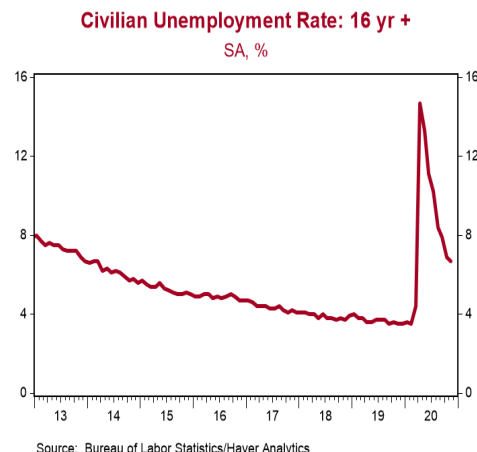
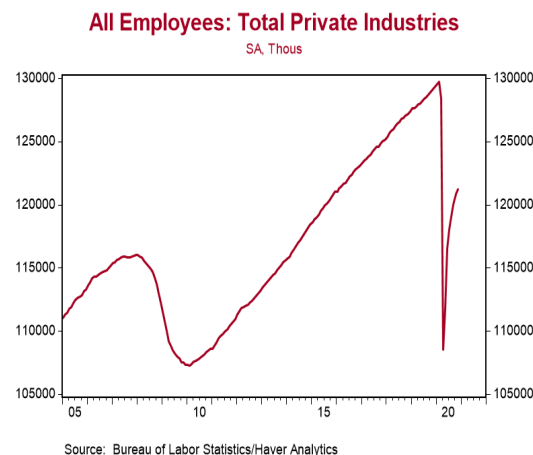


# November Employment Report

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- Nonfarm payrolls rose 245,000 in November, lagging the consensus expected 460,000.
- Private sector payrolls rose 344,000 in November. The largest increases were for transportation & warehousing (+145,000), professional & business services (+60,000, including temps), and health care & social assistance (+60,000). Retail jobs declined 35,000. Manufacturing rose 27,000 while government declined 99,000.
- The unemployment rate dropped to 6.7% in November from 6.9% in October.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.3% in November and are up 4.4% versus a year ago. Aggregate hours worked rose 0.3% in November but are down 4.8% from a year ago.



**Implications:** Payrolls continued to grow in November, but at the slowest pace since the labor market recovery began in May. A gain of 245,000 would normally be something to celebrate, but, given the massive drop in jobs in March and April (-22.2 million), we should expect job creation to be faster, on average. At a 245,000 monthly pace, it would take until 2024 for nonfarm payrolls to reach the peak hit in February, before COVID-19 started wreaking havoc with the economy. However, we also believe this is not a permanent downward shift in job creation and anticipate much faster job growth in the year ahead. Several factors held down job growth temporarily in November. First, government jobs declined 99,000 as the census was largely concluded. Second, seasonal retail hiring was less than expected as shoppers avoided in-person spending and government restrictions limited activity. Third, restaurants & bars, which had ramped up rapidly in April through October, reduced payrolls in November, also in part due to government restrictions. The good news is that, with vaccines on their way, these factors should all be temporary. Note that the brightest spot for payrolls in November was in transportation & warehousing, up 145,000. With the exception of an end to a labor strike back in the late 1990s, it was a record monthly gain for this category, led by couriers & messengers. Civilian employment, an alternative measure of jobs that includes small-business start-ups, declined 74,000 in November. However, the unemployment rate dropped to 6.7% as the labor force (people who are either working or looking for work) declined 400,000. Still, we anticipate that both civilian employment and the labor force will be growing at a rapid rate in the year ahead. As always, we like to track what the employment report means for consumer purchasing power and, on that front, today's report was good news. Average hourly earnings rose 0.3% in November and are up 4.4% from a year ago. Total earnings, which we calculate by multiplying average hourly earnings by the number of hours worked, rose a healthy 0.6% in November. Although total earnings are down 0.6% from a year ago, they dropped steeply early this year and have since recovered 85% of those losses. The road to a full recovery remains a long one. It's not just a matter of getting back to the level of jobs we had in February because, in the absence of the shutdowns related to COVID-19, jobs would have been rising since then. We think a full recovery means getting back to an unemployment rate of 4.0% or below, which is where it was before COVID-19. Before recent good news on vaccines, we had thought that'd take until mid-2023. Hopefully, the vaccines move that up to sometime in 2022.

Employment Report <i>All Data Seasonally Adjusted</i>	Nov-20	Oct-20	Sep-20	3-month moving avg	6-month moving avg	12-month moving avg
<b>Unemployment Rate</b>	<b>6.7</b>	6.9	7.9	7.2	8.5	7.9
<b>Civilian Employment (monthly change in thousands)</b>	<b>-74</b>	2,243	275	815	2,082	-692
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>245</b>	610	711	522	1600	-765
<b>Construction</b>	<b>27</b>	72	35	45	58	-15
<b>Manufacturing</b>	<b>27</b>	33	60	40	87	-51
<b>Retail Trade</b>	<b>-35</b>	95	15	25	241	-42
<b>Finance, Insurance and Real Estate</b>	<b>15</b>	30	37	27	24	-6
<b>Professional and Business Services</b>	<b>60</b>	231	127	139	179	-83
<b>Education and Health Services</b>	<b>54</b>	62	60	59	190	-92
<b>Leisure and Hospitality</b>	<b>31</b>	270	413	238	577	-277
<b>Government</b>	<b>-99</b>	-267	-219	-195	28	-102
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.3%</b>	0.1%	0.1%	1.8%	-0.8%	4.4%
<b>Avg. Weekly Hours: Total Private</b>	<b>34.8</b>	34.8	34.8	34.8	34.7	34.5
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>0.3%</b>	0.8%	1.1%	8.8%	18.2%	-4.8%

Source: Bureau of Labor Statistics \*3, 6 and 12 month figures are % change annualized