

## Behind the Gloomy Headline, September Jobs Report Has Many Bright Spots

By Joanie Courtney, President RemX

The recent hurricanes did more than damage parts of the U.S., it dealt a heavy blow to national job gains. For the first time in seven years, the country shed 33,000 jobs in September, despite economists' projections ranging from 40,000 to 240,000 new jobs for this month. However, when you look past the headline of job losses, the Bureau of Labor Statistics' employment report is chock full of positive news. First, the drop in job creation was driven in large part by losses from Hurricane Harvey and Hurricane Irma where roughly 1.5 million people were unable to work last month, the most in 20 years. Restaurants and bars in affected areas lost 105,000 jobs alone. I believe this dip in momentum will be short-lived, particularly given the swift recovery efforts in both Houston and Florida.



Unemployment levels fall from 4.4 percent to 4.2 percent, the lowest we've seen in 16 years. In fact, the unemployment rate is now considered close to what economists consider to be full employment. Last year at this time, 7.9 million people were unemployed compared to 6.8 million today.

More Americans entered back into the workforce, to the tune of 575,000. As a result, the labor force participation rate rose to 63.1 percent, its highest level all year and the best reading since March 2014. Meanwhile, those who are working also saw a bump in their paychecks. Average hourly earnings for September increased by \$0.12, for a year-over-year gain of 2.9 percent. Additionally, there were positive signs across a range of other economic indicators, including:

- Average job gains of 172,000 per month over the prior 12 months, and a strong GDP at 3.1 percent.
- ADP's National Employment Report indicated a 135,000 increase in jobs in September.
- Several U.S. sectors that did experience job creation were healthcare (+23,000), financial activities (+10,000), professional and business services (+13,000) and construction (+8,000).
- The Job Openings and Labor Turnover Survey (JOLTS) reported an all-time high of 6.2 million job openings with nursing, customer service, technical and engineering, and transportation leading the trend.
- Companies are holding onto their employees more this year, according to a report by Challenger, Gray and Christmas that says job cuts fell 27 percent from this time last year.
- Auto sales, which had been lackluster, jumped 6.1 percent to more than 1.5 million in September. As Americans continue to replace cars destroyed by the storms and benefit from increased workforce participation and lower unemployment, automakers should continue to see boost in production demand.

### What's Ahead for 2017?

In the coming months, we're likely to see big dividends from holiday shopping and rebuilding by Americans. The retail hiring sector lost 3,000 jobs in September but historically-high seasonal hiring is expected to give the industry a boost. Last year, 640,000 seasonal jobs were added and we are likely to exceed that number this year. However, jobs added may look very different than in years past as more Americans turn to online seasonal shopping. While big retailers such as Target and Macy's will continue to add seasonal staff, alongside them will be big gains in transportation, packaging, logistics and shipping. In fact, UPS has announced they will add 90,000 seasonal workers to their payroll, and the U.S. Post Office will follow suit with 40,000 additional workers. Construction is also expected to ramp up as a byproduct of rebuilding efforts throughout Florida and Texas.

The temporary services sector will continue its positive momentum throughout the coming months. The industry added 6,000 jobs in September indicating that companies continue to seek flexibility in their workforce and the ability to access on-demand talent. This is particularly evident as more companies rely on their staffing partners during the holiday season to help manage their fluctuating talent needs.

## RemX Turns 15 in Style

*This year RemX is celebrating its 15th year anniversary, and we are proud of our success and accomplishments. Our anniversary kicked off with an open house hosted at RemX offices throughout the country, from Charlotte, Richmond and Dallas, to San Francisco and San Diego. RemX employees collected donations for Dress for Success – a global organization committed to supporting women entering a new career. Over the past 15 years, RemX has placed thousands of Associates at our valued Client partners. We know big things are in store for the next 15!*

## Labor Market Disconnect – Are Skill Gaps to Blame?

You may be scratching your head wondering how it's possible the country lost 33,000 jobs in September, at the same time the JOLTS data reported an all-time high of 6.2 million job openings last month. As we discussed, part of the job loss can be blamed on hurricane-ravaged areas of the U.S. But, we believe the skill gap is also playing a more fundamental role. The nature of work is changing, requiring more specific training and skills than ever before. Therefore, a lack of qualified talent may be a significant barrier to job growth.



Sheri Armitage, our Contact Center Solutions Division Director in Phoenix, with one of their Associates who has recently enrolled in Better WorkLife Academy.

While RemX has always supported our Associates through skills training, we've recently stepped up our efforts. We're excited to announce the launch of our Better WorkLife Academy, a partnership with online learning and skills training leader Penn Foster. Through our Academy, our Associates will have access to a wide array of free career-focused courses to help earn higher pay and gain access to better career opportunities. We believe this is one way we can proactively attack the skills gap that continues to hinder the economic recovery while supporting our Associates' development. For more information about the RemX Better WorkLife Academy, visit <http://www.remx.com/better-worklife-academy/>

## BLS Trends to Watch



### Labor Force Participation

We saw tremendous improvement in the September labor force participation, rising from 62.9% to 63.1% this month. With 575,000 people entering back into the workforce, the report indicated a record 154.3 million Americans at work this month.

### Points of Interest:

- The actual level of employed Americans grew by 906,000 while the unemployment rolls fell by 331,000.
- The share of women age 25 to 54 in the labor force has fallen since 1999, but the fast slide that began post-recession has halted.

## BLS Trends to Watch

### Manufacturing & Construction Employment

Construction gained 8,000 jobs in September, and although the manufacturing industry lost 1,000 jobs this month the sector is poised to regain momentum. Employment gains in manufacturing has averaged 14,000 per month since November 2016.

#### Points of Interest:

- Construction has added 27,000 jobs since July 2017.
- The ISM PMI index rose to 60.8% from the August reading of 58.8%, indicating expansion for the manufacturing sector.
- The ISM Employment Index registered 60.3% this month, an increase from the August reading of 59.9%.

### Unemployment Rates by Industry



SEPT 2016 4.2%

SEPT 2017 3.8%

MANUFACTURING



SEPT 2016 5.2%

SEPT 2017 4.7%

CONSTRUCTION



SEPT 2016 3.0%

SEPT 2017 2.5%

FINANCIAL ACTIVITIES



SEPT 2016 5.2%

SEPT 2017 5.1%

INFORMATION TECHNOLOGY (IT)



SEPT 2016 5.3%

SEPT 2017 4.1%

PROFESSIONAL AND BUSINESS SERVICES

Average Hourly Earnings for  
All Private Employees



### Wage & Earnings Growth

Finally, some good news regarding wage growth this month. The BLS reported that average hourly earnings were up by \$0.12 on the month to \$26.55, equating to a 2.9 percent gain for the year. That's well above the two percent target the Federal Reserve sets for health inflation growth.

#### Points of Interest:

- This month's average hourly earnings was .04% higher than the 2.5% year-over-year average for most of the past two years.
- Since the start of 2017, the average hourly earnings has increased \$0.52
- Some economists suggest the increase in wage growth may be due in part to lower-level jobs disappearing in the wake of recent hurricanes.