The Daily Dish

# November Jobs

GORDON GRAY | DECEMBER 8, 2023

October's employment was broadly in line with hiring trends, which reflected robust but steady declines in labor demand. Ignoring the effects of the labor strikes, the topline employment report didn't raise any eyebrows. But the dissonance between the household and payroll surveys for the second month, most consciously marked by a rise in unemployment despite positive job growth, was worth attention. Employers in October added 150,000 jobs, with private-sector payrolls gaining 99,000 jobs, while the unemployment rate rose to 3.9 percent. The labor force participation rate fell to 62.7 percent.

Here is a brief summary of the major economic indicators since the last jobs numbers:

- The Producer Price Index for final demand decreased 0.5 percent in October;
- The Consumer Price Index was unchanged in October;
- Real average hourly earnings increased two cents from September to October;
- Orders for durable goods (including defense and aircraft) decreased 5.4 percent in October;
- New home sales decreased 5.6 percent in October;
- The Price Index of U.S. imports decreased 0.8 percent in October;
- ISM Services Index increased 0.9 percentage points to 52.7 percent in November;
- ISM Manufacturing Index was unchanged at 46.7 in November;
- Consumer Confidence Index increased 2.9 points from 99.1 to 102.0 in November;
- ADP reported private sector employment increased by 103,000 jobs in November.

## GORDON'S GUESSTIMATE: NOVEMBER JOBS

In last month's employment report, the biggest moving piece in the payroll survey was the absence of UAW's striking workers. In the October survey, the effects of the strike were plain as day, driving a decline in motor vehicles and parts employment of 33,000. The major UAW strike officially ended on October 31, meaning those workers will be back on the job for the reference period covered in the November employment week. In a somewhat different industry, the SAG-AFTRA strike also ended in time to count toward November employment. The upshot is that the conclusion of these strikes will boost U.S. payrolls by about 41,000 workers, all else equal.

All may not be equal, but since October's employment report, perhaps one could be forgiven for assuming so. Subsequent economic news has been essentially fine and unsurprising. There has been a clear and consistent downshift in the pace of hiring consistent with the deliberate tightening of monetary policy. To wit, employers added an average of 243,000 workers over the last 12 months. Over the last 3 months, this has slowed to an average of about 204,000 workers per month. While this is a slower pace of hiring than even the recent past, it is hardly slow.

To be sure, one day these numbers will flip negative, reflecting an eventual turn in the U.S. business cycle. But not today. Since October, the sweep of the major economic indicator releases reflects a fairly healthy economy.

Some of the air continues to be taken out of posted job openings (and along with it, continued debate about the salience of the Beveridge curve) but quit rates have remained flat. UI initial claims have inched up modestly, but not sufficiently to suggest a deviation from the recent pace of employment growth. The JOLTS and UI data are lagged, and noisy, respectively, but neither suggests trouble in November employment. The ISM indices give observers a peak into November, and again, paint a relatively stable picture. Manufacturing may have incrementally weakened, but the addition of previously striking auto workers will likely swamp any incremental employment change.

For the November jobs report, this guesstimator is assuming employment will rise by 190,000. Unemployment should stay at 3.9 percent while average hourly earnings should rise by 9 cents for a 3.9 percent yearly gain.