

05.Feb.2021

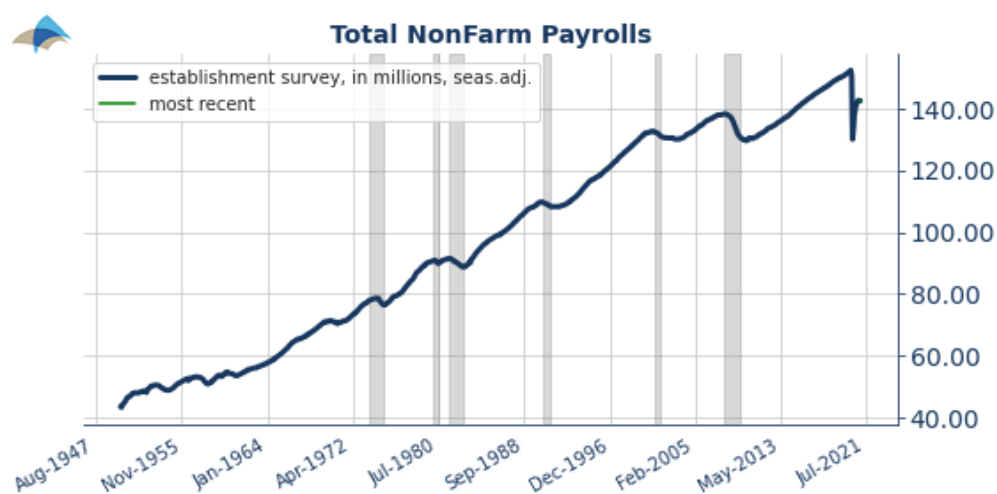
Employment: Slight Rebound, Prior Losses Revised Even Lower

Bottom Line: Nonfarm payrolls rose only slightly in January, below expectations for a strong rebound, as the BLS revised December data to show even large job losses. Job losses in the retail trade and leisure and hospitality sectors were not unexpected given the volatility in those sectors, with shutdowns in some parts of the country lasting into January. But losses in the health services sector, where elective procedures were deferred as hospitals hit capacity limits with virus cases, were somewhat surprising. So too was the decline in manufacturing jobs, despite positive readings from most surveys. On the plus side, public education and government jobs rebounded as schools reopened with some in-person learning in many parts of the country.

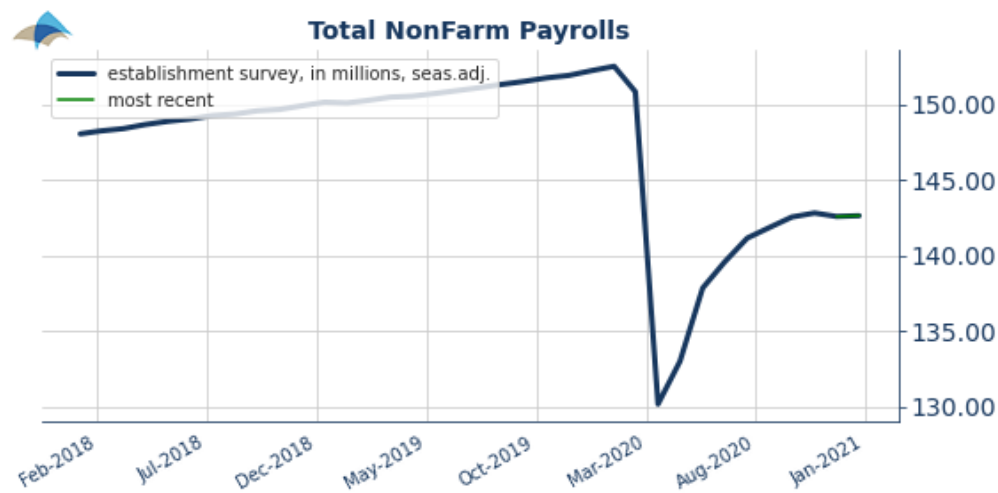
The household survey showed a stronger gain in employment, up 200k, but the labor force fell over 400k, as people, likely long-term unemployed, fell out of the labor force. Thus, the unemployment rate dropped to 6.3%, down 0.4% for the wrong reasons.

Average hourly earnings were revised higher for December, and near expectations in January as most of the jobs lost in December were in lower-paying sectors. Moreover, the jobs gained in January, especially in education, pay better than many of the service sector jobs that have yet to rebound.

Overall, this report once again showed how fragile labor markets remain. Looking forward, there is scope for a substantial rebound in service sector jobs as the vaccine distribution progresses. But people falling out of the labor force, especially in the lower-paid sectors, will remain a structural headwind as many of these jobs won't return for many years after the pandemic.



- looking at just the last two years:



Payroll Employment rose by 49k in January, compared with market expectations for an increase of 460k. The prior 2 months were revised, lower in December by 87k and lower in November by 72k.

Government jobs ROSE by 43k. Consequently, **private sector jobs** ROSE by 6k. Private education jobs rose by 34k. State and Local education jobs rose by 85k.

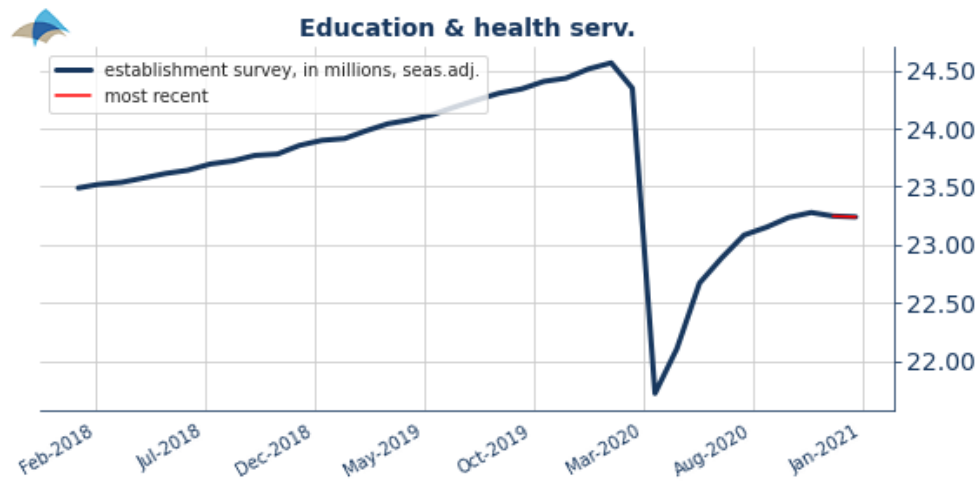
Overall employment is now -6.3% BELOW its year-ago level, Over the past 12 months, 9,603k jobs have been shed.

In January, the job gains were in

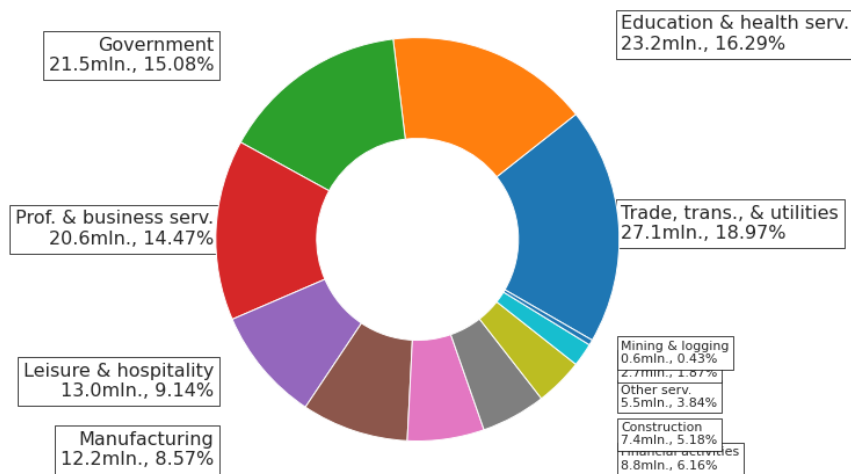
- Professional & Business Services (+97k with the addition of 80.9k in Temp Help Services),
- Government (+43k),
- Information (+16k),
- Financial Activities (+8k), and
- Other Services (+7k).

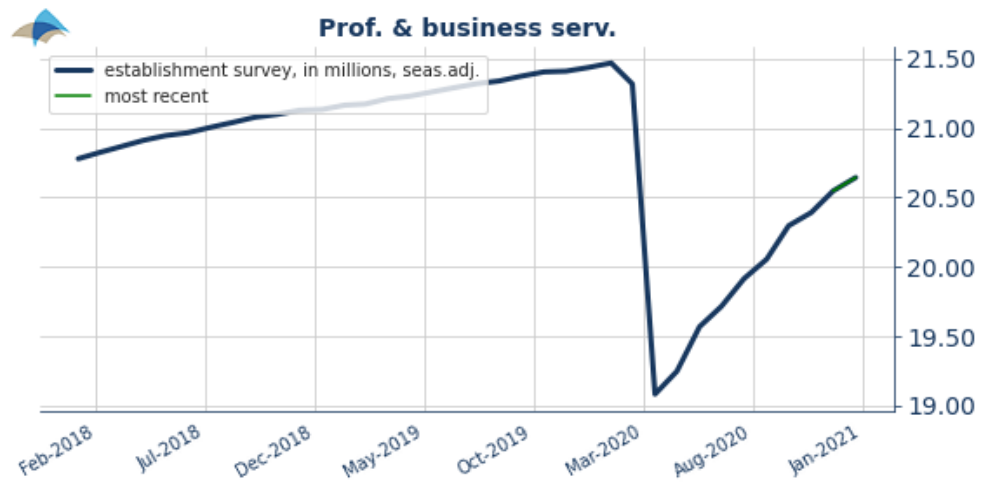
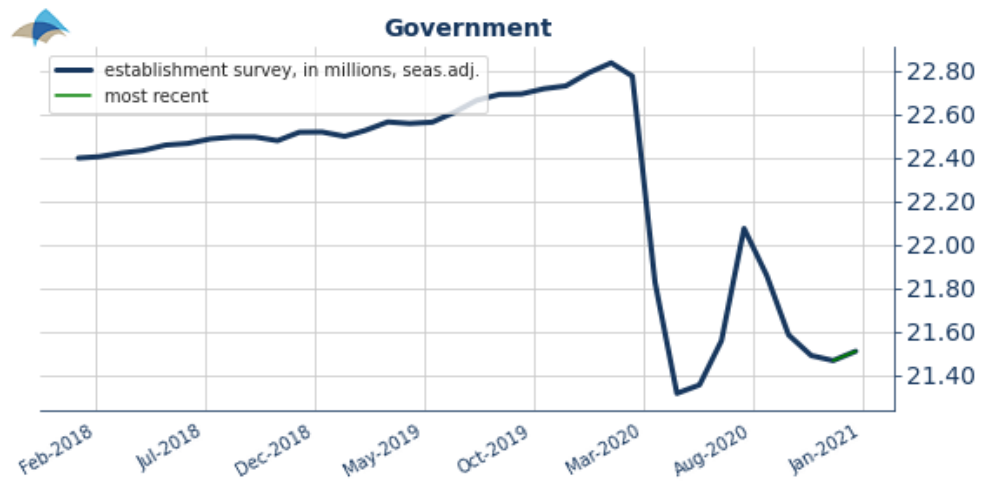
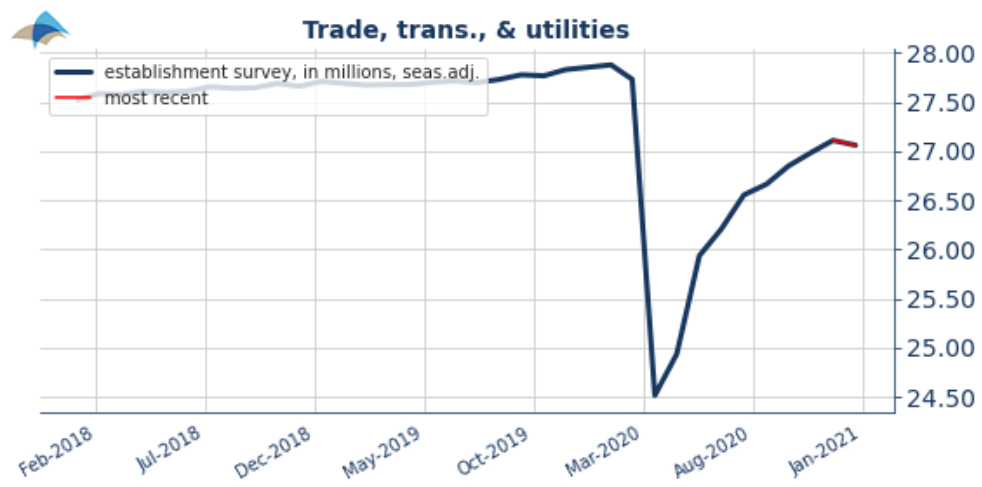
Job losses were in

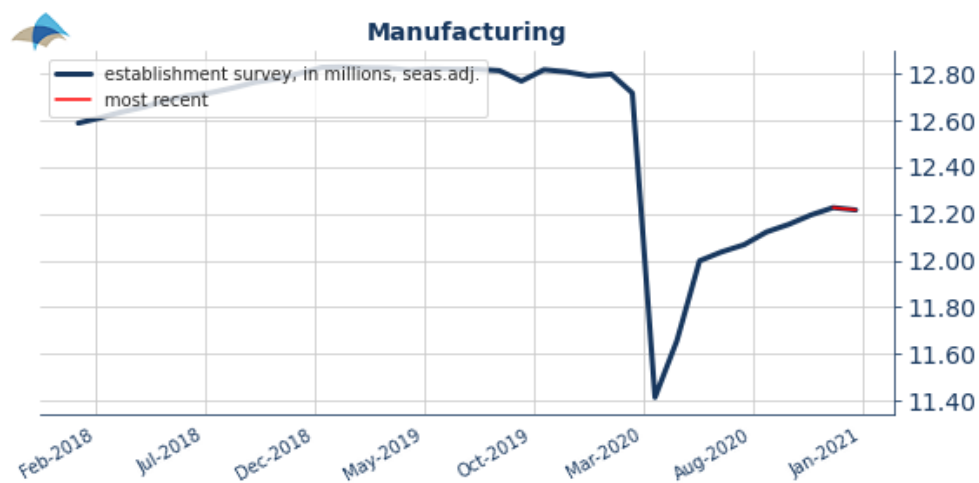
- Trade, Transportation & Utilities (-12k with -38k of those in Retail Trade),
- Construction (-3k)
- Manufacturing (-10k),
- Education & Health Services (-41k), and
- Leisure & Hospitality (-61k).



US Employment By Major Sector Latest Data







Change in US Employment - Major Sectors	Jan-21	Dec-20	Nov-20	Oct-20	Total Since May-20	Total Mar-20 to Apr-20	3m. avg.	6m. avg.	12m. avg.	2020	Avg Mo. prior 5 yrs.
Total nonfarm	49	-227	264	680	12470	-22362	29	511	-800	-778	-9
Trade, trans., & utilities	-50	125	136	185	2545	-3363	70	142	-66	-60	2
Education & health serv.	-7	-31	43	83	1518	-2843	2	59	-106	-99	15
Government	43	-23	-95	-274	-318	-1009	-25	-8	-107	-105	-10
Prof. & business serv.	97	156	95	241	1562	-2387	116	155	-66	-72	10
Leisure & hospitality	-61	-536	10	265	4344	-8224	-196	35	-319	-310	-38
Manufacturing	-10	31	41	32	803	-1385	21	30	-48	-48	-2
Financial activities	8	18	10	34	186	-279	12	23	-6	-5	10
Construction	-3	42	24	73	857	-1113	21	32	-19	-14	13
Other serv.	7	-18	-3	48	947	-1410	-5	26	-38	-38	-3
Information	16	6	0	-9	39	-281	7	13	-20	-20	-2
Mining & logging	9	3	3	2	-13	-68	5	3	-7	-8	-2

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The Unemployment Rate FELL by 0.4 percentage points in January to 6.3%, compared with market expectations for a no change at 6.7%.

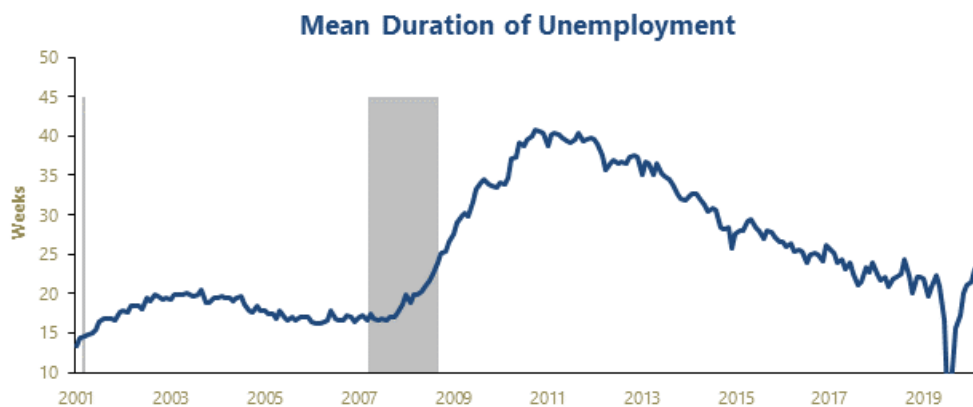
Household employment rose by 201k while the labor force declined by 406k, resulting in a decrease in the number of unemployed of 606k.

The Labor Force Participation Rate FELL by 0.1 percentage points to 61.4%.

The Employment-Population Ratio ROSE by 0.1 percentage points to 57.5%.

The number of people Working Part-Time for Economic Reasons FELL by 258k to 5,824k. while **Long-Term Unemployment** ROSE by 67k to 4,023k (accounting for 39.7% of the unemployed), while the **Mean Duration of**

Unemployment ROSE by 2.6 weeks to 26.0 weeks. There are now 10.1 million people officially unemployed. In addition, there are another 6,957k people who say they want a job but are not currently looking for one. Finally, another 5,824k people are working part-time because of slack economic conditions.



	Average for										
	Three	Six	Twelve	Five	Ten						
	Jan-21	Dec-20	Nov-20	Oct-20	Months	Months	Months	2019	2018	Years	Years
Unemployment Rate	6.3%	6.7%	6.7%	6.9%	6.6%	7.1%	8.3%	3.7%	3.9%	4.4%	6.2%
Civilian Labor Force (mln.)	160.2	160.6	160.5	160.7	160.4	160.5	160.4	164.6	163.1		
Change (thousands)	-406	31	-182	640	-186	13	-358	120	214	137	95
Household Employment (mln.)	150.0	149.8	149.8	149.7	149.9	149.0	147.1	158.7	156.7		
Change (thousands)	201	21	140	2,126	121	1,042	-719	165	237	186	173
Unemployed (mln.)	10.1	10.7	10.7	11.0	10.5	11.5	13.3	5.8	6.4	6.9	9.3
Change (thousands)	-606	8	-321	-1,486	-306	-1,030	361	-44	-23	-49	-78
Not in the Labor Force (mln.)	100.7	100.7	100.5	100.2	100.6	100.4	100.1	95.6	95.8	95.2	92.1
Currently wants a job (mln.)	7.0	7.3	7.1	6.7	7.1	7.1	7.3	4.9	5.4	5.4	5.9
Adjusted Unemployment Rate	10.2%	10.8%	10.6%	10.6%	10.5%	11.0%	12.3%	6.3%	7.0%	7.4%	9.3%
Not at work due to weather ('00)	0.0	111.0	60.0	31.0	57.0	53.7	61.7	112.0	187.0	140.6	151.4
Mean Duration (in weeks)	26.0	23.4	23.0	21.4	24.1	22.5	18.5	20.8	22.0	24.2	30.3
Long-Term Unemployed ('000's)	4,023	3,956	3,929	3,534	3,969	3,240	2,232	1,177	1,302	1,594	3,142
Part-Time for Economic Reasons ('000's)	5,824	6,082	6,582	6,552	6,163	6,446	7,267	4,119	4,559	5,012	6,420

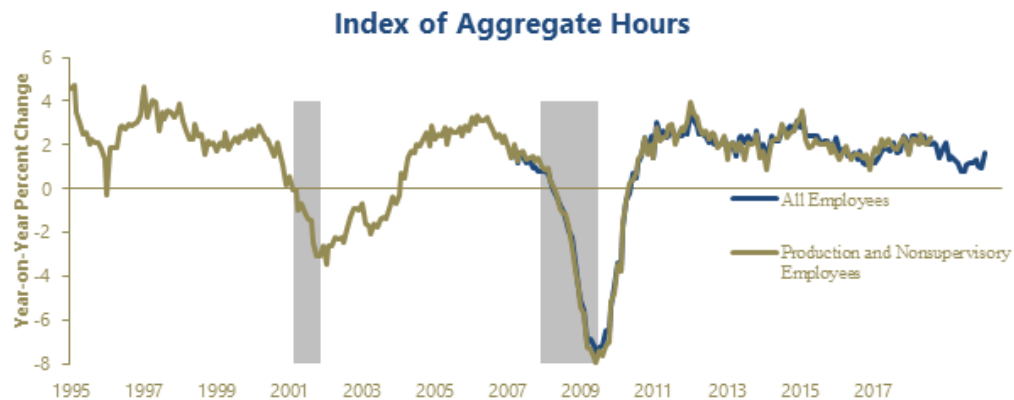
Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

The Index of Aggregate Hours ROSE by 0.9%. **Hourly Earnings** ROSE by 0.2% in January, above market expectations of 0.1%. Hourly earnings are now 5.4% ABOVE their year-ago level.

Weekly Earnings also ROSE by 1.1%, the result of the change in hourly earnings and a longer workweek. Weekly earnings are now 7.5% ABOVE their year-ago level. The Average Workweek ROSE by 0.3 to 35.0 hours, ABOVE the market consensus at 34.6 hours.

	Annualized Averages for										
	Three	Six	Twelve	Five	Ten						
	Jan-21	Dec-20	Nov-20	Oct-20	Months	Months	Months	2019	2018	Years	Years
Average Hourly Earnings	0.20%	1.0%	0.4%	0.1%	6.5%	4.2%	5.4%	3.0%	3.4%	2.9%	2.2%
Prior Estimate		0.8%	0.3%	0.1%							
Average Weekly Earnings	1.07%	0.7%	0.4%	0.1%	9.0%	6.6%	7.5%	2.4%	3.4%	2.7%	2.2%
Average Weekly Hours											
Total Private	35.0	34.7	34.8	34.8	34.8	34.8	34.6	33.6	33.7	33.7	33.7
Prior Estimate		34.8	34.8	34.7							
Goods Producing	40.1	39.9	39.9	40.0	40.0	39.9	39.6	40.1	40.5	40.3	40.3
Manufacturing	40.4	40.1	40.3	40.4	40.3	40.3	39.9	40.4	40.9	40.7	40.7
Overtime	0.0	3.3	3.2	3.2	2.2	2.6	2.7	3.2	3.5	3.3	3.3
Service Producing	33.9	33.7	33.7	33.8	33.8	33.7	33.6	33.2	33.3	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.9%	-0.5%	0.4%	0.8%	3.1%	7.8%	-4.6%	1.0%	1.8%	1.6%	1.8%
Prior Estimate		0.8%	1.1%	1.2%							
Goods Producing	0.5%	0.3%	-0.4%	1.1%	1.8%	6.1%	-4.3%	-0.1%	3.3%	1.4%	1.8%
Manufacturing	0.7%	-0.2%	-0.6%	0.8%	-0.4%	4.9%	-4.5%	-0.7%	2.3%	0.6%	1.0%
Service Producing	0.5%	-0.3%	0.2%	1.1%	1.8%	8.3%	-4.9%	1.3%	1.5%	1.7%	1.8%

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



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