

U.S. Data Review

- Employment: light-side results in December
- Unemployment improves slightly because of slow labor force growth

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The Labor Market

The increase of 148,000 in nonfarm payrolls in December was shy of both the expected total of 190,000 and the average of 172,000 in the prior 12 months. In addition, payroll totals in the prior two months were revised lower, with the new figures showing 9,000 fewer jobs than previously believed.

Several areas contributed to the slow job growth in December. The retail trade sector cut 20,000 jobs. This area has been contracting in the past year, but the latest drop was among the largest and much larger than the average of 3,000 in the prior 12 months. The business service category added only 19,000 workers in December, well shy of the 12-month average of 45,000. The mining sector and transportation industry also posted below-average results. We found two areas encouraging: both construction and manufacturing added noticeably to payrolls (30,000 and 25,000, respectively). These are cyclical areas of the economy, and the latest gains, which added to advances in the prior few months, suggest a good pace of activity.

The unemployment rate was reported as steady at 4.1 percent, although it showed slight improvement if measured with more precision (4.095 percent versus 4.121 percent). The source of the improvement, however, was not especially impressive, as job growth measured by the household survey was only moderate at 104,000 but larger than the modest increase in the size of the labor force (64,000). The broad unemployment rate (U-6) moved one tick higher to 8.1 percent, reflecting increases in both marginally attached workers and involuntary part-time workers.

Average hourly earnings rose 0.3 percent (0.339 percent), which pushed the year-over-year change slightly higher to 2.5 percent in December versus 2.4 percent in the prior month. However, the latest annual change was still in the lower portion of the range from the past two years (2.4 to 2.9 percent).

All told, we would not call this a weak employment report, although it tilted on the disappointing side.

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private- Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate	Household Emp. (Chg., Thousands)	Labor Force	Emp.- Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2015	226	213	5.3	10.5	212	145	59.4	11.7	6,373	0.2	34.5
2016	187	170	4.9	9.6	175	141	59.7	10.8	5,945	0.2	34.4
2017	171	168	4.4	8.5	149	72	60.1	10.0	5,252	0.2	34.4
Qtrly. Average											
17-Q1	166	162	4.7	9.1	277	166	60.0	10.3	5,649	0.2	34.3
17-Q2	187	185	4.3	8.5	62	-7	60.1	10.2	5,280	0.2	34.5
17-Q3	128	122	4.3	8.5	358	289	60.2	10.3	5,198	0.3	34.4
17-Q4	204	202	4.1	8.0	-101	-162	60.1	9.5	4,882	0.1	34.5
2017 Monthly											
Apr.	207	194	4.4	8.6	97	-54	60.2	10.3	5,309	0.2	34.5
May	145	153	4.3	8.4	-269	-452	60.0	10.4	5,268	0.2	34.4
June	210	207	4.3	8.5	358	485	60.1	9.8	5,264	0.2	34.5
July	138	133	4.3	8.5	261	253	60.2	10.4	5,236	0.5	34.4
Aug.	208	184	4.4	8.6	-40	131	60.1	10.3	5,209	0.1	34.4
Sept.	38	50	4.2	8.3	853	484	60.4	10.1	5,148	0.4	34.4
Oct.	211 (244)	222	4.1	8.0	-478	-711	60.2	9.8	4,880	-0.1	34.4
Nov.	252 (228)	239	4.1	8.0	71	162	60.1	9.5	4,851	0.1	34.5
Dec.	148	146	4.1	8.1	104	64	60.1	9.1	4,915	0.3	34.5

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics

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