

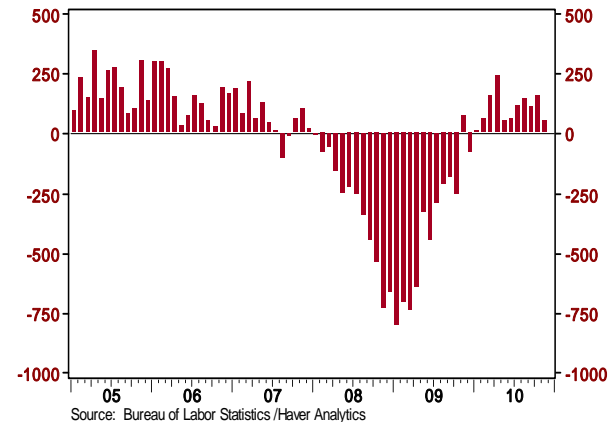
# NOVEMBER EMPLOYMENT REPORT

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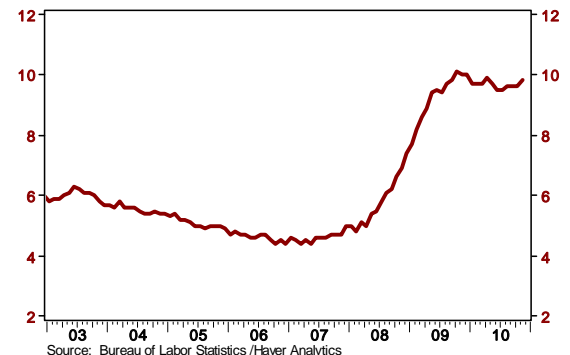
- Non-farm payrolls increased 39,000 in November, well below the consensus expected gain of 150,000. Revisions to September/October added 38,000, bringing the net gain to 77,000.
- Private sector payrolls increased 50,000 in November, the eleventh consecutive month of gains. Prior months were revised up 6,000, for a net gain of 56,000. November private sector gains were led by temps (+40,000), education/health (+30,000), bars/restaurants (+12,000), and couriers/messengers (+11,000).
- The unemployment rate increased to 9.8% from 9.6% in October.
- Average weekly earnings – cash earnings, excluding benefits – were unchanged in November but are up 2.8% versus a year ago.

**Implications:** Today's report on the labor market was a disappointment, but we believe it will end up being an outlier. First, notice how much expectations have changed. A year ago a disappointing report would have meant a major loss in payrolls; now, even a gain of 50,000 private sector jobs gets that reaction. We would not be surprised at all if today's numbers were revised upward next month. For example, the Labor Department says retail payrolls fell 28,000 in November. That's hard to square with other reports showing the retail sector was strong last month. Despite today's report, private payrolls are up 106,000 per month so far this year. During the same time-frame, civilian employment, a different measure of jobs that is better at picking up the self-employed and small start-up businesses, is up 122,000 per month. Given recent data on consumer spending as well as growth in manufacturing production and construction, the underlying trend in job growth should accelerate in the months ahead. Today's report also showed an increase in the unemployment rate to 9.8%, the highest since April. As the job market improves, we are likely to see some workers who previously had stopped looking for work getting back into the labor force, resulting in slower improvement in the unemployment rate – and even some setbacks, like this month – despite job gains. In other recent news on the labor market, new claims for jobless benefits increased 26,000 last week. However, the four-week moving average of claims, which smoothes out weekly volatility, fell to 431,000, the lowest level since August 2008, even before the collapse of Lehman Brothers. Continuing claims increased 53,000 to 4.27 million. The four-week average of continuing claims is the lowest since December 2008.

Change in Total Private Employment  
SA, Thous



Civilian Unemployment Rate: 16 yr +  
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-10	Oct-10	Sep-10	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	<b>9.8</b>	9.6	9.6	9.7	9.6	9.7
<b>Civilian Employment (monthly change in thousands)</b>	<b>-173</b>	-330	141	-121	-89	63
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>39</b>	172	-24	62	-9	70
<b>Construction</b>	<b>-5</b>	3	-11	-4	2	-10
<b>Manufacturing</b>	<b>-13</b>	-11	-6	-10	-3	8
<b>Retail Trade</b>	<b>-28</b>	13	-4	-6	-3	5
<b>Finance, Insurance and Real Estate</b>	<b>-9</b>	0	4	-2	-5	-8
<b>Professional and Business Services</b>	<b>53</b>	50	28	44	33	33
<b>Education and Health Services</b>	<b>30</b>	64	26	40	36	34
<b>Leisure and Hospitality</b>	<b>11</b>	-10	38	13	17	13
<b>Government</b>	<b>-11</b>	12	-136	-45	-116	-21
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.0%</b>	0.3%	0.1%	1.8%	1.8%	1.6%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.3</b>	34.3	34.2	34.3	34.2	34.1
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>0.1%</b>	0.4%	-0.2%	1.3%	2.0%	2.2%

\*3, 6 and 12 month figures are % change annualized

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