Trust Erodes as Government Job Reports Show Pattern of Downward Revisions

October 29, 2024 - The latest job market numbers from September tell a troubling story, not just about employment, but about the reliability of government statistics. The Bureau of Labor Statistics (BLS) reported that job openings fell sharply to 7.4 million positions - the lowest level in over two years. This dramatic decline comes just one month after reporting much stronger numbers for August.

The pattern that's emerging has caught the attention of economic experts. The government consistently releases optimistic initial job reports, only to quietly revise them downward in subsequent months. August's numbers followed this pattern, with initial figures being lowered significantly in the following report.

The construction industry presents a clear example of this issue. A posting on Zerohedge noted that in August, the government reported a surge in construction job openings, despite the housing market struggling under high interest rates. After this discrepancy was highlighted by industry analysts, the September report showed a sharp drop of 40,000 construction job openings.

What makes these numbers even more questionable is how they're collected. The government's job survey has a remarkably low response rate - only one-third of businesses actually reply. This means that most of the reported figures are based on estimates rather than real data.

Even with the best of intentions, for businesses and workers trying to make important decisions, these constantly shifting numbers create real problems. Planning for the future becomes much harder when today's strong economic indicators might be revised downward tomorrow. But one has to wonder about the real intentions of the government given what appears to be a fairly consistent patter over the past few years. That pattern includes releasing fairly rosy numbers one month and then revising those numbers down in subsequent months... consistently. And it isnâ€™t just the jobs report where weâ€™re seeing this. It also happens with the Consumer Price Index, reports on consume sentiment, unemployment reports, etc... The list goes on and on. And it is quite common for government revisions to be issued on Friday afternoons, when people arenâ€™t paying much attention to the news and are more focused on weekend plans.

The impact of these reports... and their revisions... goes beyond just numbers on a page. These statistics influence major policy decisions, from interest rates to government spending. When the data can't be trusted, it becomes harder for anyone - from small business owners to major corporations - to make sound economic plans.

As this pattern of revision continues, confidence in government economic data is declining. What was once seen as reliable economic information is increasingly viewed with skepticism, creating uncertainty in an already complex economic environment.

by Jim Malmberg
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