

Research Note

V2N1

East Boston Economics

January 5, 2018

U.S. Employment Situation December 2017

U-Rate: 4.1%; Jobs: +148,000

OVERVIEW

- The unemployment rate remained at **4.1 percent for the third consecutive month in December while payrolls expanded by 148,000**, [according to the Bureau of Labor Statistics](#).
- The **Labor Force Participation (LFP)** remained at 62.7 percent. The **employment-population ratio** was unchanged at 60.1 percent.
- Employment in **health care** increased by 31,000 while **construction** added 36,000 jobs.
- The **manufacturing sector** added 25,000 jobs. The BLS reports that this sector added 196,000 jobs in 2017 after a dismal 2016 which saw a loss of 16,000 jobs.
- **Professional and business services** kept pace in 2017 with the previous year adding 44,000 jobs per month. In December, the sector added 19,000 jobs
- Employment in the other major sectors— **mining, wholesale trade, transportation and warehousing, information, financial activities and government**—changed little over the month.
- Over the year, the BLS reports the unemployment rate and the number of unemployed were down by 0.6 percentage point and 926,000, respectively.

ANALYSIS

In December, the American jobs machine took a breather. The payroll employment (+148,000) fell below the [Wall Street consensus of 190,000 jobs](#). [According to an ADP report earlier this week](#), private sector employment increased by 250,000 jobs in December. The unemployment rate for the major work groups remained low. The [unemployment rate for African-Americans fell to 6.8 percent the lowest ever](#). The retail sector fared better under the last year of the previous administration where it increased by 203,000 in 2016. In 2017 it lost 67,000. Employment in general merchandise edged down in 2017 shedding 67,000 jobs. However, Manufacturing added 196,000 jobs in 2017 following little net change in 2016. The November employment report was revised up from +228,000 to +252,000 and the change in October was revised down from +244,000 to +211,000 (Combined over two months, a net loss of 9,000 jobs). Over the past three months, job gains have averaged 204,000 a month. In December, **average hourly earnings** for all employees increased by 9 cents to \$26.63; over the past year, hourly earnings have risen by 65 cents or 2.5 percent. The labor force participation rate has not changed over the year. It remains at 62.7 percent. The number of workers employed part-time for economic reasons has declined by 639,000 over the past year.

December Manufacturing 2008-2017

(000s)

