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Statement of

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The unemployment rate declined to 4.2 percent in September. Nonfarm payroll employment changed little (-33,000), after adding an average of 172,000 jobs per month over the prior 12 months. In September, a sharp employment decline in food services and drinking places and below-trend growth in some other industries likely reflected the impact of Hurricanes Irma and Harvey.

The storms caused large-scale evacuations and severe damage to many homes and businesses. In the establishment survey, employees who are not paid for the pay period that includes the 12th of the month are not counted as employed. Many employees in areas affected by the hurricanes were likely off payrolls during the reference pay period for September.

Employment is measured differently in the household survey; people with jobs are counted as employed even if they miss work for the entire survey reference week (the week including the

12th of the month), regardless of whether they are paid. In September, 1.5 million workers had a job but were not at work for the entire reference week due to bad weather, the highest level for this series over the past 20 years. This series is highly sensitive to the timing of weather events and thus does not capture the immediate effect of all such events on the job market.

Data collection rates in both the establishment and household surveys generally were within normal ranges in September, both nationally and in the hurricane-affected states. Also, no changes were made to either the establishment or household survey estimation procedures for the September figures. (The national estimates do not include Puerto Rico or the U.S. Virgin Islands.)

Looking at some of the industry detail from the establishment survey, employment in food services and drinking places declined by 105,000 in September. In this industry, a large majority of workers are not paid when they are absent from work. Hence, if these employees were unable to work during the September survey reference pay period because they had evacuated, or because their establishments were not open for business due to power failures or other effects of the hurricanes, they were not included on September payrolls. Over

the 12 months prior to September, food services and drinking places had added an average of 24,000 jobs per month.

Health care employment increased by 23,000 in September, in line with the average monthly job gain over the prior 12 months. Employment in transportation and warehousing increased by 22,000 in September.

Payroll employment in other major industries, including mining, construction, manufacturing, wholesale trade, retail trade, information, financial activities, professional and business services, and government, changed little over the month. It is likely that employment in some of these industries was affected by the hurricanes, both in terms of employment declines due to the storms and job gains associated with recovery and rebuilding efforts. However, it is not possible to quantify precisely the net effect on employment in each industry.

Average hourly earnings of all employees on private nonfarm payrolls increased by 12 cents in September. The change in earnings reflects both ongoing labor market trends and possible effects of the hurricanes. Over the past 12 months, average hourly earnings have risen by 2.9 percent. From August 2016 to August 2017, the Consumer Price Index for All Urban Consumers (CPI-U) increased by 1.9 percent (on a seasonally adjusted basis).

Turning now to measures from the household survey, the unemployment rate declined by 0.2 percentage point to 4.2 percent in September. The number of unemployed persons declined by 331,000 to 6.8 million. We do not believe the hurricanes had a discernible effect on the national unemployment rate.

Among the unemployed in September, 1.7 million had been searching for work for 27 weeks or more. These long-term unemployed accounted for 25.5 percent of the total unemployed.

The labor force participation rate, at 63.1 percent, changed little in September and has shown little movement over the past year. The employment-population ratio rose by 0.3 percentage point over the month to 60.4 percent and is up by 0.6 percentage point over the year.

Among employed people, the number working part time for economic reasons, also referred to as involuntary part-time workers, changed little in September at 5.1 million.

Among those neither working nor looking for work in September, 1.6 million people were marginally attached to the labor force, 275,000 lower than a year earlier. Discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, numbered 421,000 in September, down by 132,000 from a year earlier. (People who are marginally attached to the labor force had not looked for work in the 4

weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months.)

Before summarizing, I would like to recognize the extraordinary efforts of our data collectors in gathering information from sample establishments and households in the areas affected by Hurricanes Irma and Harvey. Their extra efforts helped make it possible to obtain these important data on the September labor market.

In summary, the unemployment rate declined to 4.2 percent in September, and nonfarm payroll employment changed little (-33,000). It is likely that the payroll employment estimates for September were lower due to the effects of Hurricanes Irma and Harvey. We may learn more about the hurricanes' impact when state employment and unemployment estimates become available on October 20, 2017.