

SEPTEMBER EMPLOYMENT REPORT

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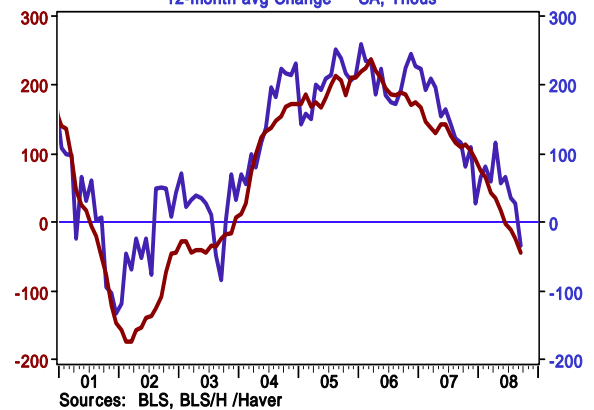
- Non-farm payrolls declined 159,000 in September while revisions to July and August added 4,000 jobs, resulting in a net loss of 155,000. The consensus expected a loss of 105,000.
- Private (non-gov't) payrolls declined 168,000 in September. The weakest job categories were manufacturing (down 51,000), retail (down 40,000), and construction (down 35,000). The strongest sector was education/health (up 25,000).
- The jobless rate remained at 6.1%, as the consensus expected.
- Average hourly earnings rose 0.2% in September and are up 3.4% versus a year ago, both lower than expected.

Implications: The US labor market is hurting and the pain is pervasive, across most major sectors of the economy. Payrolls fell 159,000 in September and – given the credit crunch and lagged effect of hurricanes – are likely to fall a similar magnitude in October. Private sector payrolls declined 168,000 in September and are down ten months in a row, with the last four declines greater than 100,000. The two major measures of jobs, civilian employment and nonfarm payrolls, are basically saying the same thing, the former down an average of 35,000 per month in the past year, while the latter is down an average of 43,000 per month. Total hours worked fell 0.5% in September and are down 1.2% versus last year. Meanwhile, average hourly earnings rose 0.2% in September, which is below trend but offset the above-trend 0.4% increase in August. The labor market tends to be a lagging indicator of economic performance. Given the intense nature of the credit crunch and the recent softness in the general economy, the labor market is going to continue to weaken for the next several months.

Civilian Unemployment Rate: 16 yr +
SA, %



All Employees: Total Nonfarm
12-month avg Change SA, Thous
Civ. Employment (Pop. Smoothed and Payroll Compatible)
12-month avg Change SA, Thous



Employment Report <i>All Data Seasonally Adjusted</i>	Sep-08	Aug-08	Jul-08	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	6.1	6.1	5.7	6.0	5.7	5.3
Civilian Employment (monthly change in thousands)	-511	49	-355	-272	-102	-35
Nonfarm Payrolls (monthly change in thousands)	-159	-73	-67	-100	-86	-43
Construction	-35	-13	-23	-24	-36	-39
Manufacturing	-51	-56	-40	-49	-44	-37
Retail Trade	-40	-25	-22	-29	-27	-21
Finance, Insurance and Real Estate	-17	-5	-7	-10	-8	-9
Professional and Business Services	-27	-43	-23	-31	-30	-14
Education and Health Services	25	59	44	43	52	47
Leisure and Hospitality	-17	-10	-24	-17	-8	6
Government	9	31	39	26	28	26
Avg. Hourly Earnings: Total Private*	0.2%	0.4%	0.3%	3.8%	3.4%	3.4%
Avg. Weekly Hours: Total Private	33.6	33.7	33.7	33.7	33.7	33.7
Index of Aggregate Weekly Hours: Total Private*	-0.5	-0.1	-0.1	-2.6	-2.4	-1.2

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

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