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United States
Economic Indicator Insights

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Employment

November employment results are mixed--on or slightly weaker than expectations in the payroll numbers, but stronger in the household numbers--and will probably have little net effect on perceptions about the outlook.

Payrolls rose an in-line 120,000 (Consensus: +120,000; Decision Economics: +100,000), with private-sector employment up 140,000. The private sector increases were revised up in both October (+117,000 vs +104,000) and September (+220,000 vs +191,000--with returning Verizon strikers accounting for about 46,000 in each of those figures)

Those numbers are clearly solid, but are absent any indication of accelerating demand growth--with steady workweeks (as expected) in both November and October limiting the growth in aggregate hours worked to 0.1% in each month. Usage of labor services (hours) is apparently expanding at only a very modest rate.

The figures are not inconsistent with mainstream Q4 GDP estimates--productivity growth can accommodate any of them--but they give no indication of developing momentum.

Labor income growth actually appears to be decelerating, with average hourly earnings slipping 0.1% in November--after increases of 0.3% (revised from 0.2%) in October and 0.2% (revised from 0.3%) in September. With total hours worked up so modestly, here is no great prompt to faster, or more confident, consumer spending growth in those figures.

The unemployment rate, meanwhile, drops from 9.0% to 8.6% in a moderately healthy combination of employment growth of 278,000 and labor-force decline of 315,000. The numbers from this, "household," survey are notable for now showing four straight months of employment gains--adding up to 1.284 million.

Still, most analysts regard numbers from this survey as less reliable on a short-term basis than the establishment-survey ("payroll") figures--and, critically, virtually all labor-data inputs to GDP and income estimates are drawn from the establishment survey numbers.

Fed observers will probably see no great improvement or deterioration in these results--with strong doves getting more impatient, and strong hawks not significantly discouraged about the outlook. The middle-ground, and probably deciding, FOMC voters may be nudged a bit closer to the dovish side, but not conclusively.

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