

# United States

## Ongoing job creation pushes unemployment rate to lowest since November 2008

- **Non-farm payrolls grow a weaker than expected 148k in September**
- **Employment has risen continually for three years**
- **Unemployment rate falls to 7.2%, lowest since November 2008**

Job creation in the US slowed in September, according to the latest data from Labor Department, but the recent ongoing job gains have helped bring the rate of unemployment down to its lowest since November 2008.

Non-farm payroll rose 148,000, less than the general market consensus of a 180,000 increase and down from an upwardly-revised 193,000 in August. The rise was also well below the average of 181,000 seen in the first eight months of the year.

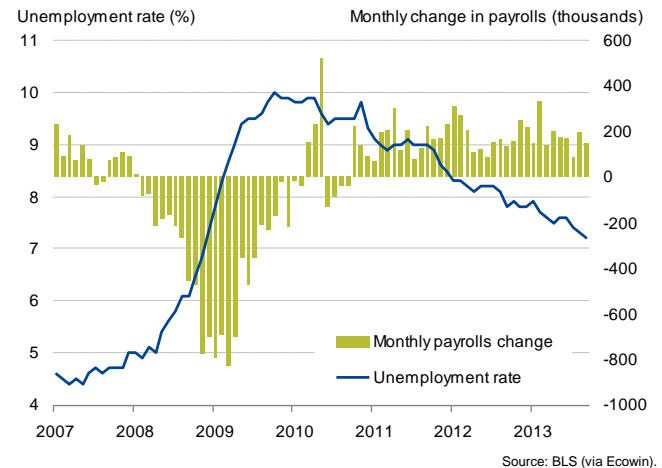
Despite the slowing in the rate of job creation, the September increase means non-farm payrolls have now risen continually for three years. The job creation has helped reduce the jobless total: the overall rate of unemployment has fallen from 9.8% over this three year period to 7.2% in September, its lowest since November 2008. At 11.255m, the number of unemployed was also the lowest since November 2008.

The jobs data were delayed by two weeks due to the government shutdown, which is likely to have downwardly-distorted the October data, when it is due to be released on November 8<sup>th</sup> (one week later than usual).

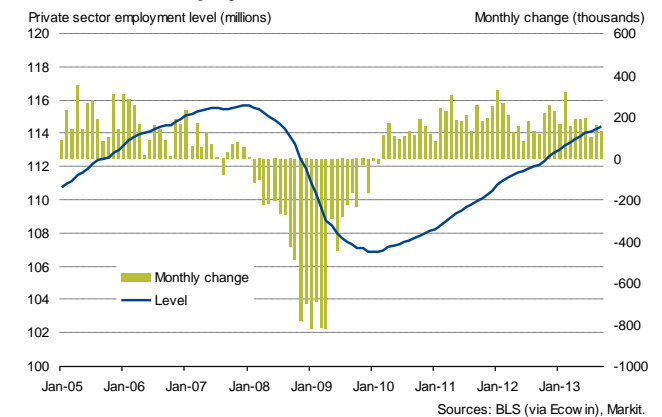
The shutdown has caused an additional headache for an already puzzled sounding Fed, which has sent confusing messages to the markets about when it will start tapering its asset purchase program. The Fed was already keen to await more data on the health of the economy before it makes any decisions on policy, but now also needs to gauge the impact the shutdown itself has had on the economy.

It would therefore be surprising to see any tapering from the Fed until the new year, and possibly as late

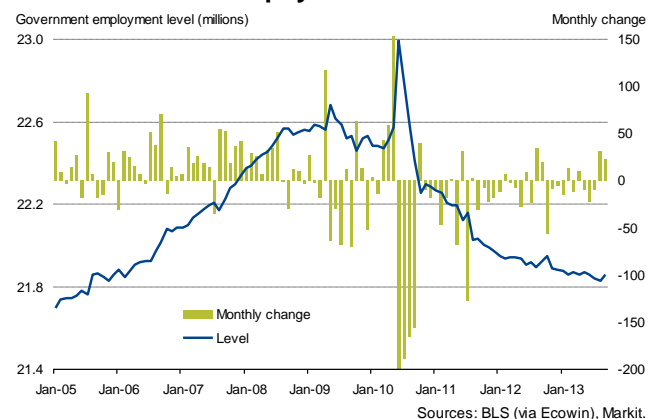
### US payroll growth and the unemployment rate



### Private sector payrolls



### Government sector payrolls



---

as March. This of course assumes that, after the impact of the shutdown has worked through the economic data, we see the economy continuing to expand and create jobs at a rate that will bring unemployment down. This is by no means assured, especially if the shutdown and budget crisis have hit business confidence, and therefore investment and hiring plans.

The first insight into how businesses fared nationally during the shutdown period will be provided next Thursday, with the publication of Markit's flash US Manufacturing PMI for October.

In the detail of the Labor Department employment report, private sector payrolls led the September increase, up 126,000 but well down on the average of 183,000 seen in the first eight months of 2013. Government payrolls rose by 22,000, up for a second successive month and showing the first back-to-back monthly gains for a year.

Manufacturing jobs were up by just 2,000, in line with the [survey evidence](#) of a goods-producing sector that has lost growth momentum in recent months. Meanwhile, construction jobs rose by 20,000, its largest increase since February and adding to hopes that the housing market continues to revive.

---

## Chris Williamson

### Chief Economist, Markit

Tel: +44 207 260 2329

Email: [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

[Click here](#) for more PMI and economic commentary.

For further information, please visit [www.markit.com](http://www.markit.com)