

Economic Pulse

January 8, 2019

December Payrolls Round Out 2018 with Growth at a 3-Year High

IN SHORT: Payroll growth in December handily exceeded expectations, with headline gains of 312,000 and a robust upward revision to the prior two months' data of 58,000 (*Table 1 and Chart 1*). Average hourly earnings on a year-over-year basis rose from 3.13% to 3.15% between November and December, resulting in a 0.1% increase on a rounded basis. For all of 2018, aggregate job growth totaled 2.6 million, compared with a gain of 2.2 million jobs in 2017. (Even the beleaguered retail sector eked out an employment gain for the year.) Office-using employment grew by 2.1% in 2018 (vs. 1.7% in 2017 and 1.9% in 2016) suggesting that at least for now, a protracted pullback in growth doesn't appear likely, at least if the current labor market is any indication.

While the unemployment rate rose by 0.2 percentage points to 3.9%, the increase was due to an upturn in the labor force participation rate—specifically of women aged 20+ and teenagers aged 16-19 years. While the participation rate for both of these age cohorts is lower for women than for men, there's been a noticeable difference in the trend in the participation rates when segmented by gender that has accelerated over the last year (*Charts 2 and 3*).

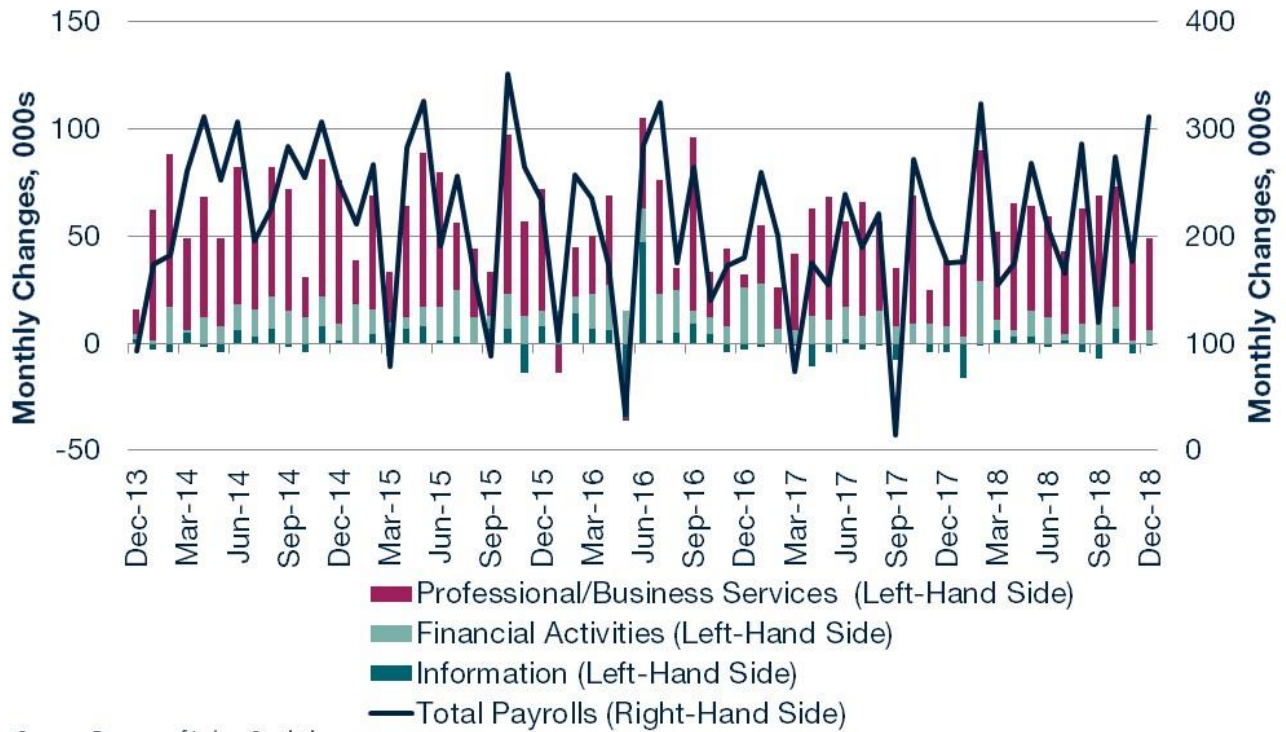
Table 1: Monthly Changes in Office-Using Employment by Sector, Seasonally-Adjusted, 000s

	Monthly Avg, 12M Ending November 2018 (revised)	Avg October and November 2018 (revised)	December 2018 (initial release)
Total Private Payrolls	208.4	225.0	312.0
Total Office	55.3	56.5	48.0
Information	-1.6	1.0	-1.0
Financial Activities	9.3	5.5	6.0
Finance and Insurance	4.5	2.2	-3.1
Commercial Banking*	-0.5	-1.3	-1.8
Real Estate and Rental and Leasing	4.9	3.5	8.3
Rental and Leasing Services*	2.0	0.9	2.6
Professional/Business Services	47.6	50.0	43.0
Legal Services*	0.1	-0.3	-0.6
Accounting*	2.8	3.7	2.8
Architectural/Engineering Services*	4.0	6.4	1.4
Computer Systems Design/Related Services*	6.6	9.2	2.2
Temporary Help Services*	7.3	13.2	10.3
Services to Buildings/Dwellings *	6.0	5.7	1.2
<i>Additional:</i>			
Nonresidential Building Construction	1.5	-0.7	3.4
Nonresidential Specialty Trade Contractors	7.7	3.0	16.1

*Listings do not include all sub-sectors, so numbers shown will not sum to total sector figure.

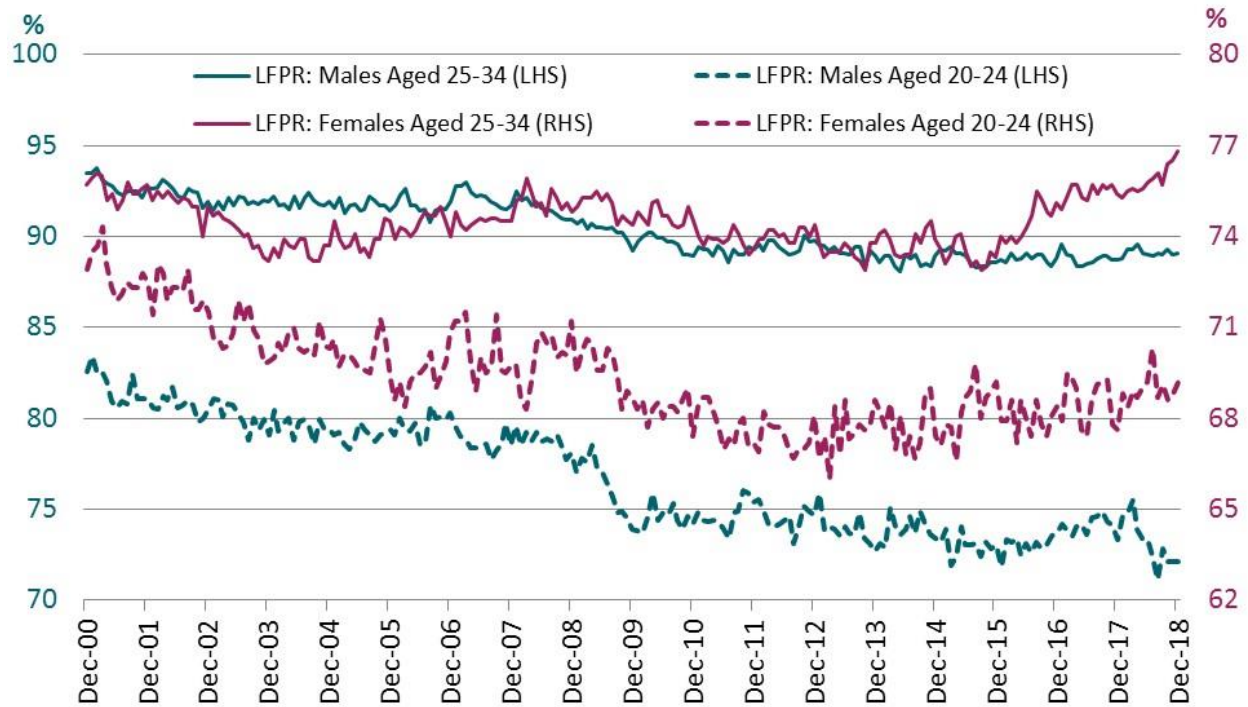
Source: Bureau of Labor Statistics

Chart 1: Office-Using Employment and Total Payrolls, Monthly Changes, December 2013 – December 2018



Source: Bureau of Labor Statistics

Chart 2: Labor Force Participation Rate (LFPR) by Gender and Age (Seasonally-Adjusted, %)



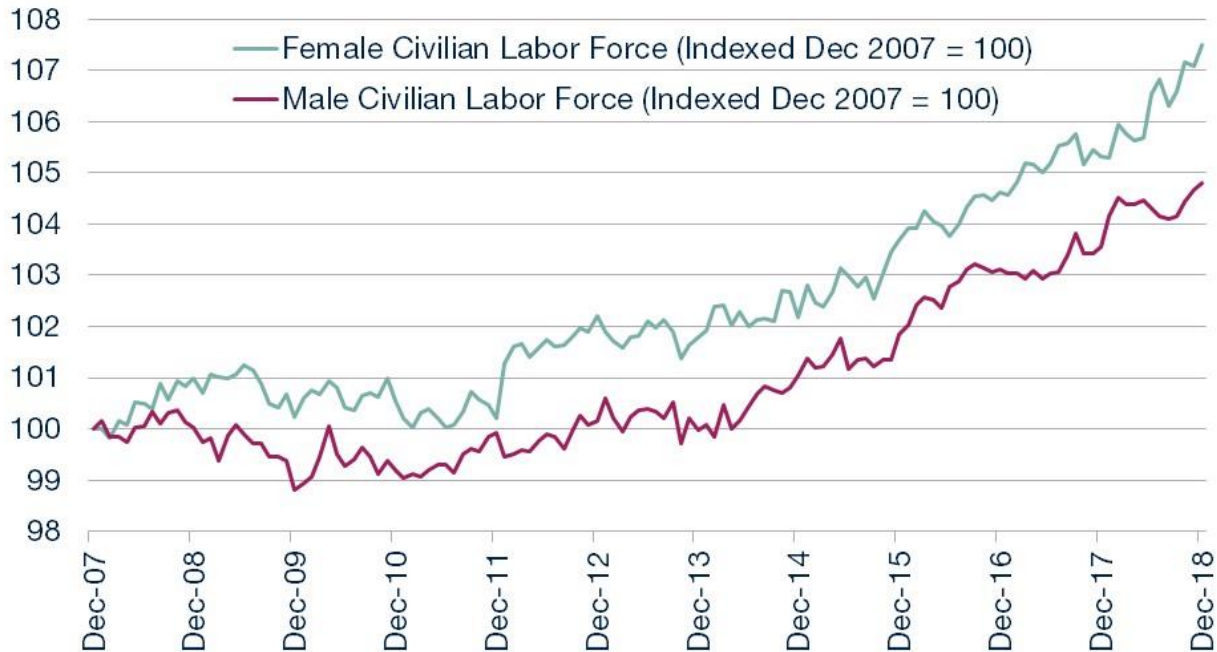
Source: Bureau of Labor Statistics

While the labor force participation rate for young men has held steady or declined, the corresponding rate for young women has increased sizeably. Already, the percentage of nonfarm payroll workers is steadily shifting toward a fifty-fifty mix; at December 2018, 49.7% of all establishment employees were women. However, in sectors where women have historically comprised a minority of the workforce such as Information (where 39.2% of workers were female as of December 2018) and Construction (13.0%), wages have risen more rapidly than overall private sector wages (*Table 2*). While wages in some female-dominated sectors have also grown above the average, encouraging more males to return to the labor force and increasing the share of female employees in those sectors where women have historically been a minority of the worker pool is going to be crucial in preventing a further acceleration of wages that ultimately could prove inflationary.

Table 2: Employment by Industry and Gender and Annual Wage Growth, December 2018

Industry	% of Employees that are Women	Annual Wage Growth
Private Sector	48.3%	3.2%
Information	39.2%	5.7%
Utilities	23.4%	4.9%
Construction	13.0%	3.9%

Chart 3: Index of Civilian Labor Force by Gender



Source: Bureau of Labor Statistics

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