The Daily Dish

November Jobs

GORDON GRAY | DECEMBER 3, 2021

In October, private-sector payrolls rebounded from a more modest gain in September, showing broad-based gains across goods and service-producing industries. State and local education hiring remained sluggish, but that effect appears to be diminishing through the fall. Employers in October added 531,000 jobs, with private-sector payrolls gaining 604,000 jobs, while the unemployment rate fell to 4.6 percent. The labor force participation rate fell to 61.6 percent, which is the lowest labor force participation rate since January of 1977.

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

- The Producer Price Index for final demand increased 0.6 percent in October;
- The Consumer Price Index increased 0.9 percent in October;
- Real average hourly earnings decreased six cents from September to October;
- Orders for durable goods (including defense and aircraft) decreased 0.5 percent in October;
- New home sales increased 0.4 percent in October;
- The Price Index of U.S. imports increased 1.2 percent in October;
- ISM Services Index increased 4.8 percentage points to 66.7 percent in October;
- ISM Manufacturing Index increased 0.3 percentage points to 61.1 percent in November;
- Consumer Confidence Index decreased 2.1 points from 111.6 to 109.5 in November;
- ADP reported private sector employment increased by 534,000 jobs in November.

GORDON'S GUESSTIMATE: NOVEMBER JOBS

Later this morning, the Bureau of Labor Statistics will release the Employment Situation for the month of November, the last employment report to be released in 2021. As we consider the months ahead and the outlook for the new year, it's also worth reviewing the past 12 months to assess the labor market's recovery from yet another 100-year storm.

In October of 2020, the unemployment rate stood at 6.9 percent, well below the 14.8 percent recorded in April of 2020. A year later, that rate has fallen to 4.6 percent. Over the last 12 months, employers added 5.8 million workers to their payrolls. As of October of 2020, the labor market had recovered 55 percent of the jobs lost in the spring of 2020 – today that measure is up to 81 percent. Initial unemployment claims have fallen back to pre-pandemic levels, and indeed a recent initial claims report was among the lowest on record.

But *all* is not well in the labor market. The coronavirus continues to work its way through the Greek alphabet. While its effects are receding, – there remain 3.8 million self-reported Americans who could not work last month due to the pandemic, while still another 1.3 million Americans are sitting out of the labor market due to fear over the virus. Indeed, the labor force has not recovered along with payroll employment. A complex cocktail of demography, individual circumstance, and policy choice have left the labor force participation rate flat year over year.

Fundamentally, however, joblessness no longer dominates the policy debate. There are no more explicit calls for stimulus, while the Federal Reserve is increasingly concerned about its other core mission: price stability.

The sweep of the indicators of late suggest a healthy employment gain for November, likely in keeping with recent trends. Indeed, upward revisions to August and September's jobs figures suggest the strong pace of hiring in October may have more of an acceleration of trend than major upshift. This guesstimator is expecting a payroll gain of 675,000 jobs, and a decline in the regular unemployment rate to 4.3 percent. I also am assuming a 15-cent increase in average hourly earnings, for a 5.1 percent yearly gain.