

MRINetwork Analysis of the BLS Employment Situation Report December 2010 Employment

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

This morning, the Labor Department reported that the U.S. unemployment rate fell from 9.8 to 9.4 percent in December while 103,000 jobs were created. The private sector accounted for 113,000 new jobs, while government payrolls shed 10,000 employees, all at the local government level including both education and non-education positions. While falling far short of an ADP estimate earlier in the week of nearly 300,000 new positions, today's figures are mostly in line with economists' estimates. Furthermore, revisions to November's figures show that 71,000 positions were created, instead of the 39,000 positions originally reported.

BLS ANALYSIS

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Chart 1. Unemployment rate, seasonally adjusted, December 2008 – December 2010

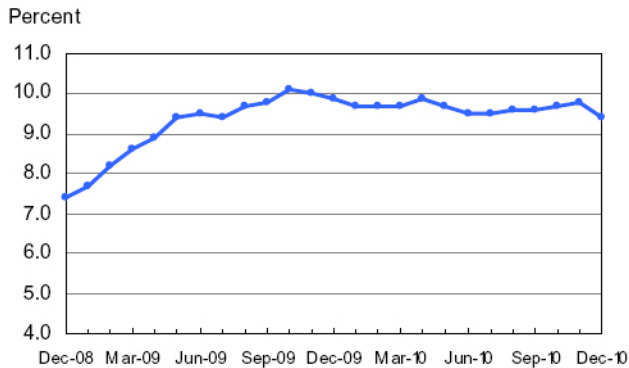
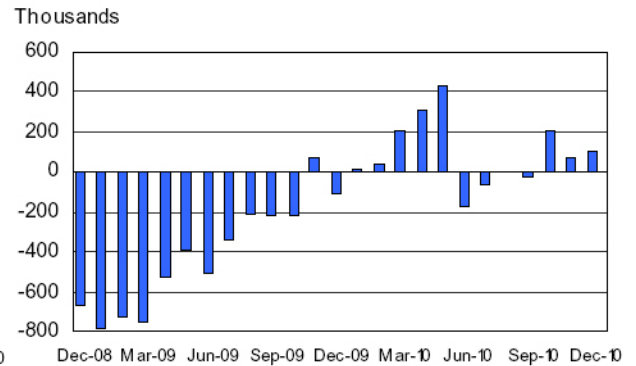


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, December 2008 – December 2010



The average length of unemployment ticked up to 34.2 weeks, while median duration was nearly three months less, 22.4 weeks, indicating the continued difficulty for the long-term unemployed to re-enter the workforce. While the reduction in the unemployment rate by .4 percent is substantial, it was likely driven in large part by a nearly .6 percent drop in the participation rate between November and December. Such a drop indicates unemployed job seekers have stopped looking for work. Yet, with the high rate of unemployment, this tick could just be attributed to less motivated job seekers deciding to take a break for the holidays. The unemployment rate may jump back to 9.8 or even higher in January, as these job seekers begin their efforts anew in the New Year.

The increase in temporary positions has shrunk substantially, down to just 15,900 during the month, meaning a large majority of positions created in December were permanent. The professional unemployment rate shrunk to 4.6 percent from 5.1 percent in November. However, this change is mostly seasonal and matches what was seen in December 2009. The seasonally adjusted college educated unemployment rate shrunk to 4.8 percent from 5.1 percent.

Food services and drinking places saw some of the most stand out growth during the month, adding 24,500 jobs, indicating Americans increased willingness to go out to eat and drink. The wholesale and retail trades combined added 20,800 positions on a seasonally adjusted basis, likely as a result of increased holiday retail activity. Healthcare continued to add positions, posting a gain of 35,700 in the reporting period. Other industries did not exhibit substantial movement in either direction.