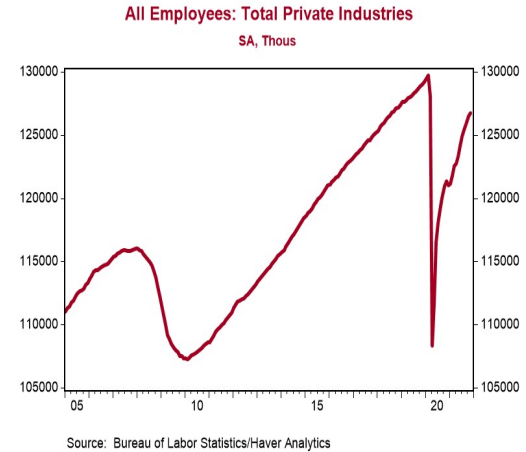


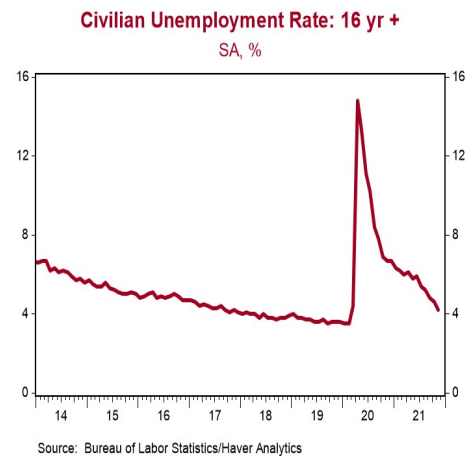
November Employment Report

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- Nonfarm payrolls increased 210,000 in November, well below the consensus expected 550,000. Payroll gains for September and October were revised up by a total of 82,000, bringing the net gain, including revisions, to 292,000.
- Private sector payrolls rose 235,000 in November, while revisions to prior months added 83,000. The largest increases in November were for professional & business services (+90,000, including temps), transportation & warehousing (+50,000), construction (+31,000), and manufacturing (+31,000). Government declined 25,000.
- The unemployment rate dropped to 4.2% in November from 4.6% in October.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in November and are up 4.8% versus a year ago. Aggregate hours worked rose 0.5% in November and are up 4.4% from a year ago.



Implications: Don't get bent out of shape about headlines showing a slowdown in payroll growth. Yes, nonfarm payrolls grew only 210,000 in November, the slowest pace so far this year, well below the consensus expected 550,000, and also well below the lowest forecast from any economics group. However, there are several reasons why this one number should be taken with a grain of salt. First, civilian employment, an alternative measure of jobs that includes small-business start-ups, increased 1.136 million in November, the fastest pace in more than a year, helping push the unemployment rate to a new recovery low of 4.2%. Second, the number of hours worked in the private sector increased 0.5% in November, largely due to an increase in hours per worker. If the increase in total hours had been achieved only hiring more workers (rather than also by having the average worker work more hours) the payroll gain would have been about 570,000, slightly above consensus expectations. Third, upward revisions to prior months added 82,000 to payrolls, with all that adjustment (on net) in the private sector. Fourth, the labor force participations rate (the share of adults who are either working or looking for work) and the employment-to-population (the share of adults who are working) both rose to the highest levels so far in the recovery, 61.8% and 59.2%, respectively. Last, wage gains continued, with average hourly earnings up 0.3% in November and up 4.8% in the past year. Total hours worked rose 0.5% in November and are up 4.4% in the past year. Combining hourly pay and the number of hours worked, total worker pay (excluding irregular bonuses) has increased 9.4% in the past year and is up 7.6% since February 2020 (pre-COVID). This is important because it means that the growth in total worker pay has roughly kept pace with inflation. Don't be surprised if this payroll report is revised upward in the next two months while the pace of job growth picks up in future months, as well. Still, the labor market is far from fully healed. Payrolls remain 3.9 million below where there were in February 2020 while civilian employment is 3.6 million below. The labor force is 2.4 million below pre-COVID levels. Assuming the Biden Administration's OSHA rules are not resurrected and other new burdensome rules and restrictions aren't imposed, the labor market should continue to heal.



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-21	Oct-21	Sep-21	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	4.2	4.6	4.8	4.5	5.0	5.6
Civilian Employment (monthly change in thousands)	1,136	359	526	674	593	462
Nonfarm Payrolls (monthly change in thousands)	210	546	379	378	612	484
Construction	31	43	35	36	20	15
Manufacturing	31	48	29	36	41	29
Retail Trade	-20	38	39	19	27	25
Finance, Insurance and Real Estate	13	26	12	17	17	12
Professional and Business Services	90	121	111	107	104	84
Education and Health Services	4	59	16	26	51	41
Leisure and Hospitality	23	170	108	100	196	162
Government	-25	-82	-45	-51	43	34
Avg. Hourly Earnings: Total Private*	0.3%	0.4%	0.6%	4.8%	4.8%	4.8%
Avg. Weekly Hours: Total Private	34.8	34.7	34.8	34.8	34.7	34.8
Index of Aggregate Weekly Hours: Total Private*	0.5%	0.3%	0.9%	6.8%	5.6%	4.4%

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