

**STAND BY! THE U.S. IS NOT OUT OF THE WOODS, YET**

There is one factor that many people, including a number of international economists, fail to take into consideration when analysing the labour situation in the US: The minimum number of jobs that have to be created monthly in the most-important, single economy of the world must be in excess of about 120,000.

At that level of 120,000 jobs, created within a single month, the US economy could be said to be only marking time.

At a level, which is far in excess of a monthly growth rate of 120,000 jobs, having been created, the economy could be said to be expanding at a goodly pace.

People retire, they expire, they leave their workplaces for a number of reasons and, at the same time, new people enter the workforce, such as school leavers, new immigrants, entering the country, legally and illegally, etc.

The labour figures, produced last Friday by the US Labour Department, therefore, suggest, strongly, that the largest and most-important single economy of the world continues to slow.

At the same time, unemployment continues apace.

In summary, the situation in the US is not positive, at all, which is diametrically opposed to that which many people were suggesting, last Friday, on the release of the US Government's data.

In his statement with regard to the September labour statistics, the Acting Commissioner of The Bureau of Labour Statistics, Mr Philip L. Rones, said, among other things:

*'Nonfarm payroll employment increased by 110,000 in September, and the unemployment rate was essentially unchanged at 4.7 percent ...*

*'The estimates of payroll employment change for July and August were revised upward. The July change rose from +68,000 to +93,000 and the August change from -4,000 to +89,000. After incorporating these revisions, average monthly job growth for June through September is 90,000, compared with an average of 147,000 for the first 5 months of the year ...*

*'Elsewhere in the service-providing sector, employment in the credit intermediation industry, which includes mortgage lending and related activities, continued to decline. Since February, employment in the industry has fallen by 46,000. Employment services lost 35,000 jobs in September; employment in this industry has fallen by 203,000 since peaking last December. Within retail trade, building supply stores lost 17,000 jobs in September ...*

*'Over the year, manufacturing has shed 223,000 jobs ...*

*'Employment in the construction industry continued to trend down in September; since peaking a year earlier, employment has declined by 112,000 ...*

*'In summary, nonfarm payroll employment increased by 110,000 in September, and the unemployment rate was essentially unchanged at 4.7 percent.'*

Since February 2007, the unemployment rate has risen by 2 percentage points, from 4.50 percent to 4.70 percent, and, during that period, employment in US industries has fallen consistently for those 8 months.

The situation is unlikely to improve, according to **TARGET**'s reading of the present situation, with the prospects, looming, that unemployment will continue to rise, approaching 5 percent unless something happens between now and the next few months.

Clearly, the number of new jobs, being created by '*USA Incorporated*', is quite unable to meet the demands of the unemployed millions of US workers.

The September figure of 110,000 new jobs is woefully inadequate to suggest that the economy is expanding, but it does not augur an economic recession ... at least, not yet.

One of the many aspects of the US economy that appear to have been overlooked by many people, on studying the latest statistics, produced by the US Labour Department, is the type and quality of jobs, being created.

It is noted that the US Government added about 110,000 jobs in the months of July and August (both months, having been adjusted upward, from 68,000 jobs to 93,000 jobs for July and, for August, from the negative figure of 4,000 jobs to the positive figure of 89,000 jobs).

In short, private enterprise was not part of the equation in respect of the upward revision of the labour statistics.

And, in the opinion of **TARGET** (), gains in the private sector are the most-important labour gains of all.

One cannot be complacent about the US jobs situation because, at the turn of a screw, changes can come about, changes which can alter matters, very materially.

For this reason, it appears likely that The Federal Reserve, at its 2-day, Open Market Committee Meeting of October 30-31, will opt for either leaving interest rates unchanged or reduce them by another 25 basis points, at the very most.

Of course, between now and the end of the month, many things may change, thus causing Dr Ben Bernanke and his merry men of The Fed to adjust their sights, accordingly.

For More On This Subject, Please Refer To:  
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