

November 2018 U.S. Employment

Jobs Report Was Solid, Payroll Growth a Little Below Expectations

- Payroll Employment increased by 155,000 jobs in November. October was revised down to +237,000.
- The Unemployment Rate for November was unchanged at 3.7 percent.
- Average Hourly Earnings increased by 0.2 percent in November and were up 3.1 percent over the year.
- The Average Workweek in November decreased to 34.4 hours.

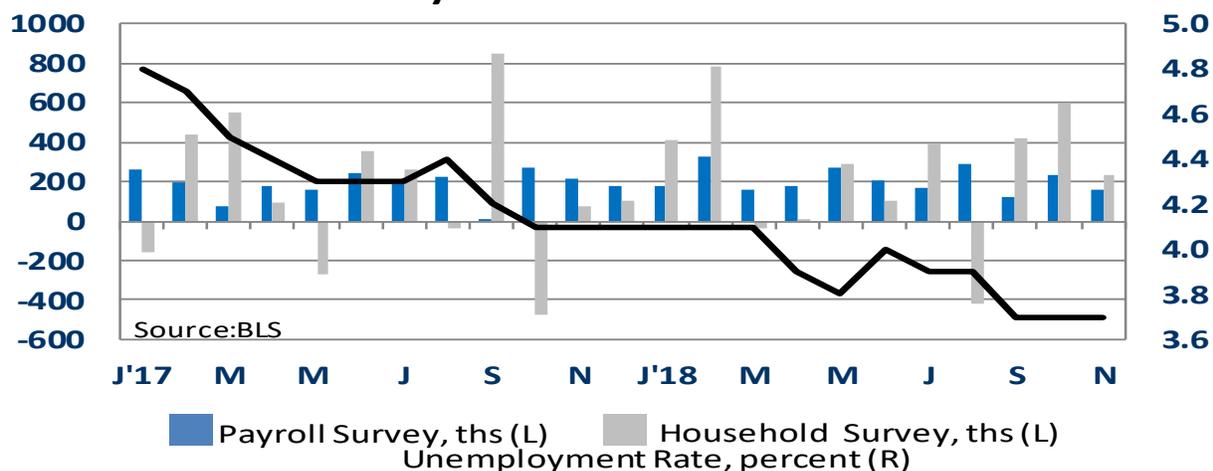
U.S. payrolls expanded by a weaker-than-expected 155,000 net new jobs in November. The U.S. only needs to add between 110,000 to 130,000 net new jobs per month to absorb new entrants into the labor force. So November's payroll numbers were a solid gain for the U.S. labor market. The October payrolls number was revised down to +237,000 jobs. The household survey of employed showed a strong gain of 200,000 jobs while the labor force grew by a slightly weaker +133,000. The U.S. unemployment rate was unchanged in November at 3.7 percent. Wage pressure remained moderate. Average hourly earnings increased by 0.2 percent for the month and were up by 3.1 percent over the previous 12 months. The labor force participation rate was unchanged at 62.9 percent in November.

The establishment survey indicated that jobs gains were broad-based but there were some net declines in sectors. Mining and logging declined by 3,000 jobs in November with lower oil prices. Construction employment grew by 5,000. Manufacturing saw a strong net gain of 27,000 jobs for the month, however auto-related manufacturing lost 800 jobs. GM's announcement of as many as 15,000 jobs to be cut in the U.S. and Canada will not factor into the payroll numbers until 2019. Wholesale trade added 9,500 net new jobs. Retail was up a solid 18,200 jobs, just in time for the holidays. Utilities were flat, adding just 200 jobs. Information services dipped by 8,000 jobs. Financial services gained 6,000. Professional and business services continued its positive trend, up 32,000 net new jobs. Education and healthcare employment increased by 34,000 jobs. Leisure and hospitality improved by 15,000 jobs. The government sector declined for the second consecutive month, losing 6,000 in November.

Job growth in the U.S. has been strong in 2018. Including revisions, the U.S. has added an average 206,000 jobs per month so far in 2018, well above the 182,000 jobs per month added in 2017. Wages gains have been moderate yet are improving and are now ahead of inflation. Core measures of consumer inflation remain around the Federal Reserve's 2 percent target. This will keep the Federal Reserve on track to raise the fed funds rate by 25 basis points at the conclusion of the December 18/19 FOMC meeting.

Market Reaction: U.S. equity markets were down after the open. The 10-Year T-bond yield is up to 2.89 percent. NYMEX crude oil is up to \$53.67/barrel. Natural gas futures are up to \$4.53/mmbtu.

U. Rate Stayed at 3.7 Percent in November



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