



DECEMBER 2012

Monthly Employment Report

Released on January 4, 2012

SUMMARY

- **155,000 net jobs added in December; private sector added 168,000 net jobs**
- **Unemployment rate unchanged at 7.8% in December**
- **Black unemployment rate rose to 14% – from 13.2% in Nov**

National Jobs Snapshot – 155,000 Net Jobs Created

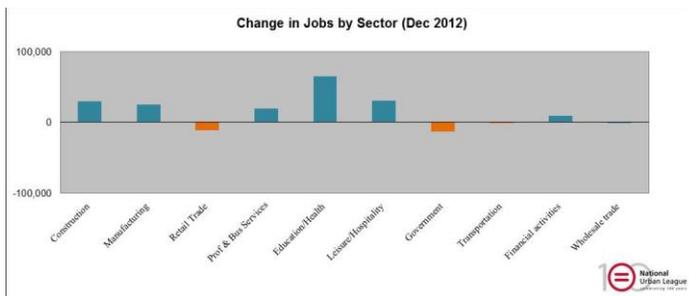
In Dec 2012, +155,000 net jobs were created - this was lower than the +161,000 in Nov and below market expectations which were mostly above +200,000. The private sector had +168,000 net job gains – again lower than the +171,000 in Nov. Government (-13,000), retail trade (-11,300), transportation (-600) and wholesale trade (-100) had net job losses.

The unemployment rate in Dec 2012 was unchanged at 7.8% and the participation rate was also unchanged at 63.6%.

Except for the sectors noted earlier, other major sectors had net job gains. The sector with the most gains was education/health (+65,000), followed by leisure/hospitality (+31,000), construction (+30,000), manufacturing (+25,000), professional/business services (+19,000), financial activities (+9,000).

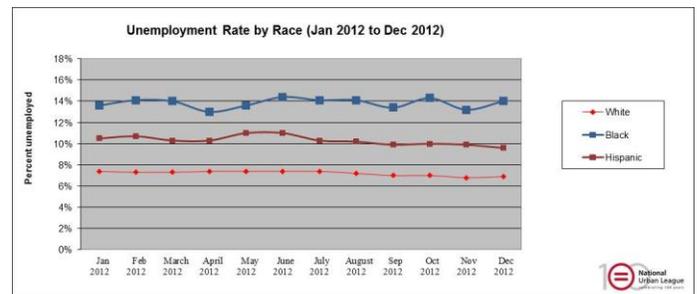
In Dec 2012, long-term unemployed (unemployed for longer than 27 weeks) rose slightly by +109,000 and with it, the long-term unemployment rate also rose to 40.9%.

People working part-time for economic reasons fell by -220,000 to 7.9 million. If you add this group and marginally attached workers to the officially unemployed, the under-employment rate in Dec 2012 was unchanged at 14.4%.



Snapshot of the Black Labor Force - Unemployment Rate Rose by 0.8 Percentage Points to 14%

Black unemployment rate rose to 14% (from 13.2% in Nov 2012) and the participation rate rose slightly to 61.2% (from 61.1% in Nov). In Dec 2012, the White unemployment rate rose slightly to 6.9% (from 6.8% in Nov 2012) and Hispanic rate fell to 9.6% (from 9.9% in Dec 2012). Black to White unemployment ratio was 2.03 in Dec 2012 – it rose from 1.94 in Nov 2012.



Large differences in unemployment rates exist among Blacks based on age, gender and education – see tables below. The unemployment rate in Dec 2012 for Black high school dropouts was 22.3% and for Black college graduates, 5.9%. The tables below show that unemployment rates for Blacks are worst for new Black workers (20-24 years) and Black high school dropouts. In all categories, the Black unemployment rate was higher than the corresponding rate for Whites.

	Unemployment Rate by Gender (+20 Years) - Dec 2012	
	Unemp. Rate	Labor Force Participation Rate
Black Men	13.0%	67.1%
White Men	6.4%	73.2%
Black Women	11.4%	62.4%
White Women	6.2%	58.4%

	Unemployment Rate by Age (Seasonally Unadj.) - Dec 2012		
	New Workers: 20 - 24 Years	Mid-Level Workers: 35-44 Years	Older Workers: 55 - 64 Years
Black	24.6%	11.8%	7.4%
White	10.4%	5.8%	5.2%

	Unemployment Rate by Education (Seasonally Unadj.) - Nov 2012			
	Less than High School	High School Graduates	Associate Degree	Bachelor's Degree and Higher
Black	22.3%	13.5%	8.9%	5.9%
White	10.8%	7.0%	5.0%	3.4%

Job Gains Are Highly Volatile and Could Possibly Be Slowing

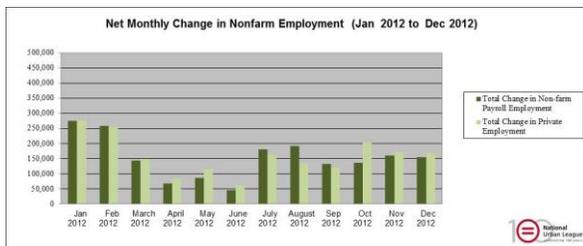
The +155,000 net job gains in Dec 2012 is a decline from the adjusted +161,000 job gains in Nov 2012 – this reversed a trend of increasing job gains seen since Sep 2012.

Despite this, there are some positive trends in the Dec jobs results.

About 60% of the total net job gains in the private sector in Dec 2012 were from education/health and leisure/hospitality. Manufacturing and construction provided about another 33% of the job growth. This means the net job gains in Dec 2012 were spread across more sectors than was the case in Nov 2012 – for example, in Nov 2012, manufacturing provided 3% of the private sector job gains and construction lost jobs.

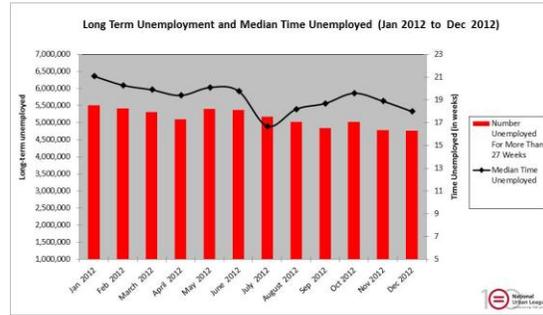
It is unclear whether this is a long-term trend because in the past, the economy has shown hopeful signs of growth across more sectors especially in construction and manufacturing, only to falter. For example, manufacturing grew at a good pace from Oct 2011 to Jan 2012 but only to start declining from Feb 2012 and then actually going into negative in August 2012.

Another worrying trend is the decline of jobs in the retail sector in Dec 2012. The slowing down of the retail sector is also supported by lackluster sales data from the holiday shopping season. This indicates that consumer demand which had driven a great deal of the growth in the 2nd half of 2012 might be dissipating.



Long-Term Unemployment Rate Stuck around 40%

The long-term unemployment rate has hovered around 40% since July 2012 – in Dec 2012 it fell to 39.1% (from 40% in Nov 2012). Addressing persistent long-term unemployment that has never before been seen in the U.S. and common in Europe must be a major goal in 2013. For example, when the recession started in Dec 2007, the long-term unemployment rate was 17.5%.



Since August 2012 the Median Time Unemployed Has Hovered Around 18 Weeks

In Dec 2012, the median time unemployed fell to 18 weeks (from 18.9 weeks) – in the first half of 2012 this averaged at 20 weeks and in the second half of 2012, it has averaged at 18.5 weeks. 2.6 million workers were marginally attached to the labor force (not seasonally adjusted) – this was an increase of +109,000 from Nov 2012. This population represents those who had looked for a job sometime in the last 12 months, but not in the last month and therefore were not counted in the unemployment rate. Of these, 1.1 million were discouraged workers (people not looking for work because they believed no jobs were available for them).

Real Hourly Wages Fell For the 4th Month

In Nov 2012, average hourly wages of nonsupervisory and production workers in the private nonfarm sector rose slightly to \$19.92 (from \$19.86 in Nov., adjusted) and average weekly earnings also rose to \$673.30 (from \$669.28 in Nov, adjusted). Average weekly hours were slightly up at 33.8 hours/week (from 33.7 hours/week in Nov). In the 12 months from Dec 2011 to Dec 2012, average hourly and weekly earnings rose by 1.7% and 2%, respectively. The Consumer Price Index for Urban Wage Earners (CPI-W), a measure of inflation, increased by 1.8% in the 12 months to Nov 2012 (inflation is not yet available for 12 months to Dec 2012) – given this inflation rate, real hourly wages fell by – 0.4% and real weekly wages also fell by -0.4%.

