



U6 Fix

November Employment Report is Like a Christmas Truffle

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Those looking for a holiday treat in the November jobs report may be disappointed. The top-line growth in jobs was quite solid – 228,000 jobs. The unemployment rate and labor force participation rate were unchanged at 4.1 percent and 62.7 percent, respectively. The household report showed modest growth in the labor force, employment, and the unemployed that largely matched the larger employer survey.

In short, this looks like a more-of-the-same report.

But digging deeper there is a sweet center. Average hourly earnings rose by 5 cents – an annual rate of 2.3 percent (and up 2.5 percent year-over-year). Average weekly hours ticked up by 0.1 to 34.5 hours. The upshot is that the BLS index of weekly payrolls rose by 0.7 percent – an extremely strong number.

Within the unemployment rates there were some interesting moves. Those with less than a high school education saw their unemployment rate fall another 0.5 percentage points (after a 0.8 decline last month) to 5.2 percent. Teen unemployment rose 2.2 percentage points to 15.9 percent – more adolescent volatility (in the data).

Data junkies here's your fix: the November U-6 (the broadest measure of unemployment) rose to 8.0 percent up from 7.9 percent last month due to a rise in individuals working part time for economic reasons.

The bottom line: The report November was not terribly exciting. But it was quite solid and contained a sweet center – strong foundation for income growth. There is little downside risk in the foreseeable future, but there is an opportunity for faster growth from improved policies.