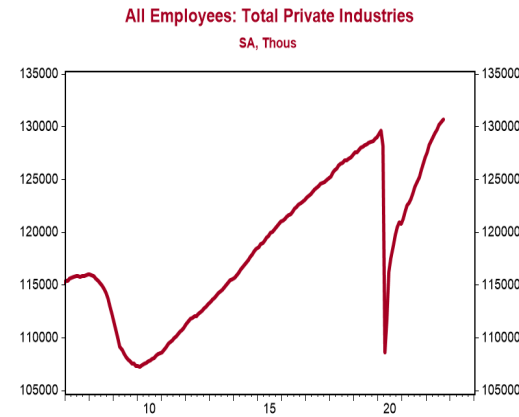


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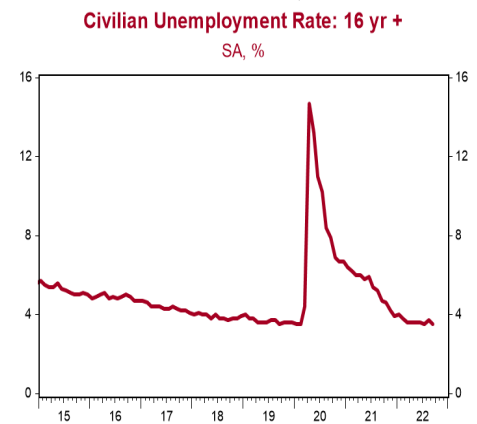
# September Employment Report

- Nonfarm payrolls increased 263,000 in September, narrowly beating the consensus expected 255,000. Payroll gains for July and August were revised up by a total of 11,000, bringing the net gain, including revisions, to 274,000.
- Private sector payrolls rose 288,000 in September but were revised down 62,000 in prior months. The largest increases in September were for leisure & hospitality (+83,000), health care (+60,000), and professional & business services (+46,000, including temps). Manufacturing increased 22,000 while government declined 25,000.
- The unemployment rate fell to 3.5% in September from 3.7% in August.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in September and are up 5.0% versus a year ago. Aggregate hours increased 0.2% in September and are up 3.5% from a year ago.

**Implications:** A solid report on the labor market in September; no sign that a recession has already started or is about to start in the next few months. Nonfarm payrolls rose 263,000 for the month, narrowly beating consensus expectations. Meanwhile, civilian employment, an alternative measure of jobs that includes small-business start-ups, rose 204,000, confirming the good news from the payroll survey. The weakest part of the report was that the labor force shrank by 57,000, although that follows a steep increase in August. The increase in civilian employment combined with the slippage in the labor force resulted in a drop in the unemployment rate to 3.5%, tying the lowest level since the COVID re-opening started, the lowest level in the economic expansion of 2009-20, and the lowest level since 1969. Another sign of the strength in the labor market is that the share of voluntary job leavers (often called “quitters”) among the unemployed reached 15.9%, the highest since 1990. Notably, today’s jobs number is the last employment report before the next Fed meeting on monetary policy in early November. Barring some unexpectedly good news on inflation, this report likely locks the Fed into raising rates by 75 basis points (three-quarters of a percentage point) at the November meeting. Other than more jobs, what does today’s report mean for workers? That wages are still growing but not keeping pace with inflation. Average hourly earnings rose 0.3% in September and are up 5.0% versus a year ago. However, we estimate that the consumer price index is up 8.1% from a year ago (CPI data for September arrive next Thursday). We also like to follow total wages paid, which is based on average hourly pay and total hours worked. Total wages increased 0.5% in September and are up 8.6% from a year ago. That means total wages are beating inflation, but only because, as a whole, workers are working more hours. In other recent news on the labor market, initial unemployment claims rose 29,000 last week to a still very low 219,000. Continuing claims increased 15,000 to 1.361 million, also still very low. Expect continued job growth in the fourth quarter of the year, but not as fast as earlier this year.



Source: Bureau of Labor Statistics/Haver Analytics



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<b>Employment Report</b> <i>All Data Seasonally Adjusted</i>	Sep-22	Aug-22	Jul-22	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	3.5	3.7	3.5	3.6	3.6	3.8
<b>Civilian Employment (monthly change in thousands)</b>	204	442	179	275	80	428
<b>Nonfarm Payrolls (monthly change in thousands)</b>	263	315	537	372	360	474
<b>Construction</b>	19	11	21	17	15	24
<b>Manufacturing</b>	22	27	37	29	32	39
<b>Retail Trade</b>	-1	43	16	19	6	29
<b>Finance, Insurance and Real Estate</b>	-8	7	7	2	9	14
<b>Professional and Business Services</b>	46	54	84	61	64	91
<b>Education and Health Services</b>	90	75	122	96	87	76
<b>Leisure and Hospitality</b>	83	31	89	68	62	105
<b>Government</b>	-25	40	89	35	18	14
<b>Avg. Hourly Earnings: Total Private*</b>	0.3%	0.3%	0.5%	4.4%	4.5%	5.0%
<b>Avg. Weekly Hours: Total Private</b>	34.5	34.5	34.5	34.5	34.5	34.6
<b>Index of Aggregate Weekly Hours: Total Private*</b>	0.2%	0.3%	0.3%	2.9%	2.5%	3.5%

Source: Bureau of Labor Statistics \*3, 6 and 12 month figures are % change annualized