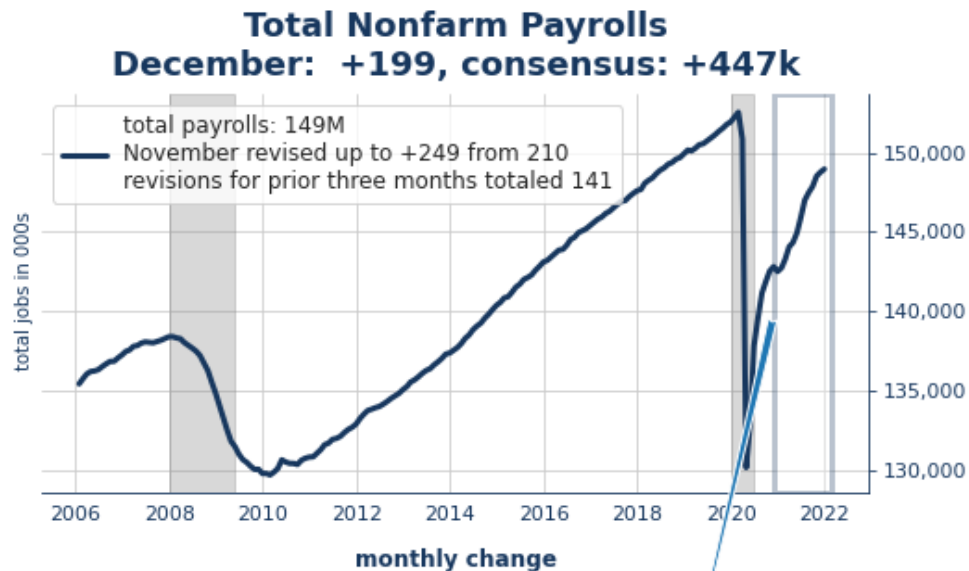


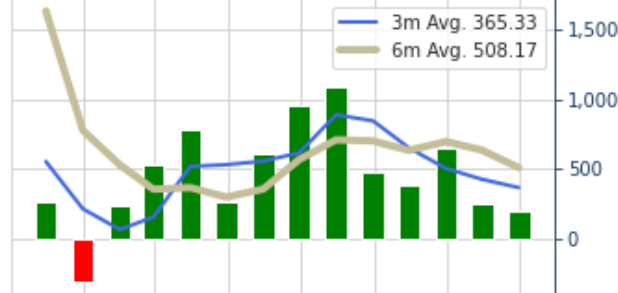
07.Jan.2022

Employment: Headline Miss, Solid Details Again

Bottom Line: For the second month in a row, the payrolls report missed expectations for nonfarm payroll growth in December, but there was once again a significant divergence between the headline number from the establishment report and the household survey used to calculate the unemployment rate. The household survey tacked on gains of 651k jobs to November's 1.1 million tally, pushing the unemployment rate down to 3.9% as the labor force participation rate held firm at 61.9%. Moreover, there was stronger than expected wage growth as the average workweek was unchanged. **Overall this was a solid report that will likely reaffirm the Fed's message sent in the Minutes from the December meeting and by several Fed speakers this week -- the FOMC plans to end asset purchases in March, potentially begin to hike rates as early as March, with a plan to move 25bp two or three times this year and begin to allow its balance sheet to run off, possibly as early as the middle of the year.**



Contingent Macro Advisors 2022 source: BLS via FRED



Nov-20 Jan-21 Mar-21 May-21 Jul-21 Sep-21 Nov-21 Jan-22

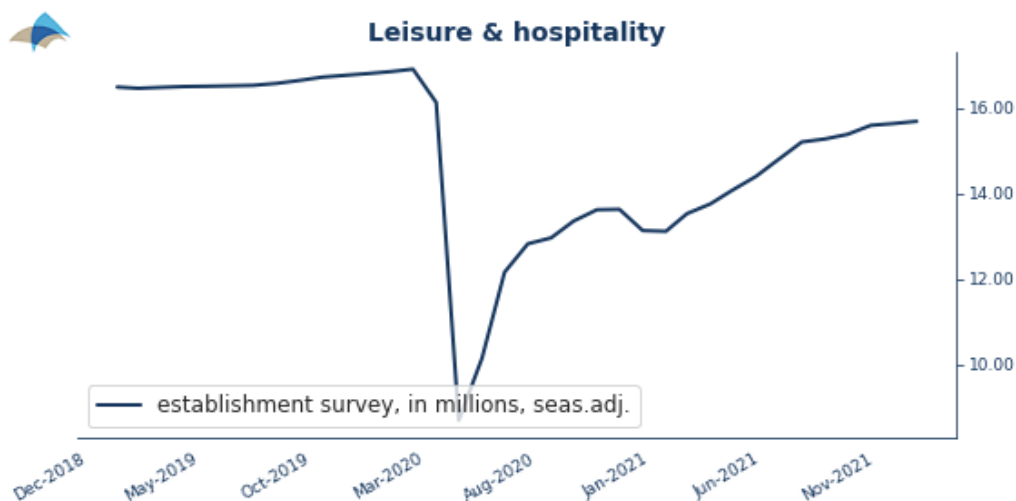
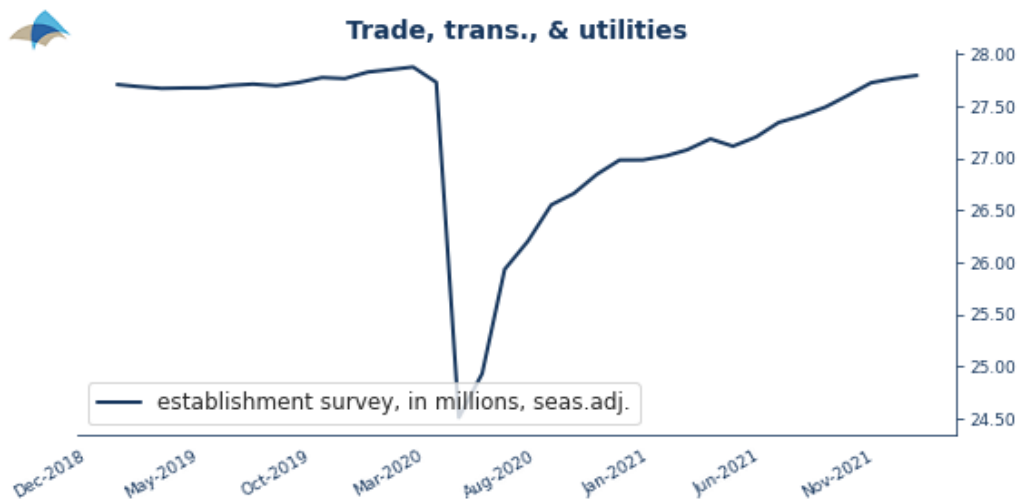
Payroll Employment rose by 199k in December, compared with market expectations for an increase of 450k. The prior 2 months were revised, higher in November by 39k and higher in October by 102k.

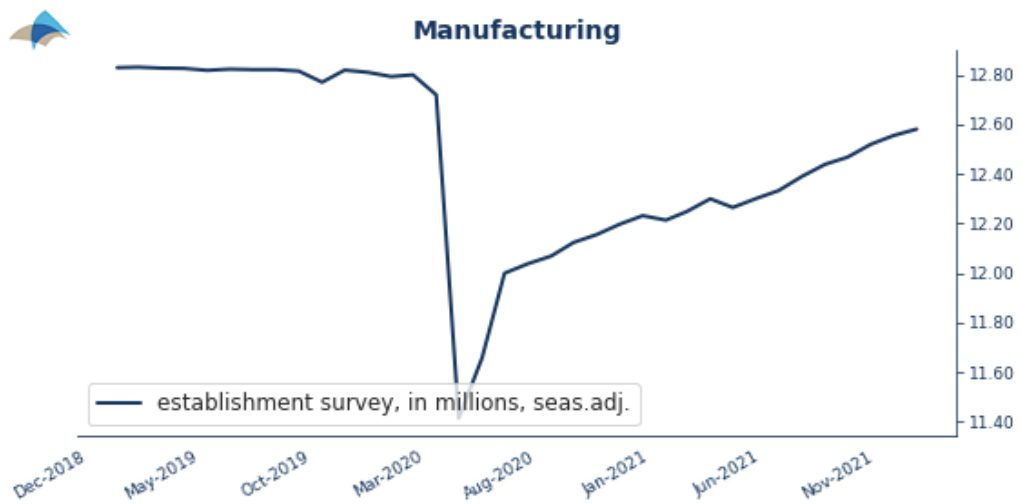
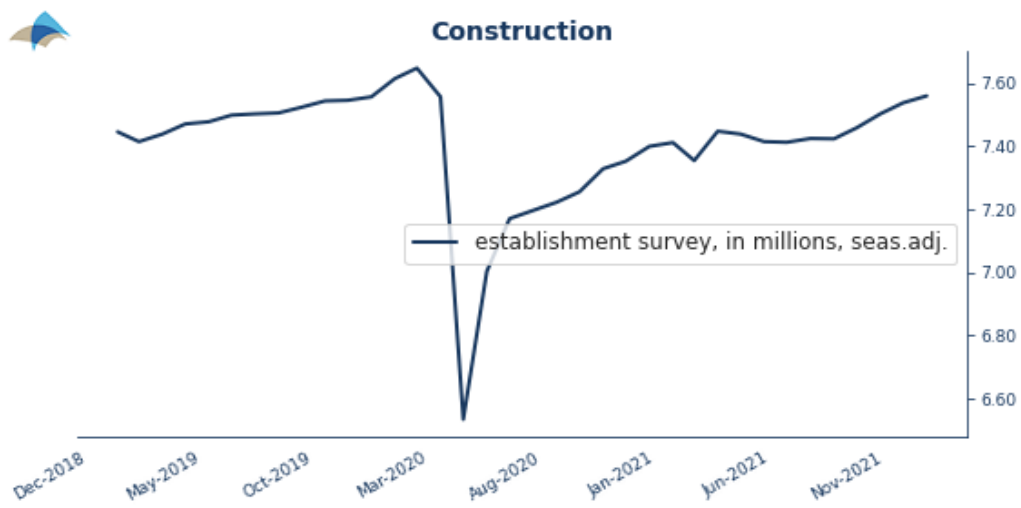
Government jobs FELL by 12k. Consequently, **private sector jobs** ROSE by 211k. Private education jobs rose by 3k. State and Local education jobs rose by 3k. Overall employment is now 4.5% ABOVE its year-ago level. Over the past 12 months, 6,448k jobs have been created.

In December, the job gains were in:

- Trade, Transportation & Utilities (+32k with -2k of those in Retail Trade),
- Professional & Business Services (+43k with a slip of 1.6k in Temp Help Services),
- Leisure & Hospitality (+53k),
- Manufacturing (+26k),
- Construction (+22k),
- Other Services (+13k),
- Financial Activities (+8k), and Education & Health Services (+6k).

Jobs were shed in Government (-12k).





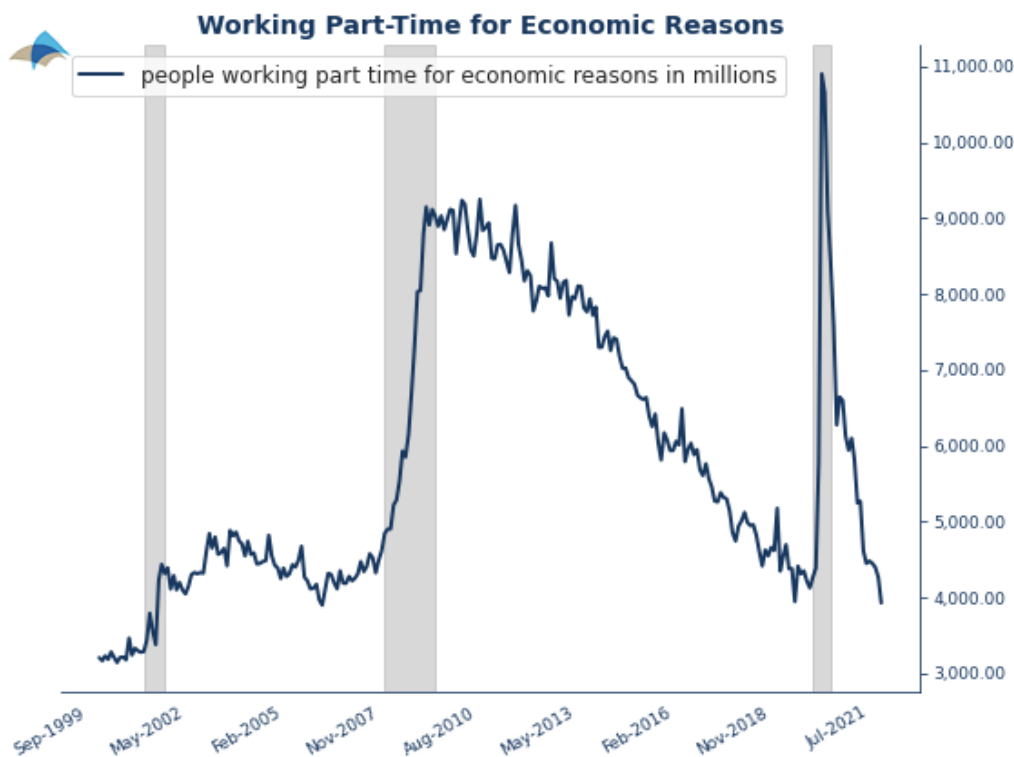
Change in US Employment - Major Sectors in 000s	Dec-21	Nov-21	Oct-21	Sep-21	Total Since May-20	Total Mar-20 to Apr-20	3m. avg.	6m. avg.	12m. avg.	2020	Avg Mo. prior 5 yrs.
Total nonfarm	199	249	648	379	18790	-1683	365	508	537	-785	-10
Trade, trans., & utilities	30	40	122	112	3282	-147	64	75	68	-70	0
Education & health serv.	10	14	71	16	2082	-218	32	44	46	-99	15
Government	-12	-21	-66	-45	82	-61	-33	18	38	-106	-11
Prof. & business serv.	43	72	130	111	2352	-151	82	98	74	-72	10
Leisure & hospitality	53	41	211	108	7002	-782	102	149	213	-306	-38
Manufacturing	26	35	52	29	1166	-81	38	41	29	-48	-2
Financial activities	8	17	28	12	323	-25	18	19	12	-5	10
Construction	22	35	44	35	1025	-91	34	24	13	-13	13
Other serv.	13	13	40	-4	1280	-95	22	24	28	-38	-3
Information	0	1	12	4	162	-16	4	12	11	-20	-2
Mining & logging	6	2	4	1	34	-16	4	4	5	-8	-2

The Unemployment Rate FELL by 0.3 percentage points in December to 3.9%, compared with market expectations for a small decline to 4.1%. Household employment rose by 651k while the labor force increased by 168k, resulting in a decrease in the number of unemployed of 483k.

The Labor Force Participation Rate was UNCHANGED at 61.9%.

The Employment-Population Ratio ROSE by 0.2 percentage points to 59.5%. **The number of people Working Part-Time for Economic Reasons** FELL by 4263k to 00k. while **Long-Term Unemployment** FELL by 185k to 2,008k (accounting for 31.8% of the unemployed), while the **Mean Duration of Unemployment** FELL by 0.5 weeks to 28.6 weeks. There are now 6.3 million people officially unemployed. In addition, there are another 5,713k people who say they want a job but are not currently looking for one.





	Dec-21	Nov-21	Oct-21	Sep-21	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	3.9%	4.2%	4.6%	4.7%	4.2%	4.7%	5.4%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	162.3	162.1	161.6	161.5	162.0	161.7	161.2	164.6	163.1		
Change (thousands)	168	516	139	-34	274	201	135	121	215	137	96
Household Employment (mln.)	156.0	155.3	154.2	153.8	155.2	154.2	152.6	149.9	158.7		
Change (thousands)	651	1,090	428	639	723	729	508	166	236	185	173
Unemployed (mln.)	6.3	6.8	7.4	7.7	6.8	7.6	8.6	10.8	5.8	7.4	9.0
Change (thousands)	-483	-617	-255	-710	-452	-528	-373	-45	-21	-48	-77
Not in the Labor Force (mln.)	99.8	99.9	100.3	100.3	100.0	100.1	100.3	100.6	95.6	96.5	93.6
Currently wants a job (mln.)	5.7	5.8	5.9	5.9	5.8	5.9	6.3	7.3	4.9	5.7	6.0
Adjusted Unemployment Rate	7.2%	7.5%	8.0%	8.1%	7.5%	8.0%	8.9%	10.8%	6.3%	7.9%	9.1%
Not at work due to weather ('000's)	0.0	37.0	27.0	94.0	21.3	43.8	129.7	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	28.6	29.1	26.9	28.3	28.2	28.6	28.8	23.7	20.8	23.4	29.2
Long-Term Unemployed (000's)	2,008	2,193	2,339	2,664	2,180	2,622	3,337	3,979	1,177	1,965	2,897
Part-Time for Economic Reason (000's)	0	4,263	4,328	4,406	2,864	3,627	4,527	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 steady workweek.

Hourly Earnings ROSE by 0.6% in December, above market expectations of 0.4%. Hourly earnings are now 4.7% ABOVE their year-ago level.

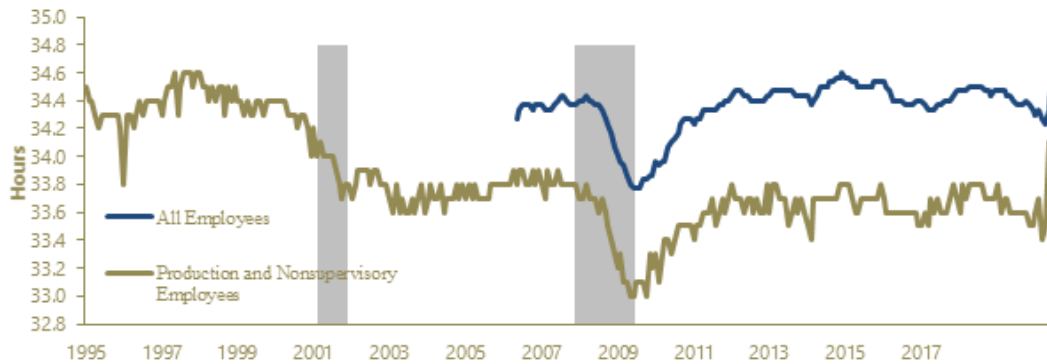
Weekly Earnings also ROSE by 0.6%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 4.7% ABOVE their year-ago level.

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

	Annualized Averages for										
	Dec-21	Nov-21	Oct-21	Sep-21	Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.61%	0.4%	0.6%	0.6%	6.2%	5.8%	4.7%	2.9%	3.4%	3.4%	2.5%
<i>Prior Estimate</i>		0.3%	0.4%	0.6%							
Average Weekly Earnings	0.61%	0.4%	0.3%	1.1%	5.0%	5.8%	4.7%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.7	34.7	34.7	34.8	34.7	34.7	34.8	34.2	33.5	33.7	33.7
<i>Prior Estimate</i>		34.7	34.8	34.9							
Goods Producing	40.1	40.0	39.9	40.5	40.0	40.1	40.1	39.9	40.1	40.3	40.3
Manufacturing	40.3	40.4	40.3	40.5	40.3	40.4	40.4	40.0	40.4	40.6	40.7
Overtime	0.0	3.2	3.2	3.3	2.1	2.7	2.9	3.2	3.2	3.3	3.3
Service Producing	33.7	33.7	33.7	33.6	33.7	33.7	33.7	33.6	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.2%	0.3%	0.3%	0.9%	2.9%	4.9%	5.0%	0.8%	1.8%	0.1%	1.0%
<i>Prior Estimate</i>		0.5%	0.3%	0.9%							
Goods Producing	0.5%	0.5%	-0.9%	1.6%	0.4%	5.3%	3.3%	-0.8%	3.6%	0.3%	1.0%
Manufacturing	0.0%	0.4%	0.0%	0.4%	1.8%	4.1%	3.6%	-1.2%	2.4%	-0.5%	0.2%
Service Producing	0.2%	0.2%	0.9%	0.4%	5.0%	5.0%	5.7%	1.3%	1.5%	0.0%	0.9%

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

**Average Weekly Hours
(3 Month Average)**



Index of Aggregate Hours

