

November 2015

## **Larry Goldstein on Job Growth in the Most Recent Employment Report**

*(He Ain't Heavy He's My Nephew)\**

The recent employment report from the Bureau of Labor Statistics (BLS) for October 2015 appears to be good news, and certainly higher than expectations. As many of you know, BLS reports data from two major surveys, the Establishment Survey, which gives you the monthly employment number and the Household Survey, which provides much more detail. The Household Survey gives you the unemployment rate, but also employment by education and employment by age.

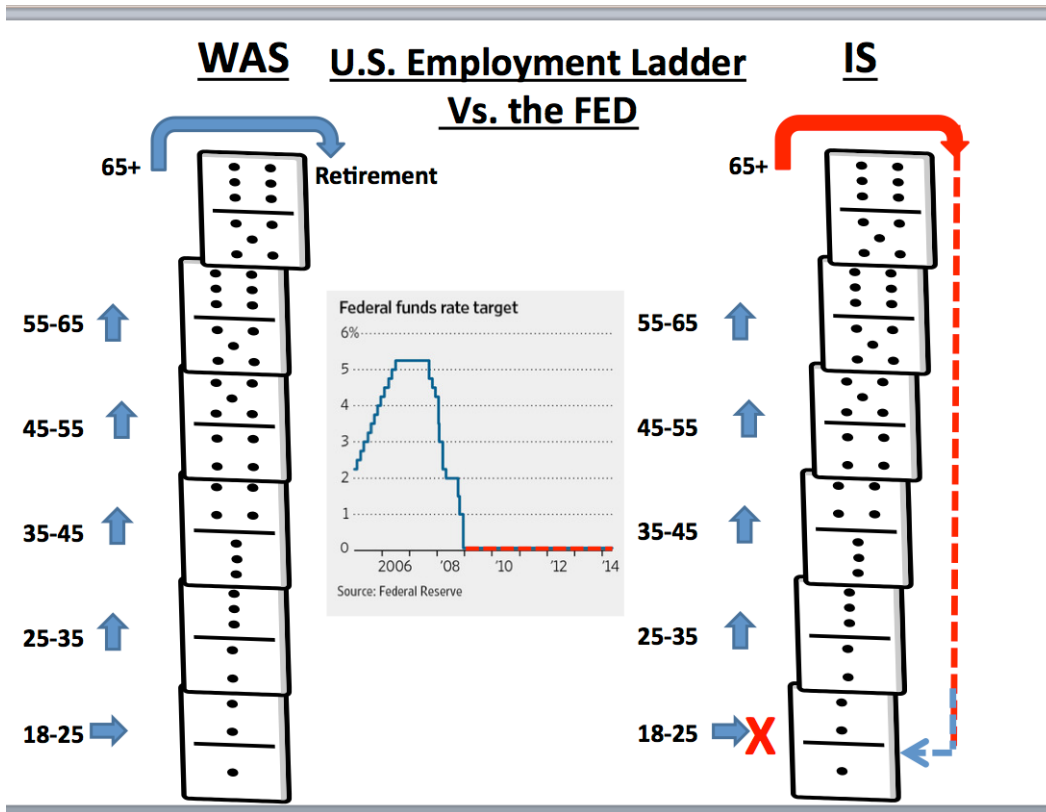
At first look, the BLS report is impressive, a gain of 271,000 jobs. The household survey was also strong, showing a growth of 320,000 jobs. So is this the clear signal we've been waiting for that the economy is expanding at a rapid clip? Before we break out the champagne, let's take a closer look behind the numbers.

The unemployment rate last month fell from 5.1 to 5.0 percent. However, employment trends were not evenly distributed across age groups. The unemployment rate for the 25-54 age group rose from 4.2 to 4.4 percent from September to October 2015, while the unemployment rate for the 55 and over group fell from 3.9 percent to 3.5 percent. Actually, the 25-54 age group saw employment drop by 35,000 jobs while there was substantial growth in the cohort of our elders (of which I am a long-standing member). The 55-69 age group saw jobs growth of 378,000. For a closer look at the numbers see Table A9 of the Household Survey found here; <http://www.bls.gov/news.release/empsit.t09.htm>

This is not how it is supposed to work. Here my concern is that we are seeing a disturbing shift in employment trends. In the past, workers left the job force at retirement and pursued other activities. They placed their savings in the bank or purchased bonds all directed at getting a safe return of around 3 percent. Today, primarily as a result of the FED's zero bound policy, these retirees are receiving near zero return on their savings. For a host of reason, these workers are staying in the workplace, retiring for a bit and coming back to work, or even taking jobs that often went to new entrants into the workforce. We are getting more people back to work, but is this really how we want to obtain employment growth?

This can be shown in the employment ladder below.

## EMPLOYMENT LADDER THEN AND NOW (or Was and Is)



\* A variant from the Hollies, "**He Ain't Heavy, He's My Brother**," a classic music ballad written by Bobby Scott and Bob Russell. Originally recorded by Kelly Gordon in 1969, the song became a worldwide hit for The Hollies later that year and again for Neil Diamond in 1970.

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