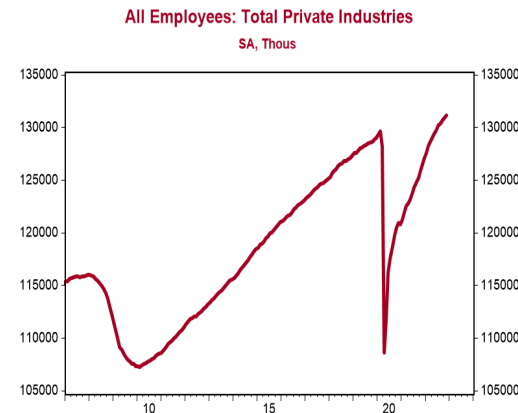


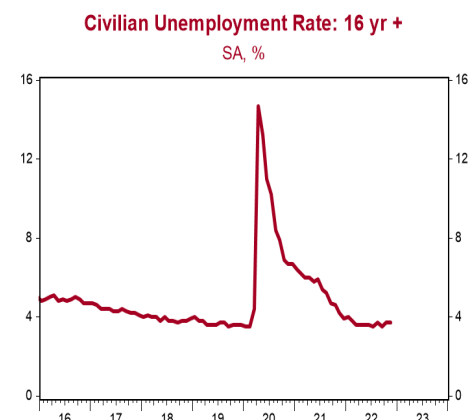
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# November Employment Report

- Nonfarm payrolls increased 263,000 in November, beating the consensus expected 200,000. Payroll gains for September and October were revised down by a total of 23,000, bringing the net gain, including revisions, to 240,000.
- Private sector payrolls rose 221,000 in November but were revised down 49,000 in prior months. The largest increases in November were for education & health services (+82,000) and leisure & hospitality (+88,000). Manufacturing increased 14,000 while government rose 42,000.
- The unemployment rate remained at 3.7% in November.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.6% in November and are up 5.1% versus a year ago. Aggregate hours declined 0.2% in November but are up 2.4% from a year ago.



Source: Bureau of Labor Statistics/Haver Analytics



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**Implications:** The job market in November was not as strong as the payroll headline suggests, but also signals that the Fed needs to keep hiking rates. Nonfarm payrolls rose 263,000 in November, beating the consensus expected 200,000. The gains in November were led by leisure & hospitality, which is still recovering from the COVID shutdowns, and education & health care. The weakest sector was retail, another sign the economy is shifting away from goods and toward services, the opposite of what happened during the first year of COVID. Meanwhile, the details of the report were not as strong as the headline. Civilian employment, an alternative measure of jobs that includes small business start-ups, declined 138,000. The labor force – people who are either working or looking for work – dropped 186,000. As a result, the labor force participation rate ticked down for the third month in a row to 62.1%, tying the lowest level in 2022. Most importantly, the average private-sector workweek slipped to 34.4 hours in November, the lowest level since 2020. As a result, even though more people were working the total number of hours worked declined 0.2%. That’s the equivalent of losing about 250,000 jobs. Total hours worked are up at only a 1.1% annualized rate in the past three months, which is consistent with the late stages of a labor-market recovery and suggests a significant slowdown in the pace of net job creation in the months ahead. Does this mean the Federal Reserve will soon stop hiking rates? Nope! Average hourly earnings rose 0.6% in November and are up 5.1% versus a year ago. That year-ago comparison is slower than inflation, which means a reduction in workers’ “real” (inflation-adjusted) purchasing power. But the 0.6% gain in November itself shows that workers might be factoring higher inflation into their wage demands, which is something the Fed is determined to prevent. In other recent news, automakers reported selling cars and light trucks at a 14.4 million annual rate in November, higher than the average 13.9 million pace of the past twelve months.

<b>Employment Report</b> <i>All Data Seasonally Adjusted</i>	<b>Nov-22</b>	<b>Oct-22</b>	<b>Sep-22</b>	<b>3-month moving avg</b>	<b>6-month moving avg</b>	<b>12-month moving avg</b>
<b>Unemployment Rate</b>	<b>3.7</b>	<b>3.7</b>	<b>3.5</b>	<b>3.6</b>	<b>3.6</b>	<b>3.7</b>
<b>Civilian Employment (monthly change in thousands)</b>	<b>-138</b>	<b>-328</b>	<b>204</b>	<b>-87</b>	<b>7</b>	<b>262</b>
<b>Nonfarm Payrolls (monthly change in thousands)</b>	<b>263</b>	<b>284</b>	<b>269</b>	<b>272</b>	<b>323</b>	<b>408</b>
<b>Construction</b>	<b>20</b>	<b>9</b>	<b>23</b>	<b>17</b>	<b>15</b>	<b>21</b>
<b>Manufacturing</b>	<b>14</b>	<b>36</b>	<b>17</b>	<b>22</b>	<b>28</b>	<b>35</b>
<b>Retail Trade</b>	<b>-30</b>	<b>-3</b>	<b>-30</b>	<b>-21</b>	<b>1</b>	<b>18</b>
<b>Finance, Insurance and Real Estate</b>	<b>14</b>	<b>13</b>	<b>3</b>	<b>10</b>	<b>9</b>	<b>12</b>
<b>Professional and Business Services</b>	<b>6</b>	<b>26</b>	<b>25</b>	<b>19</b>	<b>43</b>	<b>61</b>
<b>Education and Health Services</b>	<b>82</b>	<b>80</b>	<b>82</b>	<b>81</b>	<b>90</b>	<b>78</b>
<b>Leisure and Hospitality</b>	<b>88</b>	<b>60</b>	<b>111</b>	<b>86</b>	<b>67</b>	<b>90</b>
<b>Government</b>	<b>42</b>	<b>36</b>	<b>14</b>	<b>31</b>	<b>31</b>	<b>25</b>
<b>Avg. Hourly Earnings: Total Private*</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>5.8%</b>	<b>5.3%</b>	<b>5.1%</b>
<b>Avg. Weekly Hours: Total Private</b>	<b>34.4</b>	<b>34.5</b>	<b>34.5</b>	<b>34.5</b>	<b>34.5</b>	<b>34.6</b>
<b>Index of Aggregate Weekly Hours: Total Private*</b>	<b>-0.2%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>2.4%</b>

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