



ECONOMIC ALERT

U.S. EMPLOYMENT SITUATION – OCT 2018

Released Friday, November 2, 2018

Nonfarm Payrolls: +250,000 month-over-month (Cons: +200,000), +2.52 million year-over-year

Unemployment Rate: 3.7% (Cons: 3.7%), unchanged month-over-month, -0.4 ppt year-over-year

Weekly Hours: 34.5 hours (Cons: 34.5 hours), +0.1 hours month-over-month, +0.1 hours year-over-year

Hourly Earnings: \$27.30, +0.2% month-over-month (Cons: +0.2%), +3.1% year-over-year

Quick Take:

Private payrolls increased by 250,000 in October, which was above economists' estimate. Revisions to September and August payroll gains were collectively unchanged as a downward revision to September was offset by a positive revision to August. Over the past 3 months, payroll gains have averaged 218,000 monthly additions, above the average of 188,000 since the beginning of 2010.

Average hourly earnings growth was in line with expectations in October, growing 0.2% month-over-month. On a year-over-year basis, average hourly earnings for all employees rose 3.1% in October, up from 2.8% growth in September and the highest reading of the expansion (see chart below). Average hourly earnings rose 3.3% on a six-month annualized basis. As the demand for labor has become more competitive, year-over-year growth in hourly wages has gradually moved higher from its cycle low of 1.5% in October 2012.

The unemployment was unchanged at 3.7% in October and has fallen -0.4 ppt over the past year. The U-6 rate, or a measure of underemployed, which includes part-time workers and those only marginally attached to the labor force, declined -0.1 ppt in October to 7.4% and was at the lowest level since 2001.

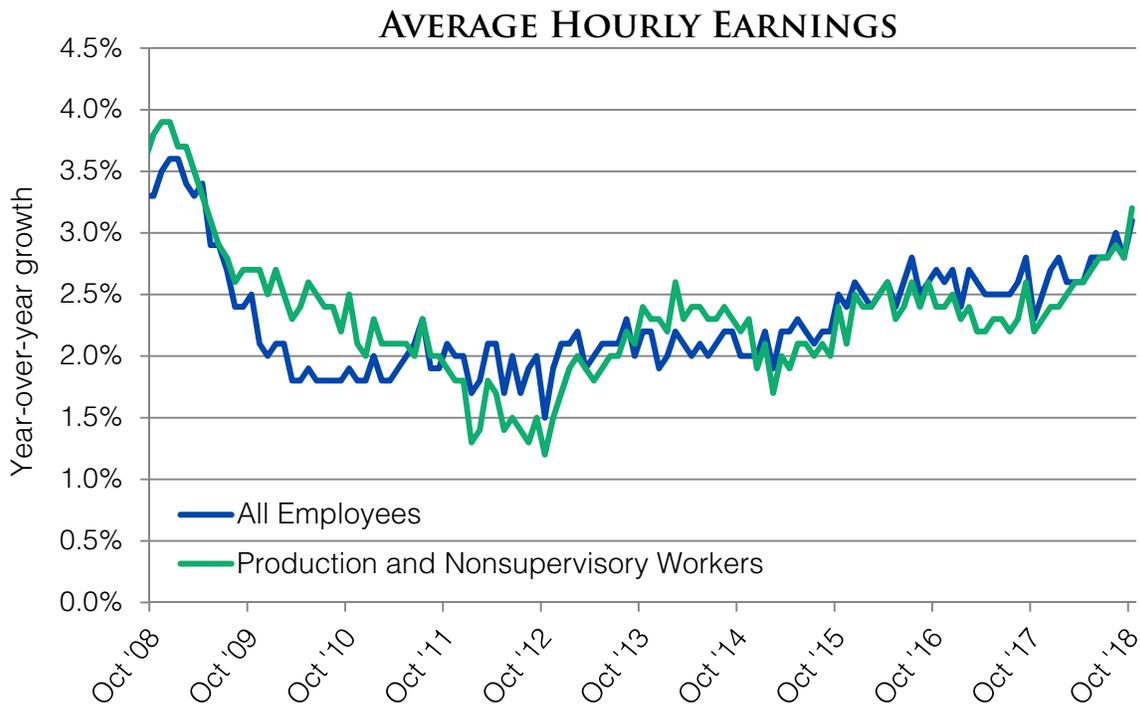
Notable Data:

October payroll gains were broad based, with payrolls rising by at least 30,000 in professional and business services (+35,000), education and health services (+44,000),

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leisure and hospitality (+42,000), trade, transportation, and utilities (+37,000), and construction (+30,000). Payrolls rose across all industries.

In October, the labor force participation rate rose 0.2 ppt to 62.9% from 62.7% in September. The participation rate has ranged between 62.7% and 63.0% for 29 consecutive months. Meanwhile, the participation rate for people aged 25-54 (prime age workers) rose 0.5 ppt to 82.3%, the highest level since 2010, and has risen 0.7 ppt over the past year.



Source: Bureau of Labor Statistics, WestEnd Advisors