

Employment Conundrum

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First, all of us here at Altus hope that you and all in your circle of friends and family are bouncing back from any fallout due to hurricane Ida. Our thoughts and prayers go out to the thousands of South Louisianians who are suffering. Many of our clients reside south of Baton Rouge and we have heard many horror stories about the devastation. It is a reminder of just how fragile a lot of what we depend on really is. Better days are ahead and our spirit here in Louisiana is second to none when it comes to fighting back.

While Ida and the Afghanistan withdrawal took center stage at the end of August, another story was quietly playing out that indicated just how complicated this economic recovery really is. The August jobs report released on August 27 showed that only 235,000 jobs had been added compared to the expected 733,000. This occurred at the same time that there are a reported 10 MILLION job openings in the US at the present moment. How can this be? As I said, it's complicated.

Just a month ago the Fed indicated that they were considering tapering back their open market purchases (Quantitative Easing or QE) and many thought that September would be the beginning. (The July jobs report was very promising) The rapid increase in QE that was implemented during the early stages of the pandemic has certainly helped spur the economy but at some point the Fed has to at least tap on the brakes and let the free market take more control. With this last report, it doesn't look like that is going to happen just yet. But, hopefully soon.

So what is causing this employment conundrum? Well for one, unemployment benefits across the country have been in place up until this past weekend. With that ending, more individuals should be looking to fill the vacant jobs that are out there. But, this is not as simple as it seems. A lot of those who are not seeking jobs are caring for children and/or elderly as facilities themselves face employment shortages and access is limited. Another issue is that the delta variant has a lot of people staying away from the service industry all together (restaraunts, bars, hotels, etc) and a lot of the job openings not being filled are in that sector. Most importantly though is the underlying reality that many people who do not have jobs just have not made the adjustment to a different career. Simply put, many employers in some sectors have gotten more skinny as a result of the virtual workplace and other pandemic related realities. And, although there are plenty jobs to be had, people have been hesitant to make the switch.

So what now? For once, (as of the first week of September) the government seems to finally be saying NO. It is not extending unemployment benefits. It is talking about tapering. It (Supreme Court) says that evictions are allowed when tenants can't pay their rent. RELUCTANTLY, the tide seems to be slowly changing. How long will it take unemployed americans to notice? Who knows...but hopefully congress recognizes that it has to start now. The free market must take the wheel....and soon.

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