

U.S. Data Review

- Employment: firm payroll growth; jump in hourly earnings

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November Employment

- The increase of 263,000 in nonfarm payrolls slowed a bit from the average of 272,000 in the prior three months, but it exceeded the expected advance of 200,000. Results in the prior two months were revised lower by a combined 23,000, but even with the downward adjustment, the latest results were favorable. Aggressive tightening by the Fed has slowed economic activity, and some firms have responded by announcing layoffs, but firms in the aggregate are still adding jobs at a solid clip.
- A few industries stood out on the firm side with hiring in November. The construction industry added 20,000 positions (+0.3%) despite headwinds in the housing market. The healthcare and leisure industries also added positions at brisk clips (68,000 and 88,000, respectively, or 0.3% and 0.6%). State and local hiring also was firm for the second consecutive month (+43,000 or 0.2% in November). On the soft side, consumer-facing industries trimmed payrolls (retail, transportation & warehousing).
- Average hourly earnings jumped 0.6 percent in November from an upwardly revised reading in the prior month (0.5 percent versus 0.4 percent). The shifts led to an acceleration in the year-over-year increase to 5.1 percent from 4.9 percent in October. The year-over-year increase has slowed from a recent high of 5.6 percent in March, but the current pace likely is viewed by Fed officials as inconsistent with the two percent inflation objective.
- The unemployment rate was unchanged at 3.7 percent in November after an increase of 0.2 percentage point in October. While unchanged from the prior reading, the November result carried a soft tone for the second consecutive month, as both employment measured by the household survey and the size of the labor force declined (off 138,000 and 186,000, respectively).

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)
Annual Average											
2019	164	146	3.7	7.2	167	124	60.8	9.2	4,407	0.2	34.4
2020	-774	-688	8.1	13.7	-741	-330	56.8	12.6	7,227	0.5	34.6
2021	562	524	5.4	9.4	508	135	58.4	16.1	4,914	0.4	34.8
2022	392	366	3.7	6.9	227	199	60.0	8.6	3,933	0.4	34.5
2022 Monthly											
Jan.	504	492	4.0	7.1	1,199	1,393	59.7	10.1	3,717	0.6	34.6
Feb.	714	704	3.8	7.2	548	304	59.9	9.6	4,135	0.1	34.7
Mar.	398	385	3.6	6.9	736	418	60.1	7.5	4,170	0.5	34.6
Apr.	368	368	3.6	7.0	-353	-363	60.0	7.5	4,033	0.3	34.6
May	386	331	3.6	7.1	321	330	60.1	9.6	4,328	0.4	34.6
June	293	346	3.6	6.7	-315	-353	59.9	8.5	3,621	0.4	34.5
July	537	448	3.5	6.7	179	-63	60.0	8.5	3,924	0.5	34.5
Aug.	292	233	3.7	7.0	442	786	60.1	8.5	4,149	0.3	34.5
Sep.	269	(315) 255	3.5	6.7	204	-57	60.1	8.3	3,843	0.4	34.5
Oct.	284	(261) 248	3.7	6.8	-328	-22	60.0	8.1	3,660	0.5	34.5
Nov.	263	221	3.7	6.7	-138	-186	59.9	8.4	3,685	0.6	34.4

* Preliminary readings on nonfarm payrolls shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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- The drop in the size of the labor force led to a contraction in the labor force participation rate for the third consecutive month (-0.1 percentage point to 62.1 percent). The participation rate had showed signs of increasing early in the year, but it has lost momentum since then.
- The broad unemployment rate dipped by 0.1 percentage point to 6.7 percent in November despite pickups in marginally attached workers and those working part time involuntarily.
- In total, a solid employment report -- one that suggests the economy still is expanding and that the Fed has more work to do with regard to correcting supply-demand imbalances in the labor market.