

*Commentary by Larry Goldstein
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The Recent Employment Report from the Bureau of Labor Statistics *What's Hiding Behind the Numbers?*

For those who love headlines and who doesn't, the BLS employment report issued last Friday (January 8) was the icing on the cake, or concrete evidence that the economy was moving ahead with full head of steam. Non-farm payroll employment grew by 292,000. What a wonderful way to end the year!

While there typically is and should be strength in numbers, there are more shades of gray in this statistic than the notorious book that topped the charts on the New York Times bestseller list. Let me be clear, high employment numbers should be celebrated, but if we don't understand the nuanced nature of the data we will come to the wrong policy conclusions. If we look behind the numbers, there is growing evidence the economy is much weaker than indicated by the employment data. In fact, I conclude the exact opposite; we are very likely moving into a recessionary cycle over the next 12-15 months. This likely outcome is not driven by events in China, but by developments much closer to home.

Looking behind the positive headline data the picture is not quite as pretty. For most of 2015, it was those in the over-55-and-over age group that saw most of the employment growth and last December was no exception. BLS's recent report states that the unemployment rate held steady at the very low level of 5%, clearly good news, but this low unemployment rate was due entirely to the rapid job growth in the those 55 years of age and older. This group saw its unemployment rate fall from an exceptionally low level of 3.7% in November to a stunning 3.2% in December. While this may be an example of "age before beauty," keep in mind that the 25-54 age group is three times as large as those over 55 years of age.

These employment trends by age group can be found in Tables A9 and A10, shown below from the BLS data on hours worked and hourly pay issued for December 2015

EMPLOYMENT BY AGE GROUP* (employment in thousands)

	<i>DECEMBER '14</i>	<i>DECEMBER'15</i>	<i>CHANGE</i>
<i>25-54</i>	<i>96,008</i>	<i>96,976</i>	<i>968</i>
<i>55 /over</i>	<i>32,873</i>	<i>34,019</i>	<i>1,146</i>

*Employment as reported by the Bureau of Labor Statistics, January 8, 2016. <http://www.bls.gov/news.release/empsit.nr0.htm>