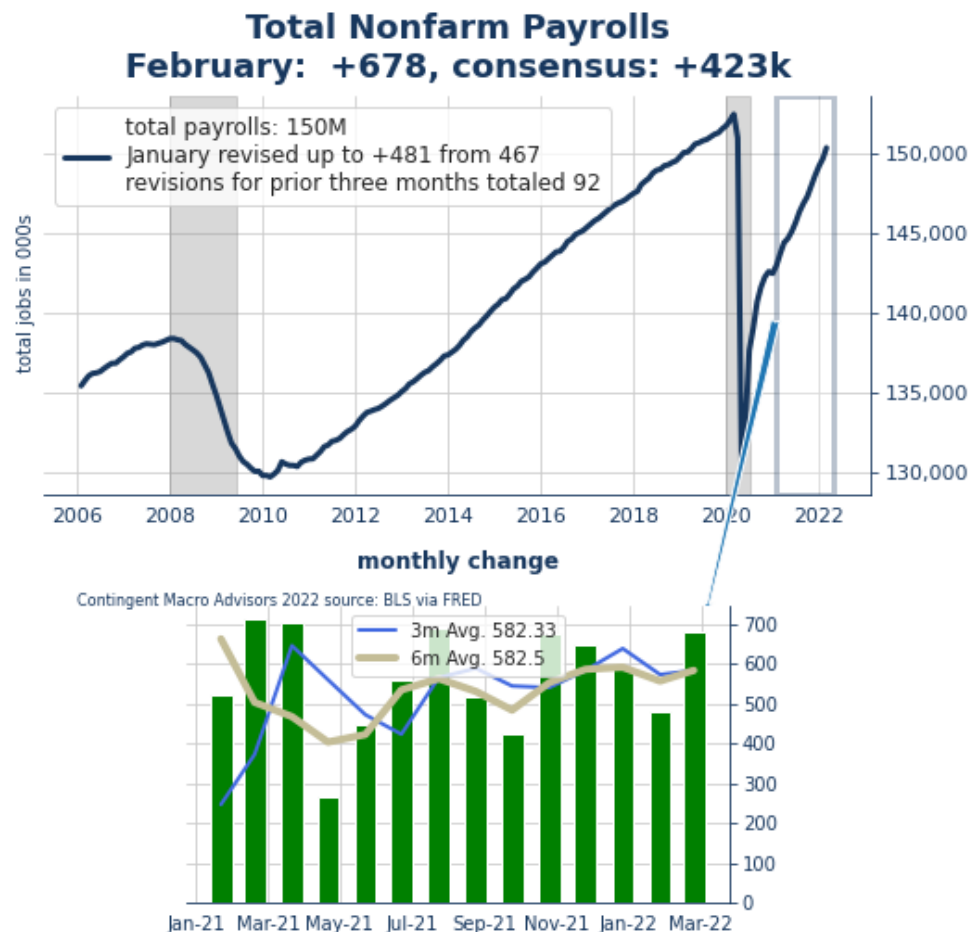


04.Mar.2022

## Employment: Another Remarkably Strong Labor Report

**Bottom Line:** The February jobs report showed even stronger labor gains than the January reports. Moreover, there were upward revisions to hiring in prior months. Up 678k, gains were notably strong in the goods-producing sectors. Leisure and hospitality jobs were strong, as has been typical, but so too were job gains in health services. The household survey, which showed 548k new jobs, was a touch below the establishment survey but significantly stronger than the number of people re-entering the labor force, 304k, driving the unemployment rate down to 3.8%, a tenth below expectations. Average hourly earnings were the only miss in this report, flat versus expectations for 0.5%. However, much of that is due to the composition of workers being rehired, with many of the newest jobs being lower paying. **Overall, this was another remarkably strong labor report. Though probably not enough to change Chair Powell's message that the Fed would start a rate hiking cycle with 25bps at its meeting on March 16th, the hawks will have plenty of fodder to argue for 50bps.**

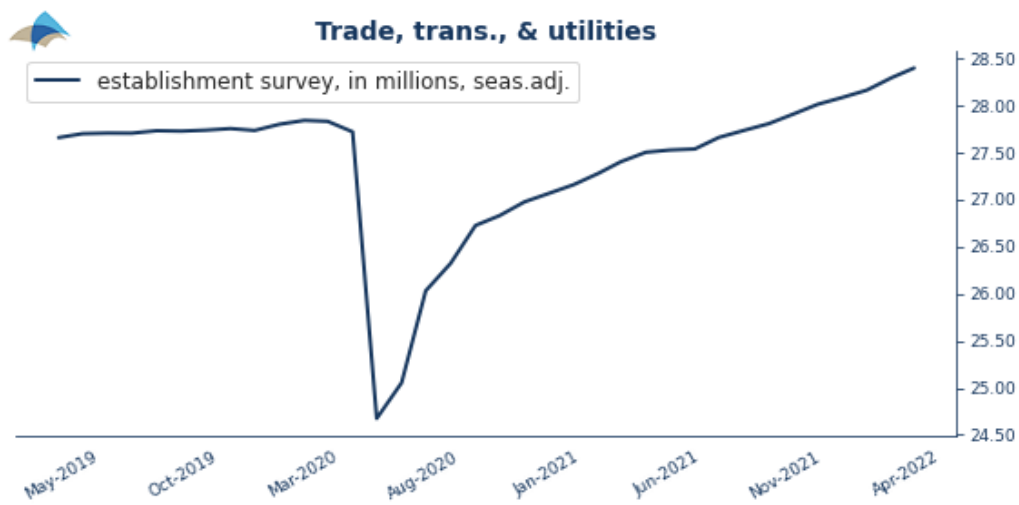


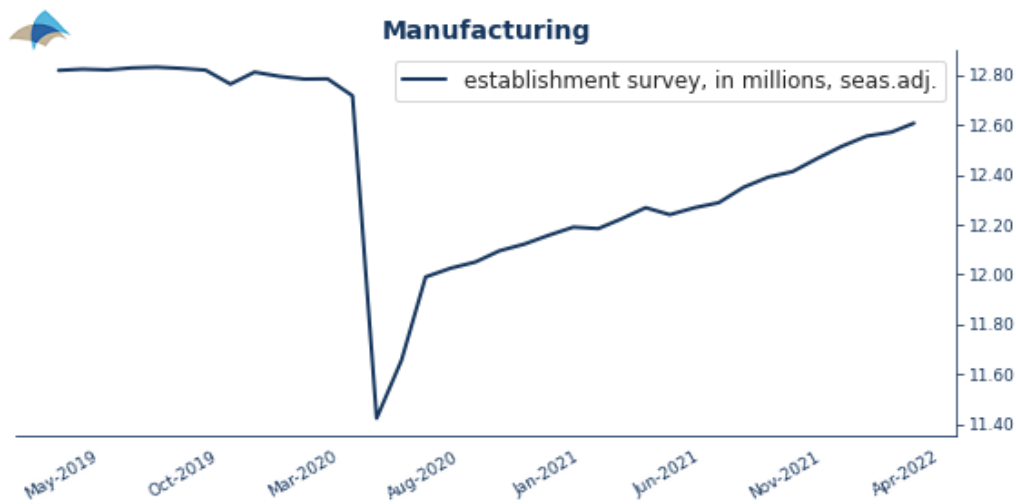
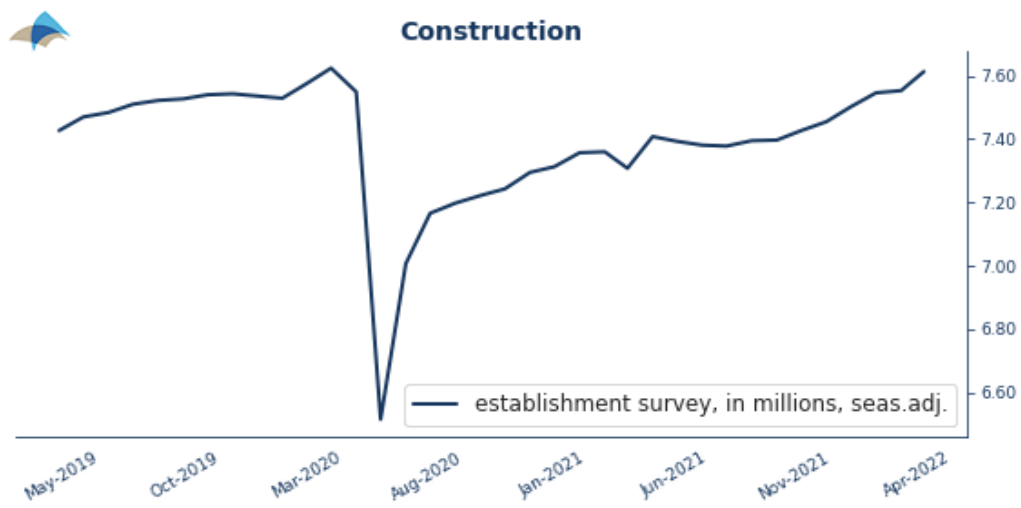
**Payroll Employment** rose by 678k in February, compared with market expectations for an increase of 125k. The prior 2 months were revised, higher in January by 14k and higher in December by 78k.

**Government** jobs ROSE by 24k. Consequently, **private sector jobs** ROSE by 654k. Overall employment is now 4.6% ABOVE its year-ago level, Over the past 12 months, 6,672k jobs have been created.

In February, the job gains were in:

- Trade, Transportation & Utilities (+66k with 37k of those in Retail Trade),
- Professional & Business Services (+95k with the addition of 35.5k in Temp Help Services),
- Leisure & Hospitality (+179k),
- Education & Health Services (+94k),
- Construction (+60k),
- Manufacturing (+36k),
- Financial Activities (+35k), and
- Other Services (+25k).

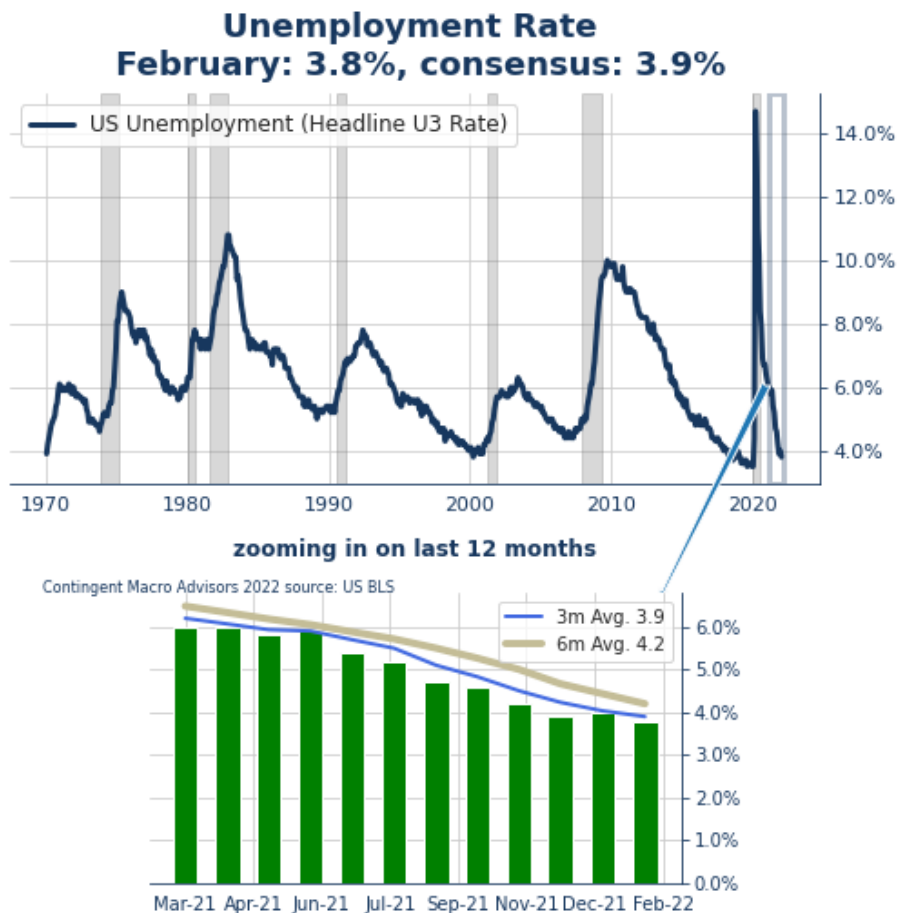


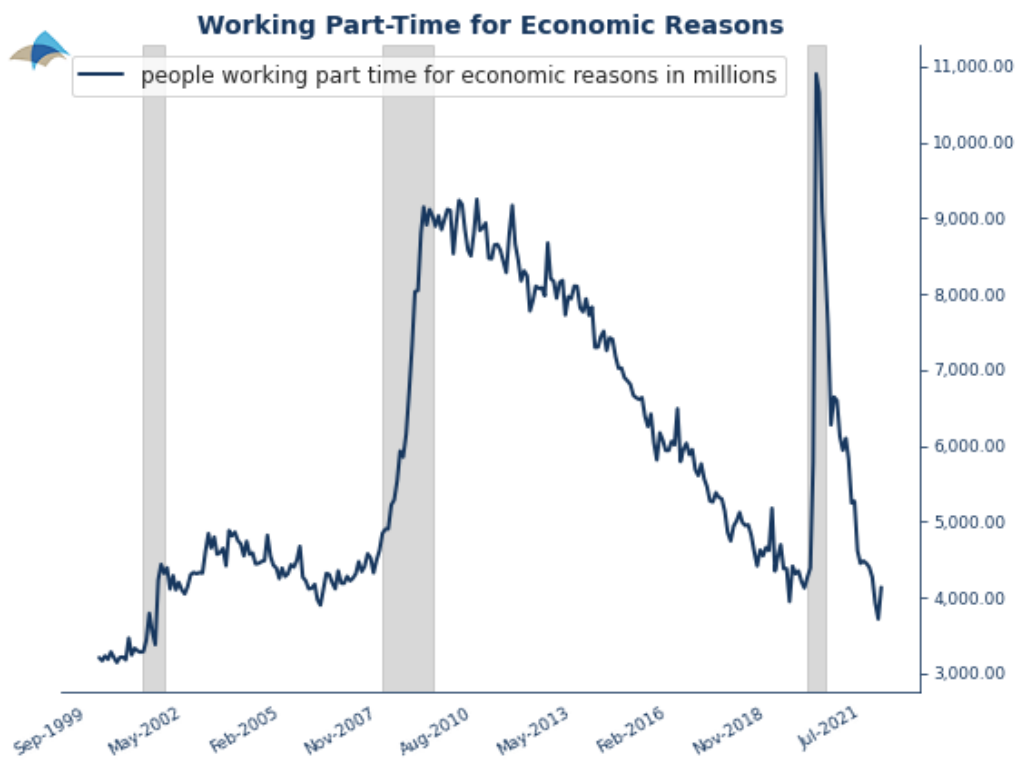
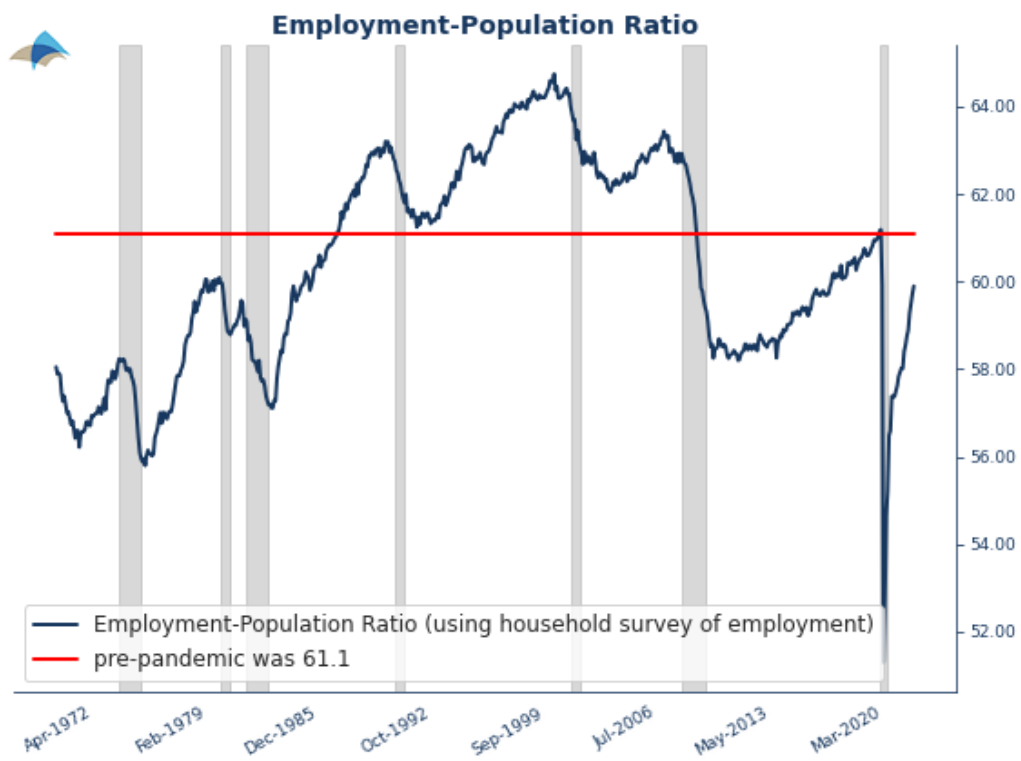


Change in US Employment - Major Sectors in 000s	Feb-22	Jan-22	Dec-21	Nov-21	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
<b>Total nonfarm</b>	678.000	481.000	588.000	647.000	582.300	582.500	556.000	561.917	63.700
<b>Trade, trans., &amp; utilities</b>	103.000	133.000	79.000	71.000	105.000	98.700	83.000	83.750	13.800
<b>Education &amp; health serv.</b>	112.000	33.000	65.000	69.000	70.000	59.300	52.500	49.083	16.800
<b>Government</b>	24.000	33.000	27.000	20.000	28.000	17.000	32.800	37.500	-2.700
<b>Prof. &amp; business serv.</b>	95.000	73.000	91.000	111.000	86.300	113.300	90.600	94.333	25.600
<b>Leisure &amp; hospitality</b>	179.000	167.000	186.000	191.000	177.300	166.300	181.800	196.333	-12.300
<b>Manufacturing</b>	36.000	16.000	41.000	48.000	31.000	36.000	32.100	30.417	3.300
<b>Financial activities</b>	35.000	3.000	14.000	32.000	17.300	20.000	14.800	11.833	8.200
<b>Construction</b>	60.000	7.000	44.000	47.000	37.000	36.000	25.400	15.750	12.100
<b>Other serv.</b>	25.000	5.000	24.000	36.000	18.000	22.000	24.600	23.750	-1.800
<b>Information</b>	0.000	10.000	9.000	18.000	6.300	9.500	13.800	16.167	1.700
<b>Mining &amp; logging</b>	9.000	1.000	8.000	4.000	6.000	4.300	4.800	3.000	-1.000

**The Unemployment Rate** FELL by 0.2 percentage points in February to 3.8%, compared with market expectations for a small decline to 3.9%. Household employment rose by 548k while the labor force increased by 304k, resulting in a decrease in the number of unemployed of 243k.

**The Labor Force Participation Rate** ROSE by 0.1 percentage points to 62.3%. The **Employment-Population Ratio** ROSE by 0.2 percentage points to 59.9%. **The number of people Working Part-Time for Economic Reasons** ROSE by 485k to 4,105k. while **Long-Term Unemployment** ROSE by 11k to 1,702k (accounting for 27.1% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 2.0 weeks to 26.6 weeks. There are now 6.3 million people officially unemployed. In addition, there are another 5,355k people who say they want a job but are not currently looking for one. Finally, another 4,105k people are working part-time because of slack economic conditions.





	Feb-22	Jan-22	Dec-21	Nov-21	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
<b>Unemployment Rate</b>	<b>3.8%</b>	<b>4.0%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>5.0%</b>	<b>8.1%</b>	<b>3.7%</b>	<b>5.0%</b>	<b>6.1%</b>
Civilian Labor Force (mln.)	<b>164.0</b>	163.7	162.3	162.1	163.3	162.5	161.8	164.6	163.1		
Change (thousands)	<b>304</b>	1,393	168	516	622	414	303	124	218	138	96
Household Employment (mln.)	<b>157.7</b>	157.2	156.0	155.3	157.0	155.7	153.8	149.9	158.8		
Change (thousands)	<b>548</b>	1,199	651	1,090	799	759	613	167	239	186	173
Unemployed (mln.)	<b>6.3</b>	6.5	6.3	6.8	6.4	6.8	8.0	10.8	5.9	7.4	9.0
Change (thousands)	<b>-243</b>	194	-483	-573	-177	-345	-310	-43	-21	-48	-77
Not in the Labor Force (mln.)	<b>99.3</b>	99.5	99.8	99.9	99.6	99.9	100.0	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	<b>5.4</b>	5.7	5.7	5.8	5.6	5.7	6.1	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	<b>6.9%</b>	7.2%	7.2%	7.5%	7.1%	7.5%	8.4%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('01)	<b>161.0</b>	211.0	74.0	37.0	148.7	100.7	77.4	111.0	112.0	137.8	144.6
<b>Mean Duration (in weeks)</b>	<b>26.6</b>	24.6	28.6	29.1	26.6	27.4	28.5	23.7	21.0	23.5	29.3
<b>Long-Term Unemployed (000's)</b>	<b>1,702</b>	1,691	2,008	2,193	1,800	2,100	2,937	3,979	1,196	1,974	2,901
<b>Part-Time for Economic Reason (000's)</b>	<b>4,105</b>	3,620	3,898	4,244	3,874	4,083	4,502	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** ROSE by 0.8%, combining the solid gain in private payroll employment and the longer workweek.

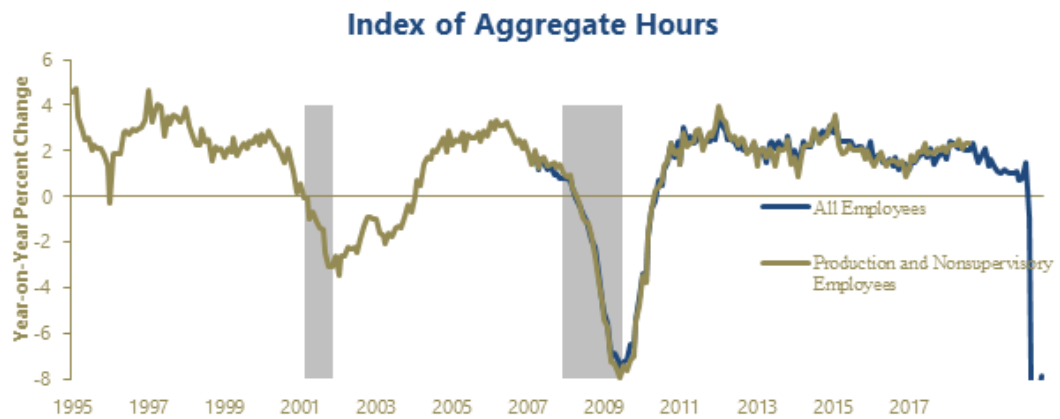
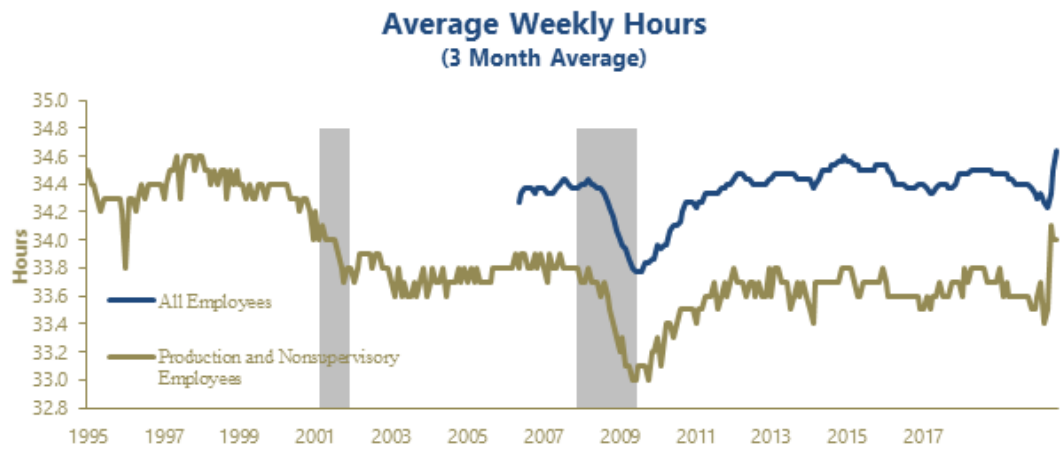
**Hourly Earnings** were flat in February, below market expectations of 0.5%. Hourly earnings are now 5.1% ABOVE their year-ago level.

**Weekly Earnings** ROSE by 0.3%, the result of the change in hourly earnings and a longer workweek. Weekly earnings are now 5.4% ABOVE their year-ago level.

**The Average Workweek** ROSE by 0.1 to 34.7 hours, inline with the market consensus at 34.7 hours.

	Feb-22	Jan-22	Dec-21	Nov-21	Annualized Averages for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
<b>Average Hourly Earnings</b>	<b>0.03%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>4.6%</b>	<b>5.4%</b>	<b>5.1%</b>	<b>2.9%</b>	<b>3.4%</b>	<b>3.5%</b>	<b>2.6%</b>
Prior Estimate		0.7%	0.5%	0.4%							
<b>Average Weekly Earnings</b>	<b>0.32%</b>	<b>0.0%</b>	<b>0.5%</b>	<b>0.4%</b>	<b>3.4%</b>	<b>5.4%</b>	<b>5.4%</b>	<b>2.3%</b>	<b>3.4%</b>	<b>3.7%</b>	<b>2.7%</b>
<b>Average Weekly Hours</b>											
Total Private	<b>34.7</b>	<b>34.6</b>	<b>34.8</b>	<b>34.8</b>	<b>34.7</b>	<b>34.8</b>	<b>34.8</b>	<b>34.2</b>	<b>33.5</b>	<b>33.7</b>	<b>33.7</b>
Prior Estimate		34.7	34.8	34.9							
Goods Producing	<b>40.4</b>	39.9	40.1	40.0	40.1	40.1	40.0	39.9	40.1	40.2	40.3
Manufacturing	<b>40.7</b>	40.3	40.4	40.3	40.5	40.4	40.4	40.1	40.4	40.6	40.7
Overtime	<b>3.6</b>	3.4	3.2	3.3	3.4	3.3	3.3	3.2	3.2	3.3	3.4
Service Producing	<b>33.6</b>	33.5	33.7	33.7	33.6	33.7	33.8	33.7	33.2	33.3	33.3
<b>Index of Aggregate Weekly Hours</b>											
Total Private	<b>0.8%</b>	<b>-0.2%</b>	<b>0.5%</b>	<b>0.5%</b>	<b>4.4%</b>	<b>5.6%</b>	<b>5.5%</b>	<b>0.8%</b>	<b>1.8%</b>	<b>0.1%</b>	<b>0.9%</b>
Prior Estimate		0.2%	0.3%	0.3%							
Goods Producing	<b>1.7%</b>	-0.3%	0.6%	0.8%	8.3%	7.0%	5.3%	-0.8%	3.6%	0.1%	0.9%
Manufacturing	<b>1.3%</b>	-0.2%	0.7%	0.3%	7.2%	4.9%	3.9%	-1.2%	2.4%	-0.5%	0.2%
Service Producing	<b>0.9%</b>	-0.2%	0.4%	0.2%	4.6%	5.2%	5.4%	1.3%	1.5%	0.1%	1.0%

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



## Recent Economic Reports