



The national economy fell short of consensus expectations (147,000 jobs), adding 136,000 jobs in September. Education and health services (40,000 jobs) was the leading employment sector in the recent release. Professional and business services was also strong gainer in the recent release. Over 54% of the nation's job gains came from the two largest-gaining sectors. Manufacturing employment growth faltered in September, losing 2,000 positions (durables manufacturing fell by 4,000 jobs). Moreover, the PMI continued its downward trend and has fallen below the 50% threshold for the second consecutive month, registering at 47.8% in September. Anemic manufacturing employment growth and the below-threshold PMI have officially sounded the alarm on the manufacturing sector. Other services (-3,000 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 161,000 jobs per month through September. 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 (September 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	258,895	11.7%
Total Employment	130,354	131,939	134,174	136,374	138,941	141,826	144,348	146,611	149,064	151,121	9.5%
Full-Time Employment	111,712	112,567	114,821	116,322	118,725	121,496	123,761	125,965	128,568	130,211	7.5%
Part-Time Employment	27,349	27,314	27,661	27,620	27,593	27,341	27,678	27,372	27,185	26,911	7.8%
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	95,697	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 dropped to 3.5% in September. This is the lowest unemployment rate since December 1969. Total employment is now 9.5% above the trough from the last recession. Moreover, both full-time and part-time employment grew in September. The underutilization rate fell to 6.9% in September. This is the lowest rate since December 2000. The number of people not in the labor force increased by 89,000 people in the latest data. Finally, the labor force participation rate has increased for the second consecutive month, reaching 63.2% in September. 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.