

- **Job growth bounced back to 227,000 in November, after a weak October due to hurricanes and the Boeing strike.**
- **There were upward revisions to job growth in September and October, with employment gains roughly equal with labor force growth.**
- **The unemployment rate rose slightly in November to 4.2% but has been in a narrow range this year consistent with a solid labor market.**
- **Wage growth was solid and accelerated. This is good from a consumer spending perspective, but a concern from an inflation perspective.**

Job growth rebounded to 227,000 in November, according to a survey of employers from the Bureau of Labor Statistics. Job growth was 36,000 in October (revised higher from 12,000), weighed down by Hurricanes Helene and Milton and the Boeing machinist's strike. With the strike settled and rehiring after the storms, job growth was much stronger than in October. Job growth in September was revised higher to a very strong 255,000, from 223,000. In the three months through November job growth has averaged 173,000. This is slower than job growth in 2023 but is roughly consistent with underlying growth in the number of people available for work.

The unemployment rate increased slightly to 4.2% in November, from 4.1% in September and October. The unemployment rate has been between 4.1% and 4.3% for the past six months. Although this is up from a decades-long low of 3.4% in 2023, it is still indicative for a very good labor market, and the Federal Reserve views it as consistent with their mandate of "maximum employment."

Employment in a survey of households (different from the survey of employers) fell by 355,000 in November; the household number is more volatile than the employer number. The labor force—the number of adults working or looking for work—contracted by 355,000. And the labor force participation rate, the share of adults in the labor force, fell to 62.5% in November from 62.6% in October and 62.7% in September. The labor force participation rate has been between 62.5% and 62.8% every month since February 2023. This is well below the 63%+ rate before the pandemic, and the labor force is now structurally tighter than it was pre-pandemic.

Average hourly earnings increased a strong 0.4% in November from October, the same pace as in October. On a year-ago basis average wage growth was 4.0% in November, unchanged from October, but up from 3.6% in July, and the fastest pace since January. The average workweek increased by one-tenth of an hour in October to 34.3. With more jobs, higher wages, and a longer workweek, aggregate weekly pay rose by 0.8% in November from October, well above the pace of inflation.

The private sector added 194,000 jobs in November, while government employment rose by 33,000. Goods-producing industries added 34,000 jobs in November, including an increase in manufacturing of 22,000 as the striking Boeing workers returned to the job; manufacturing employment fell by 48,000 in October. Private services providing industries added 160,000 jobs in November, including gains of 79,000 in education/health services and 53,000 in leisure/hospitality services. Retail employment fell by a large 28,000 over the month.

The November jobs report was a strong one. Job growth rebounded after the hurricanes and the Boeing strike were drags in October, and there were also noticeable upward revisions to job growth in September and

October. The three-month moving average of job growth, which smooths out some of the volatility, was solid at around 170,000. The unemployment rate did tick up slightly but remains historically low and has been in a narrow range for most of this year, although it is up from 2023. Overall, the November jobs report indicates a solid labor market that is at the Fed's definition of maximum employment.

One concern for the central bank may be wage growth, which has picked up over the past few months. With inflation already above the Fed's 2% objective, and slightly higher inflation over the past couple of months, the potential for inflationary pressures coming from the labor market is something to watch. With economic fundamentals, including the labor market, still solid, the Federal Open Market Committee may slow the pace of cuts in the federal funds rate. PNC expects a 25-basis point cut in the fed funds rate when the FOMC next meets on December 18, but the pace of cuts in 2025 will depend on incoming data on inflation and the labor market.

The fed funds futures market is pricing in an 85% probability of a 25 basis point cut in the fed funds rate on December 18, up from 71% yesterday. Expectations are for slightly more easing in 2025 today compared to yesterday.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Fed Funds Rate Target Range Mid-Point</b> (after the FOMC meeting on 12/18/24)	4.38-4.63%	4.38%	4.63%	4.38%. Fed to cut rates by 25 basis points this month.
<b>Q3 Nonfarm Productivity (Revised)</b> (12/10, Tuesday)	2.2-2.5%	2.2%	2.2% (Q3)	2.2%. No revision to the original productivity estimate.
<b>Q3 Unit Labor Costs (Revised)</b> (12/10, Tuesday)	0.9-2.0%	1.6%	1.9% (Q3)	2.0%. Unit labor costs revised up slightly.
<b>Nov CPI</b> (12/11, Wednesday)	0.1-0.3%	0.2%	0.2% (Oct)	0.3%. Energy prices up 0.4%. Food prices up 0.2%.
<b>Nov CPI (ex-food &amp; energy)</b> (12/11, Wednesday)	0.2-0.3%	0.3%	0.3% (Oct)	0.3%. Core CPI growth unchanged from Oct.
<b>Nov PPI</b> (12/12, Thursday)	0.2-0.3%	0.3%	0.2% (Oct)	0.3%. Small acceleration in PPI growth in November.
<b>Nov PPI (ex-food &amp; energy)</b> (12/12, Thursday)	0.2-0.3%	0.2%	0.3% (Oct)	0.3%. Core PPI growth unchanged from Oct.
<b>Initial Claims, Week of 12/7/24</b> (12/12, Thursday)	217-225K	220K	224K (11/30/24)	225K. Initial jobless claims to inch up but remain low.
<b>Nov Export Price Index</b> (12/13, Friday)	-0.3 to 0.9%	-0.2%	0.8% (Oct)	0.2%. Export price growth to moderate sharply.
<b>Nov Import Price Index</b> (12/13, Friday)	-0.3 to 0.6%	-0.2%	0.3% (Oct)	0.2%. Export price growth to slow notably.
<b>Nov Retail Sales</b> (12/17, Tuesday)	-0.1 to 0.7%	0.4%	0.4% (Oct)	0.7%. Auto sales up in November.

Action Economics Survey	Range	Median	Last Actual	PNC's Comment
<b>Nov Retail Sales (ex-auto) (12/17, Tuesday)</b>	-0.1 to 0.5%	0.4%	0.1% (Oct)	0.5%. Strong holiday spending.
<b>Nov Industrial Production (12/17, Tuesday)</b>	-0.4 to 0.4%	0.2%	-0.3% (Oct)	0.4%. Industrial production to rebound post hurricanes and Boeing strike.
<b>Nov Capacity Utilization (12/17, Tuesday)</b>	76.7-77.4%	77.3%	77.1% (Oct)	77.4%. Capacity utilization to increase on rebounding IP growth.
<b>Oct Business Inventories (12/17, Tuesday)</b>	0.0-0.3%	0.2%	0.1% (Sept)	0.0%. No growth in business inventories.
<b>Nov Housing Starts (12/18, Wednesday)</b>	1.300-1.345M	1.331M	1.311M (Oct)	1.345. Rebuilding from hurricanes in October.
<b>Q3 GDP Third Report (12/19, Thursday)</b>	2.8-2.9%	2.8%	2.8% (Q3)	2.9%. Slight upward revision to Q3 GDP.
<b>Q3 Chain Price Index Third Report (12/19, Thursday)</b>	1.8-2.0%	2.0%	1.9% (Q3)	2.0%. Small upward revision to Q3 GDP Price Index.
<b>Nov Leading Indicators (12/19, Thursday)</b>	-0.3 to 0.2%	-0.2%	-0.4% (Oct)	-0.2%. LEI growth remains negative but improves.
<b>Nov Existing Home Sales (12/19, Thursday)</b>	3.840-4.092M	3.914M	3.960M (Oct)	3.900M. Higher mortgage rates in November push sales lower.
<b>Nov Personal Income (12/20, Friday)</b>	0.4-0.5%	0.4%	0.6% (Oct)	0.5%. Personal income growth moderates but is still solid.
<b>Nov Personal Consumption Expend. (12/20, Friday)</b>	0.1-0.6%	0.3%	0.4% (Oct)	0.6%. Consumer spending growth accelerates with strong holiday spending.
<b>Dec U. Mich. Consumer Sentiment (final) (12/20, Friday)</b>	72.0-75.0	74.0	74.0 (Dec prelim)	75.0. Slight uptick in consumer sentiment in the final reading.

# Monthly Calendar of Economic Data: December 2024

## Dec 10

Nonfarm Productivity & Costs (Q3 Revised)		
	Productivity	Unit Labor Costs
Q3'23	3.8	1.2
Q4'23	3.1	0.9
Q1'24	0.7	8.5
Q2'24	2.1	2.4
Q3'24(p)	2.2	1.9
Q3'24(r)		

## Dec 11

### Consumer Price Index

	Total	Core
Sept	0.2	0.3
Oct	0.2	0.3
Nov		

## Dec 12

### Producer Price Index

	Total	Core
Sept	0.1	0.1
Oct	0.2	0.3
Nov		

### Unemployment Claims (000)

July	Aug	Sept	Oct	Nov
223	234	231	260	221
245	228	222	242	219
235	233	219	228	215
250	232	225	218	215
	228			224

## Dec 13

Nov Import Price Index

## Dec 17

Retail Sales		
	Total	Ex-Autos
Sept	0.8	1.0
Oct	0.4	0.1
Nov		

	Industrial Prod	Cap Util
Sept	-0.5	77.4
Oct	-0.3	77.1
Nov		

Mfg and Trade		
	Inv	Sales
Aug	0.3	-0.2
Sept	0.1	0.3
Oct		

## Dec 18

Housing (000)		
	Starts	Permits
Sept	1.353	1.425
Oct	1.311	1.419
Nov		

Current Account	
Q3'2023	-\$241.4
Q4'2023	-\$215.2
Q1'2024	-\$219.9
Q2'2024	-\$266.8
Q3'2024	

## Dec 19

Gross Domestic Product		
3 <sup>rd</sup> Qtr (Third Report)		
	Real GDP	Price Index
Q1'24	1.6	3.0
Q2'24	3.0	2.5
Q3'24(1 <sup>st</sup> )	2.8	1.8
Q3'24(2 <sup>nd</sup> )	2.8	1.9
Q3'24(3 <sup>rd</sup> )		

Leading Indicators	
Sept	-0.3
Oct	-0.4
Nov	

Existing Home Sales (000)	
Sept	3,830
Oct	3,960
Nov	

## Dec 20

Personal		
	Income	Spending
Sept	0.3	0.6
Oct	0.6	0.4
Nov		

Dec U. of Mich. Consumer Sentiment (final)

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