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Employment (2)

January payroll employment jumps a much-more-than-expected 243,000 (Consensus: +150,000; Decision Economics: +120,000), with no indication that the result is skewed by special factors. Regular and benchmark revisions were such as to strengthen the appearance of gathering strength over recent months.

January private-sector employment was up 257,000, following on increases of 220,000 (revised from +212,000) in December and 178,000 (revised from 120,000) in November.

The big November revision to private employment was accompanied by average-workweek revisions which had the effect of greatly strengthening the index of aggregate hours in the month--now putting the change from October at +0.2%, instead of -0.2%. That tipping up of the recent slope was followed by an unrevised 0.5% rise in December, and a not-bad 0.2% rise in January.

Employment growth in November was broad-based and solid across private service-sector industries, and it remained so and broadened out to goods-producing industries in December, and did so again, yet more strongly, on January.

Uptake of worker hours is clearly growing in a way it has not in a very long time--and it is natural that it should, given that the big cutting back of workforces has been completed for some time (initial claims, meaning layoffs, are back in the normal zone), and average workweeks have lengthened back to where they were before the recession.

To the extent that the pickup in labor demand is reflected in labor income, it will sustain growth in consumer spending, which, in turn, will help promote further employment growth.

Wage and salary income growth was 0.4% in December, and indications are that January will show a gain nearly as big, and that the November figure, currently flat, will be revised to show perhaps a 0.2% rise. Those gains are not yet as spectacular as the apparent strengthening in demand for labor--a circumstance created by the still-slack labor market--but that will probably change before long, given the sudden upward snap in labor usage.

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