

Labor Market Conditions

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LABOR MARKET CONDITIONS AND EMPLOYMENT OUTLOOK

September, 2009

THE U.S. LABOR MARKET CONTINUED TO DETERIORATE IN SEPTEMBER.

- The number of unemployed rose by 214,000 and the unemployment rate rose to 9.8 percent; the rate for adult men increased to 10.3 percent.
- The broadest measure of unemployment the BLS publishes now stands at 17.0 percent, up 0.2 percentage points from August.
- The employment rate fell to 58.8 percent; its lowest level since the recession of 1982, and far and away the steepest 12 month decline since the end of World War II.
- The number of payroll jobs fell by another 263,000 jobs in September and over the past three months the economy has lost an average of 256,000 jobs per month.
- The construction and manufacturing industries each lost another 64,000 and 51,000 jobs respectively, with most of the jobs lost in durable goods manufacturing.
- Government lost 53,000 jobs as state and local governments with severely stressed budgets did not hire as many teachers in September as they usually do.
- Retail trade and Education Services also lost 38,500 and 16,900 jobs respectively.
- Only the health care services industry saw a significant employment gain, although its monthly gains are slowing.
- The number of Americans working part-time for economic reasons rose by 278,000 in September, setting a new historic high.
- The average and median durations of unemployment both rose significantly.
- Finally, the average number of hours worked per week fell back to its record low, and the index of aggregate weekly hours and earnings both fell in September.
- The only good news in the September report was average hourly earnings continued to inch higher. However, average weekly earnings fell.

WEAK FOURTH QUARTER HIRING PLANS, A FORECAST OF LOWER HOLIDAY SALES, AND UNCERTAINTY SURROUNDING HEALTH CARE REFORM SUGGEST THE LABOR MARKET WILL REMAIN WEAK THROUGH THE END OF THE YEAR

- According to the latest Manpower Inc. almost 70 percent of U.S. companies expect no change in their fourth-quarter 2009 hiring plans.
 - Although 12 percent plan to increase workers in the fourth quarter, 14% plan a decrease.
- According to the National Retail Federation, sales this holiday season are forecast to be 1 percent lower than last year. If this happens, it would be the second year in a row of declining holiday sales – the first time in 40 years that sales have dropped two years in a row.
 - Retail sales for the entire year are expected to decline about 3 percent.
- According to the Bureau of Labor Statistics, the both the job opening rate and hiring rate are at record lows, reflecting a real hesitancy on the part of employers to hire any new workers before the outlook on the economy and health care reform clears up.
 - In September, a number of industries neither lost nor gained a significant number of jobs suggesting many employers are in a holding pattern. This includes: Mining, Wholesale Trade, Utilities, Information Services, Professional and Business Services, and the Leisure and Hospitality industry.
- Finally, another extension of unemployment insurance, while helping to reduce the hardship of the recession, is likely to significantly increase the record high duration of unemployment and delay necessary labor market adjustments until next year.