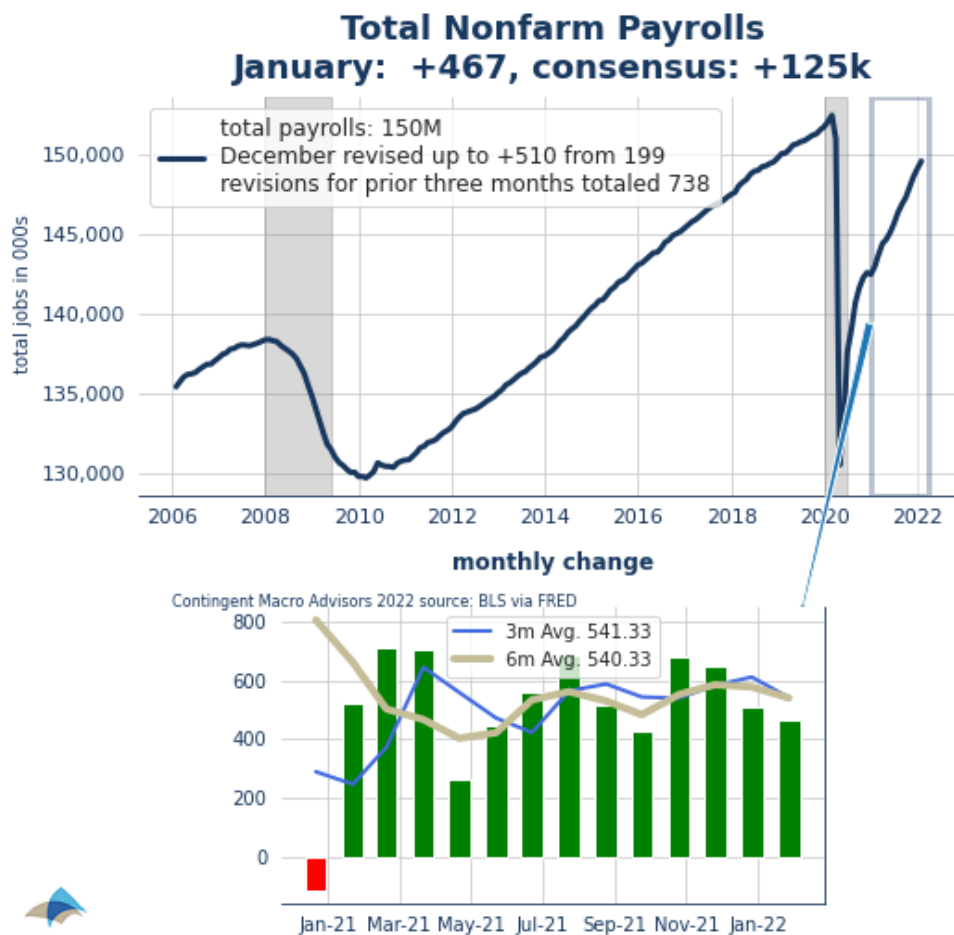


04.Feb.2022

Employment: Strong Across The Board

Bottom Line: Payroll growth surprised to the upside in January, despite higher jobless claims during the survey week. Moreover, December and November payrolls, which had come in well below expectations, were revised sharply higher. The household employment report, used to calculate the unemployment rate, rose even more, up over 1.1 million, but the unemployment rate edged higher as the labor force participation rate increased. Job gains were broad across the services sectors, while goods-producing sectors saw only small gains, with construction losing jobs, likely due to weather. Average hourly earnings grew sharply, which was especially notable given the breadth of job gains (typically months with strong jobs gains see modestly lower wages as most of the new jobs are in lower-paying sectors). Average hours worked ticked modestly lower as employers brought on new employees. **Overall, this was a remarkably strong labor report, especially since there were hints from other reports of possible weakness in January. It will likely only strengthen the narrative that the Fed needs to tighten policy and certainly confirms Chair Powell's bullish assessment of the labor market at the January FOMC press conference.**

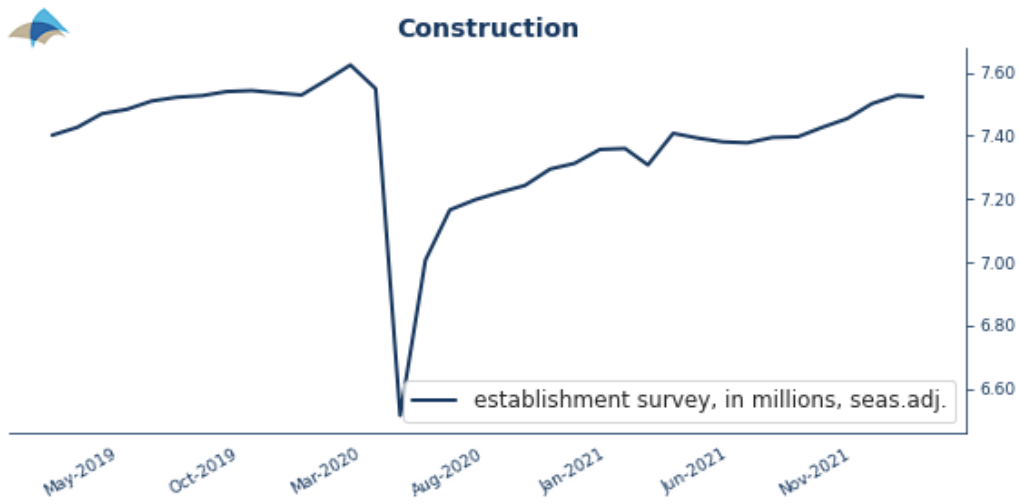
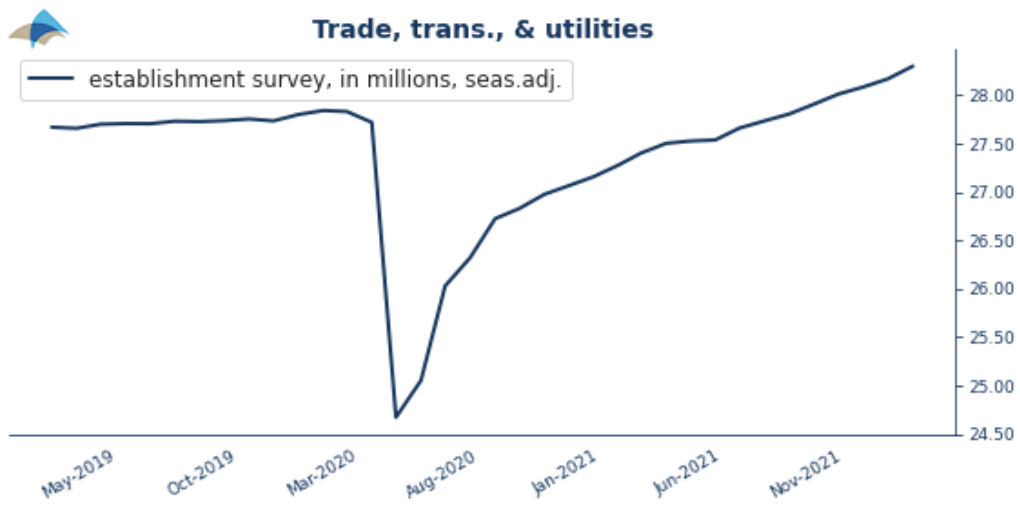


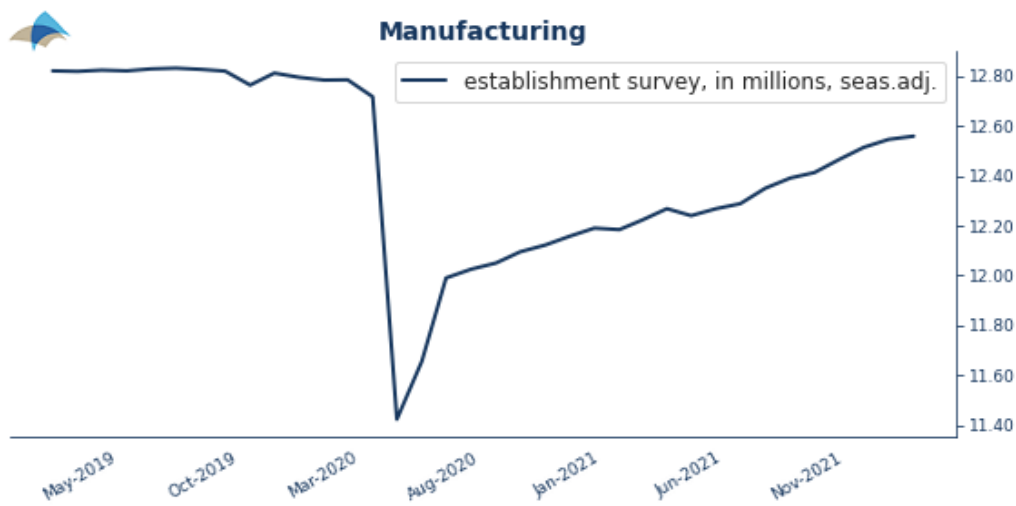
Payroll Employment rose by 467k in January, compared with market expectations for an increase of 125k. The prior 2 months were revised, higher in December by 311k and higher in November by 398k.

Government jobs ROSE by 23k. Consequently, **private sector jobs** ROSE by 444k. Overall employment is now 4.6% ABOVE its year-ago level. Over the past 12 months, 6,612k jobs have been created. In January, the job gains were in :

- Trade, Transportation & Utilities (+71k with 61k of those in Retail Trade),
- Professional & Business Services (+86k with the addition of 26.3k in Temp Help Services),
- Leisure & Hospitality (+151k),
- Government (+23k), Information (+18k),
- Education & Health Services (+16k),
- Other Services (+15k), and Manufacturing (+13k).

Jobs were shed in Construction (-5k).





Change in US Employment - Major Sectors in 000s	Jan-22	Dec-21	Nov-21	Oct-21	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
Total nonfarm	467.000	510.000	647.000	677.000	541.300	540.300	551.000	555.417	62.400
Trade, trans., & utilities	132.000	85.000	71.000	106.000	96.000	94.300	85.200	84.250	13.900
Education & health serv.	29.000	50.000	69.000	68.000	49.300	42.300	47.900	47.833	16.600
Government	23.000	7.000	20.000	-17.000	16.700	11.300	29.700	35.833	-3.100
Prof. & business serv.	86.000	88.000	111.000	236.000	95.000	113.000	92.000	94.083	25.500
Leisure & hospitality	151.000	163.000	191.000	141.000	168.300	163.700	196.300	194.417	-12.700
Manufacturing	13.000	32.000	48.000	53.000	31.000	34.800	31.200	29.667	3.200
Financial activities	9.000	17.000	32.000	23.000	19.300	17.200	11.900	12.083	8.300
Construction	-5.000	26.000	47.000	28.000	22.700	21.300	13.600	14.250	11.800
Other serv.	15.000	26.000	36.000	25.000	25.700	24.700	24.400	23.917	-1.800
Information	18.000	12.000	18.000	12.000	16.000	15.500	15.800	16.417	1.700
Mining & logging	-4.000	4.000	4.000	2.000	1.300	2.200	3.000	2.667	-1.100

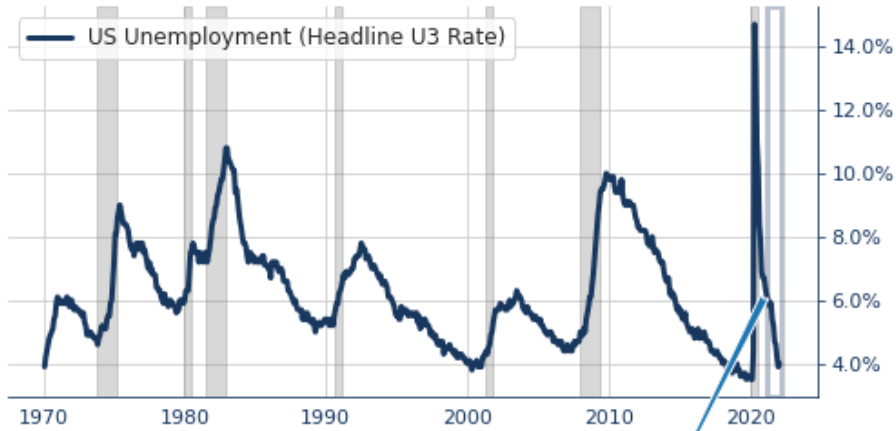
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The Unemployment Rate ROSE by 0.1 percentage points in January to 4.0%, compared with market expectations for a no change to 3.9%. Household employment rose by 1199k while the labor force increased by 1393k, resulting in an increase in the number of unemployed of 194k.

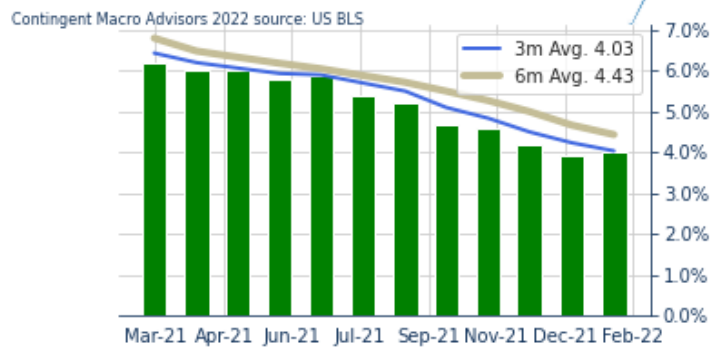
The Labor Force Participation Rate ROSE by 0.3 percentage points to 62.2%. **The Employment-Population Ratio** ROSE by 0.2 percentage points to 59.7%.

The number of people Working Part-Time for Economic Reasons FELL by 278k to 3.62 million, while **Long-Term Unemployment** FELL by 317k to 1,691k (accounting for 26.0% of the unemployed), while the **Mean Duration of Unemployment** FELL by 4.0 weeks to 24.6 weeks. There are now 6.5 million people officially unemployed. In addition, there are another 5.7 million people who say they want a job but are not currently looking for one.

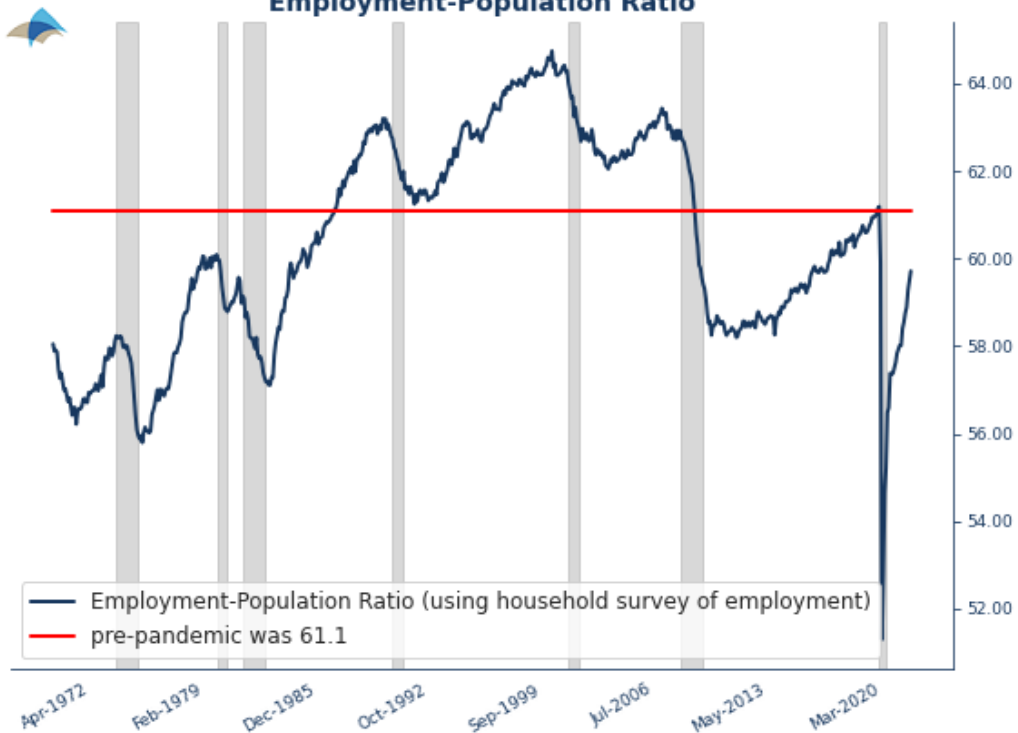
US Unemployment Rate January: +4.0%, consensus: +3.9



zooming in on last 12 months



Employment-Population Ratio





	Jan-22	Dec-21	Nov-21	Oct-21	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	4.0%	3.9%	4.2%	4.6%	4.0%	4.4%	5.2%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	163.7	162.3	162.1	161.6	162.7	162.1	161.5	164.6	163.1		
Change (thousands)	1,393	168	516	139	692	385	292	124	218	138	96
Household Employment (mln.)	157.2	156.0	155.3	154.2	156.2	154.9	153.2	149.9	158.8		
Change (thousands)	1,199	651	1,090	428	980	745	598	167	239	186	173
Unemployed (mln.)	6.5	6.3	6.8	7.4	6.5	7.2	8.3	10.8	5.9	7.4	9.0
Change (thousands)	194	-483	-573	-291	-287	-360	-306	-43	-21	-48	-77
Not in the Labor Force (mln.)	99.5	99.8	99.9	100.3	99.8	100.0	100.1	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	5.7	5.7	5.8	5.9	5.7	5.8	6.2	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	7.2%	7.2%	7.5%	7.9%	7.3%	7.7%	8.7%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('00)	211.0	74.0	37.0	27.0	107.3	81.7	138.8	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	24.6	28.6	29.1	26.9	27.4	27.8	28.6	23.7	21.0	23.5	29.3
Long-Term Unemployed (000's)	1,691	2,008	2,193	2,339	1,964	2,333	3,141	3,979	1,196	1,974	2,901
Part-Time for Economic Reason (000's)	3,620	3,898	4,244	4,273	3,921	4,132	4,662	6,036	4,073	5,004	6,133

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

The Index of Aggregate Hours FELL by 0.3%, combining the solid gain in private payroll employment and the shorter workweek.

Hourly Earnings ROSE by 0.7% in January, above market expectations of 0.5%. Hourly earnings are now 5.7% ABOVE their year-ago level.

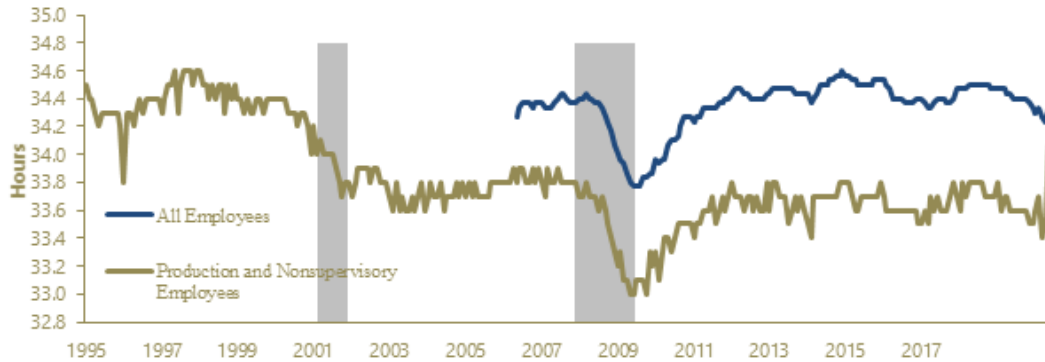
Weekly Earnings also ROSE by 0.2%, the result of the change in hourly earnings and a shorter workweek. Weekly earnings are now 4.2% ABOVE their year-ago level.

The Average Workweek FELL by 0.2 to 34.5 hours, BELOW the market consensus at 34.7 hours.

	Jan-22	Dec-21	Nov-21	Oct-21	Annualized Averages for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.73%	0.5%	0.4%	0.6%	6.9%	6.4%	5.7%	2.9%	3.4%	3.5%	2.6%
<i>Prior Estimate</i>		0.4%	0.6%	0.6%							
Average Weekly Earnings	0.15%	0.3%	1.0%	0.3%	5.8%	6.0%	4.2%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.5	34.7	34.8	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	39.8	40.0	40.0	39.9	39.9	40.0	40.0	39.9	40.1	40.3	40.3
Manufacturing	40.2	40.3	40.3	40.3	40.3	40.3	40.4	40.0	40.4	40.6	40.7
Overtime	0.0	3.2	3.3	3.2	2.2	2.7	3.0	3.2	3.2	3.3	3.3
Service Producing	33.5	33.7	33.7	33.7	33.6	33.6	33.7	33.6	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	-0.3%	0.2%	0.3%	0.3%	0.7%	3.0%	3.7%	0.8%	1.8%	0.1%	1.0%
<i>Prior Estimate</i>		0.2%	0.3%	0.3%							
Goods Producing	-0.5%	0.3%	-0.1%	-0.9%	-1.3%	1.1%	1.8%	-0.8%	3.6%	0.3%	1.0%
Manufacturing	-0.2%	0.3%	-0.1%	0.0%	0.0%	1.1%	2.3%	-1.2%	2.4%	-0.5%	0.2%
Service Producing	-0.2%	0.4%	0.0%	0.9%	1.0%	3.4%	4.3%	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

