

## BBVA Research Flash

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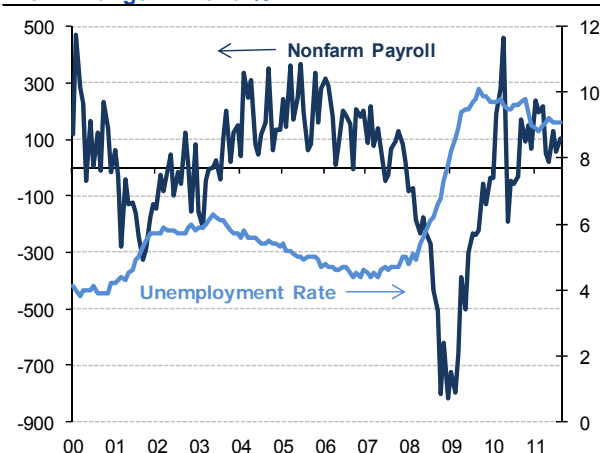
## Better-than-expected shift in 3Q11 employment data

- **Nonfarm payrolls increased 103K in September, while the unemployment rate held steady at 9.1%**
- **August payrolls were revised up from 0K to 57K, while July's data was revised from 85K to 127K**

Today's BLS report reflects much-needed relief in the employment situation and suggests better-than-expected 3Q11 growth. Nonfarm payrolls in September increased 103K, following upward revisions to both July (from 85K to 127K) and August (from 0K to 57K). The September increase was led by the private sector, adding 137K jobs after adding only 42K in August. Most of the private sector hiring was concentrated in professional and business services, education and healthcare, and information. The end to telecommunication worker strikes added back 45K jobs for the month. Construction payrolls also increased despite continued weakness in the housing market. Government employment was revised up to 15K in August but shed 34K jobs in September, while manufacturing payrolls declined for the second consecutive month. Other positive aspects of the employment report for September include a 0.2% rebound in average hourly earnings and a slight increase in the average workweek to 34.3 hours. The unemployment rate has held steady at 9.1% for the last three months.

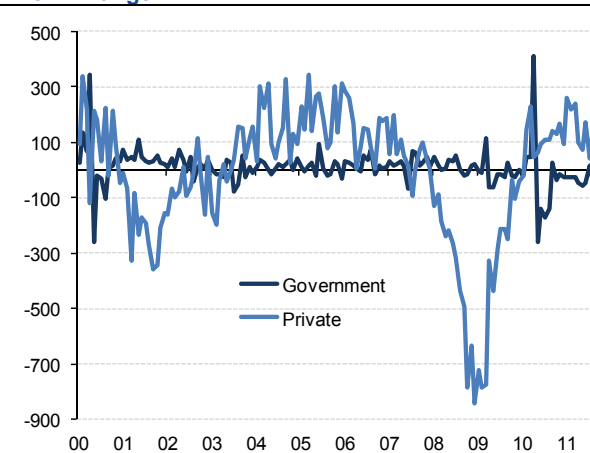
The increase in payrolls is positive news for the employment situation, however the data indicates a rise in the number of workers employed part time for economic reasons. These "involuntary part-time workers" likely had difficulty finding a full-time job to match their skill set or were working part time because their hours had been cut back. The duration of unemployment also increased, suggesting that structural unemployment is still a concern. Although today's report reflects slower job growth than in early 2011, the data indicate a better outlook for employment in 3Q11 than previously thought.

Chart 1  
**Nonfarm Payrolls and Unemployment Rate**  
MoM Change in K and %



Source: Bureau of Labor Statistics

Chart 2  
**Private Sector and Government Payrolls**  
MoM Change in K



Source: Bureau of Labor Statistics

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