



The national economy fell short of consensus expectations (150,000 jobs), adding 130,000 jobs in August. Professional and business services (37,000 jobs) was the leading employment sector in the recent release. Government and education and health services were also strong gainers in the recent release. Over 79% of the nation's job gains came from the three largest-gaining sectors. Manufacturing employment growth slowed for the second consecutive month in August, adding only 3,000 positions (all of which came from nondurables manufacturing). Moreover, the PMI continued its downward trend and has fallen below the 50% threshold, registering at 49.1% in August. Slowing manufacturing employment growth and the below-threshold PMI have officially sounded the alarm on the manufacturing sector. Trade, transportation and utilities (-11,000 jobs) suffered the largest decline of any sector. The US economy averaged employment growth of 223,000 jobs per month in 2018 and is currently averaging 158,000 jobs per month through August. The economy is in the mature stage of the business cycle and will see more headwinds in the coming months. We expect employment growth to moderate in 2019, with gains around 155,000 jobs per month.

US Labor Market Snapshot (August 2019)											
Variable	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 Avg.	Difference from 2007
Population (Civilian, Non-Inst.)	237,829	239,618	243,284	245,679	247,947	250,801	253,538	255,079	257,791	258,802	11.6%
Total Employment	130,354	131,939	134,174	136,374	138,941	141,826	144,348	146,611	149,064	151,040	9.5%
Full-Time Employment	111,712	112,567	114,821	116,322	118,725	121,496	123,761	125,965	128,568	130,101	7.4%
Part-Time Employment	27,349	27,314	27,661	27,620	27,593	27,341	27,678	27,372	27,185	26,888	7.7%
Unemployment Rate	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	-90 bps
Underutilization Rate	16.7%	15.9%	14.7%	13.8%	12.0%	10.5%	9.6%	8.5%	7.7%	7.3%	-100 bps
Employment/Population Ratio	58.5%	58.4%	58.6%	58.6%	59.0%	59.3%	59.7%	60.1%	60.4%	60.7%	-230 bps
Labor Force Participation Rate	64.7%	64.1%	63.7%	63.3%	62.9%	62.7%	62.8%	62.9%	62.9%	63.0%	-300 bps
Not in Labor Force	83,945	85,994	88,311	90,282	92,026	93,661	94,341	94,766	95,721	95,709	21.5%

Source: US Bureau of Labor Statistics

Note: Population, employment, and "Not in Labor Force" data are in thousands.

The US labor market showed a mix of positive and negative signs in the recent release. The unemployment rate remained at 3.7% in August. Total employment is now 9.5% above the trough from the last recession. Moreover, both full-time and part-time employment grew in August. The August underutilization rate ticked up to 7.2% after reaching 7.0% in the July release. Finally, the labor force participation rate has increased for the third consecutive month, reaching 63.2% in August. This being said, we expect the gap between this year's labor force participation rate and the 2007 annual value to reach more than 300 bps as the labor market becomes less robust in the remainder of the year.