

# ECONOMIC UPDATE

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**careerbuilder**  
EMPOWERING EMPLOYMENT

# SUMMARY & GDP

## Takeaways from the Employment Report (Wall Street Journal)

### 1. THE UNEMPLOYMENT RATE FELL BECAUSE MORE OF THE JOBLESS FOUND JOBS

The October jobless rate ticked down to 5.8%, the lowest reading since mid-2008. Last month more people reported finding work rather than gave up and dropped out of the labor market. That lifted the labor-force participation rate slightly. Equally encouraging is a less-noticed trend in the household jobs data: The numbers show 24% of people who were unemployed in September found a job in October. That's up from a 22.8% share in September and the highest jobless-to-work transition rate since 2008.

### 2. REVISIONS HELPED LIFT THE HIRING TREND

While the October job gain came in a little below expectations, the **Labor Department** revised up August and September payrolls by 31,000 extra jobs. Thanks to those do-overs, the monthly change in nonfarm payrolls has been above 200,000 jobs for nine consecutive months. The 12-month moving average is holding above 220,000 new jobs per month, a large improvement from previous years.

### 3. FASTER WAGE GROWTH IS STILL MIA

Despite the solid payrolls gain so far this year, year-over-year wage growth in October remained in its expansion-long rut of about 2%. Even production workers, who had seen pay gains edge up to 2.5% earlier in the year, saw their yearly pay raises slow to 2.2% in October. That suggests even with the falling jobless rate and reports of difficulty finding certain skilled workers, businesses on average still are reluctant to lift wages. The lack of pay traction will probably keep Fed officials on the current policy path.

### 4. AND THE RISE OF PART-TIME WORK MAY BE ONE REASON WHY

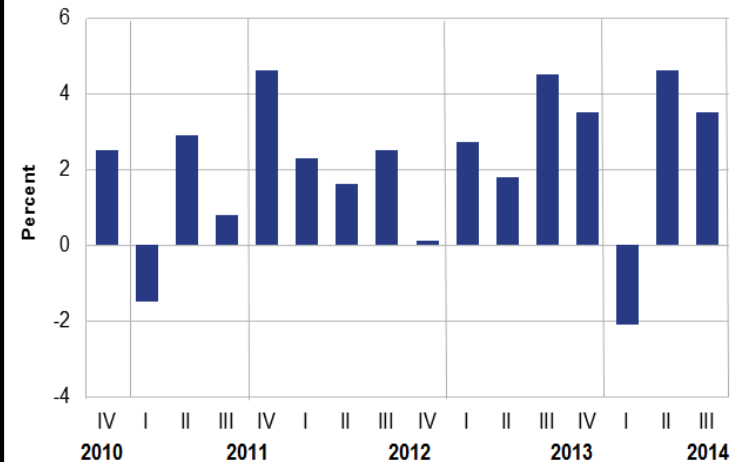
The number of workers who are involuntarily part-time fell again in October, but they remain a larger share of employment compared with years before the Great Recession. That trend may be one factor for little wage growth.

A report from the Atlanta Fed looked at wage growth between part-time and full-time workers who were paid by the hour not on a fixed monthly or yearly salary. The study concluded "part-time workers as a group appear to [be] experiencing a lower average wage growth rate than full-time workers during the recovery from the Great Recession."

### 5. THE FOURTH-QUARTER ECONOMY KICKS OFF WITH MORE LABOR INPUT

Not only did employment increase, but the average workweek increased six minutes to 34.6 hours. That combination of more workers and longer hours means aggregate hours worked in October increased a healthy 0.5%. Hours worked is a proxy for economic activity and the October gain supports the consensus view that the U.S. economy is growing at an annualized rate of about 3% this quarter.

## 3rd Qtr. GDP: 3.5% (Advance Estimate)



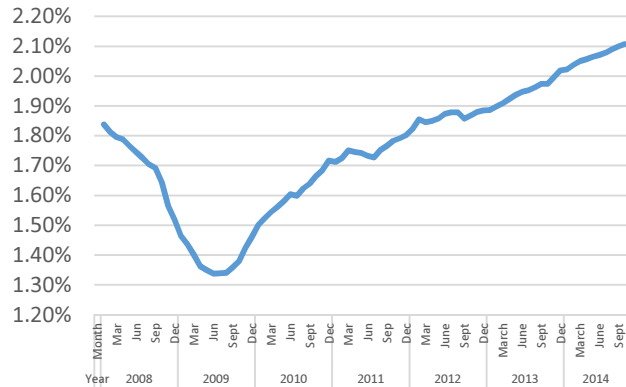
Real GDP growth is measured at seasonally adjusted annual rates.

Components of GDP	2013				2014		
	1st	2nd	3rd	4th	1st	2nd	3rd
Consumers (Personal Consumption)	2.45%	1.23%	1.39%	2.51%	0.83%	1.75%	1.22%
*Businesses (Gross Private Domestic Investment)	1.12%	1.03%	2.50%	0.62%	-1.13%	2.87%	0.17%
Net Exports (Exports-Imports)	-0.08%	-0.54%	0.59%	1.08%	-1.66%	-0.34%	1.32%
Government	-0.75%	0.04%	0.04%	-0.71%	-0.15%	0.31%	0.83%
<b>Total GDP</b>	<b>2.74%</b>	<b>1.76%</b>	<b>4.52%</b>	<b>3.50%</b>	<b>-2.11%</b>	<b>4.59%</b>	<b>3.54%</b>
*Inventories component of Business	0.70%	0.30%	1.49%	-0.34%	-1.16%	1.42%	-0.57%

# US EMPLOYMENT SITUATION

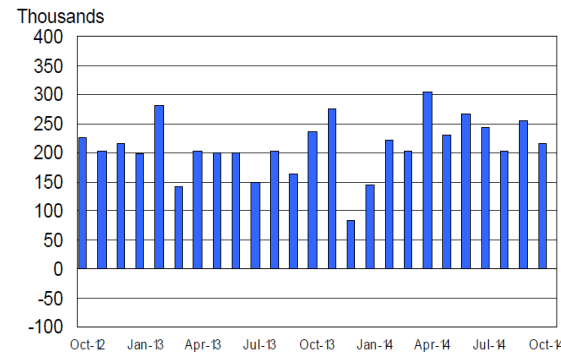
Temp Penetration Rate: 2.11%  0.01%

Chart 3: Temp Penetration Rate, Seasonally Adjusted



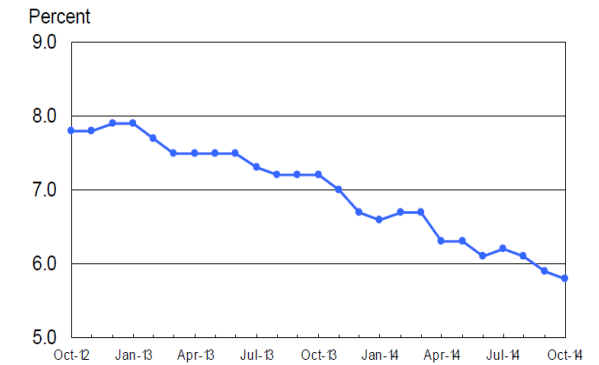
Job Loss/Gain:  + 214,000 Jobs

Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted



Unemployment Rate: 5.8%  0.1%

Chart 1. Unemployment rate, seasonally adjusted



Number of people employed as a temporary employee divided by total non farm payroll employment

## Temp Employment

Temporary help services **15,100 jobs added.**

## Why is the Temp Penetration Rate Important?

“Temporary Help Employment is a Leading Indicator for Nonfarm Employment—Staffing job trends lead nonfarm employment by three months when the economy is emerging from a recession and by six months during periods of normal economic growth.”  
*American Staffing Association*

Job Gains	Change from Previous Month
Leisure & Hospitality	52,000
Professional & Business Services	37,000
Retail Trade	27,100
Manufacturing	15,000
Construction	12,000
Government	5,000
Financial Activities	3,000
Education & Health Services	41,000
- Education	13,700
- Healthcare	24,500
- Social Assistance	2,700

## Unemployment Rate: Bachelor's Degree or higher

June	July	Aug	Sept	Oct
3.3%	3.1%	3.2%	2.9%	3.1%

Nonfarm Payroll – Job Growth Details	Jobs Added/Lost
Private Sector	209,000
Government Sector	5,000
<b>Total</b>	<b>214,000</b>

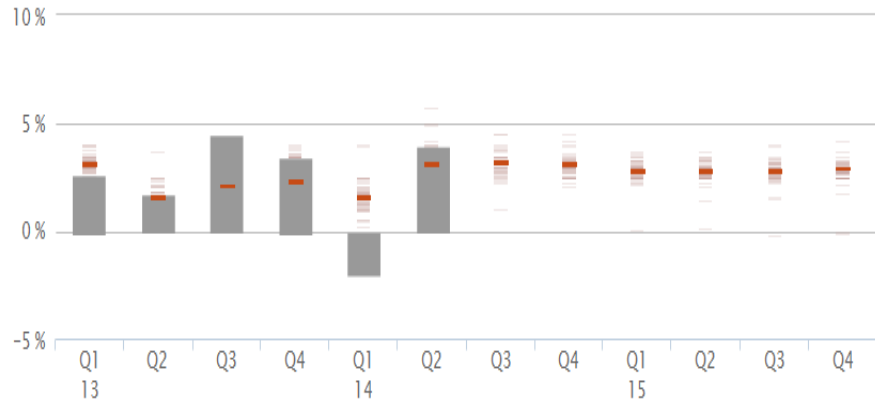
Sources: Bureau of Labor Statistics, American Staffing Association

# PROJECTIONS & LABOR METRICS

## GDP Projections

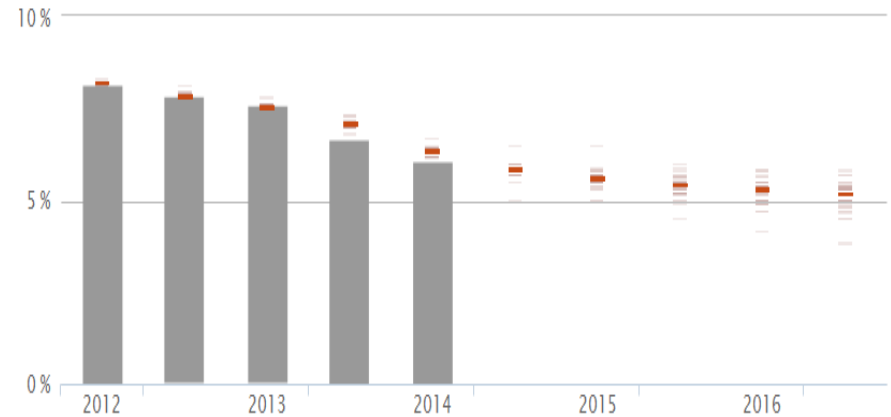
Survey of Economists (Wall Street Journal)

Actual  Estimates



## Unemployment Rate Projections

Survey of Economist (Wall Street Journal)

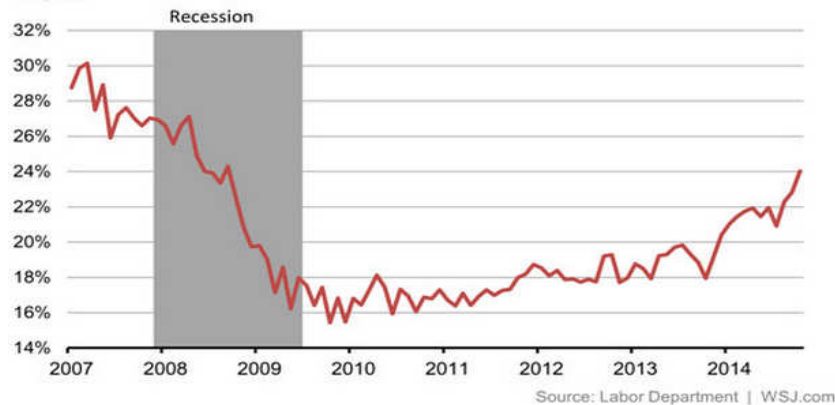


## ...Takeaways from Oct Employment Report

Wall Street Journal

### More Jobless Are Finding Work

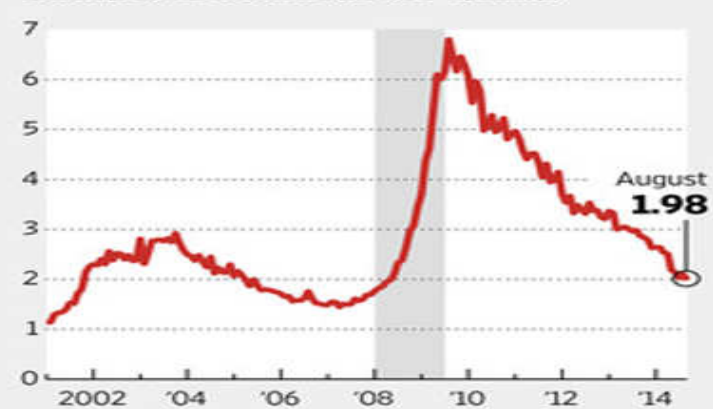
The share of previous month's unemployed that found work in the following month



## Number of Job Openings Hits 13-Year High

Wall Street Journal, Bureau of Labor Statistics

### Unemployed workers per job opening



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