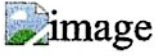
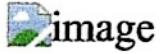


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## Hurricanes, Strike Choke Job Growth

BY JUSTIN LAHART

Job growth slowed sharply last month, with workers sidelined by hurricane effects and the Boeing strike, in a report just days before an election that has been largely shaped by voters' feelings about the economy.

The Labor Department on Friday reported that the U.S. economy added a seasonally adjusted 12,000 jobs in October, versus a September gain of 223,000. That widely missed even the muted expectations of economists, who had forecast 100,000.

Still, the unemployment rate stayed steady at a historically low 4.1%, in line with economists' expectations.

Hurricanes Helene and Milton put thousands of people out of work across the Southeast, while the Boeing strike took more people off the job. Economists generally reckoned that the bulk of October's downdraft was temporary and didn't affect the larger dynamics of the market. Wages, for example, continued to rise.

Stock indexes recovered from Thursday's selloff. The Dow Jones Industrial Average rose 289 points, or 0.7%, while the Nasdaq Composite rose 0.8% and the S& P 500 added 0.4%.

Still, the report's timing four days before the election isn't great for Vice President Kamala Harris's presidential campaign.

Her opponent, former President Donald Trump, wasted no time in seizing on the low monthly payrolls number, although it comes after the U.S. has added about 2.2 million jobs over the past year. "This jobs report is a catastrophe and definitively reveals how badly Kamala Harris broke our economy," the Trump campaign said.

The Council of Economic Advisers, which advises the White House on economic policy, pointed to the still-low unemployment rate.

"When the signal gets jammed, look to the trend," the CEA said.

*- look at unemployment rate. !*

Over the last several months, the general pace of job growth appeared to be slowing. Then, the September report released a month ago blew past expectations. Economists are now trying to figure out which is the one-off and which is

the trend. The noise in Friday's report makes it difficult to interpret.

Economist Brian Bethune of Boston College estimated that without the effects of the fall hurricanes, the Boeing strike and further adjustments, the October job-creation figure would have been 130,000, instead of the 12,000 the government reported.

For its jobs figures, the Labor Department surveys U.S. employers on how many people they had on their payrolls during the pay period that includes the 12th of the month. Helene made landfall in Florida on Sept. 26, so it didn't affect the September jobs report. Milton made landfall two weeks later.

The unemployment rate is based on a separate survey of households. Respondents who say they had jobs but weren't at work because of bad weather are still counted as employed. The same goes for workers with jobs who are on strike.

Based on the household survey, the Labor Department estimated there were 512,000 people with jobs who didn't work as a result of bad weather, though many of those, such as salaried workers, would still be paid and therefore still be included in the jobs tally. Over the previous 20 years, the number of people out of work because of bad weather during October averaged 69,000.

The Labor Department said it was likely that the job figures in some industries were affected by the hurricanes, but that it wasn't possible to quantify the effect. The survey those numbers are based on "is not designed to isolate effects from extreme weather events," the agency said.

Further muddying the picture, the share of employers that responded to the October survey was the lowest since January 1991, raising the possibility of substantial later revisions as the Labor Department gets more data.

But, the agency added, there "was no discernible effect on the national unemployment rate."

Average hourly earnings were up 4% from a year earlier, which compared with 3.9% in September. Average earnings can get boosted by storms: Lower-paid workers are more likely to lose their jobs, pushing up the average. Jobs figures for August and September were revised lower.

The leisure and hospitality sector shed 4,000 jobs, versus an average monthly gain of 20,000 jobs for the first nine months of the year. The construction sector added 8,000 jobs, which also compared with an average gain of 20,000 jobs over the previous nine months.

The Boeing strike began in mid-September. The Labor Department's monthly report on strike activity, released last week, said that there were 33,000 Boeing workers on strike for the entire pay period that included Oct. 12. Friday's report showed a loss of 46,000 manufacturing jobs, driven by a decline of 44,000 jobs in transportation equipment manufacturing that the Labor Department said "was largely due to strike activity."

To some degree, the hurricanes' effects have already dissipated. Initial claims for unemployment insurance moved notably higher in early October, but last week they slipped to their lowest level in months.

Meanwhile, the economy has continued to grow solidly, with the Commerce Department reporting Wednesday that gross domestic product grew at an inflation-adjusted 2.8% annual rate in the third quarter.

The report is also the last major piece of economic data that Federal Reserve policymakers will see before they meet right after the election next week. They have signaled that they expect to lower their benchmark interest-rate target range by a quarter-point. Friday's report is unlikely to persuade them to do a larger cut, with futures markets indicating that investors over-whelmingly still expect a quarter-point reduction.

Looking beyond the distortions, "what you are seeing is a very gradual cooling in the labor market," said Royal Bank of Canada economist Nathan Janzen.

That sets the stage for the Fed to continue to dial down rates, cutting by a quarter point again in December.

Still, with the data likely to show continued volatility from the storms and the strikes, the central bank's challenge will be to tease out just how well the labor market is doing. Some job losses from Milton might not show up until the November jobs report comes out, for example, while people who go back to work after temporarily losing their jobs could push the numbers the other way.

Even though the economy and the labor market appear poised to keep buttressing one another, there are also limits to how many jobs the U.S. can sustainably keep adding without driving unemployment down to the point that wages start running too hot, noted Joe Brusuelas, chief economist at RSM US. Immigration added to the pool of available workers for much of this year. But with the number of people entering the U.S. down sharply since the spring, that supply has been curtailed.

Meanwhile, with population growth slow, more people reaching retirement age, and the share of Americans aged 25 to 54 who are employed near its highest level in a quarter-century, finding qualified workers is no easy chore for companies looking to hire. \*

That all suggests to Brusuelas that the economy might only need to gain somewhere between 100,000 and 150,000 jobs each month to keep the unemployment rate steady.

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