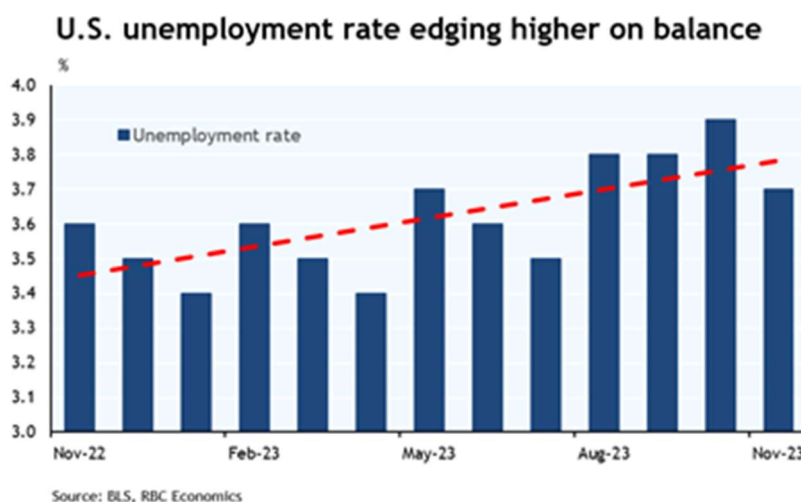


December 8, 2023

U.S. unemployment edged lower in November

- November saw a rebound in US labour market conditions after gradual softening in the earlier months. The unemployment rate dropped lower to 3.7%, after having drifted higher 3.9% in October.
- Payroll employment grew by 199k, with 30k accounting for a return of auto workers that were on strike in the prior month. Services sectors continue to account for most of the strength otherwise. Health care and leisure and hospitality added 77k and 40k jobs, respectively. The strength was partially offset by job losses seen in retail (-38k) and transportation (-5k).
- With participation rate little changed, it was a rise in employment that pushed the unemployment rate lower – including those that are longer-term. The biggest improvement was seen among teenagers (16-19 years old), whose unemployment rate dropped to 11.4% from 13.2% in October. The unemployment rate among other major groups were little changed and remained elevated comparing to earlier in spring.
- Wage growth also picked up slightly in November, rising by 0.4% month-over-month after having decelerated to 0.2% in the prior month. On a yearly basis, wages grew by 4%, matching the rate in October.
- Bottom Line:** The decline in US unemployment rate in November was accompanied by solid details, and was much stronger than consensus and our expectations for another increase. Still, job growth itself (excluding impact from the UAW strike) has continued to slow. And persistent unwinding of tight conditions over the summer also leaves labour market on balance weaker than where it was earlier in spring. Taken together with ongoing moderations in inflation pressures as seen in lower readings for



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Fed's preferred PCE measures, we don't expect this report will move the needle on Fed's decision next week, and anticipate the central bank to remain on hold.

Data Summary:				
	<u>Sep-23</u>	<u>Oct-23</u>	<u>Nov-23</u>	<u>Nov-23</u>
	<i>m/m change, thousands</i>			<i>12mth avg</i>
Payroll employment	262	150	199	233
Private	199	85	150	179
Public	63	65	49	54
Hourly wages (m/m %)	0.3	0.2	0.4	4.0 (y/y %)
		%		<i>y/y change</i>
Unemployment rate	3.8	3.9	3.7	0.1
U6	7.0	7.2	7.0	0.3
Participation rate	62.8	62.7	62.8	0.6
25-54	83.5	83.3	83.3	1.0

Source: Haver, RBC Economics Research