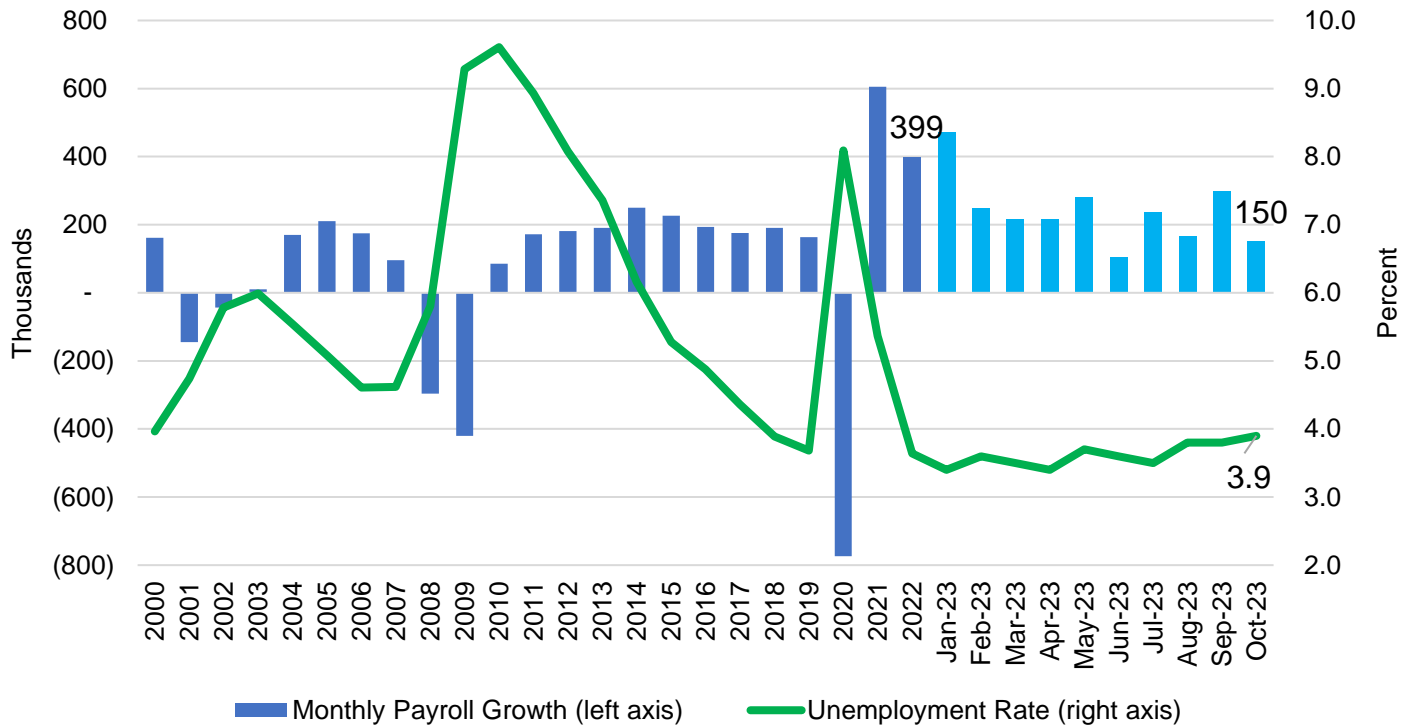


## Monthly Payroll Growth and Unemployment Rate



Source: Bureau Labor of Statistics

This week’s Chart of the Week highlights the October Employment Situation results [released this morning](#). The job market continued to fare reasonably well in October but showed signs of weakening. Employers added 150,000 jobs over the month, but the October number was partially held down by a loss of 33,000 in motor vehicles and parts manufacturing due to the ongoing auto worker strikes. Still, the 150,000 total was the slowest month since June 2023, shown by the light blue bars in the chart. Additionally, revisions to the past two months’ employment counts resulted in a total of 101,000 fewer jobs. The economy has added an average of 239,000 jobs per month so far in 2023, compared to an average of 399,000 jobs in 2022. The diffusion index, a measure of the breadth of job gains, dropped to 52 percent, its lowest reading in the post-pandemic period, as fewer industries added jobs over the month.

The unemployment rate, shown by the green line in the chart, increased slightly to 3.9 percent, still indicative of a generally healthy labor market, but this was the highest unemployment rate since January 2022. One reason for the uptick in the unemployment rate was that the number of employed individuals as measured by the household survey, dropped by 348,000 over the month, the second consecutive month that this measure has shown a much weaker reading than the establishment survey results on payrolls.

While the job market remains somewhat resilient, inflation is still the key metric for the Fed as it contemplates the policy path over the next few months. We continue to expect them to hold the fed funds rate at its current level until 2024 when their next rate move is likely to be a cut.

Focusing on the impact on housing, construction hiring increased for the seventh consecutive month and the sector has added 148,000 jobs so far this year. Low levels of previously owned housing inventory have pushed prospective buyers to new homes, increasing the need for workers, while owners staying in their current homes continue to invest in home improvement projects and repairs. A strong job market is nevertheless supportive of the housing market, both in terms of home buying and mortgage performance.