

08.Oct.2021

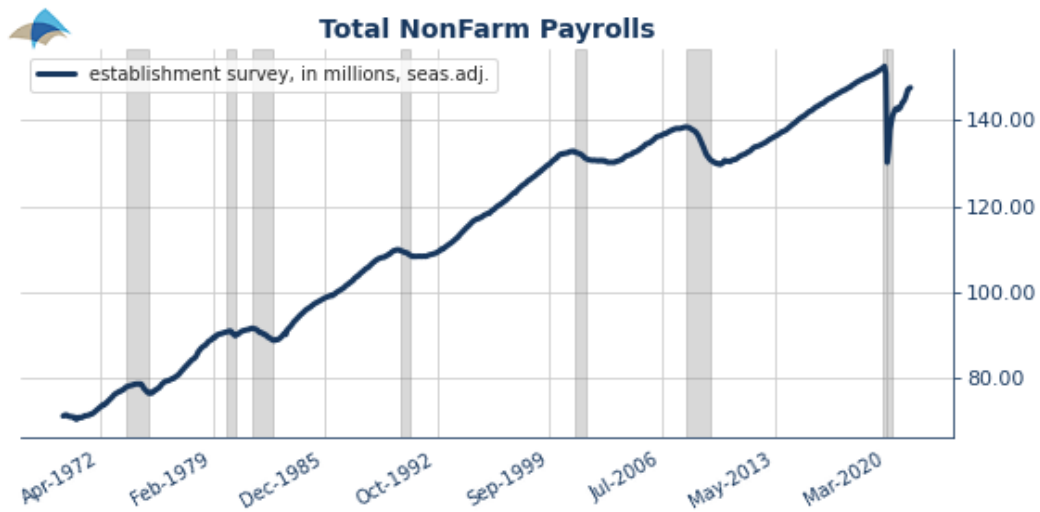
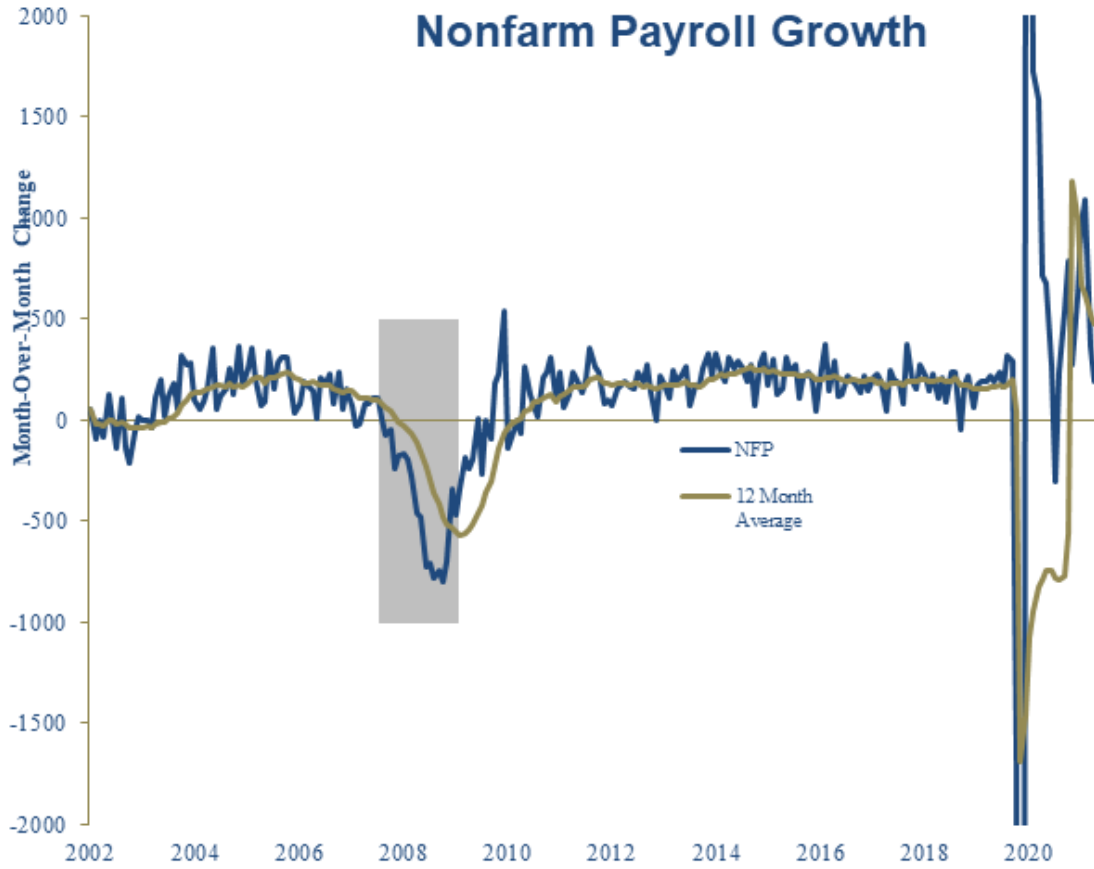
Employment: Slower Gains, Details Reveal Heavy Seasonal Adjustments

Bottom Line: Payroll employment in September rose much less than expected for the second month in a row, but there were upward revisions to August data that accounted for about a third of the miss. Moreover, seasonal adjustments related to education jobs skewed the data lower. Seasonal adjustments look at historical hiring patterns in September, but schools have been opening earlier in the year. For instance, the seasonal adjustment factor expected over 650k public education jobs, but actual hiring was only about 500k, lower than the historical norm, likely because schools re-hired employees earlier this year. Educated-related hiring was unusually strong in June and July (199k and 267 seasonally adjusted, respectively). Finally, Leisure and Hospitality hiring was lower than expected at 74k, stronger than August but well below the average of 164k jobs over the last year. The Delta variant likely continued to play a role in hiring in this sector, though this report contrasted notably with the ADP report, which showed more robust hiring in this sector.

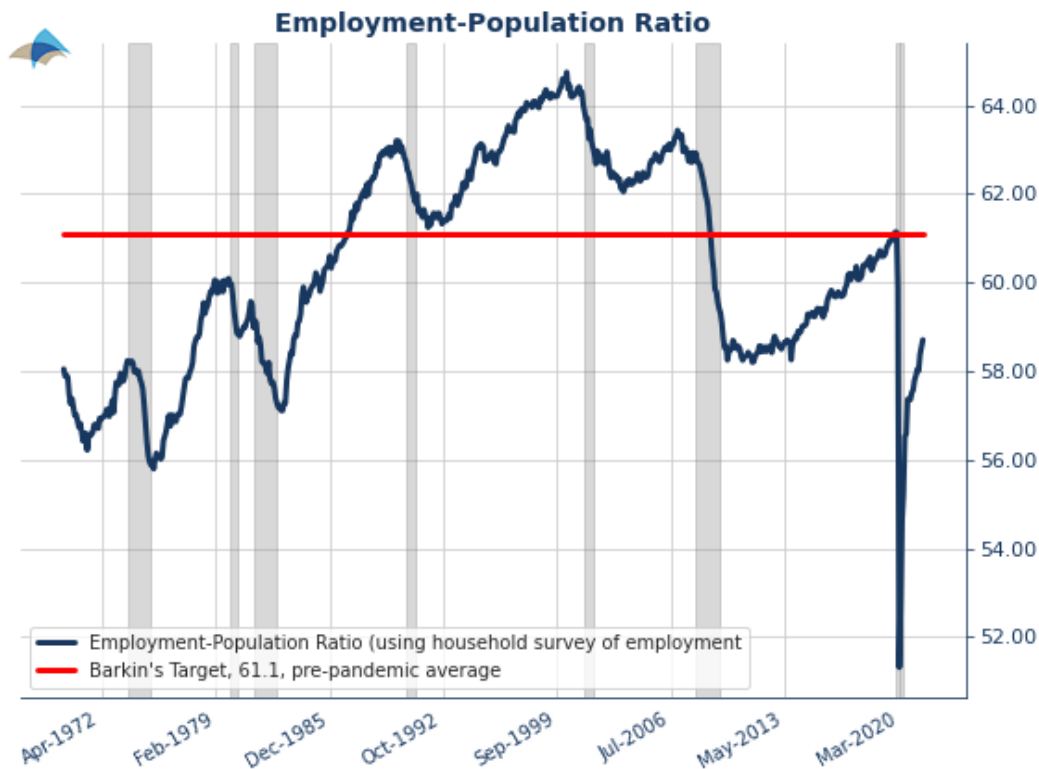
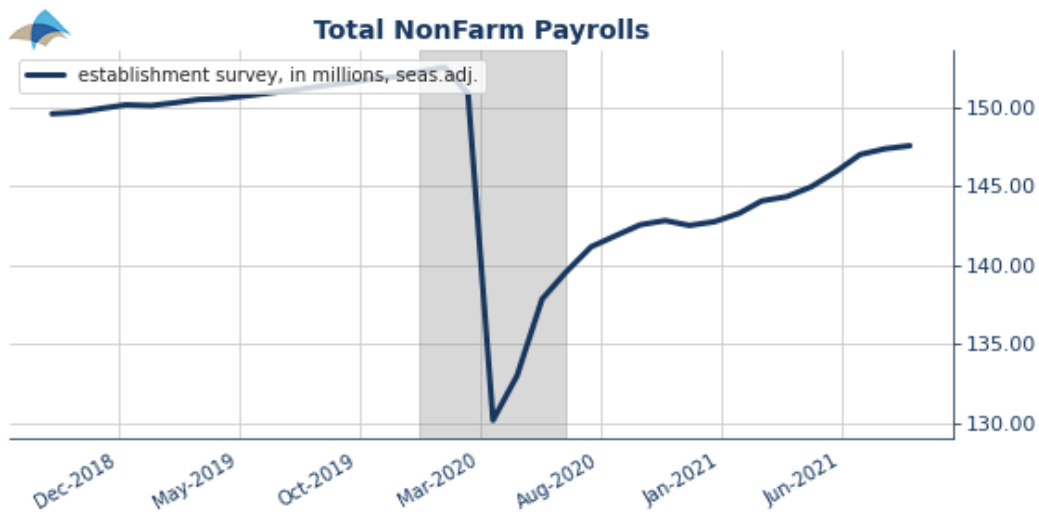
The unemployment rate fell as labor force participation fell more than expected. That said, the employment-to-population ratio edged higher. Average hourly earnings were up 0.6%, primarily because of a shift in the composition of workers towards more skilled sectors. Moreover, there were negative revisions to August data that offset much of September's upside earnings surprise.

Overall, this was the second month in a row we've seen a disappointment at the headline level but better details. Looking at 3- and 6-month averages is critical, especially given the problematic seasonal adjustments in the crucial education sector. Those averages reveal continued steady improvement in the labor market, which should be enough to allow the Fed to begin tapering in November, as they have signaled.

	Cons.	Actual	Prior
Non Farm Payroll	500k	194k	366k
U-rate	5.1%	4.8%	5.2%
Hourly Earnings	0.4%	0.6%	0.4%



- looking at just the last two years:

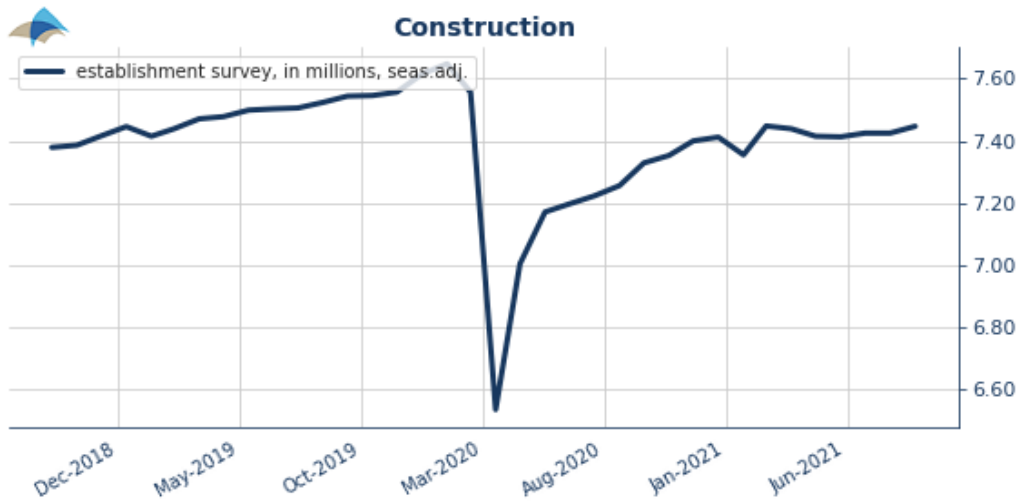
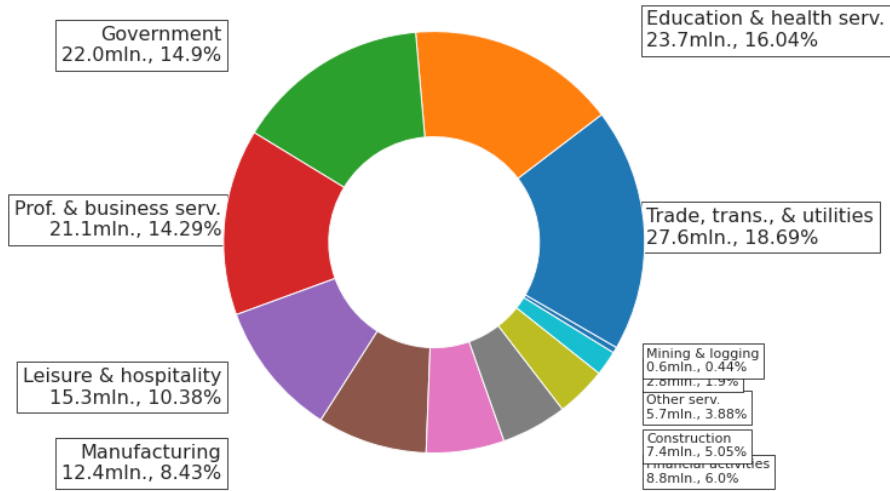


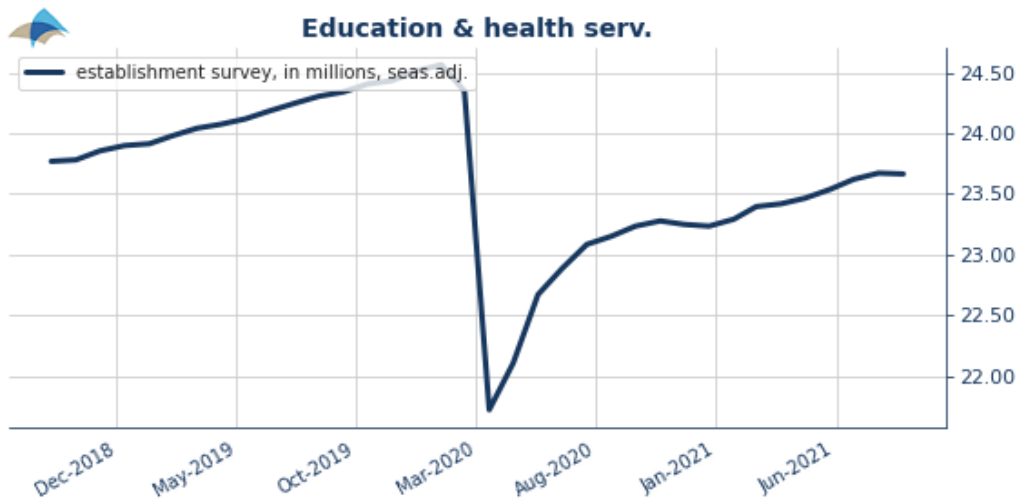
- Manufacturing (+26k),
- Construction (+22k),
- Education & Health Services (+12k), and
- Financial Activities (+2k).

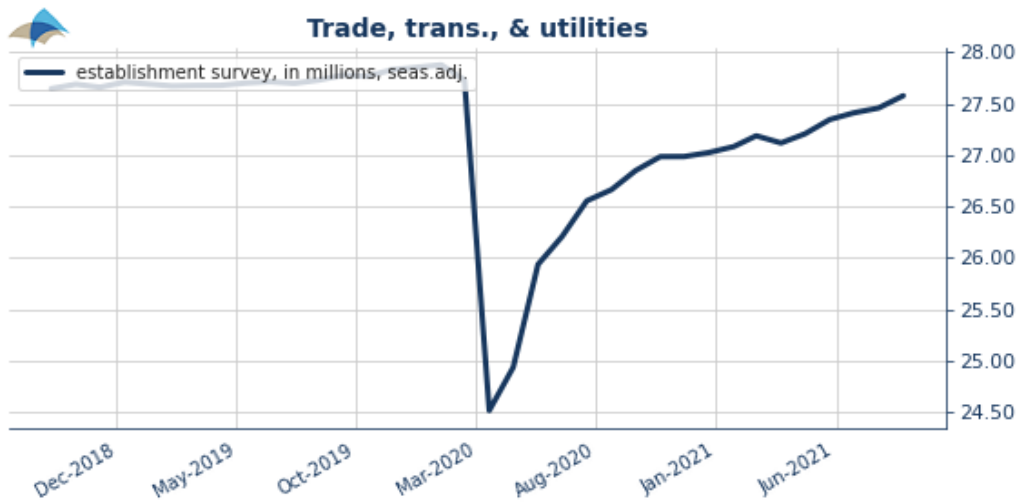
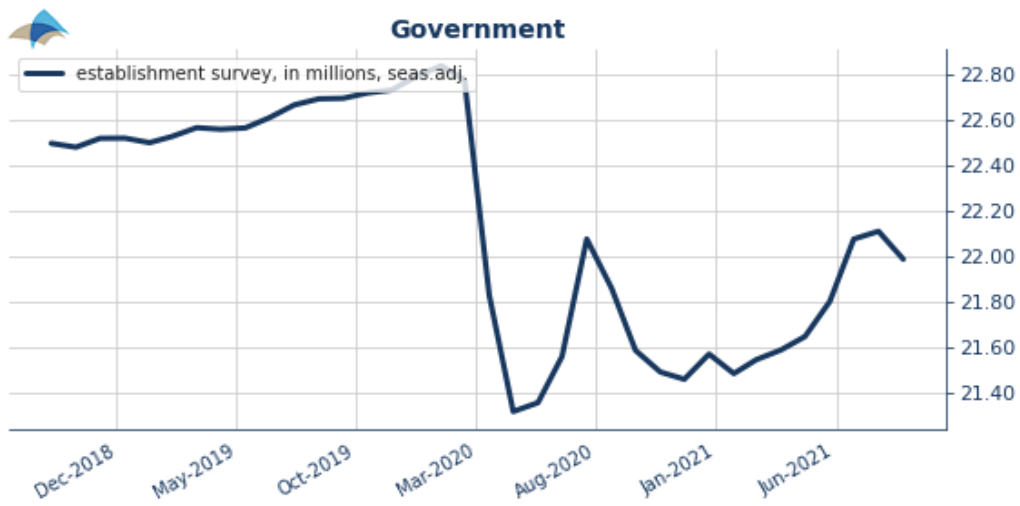
Jobs were shed in Other Services (-16k), and Government (-123k).



US Employment By Major Sector Latest Data







Change in US Employment - Major Sectors in 000s	Sep-21	Aug-21	Jul-21	Jun-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	194	366	1091	962	17392	-22362	550	583	474	-785	-10
Trade, trans., & utilities	120	47	65	139	3063	-3363	77	65	76	-70	0
Education & health serv.	-7	51	84	72	1943	-2843	43	45	43	-99	15
Government	-123	34	275	154	158	-1009	62	74	11	-106	-11
Prof. & business serv.	60	85	91	70	2002	-2387	79	46	86	-72	10
Leisure & hospitality	74	38	408	397	6630	-8224	173	261	164	-306	-38
Manufacturing	26	31	57	32	1032	-1385	38	24	27	-48	-2
Financial activities	2	11	31	0	254	-279	15	10	12	-5	10
Construction	22	0	12	-2	912	-1113	11	-0	16	-13	13
Other serv.	-16	34	44	76	1200	-1410	21	31	24	-38	-3
Information	32	29	19	12	173	-281	27	20	12	-20	-2
Mining & logging	4	6	5	12	25	-68	5	6	5	-8	-2

Change in US Employment - Government Sector	Sep-21	Aug-21	Jul-21	Jun-21	Total Since May-20	Total Mar-20 to Apr-20	3m. avg.	6m. avg.	12m. avg.	2020	Avg Mo. prior 5 yrs.
Local government education	-144	16	257	134	148	-458	43	55	23	-58	-9
Local government, excluding education	42	22	11	-29	35	-343	25	6	4	-25	-1
State government, excluding education	-5	-5	-10	-8	-56	-7	-6	-5	-4	-1	0
State government education	-17	-2	10	65	28	-222	-3	18	7	-26	-3
Federal, except U.S. Postal Service	-1	3	-2	-2	-2	20	-0	0	-20	4	2
U.S. Postal Service	1	0	9	-5	5	0	3	-1	0	0	0

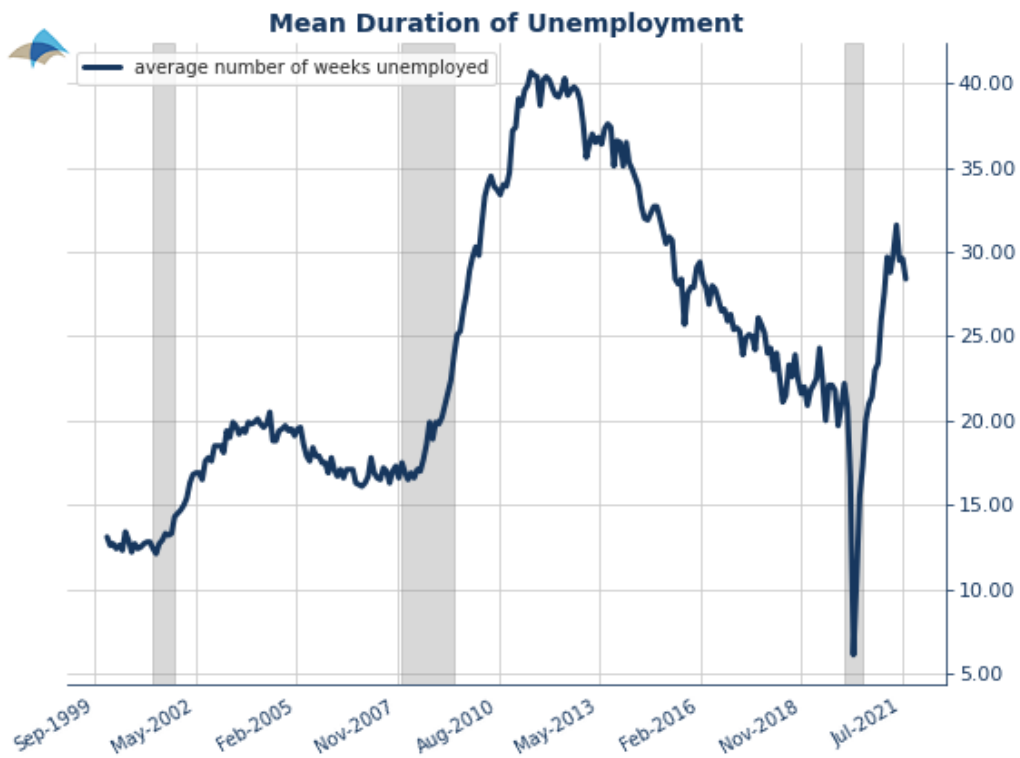
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The Unemployment Rate FELL by 0.4 percentage points in September to 4.8%, compared with market expectations for a small increase to 5.7%. Household employment rose by 526k while the labor force declined by 183k, resulting in a decrease in the number of unemployed of 710k.

The Labor Force Participation Rate FELL by 0.1 percentage points to 61.6%. **The Employment-Population Ratio** ROSE by 0.2 percentage points to 58.7%. **The number of people Working Part-Time for Economic Reasons** FELL by 8k to 4,406k. while **Long-Term Unemployment** FELL by 496k to 2,683k (accounting for 35.0% of the unemployed), and the **Mean Duration of Unemployment** FELL by 1.2 weeks to 28.4 weeks.

There are now 7.7 million people officially unemployed. In addition, there are another 5,969k people who say they want a job but are not currently looking for one. Finally, another 4,406k people are working part-time because of slack economic conditions.





	Average for										
	Sep-21	Aug-21	Jul-21	Jun-21	Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	4.8%	5.2%	5.4%	5.9%	5.1%	5.5%	6.0%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	161.4	161.5	161.3	161.1	161.4	161.2	160.8	164.6	163.1		
Change (thousands)	-183	190	261	151	89	133	106	121	215	137	96
Household Employment (mln.)	153.7	153.2	152.6	151.6	153.2	152.3	151.2	149.8	158.7		
Change (thousands)	526	509	1,043	-18	693	472	511	166	236	185	173
Unemployed (mln.)	7.7	8.4	8.7	9.5	8.3	8.9	9.6	10.7	5.8	7.4	9.0
Change (thousands)	-710	-318	-782	168	-603	-339	-405	-45	-21	-48	-77
Not in the Labor Force (mln.)	100.4	100.1	100.1	100.3	100.2	100.2	100.4	100.7	95.6	96.5	93.6
Currently wants a job (mln.)	6.0	5.7	6.5	6.4	6.1	6.3	6.6	7.3	4.9	5.7	6.0
Adjusted Unemployment Rate	8.2%	8.4%	9.1%	9.5%	8.5%	9.1%	9.7%	10.8%	6.3%	7.9%	9.1%
Not at work due to weather ('01	94.0	47.0	58.0	15.0	66.3	50.5	141.2	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	28.4	29.6	29.5	31.6	29.2	29.6	27.4	23.4	20.8	23.3	29.2
Long-Term Unemployed (000's)	2,683	3,179	3,425	3,985	3,096	3,535	3,751	3,956	1,177	1,960	2,894
Part-Time for Economic Reason (000's)	4,406	4,414	4,351	4,544	4,390	4,687	5,413	6,082	4,119	5,035	6,149

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

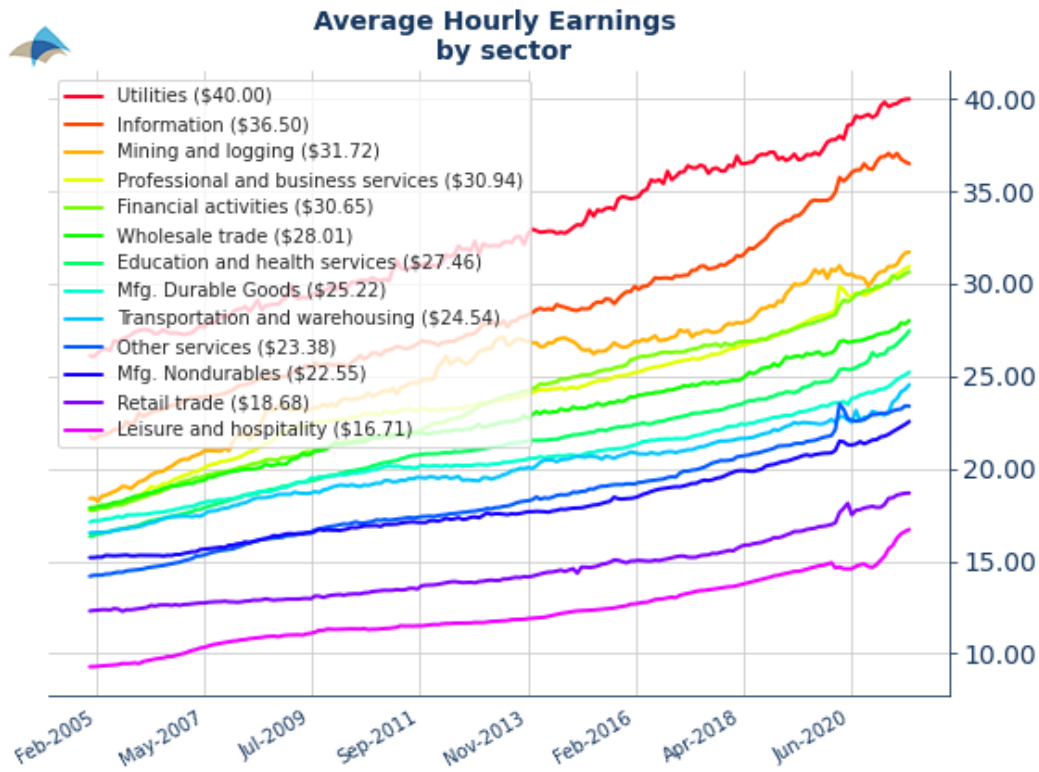
The Index of Aggregate Hours ROSE by 0.8%, combining the solid gain in private payroll employment and the longer workweek.

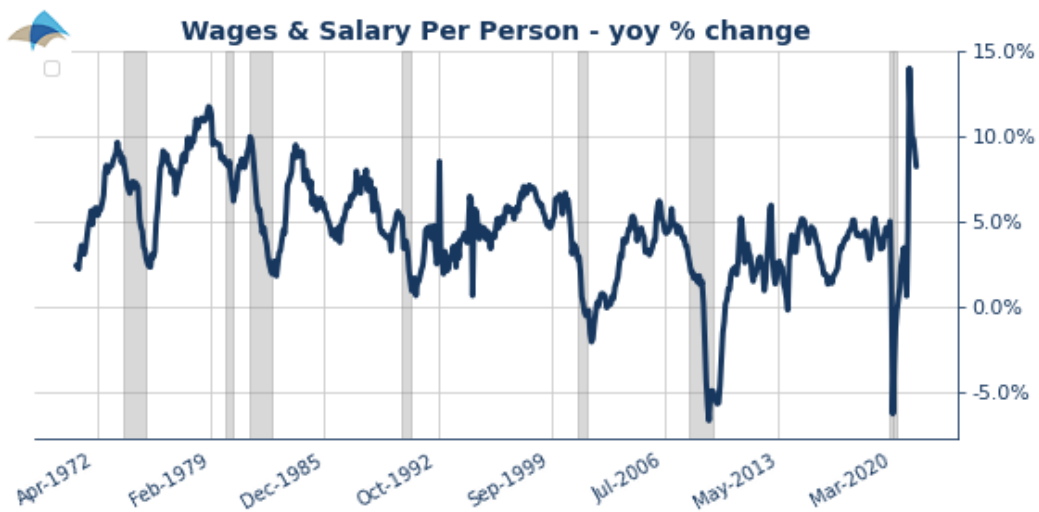
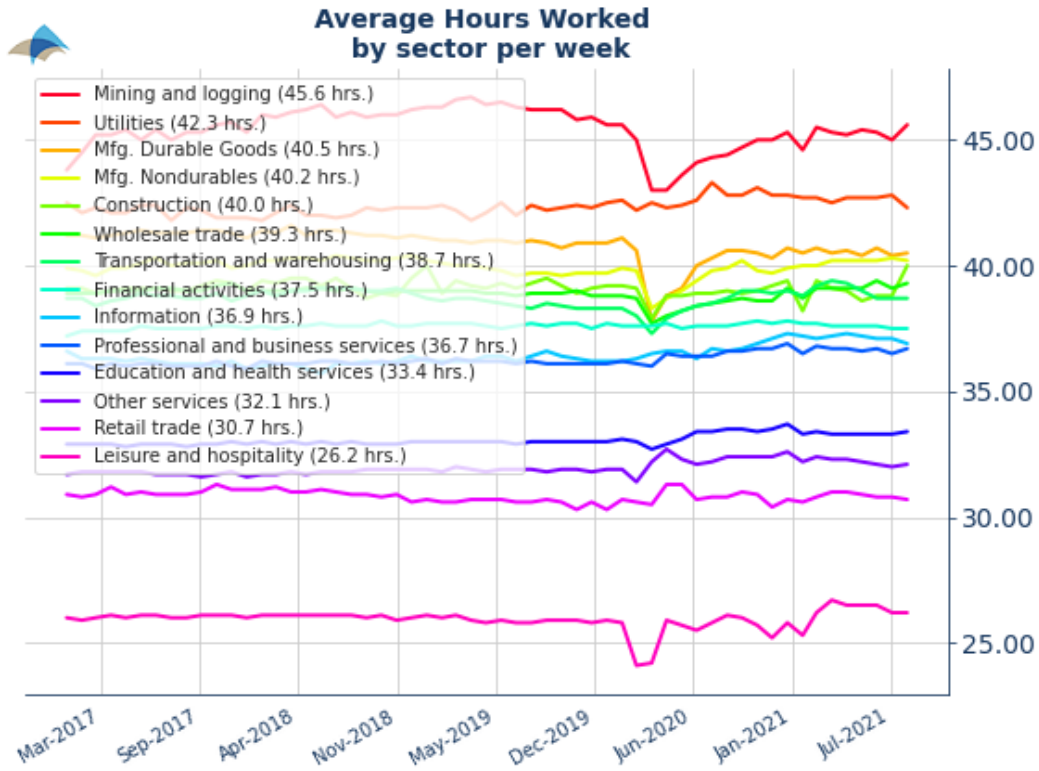
Hourly Earnings ROSE by 0.6% in September, above market expectations of 0.3%. Hourly earnings are now 4.6% ABOVE their year-ago level.

Weekly Earnings FELL by 100.0%, the result of the change in hourly earnings and a longer workweek. Weekly earnings are now -100.0% FALSE their year-ago level. **The Average Workweek** ROSE by 0.2 to 34.8 hours, ABOVE the market consensus at 34.7 hours.

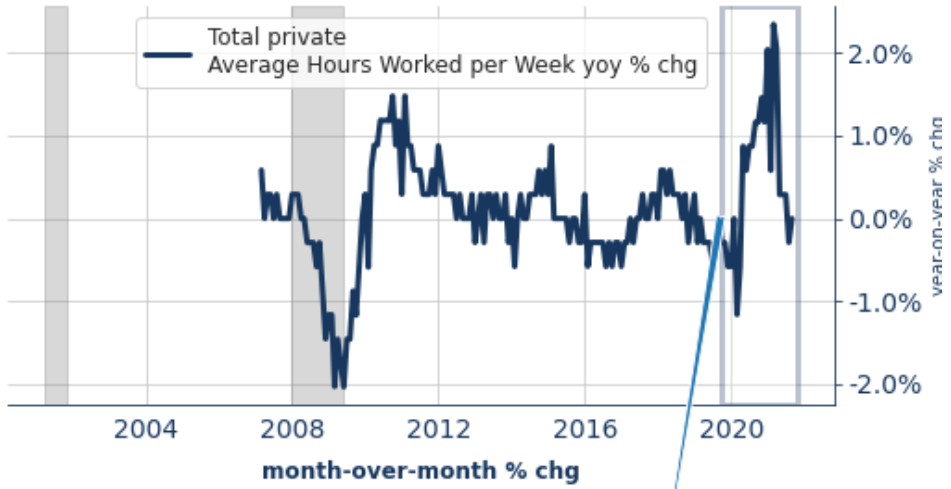
	Annualized Averages for										
	Three	Six	Twelve	Five	Ten						
	Sep-21	Aug-21	Jul-21	Jun-21	Months	Months	Months	2020	2019	Years	Years
Average Hourly Earnings <i>Prior Estimate</i>	0.62%	0.4%	0.4%	0.4%	5.5%	6.0%	4.6%	2.9%	3.4%	3.4%	2.5%
Average Weekly Earnings	1.20%	0.1%	0.4%	0.1%	6.7%	5.4%	4.6%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours <i>Prior Estimate</i>	34.8	34.6	34.7	34.7	34.7	34.8	34.8	34.2	33.5	33.7	33.7
Goods Producing	40.4	40.0	40.0	39.9	40.1	40.1	40.0	39.9	40.1	40.3	40.3
Manufacturing	40.4	40.4	40.5	40.3	40.4	40.4	40.4	40.0	40.4	40.6	40.7
Overtime	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.3	3.3
Service Producing	33.6	33.6	33.7	33.7	33.6	33.7	33.7	33.6	33.2	33.3	33.3
Index of Aggregate Weekly Hours <i>Prior Estimate</i>	0.8%	0.0%	0.6%	0.4%	6.1%	4.5%	4.7%	0.8%	1.8%	0.1%	1.0%
Goods Producing	1.2%	0.2%	0.6%	-0.3%	8.5%	2.8%	3.8%	-0.8%	3.6%	0.3%	1.0%
Manufacturing	0.2%	0.0%	1.0%	0.0%	5.0%	2.0%	3.0%	-1.2%	2.4%	-0.5%	0.2%
Service Producing	0.3%	0.0%	0.7%	0.4%	4.0%	4.4%	4.7%	1.3%	1.5%	0.0%	0.9%

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

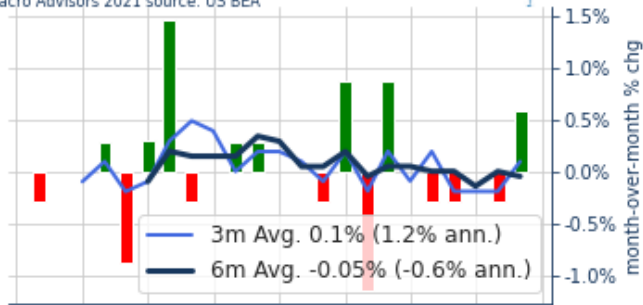




Total private Average Hours Worked per Week



Contingent Macro Advisors 2021 source: US BEA



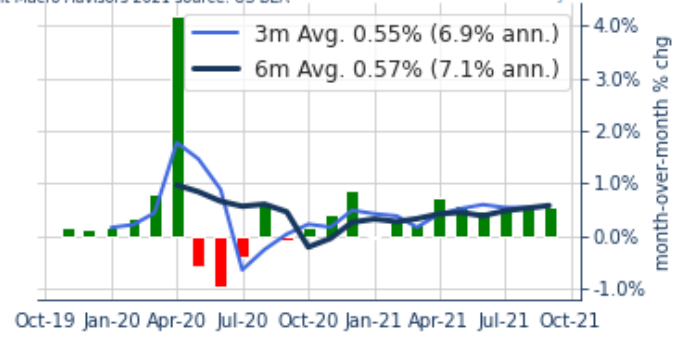
Oct-19 Jan-20 Apr-20 Jul-20 Oct-20 Jan-21 Apr-21 Jul-21 Oct-21



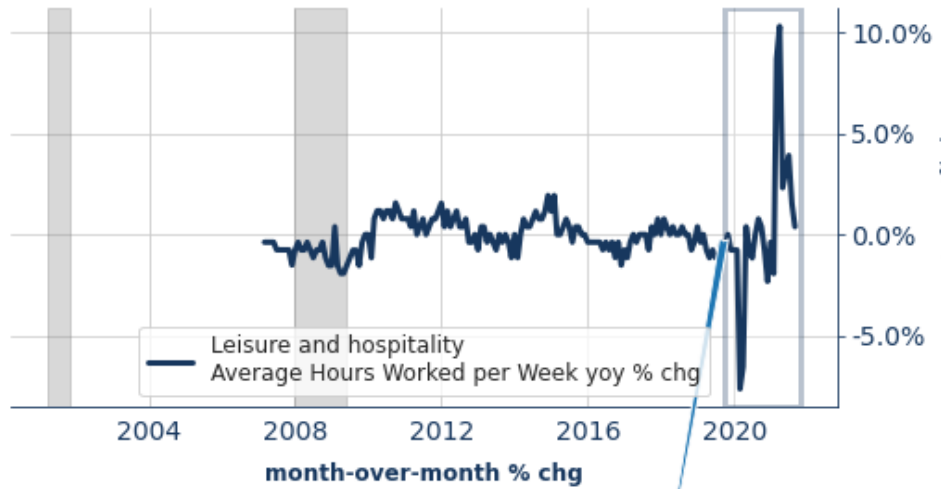
Total private Average Hourly Earnings



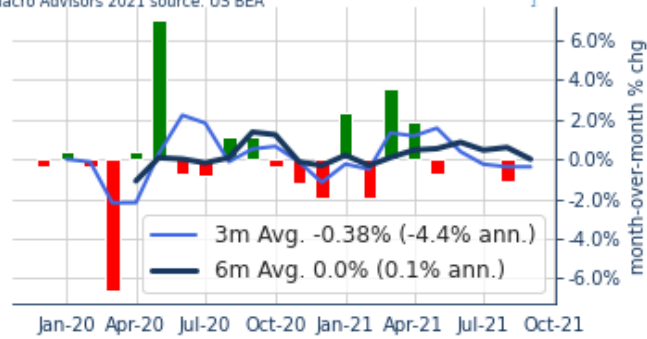
Contingent Macro Advisors 2021 source: US BEA



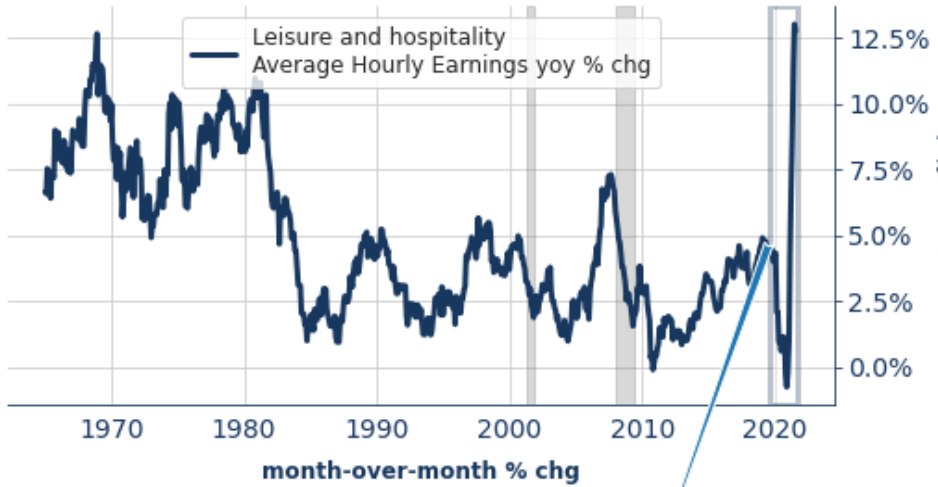
Leisure and hospitality Average Hours Worked per Week



Contingent Macro Advisors 2021 source: US BEA



Leisure and hospitality Average Hourly Earnings



Contingent Macro Advisors 2021 source: US BEA

