



# Economics Group

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## November Jobs Report Comes in Light

*Hiring slowed in November with 155,000 new jobs, while wages edged up 0.2%. Although softer than expected, we still expect the Fed to raise rates in December as the labor market continues to tighten on trend.*

### Hiring Slows in November

After a jittery week in markets that was fueled in part by fears of the economy slowing, the November jobs report did not do much to allay concerns. Hiring slowed more than expected, the average workweek fell a tenth and average hourly earnings growth came up a bit light.

Employers added 155,000 jobs in November, which was about 45,000 less than expected. At the same time, hiring in October was revised down. Over the past three months, job gains have averaged 170,000, notably slower than the average of the past year (204,000).

Hiring in the goods sector slowed over the month, despite manufacturers adding 27,000 workers. Construction companies added only 5,000 jobs after adding 24,000 in October, although that may have been in part due to more adverse weather this November. Mining employment fell by 2,000 jobs, an early sign that lower oil prices are beginning to weigh on activity.

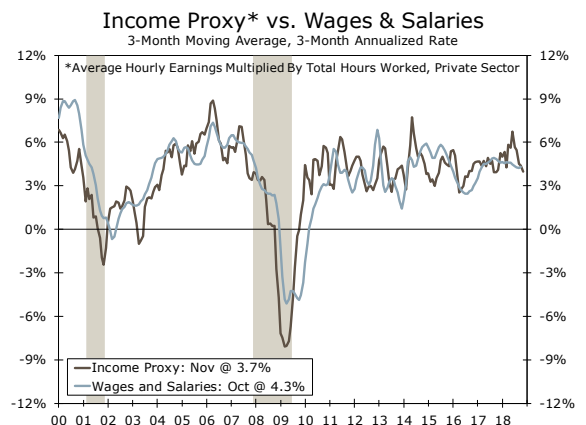
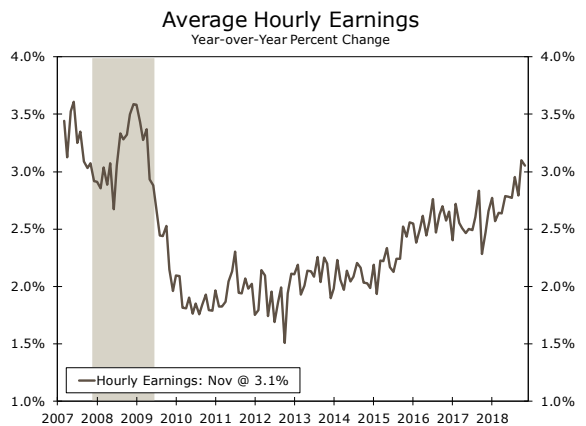
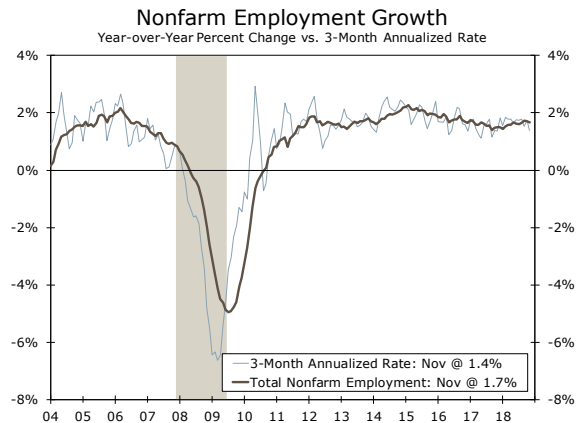
Hiring in services also cooled in November. Job gains in the leisure & hospitality (+15,000) sector returned closer to trend after a hurricane-fueled rebound in October. Professional & business services also saw more moderate gains, including slower growth in temporary help services. On the plus side, retail hiring rose 18,000, consistent with expectations for a robust holiday sales season.

As expected, the unemployment rate was unchanged at 3.7%. Average hourly earnings rose 0.2% compared to an expected rise of 0.3%, and October's gain was revised down a tick. Nevertheless, wages are up 3.1% over the past year versus 2.5% this time a year ago. A dip in the workweek and a slower pace of hiring, however, point to a near-term weakening in income growth.

### Usual Volatility or Start of a Soft Patch?

Overall, today's report points to some softening in the labor market, consistent with the uptick in jobless claims over the past month. While the rise in claims may partly be due to recent natural disasters and difficulty with seasonal adjustment around the early Thanksgiving, it may be an early signal that the benefits from fiscal stimulus earlier this year are starting to fade and the trade environment is beginning to weigh on growth.

That said, other data suggest that the overall jobs picture remains strong. Both ISM employment components sit at fairly high levels (58.4), consumers' view of the availability of jobs continues to improve and small business hiring plans and job openings remain near record highs. At the same time, the upward trend in wage growth is consistent with a labor market that continues to tighten. We still anticipate the FOMC will raise the fed funds rate at its upcoming meeting on December 19, but if the softening is the start of a slower trend, the Fed may dial back its path for the upcoming year.



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