United States: Hurricanes Cause First Drop in Employment Since 2010

**HIGHLIGHTS**

- The establishment survey indicates that 33,000 jobs were lost in September, following gains of 169,000 in August (revised from 156,000) and 138,000 in July (revised from 189,000).
- While the construction sector created 8,000 jobs, manufacturing lost 1,000.
- There were 49,000 net layoffs in private sector services. Food services, the sector hardest hit by the hurricanes, posted a loss of 104,700 jobs. Retailers trimmed 2,900 positions.
- The jobless rate dropped from 4.4% to 4.2%. The household survey posted an astounding addition of 906,000 new jobs, while the labour force grew by 575,000 people.
- The average hourly wage rose 0.5% in September following a 0.2% increase in August. The annual change inched up from 2.7 to 2.9%.

**COMMENTS**

It was suspected that the hurricanes would affect September job data. The consensus forecast had adjusted to these events with only 80,000 anticipated hires. However, the negative effect of the hurricanes was greater than expected. The long uptrend in employment was therefore halted after 83 consecutive months of gains for total employment and 90 months for employment in the private sector. This had been the longest uninterrupted string of hires since the beginning of the publication of monthly data in 1939.

We note that job losses are specifically targeted and should be temporary. A single sector—food services—suffered the majority of the decline. In 2005, layoffs prompted by Hurricane Katrina and those that followed were more spread out across sectors. In addition, the number of people “not at work due to weather”

**IMPLICATIONS**

The layoffs resulting from hurricanes Harvey and Irma are stark, but are expected to be short-lived. Jobless claims are already down, and other data, such as car sales, are rebounding. The Federal Reserve should therefore not worry too much about this temporary setback in employment.

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