
TRENDMACRO LIVE!

On the October Jobs Report

Friday, November 4, 2011

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The numbers were good. No recession here. But the numbers were small. No growth, either.

The good news in [this morning's October Employment Situation Report](#) was that just about every single element in it moved in the positive direction. The bad news is that most of those positive moves were extremely small. This mix confirms what Q3 GDP told us (see "[On Q3 2011 GDP](#)" October 27, 2011) -- that the US is avoiding tipping into a double-dip recession, but that the corrosive fear of an improbable but catastrophic banking hard-stop in Europe remains a deadweight permitting only the most minimal growth.

- The headline non-farm and private payroll gains were misses, but the misses were swamped by large positive revisions in last month's gains.
- Once again, data from the Household Survey were strong.
 - In October, employment rose by 277,000 jobs, while unemployment rose by 95,000, for a net gain of 182,000.
 - At the same time, the civilian labor force grew by 181,000. Since this is less than the number of net employment gains, it means that more than all the new entrants to the labor force became immediately employed.
 - So we have double good news -- workers are coming back to labor force, and they are all finding jobs when they do.
 - This is reflected in an uptick in the monthly job-finding probability (and a downtick in the monthly separation probability), and a drop in the average weeks of unemployment (see "[Data Insights: Jobs](#)" November 4, 2011).
 - Unlike last month, employment gains in the Household Survey aren't explained by the creation of involuntarily part-time jobs. In October, the number of such jobs *fell* by 377,000, more than the 182,000 by which net employment rose -- implying that 559,000 good jobs were created.

Update to strategic view

US MACRO: Everything in this morning's jobs report moved in the right direction. There's no evidence of a double-dip recession. But all the positive moves were small. Corrosive fear continues to hold back robust growth.

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Bottom line

Everything in this morning's jobs report moved in the right direction. There's no evidence of a double-dip recession. But all the positive moves were small. Corrosive fear continues to hold back robust growth. ▶