

02.Apr.2021

### **Employment: Goods Sectors Drive Growth**

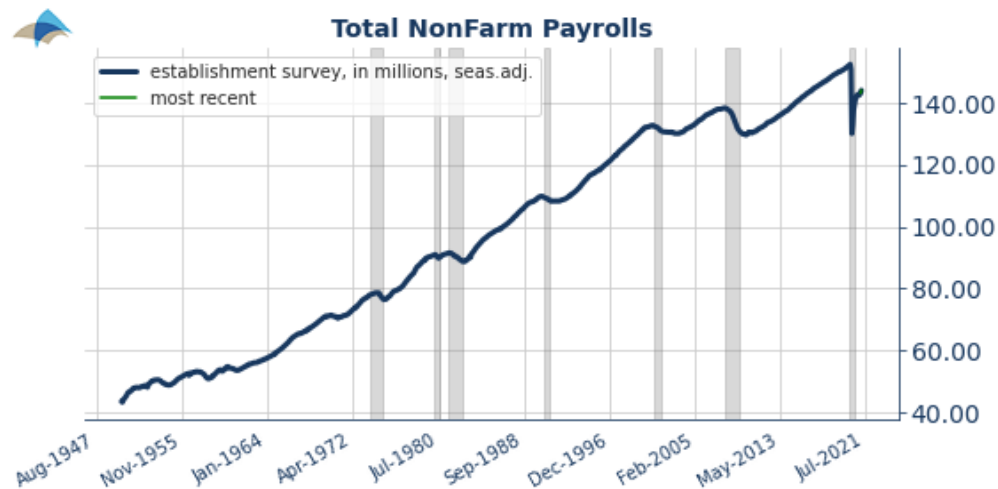
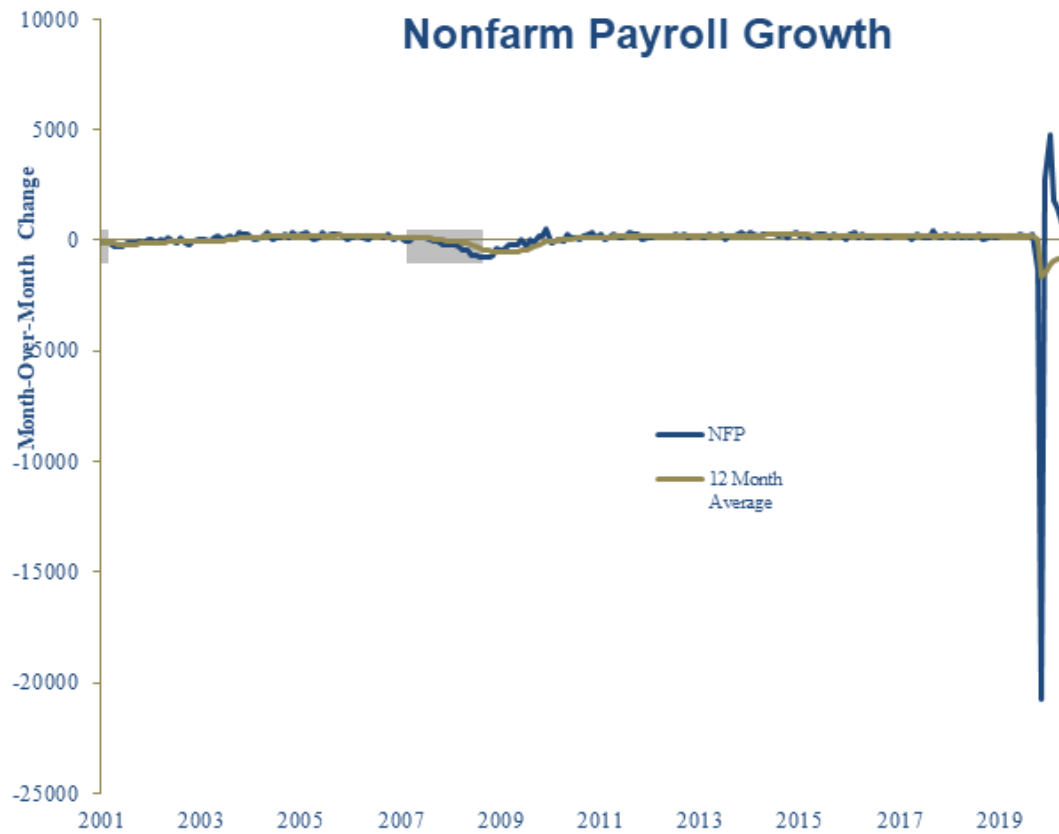
**Bottom Line:** Employment rose more than expected in March, and there were upward revisions to February and January data. Leisure and hospitality sector hiring led, but construction and manufacturing jobs accounted for much of the surprise. Education-related jobs were also stronger than expected.

The unemployment rate fell a two-tenths to 6.0%, even as the workforce expanded. Long-term unemployment continued to rise, as did the mean duration of unemployment. But those working part-time for economic reasons fell.

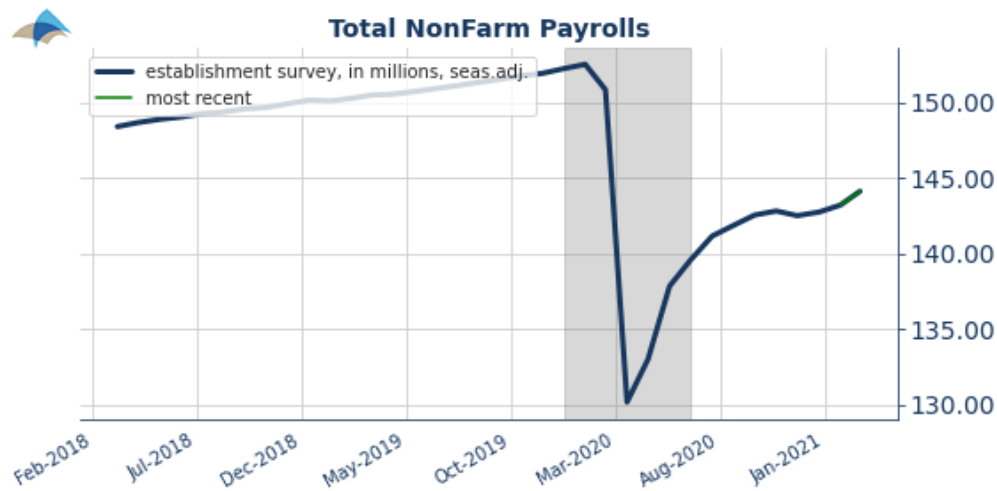
Finally, average hourly earnings edged lower as many of the jobs gained in the leisure and hospitality sector were lower-paying ones. That said, the job gains in construction and manufacturing were accompanied by longer hours. And the index of aggregate weekly hours in those sectors was higher.

Overall, this report was strong with the upside surprise driven by manufacturing and consultation, two sectors that remain important drivers of the economic recovery. Lower-paying jobs in the services sectors are returning amid more reopenings, mostly as expected. That said, the risks of long-term unemployment continued to grow in the first quarter of 2021. The core driver of growth remains the goods producing sectors -- **the question that will likely be answered over the 2nd Quarter and into the 3rd: how much will goods consumption fall as consumers shift spending back towards services amid more reopenings?** For now, good producing sectors are hitting on all cylinders and driving growth.

	Cons.	Actual	Prior
<b>Non Farm Payroll</b>	<b>660k</b>	<b>916k</b>	<b>468k</b>
<b>U-rate</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.2%</b>
<b>Hourly Earnings</b>	<b>0.1%</b>	<b>-0.1%</b>	<b>0.3%</b>



- looking at just the last two years:



**Payroll Employment** rose by 916k in March, compared with market expectations for an increase of 200k. The prior 2 months were revised, higher in February by 89k and higher in January by 67k. Government jobs ROSE by 136k. Consequently, private sector jobs ROSE by 780k. Overall employment is now -4.5% BELOW its year-ago level. Over the past 12 months, 6,720k jobs have been shed.

In March, the job gains were in:

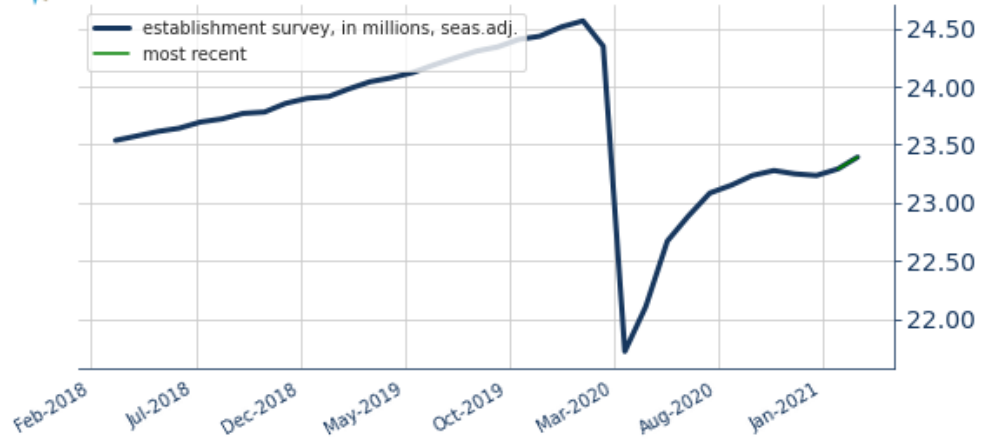
- Trade, Transportation & Utilities (+72k with 23k of those in Retail Trade),
- Professional & Business Services (+66k with a slip of 0.8k in Temp Help Services),
- Leisure & Hospitality (+280k),
- Government (+136k),
- Construction (+110k),
- Manufacturing (+53k),
- Other Services (+42k), and
- Education & Health Services (+36k).

Jobs were shed in Information (-2k).

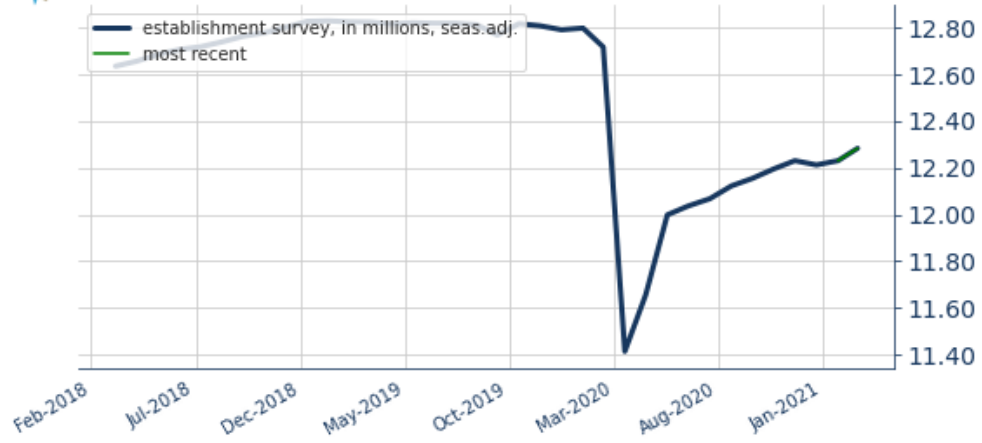




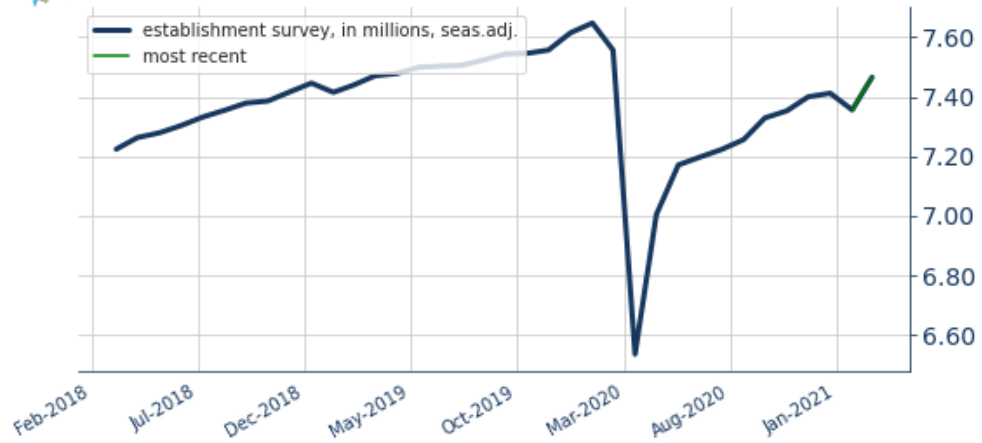
### Education & health serv.



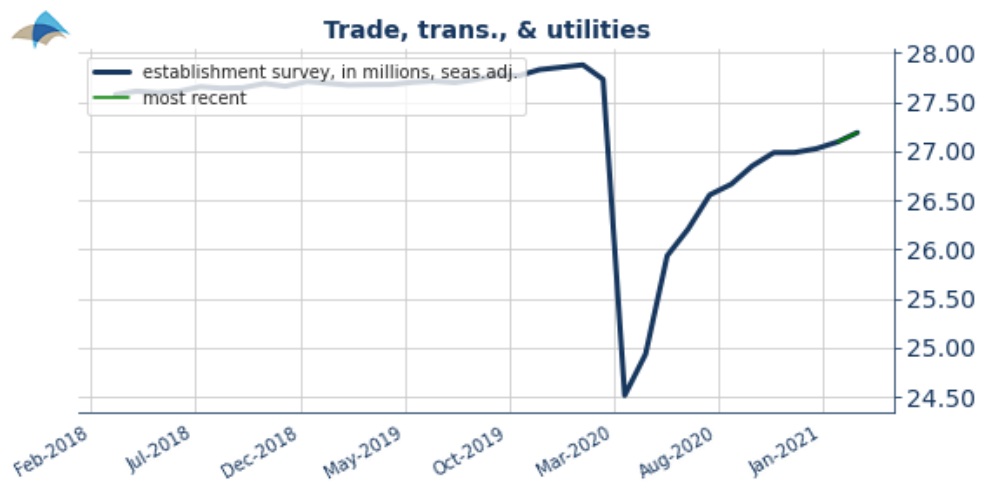
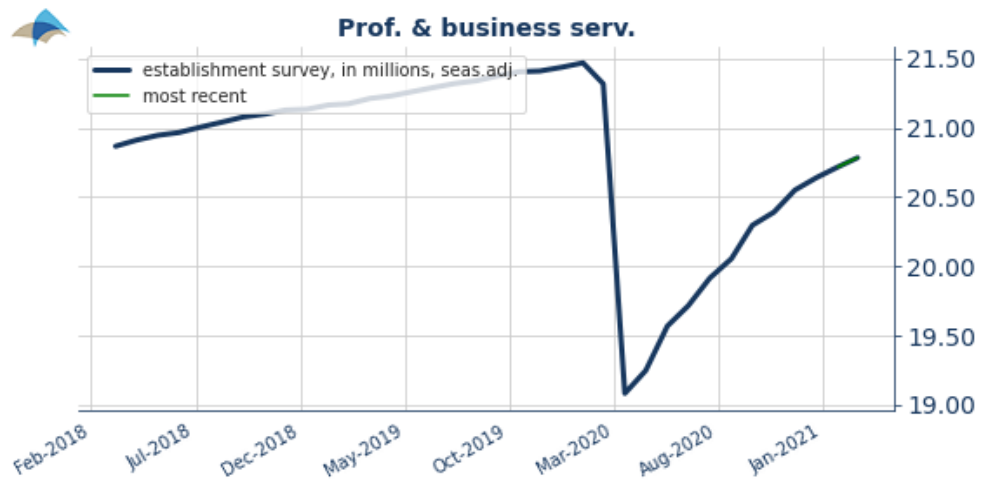
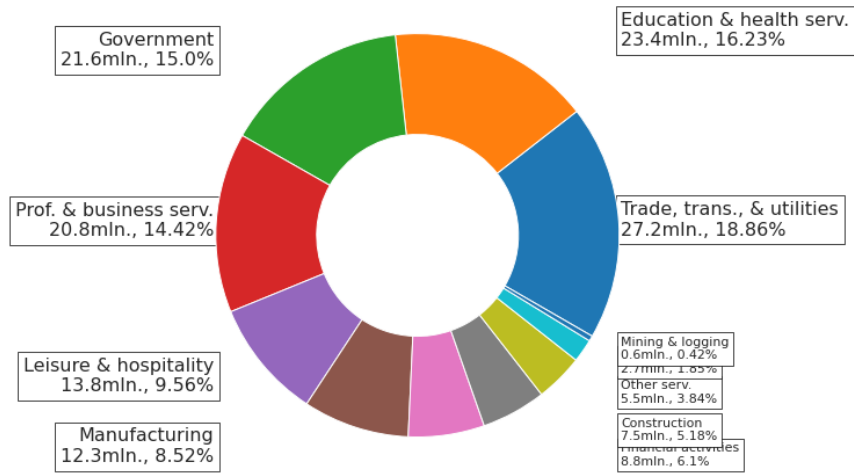
### Manufacturing

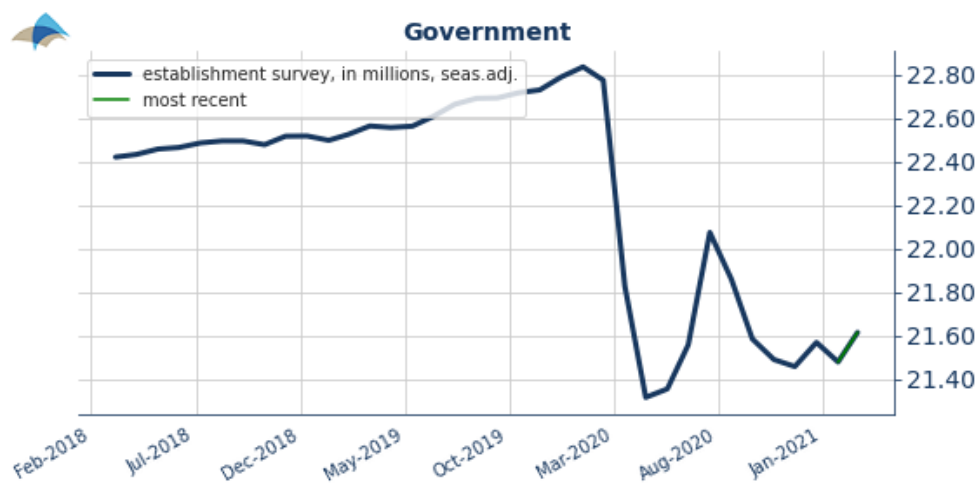


### Construction



## US Employment By Major Sector Latest Data





Change in US Employment - Major Sectors in 000s	Mar-21	Feb-21	Jan-21	Dec-20	Total Since May-20	Total Mar-20 to Apr-20	3m. avg.	6m. avg.	12m. avg.	2020	Avg Mo. prior 5 yrs.
<b>Total nonfarm</b>	916	468	233	-306	13959	-22362	539	376	-560	-785	-10
<b>Trade, trans., &amp; utilities</b>	94	70	39	1	2674	-3363	68	88	-45	-70	0
<b>Education &amp; health serv.</b>	101	57	-14	-29	1671	-2843	48	40	-80	-99	15
<b>Government</b>	136	-90	111	-32	-213	-1009	52	-41	-97	-106	-11
<b>Prof. &amp; business serv.</b>	66	78	90	159	1702	-2387	78	122	-44	-72	10
<b>Leisure &amp; hospitality</b>	280	384	-17	-498	5090	-8224	216	71	-196	-306	-38
<b>Manufacturing</b>	53	18	-18	35	870	-1385	18	27	-36	-48	-2
<b>Financial activities</b>	16	-9	7	18	192	-279	5	13	-5	-5	10
<b>Construction</b>	110	-56	12	47	931	-1113	22	35	-8	-13	13
<b>Other serv.</b>	42	19	11	-16	1014	-1410	24	17	-25	-38	-3
<b>Information</b>	-2	3	13	9	40	-281	5	2	-19	-20	-2
<b>Mining &amp; logging</b>	20	-6	-1	0	-12	-68	4	3	-5	-8	-2

--

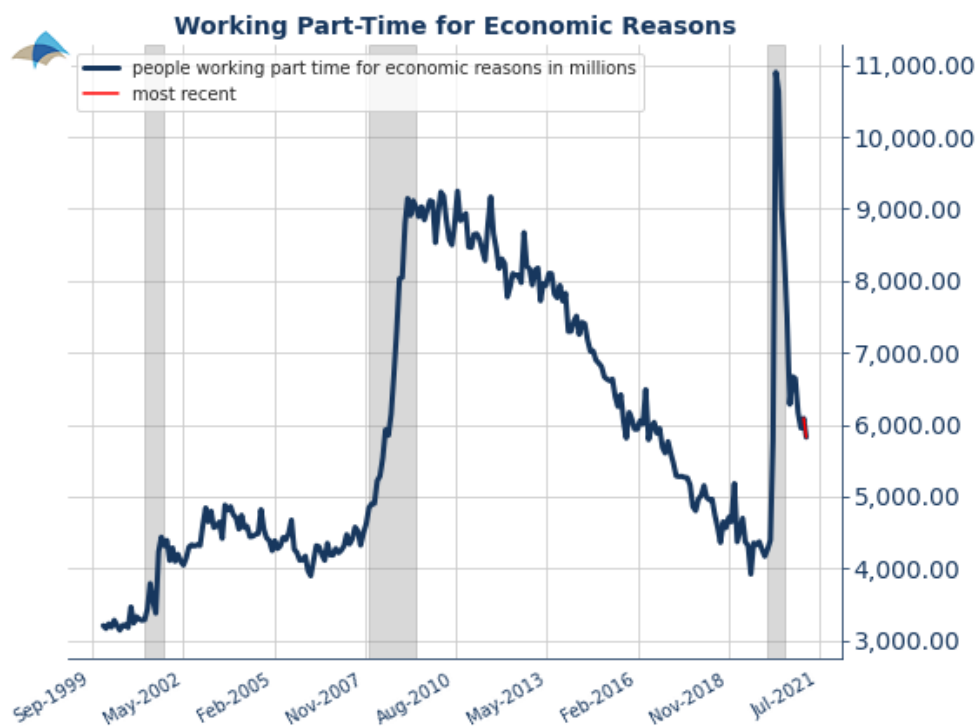
**The Unemployment Rate** FELL by 0.2 percentage points in March to 6.0%, compared with market expectations for a small increase to 6.3%. Household employment rose by 609k while the labor force increased by 347k, resulting in a decrease in the number of unemployed of 262k.

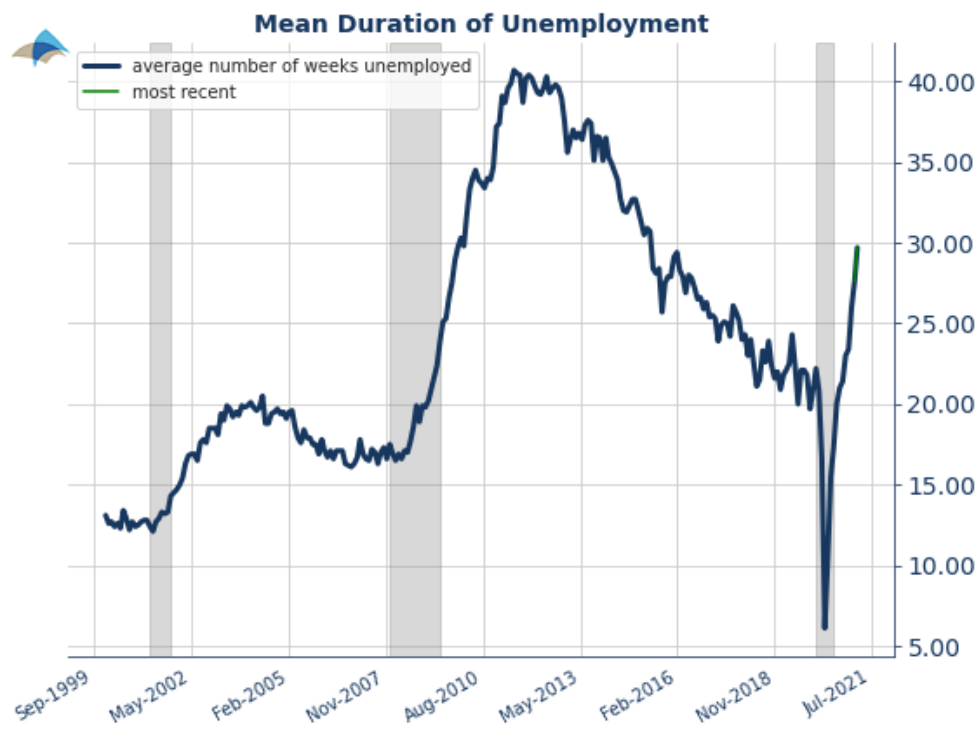
**The Labor Force Participation Rate** ROSE by 0.1 percentage points to 61.5%.

**The Employment-Population Ratio** ROSE by 0.2 percentage points to 57.8%.

**The number of people Working Part-Time for Economic Reasons** FELL by 182k to 5,804k. while **Long-Term Unemployment** ROSE by 70k to 4,218k (accounting for 43.4% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 2.1 weeks to 29.7 weeks. There are now 9.7 million people officially unemployed. In addition, there are another 6,850k people who say they want a job but are not currently looking for one. Finally, 5,804k

people are working part-time because of slack economic conditions.







	Average for										
	Three	Six	Twelve	Five	Ten						
	Mar-21	Feb-21	Jan-21	Dec-20	Months	Months	Months	2019	2018	Years	Years
<b>Unemployment Rate</b>	<b>6.0%</b>	<b>6.2%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>6.2%</b>	<b>6.5%</b>	<b>8.7%</b>	<b>3.7%</b>	<b>3.9%</b>	<b>4.4%</b>	<b>6.2%</b>
Civilian Labor Force (mln.)	160.6	160.2	160.2	160.6	160.3	160.5	159.9	164.6	163.1		
Change (thousands)	347	50	-406	31	-3	80	-180	120	214	137	95
Household Employment (mln.)	150.8	150.2	150.0	149.8	150.4	150.1	146.0	158.7	156.7		
Change (thousands)	609	208	201	21	339	551	-391	165	237	186	173
Unemployed (mln.)	9.7	10.0	10.1	10.7	9.9	10.4	13.9	5.8	6.4	6.9	9.3
Change (thousands)	-262	-158	-606	8	-342	-471	210	-44	-23	-49	-78
Not in the Labor Force (mln.)	100.4	100.7	100.7	100.7	100.6	100.5	100.8	95.6	95.8	95.2	92.1
Currently wants a job (mln.)	6.9	6.9	7.0	7.3	6.9	7.0	7.6	4.9	5.4	5.4	5.9
Adjusted Unemployment Rate	9.9%	10.1%	10.2%	10.8%	10.1%	10.4%	12.8%	6.3%	7.0%	7.4%	9.3%
Not at work due to weather ('00)	116.0	897.0	176.0	111.0	396.3	231.8	133.0	112.0	187.0	140.6	151.4
<b>Mean Duration (in weeks)</b>	<b>29.7</b>	<b>27.6</b>	<b>26.0</b>	<b>23.4</b>	<b>27.8</b>	<b>25.2</b>	<b>20.1</b>	<b>20.8</b>	<b>22.0</b>	<b>24.2</b>	<b>30.3</b>
<b>Long-Term Unemployed ('000's)</b>	<b>4,218</b>	<b>4,148</b>	<b>4,023</b>	<b>3,956</b>	<b>4,130</b>	<b>3,968</b>	<b>2,738</b>	<b>1,177</b>	<b>1,302</b>	<b>1,594</b>	<b>3,142</b>
<b>Part-Time for Economic Reason ('000's)</b>	<b>5,804</b>	<b>5,986</b>	<b>5,824</b>	<b>6,082</b>	<b>5,871</b>	<b>6,138</b>	<b>7,414</b>	<b>4,119</b>	<b>4,559</b>	<b>5,012</b>	<b>6,420</b>

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

**The Index of Aggregate Hours** ROSE by 1.5%, combining the solid gain in private payroll employment and the longer workweek.

**Hourly Earnings** FELL by 0.1% in March, below market expectations of 0.2%. Hourly earnings are now 4.2% ABOVE their year-ago level.

**Weekly Earnings** ROSE by 0.7%, the result of the change in hourly earnings and a longer workweek. Weekly earnings are now 6.7% ABOVE their year-ago level.

**The Average Workweek** ROSE by 0.3 to 34.9 hours, ABOVE the market consensus at 34.6 hours.

					Annualized Averages for										
					Three	Six	Twelve				Five	Ten			
					Mar-21	Feb-21	Jan-21	Dec-20	Months	Months	Months	2019	2018	Years	Years
Average Hourly Earnings					-0.13%	0.3%	0.0%	1.0%	0.7%	3.1%	4.2%	3.0%	3.4%	2.9%	2.2%
	Prior Estimate					0.2%	0.1%	1.0%							
Average Weekly Earnings					0.73%	-0.9%	0.9%	0.7%	3.0%	3.7%	6.7%	2.4%	3.4%	2.7%	2.2%
Average Weekly Hours															
Total Private					34.9	34.6	35.0	34.7	34.8	34.8	34.7	33.5	33.7	33.6	33.7
	Prior Estimate					34.8	34.8	34.7							
Goods Producing					40.3	39.7	40.2	39.9	40.1	40.0	39.6	40.1	40.6	40.4	40.3
Manufacturing					40.5	40.3	40.4	40.0	40.4	40.3	39.8	40.4	40.9	40.7	40.7
Overtime					3.3	3.2	3.2	3.2	3.2	3.2	2.9	3.2	3.5	3.3	3.3
Service Producing					33.8	33.6	33.9	33.6	33.8	33.7	33.7	33.2	33.3	33.3	33.3
Index of Average Weekly Hours															
Total Private					1.5%	-0.8%	1.0%	-0.6%	7.4%	4.8%	-2.1%	1.0%	1.8%	1.6%	1.7%
	Prior Estimate					-0.5%	0.7%	-0.6%							
Goods Producing					2.4%	-1.4%	0.7%	0.4%	6.7%	5.6%	-2.1%	-0.1%	3.3%	1.3%	1.8%
Manufacturing					0.9%	-0.1%	0.9%	-0.5%	7.0%	3.7%	-2.9%	-0.7%	2.3%	0.5%	1.0%
Service Producing					1.3%	-0.4%	1.0%	-0.6%	7.9%	5.0%	-2.0%	1.3%	1.5%	1.7%	1.8%

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

