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ECONOMIC DATA

Hiring Slows as Wages Grow, Unemployment Holds at Multidecade Low

U.S. nonfarm payrolls increased a seasonally adjusted 155,000 in November; economists had expected 198,000 new jobs



An assembly line worker at the Chrysler Jeep assembly plant in Toledo, Ohio, in November. PHOTO: REBECCA COOK/REUTERS

By *Eric Morath*

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WASHINGTON—U.S. employers slowed their pace of hiring in November, but wage growth matched the highest rate in nearly a decade and unemployment held at a very low level, showing the labor market remains a pillar of strength even as the stock market and other economic signals flash caution.

U.S. nonfarm payrolls increased a seasonally adjusted 155,000 in November, the Labor Department said Friday. The unemployment rate held steady at 3.7% last month, matching the lowest rate since December 1969. Year-over-year wage growth matched the prior month's 3.1% pace as the best rate since 2009.

Revised figures show employers added 12,000 fewer jobs than previously estimated in October and September. Still, so far this year, employers have added an average of 206,000 jobs a month, running ahead of last year's pace of 182,000 a month, despite a tighter labor market. U.S. payrolls have grown for 98 straight months, by far the longest stretch of steady hiring on record.

DJIA **24763.46** -0.74% ▼

S&P 500 **2677.75** -0.68% ▼

U.S. 10 Yr **-2/32 Yield** 2.893% ▼

Euro **1.1387** 0.08% ▲

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against a backdrop of mixed signals for the U.S. economy. Equity markets are well down from early October, bond yields have fallen in recent weeks, businesses are showing caution in making big-ticket investments and concerns over global growth

are mounting. But the driver of the U.S. economy—consumer spending—remains strong. And that is likely supported by improved wages and low unemployment.

“There’s no question that the pace of the expansion is slowing,” Jim Baird, chief Investment officer at Plante Moran Financial Advisors, said in note to clients. But “the risk of recession still appears to be quite limited, and the jobs market still looks quite favorable for those looking for work. There’s a vast difference between slower growth and no growth.”

While employment growth was below the 198,000 new jobs economists surveyed by The Wall Street Journal had expected in November, the report as a whole keeps the Federal Reserve on track to raise short-term interest rates for a fourth time this year, when officials meet later this month. After that, Fed officials are likely to keep a careful eye on economic data, including hiring and inflation, which appears to be cooling, when determining the pace of rate increases in 2019.

November’s payroll gain was ahead of the about 127,000 jobs per month that economists say is needed over the next year to absorb new workers into the labor force and hold the unemployment rate steady.

The pace of hiring increased last month in the retail, transportation and warehousing and manufacturing sectors. Manufacturers have added nearly 300,000 jobs in the past year, trending at the best growth rates since the mid-1990s, suggesting trade skirmishes have not yet impacted many jobs in that sector.

But payrolls rose more slowly in construction last month, which had been another source of strength this year, and fell in mining sector, which is tied to oil output. Payrolls at all levels of government fell by 6,000 in November.

Average hourly earnings for all private-sector workers increased 6 cents last month to \$27.35. It is the second-straight month hourly wages rose better than 3% from a year earlier. That had not previously occurred since the recession ended more than nine years ago. However, the average workweek was slightly shorter, causing weekly wages to decline on the month.

historically low joblessness. That has resulted in more job opportunities for those with lower levels of education and rising incomes at the bottom of the pay scale.

Take Darlene Lee, 32, who was released from jail in 2015 after serving time on drug-related charges. With a high school diploma and a checkered past, the only work she could find was as a housekeeper. But she pursued training as phlebotomist, and earlier this year Johns Hopkins Medicine hired her as a technician. The Baltimore-based health system targets those with criminal records for employment to meet the growing demand for medical staff.

Working 40 hours a week or more at \$14 an hour, Ms. Lee was able to purchase a home in June for her two children.

“I feel there’s no limitation on what I can accomplish,” she said. “I’ve overcome a lot, and I want to build a better foundation for my children.”

A broader measure of unemployment, including those too discouraged to look for work, plus Americans stuck in part-time jobs but who want to work full-time, rose to 7.6% from 7.4% the prior month. The rate, known as the U-6, has trended this year at the lowest level in 18 years. But it remains slightly above the rate recorded last time the headline unemployment rate stayed near 4%, suggesting there may still be some slack in corners of the labor market.

While unemployment is historically low, the labor-force participation rate is still only modestly above multidecade lows touched in 2015. Friday’s report showed a net 133,000 Americans entered the labor force in November. The share of American adults working or looking for work to held steady at 62.9%.

With just a small share Americans out of work but seeking jobs, and the labor force growing only slowly, some employers have had difficulty filling job openings. Separate Labor Department data showed the number of unfilled jobs reached a high this summer.

A Fed report released Wednesday showed that in more than half of the central banks’ 12 districts, businesses reported labor shortages. In the Chicago region, a number of firms said they had been “ghosted” by employees, meaning workers stop arriving without notice and became impossible to contact.

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