September, while July and August were revised down a combined 69,000. The largest gains in September were for leisure & hospitality (+35,000), health care (+34,000), professional & business services (+31,000, including temps), and retail (+24,000). Manufacturing payrolls fell 9,000 while government rose 24,000.
- The unemployment rate remained at 5.1%.
- Average hourly earnings – cash earnings, excluding tips, commissions, bonuses, and fringe benefits – were unchanged in September but up 2.2% versus a year ago.



Implications: No two ways about it, today’s employment report was weak by the standard of the past few years. Job growth was slow, wages were flat, hours fell, and the labor force dropped. As a result, a rate hike in October is extremely unlikely. Payrolls expanded by a tepid 142,000 in September, falling short of even the most pessimistic forecasts. Moreover, instead of being revised upward, which usually happens this time of year, recent months were instead revised down by 59,000. Meanwhile, civilian employment, an alternative measure of jobs that includes small business start-ups, dropped 236,000. Although the jobless rate remained at 5.1%, it’s nothing to celebrate as the labor force participation rate fell to 62.4%, the lowest since 1977. Worker earnings took a hit as well, due to a combination of flat earnings per hour and a slightly shorter workweek for those with jobs. As a result, total earnings slipped 0.2%. However, not all the news was soft. Despite the decline in September, workers’ total earnings are up 4.5% versus a year ago and the expansive U-6 unemployment rate fell to 10.0% from 10.3%, as those working part-time for economic reasons fell to the lowest level since 2008. The bottom line is that today’s report does not spell doom for the US economy; we are not facing an impending recession. The third quarter of each of the past five years (2010-2014) has had slower job growth than each of those years as a whole, and it looks like 2015 will be no different. The job market never moves in a straight line, either up or down. There are always months that are slower or faster than the underlying trend and we just got two in a row that are slower. This has happened before and will happen again, just like we’ll get months like November/December 2014 when job growth averaged 376,000 per month. Remember not to get too excited when that happens again, just like you shouldn’t get depressed today; the underlying trend is still about 200,000 per month. Other recent news supports this theme. Yesterday, automakers reported that cars and light trucks sold at an 18.2 million rate in September, up 9.9% from a year ago and the fastest pace since 2005. However, like a mirror image of job growth, don’t look for auto sales to stay at that level. Sales should stay strong, but not stay as hot as the past two months.

Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Sep-15	Aug-15	Jul-15	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	5.1	5.1	5.3	5.2	5.3	5.5
Civilian Employment (monthly change in thousands)	-236	196	101	20	78	157
Nonfarm Payrolls (monthly change in thousands)	142	136	223	167	199	229
Construction	8	5	5	6	10	17
Manufacturing	-9	-18	11	-5	-2	9
Retail Trade	24	4	29	19	23	26
Finance, Insurance and Real Estate	0	12	15	9	11	12
Professional and Business Services	31	27	40	33	50	51
Education and Health Services	29	47	42	39	48	47
Leisure and Hospitality	35	32	32	33	30	36
Government	24	36	28	29	20	12
Avg. Hourly Earnings: Total Private*	0.0%	0.4%	0.2%	2.3%	1.9%	2.2%
Avg. Weekly Hours: Total Private	34.5	34.6	34.6	34.6	34.5	34.6
Index of Aggregate Weekly Hours: Total Private*	-0.2%	0.1%	0.5%	1.6%	1.8%	2.3%

*3, 6 and 12 month figures are % change annualized