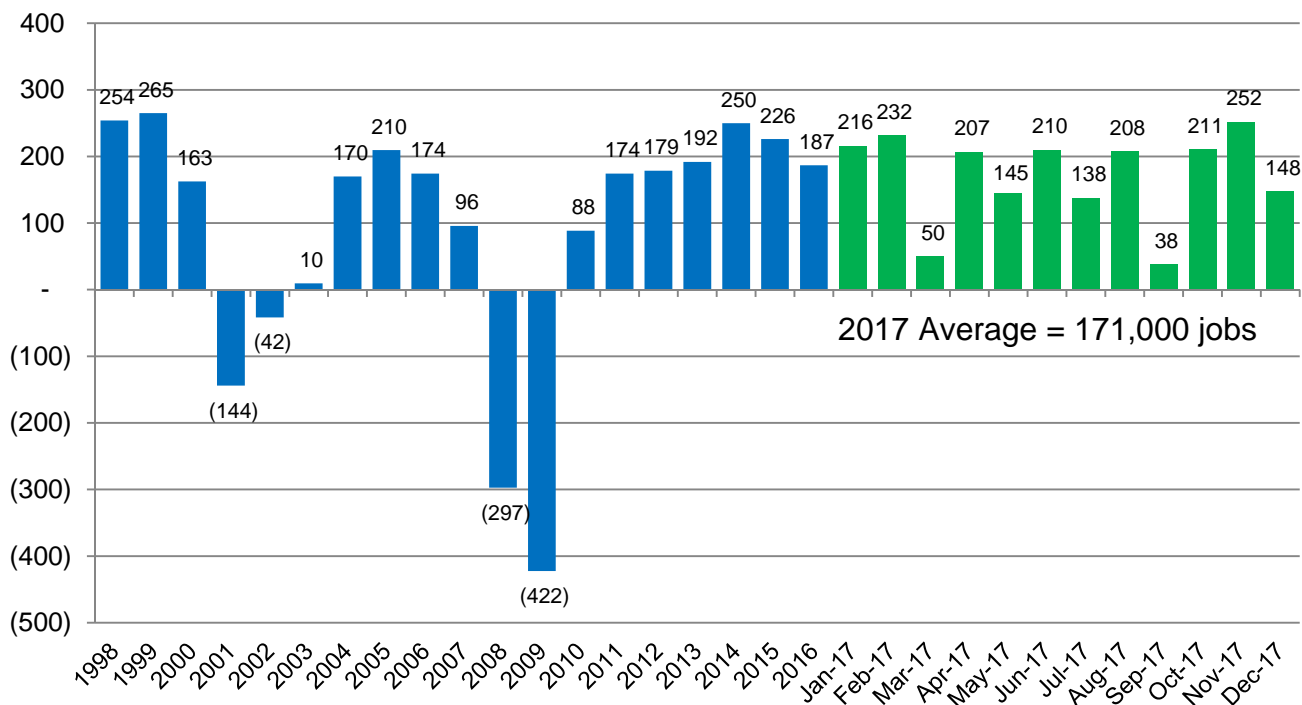


Chart of the Week - January 5, 2018
Monthly Payroll Growth (000s jobs)



Source: BLS

The final employment report for 2017 released today by the Bureau of Labor Statistics (BLS) reported a gain of 148,000 jobs in December. Payroll growth for October and November were revised downward slightly to gains of 211,000 jobs and 252,000 jobs, respectively, resulting in 9,000 fewer jobs added in total for those months than previously reported. The slowdown in December’s growth number was partially driven by a 20,300 job decline in the retail trade sector, after it had added 26,400 jobs in November. The 2017 average of 171,000 jobs added per month was the lowest since 2010, but it was still close to averages observed over the past six years.

The unemployment rate was 4.1 percent for the third consecutive month and remains at its lowest level since 2000. Another main measure of unemployment and labor underutilization, the U6, increased slightly to 8.1 percent after being at 8.0 percent the prior two months.

While the December payroll growth total was below average, it was closer to more sustainable levels of job growth given how low unemployment is. We expect job growth in the range of 150,000 per month in early 2018 and a slow deceleration to around 100,000 jobs per month by the end of 2018. Given the potential for growth spurred by the new tax reform plan, the unemployment rate is expected to decrease slowly through 2018, bottoming out at 3.7 percent in the fourth quarter of 2018.