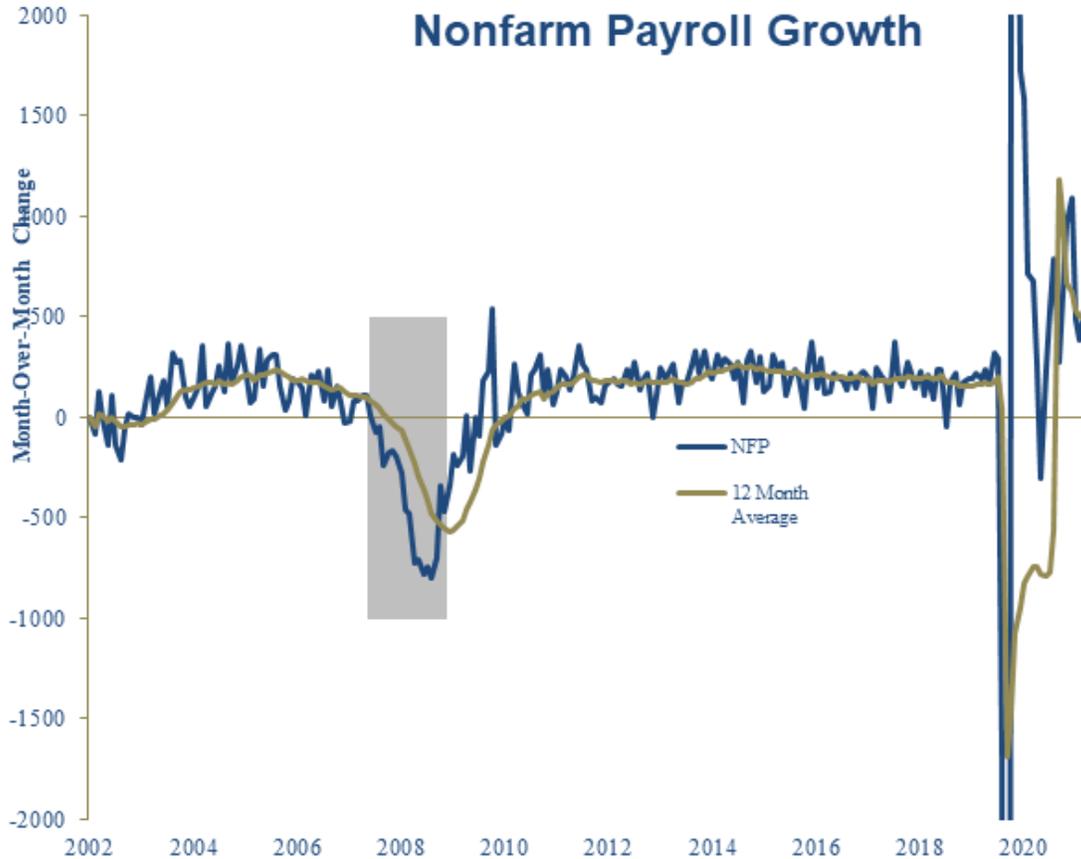


03.Dec.2021

Employment: Surprise Miss, Details Much Better Than Headline

Bottom Line: November's payroll employment rose much less than expected, up just over 210k versus 550k expected, but the household survey used to calculate the unemployment rate showed over 1.1 million new jobs. While survey sampling and seasonal adjustments remained difficult and continued to create volatility (non-seasonally adjusted nonfarm payrolls rose over 700k), the trend remained impressive, despite the headline miss. Within the payroll survey, retail trade, education, and health sector jobs appeared to be skewed lower by seasonal adjustments. The labor force participation increase and substantial gains reported from the household survey were more than enough to make up for any one-off disappointment in the headline nonfarm payroll figure. Average hourly earnings decelerated just a touch, but weekly earnings were higher as hours worked increased. Overall, this was a solid report once we get past the headline and won't change the Fed policy trajectory Powell started to outline in his Congressional testimony this year.

	Cons.	Actual	Prior
Non Farm Payroll	550k	210k	546k
U-rate	4.5%	4.2%	4.6%
Hourly Earnings	0.4%	0.3%	0.4%



Payroll Employment rose by 210k in November, compared with market expectations for an increase of 450k. The prior 2 months were revised, higher in October by 15k and higher in September by 67k.

Government jobs FELL by 25k. Consequently, **private sector** jobs ROSE by 235k. Overall employment is now 4.1% ABOVE its year-ago level.

Over the past 12 months, 5.8M jobs have been created. In November, the job gains were in:

- Trade, Transportation & Utilities (+57k with -20k of those in Retail Trade),
- Professional & Business Services (+90k with the addition of 6.2k in Temp Help Services),
- Construction (+31k),
- Leisure & Hospitality (+23k),
- Financial Activities (+13k),
- Other Services (+10k), and
- Education & Health Services (+6k).

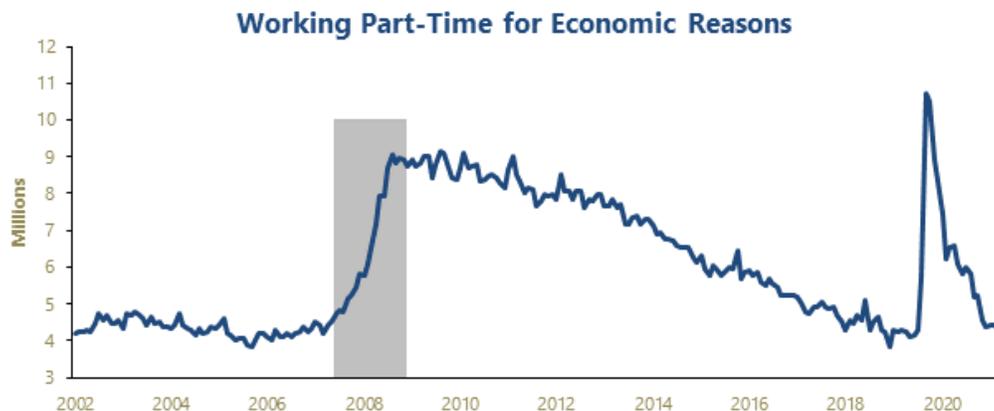
Jobs were shed in Information (-2k), and Government (-25k).

	Nov-21	Oct-21	Sep-21	Aug-21	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
Thousands											
	Monthly Change				Average Monthly Change						
Nonfarm Payroll Employment	210	546	379	483	378	612	484	168	193	192	184
<i>Previous Report</i>		531	312	483							
Goods Producing Industries	60	94	65	54	73	65	48	8	52	26	27
Construction	31	43	35	-1	36	20	15	12	26	21	16
Manufacturing	31	48	29	49	36	41	29	1	22	9	11
Private Service Producing	175	534	359	450	356	504	401	142	131	153	155
Retail Trade	-20	38	39	22	19	27	25	1	-7	9	8
W/Sale, Trans. & Utilities	57	73	73	60	68	64	39	13	23	12	21
Information	-2	11	4	33	4	13	12	3	3	3	1
Financial Activities	13	26	12	17	17	17	12	14	14	13	9
Professional & Bus. Servic	90	121	111	139	107	104	84	24	37	33	40
Health Services	6	48	37	14	30	27	22	45	37	41	33
Education	-2	12	-21	58	-4	24	20	3	2	5	5
Leisure & Hospitality	23	170	108	71	100	196	162	33	19	32	32
Other Services	10	36	-4	36	14	33	25	6	4	5	5
Government	-25	-82	-45	-21	-51	43	34	18	10	13	2
Public Education	-16	-71	-89	-52	-59	40	39	8	4	6	1
Addendum:											
Help-Supply Services	6	46	15	27	23	24	19	-3	2	2	9

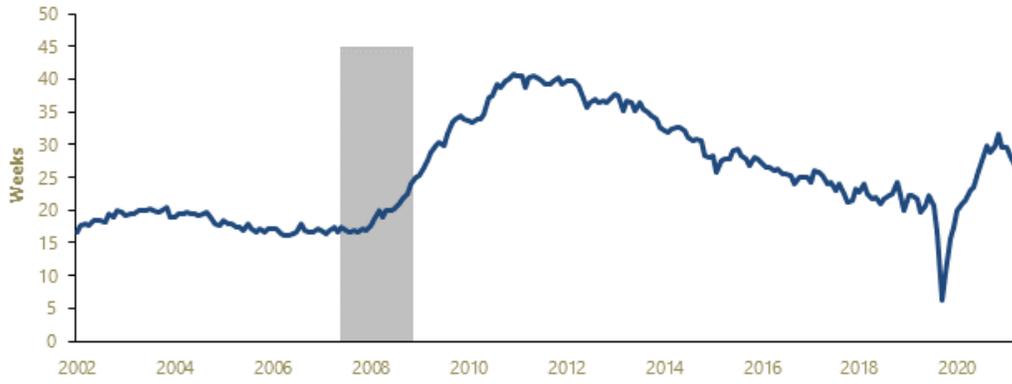
Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

The Unemployment Rate FELL by 0.4 percentage points in November to 4.2%, compared with market expectations for a small increase to 4.7%. Household employment rose by 1136k while **the labor force** increased by 594k, resulting in a decrease in the number of unemployed of 542k.

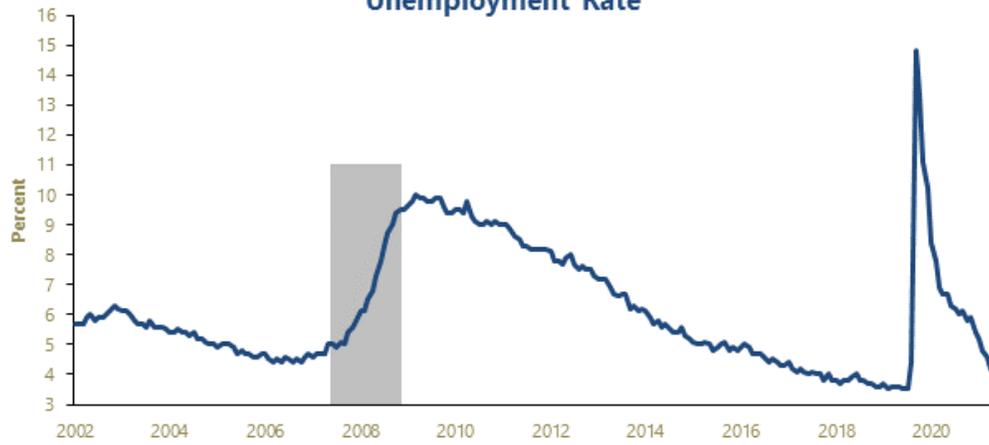
The Labor Force Participation Rate ROSE by 0.2 percentage points to 61.8%. **The Employment-Population Ratio** ROSE by 0.4 percentage points to 59.2%. **The number of people Working Part-Time for Economic Reasons** FELL by 4328k to 00k. while **Long-Term Unemployment** FELL by 136k to 2,190k (accounting for 31.8% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 2.2 weeks to 28.9 weeks. There are now 6.9 million people officially unemployed. In addition, there are another 5,859k people who say they want a job but are not currently looking for one.



Mean Duration of Unemployment



Unemployment Rate



	Nov-21	Oct-21	Sep-21	Aug-21	Average for			2020	2019	Five Years	Ten Years
					Three Months	Six Months	Twelve Months				
Unemployment Rate	4.2%	4.6%	4.8%	5.2%	4.5%	5.0%	5.6%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	162.1	161.5	161.4	161.5	161.6	161.5	161.0	164.6	163.1		
Change (thousands)	594	104	-183	190	172	186	126	121	215	137	96
Household Employment (mln.)	155.2	154.0	153.7	153.2	154.3	153.4	152.0	149.8	158.7		
Change (thousands)	1,136	359	526	509	674	593	447	166	236	185	173
Unemployed (mln.)	6.9	7.4	7.7	8.4	7.3	8.1	9.0	10.7	5.8	7.4	9.0
Change (thousands)	-542	-255	-710	-318	-502	-407	-321	-45	-21	-48	-77
Not in the Labor Force (mln.)	100.0	100.5	100.4	100.1	100.3	100.2	100.3	100.7	95.6	96.5	93.6
Currently wants a job (mln.)	5.9	6.0	6.0	5.7	5.9	6.1	6.5	7.3	4.9	5.7	6.0
Adjusted Unemployment Rate	7.6%	8.0%	8.2%	8.4%	7.9%	8.5%	9.3%	10.8%	6.3%	7.9%	9.1%
Not at work due to weather ('01	37.0	27.0	94.0	47.0	52.7	46.3	138.9	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	28.9	26.7	28.4	29.6	28.0	29.1	28.3	23.4	20.8	23.3	29.2
Long-Term Unemployed (000's)	2,190	2,326	2,683	3,179	2,400	2,965	3,506	3,956	1,177	1,960	2,894
Part-Time for Economic Reason (000's)	4,263	4,328	4,406	4,414	4,332	4,384	5,034	6,082	4,119	5,035	6,149

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

The Index of Aggregate Hours ROSE by 0.5%, combining the moderate gain in private payroll employment and the longer workweek.

Hourly Earnings ROSE by 0.3% in November, below market expectations of 0.4%. Hourly earnings are now 4.8% ABOVE their year-ago level.

Weekly Earnings also ROSE by 0.5%, the result of the change in hourly earnings and a longer workweek. Weekly earnings are now 4.8% ABOVE their year-ago level. **The Average Workweek** ROSE by 0.1 to 34.8 hours, ABOVE the market consensus at 34.7 hours.

	Annualized Averages for										
	Nov-21	Oct-21	Sep-21	Aug-21	Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.26%	0.4%	0.6%	0.4%	4.8%	4.8%	4.8%	2.9%	3.4%	3.4%	2.5%
<i>Prior Estimate</i>		0.4%	0.6%	0.4%							
Average Weekly Earnings	0.55%	0.1%	1.1%	0.1%	7.2%	4.8%	4.8%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.8	34.7	34.8	34.6	34.8	34.7	34.8	34.2	33.5	33.7	33.7
<i>Prior Estimate</i>		34.7	34.8	34.9							
Goods Producing	40.0	39.9	40.5	40.0	40.1	40.1	40.0	39.9	40.1	40.3	40.3
Manufacturing	40.4	40.3	40.5	40.4	40.4	40.4	40.4	40.0	40.4	40.6	40.7
Overtime	3.2	3.2	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3
Service Producing	33.7	33.7	33.6	33.6	33.7	33.7	33.7	33.6	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.5%	0.3%	0.9%	0.1%	6.8%	5.6%	4.4%	0.8%	1.8%	0.1%	1.0%
<i>Prior Estimate</i>		0.2%	0.9%	0.1%							
Goods Producing	0.5%	-1.1%	1.6%	0.2%	4.4%	3.3%	3.1%	-0.8%	3.6%	0.3%	1.0%
Manufacturing	0.6%	-0.1%	0.4%	0.1%	3.6%	4.1%	3.2%	-1.2%	2.4%	-0.5%	0.2%
Service Producing	0.2%	0.8%	0.4%	0.2%	5.4%	5.4%	4.7%	1.3%	1.5%	0.0%	0.9%

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

Average Weekly Hours (3 Month Average)



Index of Aggregate Hours

