

MRINetwork Analysis of the BLS Employment Situation Report November 2011 Employment

The full report can be seen here: <http://www.bls.gov/news.release/empsit.htm>.

According to the Labor Department, the U.S. economy added 120,000 jobs in the month of November while the unemployment rate fell from 9 percent to 8.6 percent, its lowest rate in more than two years. Employment growth was driven by retail, and food and beverage establishments hiring above seasonal averages. Government at all levels cut a total of 20,000 positions during the month.

The rapid drop in the unemployment rate was largely driven by a decrease in the workforce participation rate from 64.2 percent to 64 percent. While measures like the participation rate are seasonally adjusted, most of those calculations are based on seasonal trends that occurred when the employment situation was very different. While a decrease in the participation rate may be driven by declining job-seeker confidence, it is just as likely driven by people who are unemployed who looked at the uphill battle of the job hunt and choose to take a break and enjoy the holidays.

Nearly 50,000 positions were added by retailers in November, more than half by clothing and clothing accessory retailers. Food service and drinking establishments added 32,700 jobs over the same period. Both additions are significant gains compared to recent years and point to confidence in a better holiday season this year.

Chart 1. Unemployment rate, seasonally adjusted, November 2009 – November 2011

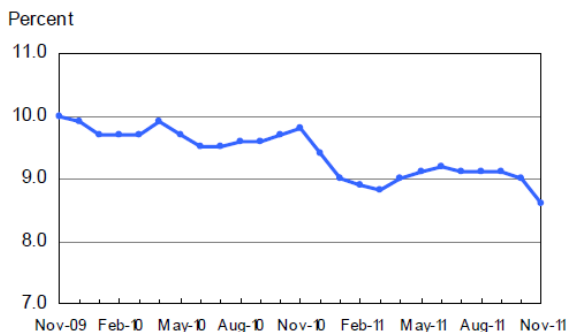
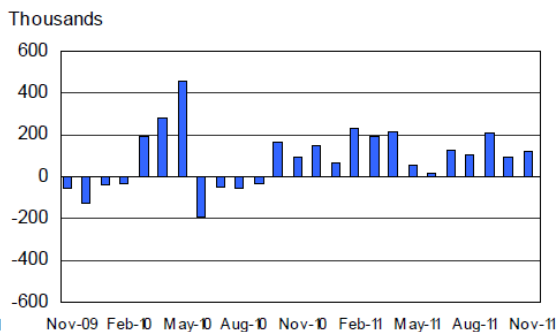


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, November 2009 – November 2011



The unemployment rate for those in management, professional and related occupations fell year-over-year from 4.7 percent to 4.2 percent. The unemployment rate for those in sales and related occupations fell from 8.8 percent to 7.8 percent. The unemployment rate for those with a bachelor's degree or higher remained flat at 4.4 percent between October and November while its participation rate actually increased. Total employment of those with a bachelor's degree or higher rose by 94,000 positions during the month.

In the Labor Department's November Employment Situation Report, every piece of positive news seems balanced by a negative piece. The unemployment rate is down, which is good, but it's driven by a participation rate decline, which is not so good. Total employment is up, which is good, but it's driven largely by retail and food and beverage establishments, which itself is both bad and good. Those jobs are almost certainly seasonal and will go away in January, but they are also an indicator of increased confidence by industries that are highly reactive to changes in the economy.

In net, the report paints the picture of an economy that is cautiously adding jobs and slowly improving. The 120,000 jobs added are on par with the 133,000 jobs added per month over the last 12 months and outpaces increases in the U.S. population. To see a meaningful decrease in unemployment, job creation will have to increase, but there is little indication that the U.S. employment market is slipping backward like the European Union.