

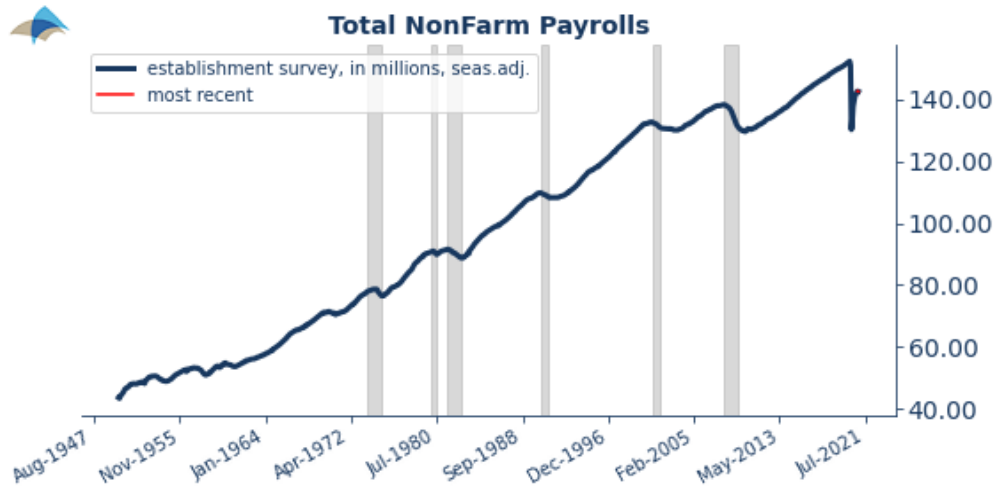
08.Jan.2021

**Employment: Leisure and Hospitality Jobs Plunge**

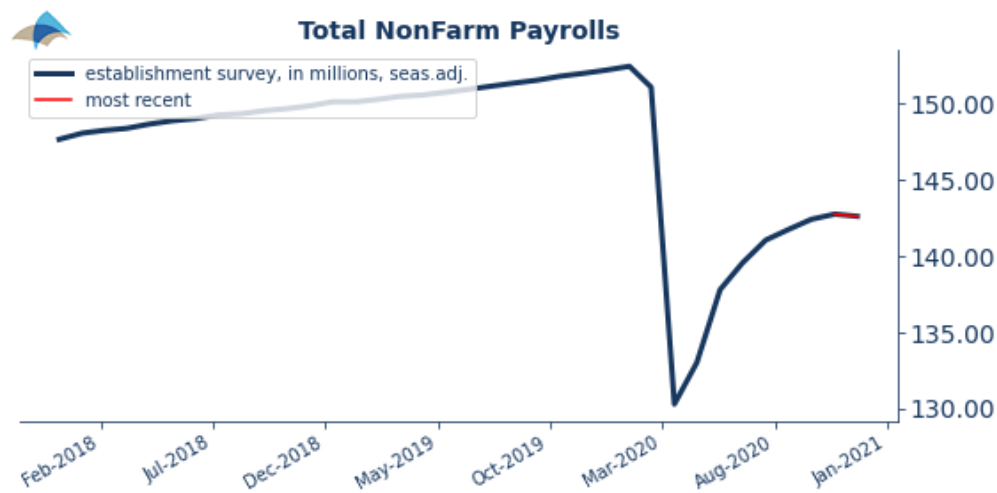
**Bottom Line:** Jobs fell in December, below the consensus estimate for December, but there were positive revisions to prior months' data that mostly offset the miss. And relative to what was implied from Wednesday's ADP report and the employment component of the ISM services survey yesterday, this report was a touch better than we expected. Amid renewed shutdowns for the virus jobs in the leisure and hospitality sector fell sharply, down nearly 500k and offsetting modest gains in most other sectors. The brunt of the job losses was in lower-paying industries, sending average hourly earnings higher as the index of aggregate weekly hours fell.

The household survey showed a slight increase after significant volatility in recent months The participation rate was mostly steady, leaving the unemployment unchanged at 6.7%.

Overall, this report once again showed the importance of the leisure and hospitality sector to marginal changes in the US labor market. While there is medium-term hope that vaccines will allow reopenings and re-hiring, the next several months will likely see continued weakness in jobs. Moreover, there are few signs that overall employment can return to pre-pandemic levels even within a few quarters of herd immunity.



- looking at just the last two years:



**Payroll Employment** fell by 140k in December, compared with market expectations for an increase of 460k. The prior 2 months were revised, higher in November by 91k and higher in October by 44k.

**Government jobs** FELL by 45k. Consequently, **private sector jobs FELL by 95k**. Private education jobs fell by 63k. State and Local education jobs fell by -20k. **Overall employment is now -6.2% BELOW its year-ago level.**

Over the past 12 months, 9,374k jobs have been shed.

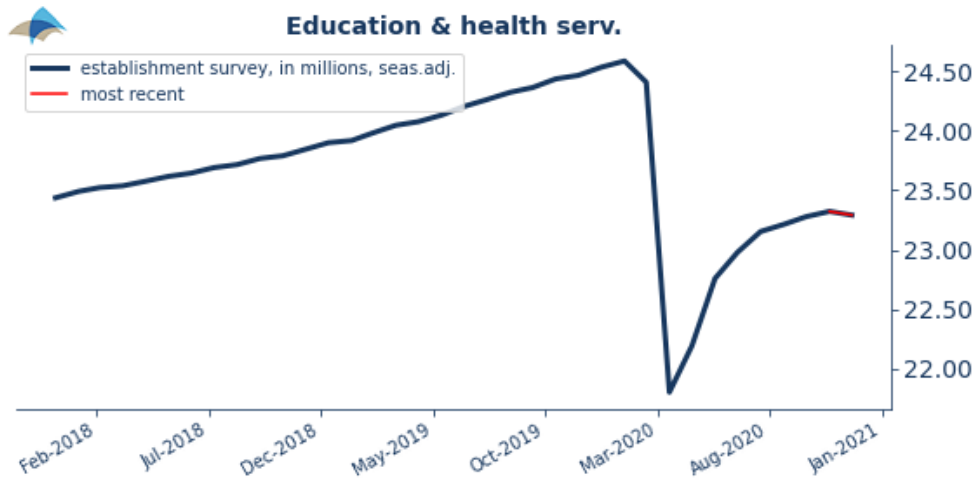
In December, the job gains were in:

- Trade, Transportation & Utilities (+71k with 121k of those in Retail Trade),
- Professional & Business Services (+161k with the addition of 67.6k in Temp Help Services),
- Construction (+51k),
- Manufacturing (+38k),
- Education & Health Services (+32k),
- Financial Activities (+12k),

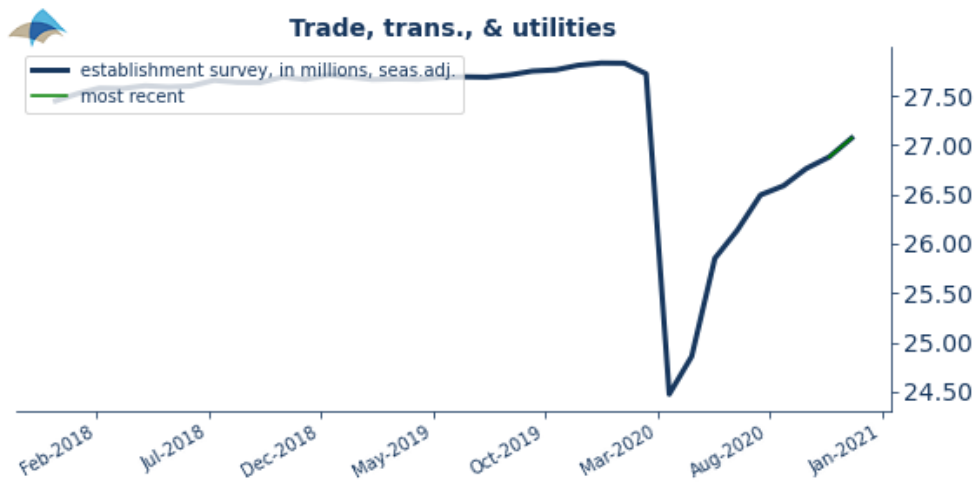
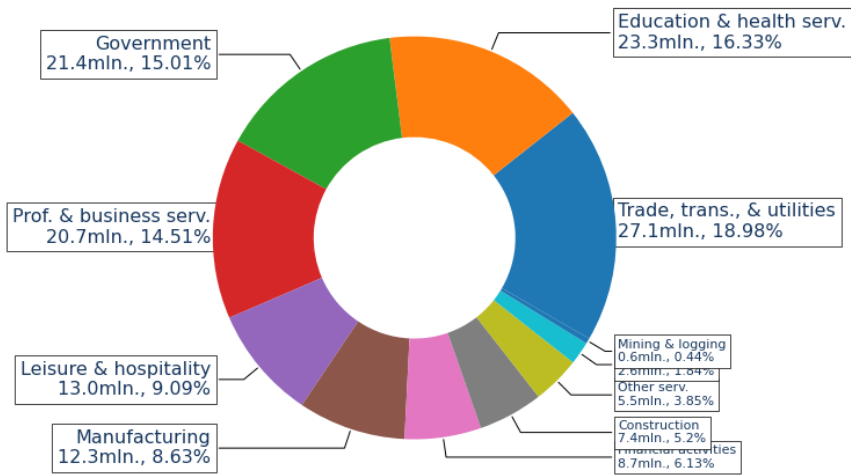
Jobs were shed in

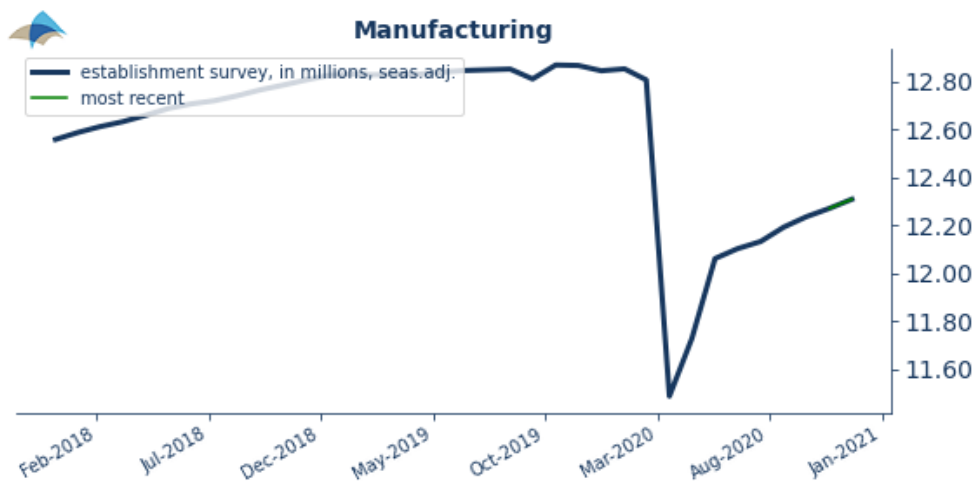
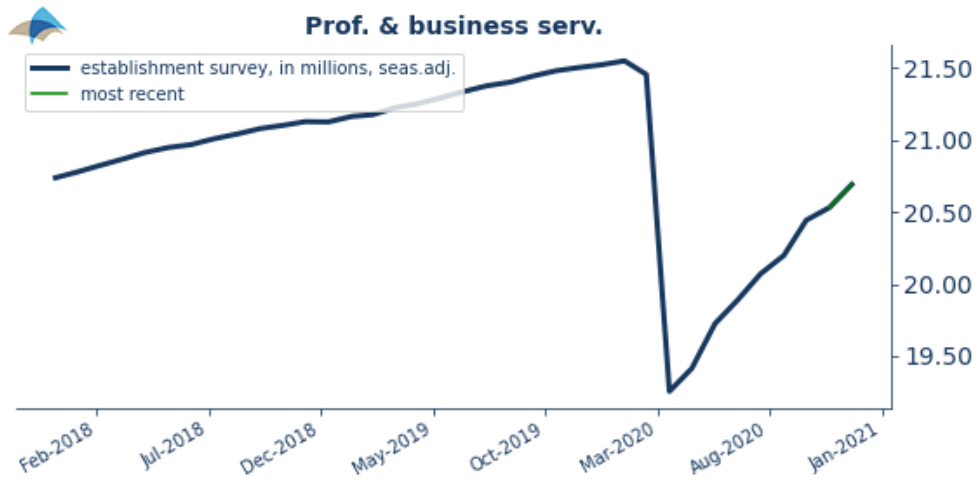
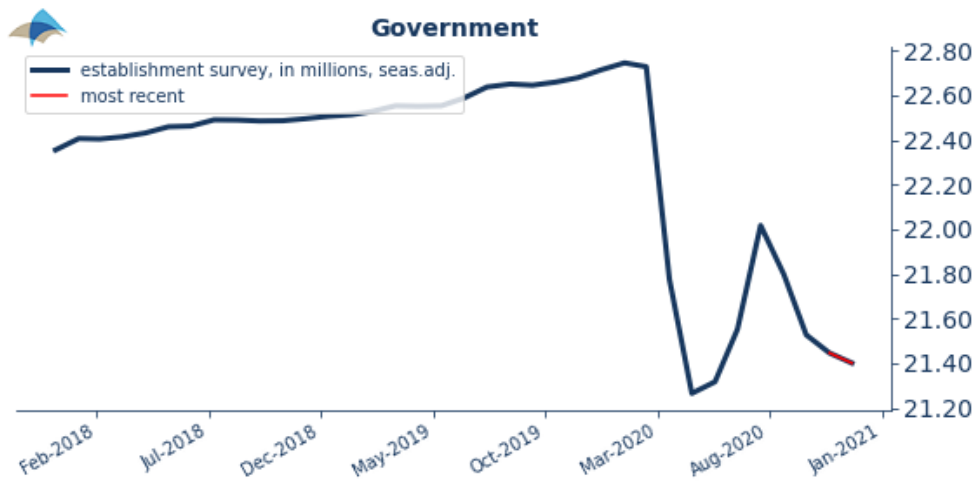
- Government (-45k), and
- Leisure & Hospitality (-498k)





### US Employment By Major Sector Latest Data





	Dec-20	Nov-20	Oct-20	Sep-20	Three Month	Six Month	Twelve Month	2019	2018	Five Year	Ten Year
Thousands											
	Monthly Change				Average Monthly Change						
<b>Nonfarm Payroll Employment</b>	<b>-140</b>	<b>336</b>	<b>654</b>	<b>711</b>	<b>283</b>	<b>803</b>	<b>-781</b>	<b>178</b>	<b>193</b>	<b>194</b>	<b>185</b>
<i>Previous Report</i>		245	610	711							
Goods Producing Industries	93	67	117	97	92	82	-65	16	52	28	28
Construction	51	29	72	35	51	40	-12	13	26	21	16
Manufacturing	38	35	43	60	39	41	-46	5	22	10	12
Private Service Producing	-188	350	808	833	323	706	-609	147	132	154	156
Retail Trade	121	-21	100	15	67	122	-34	1	-7	9	8
W/Sale, Trans. & Utilities	71	140	73	79	94	82	-27	11	24	11	20
Information	-1	2	-16	53	-5	8	-21	2	3	2	1
Financial Activities	12	16	30	37	19	23	-6	12	14	13	9
Professional & Bus. Serv	161	88	245	127	165	161	-68	31	37	35	41
Health Services	32	49	91	132	57	100	-62	44	37	40	33
Education	-63	-5	-26	-72	-31	-11	-36	8	1	6	6
Leisure & Hospitality	-498	75	265	413	-53	171	-319	31	19	32	32
Other Services	-22	6	46	49	10	51	-36	6	4	6	5
Government	-45	-81	-271	-219	-132	14	-107	15	10	12	2
Public Education	-20	-8	-161	-284	-63	-25	-85	5	4	5	1
<b>Addendum:</b>											
Help-Supply Services	68	42	126	25	78	81	-19	-4	2	2	9

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

**The Unemployment Rate** was UNCHANGED in December at 6.7%, in-line with market expectations.

Household employment rose by 21k while the labor force increased by 31k, resulting in an increase in the number of unemployed of 8k.

**The Labor Force Participation Rate** was UNCHANGED at 61.5%.

**The Employment-Population Ratio** was UNCHANGED at 57.4%. The number of people Working Part-Time for Economic Reasons FELL by 500k to 6,082k. while Long-Term Unemployment ROSE by 27k to 3,956k (accounting for 36.8% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 0.4 weeks to 23.4 weeks.

There are now 10.7 million people officially unemployed. In addition, there are another 7,331k people who say they want a job but are not currently looking for one. Finally, another 6,082k people are working part-time because of slack economic conditions.



## Working Part-Time for Economic Reasons



	Average for										
	Dec-20	Nov-20	Oct-20	Sep-20	Three Months	Six Months	Twelve Months	2019	2018	Five Years	Ten Years
<b>Unemployment Rate</b>	6.7%	6.7%	6.9%	7.9%	6.8%	7.8%	8.1%	3.7%	3.9%	4.4%	6.2%
Civilian Labor Force (mln.)	160.6	160.5	160.7	160.1	160.6	160.4	160.8	164.6	163.1		
Change (thousands)	31	-182	640	-740	163	106	-334	120	214	137	95
Household Employment (mln.)	149.8	149.8	149.7	147.5	149.8	147.9	147.8	158.7	156.8		
Change (thousands)	21	140	2,126	267	762	1,275	-742	165	237	186	173
Unemployed (mln.)	10.7	10.7	11.1	12.6	10.8	12.5	13.0	5.8	6.3	6.8	9.3
Change (thousands)	8	-333	-1,519	-970	-615	-1,169	408	-44	-23	-49	-78
Not in the Labor Force (mln.)	100.7	100.5	100.2	100.7	100.5	100.4	99.6	95.6	95.8	95.2	92.1
Currently wants a job (mln.)	7.3	7.1	6.7	7.2	7.0	7.2	7.1	4.9	5.3	5.4	5.9
Adjusted Unemployment Rate	10.8%	10.6%	10.6%	11.8%	10.7%	11.7%	12.0%	6.2%	6.9%	7.3%	9.3%
Not at work due to weather ('000's)	0.0	60.0	31.0	76.0	30.3	36.8	71.3	112.0	187.0	140.6	151.4
<b>Mean Duration (in weeks)</b>	23.4	23.0	21.4	21.0	22.6	21.1	18.2	20.8	22.0	24.2	30.3
<b>Long-Term Unemployed ('000's)</b>	3,956	3,929	3,534	2,405	3,806	2,820	1,987	1,177	1,311	1,600	3,144
<b>Part-Time for Economic Reasons ('000's)</b>	6,082	6,582	6,552	6,197	6,405	6,872	7,117	4,119	4,570	5,020	6,424

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

**The Index of Aggregate Hours** FELL by 0.4%, combining the change in private payroll employment and the shorter workweek.

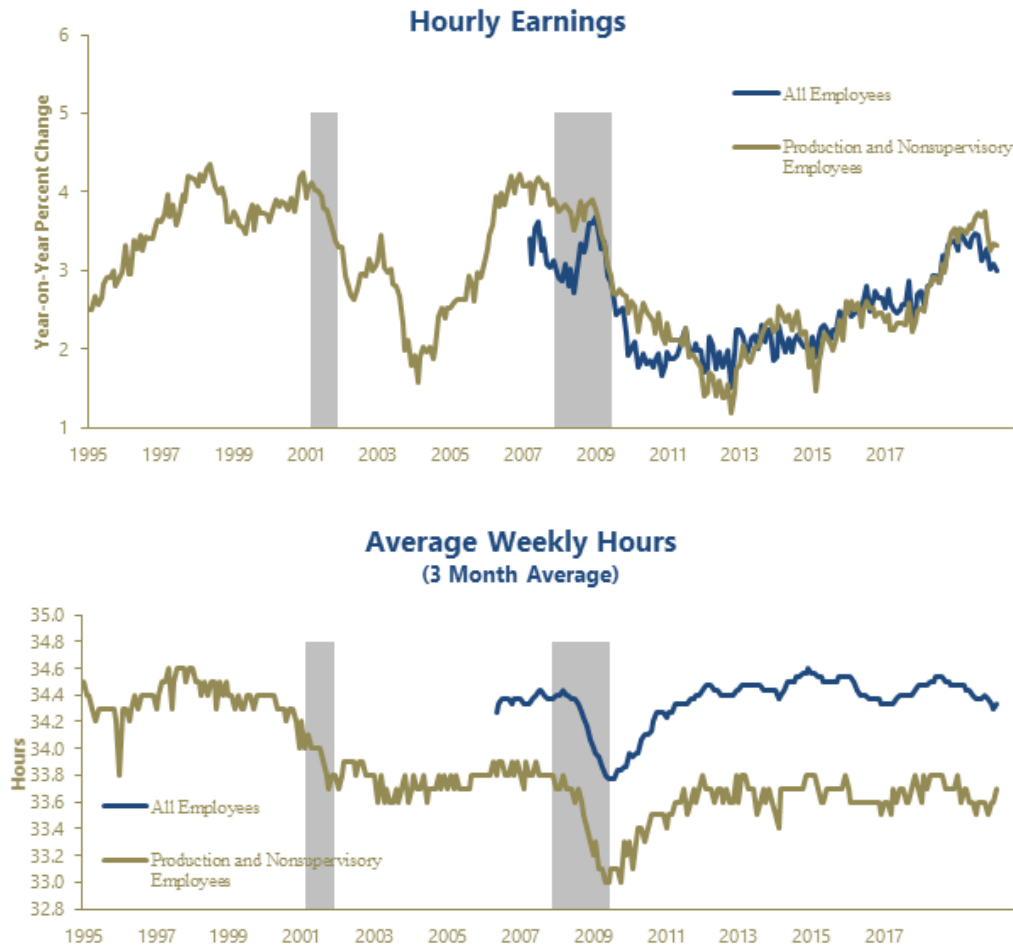
**Hourly Earnings** ROSE by 0.8% in December, above market expectations of 0.1%. Hourly earnings are now 5.1% ABOVE their year-ago level.

**Weekly Earnings** also ROSE by 0.5%, the result of the change in hourly earnings and a shorter workweek. Weekly earnings are now 6.3% ABOVE their year-ago level.

**The Average Workweek** FELL by 0.1 to 34.7 hours, ABOVE the market consensus at 34.6 hours.

	Annualized Averages for										
	Dec-20	Nov-20	Oct-20	Sep-20	Three Months	Six Months	Twelve Months	2019	2018	Five Years	Ten Years
<b>Average Hourly Earnings</b>	<b>0.78%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>4.7%</b>	<b>3.4%</b>	<b>5.1%</b>	<b>3.0%</b>	<b>3.4%</b>	<b>2.9%</b>	<b>2.2%</b>
<i>Prior Estimate</i>		<i>0.3%</i>	<i>0.1%</i>	<i>0.1%</i>							
<b>Average Weekly Earnings</b>	<b>0.49%</b>	<b>0.3%</b>	<b>0.1%</b>	<b>0.4%</b>	<b>3.5%</b>	<b>4.0%</b>	<b>6.3%</b>	<b>2.4%</b>	<b>3.4%</b>	<b>2.7%</b>	<b>2.2%</b>
<b>Average Weekly Hours</b>											
Total Private	<b>34.7</b>	<b>34.8</b>	<b>34.8</b>	<b>34.8</b>	<b>34.8</b>	<b>34.7</b>	<b>34.6</b>	<b>33.6</b>	<b>33.7</b>	<b>33.7</b>	<b>33.7</b>
<i>Prior Estimate</i>		<i>34.8</i>	<i>34.8</i>	<i>34.7</i>							
Goods Producing	<b>39.9</b>	<b>39.9</b>	<b>40.0</b>	<b>39.8</b>	<b>39.9</b>	<b>39.8</b>	<b>39.6</b>	<b>40.1</b>	<b>40.5</b>	<b>40.3</b>	<b>40.3</b>
Manufacturing	<b>40.2</b>	<b>40.2</b>	<b>40.4</b>	<b>40.2</b>	<b>40.3</b>	<b>40.2</b>	<b>39.9</b>	<b>40.4</b>	<b>40.9</b>	<b>40.7</b>	<b>40.7</b>
Overtime	<b>0.0</b>	<b>3.1</b>	<b>3.2</b>	<b>3.0</b>	<b>2.1</b>	<b>2.5</b>	<b>2.6</b>	<b>3.2</b>	<b>3.5</b>	<b>3.3</b>	<b>3.3</b>
Service Producing	<b>33.7</b>	<b>33.8</b>	<b>33.8</b>	<b>33.7</b>	<b>33.8</b>	<b>33.7</b>	<b>33.5</b>	<b>33.2</b>	<b>33.3</b>	<b>33.3</b>	<b>33.3</b>
<b>Index of Aggregate Weekly Hours</b>											
Total Private	<b>-0.4%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>3.1%</b>	<b>8.9%</b>	<b>-5.2%</b>	<b>1.0%</b>	<b>1.8%</b>	<b>1.6%</b>	<b>1.8%</b>
<i>Prior Estimate</i>		<i>0.8%</i>	<i>1.1%</i>	<i>1.2%</i>							
Goods Producing	<b>0.4%</b>	<b>0.1%</b>	<b>1.1%</b>	<b>0.7%</b>	<b>6.8%</b>	<b>9.2%</b>	<b>-4.2%</b>	<b>-0.1%</b>	<b>3.3%</b>	<b>1.4%</b>	<b>1.8%</b>
Manufacturing	<b>0.3%</b>	<b>-0.2%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>3.7%</b>	<b>10.2%</b>	<b>-4.8%</b>	<b>-0.7%</b>	<b>2.3%</b>	<b>0.6%</b>	<b>1.0%</b>
Service Producing	<b>-0.5%</b>	<b>0.4%</b>	<b>1.1%</b>	<b>1.1%</b>	<b>3.7%</b>	<b>9.6%</b>	<b>-5.4%</b>	<b>1.3%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.8%</b>

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.



## Recent Economic Reports

- 12/03/2020 - [ISM Non-Manufacturing Survey: Mostly Steady Growth](#)
- 12/03/2020 - [Jobless Claims: Holiday Masks Sticky Claims](#)
- 12/02/2020 - [Top Charts: Patience for EM](#)
- 12/02/2020 - [Mortgage Apps: Trend Still Strong](#)
- 12/02/2020 - [ADP Employment: Gains Continued to Slow](#)
- 12/01/2020 - [Construction Spending: Residential Gains Accelerated](#)
- 12/01/2020 - [ISM Manufacturing: Slight Deceleration, Growth Still Moderate](#)
- 11/30/2020 - [Contingent Macro Monthly: Just Enough](#)
- 11/30/2020 - [Dallas Fed & Chicago PMI Manufacturing: Modest Deceleration](#)
- 11/25/2020 - [Top Charts: Real Estate recovery seeks big chart resistance](#)
- 11/25/2020 - [Durable Goods, 3Q GDP & Consumer: Stronger, Strong & Touch Weaker](#)
- 11/24/2020 - [Consumer Confidence: Expectations Slip Further](#)
- 11/24/2020 - [Case-Shiller Home Prices: Further Acceleration](#)
- 11/20/2020 - [Macro Weekly: Mnuchin Wants His Money Back](#)
- 11/20/2020 - [US Economics: Focus Returns to Fed Balance Sheet](#)
- 11/19/2020 - [Existing Home Sales: Continued Acceleration](#)
- 11/19/2020 - [Jobless Claims: Sharp Rebound](#)
- 11/19/2020 - [Philly Fed: Slower But Still Solid Growth](#)
- 11/18/2020 - [Top Charts: S&P bull channel offers 3900](#)
- 11/18/2020 - [Housing Starts: Single-Family Jumps](#)



Copyright © 2020, Contingent Macro Advisors, All rights reserved.

The information contained in this message, including any attachments, is confidential and should only be read by those persons to whom it is addressed. If you have received this email in error, please delete it and remove it from your device. Additionally, this email and its attachment is not a solicitation or an offer to buy a security or investment instrument or to participate in a trading strategy. Any form of reproduction, dissemination, copying, disclosure, modification, distribution and/or publication of this email or its attachments is strictly prohibited. Outgoing and incoming electronic communications of Contingent Macro Advisors LLC and its affiliates, including telephone communications, may be electronically archived and subject to review and/or disclosure to someone other than the recipient.

**Our mailing address is:**

3641 Mount Diablo Boulevard, Ste. 673, Lafayette, CA 94549 USA

**Please email us, simply reply, rather than click this link:** [unsubscribe from this list](#) [update subscription preferences](#)