

## ECONOMIC DATA

# U.S. Unemployment Hit 50-Year Low in September

Employers also added 136,000 jobs, suggesting the economy hasn't been affected by global weakening

*By Sarah Chaney*

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U.S. unemployment dropped to a half-century low in September and job growth continued at a modest pace, signs the economy is holding up despite a broader global slowdown.

The jobless rate dropped to 3.5% in September from 3.7% in August, marking the lowest rate since December 1969 when it also logged in at 3.5%. Employers added 136,000 jobs in September, and payrolls for August and July were revised up, the Labor Department reported Friday.

Job gains and historically low unemployment have helped buffer the U.S. economy against weakness in manufacturing at home and abroad that have stoked concerns of a deepening slowdown.

A falling unemployment rate should allay fears of a recession, said Josh Wright, chief economist at iCIMS Inc., a maker of employee-recruiting software.

“There were a lot of concerns that we were going to start rolling downhill and accelerating in the wrong direction, and the fact that we didn't do that is itself a win,” Mr. Wright said.

U.S. stocks rose on Friday after the jobs report helped ease market fears about an economic slowdown.

The employment report, along with recent surveys hinting at manufacturing and service-sector activity weakness, are likely to keep open the possibility of a Federal Reserve interest-rate cut later this month. The Fed lowered its benchmark rate in July and September to cushion the economy against the risks of trade tensions and cooling global growth.

Fed Chairman Jerome Powell in a Friday speech said the economy faces some growth risks but remains in a good place overall. “Our job is to keep it there as long as possible,” he said in remarks set for delivery Friday at a conference held at the central bank's Washington headquarters.

Other central banks around the world also have cut their key interest rates this year as the global economy lost momentum.

Manufacturing has been a key factor behind the slowdown. Earlier this week, readings on U.S. manufacturing activity indicated September growth was at its slowest pace since 2009. Manufacturers cut jobs last month for the second time this year.

The services sector, which accounts for a much larger portion of the economy than manufacturing, was still expanding, albeit at the slowest pace in three years. Industries, including health care, transportation and business services, added jobs at a robust clip.

Average weekly hours remained unchanged in September, a positive sign given employers tend to cut hours when the economy is downshifting.

Many workers who didn't reap economic gains earlier in the decadelong expansion are now



A worker at a liquor distribution center warehouse in Louisville, Ky, in September. PHOTO: LUKE SHARRETT/BLOOMBERG NEWS

experiencing record-low levels of unemployment, including the underemployed, those without a high school diploma and Hispanic men.

In September, the unemployment rate for workers with less than a high school diploma dropped to 4.8%, the lowest level since the Labor Department started counting that measure in 1992. Joblessness among Hispanic men declined to 3.0%, the best on records tracing back to 2003.

A broader measure of unemployment and underemployment—which includes those too discouraged to look for work, plus Americans stuck in part-time jobs but who want to work full-time fell to 6.9% in September from 7.2% in August. The so-called U-6 rate is now at the lowest level since 2000.

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Ivetta Frost, 25, of the Houston area, is one person seeing new job opportunities. Though she wished she had finished high school, she said she is making steps toward her career dream of becoming an entrepreneur.

Ms. Frost completed job training through Goodwill, which helped her land work earlier this year at a construction company, where she

helps install carpet on hospital floors, among other tasks. Her hourly wage about doubled to \$14 an hour from when she worked at a local staffing agency.

“Everything I didn’t accomplish when I was young, I’m starting to do it now so I can make sure my future is right where I want it to be,” Ms. Frost said.

The share of Americans age 25 to 54 who were working or seeking work held steady at 82.6% in September, sustaining the August pop in prime-age participation and signaling people remain confident in their employment prospects.

A large pool of Americans ready to work may be one factor holding down wage gains. Average hourly earnings climbed 2.9% from September 2018, a pullback from previous months but still higher than inflation.

The outlook remains unclear. Payroll growth, clocking in at an average 161,000 new jobs a month this year, is down from average monthly gains of 223,000 last year.

Uncertainty over trade tensions has caused some employers to take a cautious approach to hiring.

Tiffany Zarfes Williams, owner of the Luggage Shop of Lubbock, Texas, said the company has held off on adding any new employees over the past year, given that tariff-induced price increases are pinching business.

The luggage store’s \$400 suitcase, previously a top-selling item, was hit with tariffs totaling 25% in recent months. Sales of the product declined, part of a broader slowdown this year.

“As a small-business owner, tariffs hurt,” Ms. Williams said, noting the luggage shop would take the risk of adding a couple of part-time employees for the holiday season.

“We want to be able to take care of the customers who do come in,” Ms. Williams said.

—*Nick Timiraos contributed to this article.*

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