

Healthcare Workplace Economy October 2013

Jobs Report Summary for the Healthcare Industry Based on the BLS Report with September 2013 Data

As the release date of the BLS’ “The Employment Situation – October 2013” report neared, economists had no reason to believe that hiring upturned considerably last month.

After all, according to original estimates, 160,000 new jobs were generated each month, on average, during the third quarter, a much lower monthly aggregate than was recorded during the first or second quarters. Additionally, the federal government shutdown resulted in the furlough of approximately 800,000 federal employees last month adding another element of question around the report.

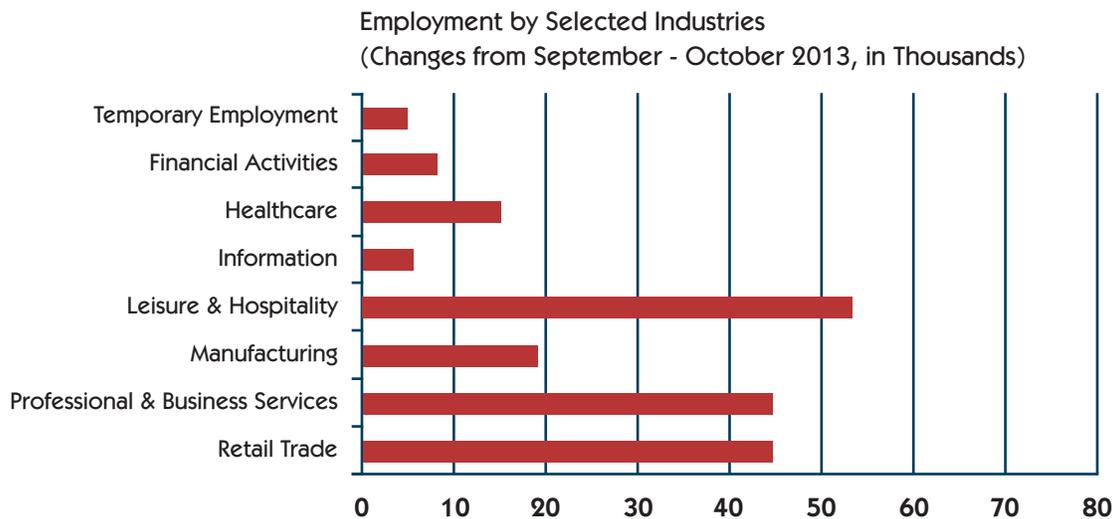
With this in mind, a majority of economists anticipated moderate job growth, projecting that roughly 100,000 to 150,000 new jobs were created in October. Others predicted the national unemployment rate would linger at 7.2 percent, a five-year-low, for the second straight month.

Surprisingly, neither of these forecasts were accurate, as total nonfarm payroll employment increased substantially, rising by 204,000, the largest monthly upsurge since February. Yet, despite the improvement in job creation, there was a very minor increase in the unemployment rate of .1 percent to 7.3 percent.

Total private sector employment also continued to increase, rising by 212,000. The sector has reported steady job growth every month since March 2010; in that time, 7.8 million new jobs have been added to the economy. In addition, according to October’s jobs report, August and September’s total nonfarm payroll employment figures were each altered last month, rising by 45,000 and 15,000 – a total of 60,000 jobs, respectively.

As a result of these revisions, as well as October’s encouraging payroll figures, an average of 190,000 new jobs have been generated on a monthly basis since October 2012, a sign that recent job growth trends are indicating that nonfarm payroll employment will continue to steadily rise throughout the fourth quarter.

Sector changes observed in October



Source: BLS

Last month, many economists were surprised by the results of the BLS' jobs report, as private sector hiring only rose by 126,000 in September. At the same time, the nation's public sector, which typically records a net loss of jobs, reported an increase in total employment for the third straight month.

Consequently, some financial experts anticipated similar results in October's "The Employment Situation" report. But, in spite of recent trends, their projections were inaccurate with the private sector recording a substantial rise in hiring, with 212,000 new jobs generated in all.

As evidenced by October's jobs report, private sector hiring was wide-ranging last month, as a majority of sectors, including the following, documented a rise in employment.

- **Healthcare:** In comparison to September's job creation statistics, sector employment rose considerably last month, as 15,000 new jobs were added to the national economy. Unsurprisingly, almost 75 percent of the positions were generated by ambulatory healthcare services facilities, often the sector's primary job creator.
- **Financial Activities:** As a surprise to some economists, total sector employment increased by 7,000 in October, rising for the first month since July. Prior to the upturn, the sector had recorded a net loss of 7,000 jobs between August and September. Approximately 7.9 million Americans are currently employed in the sector.
- **Leisure and Hospitality:** As one of the highlights in October's jobs report in regards to sector employment, 53,000 professionals were added to payrolls last month, one of the most significant turnarounds of 2013.
- **Manufacturing:** Earlier this year, economists were discouraged by the sector's hiring statistics, as total employment declined by 17,000 from March to June. However, despite such a steady net loss of jobs, the sector has recovered considerably ever since. 19,000 new jobs were generated in October, the largest monthly aggregate of 2013. Throughout the last four months, total sector employment has risen by 41,000.
- **Professional and Business Services:** Hiring was particularly noticeable with 44,000 new jobs. Within the sector, accounting and bookkeeping services added 7,000 jobs, architecture and engineering services added 5,000 positions, and IT design and technical consulting had an employment increase of 10,900 jobs. Additionally, temporary employment added 3,300 positions to the sector as well.
- **Retail Trade:** For the seventh consecutive month, the sector reported a net gain in employment, generating 44,400 new jobs in October. Since October 2012, 30,625 new jobs, on average, have been created each month.

Soliant Insights

Last December, some economists were surprised by data which revealed that retail trade employment rose substantially in November with robust hiring throughout the holiday season amounting to 751,800 jobs generated from October to December.

In fact, after only 324,900 retail trade jobs were created during the 2008 holiday season, in the midst of the economic recession, holiday hiring has improved steadily ever since. After a slight improvement in 2009, when 495,800 retail trade jobs were created during the holidays, the firm has reported a sharp acceleration in retail holiday hiring – an average of 663,450 retail jobs were generated during the 2010 and 2011 holiday seasons.

What trends might we see this year?

The National Retail Federation (NRF) is anticipating that 720,000 to 780,000 employees will be hired this holiday season. The NRF also believes the country's retail sales will rise to \$602.1 billion between November and December, a 3.9 percent increase in comparison to last year's figures.

Furthermore, according to an annually released retail holiday survey from Hay Group, a global management consultancy, nearly 80 percent of retail respondents are projecting a rise in sales this season, while 25 percent are planning to hire more employees this holiday season than they did last year. And another 22 percent intend to increase their employees' wages this year.

Of course, retailers will encounter some challenges this year. Typically, the holiday shopping season begins on "Black Friday," the day before Thanksgiving, and ends on Christmas Eve. Since Thanksgiving is later this year than usual, this year's holiday season will be six days shorter than last year's. Shoppers will also only have four weekends between Thanksgiving and Christmas too, one less than last year.

With signs pointing to an economy with a number of positive indicators, there is a chance for a stronger holiday season, but the impact will the shorter season have on employment will be watched closely in the coming weeks.

