

U.S. Data Review

- Labor market: solid private-sector job growth; marked decline in unemployment

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October Employment Report

Nonfarm payrolls rose 638,000 in October, a touch stronger than the expected total of approximately 590,000 but less than impressive given the magnitude of jobs lost in the spring. Revisions in the prior two months were trivial (+15,000). The latest changes brought the share of jobs regained to 54.5 percent, up from 51.6 percent in September. Results in the private sector were firmer than the headline total, with job growth totaling 906,000 and the share recouped totaling 58.1 percent. The stronger showing in the private sector was partly the result of the federal government trimming 147,000 census workers. State and local governments also cut payrolls because of tight budgets. The most striking aspect of the report was the drop of 1.0 percentage point in the unemployment rate to 6.9 percent, reflecting a surge in job growth as measured by the household survey (2.243 million) that far exceeded the jump in the size of the labor force (724,000).

The breakdown of job growth by industry varied widely. The overall percent change in October totaled 0.5 percent (percent change to adjust for differences in industry size). The construction industry was firm with a jump of 1.2 percent, and several service-producing industries did well. Encouragingly, the leisure and hospitality industry posted job growth of 2.1 percent and has now regained 58.1 percent of the jobs lost in the spring. The transportation sector advanced 0.9 percent. Employment in air transportation fell 4.4 percent, but ground transportation and sightseeing transportation rose 7.1 percent and 8.3 percent, respectively. Business service employment rose 1.0 percent, led by temporary help services (4.4 percent, sometimes a leading indicator of employment). Some areas lagged. Employment in education fell 0.6 percent, perhaps reflecting the influence

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private-Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate (Percent)	Household Emp. (Chg., Thousands)	Labor Force	Emp.-Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2017	176	170	4.3	8.5	147	69	60.1	10.1	5,254	0.2	34.4
2018	193	183	3.9	7.7	237	214	60.4	9.3	4,779	0.3	34.5
2019	178	162	3.7	7.1	165	120	60.8	9.2	4,407	0.2	34.4
2020	-963	-848	8.4	14.0	-900	-369	56.7	11.8	7,385	0.4	34.5
Qtrly. Average											
19-Q3	203	171	3.6	7.0	383	306	60.9	9.1	4,230	0.2	34.4
19-Q4	210	200	3.5	6.8	168	168	61.0	9.1	4,278	0.2	34.3
20-Q1	-303	-319	3.8	7.5	-1,010	-548	60.8	8.5	4,755	0.4	34.3
20-Q2	-4,427	-3,957	13.0	20.7	-4,530	-994	52.9	7.8	10,194	0.8	34.5
20-Q3	1,309	1,149	8.8	14.5	1,794	70	56.1	16.5	7,438	0.2	34.7
2020 Monthly											
Jan.	214	179	3.6	6.9	-89	50	61.2	9.3	4,182	0.2	34.3
Feb.	251	220	3.5	7.0	45	-60	61.1	9.1	4,318	0.3	34.4
Mar.	-1,373	-1,356	4.4	8.7	-2,987	-1,633	60.0	7.0	5,765	0.6	34.1
Apr.	-20,787	-19,835	14.7	22.8	-22,369	-6,432	51.3	2.0	10,887	4.7	34.2
May	2,725	3,236	13.3	21.2	3,839	1,746	52.8	7.7	10,633	-1.1	34.7
June	4,781	4,729	11.1	18.0	4,940	1,705	54.6	13.6	9,062	-1.3	34.6
July	1,761	1,526	10.2	16.5	1,350	-62	55.1	15.0	8,443	0.1	34.6
Aug.	1,493	(1,489)	8.4	14.2	3,756	968	56.5	16.7	7,572	0.3	34.7
Sept.	672	(661)	7.9	12.8	275	-695	56.6	17.8	6,300	0.0	34.8
Oct.	638	906	6.9	12.1	2,243	724	57.4	19.3	6,683	0.1	34.8

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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of remote learning, and budget cuts led to a drop of 0.7 percent at state and local governments. The plunge of 4.4 percent in federal employment reflected the trimming of census workers.

The 1.0 percentage point decline in the unemployment rate and the increase of 2.243 million in employment as measured by the household survey were striking, but not necessarily surprising. Sharp declines in the number of individuals receiving unemployment benefits in recent weeks have been signaling marked improvement in the labor market, and similar movement in the household survey suggests the same. Normally, we put more weight on the payroll figures, but given the decline in the number of individuals on unemployment rolls and the gain in household employment, we wonder if the payroll figures are undercounting employment to a degree.

Average hourly earnings rose 0.1 percent, a modest change, but this figure is probably being restrained by a compositional shift in employment (lower-paid workers being recalled).