



Basis Points October 12, 2023

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Hotter Than Expected Employment Data

Employment rose by a higher-than-expected 336,000 in September, above the average monthly gain of 267,000 over the prior 12 months. In September, job gains occurred in leisure and hospitality; government; health care; professional, scientific and technical services; and social assistance. The change in job gains for July was revised up by 79,000, from 157,000 to 236,000, and the change for August was revised up by 40,000, from 187,000 to 227,000. With these revisions, employment in July and August combined was 119,000 higher than previously reported. The total number of unemployed in September, at 6.4 million, rose by 50,000 from the previous month's total. The unemployment rate was unchanged at 3.8%. Both the labor force participation rate, at 62.8%, and the employment-population ratio, at 60.4%, were unchanged over the month. In September, average hourly earnings rose by \$0.07, or 0.2%, to \$33.88. Over the past 12 months, average hourly earnings have increased by 4.2%. The average workweek was unchanged at 34.4 hours in September.

Middle East Conflict and Oil Prices

On Saturday, Oct. 8, 2023, Hamas launched a surprise attack on Israel, firing hundreds of rockets into Southern Israel and attacking Israeli communities near the Gaza Strip. Hamas fighters also infiltrated Israeli territory, killing several Israeli civilians. Israel responded with airstrikes on Gaza, targeting Hamas military positions and infrastructure. The Israeli military also deployed ground forces to the Gaza border. The Hamas-Israel conflict can have a significant impact on global oil prices from direct disruption to oil production and transportation, increased geopolitical risk, and reduced investment in oil production.

Eye on the Week Ahead

Inflation data for September is out this week with the releases of the Consumer Price Index (CPI) and the Producer Price Index. The CPI rose 0.6% in August and 3.7% for the year. Producer prices increased 0.7% in August and 1.6% in the last 12 months.

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