

ARE PAYROLLS SHORTENING US JOB GAINS?



American households may be signaling that the job market is stronger than the payroll numbers indicate. The employers said they took on 120,000 workers in the month of November, bringing job gains over the past four months to 534,000, the Labor Department data showed on Friday in Washington. A separate survey of households showed that 278,000 more people were employed last month, pushing the increase during the same period to 1.28 million. At turning points in the economy, the latter might prove to be more accurate because it's more likely to pick up hiring at small companies and new firms that may be under the government's radar. In another sign of recovery, the payroll figures the last three reports have been revised up by a combined 91,000 on average for the prior two months. "Maybe we are doing a little better than the payroll survey suggests," Nigel Gault, who is the chief US economist at IHS Global Insight in Lexington, Massachusetts, said in a research note. "The payroll survey keeps getting revised up and up and up," he said, and "the household survey is more likely to catch start-ups." Friday's report showed that the employment increase in the household survey help propel a decrease in the jobless rate to 8.6 percent, the lowest since March of 2009, from 9 percent in October. The median forecast of the economists that were surveyed by Bloomberg News, projected no change. A shrinking workforce also contributed to the decline in joblessness, taking some of the shine off the unexpected drop. "When the unemployment rate declines, we want to see both employment and participation increases as discouraged workers return to the labor force," Neil Dutta, who is an economist at Bank of America Corp. in New York, said in a note to clients. "Today, we got the former, but not the latter, making the 0.4 percentage point drop look a bit suspect. We would not be surprised to see the unemployment rate give back some of its decline in coming months." Small companies may be behind the recent increase in the household jobs. A report today from the National Federation of Independent showed today that the net share of owners planning to hire over the next three months rose 4 points to a net 7 percent, the highest reading since September 2008. Small-business owners increased employment in the month of November for the first time in five months. "The employment indicators delivered a significant positive signal, still at weak levels but a meaningful movement forward," William Dunkelberg, who is the chief economist for the NFIB, said in a statement. "A bit more job creation should emerge." To be sure, the household survey is a more volatile series than the payroll survey because the sample is much smaller. It covers around 60,000 families, compared with the poll of employers that covers 140,000 businesses representing about 440,000 worksites.

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