November Office Employment: Labor Market Tightens

December 2, 2016

November's nonfarm payroll report, which modestly missed expectations, showed a few surprises. Total nonfarm jobs rose by 178,000 versus consensus for a gain of 180,000 jobs, but job growth in the private sector fell a little short, rising by 156,000. Over the past three months, private non-farm payroll growth has slowed to an average of 165,000 (September – November) versus the prior three months' average of 197,000 (June – August.) Revisions to the prior two months reduced private employment gains by 17,000 on a combined basis.

Office employment rose by 59,000 (*Table 1* and *Chart 1 on the following page*)—consistent with the 60,700 average over the last twelve months. A decline in information jobs was offset by a sizeable jump in the employment of accountants and bookkeepers, where the nearly 18,000 increase marked the largest monthly gain since December 2010.

The unemployment rate dropped by 0.3 percentage points to 4.6%. While the unemployment rate for adults aged 25+ declined by 0.1 percentage points, the 0.3 percentage point drop in the total unemployment rate was led by a large drop in the teenage (ages 16-19) unemployment rate, which fell from 15.6% to 15.2%— the lowest level since 2007. The increase in teenage employment and decline in the number of unemployed teens may explain why average hourly earnings dropped by -0.1% on the month. Employment in "food services"—part of "leisure and hospitality"—rose by nearly 19,000 on the month. The category often lends itself to low-skilled teenage workers, who receive low-paying wages in return. Even though wages in the broader "leisure and hospitality" sector are up 4.1% YoY (*Chart 2 on the following page*)—the level of wages is still among the lowest, which explains why a tightening labor market may not always result in a boost to overall hourly earnings.

Table 1. **Monthly Change in Office-Using Payrolls by Category (000s, SA)**

	12 Months Through October 2016 (average)	October 2016 revised (revised)	November 2016
Total Office	60.7	54.0	59.0
Information	0.6	-3.0	-10.0
Financial Activities	13.8	9.0	6.0
Finance and Insurance	9.4	7.5	3.1
Commercial Banking*	0.3	-1.0	0.0
Real Estate and Rental and Leasing	4.4	1.7	3.6
Rental and Leasing Services*	0.3	-2.4	-1.3
Professional/Business Services	46.3	48.0	63.0
Legal Services*	0.1	0.2	-0.5
Accounting*	3.6	4.7	17.7
Architectural/Engineering Services*	2.4	4.7	-1.0
Computer Systems Design/Related Services*	6.6	8.4	5.4
Temporary Help Services*	3.5	7.3	14.3
Services to Buildings/Dwellings *	3.8	6.4	8.1
Additional:			
Nonresidential Building Construction	0.9	2.7	0.3
Nonresidential Specialty Trade Contractors	3.7	1.2	0.8

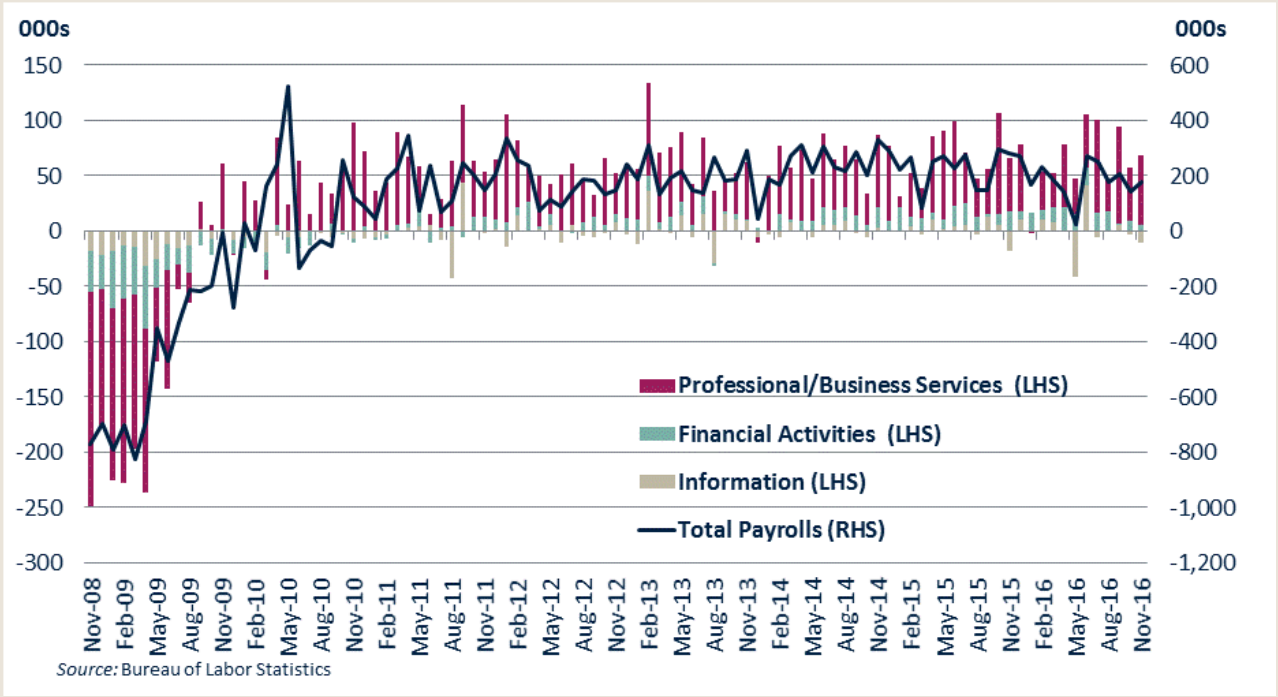
*Listings do not include all sub-sectors, so numbers shown will not sum to total sector figure.

Source: Bureau of Labor Statistics

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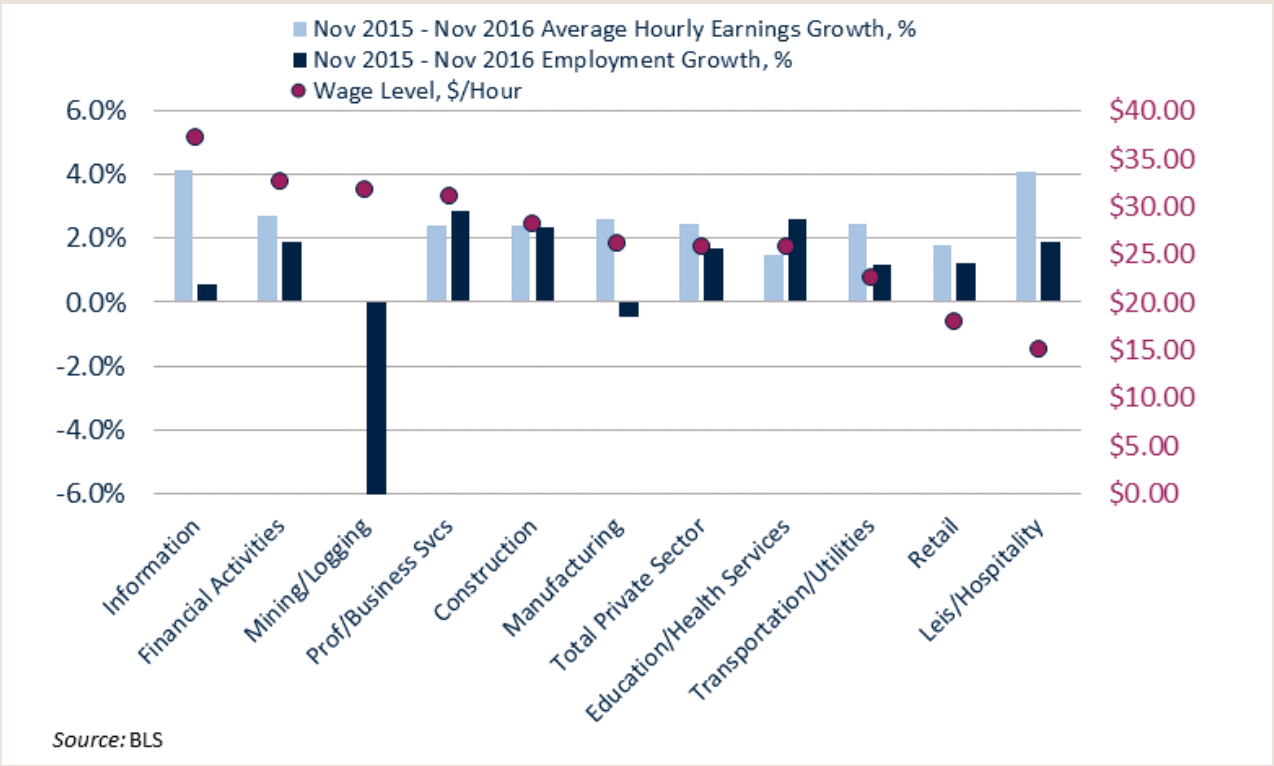


Chart 1. **Office-Using Employment and Total Payrolls, November 2008 – November 2016 (Seasonally-Adjusted, 000s)**



Source: Bureau of Labor Statistics

Chart 2. **Annual Wage Growth and Wages per Hour by Sector vs. Annual Employment Growth by Sector**



Source: BLS

RESEARCH CONTACT

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