



The Daily Dish

November Jobs

GORDON GRAY | DECEMBER 8, 2017

A rebound in October from the storm-damaged September jobs report was inevitable. The only issue was how high the jobs number would fly. Similarly, the September data on labor force and wages was deeply affected by the mix of individuals hit by the hurricanes. The topline job growth was 261,000, bringing the average over the past three months to roughly 160,000. That's a reasonable number given that we are near full employment. There was a sharp rise in leisure and hospitality employment – 106,000 – that offsets the September decline of 102,000. The unemployment rate was 4.1 percent, down because the labor force fell 765,000 and the labor force participation rate fell 0.4 percentage points to 62.7. Within the unemployment rates there were some interesting moves. Those with less than a high school education saw their unemployment rate fall 0.8 after a rise of 0.5 last month. Teen unemployment rose 0.8 to 13.7 – more weather-related volatility. A troubling result was that average hourly earnings fell by \$0.01. This is affected by the fact that low-wage workers were more likely to be missing last month, reducing the month-to-month growth. Still, they are only up 2.4 percent over the past year. With average weekly hours flat, earnings growth is still an issue.

Here is a brief summary of the major economic indicators since the last jobs numbers:

- The Producer Price Index for final demand increased 0.4 percent in October;
- The Consumer Price Index increased 0.1 percent in October;
- Real average hourly earnings decreased 1 cent from September to October;
- Orders for durable goods decreased 1.2 percent in October;
- New home sales increased 6.2 percent in October;
- The Price Index of U.S. imports increased 0.2 percent in October;
- ISM Non-Manufacturing Index decreased to 57.4 percent in November;
- ISM Manufacturing decreased to 58.2 percent in November;
- Consumer Confidence index increased from 126.2 to 129.5 in November;
- ADP reported private sector employment increased by 190,000 jobs in November.

Eakinomics: November Jobs

If it weren't for Thanksgiving, November would be largely unremarkable. For those of us in the mid-Atlantic, November is neither wintry nor classically autumnal – indeed it tends toward the gray. And that's what I expect this jobs report to reflect. After two months of storm-related disruptions, I expect this morning's employment report to be an unremarkable reversion to the mean: I expect establishments to have added 189,000 workers to their rolls, while earnings will have ticked up by 2 cents, and I expect unemployment to hold at 4.1 percent.

Through August, average monthly employment growth was 176,000 for the year, and I think this reflects a healthy and tightening labor market. September and October labor market data see-sawed due to major storms and related disruptions, but on average these months reflected employment increases fairly close to this year's pace of job creation. I expect the November payrolls to be above-trend, reflecting continuing tightening in the

labor market. This prediction is slightly below the consensus forecast, but not to a significant degree.

Observers, including this one, continue to await payroll growth to slow and earnings to tick up, the classic indicia of a healthy and tight labor market. Many forecasters expect to see this dynamic more starkly next year – leaving November as unremarkable as ever.