

01.Apr.2022

Employment: Solid Gains as Unemployment Rate Drops to 3.6%

Bottom Line: Job gains in March were solid at 431k, a touch below expectations but there were upward revisions to prior months' gains. The unemployment rate fell two-tenths, a tenth more than expected to 3.6%, as the household survey showed job gains of 736k. Average hourly earnings growth was robust, and there were also upward revisions to prior data. Higher-wage paying jobs like education and health care continued to see gains, helping propel that aggregate wage figure. **Overall, this was another solid labor report. Given the Fed's focus on the strength of the labor market as a reason to tighten monetary policy and the number of Fed officials who have talked about a bigger hike at their next meeting, 50ps at the May 4th meeting looks likely and could be followed by more 50bp hikes in June and July if the labor market data continues on this trajectory.**

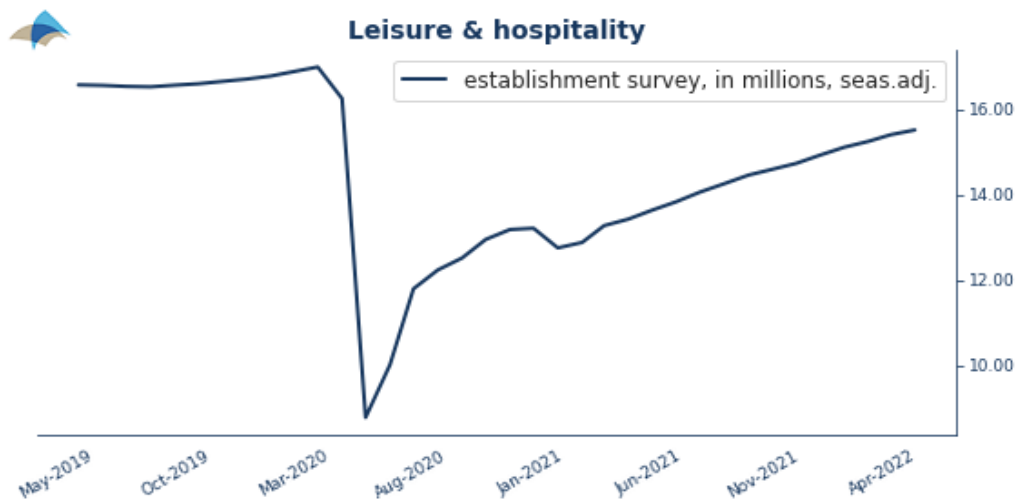
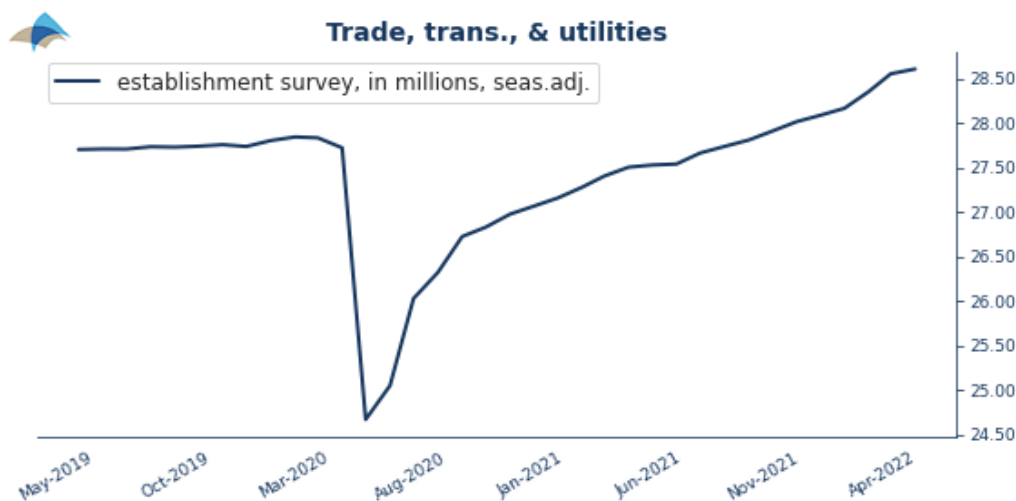


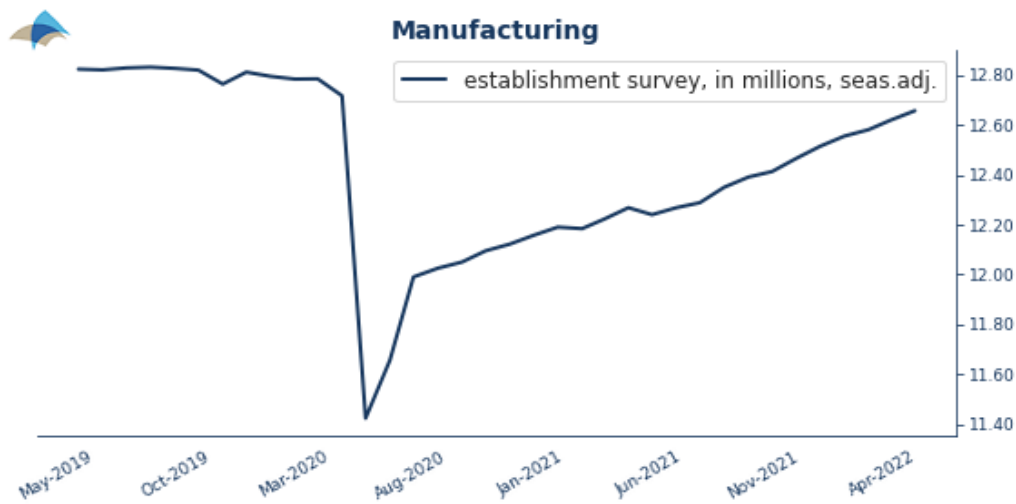
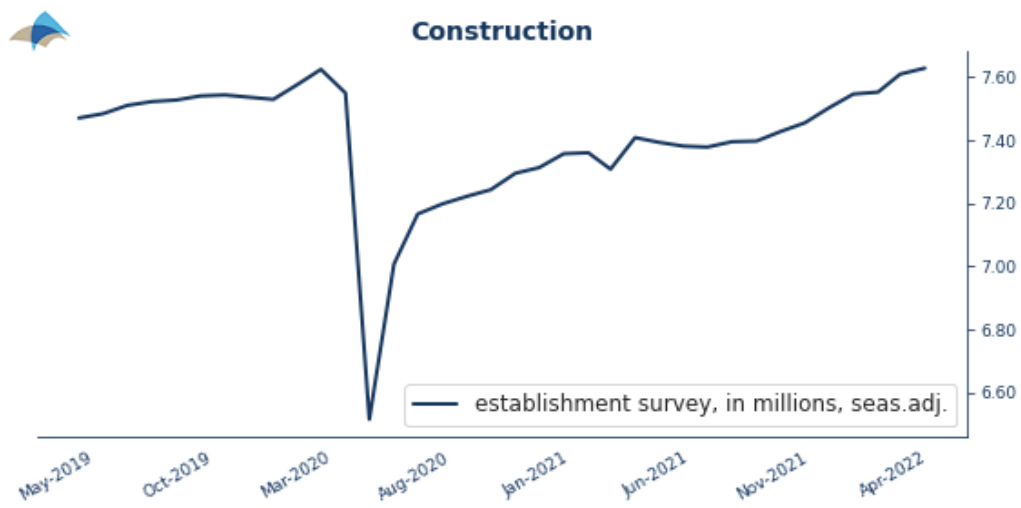
Payroll Employment rose by 431k in March, compared with market expectations for an increase of 490k. The prior 2 months were revised, higher in February by 72k and higher in January by 23k.

Government jobs ROSE by 5k. Consequently, **private sector jobs** ROSE by 426k. Overall employment is now 4.5% ABOVE its year-ago level. Over the past 12 months, 6,494k jobs have been created.

In March, the job gains were in:

- Trade, Transportation & Utilities (+5k with 49k of those in Retail Trade),
- Professional & Business Services (+102k with the addition of 4.9k in Temp Help Services),
- Leisure & Hospitality (+112k),
- Manufacturing (+38k),
- Education & Health Services (+33k),
- Construction (+19k), and
- Information (+16k).



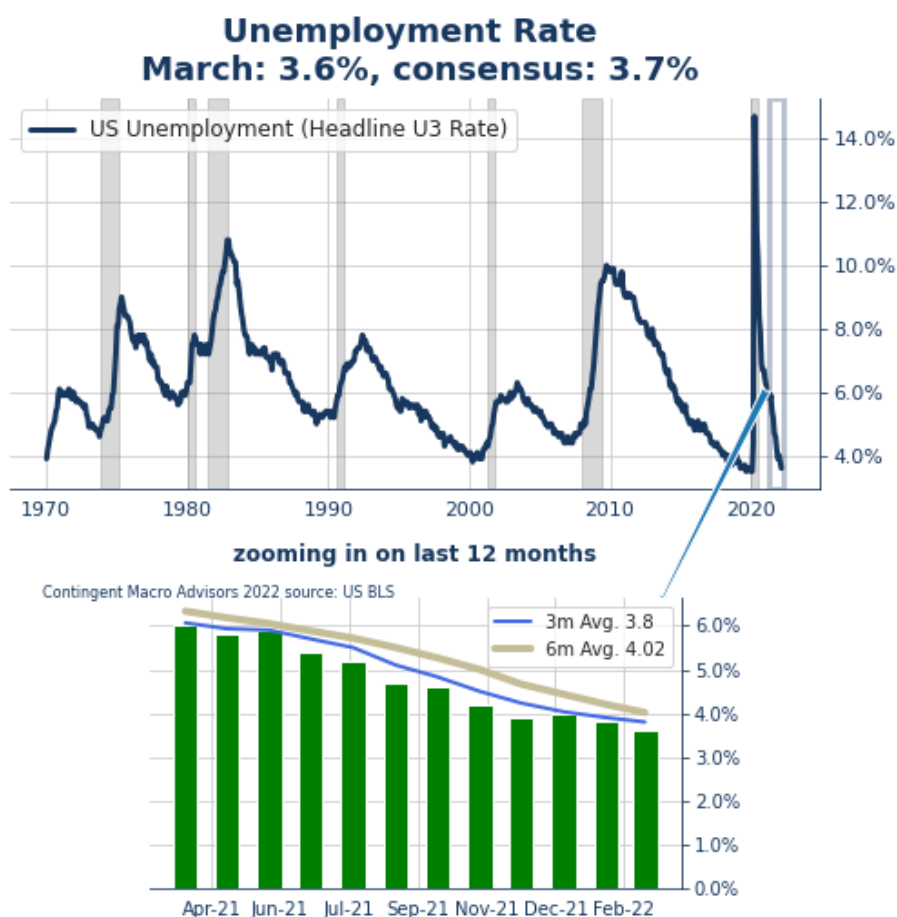


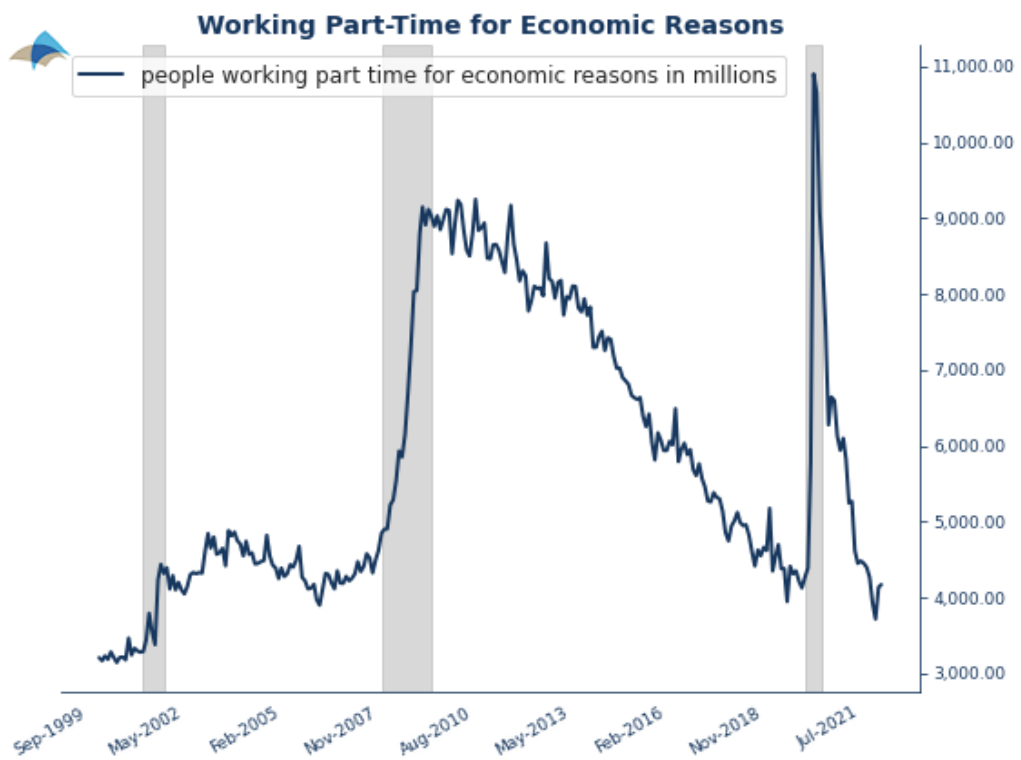
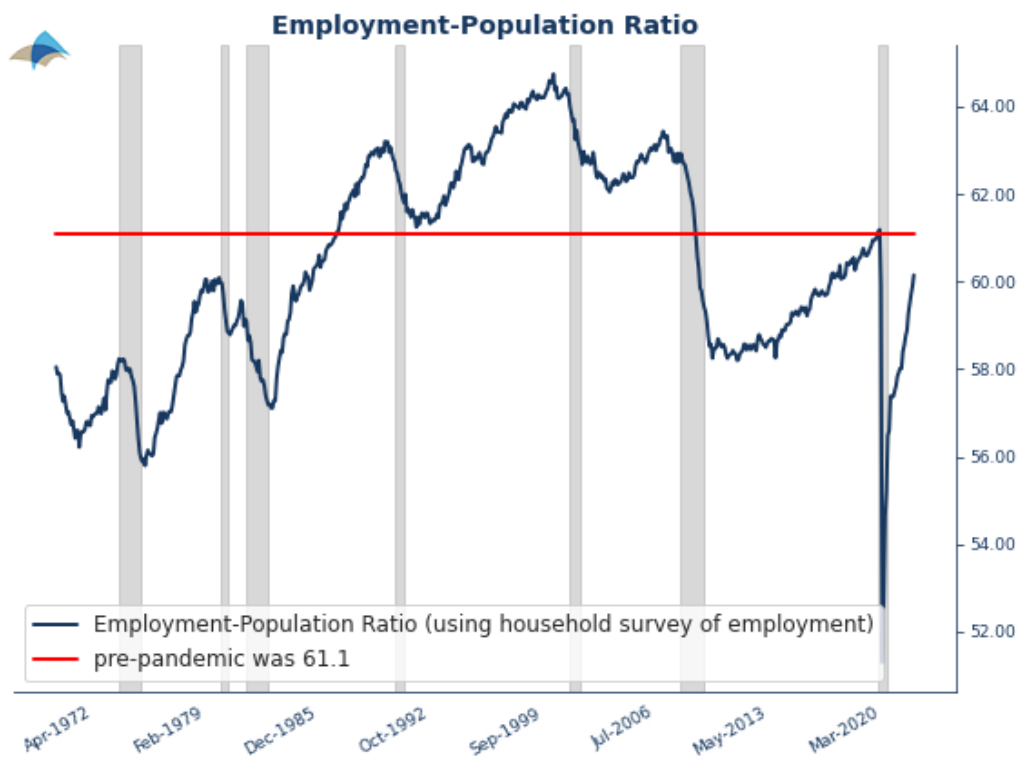
Change in US Employment - Major Sectors in 000s	Mar-22	Feb-22	Jan-22	Dec-21	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
Total nonfarm	431.000	750.000	504.000	588.000	561.700	599.500	541.200	561.917	63.700
Trade, trans., & utilities	54.000	199.000	188.000	79.000	147.000	116.200	91.800	83.750	13.800
Education & health serv.	53.000	117.000	33.000	65.000	67.700	67.500	50.100	49.083	16.800
Government	5.000	11.000	12.000	27.000	9.300	9.700	25.800	37.500	-2.700
Prof. & business serv.	102.000	105.000	88.000	91.000	98.300	122.200	91.200	94.333	25.600
Leisure & hospitality	112.000	154.000	138.000	186.000	134.700	153.700	173.800	196.333	-12.300
Manufacturing	38.000	38.000	26.000	41.000	34.000	40.700	32.400	30.417	3.300
Financial activities	16.000	30.000	2.000	14.000	16.000	19.500	14.800	11.833	8.200
Construction	19.000	57.000	6.000	44.000	27.300	33.500	18.300	15.750	12.100
Other serv.	13.000	37.000	6.000	24.000	18.700	23.500	25.300	23.750	-1.800
Information	16.000	-5.000	5.000	9.000	5.300	9.200	13.400	16.167	1.700
Mining & logging	3.000	7.000	0.000	8.000	3.300	4.000	4.100	3.000	-1.000

The Unemployment Rate FELL by 0.2 percentage points in March to 3.6%, compared with market expectations for a small decline to 3.7%. Household employment rose by 736k while the labor force increased by 418k, resulting in a decrease in the number of unemployed of 318k.

The Labor Force Participation Rate ROSE by 0.1 percentage points to 62.4%. **The Employment-Population Ratio** ROSE by 0.2 percentage points to 60.1%.

The number of people Working Part-Time for Economic Reasons ROSE by 44k to 4,149k. while **Long-Term Unemployment** FELL by 274k to 1,428k (accounting for 24.0% of the unemployed), while the **Mean Duration of Unemployment** FELL by 2.4 weeks to 24.2 weeks. There are now 6.0 million people officially unemployed. In addition, there are another 5,737k people who say they want a job but are not currently looking for one. Finally, another 4,149k people are working part-time because of slack economic conditions.





	Mar-22	Feb-22	Jan-22	Dec-21	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	3.6%	3.8%	4.0%	3.9%	3.8%	4.0%	4.8%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	164.4	164.0	163.7	162.3	164.0	163.0	162.1	164.6	163.1		
Change (thousands)	418	304	1,393	168	705	490	315	124	218	138	96
Household Employment (mln.)	158.5	157.7	157.2	156.0	157.8	156.5	154.4	149.9	158.8		
Change (thousands)	736	548	1,199	651	828	775	627	167	239	186	173
Unemployed (mln.)	6.0	6.3	6.5	6.3	6.2	6.5	7.7	10.8	5.9	7.4	9.0
Change (thousands)	-318	-243	194	-483	-122	-286	-312	-43	-21	-48	-77
Not in the Labor Force (mln.)	99.0	99.3	99.5	99.8	99.3	99.7	99.9	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	5.7	5.4	5.7	5.7	5.6	5.7	6.0	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	6.9%	6.9%	7.2%	7.2%	7.0%	7.3%	8.2%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('01	89.0	161.0	211.0	74.0	153.7	99.8	75.2	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	24.2	26.6	24.6	28.6	25.1	26.7	28.1	23.7	21.0	23.5	29.3
Long-Term Unemployed (000's)	1,428	1,702	1,691	2,008	1,607	1,894	2,706	3,979	1,196	1,974	2,901
Part-Time for Economic Reason (000's)	4,149	4,105	3,620	3,898	3,958	4,048	4,364	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 just slightly, combining the solid gain in private payroll employment and the shorter workweek.

Hourly Earnings ROSE by 0.4% in March, above market expectations of 0.4%. Hourly earnings are now 5.6% ABOVE their year-ago level.

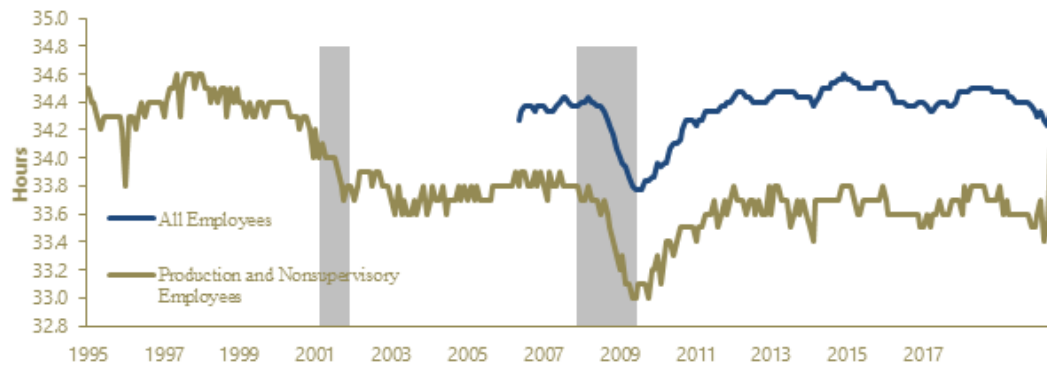
Weekly Earnings also ROSE by 0.1%, the result of the change in hourly earnings and a shorter workweek. Weekly earnings are now 4.6% ABOVE their year-ago level.

The Average Workweek FELL by 0.1 to 34.6 hours, BELOW the market consensus at 34.7 hours.

	Mar-22	Feb-22	Jan-22	Dec-21	Annualized Averages for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.41%	0.1%	0.6%	0.5%	4.5%	5.3%	5.6%	2.9%	3.4%	3.5%	2.6%
Prior Estimate		0.0%	0.6%	0.5%							
Average Weekly Earnings	0.12%	0.4%	0.0%	0.5%	2.2%	4.1%	4.6%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.6	34.7	34.6	34.8	34.6	34.7	34.8	34.2	33.5	33.7	33.7
Prior Estimate		34.7	34.8	34.9							
Goods Producing	40.1	40.4	39.9	40.1	40.1	40.1	40.0	39.9	40.1	40.2	40.3
Manufacturing	40.7	40.7	40.3	40.4	40.6	40.5	40.4	40.1	40.4	40.6	40.7
Overtime	3.4	3.5	3.3	3.2	3.4	3.3	3.3	3.2	3.2	3.3	3.4
Service Producing	33.6	33.7	33.5	33.7	33.6	33.7	33.7	33.7	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.0%	0.9%	-0.2%	0.5%	2.9%	4.4%	4.1%	0.7%	1.8%	0.1%	0.9%
Prior Estimate		0.8%	-0.2%	0.5%							
Goods Producing	-0.5%	1.8%	-0.3%	0.6%	3.9%	4.1%	3.0%	-0.6%	3.3%	0.1%	0.9%
Manufacturing	0.3%	1.3%	-0.1%	0.7%	6.3%	5.6%	3.7%	-1.2%	2.3%	-0.5%	0.2%
Service Producing	0.1%	1.1%	-0.1%	0.4%	4.6%	5.3%	4.5%	1.3%	1.4%	0.1%	1.0%

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

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



Index of Aggregate Hours

