Solid job gains expected after hurricane swings

Payroll processor ADP says 190,000 added in November

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Despite an intensifying worker shortage, Friday's employment report may showcase U.S. job growth that resumed its steady climb in November after two months of hurricane-related volatility.

That's the signal sent Wednesday by payroll processor ADP, which said businesses added 190,000 jobs last month, matching economists' estimates. Economists predict the Labor Department on Friday will count 195,000 payroll additions in the public and private sectors.

Jim O'Sullivan, chief U.S. economist of High Frequency Economics, says the ADP tally looks "fairly consistent" with the forecast for Friday's report. ADP tries to project Labor's private-sector total and generally captures similar broad trends, but the two counts often differ significantly.

"The job market is red-hot, with broad-based job gains across industries and company sizes," said Mark Zandi, chief economist of Moody's Analytics, which helps ADP compile the report. "There is a mounting threat that the job market will overheat next year," sharply driving up wages and inflation.

Hiring has slowed this year compared with 2016 because the low 4.1% unemployment rate is making it harder for employers to find qualified workers. Yet the 169,000 average monthly job gains counted by Labor in 2017 are more than enough to continue lowering the jobless rate.

Labor reported just 18,000 employment gains in September as hurricanes Harvey and Irma idled workers in Texas and Florida. It announced a booming 261,000 new jobs in October as many of those employees returned to job sites.

That would still amount to an average 140,000 gains for September and October, well below the 176,000 average the first eight months of the year. It may be some people in the hurricane-hit regions had not come back to work when Labor's survey was conducted in early October, and their return could bolster the November total, O'Sullivan says.

ADP, however, generally counts workers as employed as long as they're on the payroll even if they don't show up in a given week. As a result, its survey totals were well above Labor's in September and below in October, and it may miss any additional bounce-back that Labor's report reflects for November.

Friday's jobs total could be inflated by an acceleration in rebuilding in the hurricane zones and a relatively early start to the holiday sales season, says Joe Brusuelas, chief economist for consulting firm RSM U.S.

In November, ADP said, midsize companies added 99,000 jobs; small businesses, 50,000; and large ones, 41,000.