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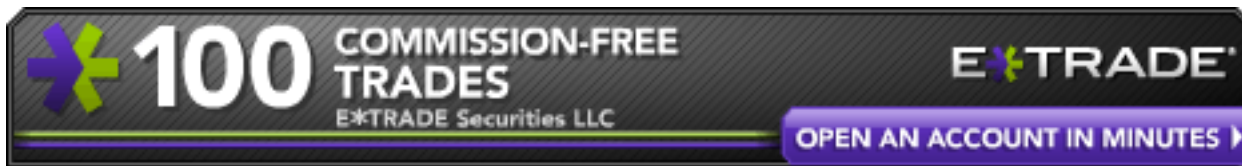
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 Friday, December 07, 2007

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November Jobs On Bizarro World

In contrast to the glowing ADP report (See [December Payroll Playbook](#), the BLS [November 2007 Employment Report](#) offers little to like.

“Nonfarm payroll employment continued to trend up in November (94,000), and the unemployment rate held at 4.7 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Job growth continued in professional and technical services, health care, and food services. Employment continued to decline in manufacturing and also fell in several housing-related industries, including construction, credit intermediation, and real estate. Average hourly earnings rose by 8 cents over the month.

Report Highlights

 Nonfarm Employment +94,000

- Total Private +64,000
- Goods Producing -33,000
- Construction -24,000
- Manufacturing -11,000
- Service Providing +127,000

Construction and manufacturing are a subset of goods producing so don't add the above numbers together. The trend however is clear: We keep losing higher paying jobs for lower paying service jobs. This has been going on for a long time.

Once again I will point out that the statement "Nonfarm payroll employment continued to trend up..." is quite a bit of cheerleading for such a weak number. +94,000 does not come close to keeping up with the birth rate and immigration. It takes close to 150,000 to do that. In addition, government jobs added 30,000 to the total. This is not a good sign. We need to get rid of bloated government jobs, not add to them.

Birth Death Model Adds 51,000 Jobs

click on chart for sharper image

Supersector	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Natural Resources & Mining	-2	1	1	2	1	1	2	1	1	0	0	0
Construction	-52	11	27	49	40	26	8	15	12	14	-3	4
Manufacturing	-23	3	6	3	7	7	-10	4	3	-5	4	4
Trade, Transportation, & Utilities	-29	10	19	30	29	19	-12	22	16	28	24	24
Information	-9	5	0	7	5	-1	-3	3	-3	4	4	4
Financial Activities	-12	11	8	26	7	6	6	11	6	25	8	8
Professional & Business Services	-48	28	21	44	19	20	-5	20	6	36	12	12
Education & Health Services	10	12	1	47	13	-9	5	14	11	39	11	11
Leisure & Hospitality	1	24	39	95	75	81	44	26	-26	-37	-10	-10
Other Services	-6	3	6	14	7	6	-8	4	1	-1	1	1
Total	-175	118	128	317	203	156	26	120	17	103	51	51

The above [CES Net Birth/Death Model Chart](#) is from the BLS with my highlights.

The above chart shows construction jobs are finally back in this solar system after a long orbit somewhere beyond Pluto.

For 9 consecutive months the BLS assumed that new unaccounted construction businesses were created in this environment where

business capex spending has been weak, housing has been horrid, and close to 200 lenders have gone out of business or stopped writing loans according to [Implode-O-Meter](#).

There is still a lot of catching up to do on those construction assumptions. Eventually we will see higher negative revisions in the months to come.

However, I am still struggling with 11 consecutive months of birth death additions to financial services in light of imploded lending. Even though "imploded" does not imply out of business, the number of small 1-5 person shops that have ceased doing mortgage related business has to be staggering. Those numbers are not reflected in Implode-O-Meter stats or in the birth/death model revisions.

All things considered, the Birth Death revisions continue to remain in Bizarro World with the model adding 1,239,000 jobs to the economy since February. I do not believe it and neither does the treasury market.

Mike "Mish" Shedlock

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