

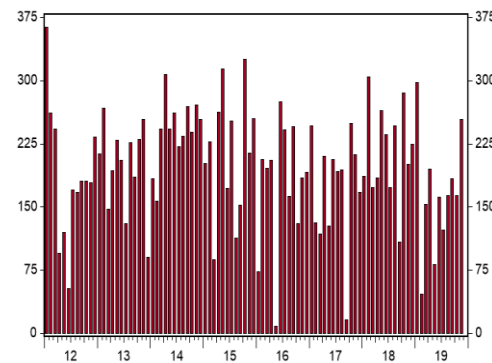
November Employment Report

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- Nonfarm payrolls rose 266,000 in November, easily beating the consensus expected 180,000. Including revisions to September/October, nonfarm payrolls were up 307,000.
- Private sector payrolls rose 254,000 in November, while revisions to the two prior months added 48,000. The largest increases in November were for health care & social assistance (+60,000), manufacturing (+54,000), and leisure & hospitality (+45,000). Government increased 12,000.
- The unemployment rate declined to 3.5% in November from 3.6% in October.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in November and are up 3.1% versus a year ago.

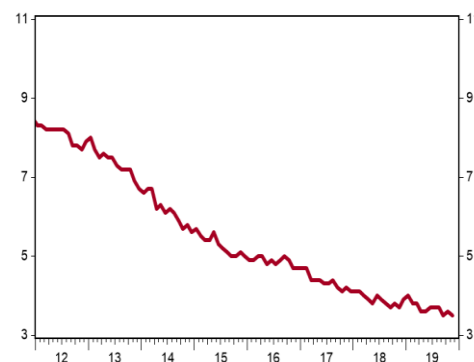
Implications: The US labor market has rarely been stronger. Payrolls increased 266,000 in November, easily beating the consensus expected 180,000 and coming in higher than the forecast from any economics group. In addition, payroll growth was revised up 41,000 for the prior two months. Remember how October was supposed to be a soft month for job growth because of the UAW strike? Today’s report shows payroll growth of 156,000 in October, a very respectable month. Civilian employment, an alternative measure of jobs that includes small-business start-ups, grew a tepid 83,000 in November, but that follows average gains of 350,000 per month in the prior five months in this volatile series. In the past year, nonfarm payrolls are up 184,000 per month while civilian employment is up 149,000. The trend in job growth is likely somewhere in the middle, around 165,000 jobs per month. The unemployment rate ticked down to 3.5% in November but has essentially been range-bound at very low levels in the past three months, hovering between 3.52% and 3.56%. Perhaps the weakest part of today’s report was the tepid 40,000 increase in the labor force, which caused the downward tick in the participation rate to 63.2%. But labor force data are volatile from month to month and are still up 1.6 million from a year ago. Even so, participation among “prime-age” workers (25-54) remained at 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 3.1% from a year ago. Meanwhile, the number of hours worked rose 0.2% and are up 1.6% from a year ago. Combined, total earnings are 4.8% ahead of a year ago, which is more than enough to keep powering consumer spending higher. The Federal Reserve is clearly done cutting rates and the economy is in good shape. Look for continued solid job creation in 2020. There’s no recession in sight.

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>	Nov-19	Oct-19	Sep-19	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	3.5	3.6	3.5	3.5	3.6	3.7
Civilian Employment (monthly change in thousands)	83	241	391	238	306	149
Nonfarm Payrolls (monthly change in thousands)	266	156	193	205	196	184
Construction	1	14	9	8	8	12
Manufacturing	54	-43	2	4	5	6
Retail Trade	2	22	12	12	3	-3
Finance, Insurance and Real Estate	13	16	6	12	12	10
Professional and Business Services	38	43	27	36	38	35
Education and Health Services	74	30	57	54	58	57
Leisure and Hospitality	45	70	56	57	35	35
Government	12	-7	10	5	22	14
Avg. Hourly Earnings: Total Private*	0.2%	0.4%	0.0%	2.6%	3.4%	3.1%
Avg. Weekly Hours: Total Private	34.4	34.4	34.4	34.4	34.4	34.4
Index of Aggregate Weekly Hours: Total Private*	0.2%	0.2%	0.1%	1.8%	1.6%	1.6%

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