

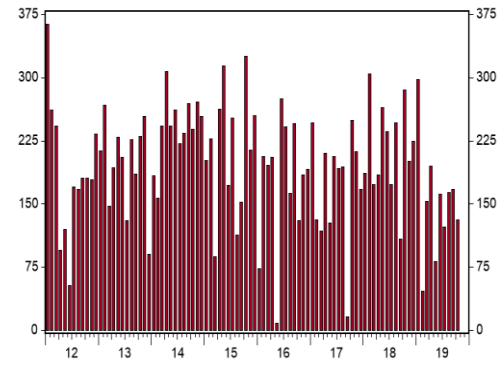
October Employment Report

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- Nonfarm payrolls rose 128,000 in October, beating the consensus expected 85,000. Including revisions to August/September, nonfarm payrolls were up 223,000.
- Private sector payrolls rose 131,000 in October, while revisions to the two prior months added 94,000. The largest increases in October were for restaurants & bars (+48,000), health care & social assistance (+34,000), and professional & business services (+22,000, including temps). Manufacturing declined 36,000 while government slipped 3,000.
- The unemployment rate increased to 3.6% in October from 3.5% in September.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in October and are up 3.0% versus a year ago.

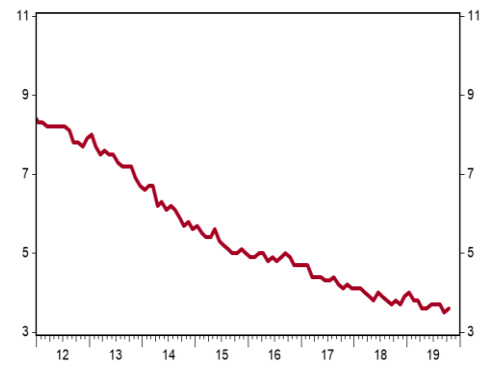
Implications: Remind us again why the Fed’s been cutting rates, because the labor market shows they haven’t been needed. In spite of a UAW strike that directly subtracted 46,000 from the number of people working for the month, nonfarm payrolls increased 128,000 in October, beating the consensus expected 85,000. In addition, payrolls were revised up substantially for both August and September, adding an extra 95,000 jobs. Remember two months ago when August payrolls were originally reported up 130,000? This was considered tepid and some analysts feared a major slowdown. But that report was revised up to 168,000 a month ago and was revised up to 219,000 today. Keep that in mind the next time we get a soft number. Civilian employment, an alternative measure of jobs that includes small-business start-ups, grew 241,000 in October. In the past year, nonfarm payrolls are up 174,000 per month while civilian employment is up 161,000 per month. The underlying pace of job creation is likely somewhere in between. Some may be concerned that the unemployment rate ticked up to 3.6% in October from 3.5% in September, but, unrounded, the increase was very slight, to 3.56% from 3.52%. Also, the labor force participation rate rose to 63.3% in October, the highest since 2013, showing cyclical strength in the labor market is outweighing the long-term trend of retiring Boomers. Participation among “prime-age” workers (25-54) hit the highest level in more than a decade. We like to use the employment report to measure workers’ purchasing power and that looks healthy, too. Average hourly earnings rose 0.2% in October and are up 3.0% from a year ago. Meanwhile, the number of hours worked rose 0.1% and are up 1.2% from a year ago. Combined, total earnings are 4.2% ahead of a year ago, which is more than enough to keep powering consumer spending higher. It’s early, and there’s plenty of data to come, but with the UAW strike behind us, it’s entirely possible that payrolls increase more than 200,000 in November. It’s looking more and more likely the Fed is finally done.

Change in Total Private Payrolls
SA, Thous



Source: Bureau of Labor Statistics/Haver Analytics

Civilian Unemployment Rate: 16 yr +
SA, %



Source: Bureau of Labor Statistics/Haver Analytics

Employment Report <i>All Data Seasonally Adjusted</i>	Oct-19	Sep-19	Aug-19	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	3.6	3.5	3.7	3.6	3.6	3.7
Civilian Employment (monthly change in thousands)	241	391	590	407	311	201
Nonfarm Payrolls (monthly change in thousands)	128	180	219	176	156	174
Construction	10	11	7	9	8	12
Manufacturing	-36	-5	2	-13	-4	4
Retail Trade	6	7	-1	4	-2	-2
Finance, Insurance and Real Estate	16	8	17	14	11	9
Professional and Business Services	22	37	38	32	33	34
Education and Health Services	39	49	63	50	52	53
Leisure and Hospitality	61	45	48	51	26	33
Government	-3	13	56	22	18	13
Avg. Hourly Earnings: Total Private*	0.2%	0.0%	0.4%	2.7%	3.1%	3.0%
Avg. Weekly Hours: Total Private	34.4	34.4	34.4	34.4	34.4	34.4
Index of Aggregate Weekly Hours: Total Private*	0.1%	0.1%	0.5%	2.5%	1.3%	1.2%

Source: Bureau of Labor Statistics *3, 6 and 12 month figures are % change annualized