



U6 Fix

Something of a Turkey

GORDON GRAY | DECEMBER 3, 2021

Payroll growth slowed in November, with employers adding a net 210,000 jobs – well below expectations. While revisions added an additional 82,000 workers to prior months, payroll growth in November was plainly a disappointment. By contrast, movement in the household survey was markedly strong: employment growth of 1.1 million, a decline in the unemployed of over 500,000, and the largest labor force gain in over a year. These two surveys often diverge, and additional revisions may bring the payroll survey closer to the labor market observations contained in the household report.

Payrolls in November grew by 210,000 jobs, with private-sector employers adding 235,000 workers to new jobs. Goods-producing industries added 60,000 jobs, with the construction and manufacturing industries both seeing employment growth of 31,000 workers. The service-sector added 175,000 jobs, led by a 90,000-worker gain in professional and business services, and a 50,000-employment pick-up in transportation and warehousing. Government payrolls fell by 25,000, which was mostly due to a decline in local government, which in turn was driven largely by a decline in employment for teachers.

The unemployment rate fell by 0.4 percentage points to 4.2 percent. The household survey showed a 1.1 million gain in the number of employed workers, paired with a decline in the unemployed of 542,000. The labor force added a robust 594,000 workers, the largest increase since October of 2020. The labor force participation rate increased by 0.2 percentage points to 61.8 percent. Since February 2020, the labor force is down 2.4 million workers, while the labor force participation rate remains 1.3 percentage points below the average that prevailed for the year prior to February 2020.

The unemployment rate dropped for all races and education levels. By race, it dropped most for Blacks, by 1.2 points. For Hispanics, Asians, and Whites it dropped 0.7 points, 0.4 points, and 0.3 points, respectively. By education level, it dropped most for those without a high school diploma, by 1.7 points. Those with some college or an associate degree dropped 0.7 points. High school graduates with no college and those with a bachelor's degree or higher saw small decreases, 0.2 points and 0.1 points, respectively.

Average hourly earnings increased 8 cents, reflecting a 4.8 percent yearly gain. Average hourly earnings for production and non-supervisory workers similarly increased, showing a 12-cent gain and a 5.9 percent gain over the year.

Data junkies, here's your fix: The November U-6 (the broadest measure of unemployment) fell 0.5 percentage points to 7.8 percent largely due to the decline in the regular unemployment rate.