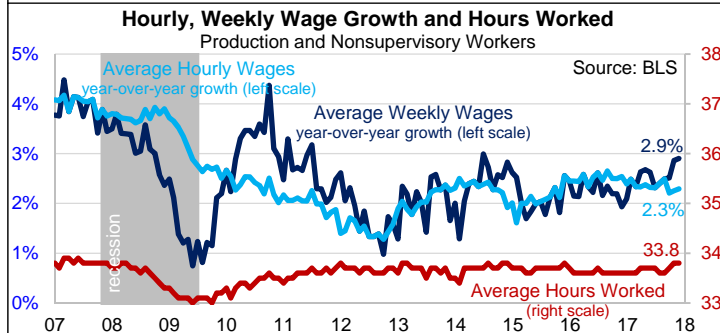
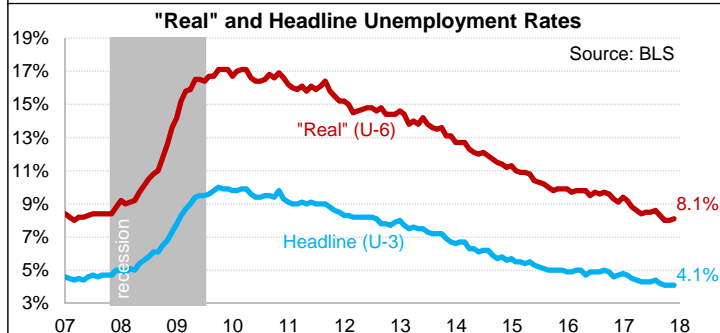
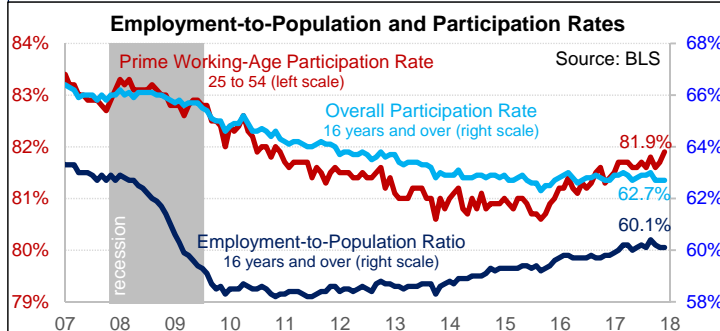
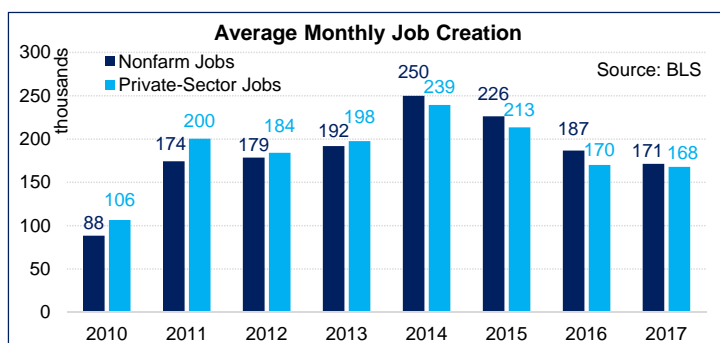


## December 2017 Jobs Review

### Jobs Review Snapshot

- 148,000 nonfarm jobs were created in December, which was less than expected.
- At 2017's start forecasters predicted the headline unemployment rate (U-3) would be 4.6%, it is now 4.1%.
- BLS incorporated its annual revisions to the last five years of seasonally adjusted household survey data.



### Details

The [Bureau of Labor Statistics \(BLS\)](#) reports 148,000 nonfarm payroll jobs were added in December, of which 146,000 were in the private sector. The largest private-sector job gains were in construction (+30,000), leisure and hospitality (+29,000), educational and health services (+28,000), and manufacturing (+25,000). Job losses were reported only in retail (-20,300) and utilities (-900). The government sector added 2,000 jobs.

The employment-to-population ratio was unchanged at 60.1%. The overall labor force participation rate (LFPR) was unchanged at 62.7%. The prime working-age (25 to 54) LFPR increased from 81.7% to 81.9%; during the previous business cycle's expansion (December 2001 to December 2007), it averaged 83%.<sup>1</sup>

The headline unemployment rate (U-3), which only counts those who searched for work in the last four weeks as unemployed, was unchanged at 4.1%.<sup>2</sup> The "real" unemployment rate (U-6), which counts those in U-3 plus those who searched for work in the past twelve months and those who want full-time work but can only find part-time work for economic reasons, ticked up from 8.0% to 8.1%.

Average hourly earnings (AHE) and average weekly earnings (AWE) of production and nonsupervisory workers<sup>3</sup> were, respectively, 2.3% and 2.9% higher than 12 months ago.<sup>4</sup> An increase in average hours worked per week from 12 months ago led AWE to rise in greater proportion to AHE. During the previous expansion, AHE and AWE each increased an average of 3% per year, compared to an average of only 2.2% and 2.4% in the current expansion, respectively.

<b>December 2017 Jobs Review</b> Sources: BLS, Bloomberg Econoday	<b>November</b> Original	<b>November</b> Revised	<b>December</b> Forecast	<b>December</b> Actual
<i>Establishment Survey</i>				
Nonfarm Payrolls Change.....	228,000	252,000	191,000	<b>148,000</b>
Private Payrolls Change.....	221,000	239,000	185,000	<b>146,000</b>
Average Hourly Earnings: All Employees (Year-over-Year % Chg.).....	2.5%	2.4%	2.5%	<b>2.5%</b>
Average Hourly Earnings: Production and Nonsupervisory Workers.....	2.3%	2.3%	--	<b>2.3%</b>
<i>Household Survey</i>				
Population Growth (16 years and older).....	183,000	183,000	--	<b>160,000</b>
Change in Labor Force.....	148,000	162,000	--	<b>64,000</b>
Labor Force Participation Rate.....	62.7%	62.7%	62.7%	<b>62.7%</b>
16 to 64 years of age.....	73.4%	73.3%	--	<b>73.3%</b>
25 to 54 years of age (prime-age).....	81.8%	81.7%	--	<b>81.9%</b>
Change in Number of Employed.....	57,000	71,000	--	<b>104,000</b>
Employment-to-Population Ratio.....	60.1%	60.1%	--	<b>60.1%</b>
Change in Number of Unemployed.....	90,000	92,000	--	<b>-40,000</b>
“Headline” Unemployment Rate (U-3).....	4.1%	4.1%	4.1%	<b>4.1%</b>
“Real” Unemployment Rate (U-6).....	8.0%	8.0%	--	<b>8.1%</b>
Not in Labor Force.....	35,000	21,000	--	<b>96,000</b>

## Context

Just over a year ago, the median projection of economists [surveyed by Bloomberg](#) was that the economy would create slightly less than 2 million jobs in 2017 and that the unemployment rate would be 4.6% at the year’s end. In 2017, 2.1 million jobs were created and the unemployment rate was 4.1%. The “real” unemployment rate fell from 9.1% to 8.1% over the year. Moderate wage growth and a low prime-age LFPR imply there is room to further accelerate economic growth.

In the last three months job creation has averaged 204,000.

## Noteworthy

Notable features of the employment situation for 2017: The unemployment rate for African Americans fell from 7.9% in December 2016 to 6.8%, the lowest rate in the series’ 46-year history. Workers who were part-time for economic reasons declined from 5.6 million in December 2016 to 4.9 million, the lowest level since early 2008. The prime-age LFPR ended the year at 81.9%, up 0.5 percentage from 12 months ago—this was the largest year-end increase since 1996. Manufacturing jobs increased by 196,000 in 2017 compared with a loss of 16,000 jobs in 2016.

The November jobs number was revised up from 228,000 to 252,000 (second estimate) and the October jobs number was revised down from 244,000 to 211,000 (final estimate) for a net loss of 9,000 jobs.

The BLS incorporated its annual change to seasonal adjustment factors for its household survey. This had minor effects on data extending back to January 2013.

The January Employment Situation release is scheduled for February 2 at 8:30am. It will incorporate annual changes to the household survey based on updated estimates of the U.S. population. The establishment survey benchmark and seasonal adjustment factors will also be changed. Lastly, the 2012 NAICS (North American Industry Classification System) will be replaced by the [2017 NAICS](#), which will result in some changes to industry titles and descriptions.

<sup>1</sup> JEC considers the prime working-age LFPR, which measures the ratio of those aged 25 to 54 who are currently employed or have sought work in the past four weeks, a better indicator because demographic factors are affecting the overall LFPR.

<sup>2</sup> The U-3 rate is less meaningful than it once was because the labor force participation rate has been low since the last recession.

<sup>3</sup> JEC prefers the production and nonsupervisory workers measure of wages as more representative of the average worker. Production and nonsupervisory workers account for over 82% of all private-sector employees. For service-producing industries, this measure excludes supervisors and employees who are also owners. For the goods-producing sector, workers engaged in management, sales, and accounting are excluded.

<sup>4</sup> These measurements consist only of gross wages and salary and do not account for non-monetary benefits and compensation. They are not adjusted for inflation. AWE accounts for the average number of hours worked while AHE does not.