

News

Hurricanes Cause Rare Monthly US Job Loss, But Rebound Likely

By Christopher Rugaber
AP Economics Writer

WASHINGTON— The U.S. shed 33,000 jobs in September because of Hurricanes Harvey and Irma, which closed thousands of businesses in Texas and Florida and forced widespread evacuations. It marked the first monthly hiring drop in nearly seven years.

The unemployment rate fell to 4.2 percent from 4.4 percent, the Labor Department said Friday, the lowest level since 2001 and a sign that the job market remains fundamentally solid. Hiring is expected to rebound in coming months as businesses in the Southeast reopen and bring back employees, and construction compa-

nies ramp up repair and renovation work.

“The labor market remains in good shape,” said Gus Faucher, chief economist at PNC Financial. “The job losses were due to disruptions from hurricanes, not underlying weakness in the economy.”

Last month’s drop was driven by huge losses in restaurants and bars,

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which accounted for 105,000 fewer jobs, a sign of the damage to Florida’s tourism industry. Roughly 1.5 million people were unable to work last month because of the weather, the government

said, the most in 20 years. Outside of hurricane-hit areas, many Americans found work. The number of people describing themselves as unemployed fell to 6.8 million, the fewest since March 2007, before the Great Recession began.

That sign of health makes it appear all but certain that the Federal Reserve will raise its

benchmark short-term interest rate in December. According to data from the CME Group, investors now foresee a 93 percent chance of a Fed rate hike then.

Fed Chair Janet Yellen

has said she expects pay raises to accelerate as unemployment declines. That, in turn, might lift inflation closer to the Fed’s annual 2 percent target level if companies raised prices to pay for higher salaries.

Hourly workers who couldn’t work because of the storms last month and missed a paycheck would have been counted as not working in the government’s survey of businesses, thereby lowering September’s job total. That’s true even if those employees returned to work after the storm passed or will return.

The unemployment rate fell because it is calculated with a separate survey of households. That survey counted people as employed even



AP PHOTO/MARCIO JOSE SANCHEZ

In this Aug. 24 photo, Phil Wiggett, right, a recruiter with the Silicon Valley Community Foundation, looks at a resume during a job fair in San Jose, Calif. On Friday, Oct. 6, 2017, the U.S. government issued the September jobs report, showing losses in hourly-wage jobs in states affected by this fall’s hurricanes.

if they were temporarily out of work because of the storms. In fact, the proportion of adults who have jobs rose to 60.4 percent, the highest since January 2009.

That’s a positive sign that the low unemployment rate is pulling more Americans off the side-

lines and back into the job market. Many people gave up searching for work during the recession and the slow recovery that followed.

Dan Harmon, chief operating officer of Smoothie King, a 900-store chain

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