

04.Nov.2022

Employment: Surprisingly Strong Gains Continued

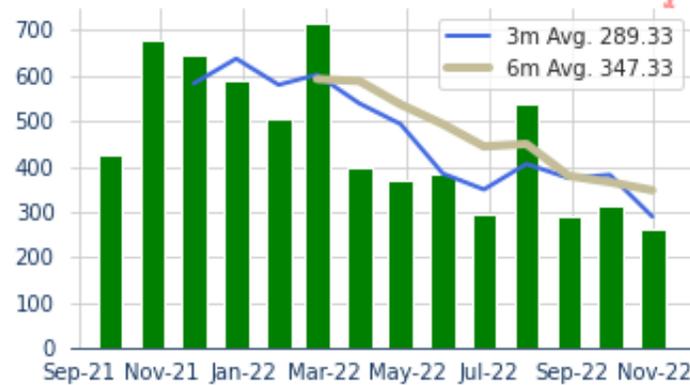
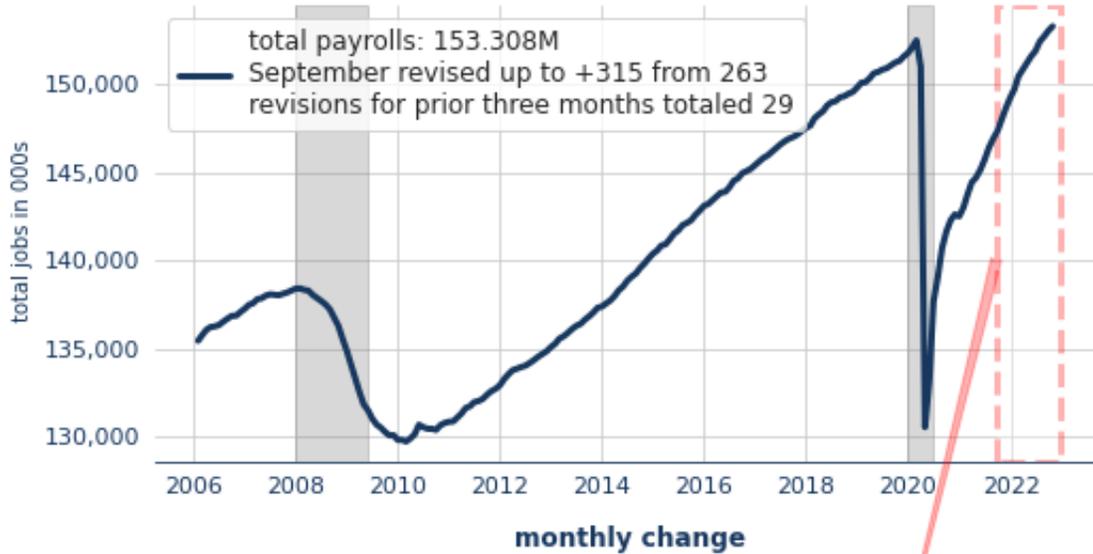
Bottom Line: Job gains were stronger than expected in October, and there were net upward revisions to previously reported data. At 261k, the gains were robust but still consistent with a modest deceleration in trend relative to the six- and 12-month average gains of 347k and 442k, respectively. Education and health services, a source of well-paying jobs and particularly tight labor markets, gained 79k jobs, slightly above the 12-month trend rate and showing no signs of slowing. Trade, transportations and utilities, the largest segment, saw a rebound in hiring but still showed a modest deceleration in the trend.

Countering the robust establishment survey data, the household survey showed a surprise decline, driving the unemployment rate up two-tenths to 3.7% as the labor force participation rate held steady, as it has for much of the year.

Finally, average hourly earnings rose slightly more than expected. The wholesale trade sector saw particularly strong gains, suggesting the slowdown in consumer activity is having little impact on employment within the supply chain.

Overall, this was a solid labor report, and the trend rate of job growth is decelerating only very slightly. Given the Fed's focus on the strength of the labor market as a critical factor behind sustained inflation, this report will likely be fodder for the hawks that they need to do more to fight inflation.

Total Nonfarm Payrolls October: +261.0k, consensus: +200k



Contingent Macro Advisors 2022 source: BLS via FRED

Payroll Employment rose by 261k in October, compared with market expectations for an increase of 200k. The prior 2 months were revised, higher in September by 52k and lower in August by 23k.

- Government jobs ROSE by 28k. Consequently, private sector jobs ROSE by 233k.

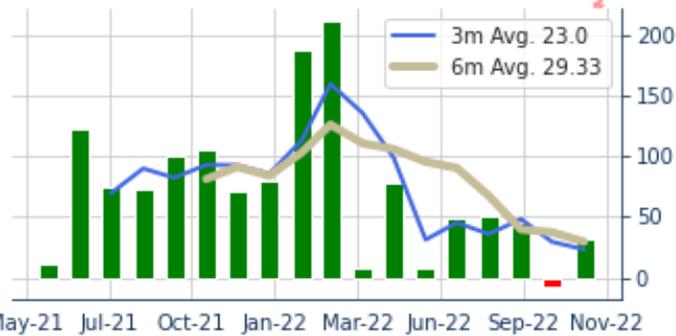
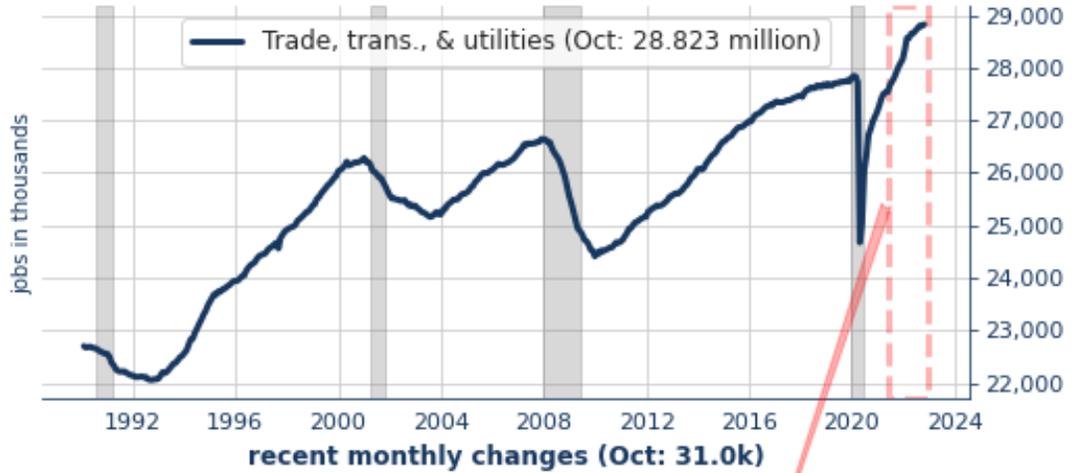
Overall employment is now 3.6% ABOVE its year-ago level. Over the past 12 months, 5,303k jobs have been created.

In October, the job gains were in:

- Trade, Transportation & Utilities (+24k with 7k of those in Retail Trade),
- Professional & Business Services (+39k with the addition of 11.8k in Temp Help Services),
- Education & Health Services (+71k),

- Leisure & Hospitality (+35k),
- Manufacturing (+32k),
- Government (+28k),
- Other Services (+9k), and
- Information (+4k).

Trade, trans., & utilities

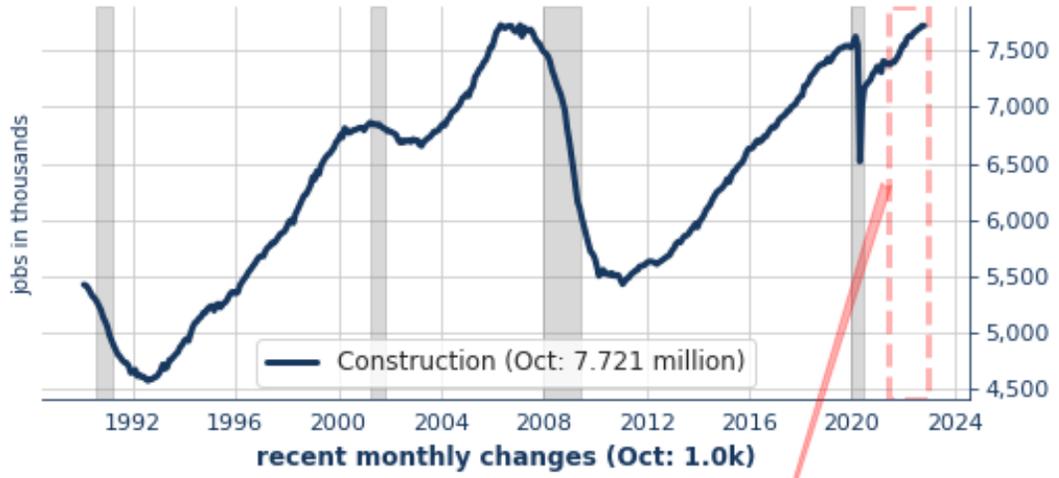


Leisure & hospitality



Contingent Macro Advisors 2022 source: US BLS

Construction

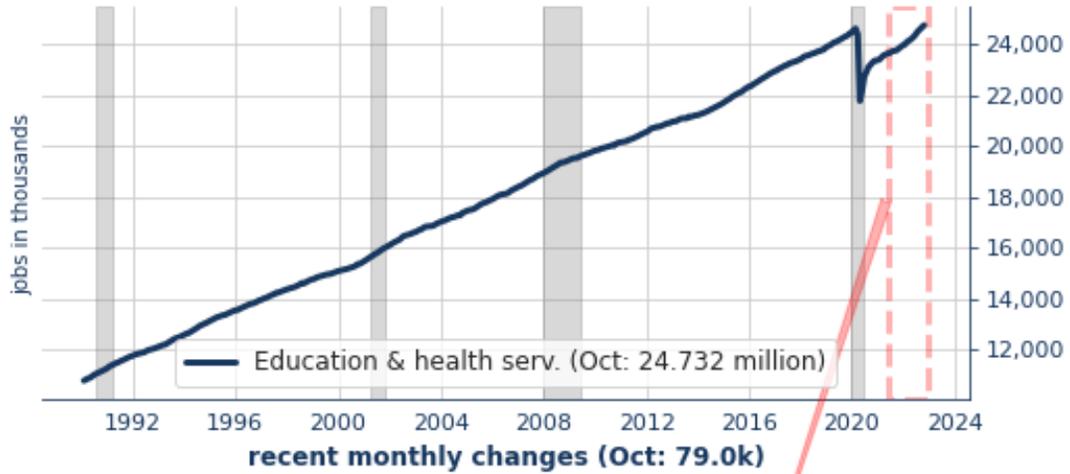


Manufacturing



Contingent Macro Advisors 2022 source: US BLS

Education & health serv.



Contingent Macro Advisors 2022 source: US BLS

Change in US Employment - Major Sectors in 000s	Oct-22	Sep-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Total nonfarm (153.3Mil. jobs total)	261.00	315.00	289.30	347.30	441.90	561.92	102.60
Trade, trans., & utilities (28.8Mil.)	31.00	-7.00	23.00	29.30	67.50	83.75	23.00
Education & health serv. (24.7Mil.)	79.00	91.00	84.00	91.00	77.20	49.08	23.70
Prof. & business serv. (22.5Mil.)	39.00	52.00	40.00	60.50	72.80	94.33	31.20
Government (22.4Mil.)	28.00	-4.00	27.70	29.00	21.30	37.50	-0.20
Leisure & hospitality (15.9Mil.)	35.00	107.00	51.70	59.30	96.50	196.33	-4.10
Manufacturing (12.9Mil.)	32.00	23.00	30.30	28.70	38.00	30.42	7.20

Financial activities (9.0Mil.)	3.00	1.00	4.30	5.80	12.80	11.83	8.20
Construction (7.7Mil.)	1.00	22.00	10.70	16.30	22.20	15.75	11.50
Other serv. (5.7Mil.)	9.00	20.00	11.30	9.50	15.80	23.75	-1.00
Information (3.0Mil.)	4.00	7.00	6.00	14.30	13.10	16.17	3.80
Mining & logging (0.6Mil.)	0.00	3.00	0.30	3.50	4.70	3.00	-0.90

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.



The Unemployment Rate ROSE by 0.2 percentage points in October to 3.7%, compared with market expectations for a no change to 3.5%. **Household employment** fell by 328k while the labor force declined by 22k, resulting in an increase in the number of unemployed of 306k.

The Labor Force Participation Rate FELL by 0.1 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 186k to 3,577k. while **Long-Term Unemployment** ROSE by 98k to 1,165k (accounting for 19.2% of the unemployed), while the **Mean Duration of Unemployment** ROSE by 0.6 weeks to 20.8 weeks. There are now 6.1 million people officially unemployed. In addition, there are another 5,717k people who say they want a job but are not currently looking for one. Finally, another 3,577k people are working part-time because of slack economic conditions.

US Unemployment Rate October: +3.7%, consensus: +3.6

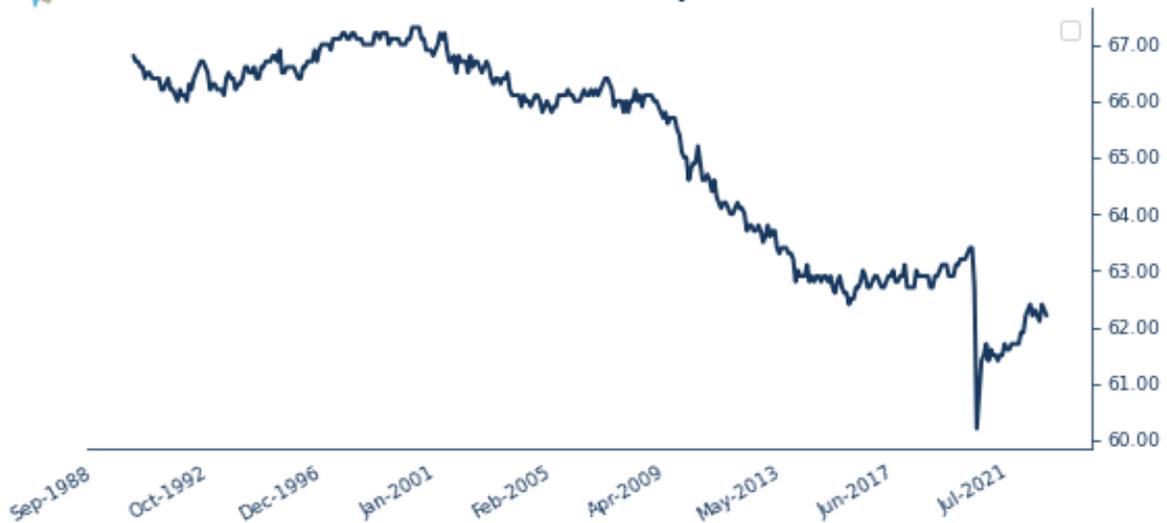


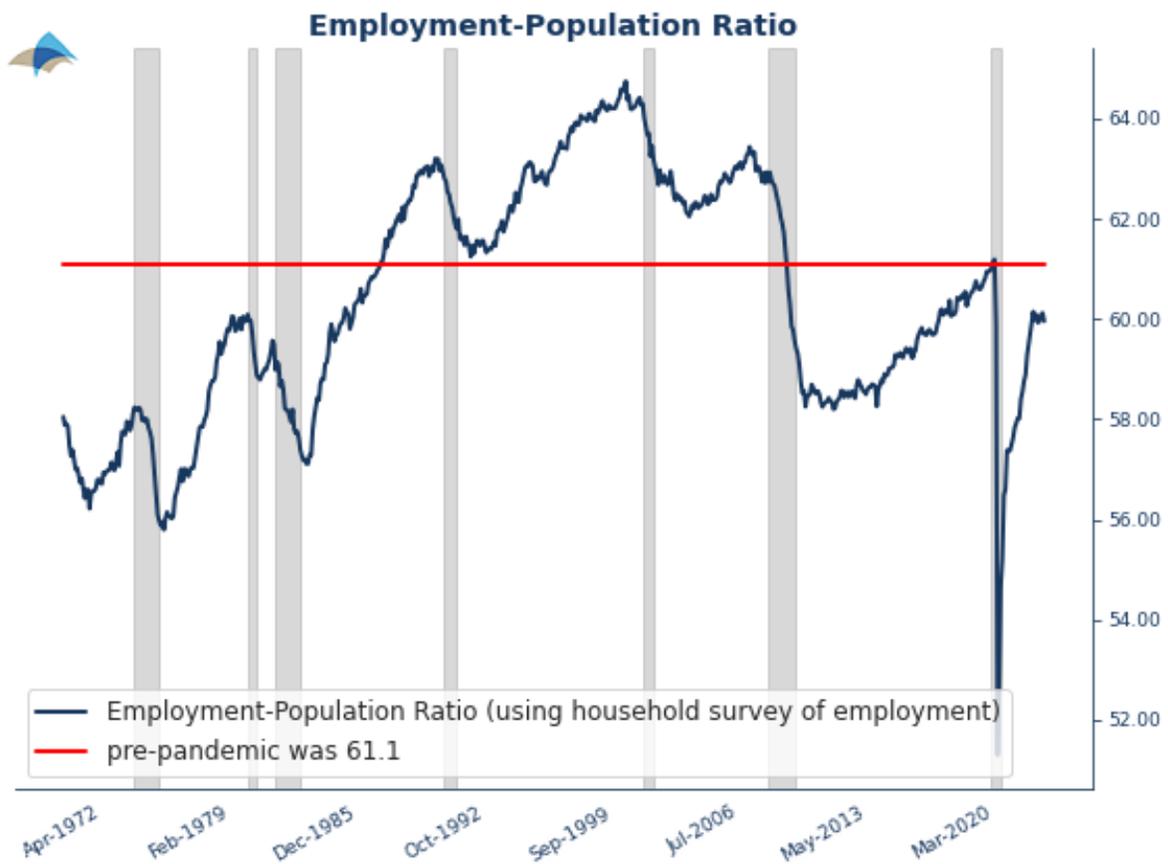
zooming in on last 12 months



Contingent Macro Advisors 2022 source: US BLS

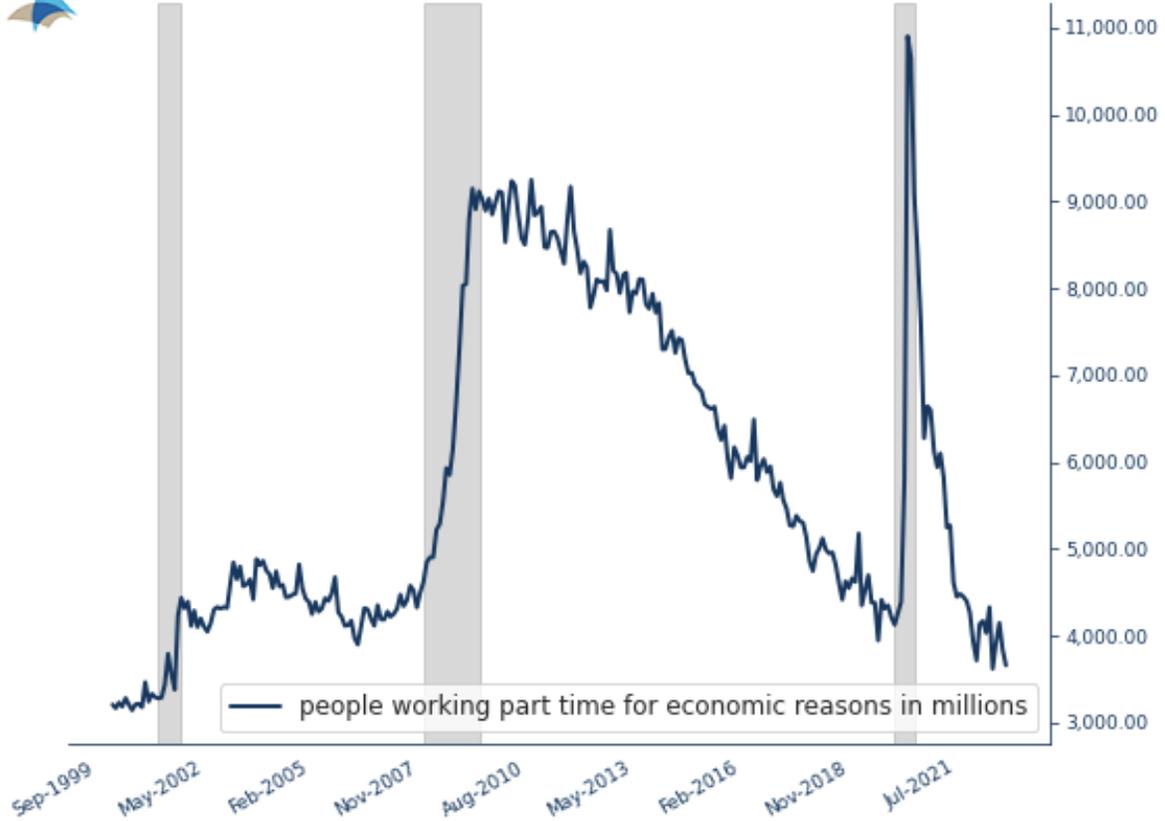
US Labor Force Participation Rate



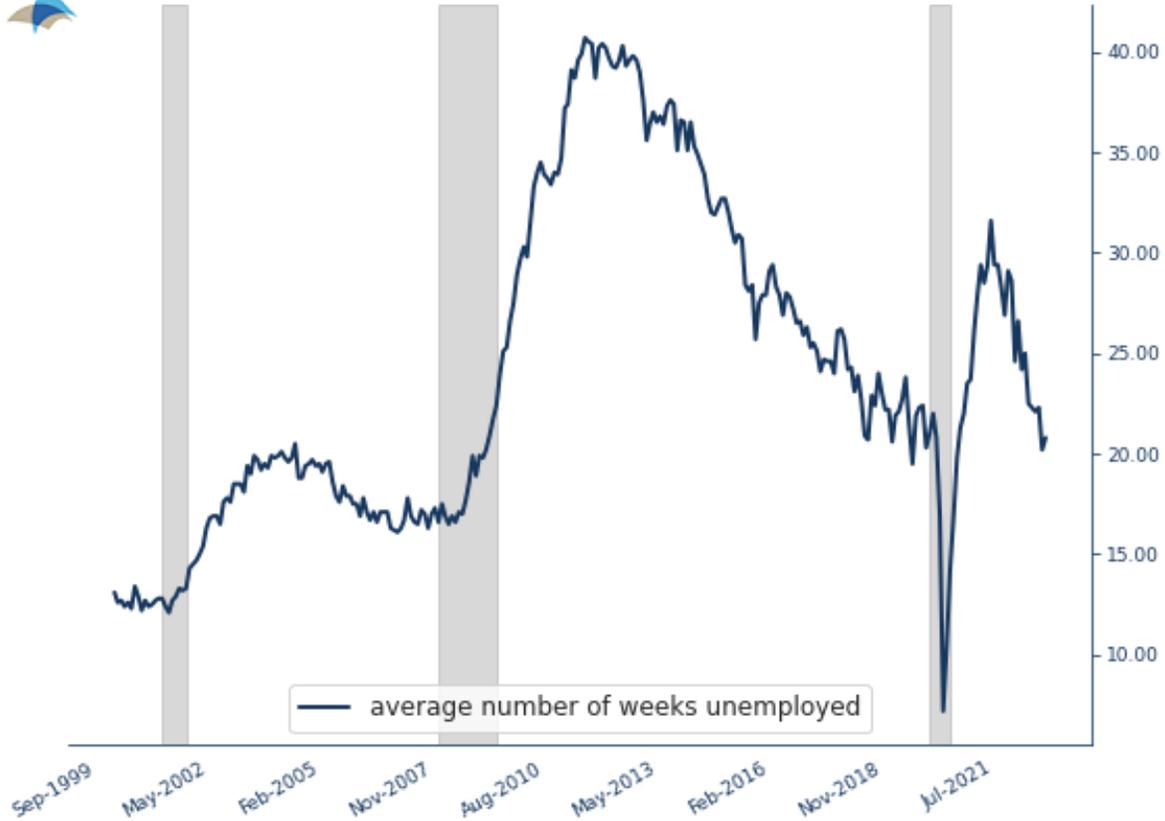




Working Part-Time for Economic Reasons



Mean Duration of Unemployment



The Index of Aggregate Hours ROSE by 0.2%, combining the solid gain in private payroll employment and the steady workweek.

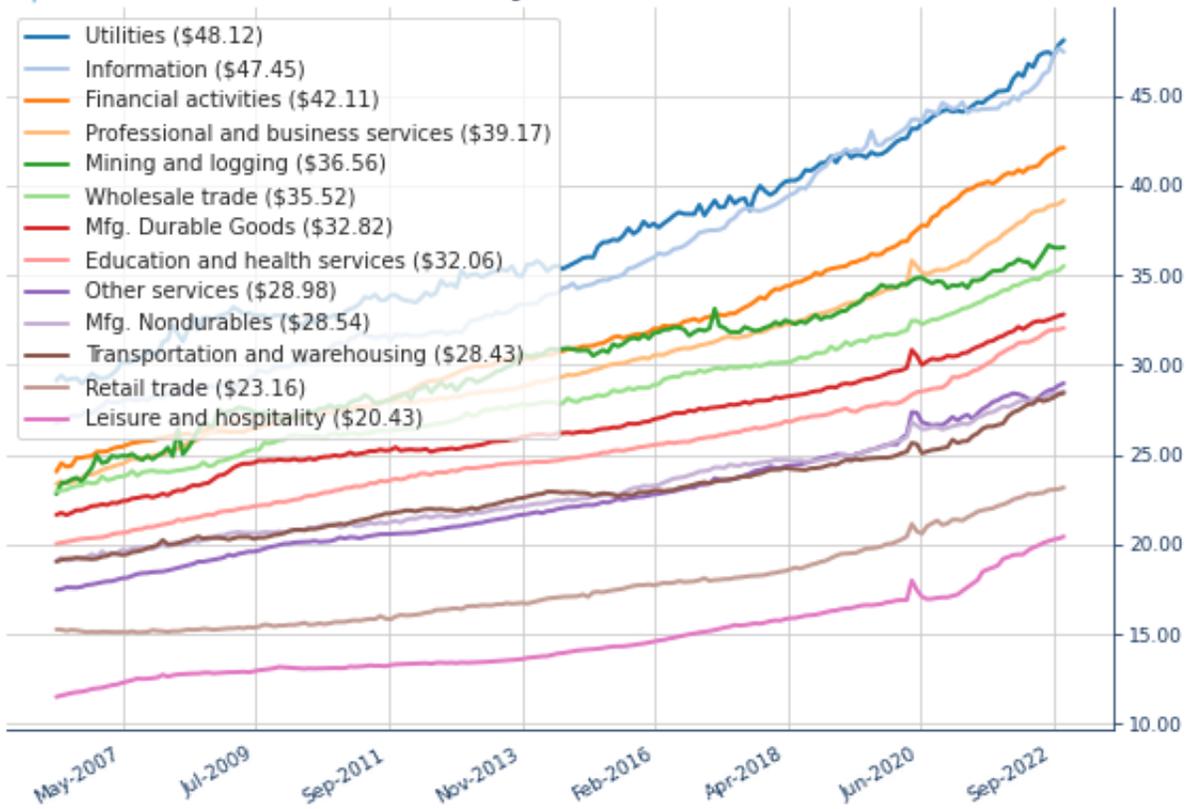
Hourly Earnings ROSE by 0.4% in October, below market expectations of 0.4%. Hourly earnings are now 4.7% ABOVE their year-ago level.

Weekly Earnings also ROSE by 0.4%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 3.8% ABOVE their year-ago level.

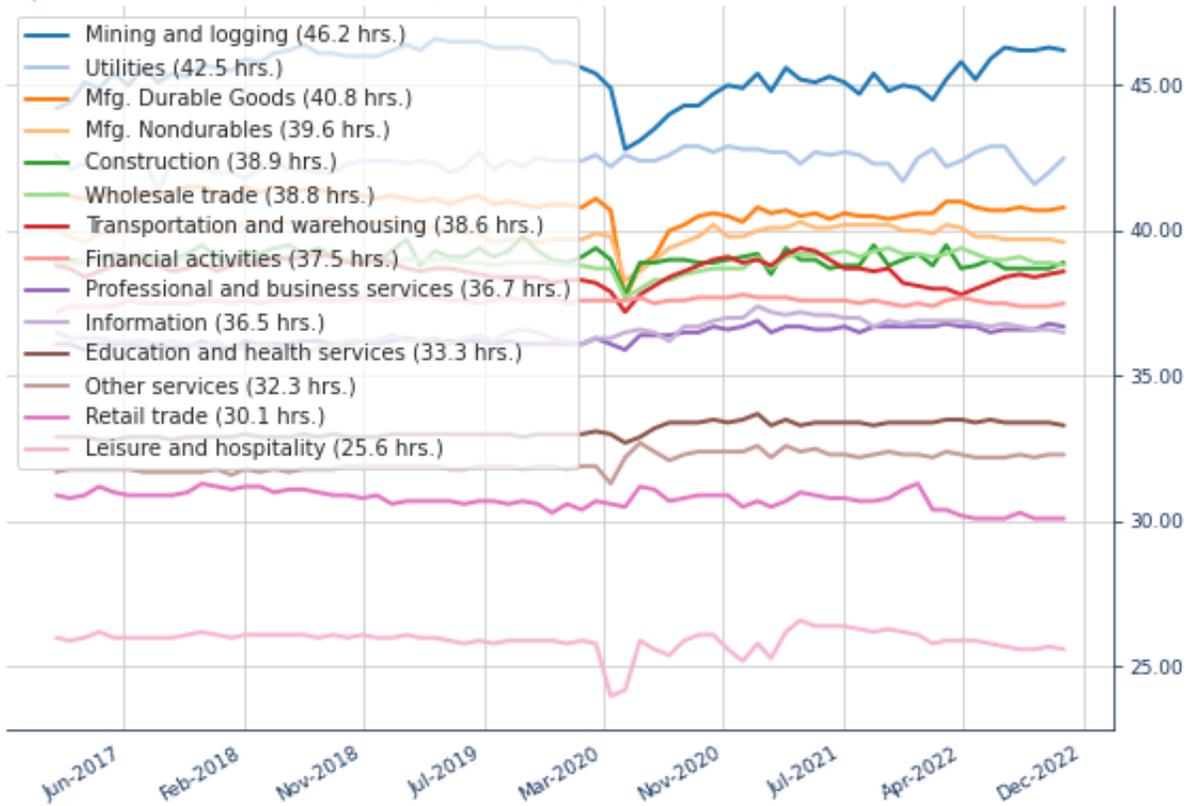
The Average Workweek was UNCHANGED at 34.5 hours, BELOW the market consensus at 34.7 hours.



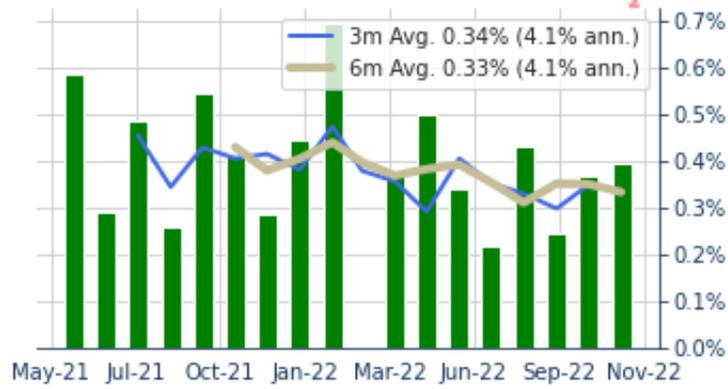
Average Hourly Earnings by sector



Average Hours Worked by sector per week

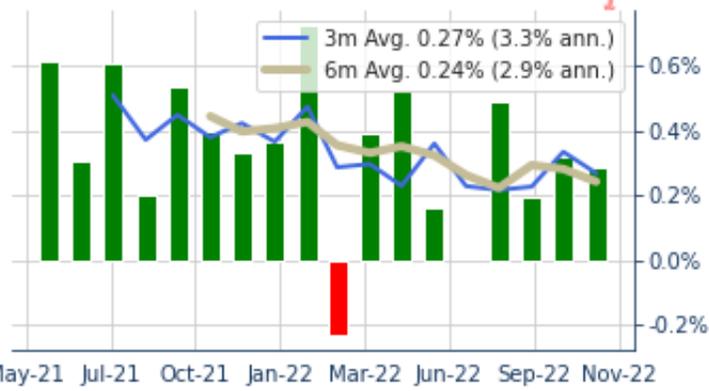


Avg Hrly Earnings - Goods-producing



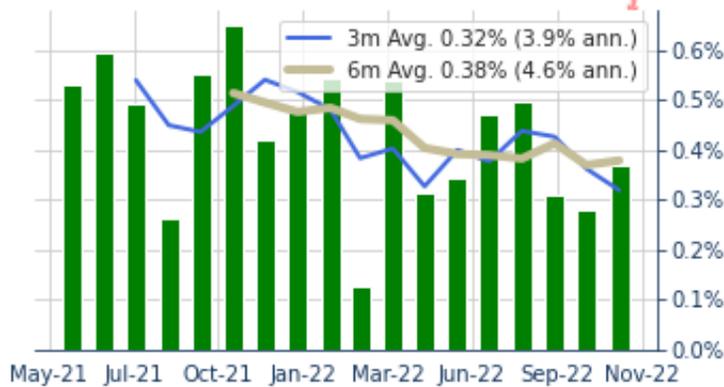
Contingent Macro Advisors 2022 source: US BLS via FRED

Avg Hrly Earnings - Manufacturing



Contingent Macro Advisors 2022 source: US BLS via FRED

Avg Hrlly Earnings - Private service-providing



Contingent Macro Advisors 2022 source: US BLS via FRED

Average Hourly Earnings	Oct-22	Sep-22	Aug-22	3m ann % chg	6m ann % chg	YoY % chg	2021	2020	5y
Total private	0.37%	0.31%	0.28%	3.90%	4.57%	4.73%	4.88%	5.46%	4.45%
Goods-producing	0.40%	0.37%	0.25%	4.12%	4.08%	4.39%	4.69%	2.82%	3.59%
Mining and logging	0.11%	-0.08%	-0.35%	-1.30%	6.60%	3.57%	3.51%	0.17%	2.72%
Manufacturing	0.29%	0.32%	0.19%	3.27%	2.95%	3.62%	4.62%	3.02%	3.32%
Mfg. Durable Goods	0.24%	0.34%	0.34%	3.74%	2.80%	3.80%	4.63%	2.87%	3.40%
Mfg. Nondurables	0.35%	0.21%	0.04%	2.42%	3.16%	3.03%	4.51%	3.66%	3.19%
Private service-providing	0.37%	0.28%	0.31%	3.91%	4.65%	4.80%	4.93%	6.15%	4.66%

Trade, transportation, and utilities	0.47%	0.36%	0.18%	4.10%	4.05%	4.99%	5.02%	4.94%	4.38%
Wholesale trade	0.68%	0.20%	0.14%	4.16%	4.18%	3.95%	4.72%	3.76%	3.58%
Retail trade	0.35%	0.17%	0.09%	2.45%	3.36%	4.23%	5.29%	6.69%	5.22%
Transportation and warehousing	0.25%	0.60%	0.46%	5.38%	4.36%	6.32%	5.92%	3.86%	3.54%
Utilities	0.56%	1.27%	-0.42%	5.77%	6.58%	6.27%	4.17%	4.55%	4.38%
Information	-0.44%	0.78%	1.96%	9.55%	8.99%	6.39%	1.54%	3.85%	4.45%
Financial activities	0.12%	0.57%	0.34%	4.19%	5.33%	3.85%	3.96%	7.04%	4.75%
Professional and business services	0.49%	0.18%	0.15%	3.34%	3.35%	5.04%	6.11%	3.74%	4.45%
Education and health services	0.25%	0.06%	0.16%	1.89%	4.38%	4.40%	5.76%	5.35%	4.12%
Leisure and hospitality	0.54%	0.25%	0.45%	5.05%	6.25%	6.46%	13.32%	1.90%	6.01%
Other services	0.45%	0.70%	0.24%	5.72%	7.28%	2.73%	4.87%	5.90%	3.82%

Source: BLS via FRED

Average Hours Worked	Oct-22	Sep-22	Aug-22	3m. avg.	6m. avg.	12m. avg.	2021	5y
Total private	34.50	34.50	34.50	34.50	34.50	34.60	34.82	34.60
Goods-producing	40.00	39.90	39.90	39.90	39.90	40.00	40.02	40.10
Mining and logging	46.20	46.30	46.20	46.20	46.20	45.60	45.11	45.50
Construction	38.90	38.70	38.70	38.80	38.80	38.90	38.99	39.00
Manufacturing	40.40	40.30	40.30	40.30	40.40	40.40	40.40	40.40
Mfg. Durable Goods	40.80	40.70	40.70	40.70	40.70	40.70	40.56	40.70
Mfg. Nondurables	39.60	39.70	39.70	39.70	39.70	39.80	40.12	39.90
Private service-providing	33.50	33.50	33.40	33.50	33.50	33.50	33.78	33.50
Trade, transportation, and utilities	34.00	34.00	34.00	34.00	34.00	34.10	34.51	34.30
Wholesale trade	38.80	38.90	38.90	38.90	38.90	39.10	39.17	38.90
Retail trade	30.10	30.10	30.10	30.10	30.10	30.40	30.83	30.70
Transportation and warehousing	38.60	38.50	38.40	38.50	38.40	38.20	38.81	38.60
Utilities	42.50	42.00	41.60	42.00	42.40	42.40	42.49	42.40

Information	36.50	36.60	36.60	36.60	36.60	36.80	37.03	36.50
Financial activities	37.50	37.40	37.40	37.40	37.40	37.50	37.58	37.60
Professional and business services	36.70	36.80	36.60	36.70	36.60	36.70	36.67	36.40
Education and health services	33.30	33.40	33.40	33.40	33.40	33.40	33.41	33.20
Leisure and hospitality	25.60	25.70	25.60	25.60	25.70	25.80	26.18	25.90
Other services	32.30	32.30	32.20	32.30	32.20	32.30	32.37	32.10

Source: BLS via FRED