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Employment: Very Solid

October payroll employment increases 80,000, slightly less than expected (Consensus: +95,000; Decision Economics: +92,000), but substantial strengthening revisions make the full report more powerful than expected--further easing concerns about any slip into double dip.

Private employment rose 104,000 in October, probably a bit shy of expectations, but the September figure was revised up by 54,000, to +191,000, and the August figure was revised up by 30,000, to 72,000.

Correcting for the effect of the Verizon strike, the month progression of private-sector increases was August, +118,000, September, +137,000, and October +104,000--with the slowdown in October mainly reflecting a swing in construction employment from +27,000 to -20,000.

The average workweek, as expected, held steady at 34.3 hours--which resulted, probably because of adverse rounding, in an aggregate hours increase of just 0.1% in October, but following a September increase revised to +0.5% from +0.4%. Thus first indications on fourth-quarter labor usage are not gangbusters, but decent because of a good starting point--with the annualized increase at +1.6%--consistent with all mainstream Q4 GDP predictions.

Much of the September aggregate hours restatement occurred in manufacturing, where the result was changed to unched from -0.4%--probably pointing to an upward industrial production revision. October, meanwhile, shows a 0.6% jump--pointing to a robust industrial production gain, and more reassurance that manufacturing output, and the economy, are not teetering.

Incomes look decent too, with average hourly earnings up an as-expected 0.2% in October, following on a September number revised to +0.3% from +0.2%. September wage and salary income growth, reflecting all the new numbers, might be revised up from +0.3% to +0.5%, and October will probably plug along with a 0.2% gain. Those changes will not finance any new spending takeoff--but will solidly sustain the trend now in place.

Altogether, the results will leave FOMC hawks comfortable that the economy is finding its footing, gradually, and but relieve dovish anguish only marginally. Evans will certainly not be placated, and odds of another easing step decline minimally.

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