

05.Nov.2021

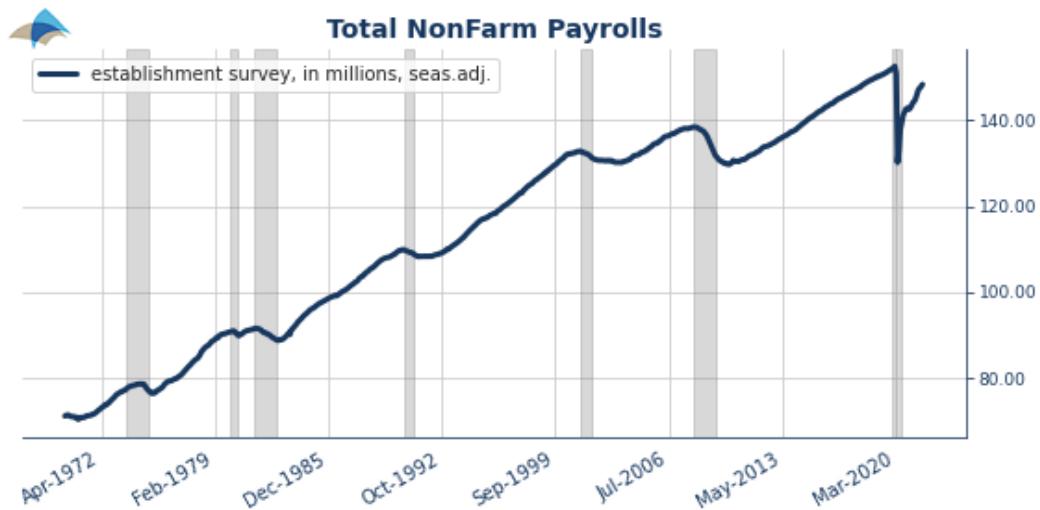
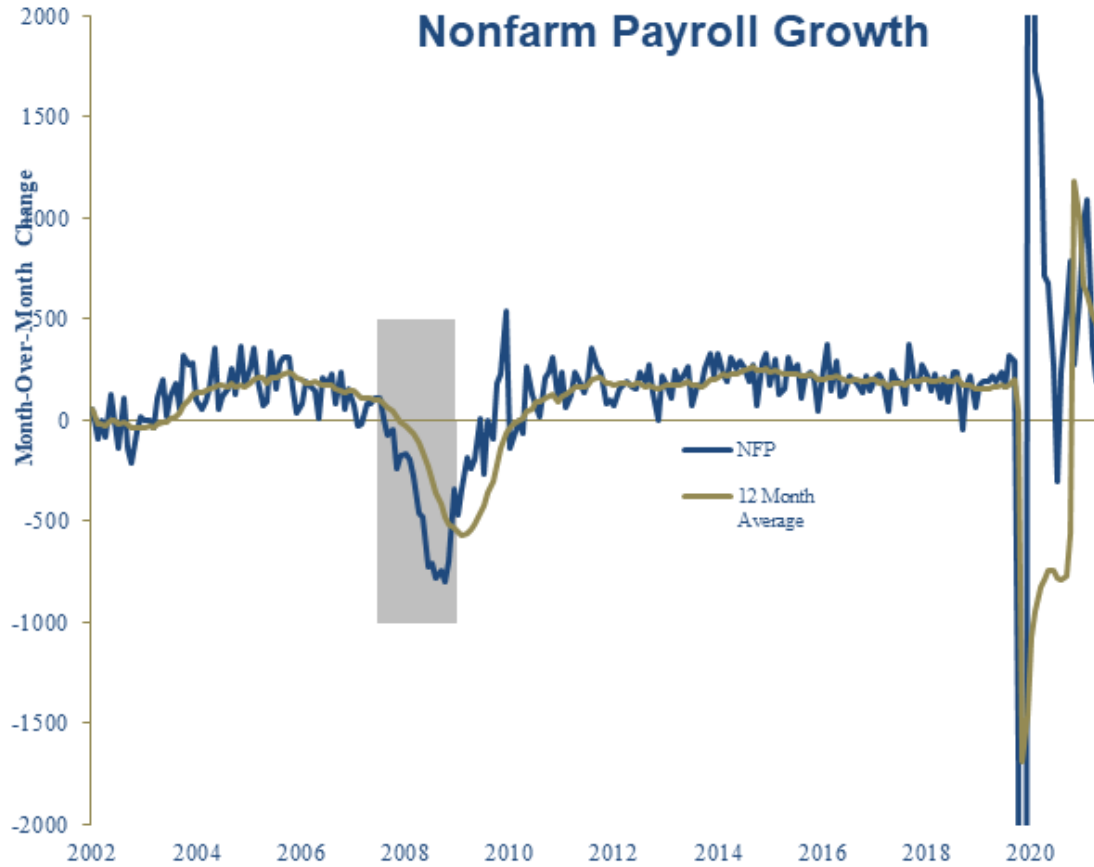
Employment: Solid Gains, Details and Revisions Even Better

Bottom Line: Payroll employment in October rose more than expected, up 531k, and there were positive revisions of more than 230k to August and September's disappointing readings. Confirming reports from other leading indicators, construction and manufacturing job growth was strong. And services sector hiring was broad, led by leisure and hospitality jobs. Moreover, seasonal adjustments in October appear to have skewed the reported job gains in the education sector lower again, without which October would have looked even more robust.

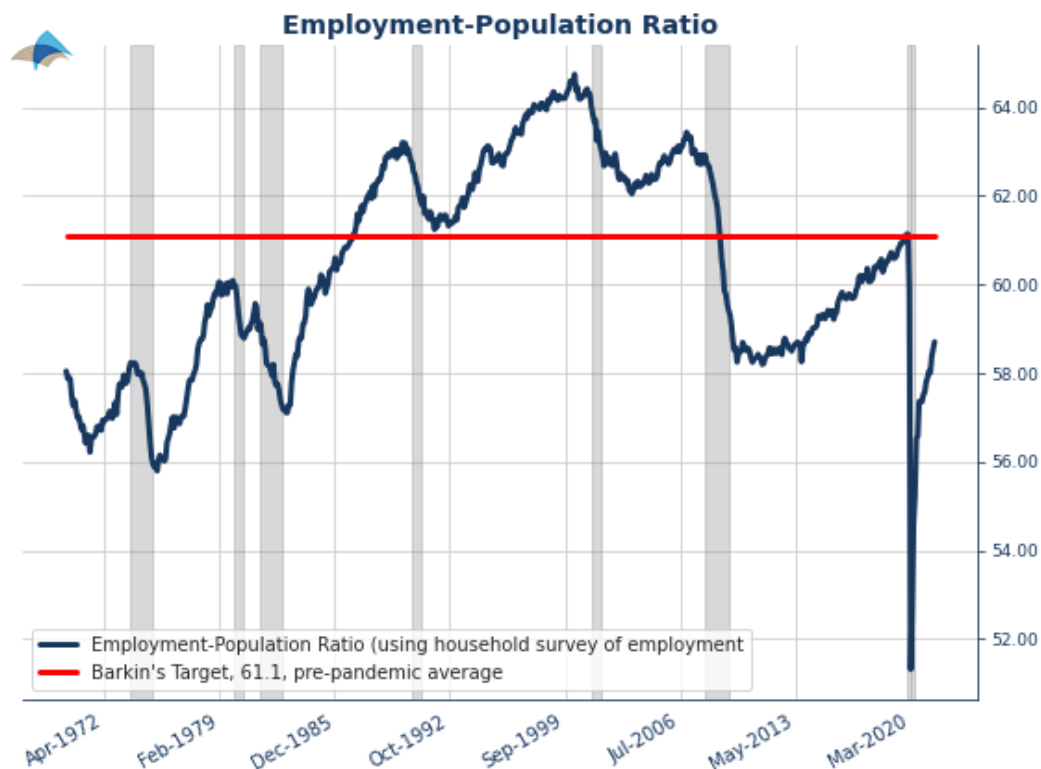
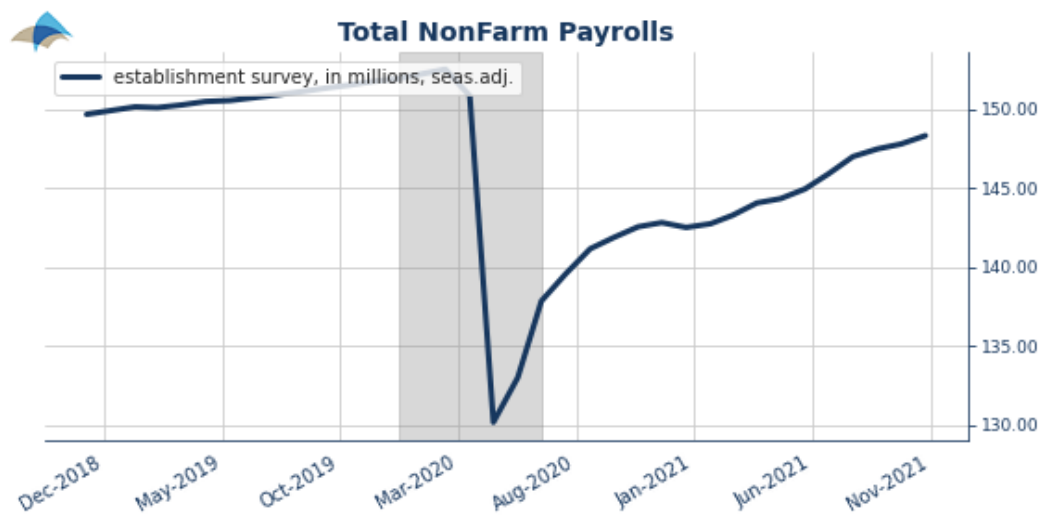
The unemployment rate fell two-tenths to 4.6% as labor force participation fell slightly. The only hint of concern in this report was that the participation rate remains low. That said, the employment-to-population ratio ticked higher and continued to trend in the right direction. Average hourly earnings were up 0.4%, and while slower than in September, it might be even more impressive given how broad the hiring was. Hours worked fell slightly, but that should be expected as overall hiring grows.

Overall, this was a solid report and could have been even stronger if it weren't for the seasonal adjustments for school hiring. Moreover, the revisions to the previous reports, which were surprisingly weak, were a good sign. Looking through the volatility and seasonal adjustments, the three-month trend of 442k jobs appears likely to accelerate to the 5-600k range after this period of complex seasonal adjustments, in line with the trend that Fed Chair Powell mentioned in the Fed press conference.

	Cons.	Actual	Prior
Non Farm Payroll	450k	531k	312k
U-rate	4.7%	4.6%	4.8%
Hourly Earnings	0.4%	0.4%	0.6%



- looking at just the last two years:

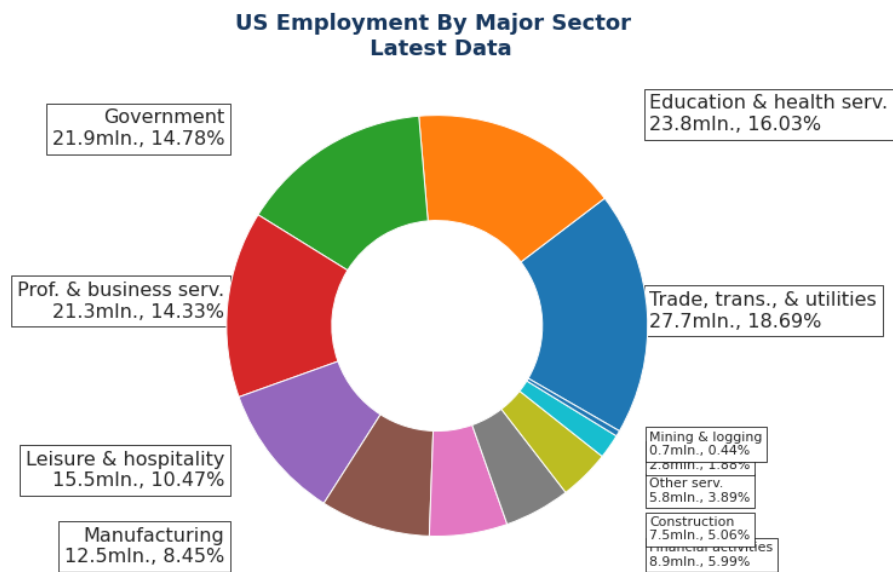
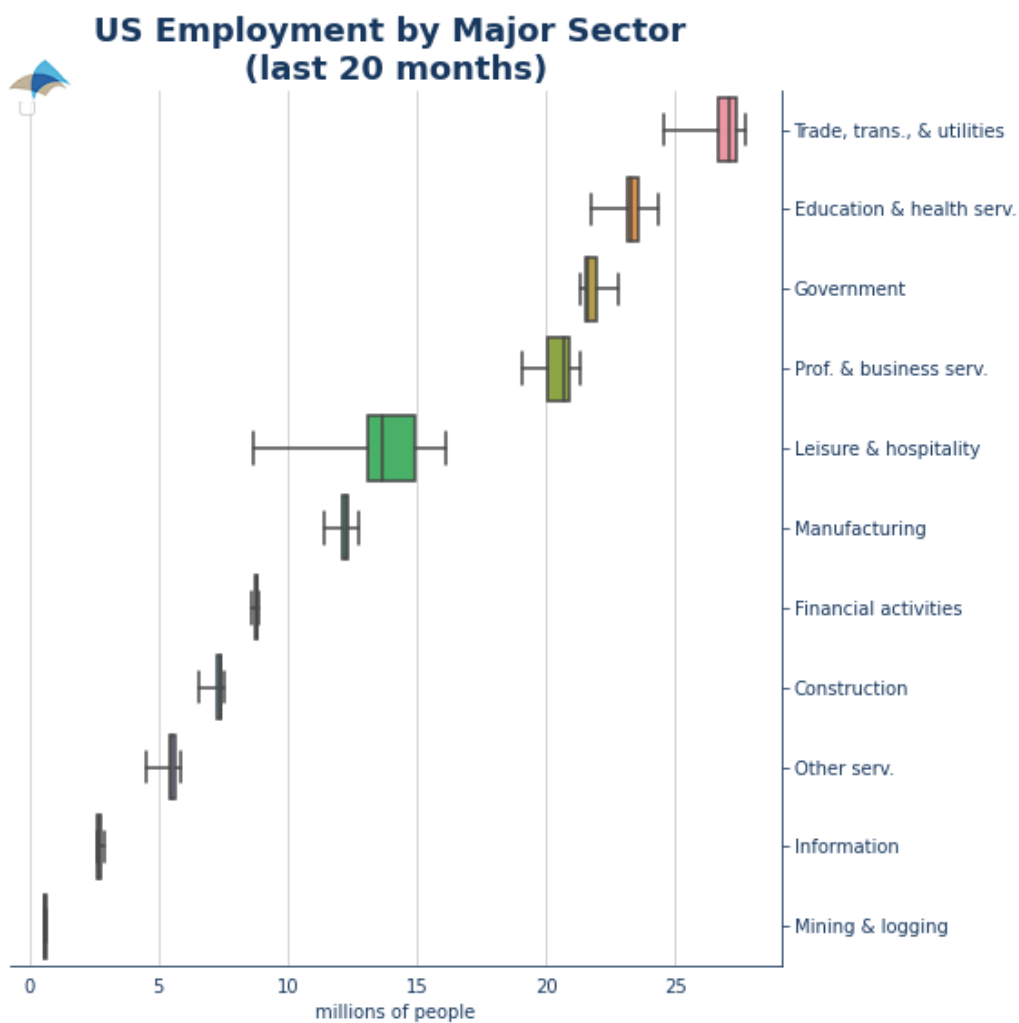


Payroll Employment rose by 531k in October, compared with market expectations for an increase of 450k. The prior 2 months were revised, higher in September by 118k and higher in August by 117k.

Government jobs FELL by 73k. Consequently, **private sector jobs** ROSE by 604k. Overall employment is now 4.1% ABOVE its year-ago level. Over the past 12 months, 5,774k jobs have been created. In October, the job gains were in

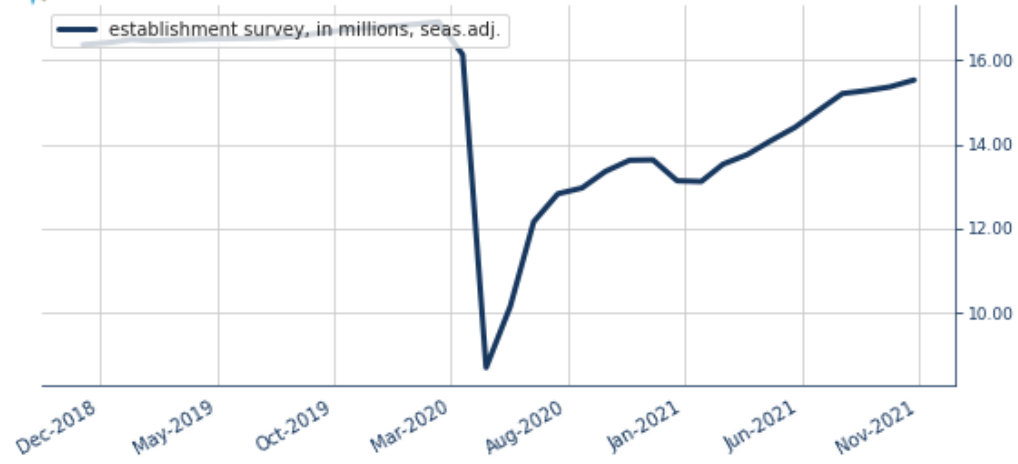
- Trade, Transportation & Utilities (+69k with 35k of those in Retail Trade),
- Professional & Business Services (+100k with the addition of 41.1k in Temp Help Services),
- Leisure & Hospitality (+164k),
- Manufacturing (+60k),
- Education & Health Services (+47k),
- Construction (+44k),
- Other Services (+33k), and
- Financial Activities (+21k).

Jobs were shed in Government (-73k).

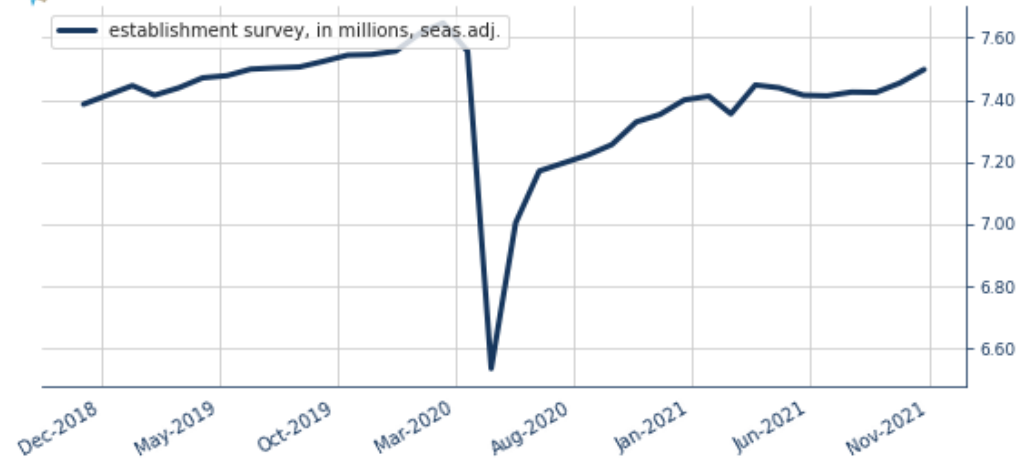




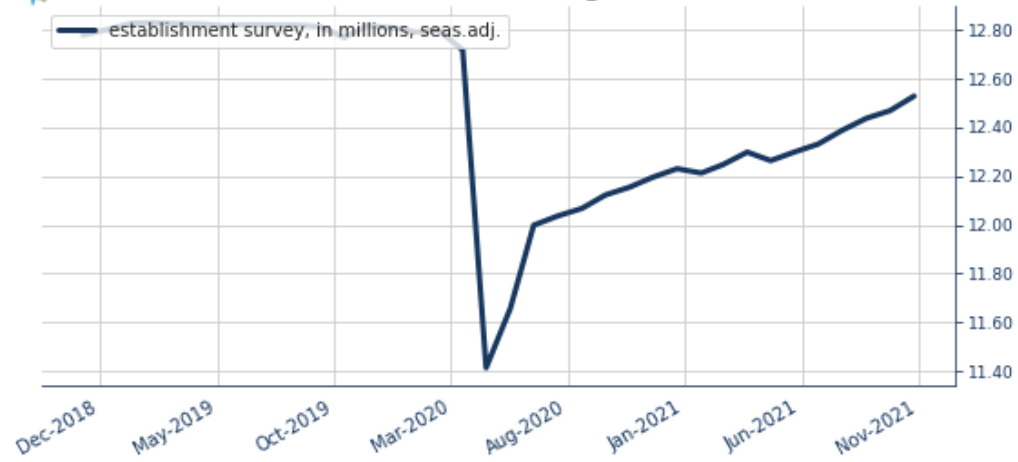
Leisure & hospitality

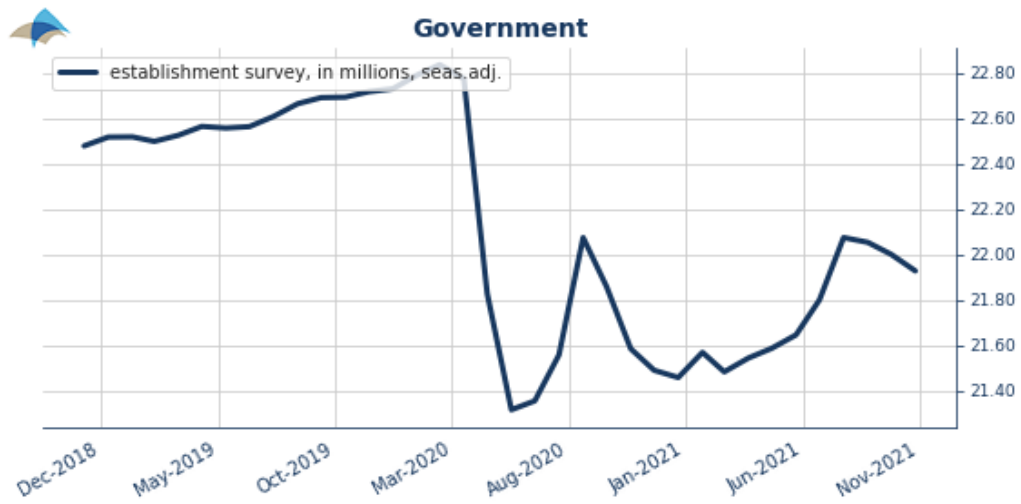
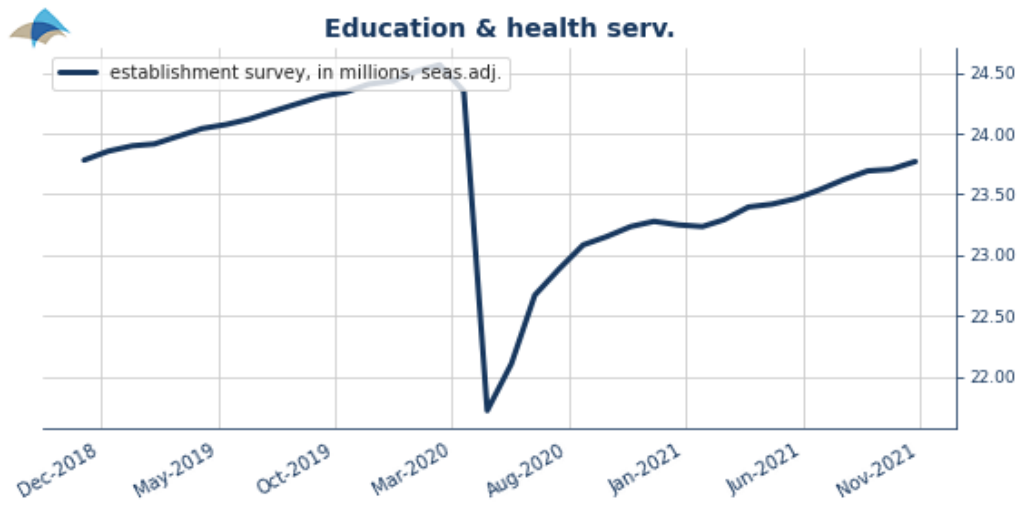
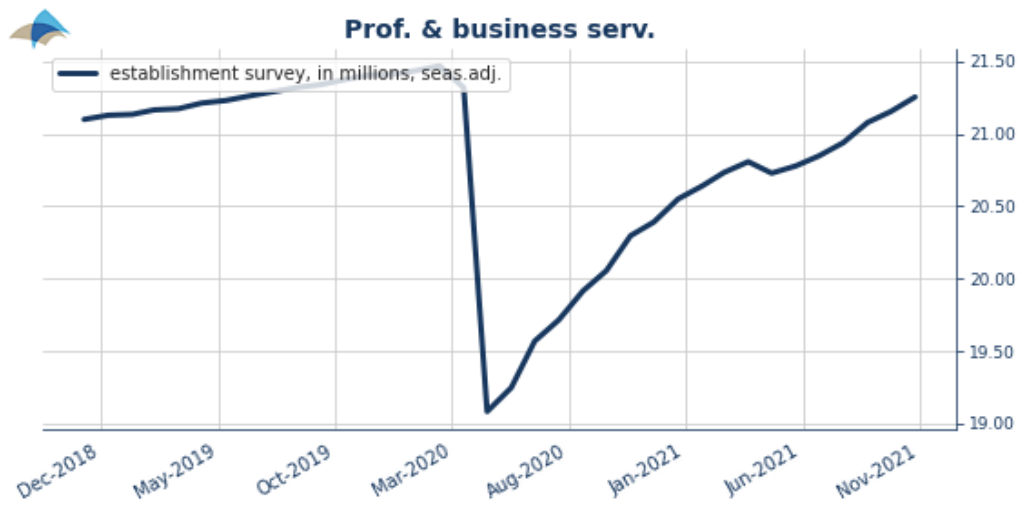


Construction



Manufacturing





government education	-22	-16	8	10	17	-60	-10	15	12	-26	-3
Federal, except U.S. Postal Service	-1	0	2	-2	-2	18	1	0	-8	4	2
U.S. Postal Service	-2	1	-1	9	1	-1	-1	-2	0	0	0

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The Unemployment Rate FELL by 0.2 percentage points in October to 4.6%, compared with market expectations for a small decline to 4.7%. Household employment rose by 359k while the labor force increased by 104k, resulting in a decrease in the number of unemployed of 255k.

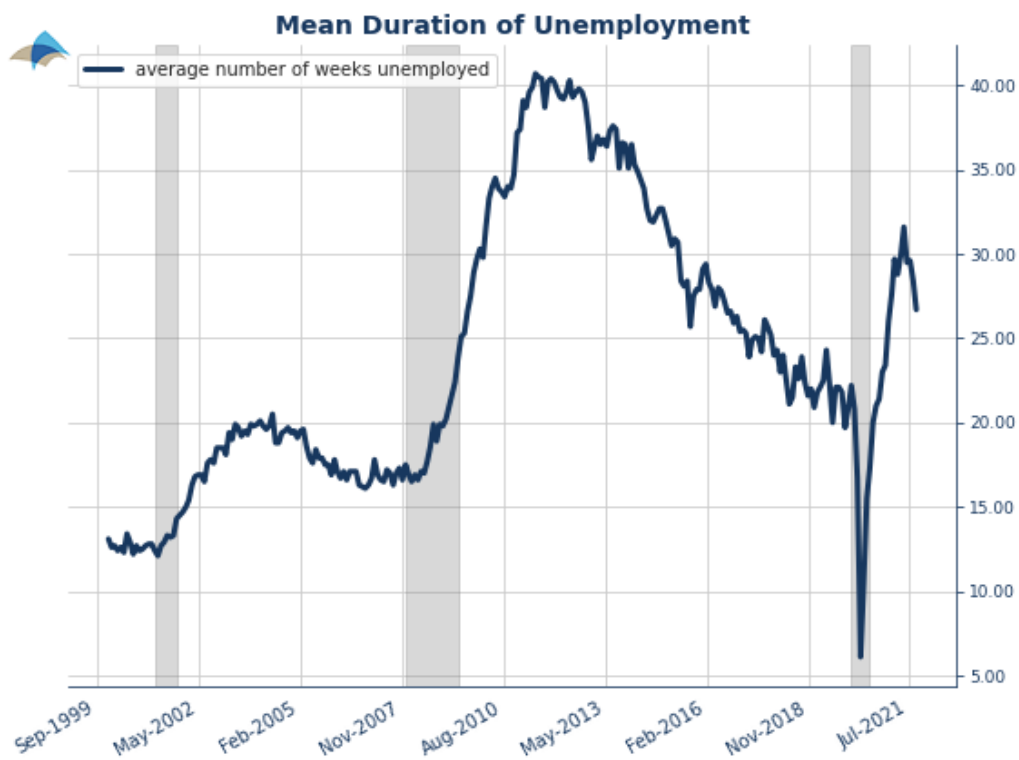
The Labor Force Participation Rate was UNCHANGED at 61.6%.

The Employment-Population Ratio ROSE by 0.1 percentage points to 58.8%.

The number of people Working Part-Time for Economic Reasons FELL by 78k to 4,328k. while **Long-Term Unemployment** FELL by 357k to 2,326k (accounting for 31.4% of the unemployed), while the **Mean Duration of Unemployment** FELL by 1.7 weeks to 26.7 weeks.

There are now 7.4 million people officially unemployed. In addition, there are another 5,978k people who say they want a job but are not currently looking for one. Finally, another 4,328k people are working part-time because of slack economic conditions.





	Average for										
	Three	Six	Twelve						Five	Ten	
	Oct-21	Sep-21	Aug-21	Jul-21	Months	Months	Months	2020	2019	Years	Years
Unemployment Rate	4.6%	4.8%	5.2%	5.4%	4.9%	5.3%	5.8%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	161.5	161.4	161.5	161.3	161.4	161.3	160.9	164.6	163.1		
Change (thousands)	104	-183	190	261	37	78	62	121	215	137	96
Household Employment (mln.)	154.0	153.7	153.2	152.6	153.6	152.8	151.6	149.8	158.7		
Change (thousands)	359	526	509	1,043	465	477	364	166	236	185	173
Unemployed (mln.)	7.4	7.7	8.4	8.7	7.8	8.5	9.3	10.7	5.8	7.4	9.0
Change (thousands)	-255	-710	-318	-782	-428	-399	-303	-45	-21	-48	-77
Not in the Labor Force (mln.)	100.5	100.4	100.1	100.1	100.3	100.3	100.4	100.7	95.6	96.5	93.6
Currently wants a job (mln.)	6.0	6.0	5.7	6.5	5.9	6.2	6.6	7.3	4.9	5.7	6.0
Adjusted Unemployment Rate	8.0%	8.2%	8.4%	9.1%	8.2%	8.8%	9.5%	10.8%	6.3%	7.9%	9.1%
Not at work due to weather ('01	27.0	94.0	47.0	58.0	56.0	47.3	140.8	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	26.7	28.4	29.6	29.5	28.2	29.3	27.9	23.4	20.8	23.3	29.2
Long-Term Unemployed (000's)	2,326	2,683	3,179	3,425	2,729	3,225	3,651	3,956	1,177	1,960	2,894
Part-Time for Economic Reason (000's)	4,328	4,406	4,414	4,351	4,383	4,546	5,228	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 0.2%, combining the moderate gain in private payroll employment and the shorter workweek.

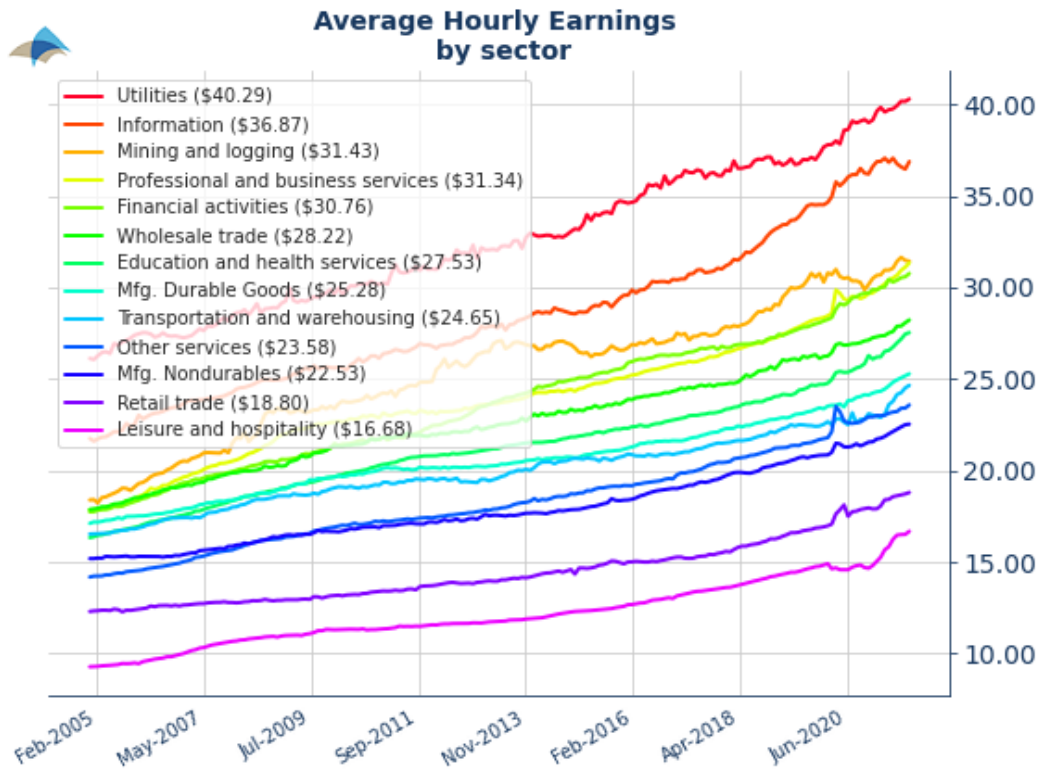
Hourly Earnings ROSE by 0.4% in October, below market expectations of 0.4%. Hourly earnings are now 4.9% ABOVE their year-ago level.

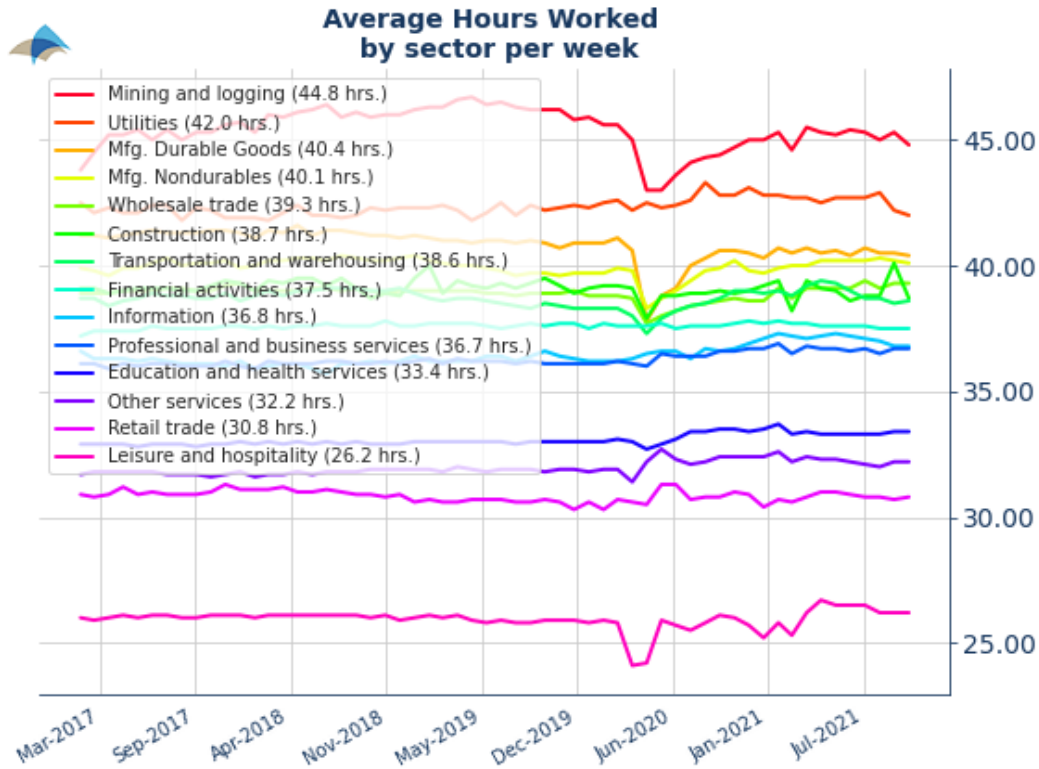
Weekly Earnings also ROSE by 0.1%, the result of the change in hourly earnings and a shorter workweek. Weekly earnings are now 4.6% ABOVE their year-ago level.

The Average Workweek FELL by 0.1 to 34.7 hours, in line with the market consensus at 34.7 hours.

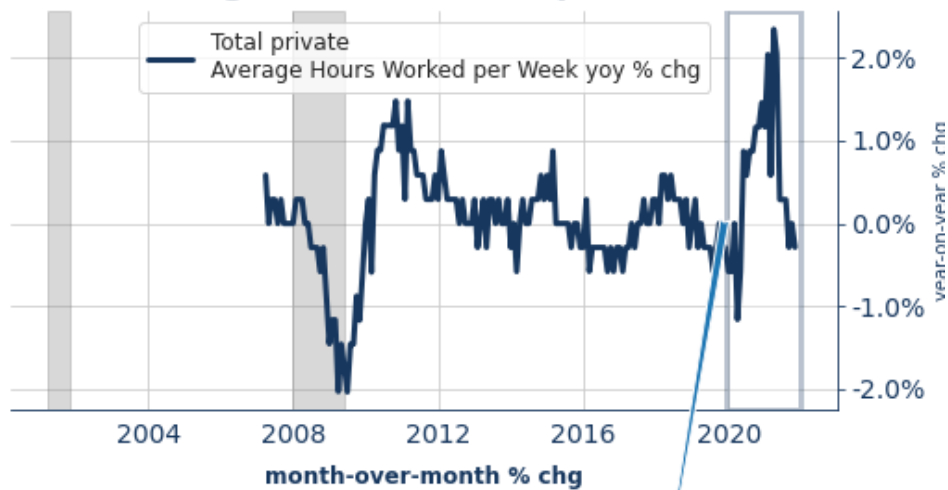
	Annualized Averages for										
	Three	Six	Twelve				Five	Ten			
	Sep-21	Aug-21	Jul-21	Jun-21	Months	Months	Months	2020	2019	Years	Years
Average Hourly Earnings	0.62%	0.4%	0.4%	0.4%	5.5%	6.0%	4.6%	2.9%	3.4%	3.4%	2.5%
Prior Estimate		0.6%	0.4%	0.4%							
Average Weekly Earnings	1.20%	0.1%	0.4%	0.1%	6.7%	5.4%	4.6%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.8	34.6	34.7	34.7	34.7	34.8	34.8	34.2	33.5	33.7	33.7
Prior Estimate		34.7	34.8	34.9							
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											
Total Private	0.8%	0.0%	0.6%	0.4%	6.1%	4.5%	4.7%	0.8%	1.8%	0.1%	1.0%
Prior Estimate		0.2%	0.6%	0.4%							
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.

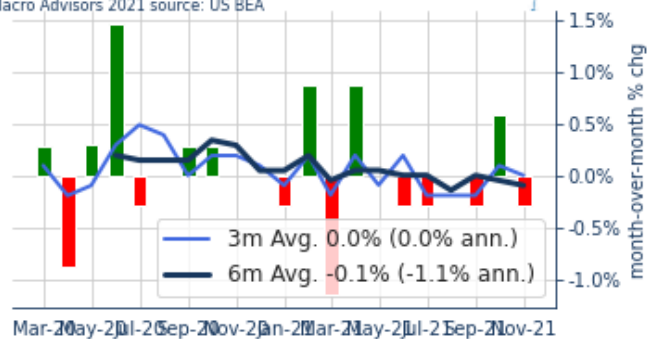




Total private Average Hours Worked per Week



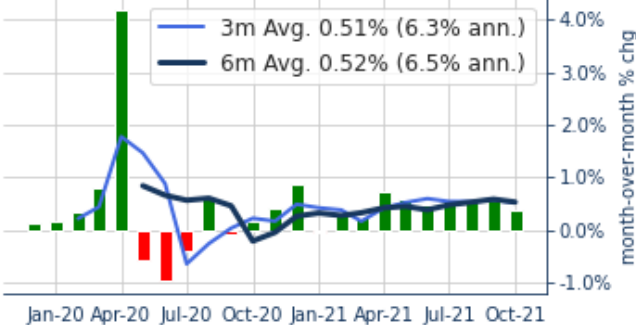
Contingent Macro Advisors 2021 source: US BEA



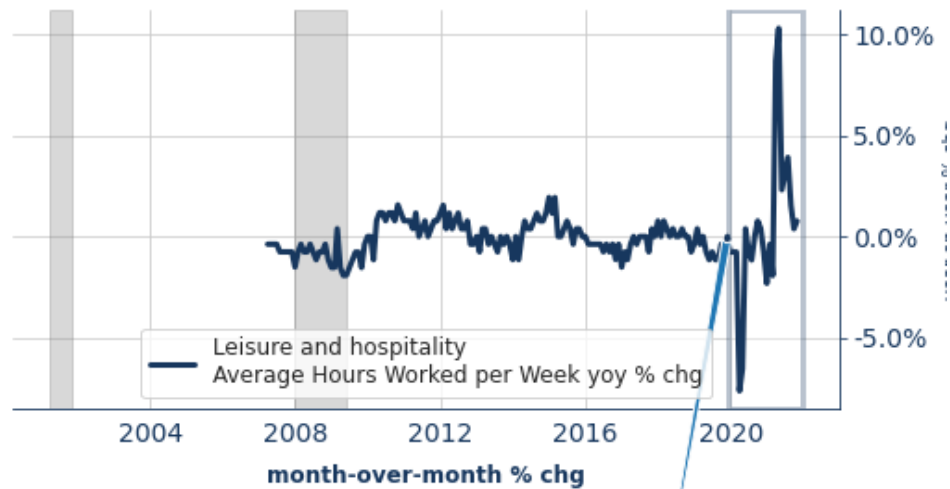
Total private Average Hourly Earnings



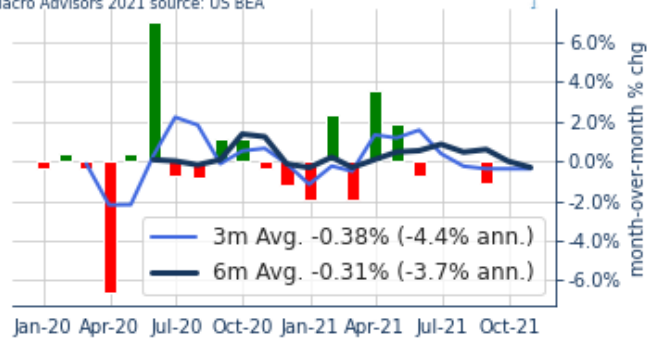
Contingent Macro Advisors 2021 source: US BEA



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

