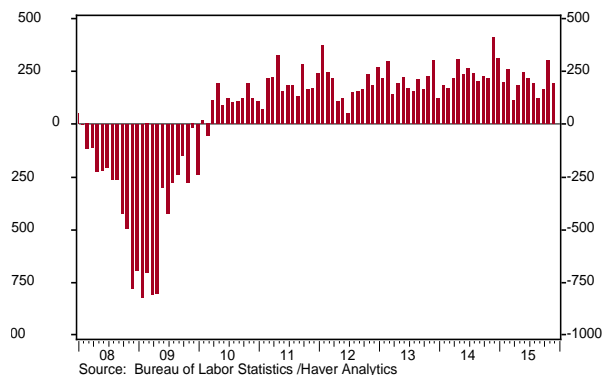


November Employment Report

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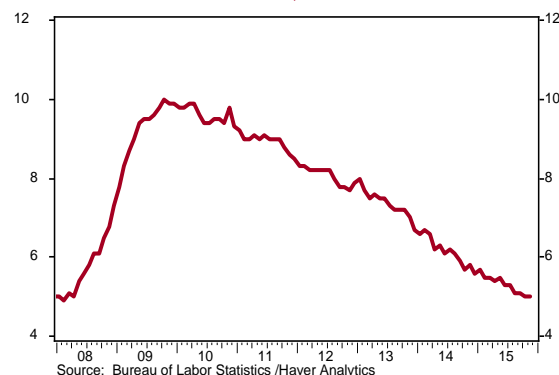
- Nonfarm payrolls increased 211,000 in November, beating the consensus expected 200,000. Including revisions to prior months, nonfarm payrolls increased 246,000.
- Private sector payrolls increased 197,000 in November, while September and October were revised up a combined 52,000. The largest gains in November were for construction (+46,000), education & health care (+40,000), restaurants/bars (+32,000), and retail (+31,000). Manufacturing payrolls slipped 1,000 while government rose 14,000.
- The unemployment rate remained at 5.0% in November.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in November and are up 2.3% versus a year ago.

Change in Total Private Payrolls
SA, Thous



Implications: Another batch of solid figures on the labor market all but seals the deal that the Federal Reserve will (finally!) start raising short-term interest rates on December 16. Payrolls increased 211,000 in November and were revised up for both September and October. Meanwhile, civilian employment, an alternative measure of jobs that includes small business start-ups rose 244,000 while the unemployment rate remained 5.0% and the labor force grew 273,000. Notably, payrolls at home builders spiked up 32,000 for the month, the largest increase in residential construction for any month since 2005. We expect continued strong gains in home building jobs in the year ahead as that sector continues to ramp up activity. Moreover, workers’ earnings continue to move higher. Average hourly earnings rose 0.2% in November and are up 2.3% versus a year ago. (Remember, this measure excludes irregular bonuses/commissions and fringe benefits, and given rising health care costs is probably understating the growth in employment costs.) And although total hours worked slipped slightly in November itself, they were revised up substantially for October. As a result, total hours worked are up 1.9% versus a year ago and total wages are up 4.2% in the past year, more than enough to support further increases in consumer spending. Despite the good news, we fully expect some analysts to dwell on any negative information they can find. This month, that’s likely to be a 137,000 increase in part-time jobs. However, the household survey, where that data comes from, is very volatile from month to month and part-time jobs are still down 455,000 from a year ago. Because of the monthly gain in part-timers, the U-6 unemployment rate, what some analysts call the “true” unemployment rate because it includes discouraged workers and part-timers who say they want full-time work, rose to 9.9% from 9.8% in October. However, the U-6 rate was 11.4% a year ago and peaked at 17.1% in 2009-10, so even the U-6 rate is down substantially in the past several years. Although it ticked up to 62.5% in November, the labor force participation rate remains very low, a reflection of retiring Boomers, too easily available disability benefits, and overly generous student aid. The bottom line is the trend in payroll growth remains just north of 200,000 and should expand about 2.5 million in 2016, enough to keep the Fed raising rates at least a few times next year.

Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-15	Oct-15	Sep-15	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	5.0	5.0	5.1	5.0	5.1	5.3
Civilian Employment (monthly change in thousands)	244	320	-236	109	95	143
Nonfarm Payrolls (monthly change in thousands)	211	298	145	218	213	220
Construction	46	34	19	33	19	22
Manufacturing	-1	1	-8	-3	-3	3
Retail Trade	31	41	10	27	25	24
Finance, Insurance and Real Estate	14	10	3	9	13	12
Professional and Business Services	27	90	32	50	49	51
Education and Health Services	40	71	58	56	55	53
Leisure and Hospitality	39	48	52	46	38	37
Government	14	-6	-20	-4	12	8
Avg. Hourly Earnings: Total Private*	0.2%	0.4%	0.1%	2.4%	2.4%	2.3%
Avg. Weekly Hours: Total Private	34.5	34.6	34.5	34.5	34.6	34.6
Index of Aggregate Weekly Hours: Total Private*	-0.1%	0.6%	-0.2%	1.2%	2.1%	1.9%

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