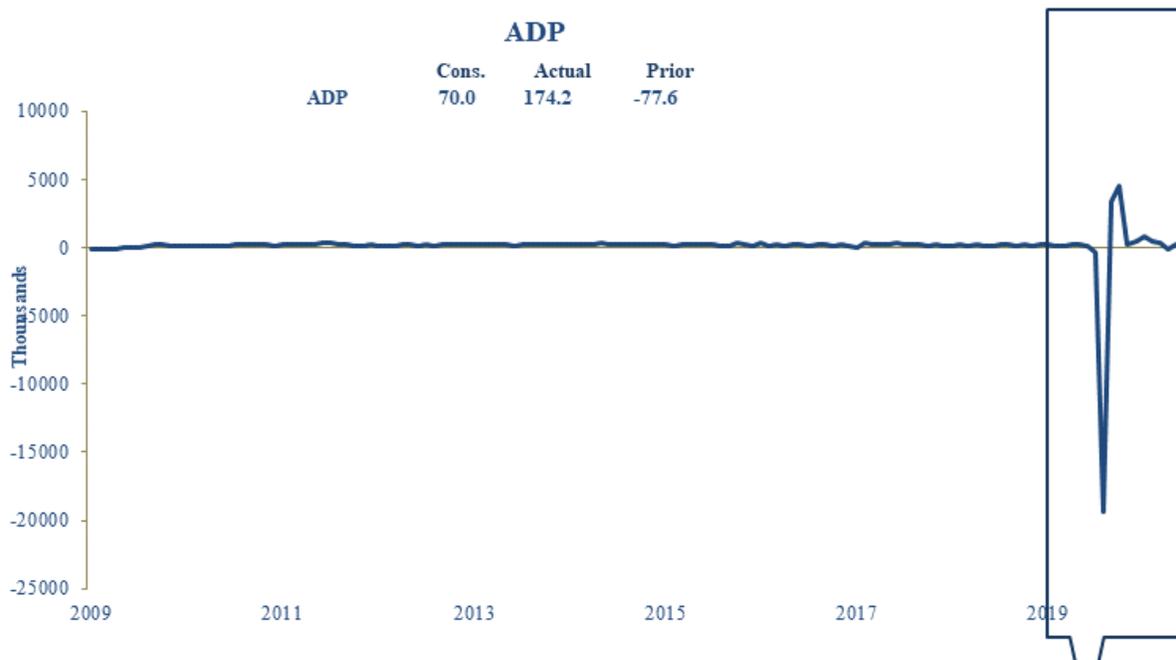


03.Feb.2021

ADP Employment: Modest Gains to Start 2021

Bottom Line: ADP reported modestly stronger than expected employment in January and revised December's loss to show less significant losses. Small and Large businesses alike added employees with hiring focused in the services sectors after losses late in 2020. Overall, this was a positive sign ahead of Friday's payroll report, leaving the potential for upside versus expectations of +70k. Still, the labor market recovery remained tentative to start 2021, which in turn leaves concern for consumption growth in the 1st Quarter as the country attempts to accelerate vaccine distribution.

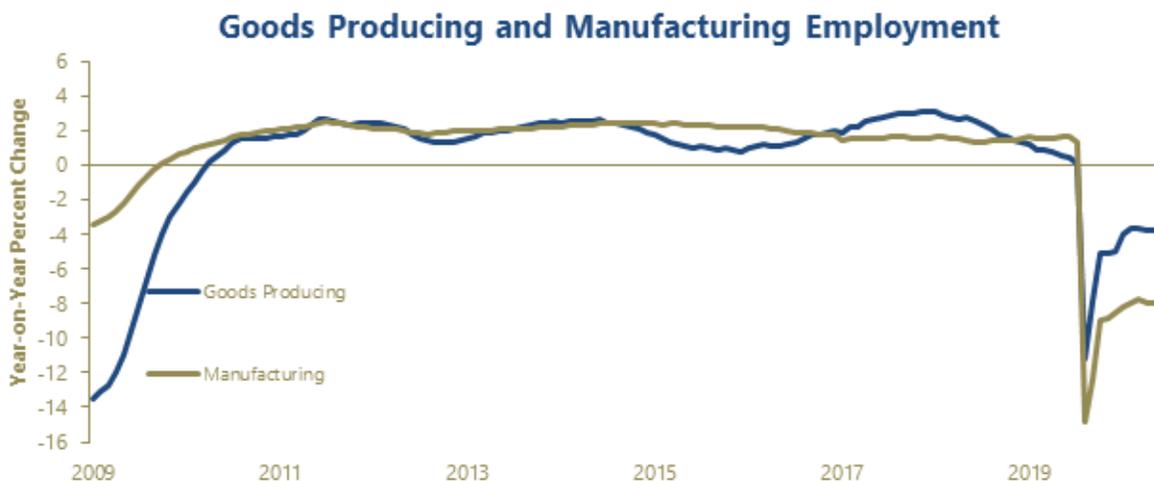




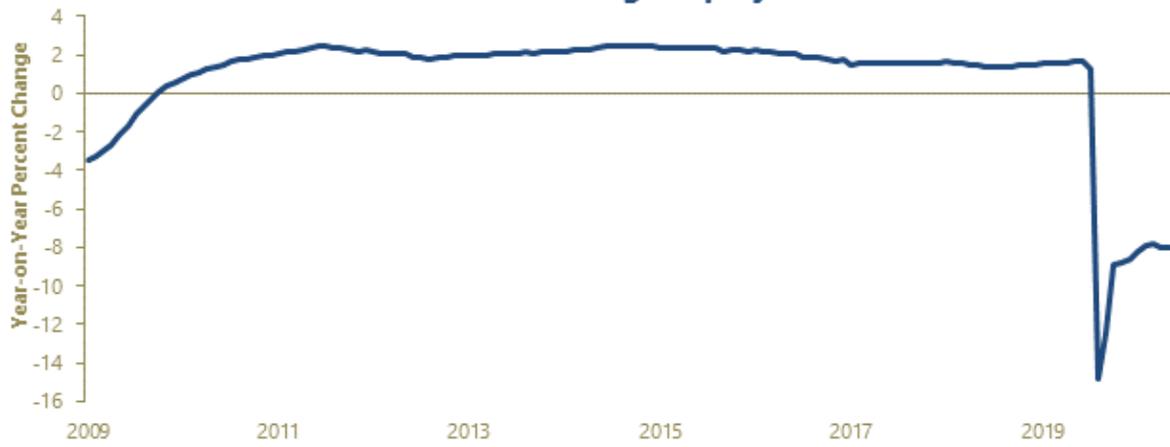
ADP National Employment ROSE by 174k in January, compared with the consensus estimate for a gain of 70k. Meanwhile, the revisions to the prior 3 months added an additional 40k to the previous estimate. Over the past 12 months, private payrolls have decreased by an average of -790k per month, lifting employment to 7.3% BELOW its year-ago level.

Jobs in Goods-Producing Industries ROSE by 19k jobs but Manufacturing gained 1k workers. Moreover, Construction gained 18k jobs. Meanwhile, **Service-Producing Industries** ROSE by 156k jobs with **Professional/Business Services** hiring 40k workers, **Trade/Transport/Utilities** adding 16k, and **Financial Activities** increasing by 1k workers.

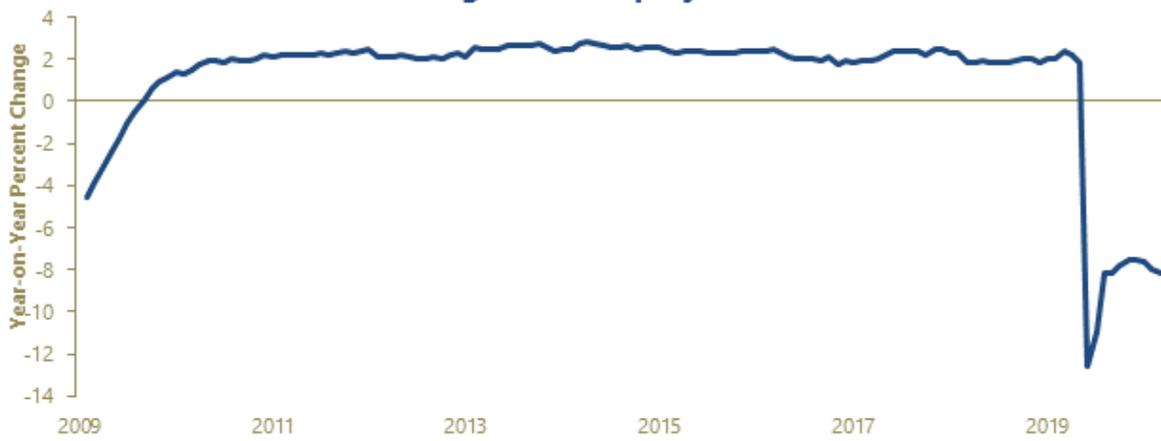
Small Firms hired 51k workers, Medium-Sized Firms grew by 84k employees while Large Firms added 39k positions.



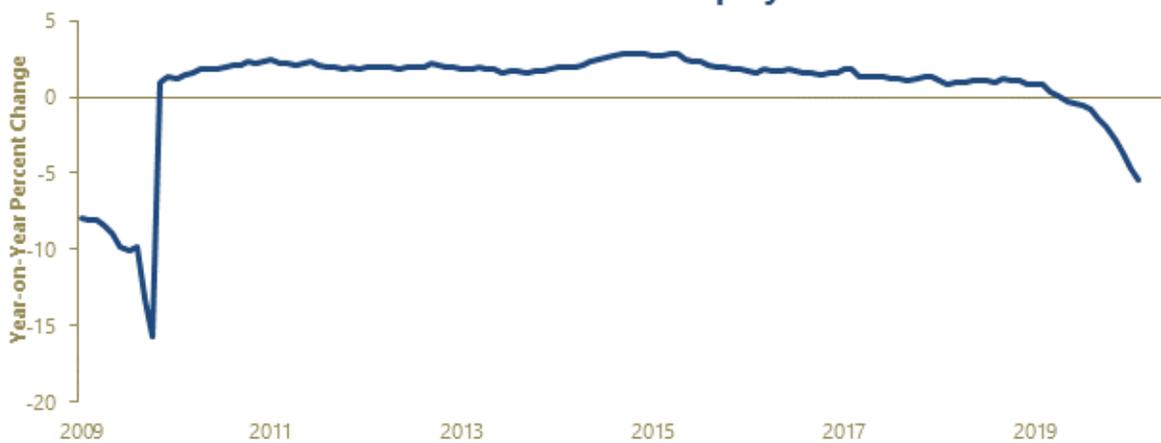
Service Producing Employment



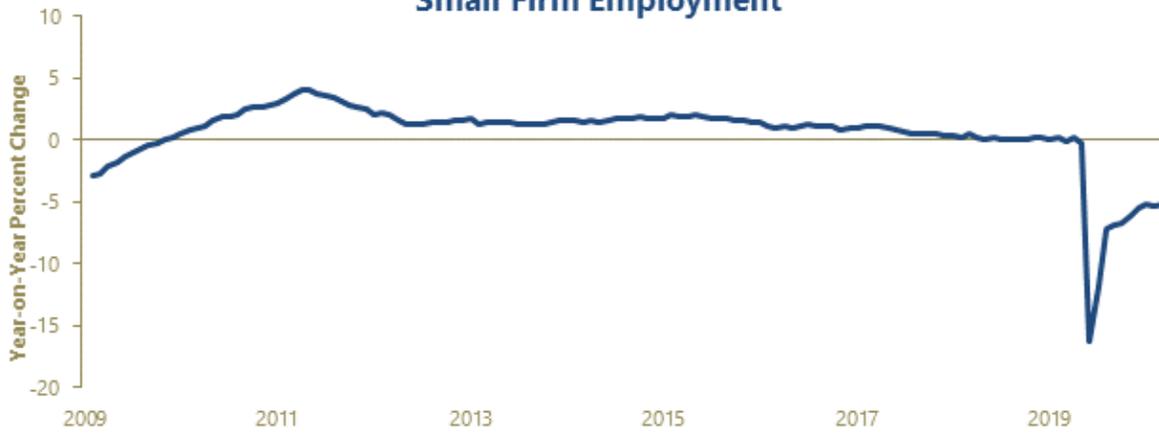
Large Firm Employment



Medium-Sized Firm Employment



Small Firm Employment



	Jan-21	Dec-20	Nov-20	Oct-20	Three Month	Six Month	Twelve Month	2020	2019	Five Year	Ten Year
	Thousands				Average Monthly Change						
	Monthly Change				Average Monthly Change						
ADP National Employment	174	-78	299	409	132	340	-790	149	176	182	180
<i>Previous Report</i>		<i>-123</i>	<i>304</i>	<i>409</i>							
Goods Producing Industries	19	-5	30	24	14	52	-67	13	44	27	27
Construction	18	9	21	9	16	24	-11	12	21	21	15
Manufacturing	1	-14	8	12	-2	26	-49	2	21	9	11
Other	0	0	1	3	0	2	-7	0	3	-2	0
Service Producing Industries	156	-73	269	385	117	288	-723	136	131	155	153
Professional/Business Ser	40	24	59	67	41	62	-106	32	35	36	42
Financial Activities	1	3	8	8	4	10	-11	12	13	13	9
Trade/Transport/Utilities	16	-29	37	63	8	56	-124	14	13	22	27
Other	98	-70	166	247	64	160	-483	78	71	84	75
Addendum:											
Small Firms	51	-12	107	158	49	97	-143	4	3	24	35
Medium Firms	84	43	130	161	86	126	-199	36	52	45	39
Large Firms	39	-109	62	89	-3	118	-448	110	120	113	106

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

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February 3, 2021

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