

U.S. Data Review

- Employment: limping ahead
- Factory orders: moderate increase

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The U.S. Labor Market

Nonfarm payrolls rose 661,000 in September, lighter than the expected increase of 875,000 and unimpressive relative to job losses in the spring and the amount of ground that needs to be regained. Upward revisions totaling 145,000 in the prior two months combined brightened the picture somewhat, but in total the report did not have a high degree of the vigor. Job growth in the past five months has now totaled 11.417 million, a retracing of slightly more than half of the 22.160 million cuts in March and April.

While job growth overall was underwhelming in September, the composition of employment offered some encouragement. A portion of the deceleration in job growth reflected a shift in the number of census workers in the federal government, which added 238,000 jobs in August but led to a drop in federal employment in September. Elsewhere, some of the industries hit hard by the pandemic showed above-average increases in employment in the latest month. The leisure and hospitality industry, for example, boosted payrolls by 2.5 percent, well ahead of the 0.5 percent increase in total employment. Similarly, the retail trade, transportation, and information sectors all increased payrolls by approximately 1.0 percent. Laggards in September included private-sector education (off 1.9 percent) and state and local governments (-1.0 percent). (We focused on percent changes because of marked differences in the size of payrolls in the various industries.)

The unemployment rate fell 0.5 percentage point to 7.9 percent, but the shift was a “soft” decline. That is, most of the drop was the result of a decline of 695,000 in the size of the labor force. Employment as measured by the household survey rose, but the advance was mediocre at 275,000. The broad unemployment fell by 1.4 percentage

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private- Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate	Household Emp. (Chg., Thousands)	Labor Force	Emp.- Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2017	176	170	4.3	8.5	147	69	60.1	10.1	5,254	0.2	34.4
2018	193	183	3.9	7.7	237	214	60.4	9.3	4,779	0.3	34.5
2019	178	162	3.7	7.1	165	120	60.8	9.2	4,407	0.2	34.4
2020	-1,142	-1,045	8.6	14.2	-1,249	-490	56.6	10.9	7,462	0.4	34.5
Qtrly. Average											
19-Q3	203	171	3.6	7.0	383	306	60.9	9.1	4,230	0.2	34.4
19-Q4	210	200	3.5	6.8	168	168	61.0	9.1	4,278	0.2	34.3
20-Q1	-303	-319	3.8	7.5	-1,010	-548	60.8	8.5	4,755	0.4	34.3
20-Q2	-4,427	-3,957	13.0	20.7	-4,530	-994	52.9	7.8	10,194	0.8	34.5
20-Q3	1,304	1,142	8.8	14.5	1,794	70	56.1	16.5	7,438	0.2	34.6
2020 Monthly											
Jan.	214	179	3.6	6.9	-89	50	61.2	9.3	4,182	0.2	34.3
Feb.	251	220	3.5	7.0	45	-60	61.1	9.1	4,318	0.3	34.4
Mar.	-1,373	-1,356	4.4	8.7	-2,987	-1,633	60.0	7.0	5,765	0.6	34.1
Apr.	-20,787	-19,835	14.7	22.8	-22,369	-6,432	51.3	2.0	10,887	4.7	34.2
May	2,725	3,236	13.3	21.2	3,839	1,746	52.8	7.7	10,633	-1.1	34.7
June	4,781	4,729	11.1	18.0	4,940	1,705	54.6	13.6	9,062	-1.3	34.6
July	1,761	(1,734)	10.2	16.5	1,350	-62	55.1	15.0	8,443	0.1	34.6
Aug.	1,489	(1,371)	8.4	14.2	3,756	968	56.5	16.7	7,572	0.3	34.6
Sept.	661	877	7.9	12.8	275	-695	56.6	17.8	6,300	0.1	34.7

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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points to 12.8 percent, as declines in both the number of marginally attached workers and the number of individuals working part-time involuntarily fell and added the downward push from the traditional measure.

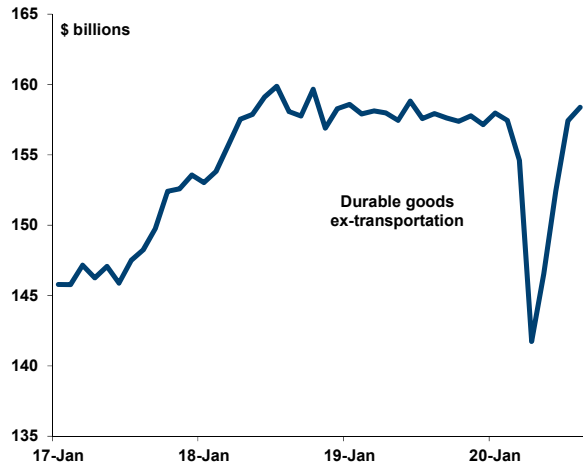
Average hourly earnings rose 0.1 percent, a touch lighter than the expected increase of 0.2 percent. We are not giving this measure much weight at this time because month-to-month changes are probably influenced more by compositional changes in the workforce (recall of low-wage versus high-wage workers) than by changes in wage rates.

Factory Orders

Total factory orders rose 0.7 percent in August, close to the consensus estimate of 0.9 percent. Bookings for durable goods rose 0.5 percent, slightly stronger than the preliminary estimate of 0.4 percent published last week. The increase in durable orders included a gain of 1.9 percent in orders for nondefense capital goods other than aircraft, which pushed this measure above its pre-virus level.

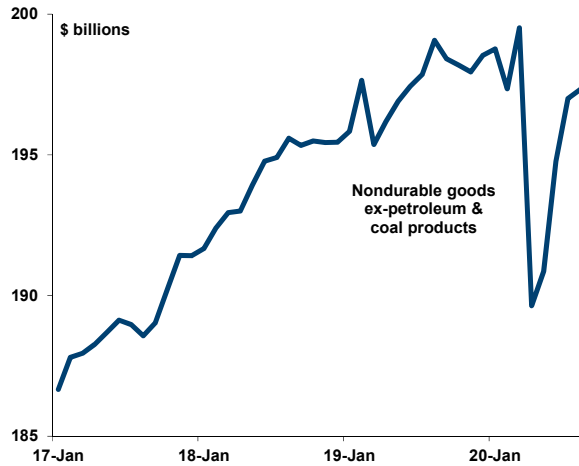
Orders for nondurable goods rose 0.8 percent, lighter than the expected increase of approximately 1.3 percent. Results in the prior month were revised higher, but even with the adjustment of 0.2 percent, the new figures were shy of expectations. The composition of this change also was a bit disappointing, as most of the advance was the result of a jump of 4.2 percent in the petroleum and coal category, which was probably influenced by higher prices. Orders for nondurable goods other than petroleum and coal totaled only 0.2 percent. Nondurable orders ex-petroleum and coal are close to their pre-virus levels, but they are still lagging a bit (chart, right)

Manufacturers' New Orders



Source: U.S. Census Bureau via Haver Analytics

Manufacturers' New Orders



Source: U.S. Census Bureau via Haver Analytics