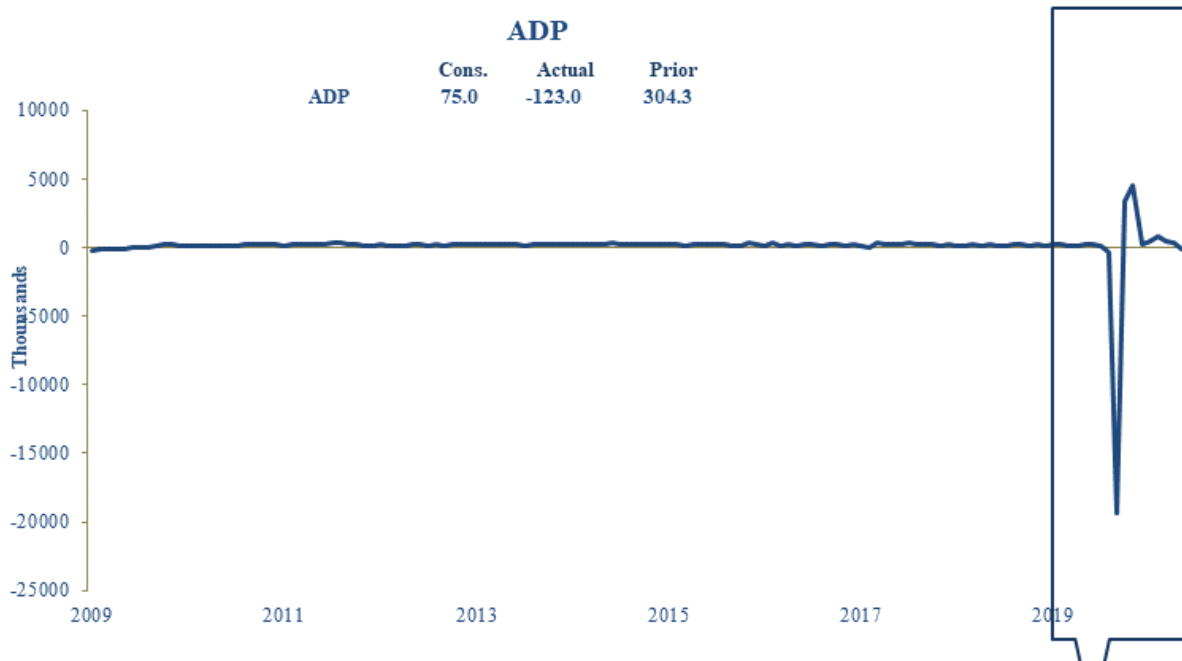
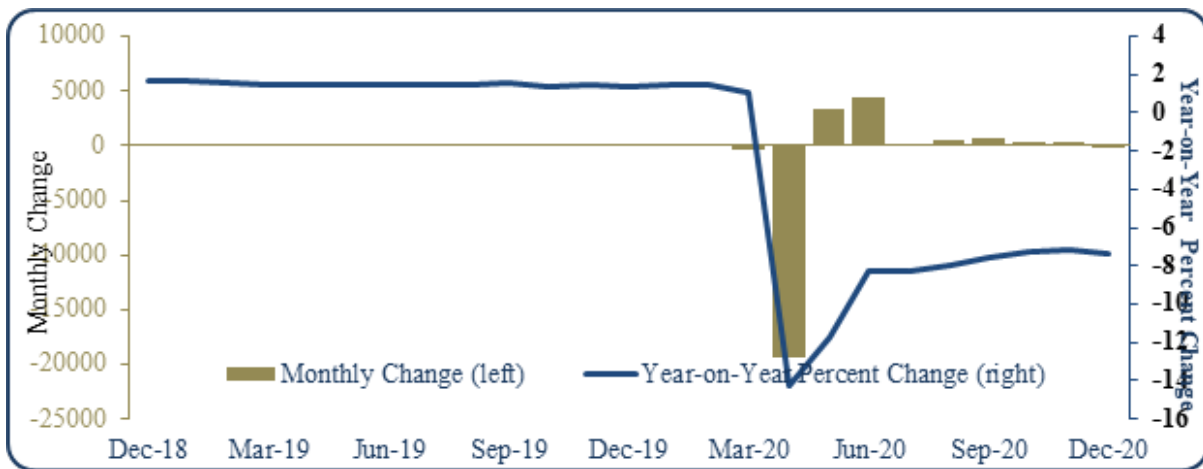


06.Jan.2021

ADP Employment: More Job Losses To End 2020

Bottom Line: ADP reported lower employment across most sectors in businesses both large and small in December amid renewed shutdowns for the spike in Covid cases. Sharply below the consensus for a gain of 75k, the decline of 123k jobs was dominated by job losses in the services industry, which continued to bear the brunt of the shutdowns. But even manufacturing, which has mostly continued to lead the recovery, saw job losses. Overall, this is a concerning report ahead of Friday's payroll report, leaving the potential for a downside miss versus expectations of +73k. While some sectors like housing and manufacturing remained strong into year-end, weaker labor markets offer concern for consumption growth going forward.





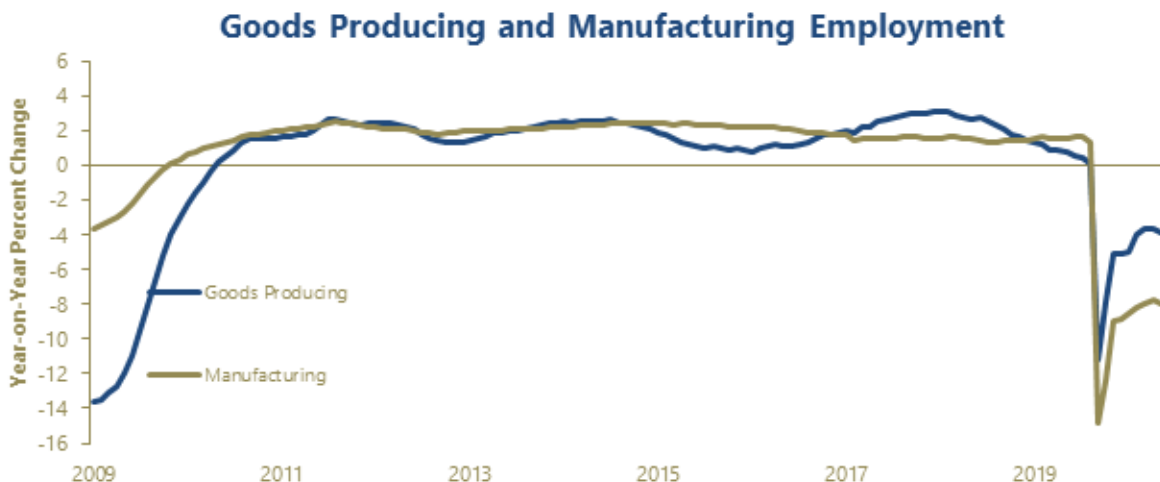
ADP National Employment FELL by -123k in December, compared with the consensus estimate for a gain of 75k.

Meanwhile, the revisions to the prior 3 months added an additional 2k to the previous estimate. Over the past 12 months, private payrolls have decreased by an average of -791k per month, pushing employment to 7.4% BELOW its year-ago level.

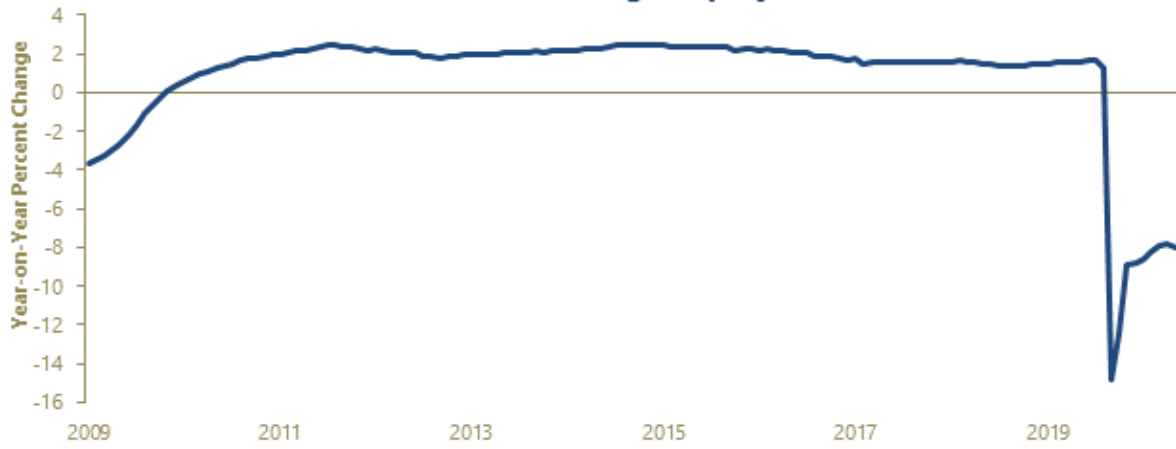
Jobs in Goods-Producing Industries FELL by 18k jobs as **Manufacturing** lost 21k workers. Against that, **Construction** gained 4k jobs.

Service-Producing Industries FELL by -105k jobs with **Professional/Business Services** hiring 12k workers, **Trade/Transport/Utilities** subtracting -51k, and **Financial Activities** increasing by 2k workers.

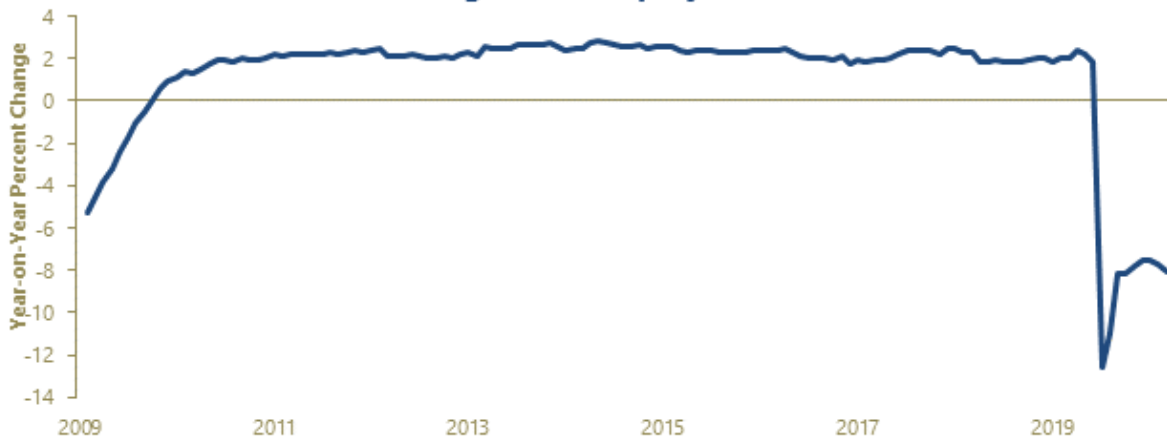
Small Firms fired 13k workers, **Medium-Sized Firms** grew by 37k employees while **Large Firms** cut 147k positions.



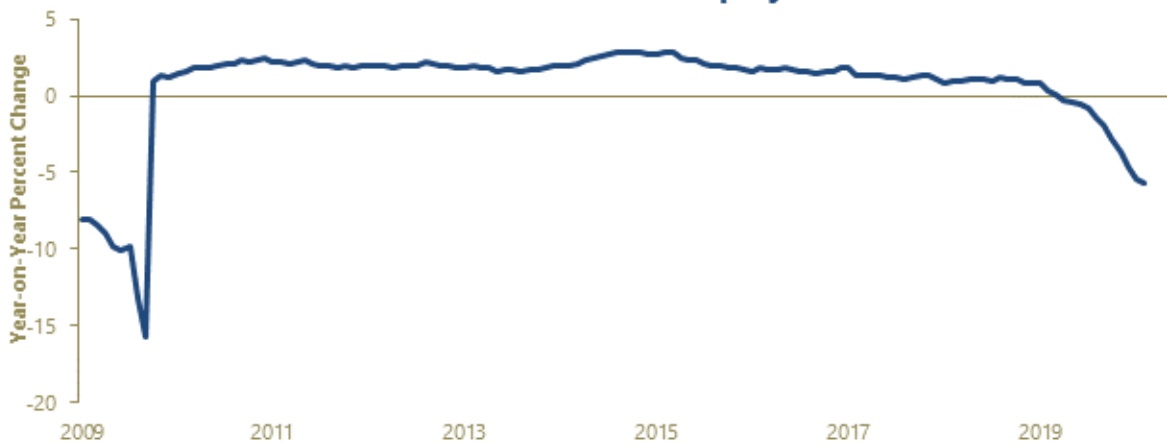
Service Producing Employment



Large Firm Employment



Medium-Sized Firm Employment



Small Firm Employment



	Dec-20	Nov-20	Oct-20	Sep-20	Three Month	Six Month	Twelve Month	2019	2018	Five Year	Ten Year
	Thousands				Average Monthly Change						
	Monthly Change										
ADP National Employment	-123	304	409	754	197	340	-791	149	176	182	180
<i>Previous Report</i>		307	404	754							
Goods Producing Industries	-18	29	24	199	11	47	-68	13	44	27	27
Construction	4	22	9	60	11	18	-10	12	21	21	15
Manufacturing	-21	7	12	132	-1	28	-50	2	21	9	11
Other	0	1	3	7	1	2	-7	0	3	-2	0
Service Producing Industries	-105	275	385	555	185	293	-723	136	131	155	153
Professional/Business Ser	12	59	67	84	46	67	-108	32	35	36	42
Financial Activities	2	8	8	29	6	7	-10	12	13	13	9
Trade/Transport/Utilities	-51	30	63	182	14	57	-125	14	13	22	27
Other	-69	178	247	260	119	162	-481	78	71	84	75
Addendum:											
Small Firms	-13	118	158	203	88	102	-145	4	3	24	35
Medium Firms	37	142	161	247	113	110	-202	36	52	45	39
Large Firms	-147	44	89	304	-5	128	-445	110	120	113	106

Source: ADP & Moody's Analytics via Bloomberg. Our calculations.

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January 6, 2021

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