



Employers Add 248,000 Workers in September

The jobless rate decreased to 5.9 percent, the lowest in 6 years.

By Katherine Peralta Oct. 3, 2014 |

American businesses added 248,000 jobs in September after taking on 180,000 in August, which was higher than previously reported, according to figures from Labor Department released Friday. The unemployment rate declined to 5.9 percent from 6.1 percent. The jobless rate is now the lowest it's been since July 2008.

The payroll figures exceeded the consensus forecast of economists, who predicted a gain of 215,000. The labor force participation rate, which measures the share of the adult population that's either working or actively looking for work, fell to 62.7 percent from 62.8 percent.

This month's figures underscore an economy that continues to firm, slowly but surely absorbing slack, or underutilized sources of labor like the long-term unemployed. Improved job prospects could instill confidence in consumers to ramp up their spending during the upcoming holiday season. This could be a lift for overall growth since household purchasing makes up almost 70 percent of the economy.

"It does appear there is a tightening going on in the labor markets that is allowing wages to begin to rise again and that's very important because that allows households to see an increase in their purchasing power, and that should fuel even more spending down the road," **Bernard Baumohl, chief global economist at the Economic Outlook Group**, said before the report's release.

There were about 3 million long-term jobless Americans in September, meaning they've been out of work for 27 weeks or more, according to Friday's report. This part of the unemployed population, which makes up nearly one-third, has declined by 1.2 million over the past year.

The number of people working part time for economic reasons – also called involuntary part-time workers, or those who'd prefer to work full time but can't get the hours – was basically unchanged at 7.1 million in September.

The average length of the workweek rose slightly to 34.6 hours in September. Average hourly earnings in September fell by 1 cent to \$24.53, according to the report. Over the past 12 months, average hourly wages have grown by 2 percent, roughly in line with the cost of living.

Wage growth is one part of the recovery that hasn't yet materialized, and that's one reason why permanent job placement has picked up. Some workers are starting to move from one job to another in search of higher pay, says Tom Gimbel, president and CEO of LaSalle Network, a Chicago-based staffing firm.

"That's why you're seeing movement. People aren't seeing increases where they're at necessarily, so they're jumping to another company. But companies are holding strong and they're not overpaying for labor," Gimbel says.

Friday's report will be telling for upcoming demand during the holiday shopping season, according to Tara Sinclair, chief economist at Indeed.com and an economics professor at George Washington University.

September's better-than-expected job numbers "might bolster confidence in the labor market and could encourage people to go out and spend this holiday season and might encourage retailers in part and transportation to hire more people," Sinclair said before the report.

FedEx and UPS have already announced seasonal hiring plans in preparation for the winter holidays, which account for about 20 percent of total annual sales for retailers, according to the National Retail Federation. FedEx says it'll take on an additional 50,000 workers, while UPS said it'll add up to 95,000.

One other encouraging sign that hiring could pick up: Applications for unemployment have been trending down to pre-recession levels. There were 287,000 people – a smaller number than expected – applying for jobless claims in the week ending on Sept. 27, down from 295,000 the prior week, a separate report Thursday from the Labor Department showed.

The Federal Open Market Committee has pointed to the “significant underutilization of labor resources” -- slack – as a reason for maintaining its easy-money policy of keeping short-term interest rates near zero, which it's done since 2008. Federal Reserve Chair Janet Yellen has made it clear that any decision to raise rates depends on the overall health of the economy.

Friday's jobs report could be encouraging for Americans' economic outlook. Consumers' assessment of the job market deteriorated in September, according to The Conference Board's monthly consumer confidence index released Tuesday. Fewer Americans said jobs were plentiful in September compared with August, and looking ahead six months, the share of people expecting more job opportunities to open up plunged.

“The consumer is the vast majority of this economy's growth and if the consumer isn't happy, the consumer isn't out there spending and the economy isn't growing,” Lindsey Piegza, chief economist at Sterne Agee, wrote in a Sept. 30 research note to clients.

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