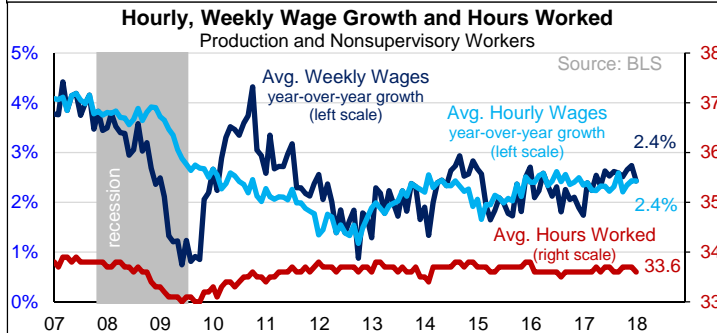
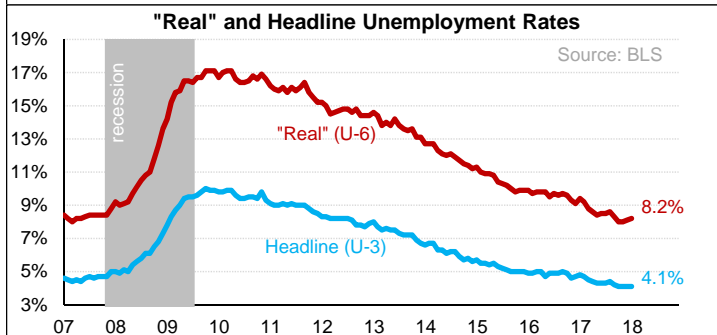
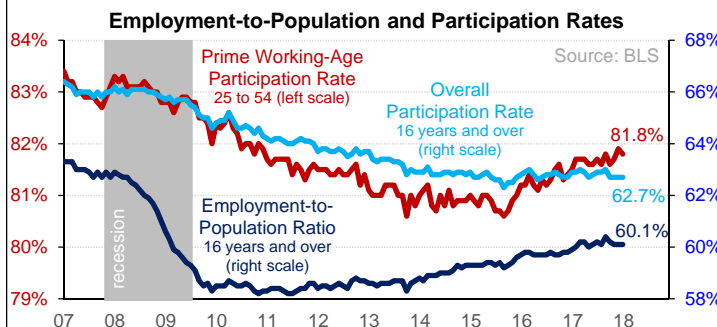
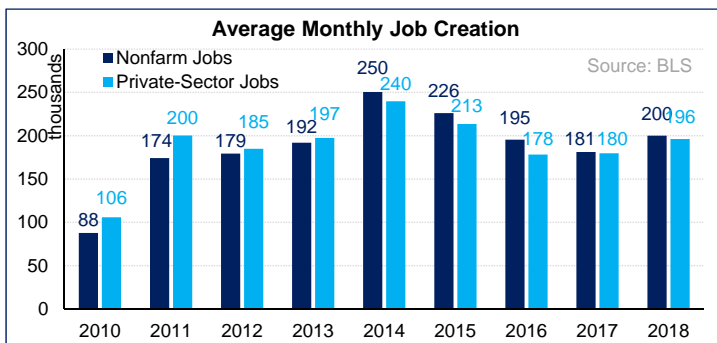


January 2018 Jobs Review

Jobs Review Snapshot

- 200,000 nonfarm jobs were created in January, which was more than expected.
- The headline unemployment rate (U-3) was unchanged at 4.1%.
- BLS incorporated its annual revisions to its household and establishment surveys.



Details

The [Bureau of Labor Statistics \(BLS\) reports](#) 200,000 nonfarm payroll jobs were added in January, of which 196,000 were in the private sector. The largest private-sector job gains were in education and health services (+12,000 and +26,000, respectively), construction (+36,000), and leisure and hospitality (+35,000). Manufacturing added 15,000 jobs. Job losses were reported in information (-6,000) and utilities (-1,400). The government sector added 4,000 jobs.

The employment-to-population ratio was unchanged at 60.1% as was the overall labor force participation rate (LFPR) at 62.7%. The prime working-age (25 to 54) LFPR ticked down from 81.9% to 81.8%; during the previous business cycle's expansion (December 2001 to December 2007), it averaged 83%.¹

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%.² 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 8.1% to 8.2%.

Average hourly earnings (AHE) and average weekly earnings (AWE) of production and nonsupervisory workers³ were both 2.4% higher than 12 months ago.⁴ As average hours worked per week was unchanged from 12 months ago, AWE rose in equal proportion to AHE. During the previous expansion, AHE and AWE each increased an average of 3% per year, compared with averages of only 2.2% and 2.4% in the current expansion, respectively.

January 2018 Jobs Review Sources: BLS, Bloomberg Econoday	December Original	December Revised	January Forecast	January Actual
<i>Establishment Survey</i>				
Nonfarm Payrolls Change.....	148,000	160,000	175,000	200,000
Private Payrolls Change.....	146,000	166,000	172,000	196,000
Average Hourly Earnings: All Employees (Year-over-Year % Chg.).....	2.5%	2.7%	2.6%	2.9%
Average Hourly Earnings: Production and Nonsupervisory Workers.....	2.3%	2.4%	--	2.4%
<i>Household Survey</i>				
Population Growth (16 years and older).....	160,000	--	--	183,000
Change in Labor Force.....	64,000	--	--	185,000
Labor Force Participation Rate.....	62.7%	--	62.7%	62.7%
16 to 64 years of age.....	73.4%	--	--	73.4%
25 to 54 years of age (prime-age).....	81.9%	--	--	81.8%
Change in Number of Employed.....	104,000	--	--	91,000
Employment-to-Population Ratio.....	60.1%	--	--	60.1%
Change in Number of Unemployed.....	-40,000	--	--	93,000
“Headline” Unemployment Rate (U-3).....	4.1%	--	4.1%	4.1%
“Real” Unemployment Rate (U-6).....	8.1%	--	--	8.2%
Not in Labor Force.....	96,000	--	--	-1,000

Context

Job creation exceeded the average expectations of forecasters. AHE of all private-sector employees was 2.9% higher than 12 months ago, the fastest rate of increase since May 2009 in the midst of the last recession. However, AHE of production and nonsupervisory workers (see endnote 3) increased only 2.4%. Within this category is an encouraging trend for manufacturing workers' AHE: In June 2017, wage growth had slowed to 1.8% but has surged upward to 3.3% since then.

Noteworthy

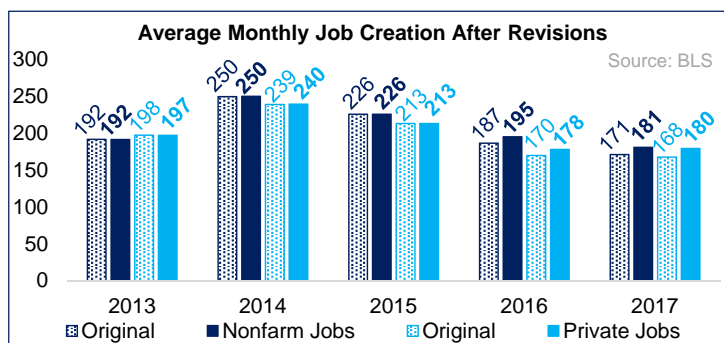
The jobs number for December was revised up from 148,000 to 160,000 (second estimate) and November's was revised down from 252,000 to 216,000 (final estimate), for a net loss of 24,000 jobs.

BLS incorporated its annual change to the household survey based on updated estimates of the U.S. population, which only affects data for January 2018 and forward. However, this makes the January data not directly comparable with December's. To compensate, Table C of the BLS report, controls for the revision. These numbers are reported in the above table's "January (Actual)" column.

The 2012 NAICS (North American Industry Classification System) was replaced by the [2017 NAICS](#), which resulted in some changes to industry titles and descriptions.

The establishment survey benchmark and seasonal adjustment factors were also changed, affecting seasonally adjusted data as far back as January 2013. A comparison is shown in the accompanying figure.

The February Employment Situation release is scheduled for March 9 at 8:30 a.m.



¹ 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.

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

³ 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.

⁴ 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.