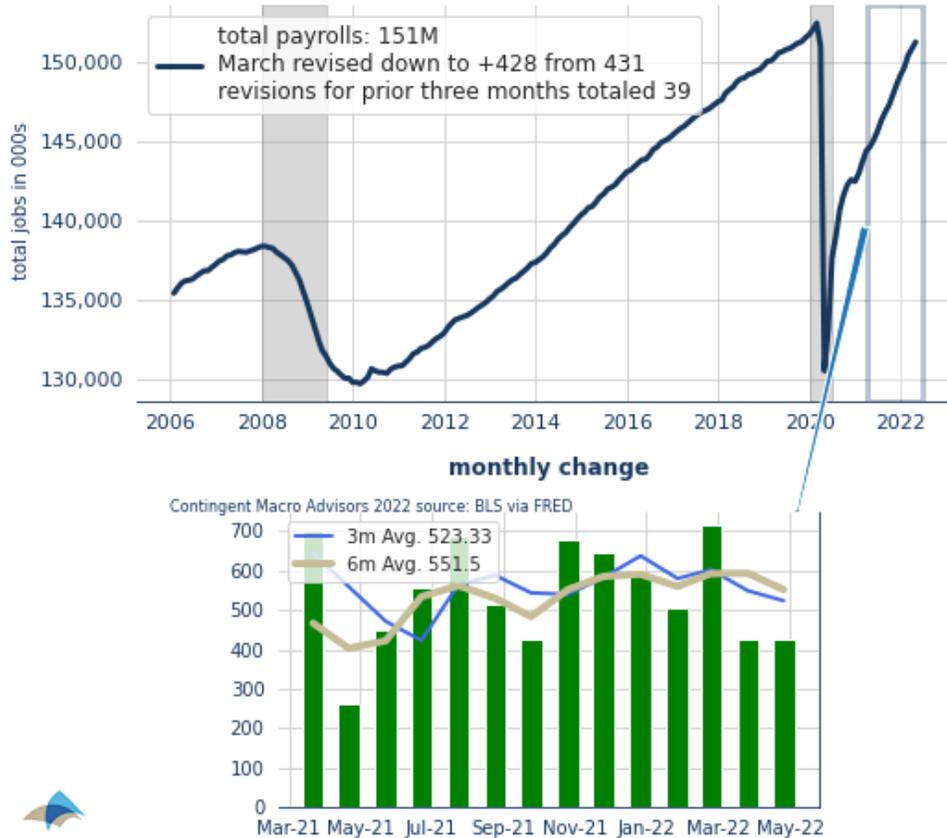


06.May.2022

Employment: Solid Job Gains, Hints of Cracks

Bottom Line: Job gains in April were even better than expected, matching March's gains, which were revised only slightly to 428k. Gains were broad-based, with hiring rebounding notably in the warehousing and transportation-related sectors. Manufacturing job gains were also robust. Leisure and hospitality gains have decelerated but remained historically strong in April. The unemployment was unchanged, and we should note that the household survey (different from the establishment survey and used to calculate the unemployment rate) showed a decline in employment as the labor force also fell in April. Average hourly earnings were up 0.3%, a touch lower than expected, but positive revisions to earlier data offset that miss. **Overall, this was another solid labor report, but perhaps not quite as strong as in prior months as the household survey gave hints of weakness for the second month in a row. Still, given the Fed's focus on the strength of the labor market as a reason to tighten monetary policy, this will do little to dissuade the notion the Fed will likely follow its 50p hike earlier this week with more 50bp hikes in June, July, and September.**

Total Nonfarm Payrolls April: +428, consensus: +380k

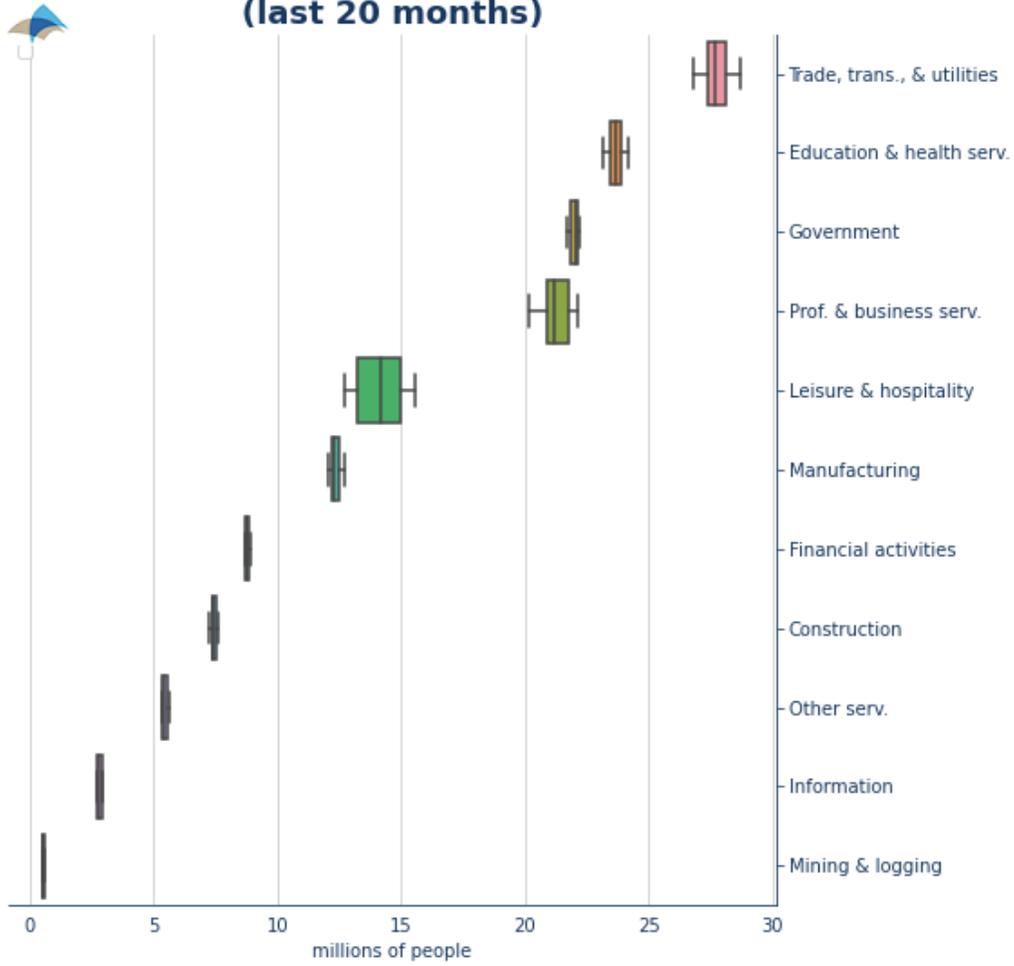


Payroll Employment rose by 428k in April, compared with market expectations for an increase of 380k. The prior 2 months were revised, lower in March by 3k and lower in February by 36k.

Government jobs ROSE by 22k. Consequently, private sector jobs ROSE by 406k. Overall employment is now 4.6% ABOVE its year-ago level, Over the past 12 months, 6,620k jobs have been created. In April, the job gains were in:

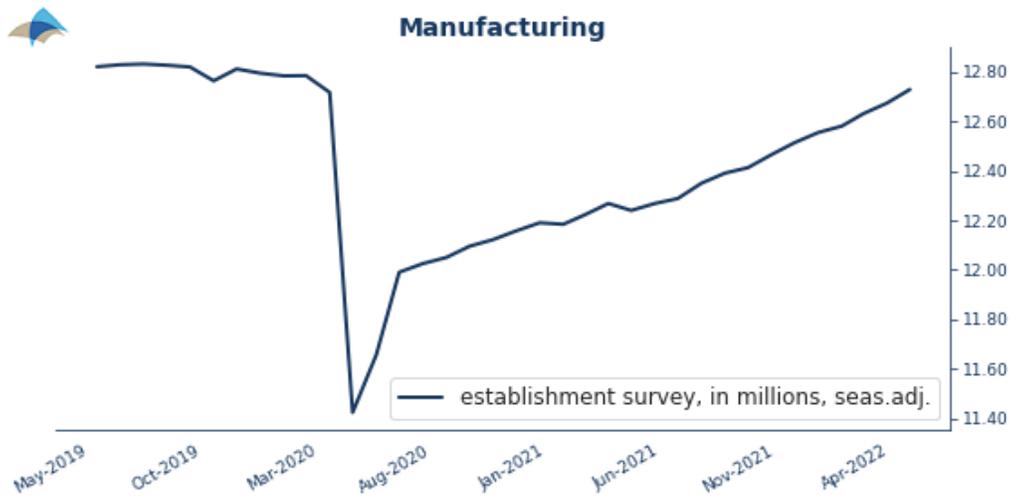
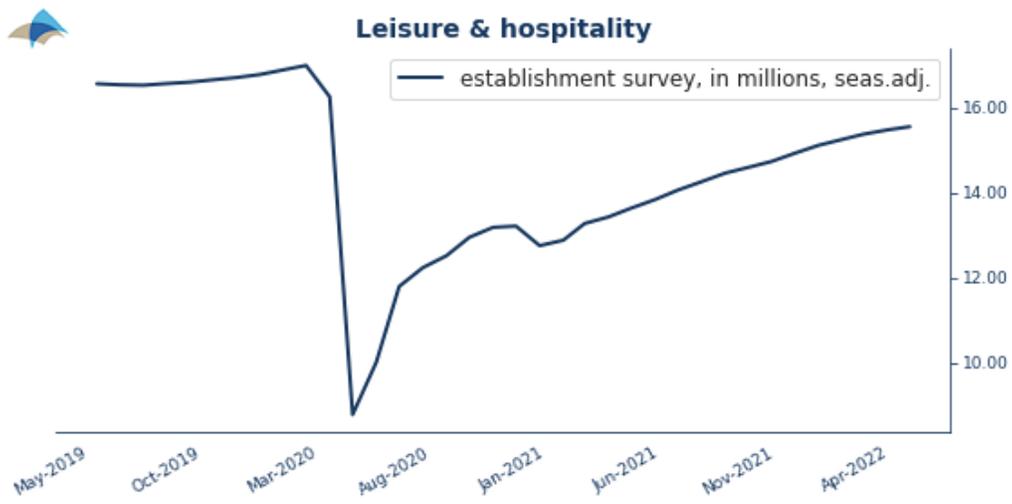
- Trade, Transportation & Utilities (+75k with 29k of those in Retail Trade),
- Professional & Business Services (+41k with the addition of 2.4k in Temp Help Services),
- Leisure & Hospitality (+78k),
- Manufacturing (+55k),
- Education & Health Services (+41k),
- Financial Activities (+35k),
- Government (+22k), and
- Information (+12k).

US Employment by Major Sector (last 20 months)



Trade, trans., & utilities





Change in US Employment - Major Sectors in 000s	Apr-22	Mar-22	Feb-22	Jan-22	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
Total nonfarm	428.000	428.000	714.000	504.000	523.300	551.500	551.700	561.917	63.700
Trade, trans., & utilities	104.000	59.000	211.000	188.000	124.700	118.700	99.800	83.750	13.800
Education & health serv.	59.000	57.000	101.000	33.000	72.300	64.000	50.600	49.083	16.800
Government	22.000	4.000	10.000	12.000	12.000	15.800	23.200	37.500	-2.700

Prof. & business serv.	41.000	94.000	87.000	88.000	74.000	85.300	99.000	94.333	25.600
Leisure & hospitality	78.000	100.000	124.000	138.000	100.700	136.200	159.500	196.333	-12.300
Manufacturing	55.000	43.000	50.000	26.000	49.300	43.800	40.800	30.417	3.300
Financial activities	35.000	12.000	29.000	2.000	25.300	20.700	16.200	11.833	8.200
Construction	2.000	20.000	54.000	6.000	25.300	28.800	19.600	15.750	12.100
Other serv.	11.000	14.000	38.000	6.000	21.000	21.500	24.500	23.750	-1.800
Information	12.000	21.000	0.000	5.000	11.000	10.800	13.600	16.167	1.700
Mining & logging	9.000	4.000	10.000	0.000	7.700	5.800	4.900	3.000	-1.000

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The Unemployment Rate was UNCHANGED in April at 3.6%, compared with market expectations for a small decline to 3.5%.

Household employment fell by 353k while the **labor force** declined by 363k, resulting in a decrease in the number of unemployed of 11k.

The Labor Force Participation Rate FELL by 0.2 percentage points to 62.2%.

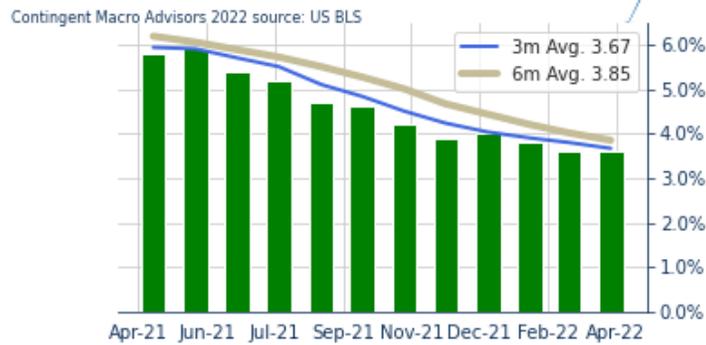
The Employment-Population Ratio FELL by 0.1 percentage points to 60.0%. **The number of people Working Part-Time for Economic Reasons** FELL by 153k to 3,996k. while **Long-Term Unemployment** ROSE by 55k to 1,483k (accounting for 25.0% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 0.8 weeks to 25.0 weeks. There are now 5.9 million people officially unemployed. In addition, there are another 5,859k people who say they want a job but are not currently looking for one. Finally, another 3,996k people are working part-time because of slack economic conditions.

Unemployment Rate

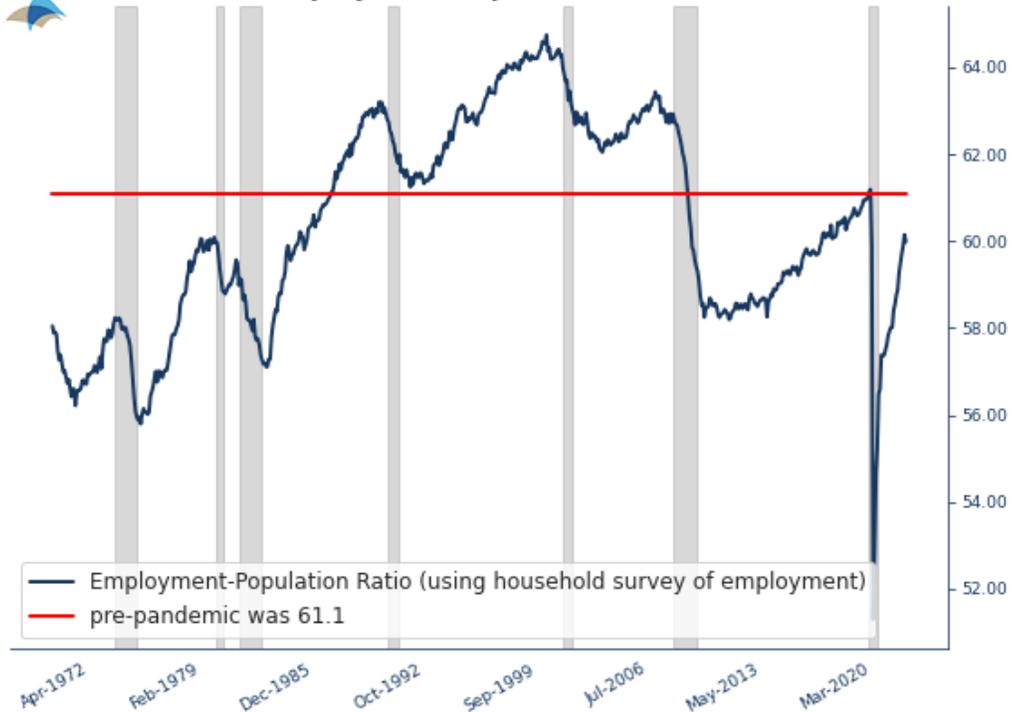
March: 3.6%, consensus: 3.5%

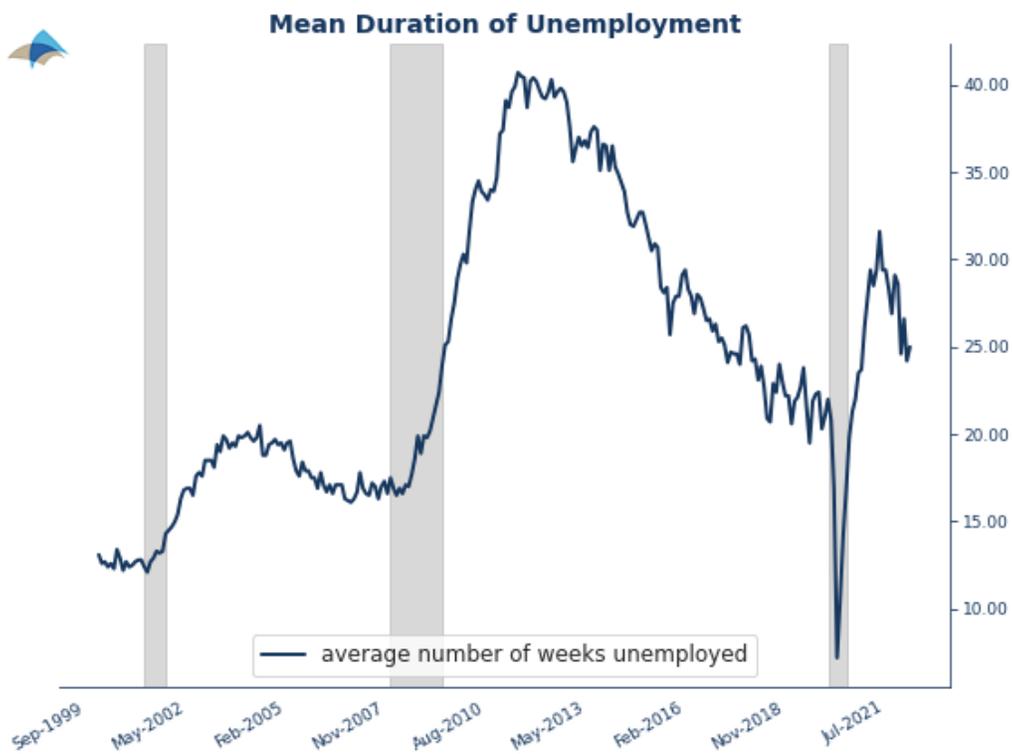
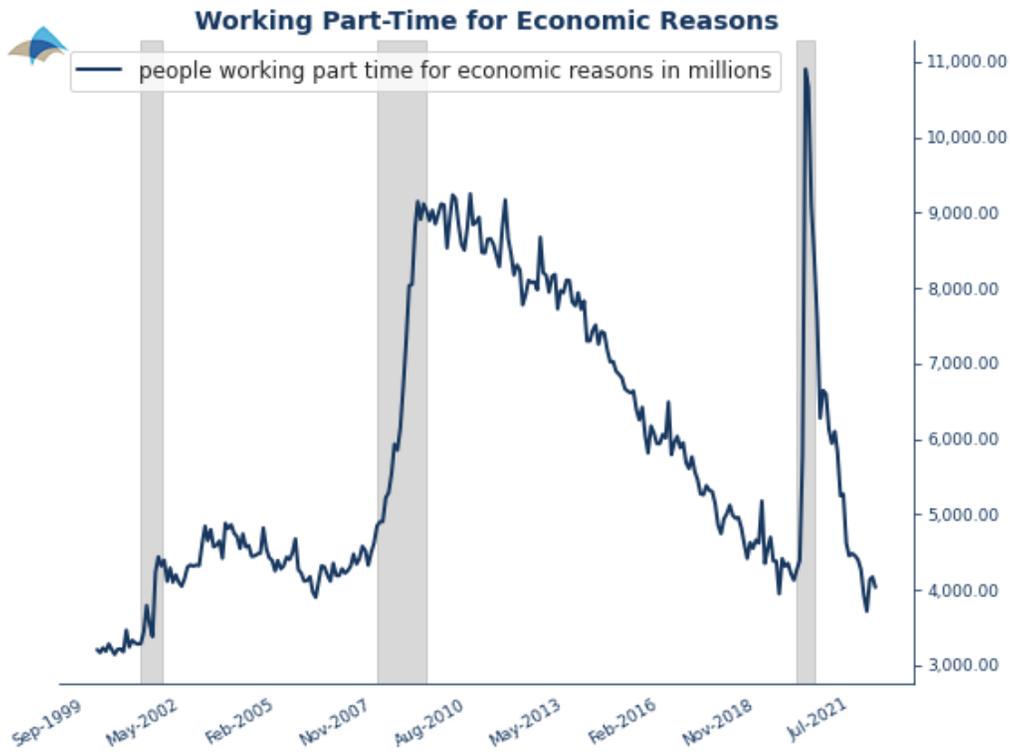


zooming in on last 12 months



Employment-Population Ratio





	Apr-22	Mar-22	Feb-22	Jan-22	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	3.6%	3.6%	3.8%	4.0%	3.7%	3.9%	4.6%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	164.0	164.4	164.0	163.7	164.1	163.4	162.4	164.6	163.1		
Change (thousands)	-363	418	304	1,393	120	406	256	124	218	138	96
Household Employment (mln.)	158.1	158.5	157.7	157.2	158.1	157.1	155.0	149.9	158.8		
Change (thousands)	-353	736	548	1,199	310	645	571	167	239	186	173
Unemployed (mln.)	5.9	6.0	6.3	6.5	6.1	6.3	7.4	10.8	5.9	7.4	9.0
Change (thousands)	-11	-318	-243	194	-191	-239	-315	-43	-21	-48	-77
Not in the Labor Force (mln.)	99.5	99.0	99.3	99.5	99.3	99.5	99.9	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	5.9	5.7	5.4	5.7	5.7	5.7	5.9	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	6.9%	6.9%	6.9%	7.2%	6.9%	7.1%	7.9%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('000's)	0.0	89.0	161.0	211.0	83.3	95.3	71.3	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	25.0	24.2	26.6	24.6	25.3	26.4	27.8	23.7	21.0	23.5	29.3
Long-Term Unemployed (000's)	1,483	1,428	1,702	1,691	1,538	1,751	2,480	3,979	1,196	1,974	2,901
Part-Time for Economic Reason (000's)	3,996	4,149	4,105	3,620	4,083	4,002	4,264	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 0.4%, combining the solid gain in private payroll employment and the steady workweek.

Hourly Earnings ROSE by 0.3% in April, below market expectations of 0.4%. Hourly earnings are now 5.5% ABOVE their year-ago level.

Weekly Earnings also ROSE by 0.3%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 4.6% ABOVE their year-ago level.

The Average Workweek was UNCHANGED at 34.6 hours, BELOW the market consensus at 34.7 hours.

	Apr-22	Mar-22	Feb-22	Jan-22	Annualized Averages for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.31%	0.5%	0.1%	0.6%	3.7%	4.8%	5.5%	2.9%	3.4%	3.5%	2.6%
<i>Prior Estimate</i>		0.4%	0.1%	0.6%							
Average Weekly Earnings	0.31%	0.2%	0.4%	0.0%	3.7%	3.6%	4.6%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.6	34.6	34.7	34.6	34.6	34.7	34.7	34.2	33.5	33.7	33.7
<i>Prior Estimate</i>		34.6	34.7	34.6							
Goods Producing	40.0	40.1	40.4	39.9	40.2	40.1	40.0	39.9	40.1	40.2	40.3
Manufacturing	40.5	40.7	40.7	40.3	40.6	40.5	40.4	40.1	40.4	40.6	40.7
Overtime	0.0	3.4	3.5	3.3	2.3	2.8	3.0	3.2	3.2	3.3	3.4
Service Producing	33.6	33.6	33.6	33.5	33.6	33.6	33.7	33.7	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.4%	0.0%	0.9%	-0.2%	5.2%	4.0%	4.3%	0.7%	1.8%	0.1%	0.9%
<i>Prior Estimate</i>		0.0%	0.9%	-0.2%							
Goods Producing	0.1%	-0.4%	1.8%	-0.3%	6.1%	5.2%	3.9%	-0.6%	3.3%	0.1%	0.9%
Manufacturing	-0.1%	0.3%	1.4%	-0.1%	6.7%	5.2%	4.2%	-1.2%	2.3%	-0.5%	0.2%
Service Producing	0.3%	0.3%	0.8%	-0.1%	6.0%	4.1%	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)



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