

# Research Note



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## U.S. Employment Situation December 2018

U-Rate: 3.9%; Jobs: +312,000

### OVERVIEW

- The unemployment rate rose slightly to **3.9 percent in December with payrolls expanding by 312,000 jobs, according to the Bureau of Labor Statistics.**
- The **Labor Force Participation (LFP)** rate changed little at 63.1 percent. The **Employment-Population ratio** also remained at 60.6 percent for the third consecutive month.
- Job gains took place in **Health care (+50,000)** and **Food Services and Drinking Places (+41,000)** **Construction (+38,000)** **Manufacturing (+32,000)** and **Retail (+24,000)**. In addition, **Professional and Business Services** added 43,000 jobs.
- According to the BLS, the following sectors saw little or no change in employment: **Mining, Wholesale Trade, Transportation and Warehousing, Information, Financial Activities, and Government.**
- Over the year, **average hourly earnings** have increased by 84 cents or 3.2 percent. In December, the average hourly private nonfarm wage rang in at \$27.48, an increase of 11 cents. The **average workweek** for all employees increased by 0.1 hour to 34.5 hours.
- The number of persons employed part-time changed little in December.
- Unemployment rates for all educational levels remained low. (See chart below.)

### ANALYSIS

“A blow-out report,” [remarked a triumphant Lawrence Kudlow, Director of the President’s National Economic Council](#) after the release of the latest jobs report. Total nonfarm payroll employment rose by 312,000 in December and the unemployment rate increased slightly to 3.9 as more workers re-entered the workforce over the past year. “People are streaming into the workforce,” This week, Wall Street expected a [payroll increase of about 188,000 jobs](#). The BLS reported 301,000 new private sector jobs were created compared with the estimate from the [ADP payrolls report released earlier this week](#) of 271,000 private payrolls. Revisions added to the good news. The BLS revised November’s number from 155,000 new jobs to 176,000 and the change from October was adjusted from 237,000 to 274,000 jobs. The number of long-term unemployed fell by 205,000 over the past year. “There’s no recession in sight,” noted Kudlow adding that the new jobs will translate into consumption. “That’s a lot of consumer firepower.” [Bloomberg economist Tim Mehady was equally exuberant:](#) “This is the strongest employment report of this economic cycle -- hands down. While we’ve seen greater job gains in some months, the plus-300,000 number along with another increase in average hourly earnings clearly signals that the economic expansion ended 2018 on strong footing.”

Unemployment Rate by Educational Attainment  
2008-2018 (December)

