

MRINetwork Analysis of the BLS Employment Situation Report December 2011 Employment

The full report can be seen here: <http://www.bls.gov/news.release/empsit.htm>.

Total U.S. employment grew by 200,000 positions in December, while the unemployment rate fell from an adjusted 8.7 to 8.5 percent. Government payrolls lost just 12,000 positions over the month, though the total is down 280,000 from a year ago.

A falling unemployment rate can occasionally report false positives—which could have happened last month—when the number of unemployed people counted is reduced because discouraged workers having not looked for work in the preceding month. In December's figures, however, the number of people who have searched for a job in the previous 12 months, but not in the last four weeks, actually declined both sequentially and year-over-year. Similarly, the workforce participation rate remained unchanged at 64 percent. All in all, what appear to be positive top line numbers don't seem to have any significant underlying red flags observed in a number of reports throughout 2011.

Chart 1. Unemployment rate, seasonally adjusted, December 2009 – December 2011

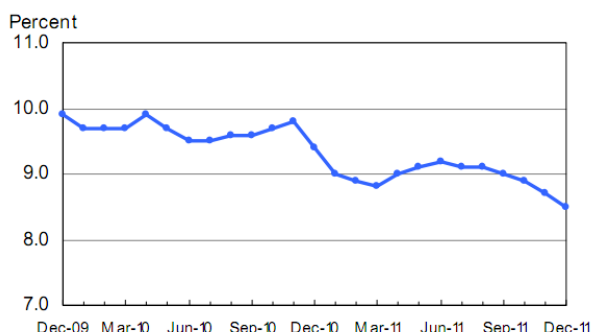
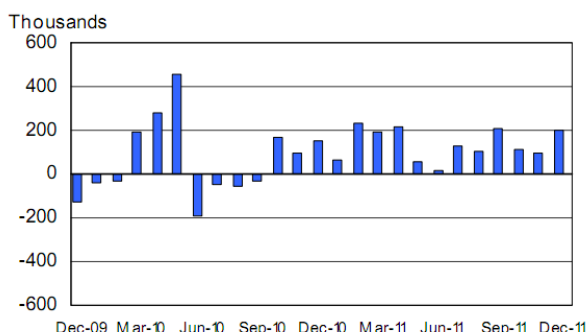


Chart 2. Nonfarm payroll employment over-the-month change, seasonally adjusted, December 2009 – December 2011



Transportation and warehousing positions rose by 50,000, with four-fifths of those coming from seasonally high employment in the courier and messenger industry. This would include the likes of FedEx and UPS, but not the U.S. Postal Service, which also added 2,600 positions. Retail trade added 28,000 positions led by general merchandise and clothing stores. They were countered, though, by a loss of 10,200 jobs by sporting goods, hobby, book, and music stores, likely the result of the continued closing of the Borders Books and Music chain. Other industries that saw gains included food service and drinking places, healthcare, manufacturing, and mining.

Professional and business services, after adding an average of more than 40,000 jobs per month for most of the year, slowed during November and December, adding just 19,000 and 12,000 jobs respectively. While such employers do often complete critical hires during these months, total hiring will slow down due to holidays and vacations. Year-over-year, the management and professional and related occupation unemployment rate fell from 4.6 to 4.2 percent. The number of people employed in such positions rose by 1.1 million from a year ago, representing the lion's share of the 1.5 million positions created in the workforce overall.

A significant portion of the jobs created in December came from industries likely to be impacted by the holiday shopping season—jobs that are temporary by nature. However, the level at which this hiring took place indicates an increased confidence from these employers, likely because of what they were seeing in their business. Should this confidence carry over to the rest of the economy, other professional services and manufacturing businesses should, hypothetically, see similar boosts in the coming quarter.