

TRENDMACRO LIVE!

## On the September Jobs Report

Tuesday, October 22, 2013

Donald Luskin

Jobs Tuesday is eerily like every Jobs Friday in the Not So Great Expansion.

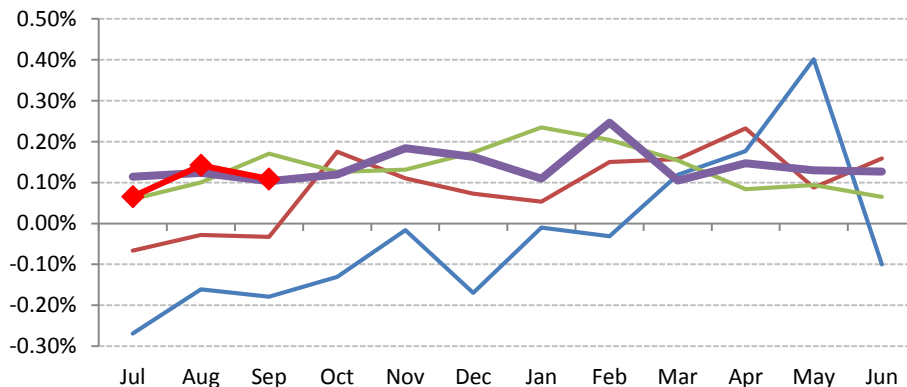
[This morning's shutdown-delayed Employment Situation report](#) was barely worth the wait.

- The sequential-month change in non-farm payrolls continues to map the year-ago data with eerie precision -- just as that year-ago data itself tracked the two-years-ago data (please see the chart below).

### Non-farm payrolls, sequential month growth rate

From Great Recession trough, by year ending June

— 2009-2010 — 2010-2011 — 2011-2012 — 2012-2013 ◆ 2013-2014 data



Source: BLS, TrendMacro calculations

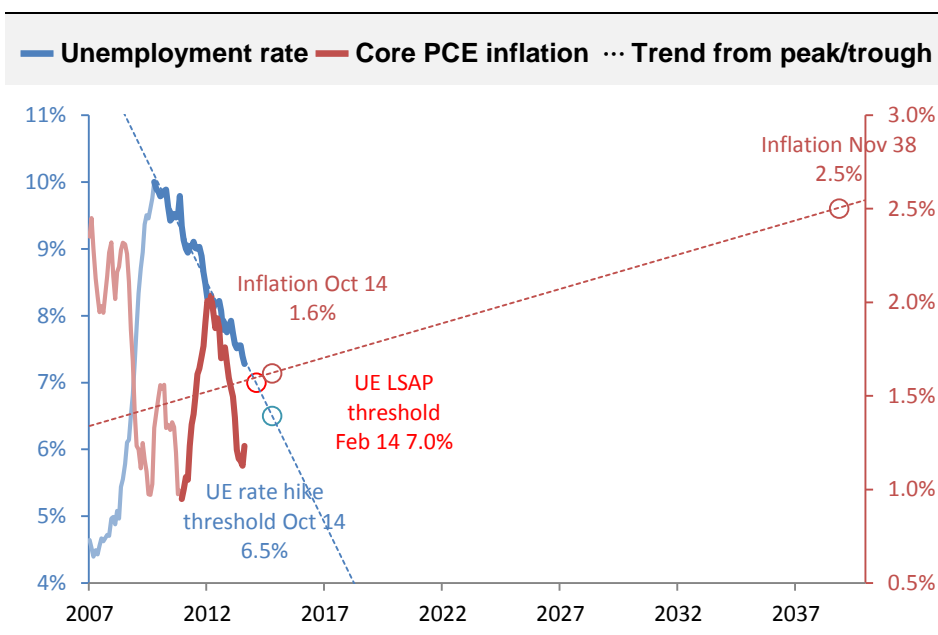
- And the fall in the unemployment rate to a new recovery low of 7.2% is the eerily precise continuation of the well-established linear trend that will take it to the Fed's so-called called "[Evans Rule](#)" threshold of 6.5% in October 2014 (please see the chart at the top of the following page).
- The Fed's tactics at this point are especially unclear, after the September FOMC's failure to taper Large-Scale Asset Purchases despite clear signaling that they would do so (see "[On the September FOMC](#)" September 18, 2013), and the nomination of Janet Yellen for chair (see "[On Yellen for Fed Chair](#)" October 9, 2013). *But whatever its tactics are, this morning's jobs data objectively ought not to change them.*

### Update to strategic view

#### US MACRO, US FED:

This morning's jobs numbers were perfectly, eerily, in line with the pattern established throughout the Not So Great Expansion. No objective reason here for the Fed to change its tactics -- whatever they are at this point. And no evidence here for accelerating growth, but with the passing of the shutdown and debt limit crises without a whiff of systemic contagion, we think that acceleration is coming.

[\[Strategy Dashboard home\]](#)



Source: BLS, BEA, TrendMacro calculations

- One bit of good news is that the fall in the unemployment rate was achieved honestly. The number of unemployed persons fell by 61,000, while the number of employed persons rose 133,000 -- for a net increase in the labor force of 73,000 (see ["Data Insights: Jobs"](#) October 22, 2013).
- Beyond that, there is no evidence here to validate our expectation that the Not So Great Expansion following the Great Recession is poised to upshift into accelerating growth more like past expansions (see ["A Major Upgrade to our Strategic Outlook"](#) September 12, 2013).
- That expectation remains, as it originally was, for the future. We have not so far seen any evidence of better growth, and we didn't expect to see it as quickly as this morning's jobs numbers.
- *But with the passing of the shutdown and debt limit crises -- without even a murmur of global financial contagion, despite turbulence in the critical repo market -- we remain convinced that the fundamental economic platform of the world is stable now for the first time in six years (see ["On the Shutdown and Debt Limit Deal"](#) October 17, 2013).*
- *Global growth has been anemic for lack of a stable platform. The platform is here now. Accelerating growth is next.*

**Bottom line**

This morning's jobs numbers were perfectly, eerily, in line with the pattern established throughout the Not So Great Expansion. No objective reason here for the Fed to change its tactics -- whatever they are at this point. And no evidence here for accelerating growth, but with the passing of the shutdown and debt limit crises without a whiff of systemic contagion, we think that acceleration is coming. ▶

**Contact**  
TrendMacro

On the web at  
[trendmacro.com](http://trendmacro.com)

Follow us on Twitter at  
[twitter.com/TweetMacro](https://twitter.com/TweetMacro)

Donald Luskin  
Chicago IL  
312 273 6766  
[don@trendmacro.com](mailto:don@trendmacro.com)

Thomas Demas  
Charlotte NC  
704 552 3625  
[tdemas@trendmacro.com](mailto:tdemas@trendmacro.com)

Lorcan Roche Kelly  
Sixmilebridge Ireland  
617 600 6969  
[lorcan@trendmacro.com](mailto:lorcan@trendmacro.com)

[\[About us\]](#)

**Recommended Reading**

[Tea Party needs to recognize that it's playing with live ammo](#)  
Timothy P. Carney  
*Washington Examiner*  
October 19, 2013

[Europe's pursuit of "a more perfect Union"](#)  
Mario Draghi  
Speech at Harvard Kennedy School  
October 9, 2013

[McConnell's Exit Interview](#)  
Robert Costa  
*National Review Online: The Corner*  
October 17, 2013

[\[Reading home\]](#)