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Statement of

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Commissioner
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before the

Joint Economic Committee

UNITED STATES CONGRESS

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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

The unemployment rate declined from 7.0 to 6.7 percent in December, and nonfarm payroll employment edged up (+74,000). Monthly job gains averaged 182,000 in 2013, about the same as in 2012. In December, employment rose in retail trade and wholesale trade but fell in the information industry.

Incorporating the revisions for October and November, which increased employment by 38,000 on net, monthly job gains have averaged 172,000 over the past 3 months.

Retail trade added 55,000 jobs in December. Job gains occurred in food and beverage stores (+12,000), clothing stores (+12,000), general merchandise stores (+8,000), and motor vehicle and parts dealers (+7,000). Retail trade employment increased by an average of 32,000 per month in 2013.

Wholesale trade employment rose by 15,000 in December. Over the past year, wholesale trade added an average of 8,000 jobs per month.

Employment in professional and business services continued to trend up in December (+19,000). This industry has added 637,000 jobs over the past 12 months. Within this industry, temporary help services added 40,000 jobs in December. In contrast, accounting and bookkeeping services lost 25,000 jobs over the month.

Manufacturing employment continued to trend up in December (+9,000). Manufacturing added 77,000 jobs in 2013, compared with an increase of 154,000 jobs in 2012.

Employment in the information industry decreased by 12,000 in December, reflecting a decline in motion picture and sound recording (-14,000). Employment in the motion picture industry can be volatile from month to month. Over the year, employment in information has shown little net change.

Construction employment edged down in December (-16,000). However, in 2013, the industry added an average of 10,000 jobs

per month. Employment in nonresidential specialty trade contractors declined by 13,000 in December, possibly reflecting unusually cold weather in parts of the country.

Health care employment changed little in December (-6,000). Over the past year, job growth in this industry slowed to an average of 17,000 per month, compared with an average monthly gain of 27,000 in 2012.

In December, employment in most other major industries changed little.

Average hourly earnings of all employees on private nonfarm payrolls edged up by 2 cents in December. Over the past 12 months, average hourly earnings have risen by 42 cents, or 1.8 percent. From November 2012 to November 2013, the Consumer Price Index for All Urban Consumers (CPI-U) rose by 1.2 percent.

Turning now to our survey of households, the unemployment rate decreased by 0.3 percentage point in December to 6.7 percent. Over the year, the unemployment rate declined by 1.2 percentage points, and the number of unemployed persons fell by 1.9 million. In December, there were 3.9 million unemployed persons who had been jobless for 27 weeks or more, little changed over the month but down by 894,000 over the past year.

The labor force participation rate declined to 62.8 percent in December. Over the year, this rate declined by 0.8 percentage point. The employment-population ratio, at 58.6 percent, was

unchanged in December and over the past 12 months. In fact, this measure has held at or near this level since late 2009.

Among those neither working nor looking for work in December, 2.4 million were classified as marginally attached to the labor force, little changed from a year earlier. These individuals wanted a job, were available for work, and had looked for a job within the last 12 months. The number of discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, was 917,000 in December, down by 151,000 from a year earlier.

I would like to note that seasonal adjustment factors for the household survey are updated each year with the release of the December data. Seasonally adjusted estimates going back 5 years (to January 2009) were subject to revision.

In summary, the unemployment rate declined from 7.0 to 6.7 percent in December, and nonfarm payroll employment edged up (+74,000).

My colleagues and I now would be glad to answer your questions.