



www.agc.org/learn/construction-data

Vol. 16, No. 37 • October 3-7, 2016

September employment hits highest level since 2008; August spending slides

Nonfarm payroll **employment** in September increased by 156,000, seasonally adjusted, from August and by 2,447,000 (1.7%) year-over-year (y/y), the Bureau of Labor Statistics (BLS) [reported](#) today. The unemployment rate (5.0%) inched up from 4.9% in August, as the number of jobseekers increased more than hiring. **Construction employment** (6,669,000) *increased by 23,000 from the upwardly revised August total to the highest level since December 2008. Over the past 12 months, industry employment rose by 218,000 or 3.4%, twice as fast as total nonfarm employment. Residential construction employment (residential building and specialty trade contractors) rose by 15,700 for the month and 146,000 (5.9%) y/y. Nonresidential employment (nonresidential building, specialty trades, and heavy and civil engineering construction) increased by 7,000 and 72,000 (1.8%), respectively. The number of **unemployed jobseekers** who last worked **in construction** edged down from 479,000 in September 2015 to 474,000, and the unemployment rate for such workers dropped from 5.5% to 5.2%, the lowest September figures for these series since 2000. (Industry unemployment data are not seasonally adjusted and should only be compared y/y, not across months.) Average hourly earnings rose 2.8% y/y to \$28.30, 9.7% above the private-sector average.*

Construction spending totaled \$1.142 trillion at a seasonally adjusted annual rate in August, the lowest rate since December, the Census Bureau [reported](#) on Monday. The August rate was down 0.7% from the downwardly revised July rate, and down 0.3% year-over-year. But combined January-August year-to-date (YTD) spending was 4.9% higher than in the same months of 2015. **Public construction** slumped 2.0% for the month and 1.3% YTD. The largest public component, highway and street construction, declined 2.9% for the month and inched up just 0.1% YTD. The other major public segment, educational construction, slipped 0.4% for the month but rose 4.2% YTD. **Private residential spending** decreased 0.3% in August but rose 6.4% YTD. New multifamily construction gained 2.4% for the month and 21% YTD; new single-family construction fell 0.9% from July but increased 7.4% YTD; and residential improvements rose 1.5% for the month and 0.2% YTD. **Private nonresidential spending** dipped 0.4% for the month but increased 7.8% YTD. By subsegment, in descending order of August size, power (electric power plus oil and gas pipelines and field structures) decreased 1.5% for the month but added 7.7% YTD; manufacturing skidded 1.4% in August and 3.0% YTD; commercial (retail, warehouse and farm) dropped 2.0% for the month but rose 8.8% YTD; office increased 4.3% and 27%, respectively; and health care rose 0.6% and 1.7%.

The Dodge Momentum Index tumbled 4.3% in September from its upwardly revised August level, Dodge Data & Analytics [reported](#) today. The index is “a monthly **measure of the first** (or initial) **report for nonresidential building projects in planning**, which have been shown to lead construction spending for nonresidential buildings by a full year. The decline in September was the result of a 5.3% drop in institutional planning and a 3.6% decrease in commercial planning, retreating from the strong performance in August which benefitted from an influx of large projects (\$100 million +) into planning. September’s decline follows five consecutive months of gains for the Momentum Index, and resumes for now the saw-tooth pattern that’s often been present in the data since 2014. Even with the recent volatility on a month-to-month basis, the Momentum Index continues to trend higher, signaling that developers have moved plans forward despite economic and political uncertainty. With the September release the Momentum Index is 5.1% higher than one year ago. The institutional component is 5.4% above its September 2015 reading, while the commercial component is up 4.9%.”

Distributor New South Construction Supply [reported](#) on September 30, “Several manufacturers of **construction materials** we distribute, primarily those who use resins in their finished goods, either increased **prices** in September or announced future price increases and more are expected to announce price increases in October. On September 1 Simpson Strong-Tie announced they will increase prices on their entire line of **connectors and steel shear walls** by 6% effective December 1, 2016 due to their increased costs for flat-rolled steel....The three manufacturers of **extruded polystyrene insulations**, The Dow Chemical Company (Styrofoam), Owens Corning (Foamular) and Kingspan (GreenGuard) announced that they will increase prices by 6% by November 1, due to higher resin cost....Tremco, [Inc., a manufacturer] of **waterproofing, joint sealants and air barrier systems**, announced on September 1 that they will increase prices by 2.2% on all products excluding extruded rubber products on November 1.... Some **polyolefin under-lab vapor barrier** manufacturers increased prices by approximately 6% in September due to the resin price increase and others are expected to increase prices in October. As with polyethylene sheeting, polyolefin manufacturers have indicated they may increase prices again in November or December if the October resin price increase holds....Holcim / Lafarge announced on September 1 that they will increase prices on their entire product offering on January 1 as follows: bulk **cements** \$20.00/short ton, newcem \$12.00/short ton, fly ash \$12.00/short ton, portland cement bagged products by \$1.00/bag, and bagged masonry mortar mixes and cements by \$.75/bag....As of the date of this newsletter neither Argos nor Giant have announced they will increase prices on January 1, but they are expected to announce a like price increase in the next few weeks. Prices for imported **rebar** slipped by a few points in September due to ample supply in US ports on the east coast and Gulf ports and because costs for scrap and billets in foreign markets moved down modestly in early September. Most analysts expect imported rebar prices to be flat through October and most of November and then begin to move up.”