

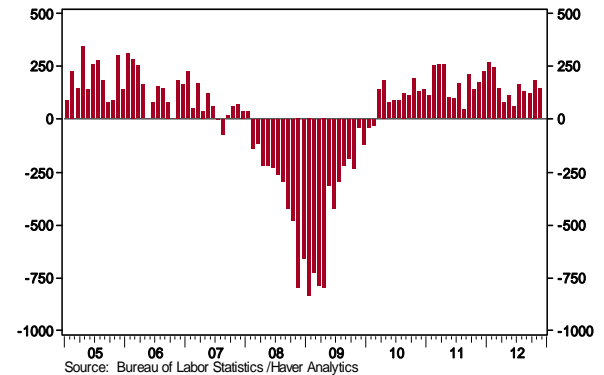
November Employment Report

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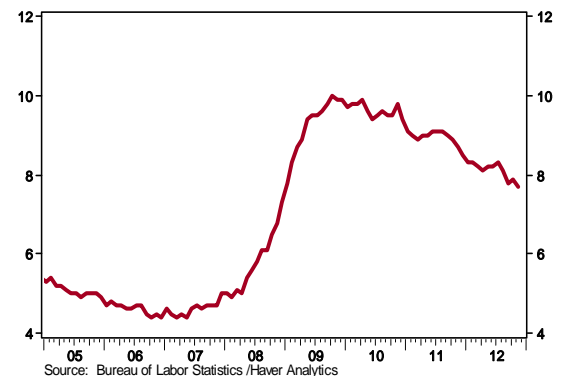
- Non-farm payrolls increased 146,000 in November, easily beating the consensus expected 85,000. Revisions to September/October subtracted 49,000, bringing the net gain to 97,000.
- Private sector payrolls increased 147,000 in November (146,000 with revisions to September/October). November gains were led by retail (+53,000), professional & business services, including temps, (+43,000), leisure & hospitality (+23,000), and health care (+20,000). Government payrolls declined 1,000.
- The unemployment rate fell to 7.7% (7.746%) from 7.9% (7.876%).
- Average weekly earnings – cash earnings, excluding benefits – were up 0.2% in November and up 1.7% from a year ago.

Implications: Nonfarm payrolls increased a solid 146,000 in November, beating the gain predicted by all 91 economic groups that made a forecast. Obviously, super storm Sandy didn't have as much impact as everyone thought. Although payrolls were revised down 49,000 for September/October, almost all of that downward revision was for government, not the private sector. Payroll gains have averaged 157,000 per month in the past year, so despite Sandy we ended up right near the trend. Given today's technological advances, we should be doing much better, more like 300,000 jobs per month like in the 1990s. What's holding us back from much faster gains is the huge increase in the size of government, particularly transfer payments, over the past several years. Civilian employment, an alternative measure of jobs that includes small-business startups, declined 122,000 in November, but this series is volatile from month to month and follows a gain of 1.3 million in September/October. Similarly, the labor force dropped 350,000 in November after a gain of one million in the past two months. As a result of the drop in the labor force, the unemployment rate fell to 7.7% (7.746% unrounded). However, the trend decline in unemployment is not due to a shrinking labor force. The labor force is still up one million in the past year while the jobless rate is down a full percentage point. Other figures from today's report were mixed. Total hours worked were up 0.2% in November and 1.8% from a year ago. Average hourly earnings were up 0.2% in November and 1.7% from a year ago. As a result, total cash earnings (based on earnings and hours) are up 3.5% from a year ago (about 1.7% when adjusted for inflation), so consumers have room to increase spending. The bottom line remains that today's report shows a continuation of the plow horse economy. In other recent news on the labor market, initial unemployment claims dropped 25,000 last week to 370,000. Continuing claims for regular state benefits dropped 100,000 to 3.21 million. These figures suggest payrolls will expand in December at a pace at or above the recent trend.

Change in Total Private Payrolls
SA, Thous



Civilian Unemployment Rate: 16 yr +
SA, %



Employment Report <i>All Data Seasonally Adjusted</i>	Nov-12	Oct-12	Sep-12	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	7.7	7.9	7.8	7.8	8.0	8.1
Civilian Employment (monthly change in thousands)	-122	410	873	387	163	203
Nonfarm Payrolls (monthly change in thousands)	146	138	132	139	139	157
Construction	-20	15	-1	-2	1	-1
Manufacturing	-7	10	-16	-4	0	15
Retail Trade	53	51	37	47	25	15
Finance, Insurance and Real Estate	1	5	14	7	5	6
Professional and Business Services	43	55	8	35	35	44
Education and Health Services	18	24	45	29	27	34
Leisure and Hospitality	23	20	28	24	26	25
Government	-1	-51	10	-14	3	-4
Avg. Hourly Earnings: Total Private*	0.2%	0.0%	0.3%	1.9%	1.7%	1.7%
Avg. Weekly Hours: Total Private	34.4	34.4	34.5	34.4	34.4	34.5
Index of Aggregate Weekly Hours: Total Private*	0.2%	-0.1%	0.3%	1.7%	1.7%	1.8%

*3, 6 and 12 month figures are % change annualized