

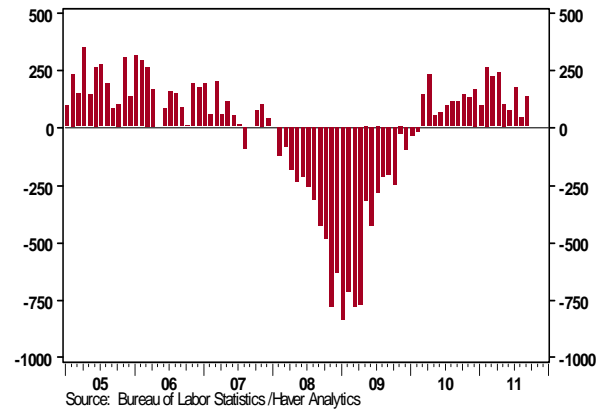
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September Employment Report

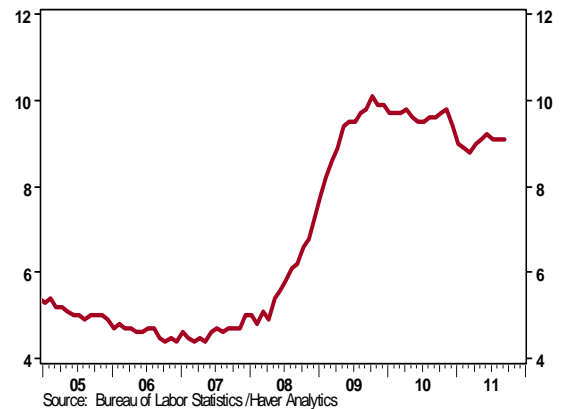
- Non-farm payrolls were up 103,000 in September and up 202,000 including revisions to July/August. The consensus expected a gain of 60,000.
- Private sector payrolls increased 137,000 in September. Revisions to July/August added 42,000, bringing the net gain to 179,000. September gains were led by professional & business services (+48,000), health care (+44,000), telecom (+38,000, due to the end of the Verizon strike), and non-residential construction (+30,000). The biggest decline was manufacturing (-13,000).
- The unemployment rate remained unchanged at 9.1%.
- Average weekly earnings – cash earnings, excluding benefits – increased 0.5% in September and are up 2.1% versus a year ago.

Implications: The employment report for September shows, without a shadow of a doubt, that the US economy is not in recession. Including upward revisions for July and August, nonfarm payrolls increased 202,000. That easily beat consensus expectations of a 60,000 gain and is a solid gain even if we exclude the 45,000 workers who ended a strike with Verizon. In addition, the number of weekly hours per worker increased to 34.3 from 34.2 in August, which is the equivalent of 320,000 jobs. But the good news does not stop there. Civilian employment, an alternative measure of jobs that factors in small business start-ups, increased 398,000. This was enough to keep the unemployment rate at 9.1% despite a 423,000 gain in the size of the labor force, the largest increase in more than a year. Very quietly, without any fanfare, private sector payrolls have grown by 1.8 million in the past year, while the workweek has lengthened and hourly cash wages are up 1.9%. A 9.1% unemployment rate means the labor market is still far from operating at its full potential, but it is moving in the right direction as are other data. September chain store sales were up 5.5% versus a year ago, according to the International Council of Shopping Centers. This includes luxury department store sales up 10.4%. Meanwhile, core railcar loadings are up 5.7% versus a year ago, according to data from the Association of American Railroads. Initial claims for unemployment insurance increased 6,000 last week to 401,000. But continuing claims for regular state benefits declined 52,000 to 3.70 million. Investors have been grossly misled about the odds of a recession.

Change in Total Private Payrolls
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Sep-11	Aug-11	Jul-11	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	9.1	9.1	9.1	9.1	9.1	9.2
Civilian Employment (monthly change in thousands)	398	331	-38	230	27	92
Nonfarm Payrolls (monthly change in thousands)	103	57	127	96	96	124
Construction	26	-7	10	10	5	3
Manufacturing	-13	-4	34	6	11	16
Retail Trade	14	-1	29	14	20	13
Finance, Insurance and Real Estate	-8	5	-3	-2	-1	-1
Professional and Business Services	48	38	39	42	36	47
Education and Health Services	45	38	54	46	36	38
Leisure and Hospitality	-4	10	15	7	9	10
Government	-34	15	-46	-22	-32	-24
Avg. Hourly Earnings: Total Private*	0.2%	-0.2%	0.5%	1.9%	2.0%	1.9%
Avg. Weekly Hours: Total Private	34.3	34.2	34.3	34.3	34.3	34.3
Index of Aggregate Weekly Hours: Total Private*	0.4%	-0.2%	0.1%	1.3%	1.5%	2.0%

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