Labor Markets

September’s employment decline was the largest since 1991; even so, it may underestimate the changes taking place. Payroll employment fell 199,000, its fourth decline in the past six months. Preliminary third-quarter estimates show an average monthly loss of 52,000 jobs, more than double the monthly average for the second quarter. Manufacturing suffered the biggest monthly loss (down 93,000 jobs), followed by retail trade and services (down 44,000 and 41,000, respectively). Only one sector showed any gains, one was unchanged, and all the rest posted declines.

The seasonally adjusted unemployment rate remained unchanged at 4.9%, still its highest level since September 1997. The employment-to-population ratio increased 0.3% to 63.7, although the rate has declined 0.8% since January.

The events of September 11 occurred during the reference periods for the establishment and household surveys, but they probably did not affect the September employment and unemployment counts. While many businesses closed for a day or more, the establishment survey counts as employed anyone who is paid for any part of the period. Similarly, the household survey counts as employed people who work during any part of the reference week, as well as those temporarily absent.

Initial unemployment claims soared in the week ending September 29 to nearly 550,000, higher than in any single week of the 1990-91 recession. Cutbacks in airlines, travel and tourism, and related industries account for most of the increase in claims.