

# U.S. Data Review

- Employment: leisure, gov't, education hit hard; otherwise, reasonably good

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## The Labor Market in December

Nonfarm payrolls fell 140,000 in December (-0.1%), noticeably weaker than the consensus estimate of an increase of 50,000. The employment decline, while pronounced, was concentrated in a few areas. The leisure industry, which suffered badly in the initial wave of the pandemic, was hit hard again, posting a drop of 498,000 (-3.7%). Private-sector education and state and local governments, other areas that retreated noticeably in earlier months, recorded big losses again, off 63,000 (-1.8%) and 51,000 (-0.3%), respectively.

Other elements of the report were mildly encouraging. Upward revisions to the prior two months were sizeable at 135,000, and some of the adjustment occurred in the three areas hit hard in December (the combined adjustment to leisure, state & local government, and education totaled 55,000). Several industries posted decent gains. Construction did well with job growth of 51,000 (0.7%), and manufacturing was on solid ground with an increase of 38,000 (0.3%). The retail trade industry, another sector badly damaged in the initial wave of the pandemic, boosted payrolls by 121,000 (0.8%). The business service area, a broad category that provides a good sense of the general climate, added 161,000 positions (0.8%).

The unemployment rate was steady at 6.7 percent, a better showing than the expected increase to 6.8 percent. The survey of households, the source of the unemployment rate, showed little change in both employment and the size of the labor force (up 21,000 and 31,000, respectively), which left joblessness essentially unchanged. These results, while far from stellar, left a better picture than the payroll figures.

## Employment Report\*

	Nonfarm Payrolls (Chg., Thousands)	Private-Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate	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)
<b>Annual Average</b>											
2019	178	162	3.7	7.2	166	121	60.8	9.2	4,408	0.2	34.4
2020	-781	-675	8.1	13.7	-742	-334	56.8	12.6	7,227	0.4	34.6
<b>Qtrly. Average</b>											
19-Q4	210	200	3.6	6.9	168	207	61.0	9.2	4,270	0.2	34.3
20-Q1	-303	-319	3.8	7.6	-1,066	-619	60.7	8.0	4,818	0.4	34.3
20-Q2	-4,427	-3,957	13.1	20.7	-4,479	-975	52.9	7.6	10,190	0.8	34.5
20-Q3	1,322	1,161	8.8	14.5	1,814	94	56.1	16.5	7,405	0.2	34.7
20-Q4	283	416	6.8	11.9	762	163	57.4	18.2	6,493	0.4	34.8
<b>2020 Monthly</b>											
Apr.	-20,787	-19,835	14.8	22.9	-22,166	-6,243	51.3	1.9	10,899	4.7	34.2
May	2,725	3,236	13.3	21.2	3,854	1,722	52.8	7.5	10,633	-1.1	34.7
June	4,781	4,729	11.1	18.0	4,876	1,597	54.6	13.4	9,038	-1.3	34.6
July	1,761	1,526	10.2	16.5	1,677	288	55.2	15.1	8,400	0.1	34.6
Aug.	1,493	1,028	8.4	14.2	3,499	733	56.5	16.7	7,533	0.3	34.7
Sept.	711	930	7.8	12.8	267	-740	56.6	17.8	6,283	0.1	34.8
Oct.	654 (610)	925	6.9	12.1	2,126	640	57.4	19.0	6,668	0.1	34.8
Nov.	336 (245)	417	6.7	12.0	140	-182	57.4	18.9	6,641	0.3	34.8
Dec.	-140	-95	6.7	11.7	21	31	57.4	16.8	6,170	0.8	34.7

\* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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The household survey also carried other tidbits of favorable news. The broad unemployment rate fell 0.3 percentage points in December to 11.7 percent, reflecting a drop of 471,000 (-7.1%) in the number of individuals working part-time for economic reasons. The number of marginally attached workers (those that would like a job but are not looking) rose 129,000 (6.2%), but the increase was not among discouraged workers -- this component fell 13,000 (-1.9%). The household survey also showed a marked decline in the number of individuals that have lost their jobs permanently (off 348,000; -9.3%).

Average hourly earnings surged 0.8 percent, but this advance should not be viewed as a favorable development. The jump reflects the fact that many of the lost jobs in December were among low-wage workers, and the absence of their wage rates in the calculation pushed the average higher.

The marked declines in jobs among low-wage workers is troubling, but the report also contained favorable developments and showed a good degree of resiliency in the face of the recent surge in Covid cases.