

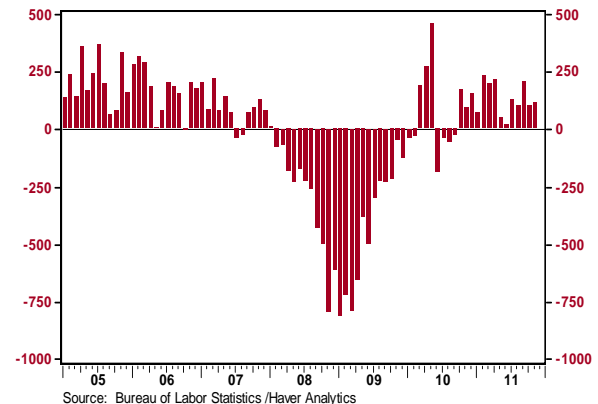
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November Employment Report

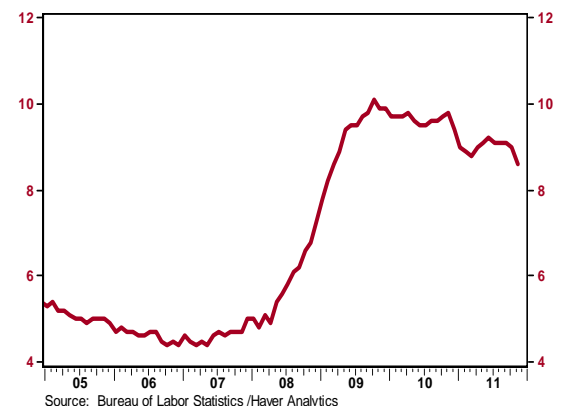
- Non-farm payrolls increased 120,000 in November and were up 192,000 including revisions to September/October. The consensus expected a gain of 125,000.
- Private sector payrolls increased 140,000 in November. Revisions to September/October added 42,000, bringing the net gain to 182,000. November gains were led by retail (+50,000), restaurants and bars (+33,000), health and education (+27,000), and temps (+22,000). The biggest decline was non-residential construction (-12,000).
- The unemployment rate plummeted to 8.6% from 9.0% in October.
- Average weekly earnings – cash earnings, excluding benefits – declined 0.1% in November but are up 1.8% versus a year ago.

Implications: The labor market continues to improve. Private payrolls increased 140,000 in November and a stronger 182,000 including upward revisions for September and October. Upward revisions have been a recurring pattern for the past year. For example, private payrolls for September were originally reported up 137,000 but have since been revised to 220,000, and who can forget August when nonfarm payrolls were originally reported at 0 but were revised up in September to 57,000 and again revised in October to 104,000 jobs. The average upward revision in the past year has been about 35,000. Over that period, private payrolls (including revisions) have an average gain of 157,000. Civilian employment, an alternative measure of jobs that factors in small business start-ups, increased 278,000 in November and is up an average of 178,000 in the past year. Some pessimists say a “birth/death” model is artificially inflating payroll gains, but the employment survey does not use a birth/death model and that survey is even stronger. The gain in civilian employment helped push the unemployment rate down to 8.6%. However, the drop in unemployment was also due to a 315,000 decline in the labor force (people working or looking for jobs). As a result, we think a portion of the drop in the jobless rate may reverse next month, but not all of it. Another cautious note in today’s report was that average hourly earnings dipped 0.1% in November, although they are still up 1.8% from a year ago. That gain from a year ago, combined with a 2.1% increase in the number of hours worked (meaning total worker earnings are up 3.9% from a year ago) and a slowdown in the pace of debt reduction, is making it easier for consumers to spend. In other recent news, automakers sold cars and light trucks at a 13.6 million annual rate in November, up 2.8% from October and 11% from a year ago. The economy is still far from operating at its full potential, but it is clearly moving in the right direction.

Change in Total Nonfarm Employment
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-11	Oct-11	Sep-11	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	8.6	9.0	9.1	8.9	9.0	9.0
Civilian Employment (monthly change in thousands)	278	277	398	318	134	178
Nonfarm Payrolls (monthly change in thousands)	120	100	210	143	114	133
Construction	-12	-15	31	1	-1	2
Manufacturing	2	6	-1	2	9	18
Retail Trade	50	13	23	29	21	19
Finance, Insurance and Real Estate	8	8	-2	5	0	1
Professional and Business Services	33	39	54	42	35	43
Education and Health Services	27	37	52	39	38	35
Leisure and Hospitality	22	24	24	23	23	21
Government	-20	-17	-10	-16	-19	-23
Avg. Hourly Earnings: Total Private*	-0.1%	0.3%	0.2%	1.7%	1.4%	1.8%
Avg. Weekly Hours: Total Private	34.3	34.3	34.3	34.3	34.3	34.3
Index of Aggregate Weekly Hours: Total Private*	0.1%	0.1%	0.5%	3.0%	0.9%	2.1%

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