



Joint Economic Committee *Republicans*

Representative David Schweikert • Vice Chairman

December Employment Situation (5 Jan. 2024)

Core Statistics

- Nonfarm payroll employment increased by 216K.
 - Private sector payroll employment increased by 164K.
 - Government payroll employment increased by 52K.
- The headline unemployment rate (U-3) remained unchanged at 3.7 percent.
 - The broadest measure of unemployment (U-6) increased by 0.1 percentage points to 7.1 percent.
- The labor force participation rate (LFPR) decreased 0.3 percentage points to 62.5 percent.
- Over the past 12 months, for all employees on private nonfarm payrolls:
 - Average nominal weekly earnings increased by 3.79 percent.
 - Average nominal hourly earnings increased by 4.10 percent.
- Over the past 12 months, for production and nonsupervisory employees on private nonfarm payrolls:
 - Average nominal weekly earnings increased by 3.98 percent.
 - Average nominal hourly earnings increased by 4.29 percent.

Economic Context

- The abrupt m/m decrease in LFPR seems attributable to reduced flow of persons from outside the labor market to job search and employment.
 - This is likely reflected in the substantial m/m increase (+328K) in persons “not in the labor force” who report that they want a job.
 - Monthly changes should be taken with a shovel of salt—BLS surveys are more accurate regarding long-term trends.
- The latest JOLTS data (from November) showed that the ratio of job openings to unemployed workers was 1.4.
- Government employment increases reflect job growth in state and local education.

Deeper Analysis

- The preliminary estimate of payroll employment growth in December (216K) was similar to the average monthly employment growth over the previous 12 months (225K)
 - The latter statistic includes the effects of [subsequent revisions to preliminary monthly estimates](#) (-36K on average over the previous 12 months).
- Government employment experienced [outsized growth in 2023](#), averaging 56K/month.
 - For historical comparison, 2010-2020 saw overall government employment increase by 2K/month on average and the long-term trend from [1939-2020](#) averaged 20K/month.
 - The growth in 2023 was largely due to job gains in [state education](#) (avg. 13K/month) [local government education](#) (avg. 13K/month), and [non-education local government](#) (avg. 15K/month).
 - The education sectors are still below their pre-pandemic levels, while overall government employment has exceeded its pre-pandemic level by 0.5%.
- Leisure and hospitality is one of the few employment supersectors which hasn't returned to pre-pandemic levels.
 - Payroll employment remains [163K lower than in Feb. 2020](#), about 1% smaller.
- Monthly employment gains in healthcare (38K) and social assistance (21K) remain consistent, continuing multi-year trends.

(see tables on following page)

Table 1. Labor Indicators**1/5/2024**

	Dec 2023	Nov 2023	Difference
Jobs Added (thousands)			
Nonfarm	216k	173k	43k
Total Private	164k	136k	28k
Unemployment			
Official Rate (U-3)	3.7%	3.7%	0.0%
Broader Rate (U-6)	7.1%	7.0%	0.1%
Labor Force Participation Rate			
16 yrs. And older	62.5%	62.8%	-0.3%
Prime age (24 to 54 yrs.)	83.2%	83.3%	-0.1%
Employment-to-Population Ratio	60.1%	60.4%	-0.3%
Nominal Average Hourly Earnings			
M/M	0.4%	0.4%	0.1%
Y/Y	4.1%	4.0%	0.1%

Source: Bureau of Labor Statistics, JEC Republican Staff

*Discrepancy from monthly figures due to rounding.

Table 2. ADP Estimate**1/5/2024**

	BLS	ADP	Difference
Private Nonfarm Jobs Added (Thousands)	164k	164k	0

Source: Bureau of Labor Statistics, ADP, JEC Republican Staff**Table 3. BLS Revisions****1/5/2024**

	First	Second	Third	Net Revision
Nonfarm Jobs Added (thousands)				
Nov-23	199k	173k		-26k
Oct-23	150k	150k	105k	-45k

Source: Bureau of Labor Statistics, JEC Republican Staff

Econ Calendar

Date	Time (ET)	Release
Jan 11	8:30 AM	Consumer Price Index
Jan 25	8:30 AM	Gross Domestic Product (4th Quarter Advance)
Jan 26	8:30 AM	Personal Income and Outlays
Jan 31	2:00 PM	Federal Reserve Announcement
	2:30 PM	Fed Chairman Powell Presser
Feb 02	8:30 AM	Employment Situation

Legend

m/m = month over month; q/q = quarter over year; y/y = year over year

SA = seasonally adjusted; SAAR = seasonally adjusted annual rate

% = percentage points; bps = basis points (1/100ths of a %)