

06.Aug.2021

Employment: Stronger Job Gains, More Participation, More Hours

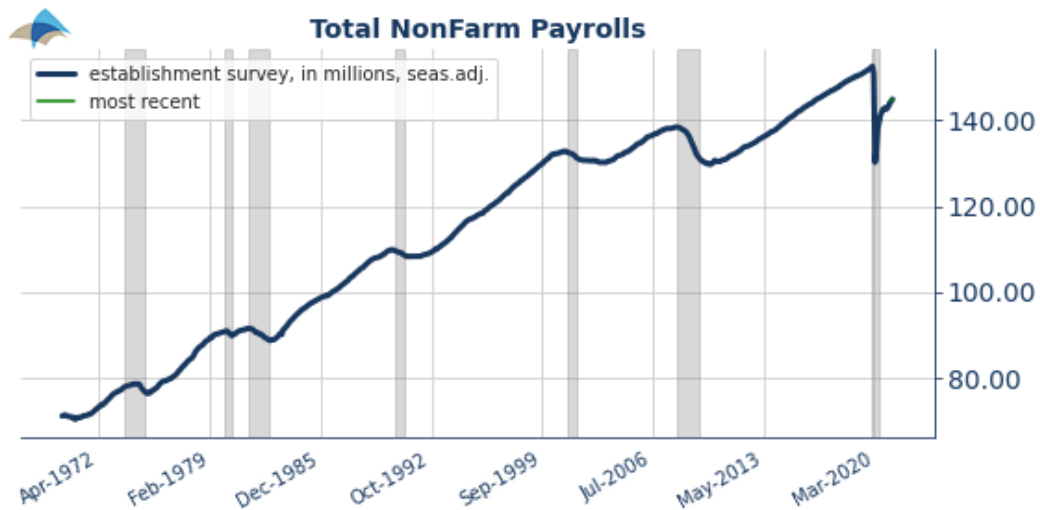
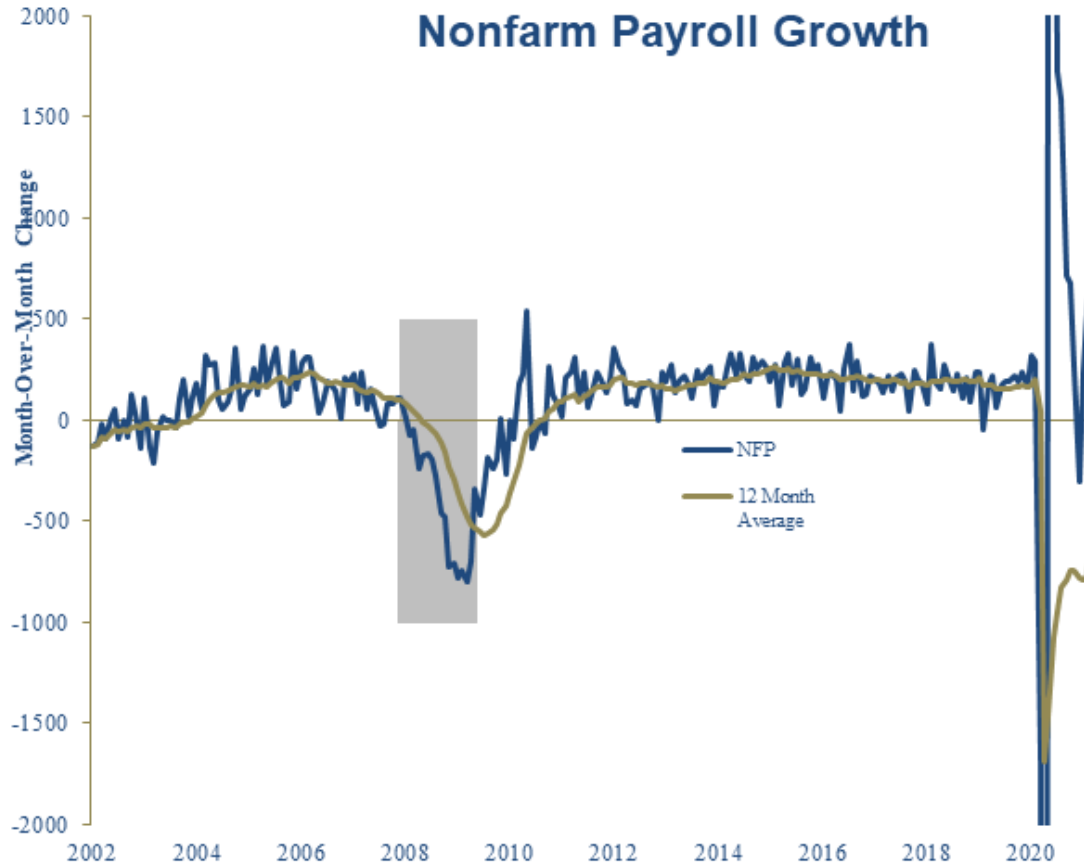
Bottom Line: Payroll employment rose more than expected, and there were upward revisions to prior hiring totals. The household survey showed even stronger gains, just over 1 million new jobs, pushing the unemployment rate lower as labor force participation edged higher. Aggregate hours rose and earnings were higher. While we should caveat that these data were collected before new mask mandates in some regions, this was one of the best jobs reports since early in the pandemic recovery.

Leisure and hospitality jobs led the gains. Usually, job gains in that lower-paying sector bring the average hourly earnings lower, but wages surprised to the upside as employers increased wages to lure workers back. Moreover, most indications point to improving trends with three-month average hourly earnings running at 5% annualized, above the 4.2% and 4.0% pace of the last six- and twelve months.

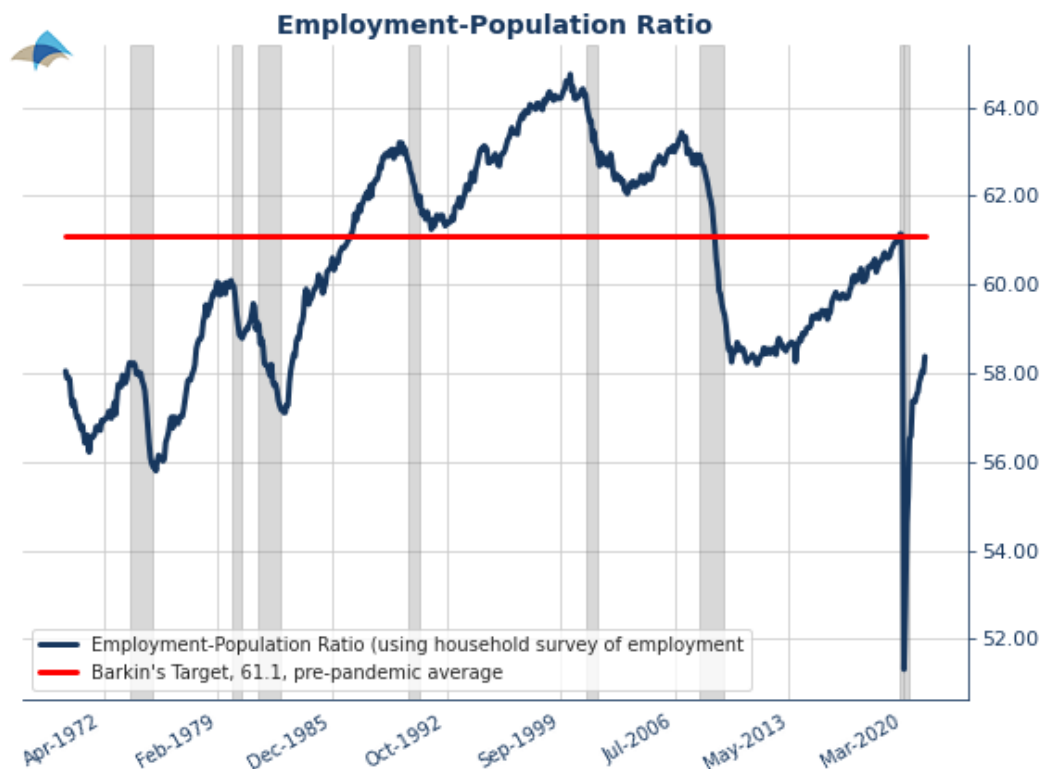
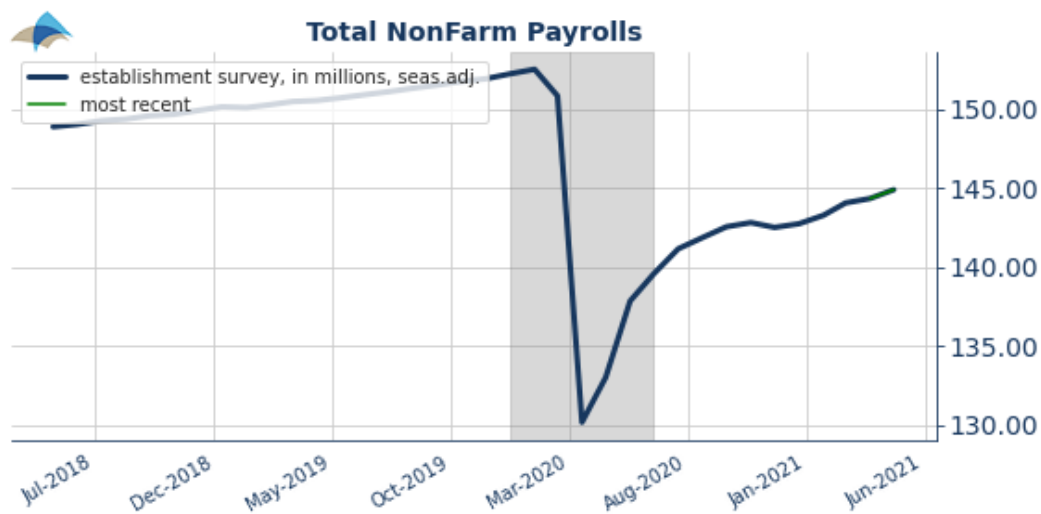
The government sector offered the biggest upside surprise in payroll gains, mostly driven by public school jobs. This remains an important sector for the overall recovery, as hiring here suggests a return to normal school schedules, potentially enabling many parents to re-enter the labor force. That said, skeptics might note that the seasonal adjustment factors fail to capture the fact that many schools are starting earlier and that we could see lower seasonally adjusted readings in August and September.

Overall, this was a remarkably strong jobs report hitting all the key metrics with improving hiring, higher wages, and increased labor force participation. Moreover, the medium-term trends have been moving in the right direction for several months.

	Cons.	Actual	Prior
Non Farm Payroll	720k	850k	583k
U-rate	5.6%	5.9%	5.8%
Hourly Earnings	0.3%	0.3%	0.4%



- looking at just the last two years:



Payroll Employment rose by 943k in July, compared with market expectations for an increase of 870k. The prior 2 months were revised, higher in June by 88k and higher in May by 31k.

Government jobs ROSE by 240k. Consequently, **private sector** jobs ROSE by 703k. Private education jobs rose by 40k. State and Local education jobs rose by 231k.

Overall employment is now 5.2% ABOVE its year-ago level, Over the past 12 months, 7,255k jobs have been created.

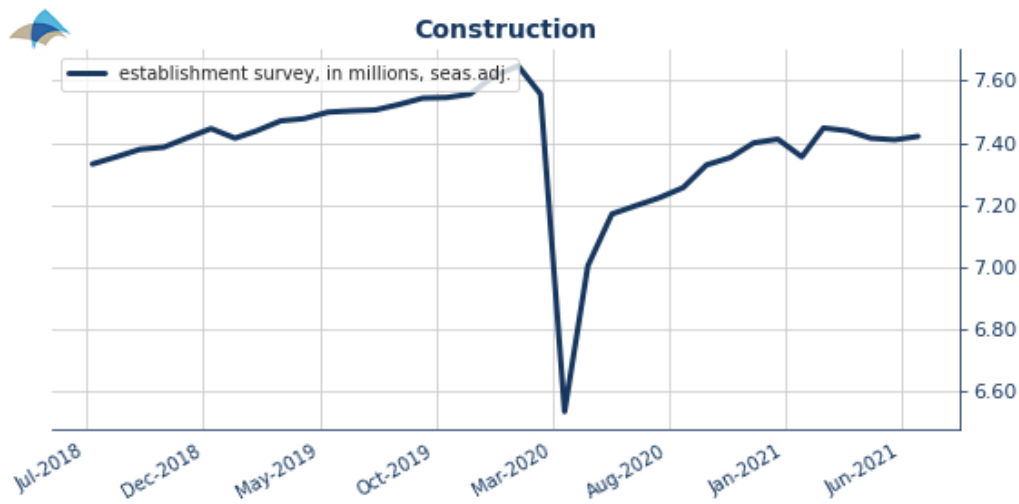
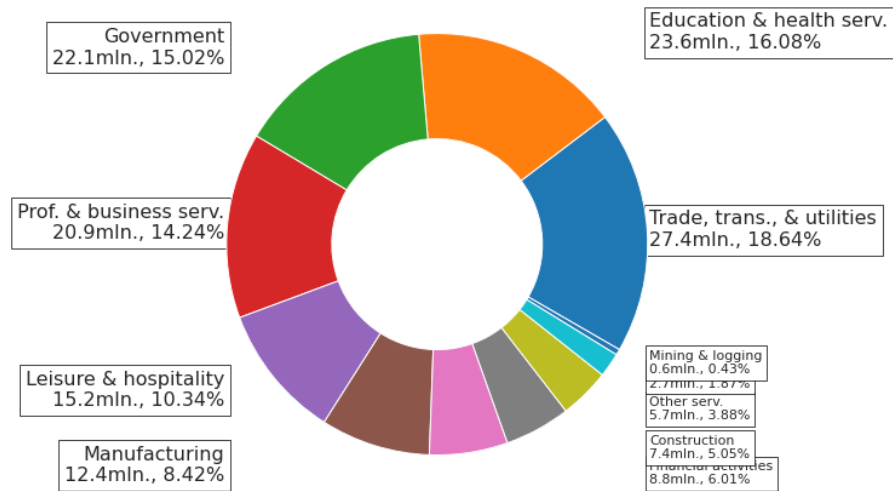
In July, the job gains were in

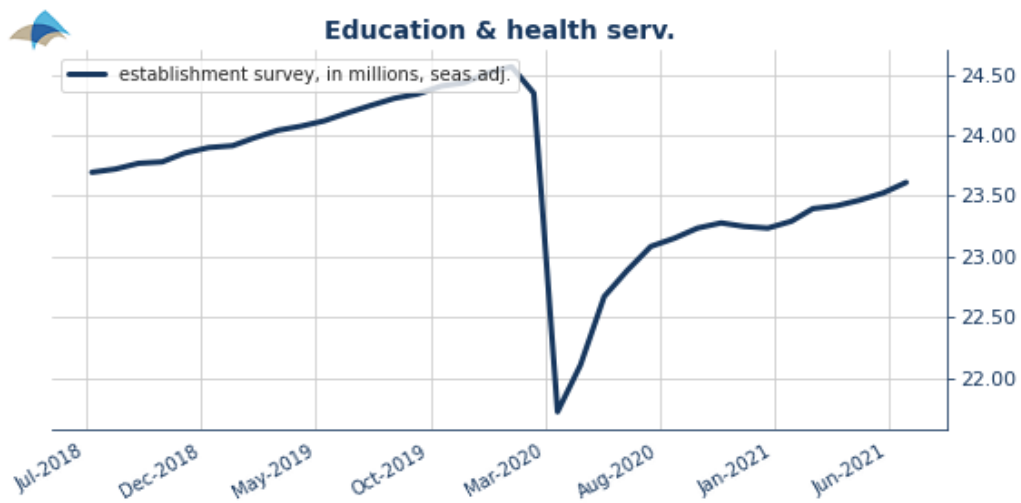
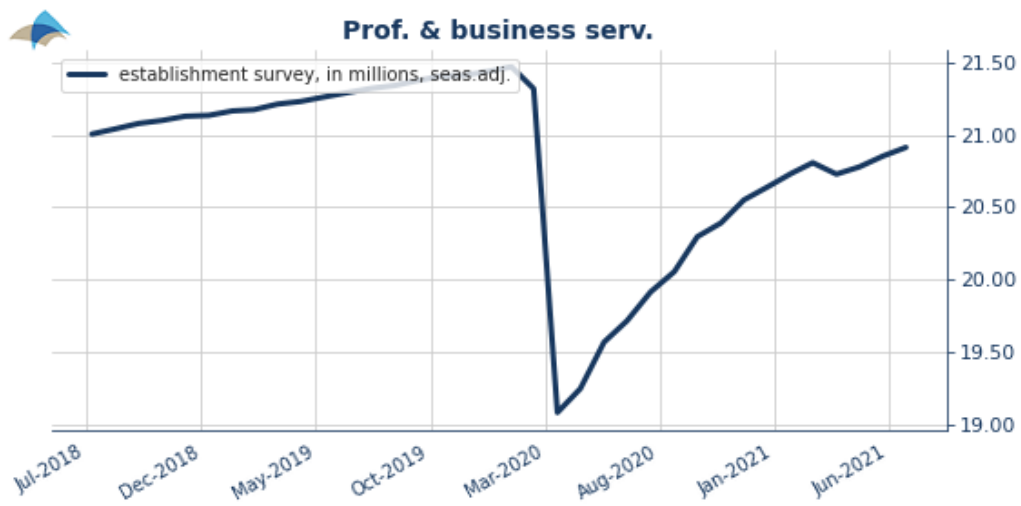
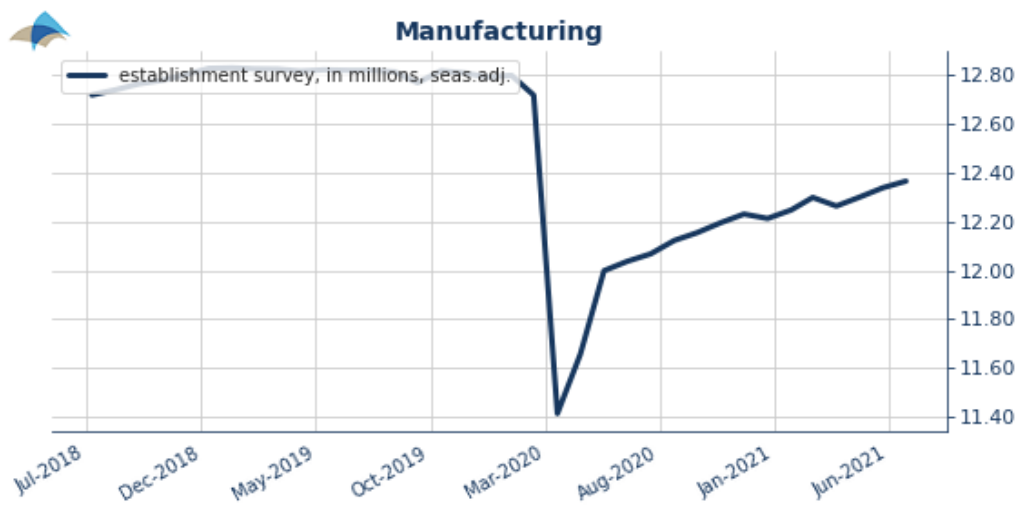
- Trade, Transportation & Utilities (+53k with -6k of those in Retail Trade),
- Professional & Business Services (+60k with the addition of 9.7k in Temp Help Services),
- Leisure & Hospitality (+380k),
- Government (+240k),

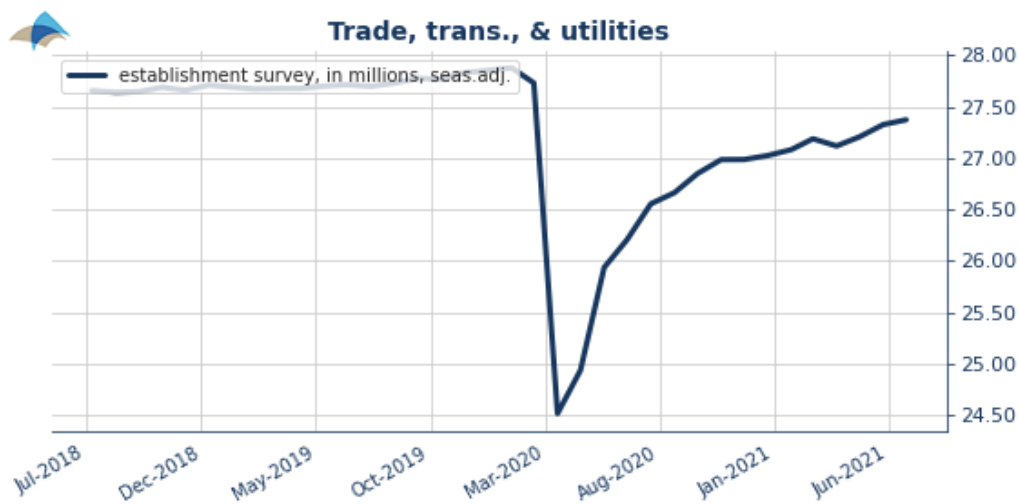
- Education & Health Services (+47k),
- Other Services (+39k),
- Manufacturing (+27k), and
- Information (+24k).



US Employment By Major Sector Latest Data







Change in US Employment - Major Sectors in 000s	Jul-21	Jun-21	May-21	Apr-21	Total Since May-20	Total Mar-20 to Apr-20	3m. avg.	6m. avg.	12m. avg.	2020	Avg Mo. prior 5 yrs.
Total nonfarm	943	938	614	269	16660	-22362	832	681	605	-785	-10
Trade, trans., & utilities	47	119	89	-70	2858	-3363	85	58	97	-70	0
Education & health serv.	87	60	46	23	1890	-2843	64	63	61	-99	15
Government	240	169	59	43	227	-1009	156	81	41	-106	-11
Prof. & business serv.	60	75	50	-79	1831	-2387	62	46	100	-72	10
Leisure & hospitality	380	394	319	328	6487	-8224	364	344	196	-306	-38
Manufacturing	27	39	36	-35	952	-1385	34	26	27	-48	-2
Financial activities	22	-1	2	17	231	-279	8	8	15	-5	10
Construction	11	-5	-24	-9	886	-1113	-6	2	19	-13	13
Other serv.	39	73	13	37	1174	-1410	42	37	32	-38	-3
Information	24	4	20	11	109	-281	16	12	12	-20	-2
Mining & logging	6	11	4	3	15	-68	7	7	4	-8	-2

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The Unemployment Rate FELL by 0.5 percentage points in July to 5.4%, compared with market expectations for a small decline to 5.7%. Household employment rose by 1043k while the labor force increased by 261k, resulting in a decrease in the number of unemployed of 782k.

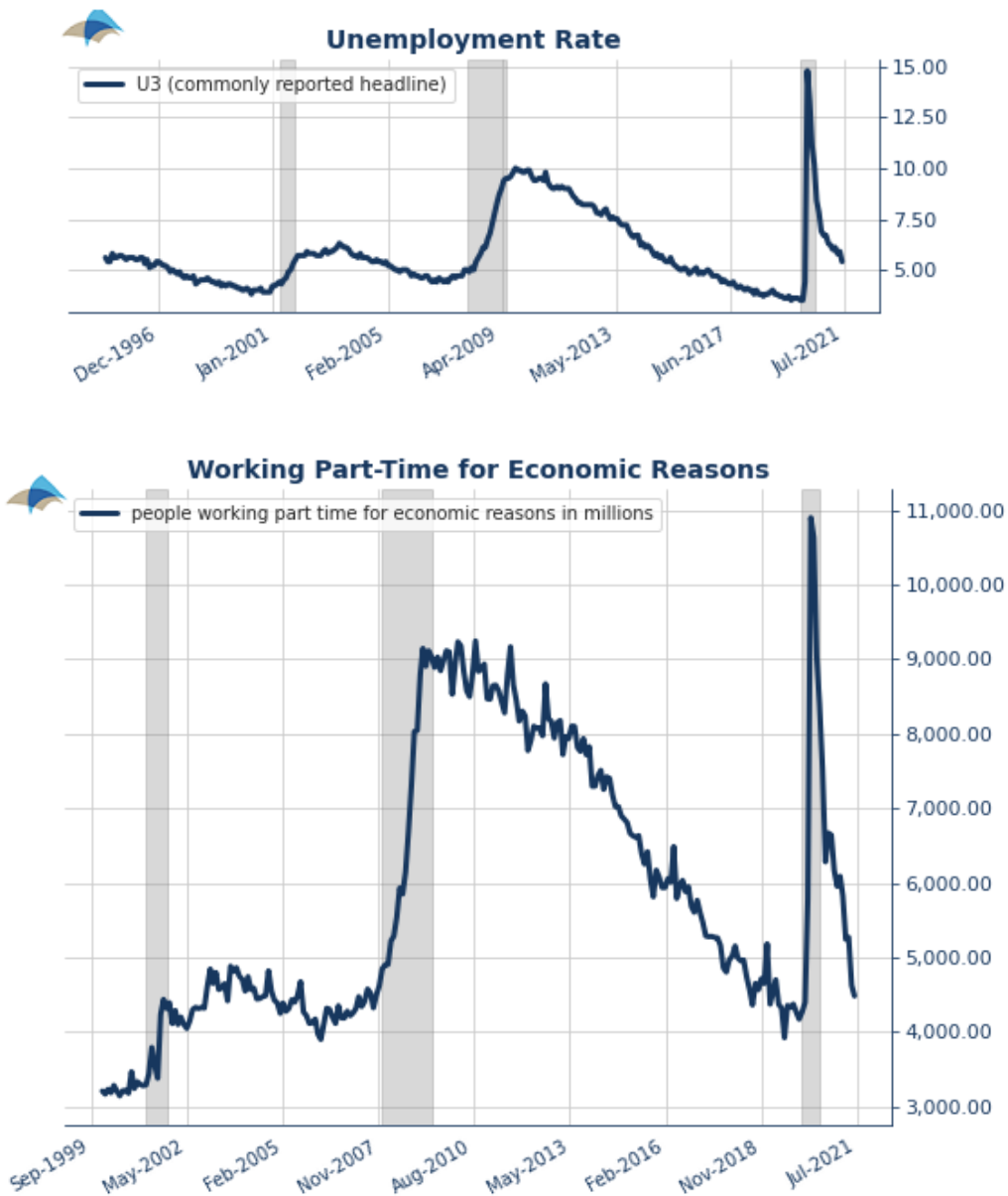
The Labor Force Participation Rate ROSE by 0.1 percentage points to 61.7%.

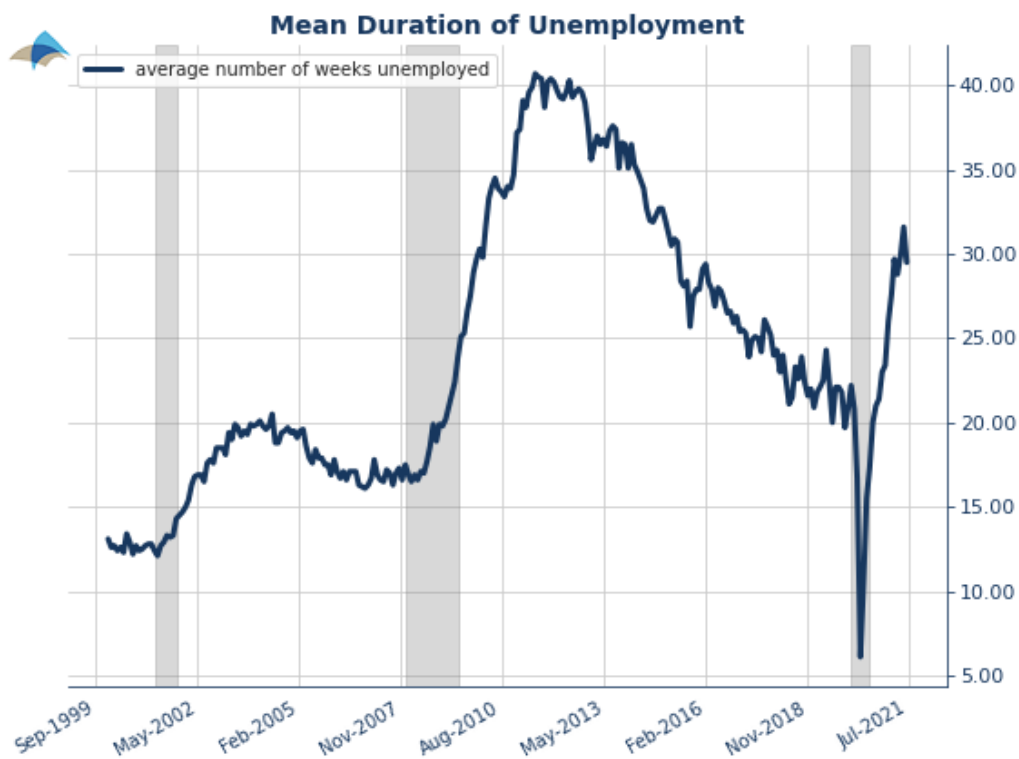
The Employment-Population Ratio ROSE by 0.4 percentage points to 58.4%.

The number of people Working Part-Time for Economic Reasons FELL by 193k to 4,351k. while Long-Term Unemployment FELL by 560k to 3,425k (accounting for 39.4% of the unemployed), while the Mean Duration of

Unemployment FELL by 2.1 weeks to 29.5 weeks.

There are now 8.7 million people officially unemployed. In addition, there are another 6,517k people who say they want a job but are not currently looking for one. Finally, another 4,351k people are working part-time because of slack economic conditions.





	Average for										
	Three	Six	Twelve	Five	Ten						
	Jul-21	Jun-21	May-21	Apr-21	Months	Months	Months	2019	2018	Years	Years
Unemployment Rate	5.4%	5.9%	5.8%	6.1%	5.7%	5.9%	6.5%	3.7%	3.9%	4.4%	6.2%
Civilian Labor Force (mln.)	161.3	161.1	160.9	161.0	161.1	160.9	160.7	164.6	163.1		
Change (thousands)	261	151	-53	430	120	198	105	121	215	137	96
Household Employment (mln.)	152.6	151.6	151.6	151.2	152.0	151.4	150.2	158.7	156.7		
Change (thousands)	1,043	-18	444	328	490	436	739	166	236	185	173
Unemployed (mln.)	8.7	9.5	9.3	9.8	9.2	9.5	10.5	5.8	6.4	6.9	9.3
Change (thousands)	-782	168	-496	102	-370	-238	-634	-45	-21	-48	-77
Not in the Labor Force (mln.)	100.1	100.3	100.3	100.1	100.2	100.3	100.4	95.6	95.8	95.2	92.1
Currently wants a job (mln.)	6.5	6.4	6.6	6.6	6.5	6.7	6.9	4.9	5.4	5.4	5.9
Adjusted Unemployment Rate	9.1%	9.5%	9.5%	9.8%	9.4%	9.6%	10.3%	6.3%	7.0%	7.4%	9.3%
Not at work due to weather ('00's)	0.0	15.0	43.0	46.0	19.3	186.2	134.6	112.0	187.0	140.6	151.4
Mean Duration (in weeks)	29.5	31.6	29.9	28.8	30.3	29.5	26.0	20.8	22.0	24.2	30.3
Long-Term Unemployed (000's)	3,425	3,985	3,752	4,183	3,721	3,952	3,596	1,177	1,302	1,594	3,142
Part-Time for Economic Reason (000's)	4,351	4,544	5,231	5,178	4,709	5,182	5,814	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 0.6%, combining the solid gain in private payroll employment and the steady workweek. Hourly Earnings ROSE by 0.4% in July, above market expectations of 0.3%.

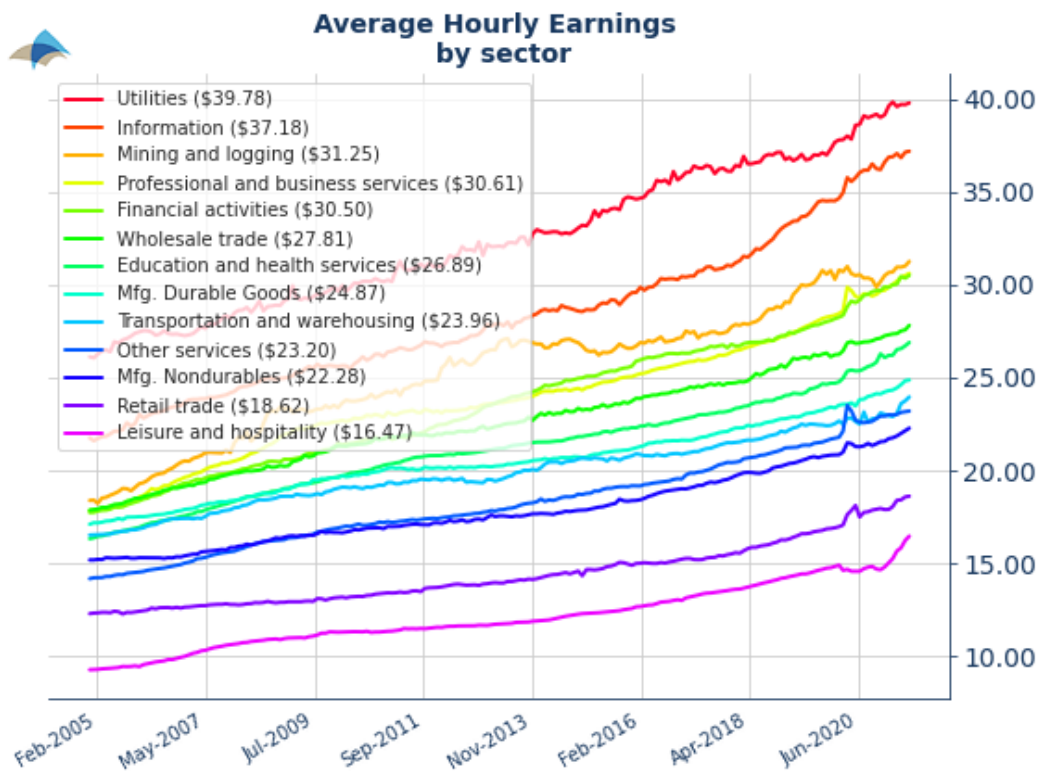
Hourly earnings are now 4.0% ABOVE their year-ago level.

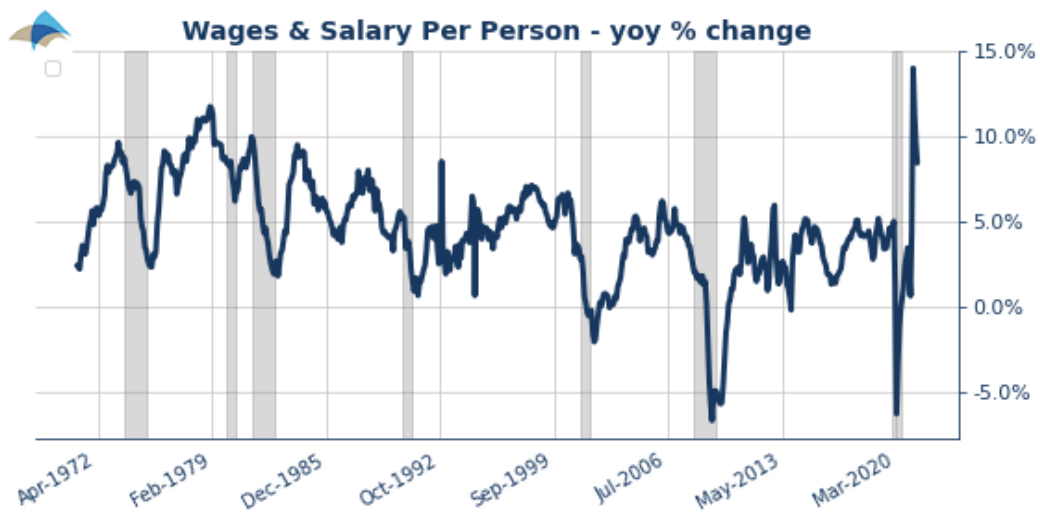
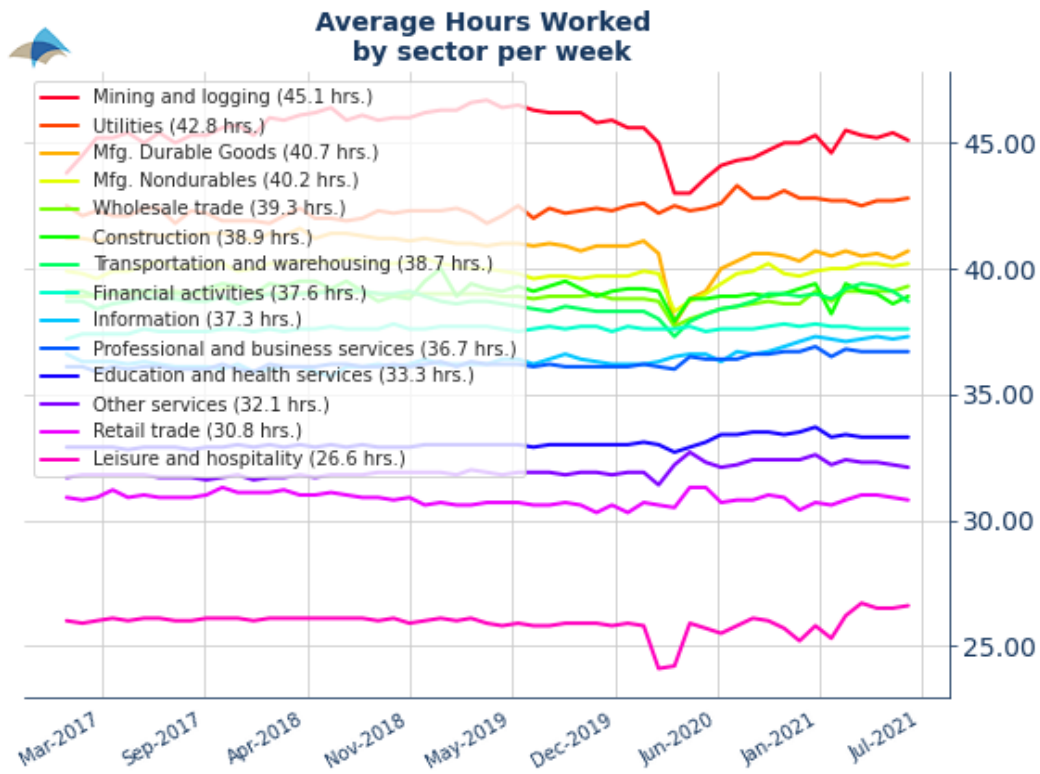
Weekly Earnings also ROSE by 0.4%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 4.6% ABOVE their year-ago level.

The Average Workweek was UNCHANGED at 34.8 hours, ABOVE the market consensus at 34.7 hours.

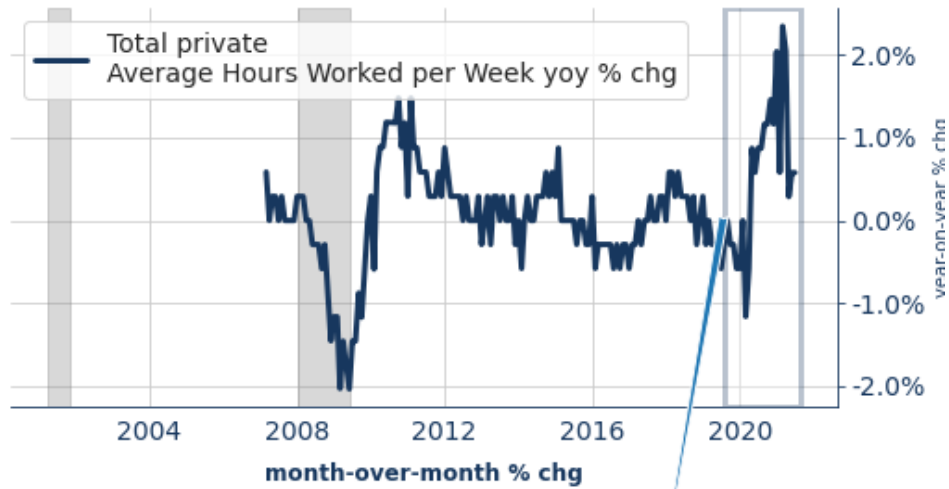
	Annualized Averages for										
	Three	Six	Twelve	Five	Ten						
	Jul-21	Jun-21	May-21	Apr-21	Months	Months	Months	2019	2018	Years	Years
Average Hourly Earnings	0.36%	0.4%	0.5%	0.7%	5.0%	4.2%	4.0%	2.9%	3.4%	2.9%	2.2%
<i>Prior Estimate</i>		0.3%	0.4%	0.7%							
Average Weekly Earnings	0.36%	0.4%	0.2%	0.7%	3.8%	3.0%	4.6%	2.3%	3.4%	2.7%	2.2%
Average Weekly Hours											
Total Private	34.8	34.8	34.8	34.9	34.8	34.8	34.8	33.5	33.7	33.6	33.7
<i>Prior Estimate</i>		34.7	34.8	34.9							
Goods Producing	40.1	39.9	40.1	40.1	40.0	40.0	40.0	40.1	40.6	40.4	40.3
Manufacturing	40.5	40.3	40.4	40.4	40.4	40.4	40.3	40.4	40.9	40.7	40.7
Overtime	0.0	3.2	3.3	3.2	2.2	2.7	2.9	3.2	3.5	3.3	3.3
Service Producing	33.7	33.8	33.8	33.9	33.8	33.8	33.7	33.2	33.3	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.6%	0.6%	0.2%	0.2%	5.7%	4.7%	6.3%	0.8%	1.8%	1.6%	1.7%
<i>Prior Estimate</i>		0.5%	0.2%	1.4%							
Goods Producing	0.8%	-0.3%	0.1%	-0.4%	2.2%	1.5%	4.2%	-0.8%	3.6%	1.3%	1.8%
Manufacturing	0.7%	0.1%	0.3%	-0.6%	4.6%	2.9%	4.5%	-1.2%	2.4%	0.5%	1.0%
Service Producing	0.4%	0.7%	0.2%	0.5%	5.1%	5.5%	6.9%	1.3%	1.5%	1.7%	1.8%

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

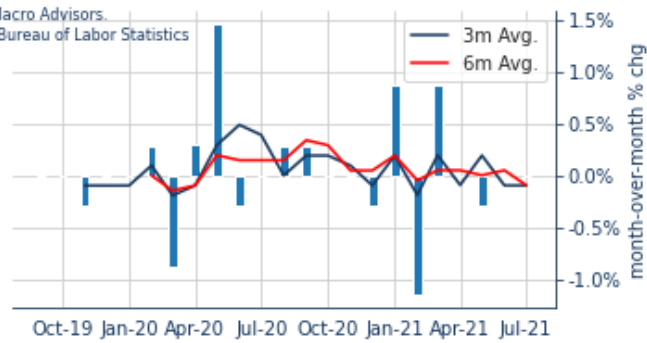




Total private Average Hours Worked per Week



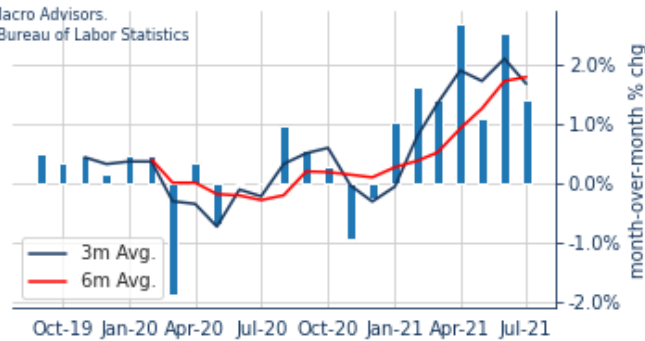
Contingent Macro Advisors.
source: U.S. Bureau of Labor Statistics



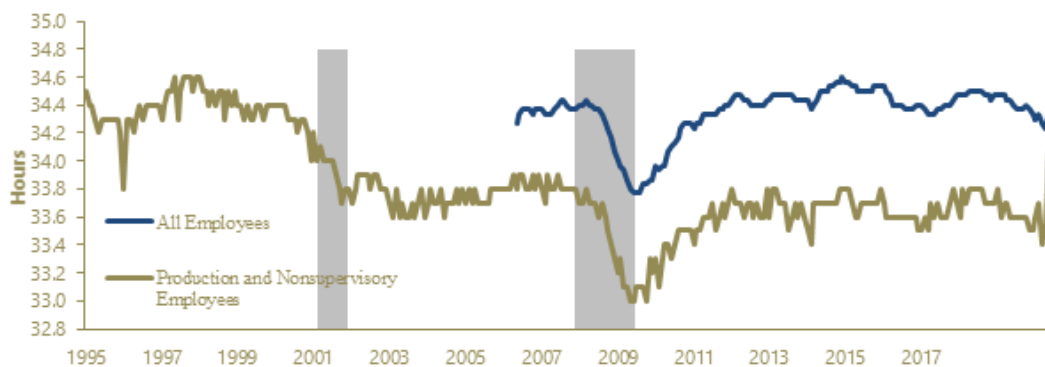
Leisure and hospitality Average Hourly Earnings



Contingent Macro Advisors.
source: U.S. Bureau of Labor Statistics



Average Weekly Hours (3 Month Average)



Index of Aggregate Hours

