

10.Mar.2023

Employment: Solid Gains, Wages Cooler, Participation Up

Bottom Line: Nonfarm payrolls rose more than expected in February. There were modest negative revisions to January's exceptionally strong numbers. The labor force participation rate rose modestly, pushing the unemployment rate higher. Average hourly earnings rose more slowly than expected.

Job gains were solid across most sectors, with the exception of losses in the information sector. Leisure and hospitality jobs, as well as retail trade jobs, saw continued robust gains. Manufacturing jobs fell slightly, but construction was surprisingly strong. Among other high-paying sectors, education and healthcare job gains decelerated only slightly, still running at a robust pace.

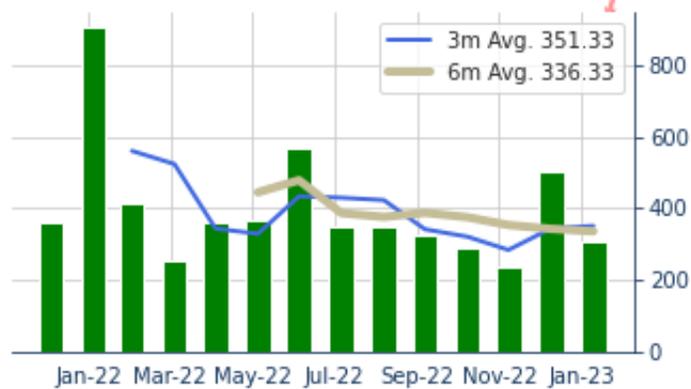
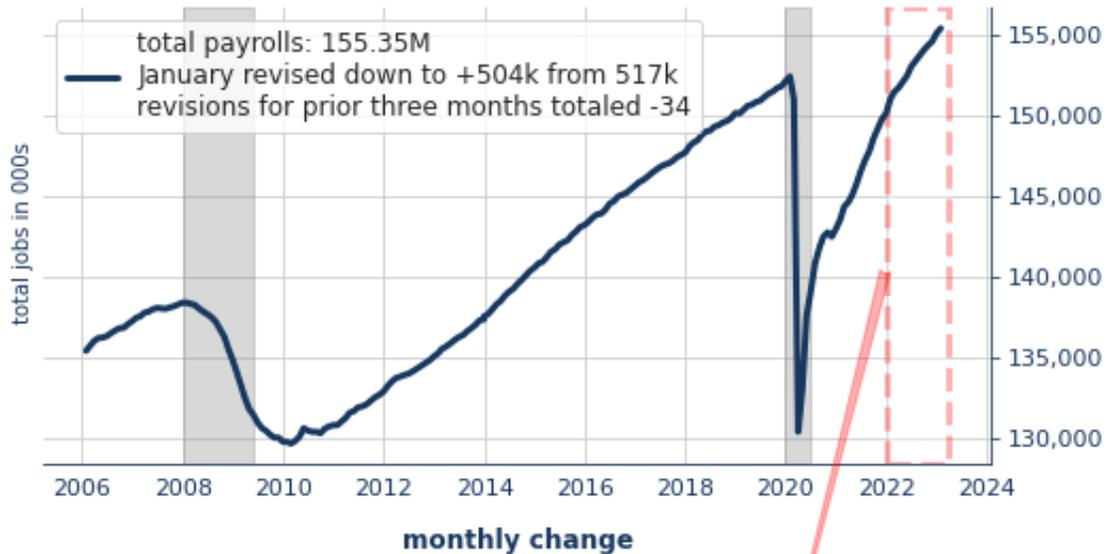
Average hourly earnings rose just over 0.2%, and the trend was slowing modestly. Three-month average annualized gains were down to 3.6% versus the six- and 12-month pace of 3.6% and 4.1%, respectively.

Finally, the household survey showed slower job gains, up 177k, as the labor force participation rate rose a tenth, pushing up the unemployment rate two-tenths to 3.6%.

Overall, looking through the volatility, the labor market remains robust but is no longer accelerating to the upside. With average hourly earnings decelerating modestly and hours worked trending slightly lower, there are hints that the labor market is cooling from historically robust levels.

Total Nonfarm Payrolls

February: +311.0k, consensus: +225k



Contingent Macro Advisors 2023 source: BLS via FRED

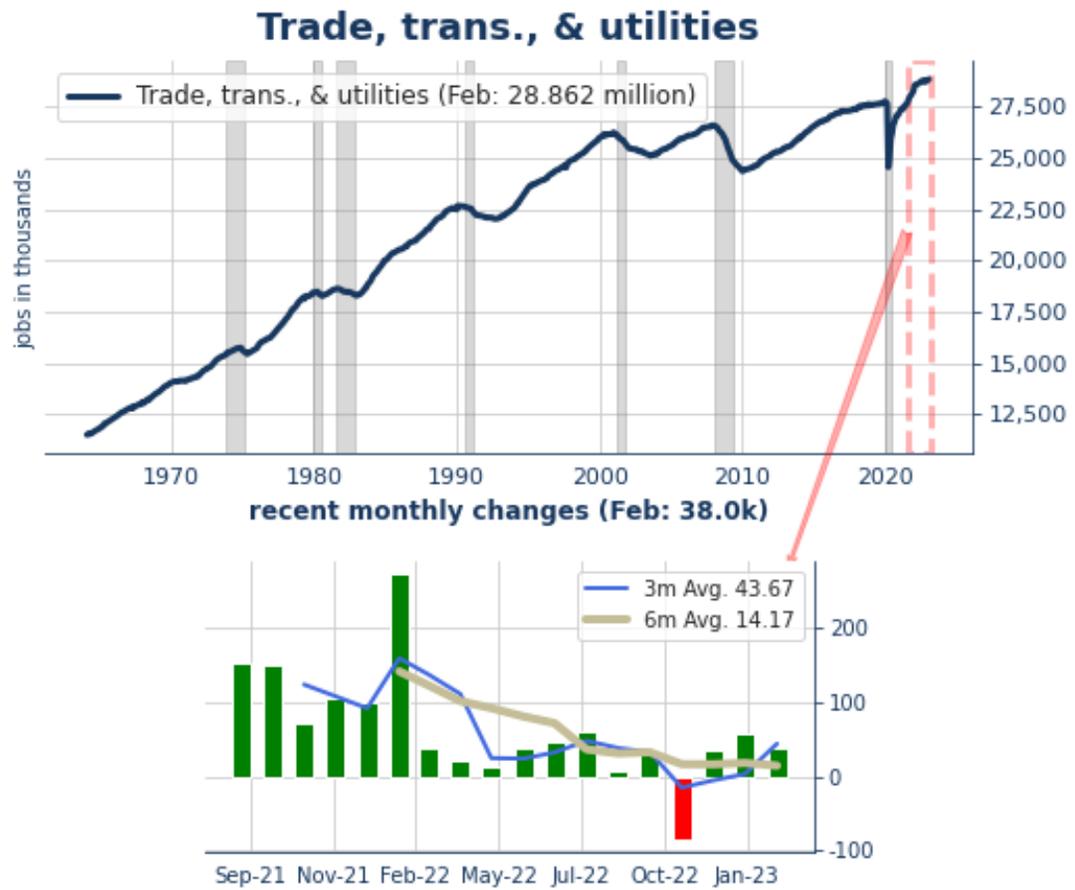
Payroll Employment rose by 311k in February, compared with market expectations for an increase of 225k. The prior 2 months were revised, lower in January by 13k and lower in December by 21k.

Government jobs ROSE by 46k. Consequently, private sector jobs ROSE by 265k. Overall employment is now 2.9% ABOVE its year-ago level.

Over the past 12 months, 4,340k jobs have been created. In February, the job gains were in:

- Trade, Transportation & Utilities (-12k with 50k of those in Retail Trade),
- Professional & Business Services (+45k with the addition of 6.8k in Temp Help Services), Leisure & Hospitality (+105k),
- Education & Health Services (+63k),
- Government (+46k),
- Construction (+24k),

- Other Services (+9k)
- .Jobs were shed in Manufacturing (-4k), and Information (-25k).



Contingent Macro Advisors 2023 source: US BLS

Leisure & hospitality

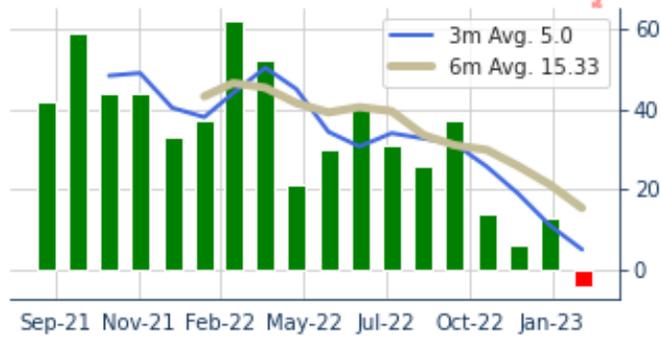


Contingent Macro Advisors 2023 source: US BLS

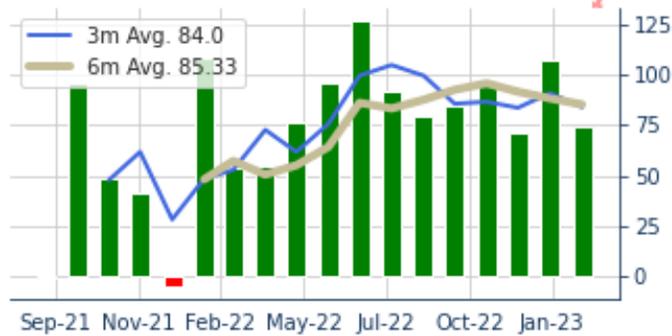
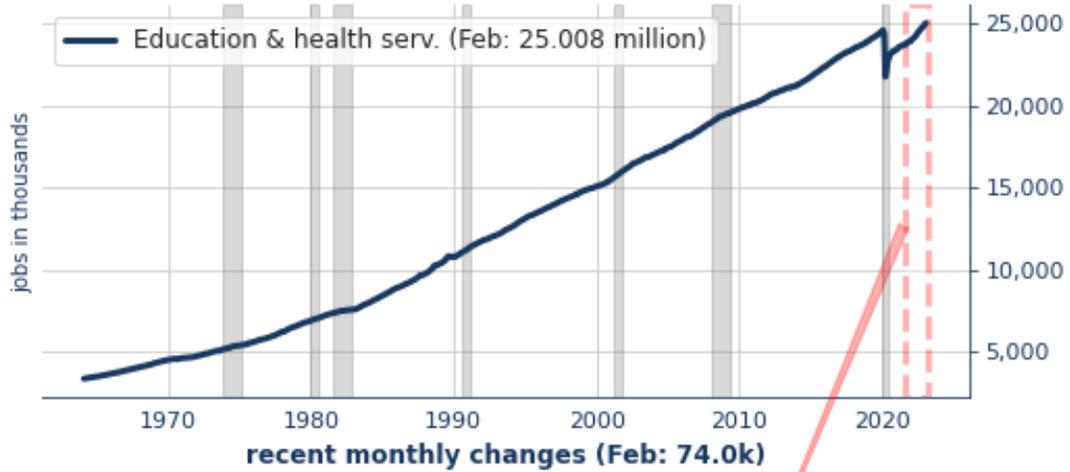
Construction



Manufacturing



Education & health serv.



Contingent Macro Advisors 2023 source: US BLS

Change in US Employment - Major Sectors in 000s	Feb-23	Jan-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Total nonfarm (155.3Mil. jobs)	311.00	504.00	351.30	336.30	361.70	399.42	121.50
Trade, trans., & utilities (28.9Mil.)	38.00	57.00	43.70	14.20	25.10	48.17	23.50
Education & health serv. (25.0Mil.)	74.00	107.00	84.00	85.30	84.30	77.92	25.20
Prof. & business serv. (22.9Mil.)	45.00	53.00	40.30	34.20	50.50	62.08	34.80
Government (22.5Mil.)	46.00	118.00	57.00	44.00	34.40	22.92	1.30
Leisure & hospitality (16.5Mil.)	105.00	114.00	92.30	100.00	83.20	88.17	5.10
Manufacturing (13.0Mil.)	-4.00	13.00	5.00	15.30	27.40	32.50	6.60

Financial activities (9.1Mil.)	-1.00	5.00	2.70	6.50	10.20	13.83	9.60
Construction (7.9Mil.)	24.00	35.00	28.30	22.80	20.80	22.08	12.20
Information (3.1Mil.)	-25.00	-20.00	-18.00	-5.80	6.90	12.25	4.30
Mining & logging (0.6Mil.)	0.00	3.00	2.30	3.30	4.00	4.08	-1.20

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 February to 3.6%, compared with market expectations for a no change to 3.4%. Household employment rose by 177k while the labor force increased by 419k, resulting in an increase in the number of unemployed of 242k.

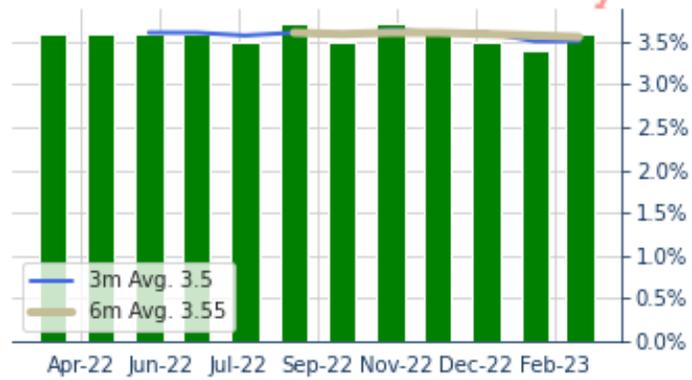
The Labor Force Participation Rate ROSE by 0.1 percentage points to 62.5%. **The Employment-Population Ratio** was UNCHANGED at 60.2%. The number of **people Working Part-Time for Economic Reasons** ROSE by 5k to 3,964k. while **Long-Term Unemployment** FELL by 54k to 1,057k (accounting for 17.8% of the unemployed), while the **Mean Duration of Unemployment** FELL by 1.1 weeks to 19.3 weeks. There are now 5.9 million people officially unemployed. In addition, there are another 5,103k people who say they want a job but are not currently looking for one. Finally, another 3,964k people are working part-time because of slack economic conditions.

US Unemployment Rate

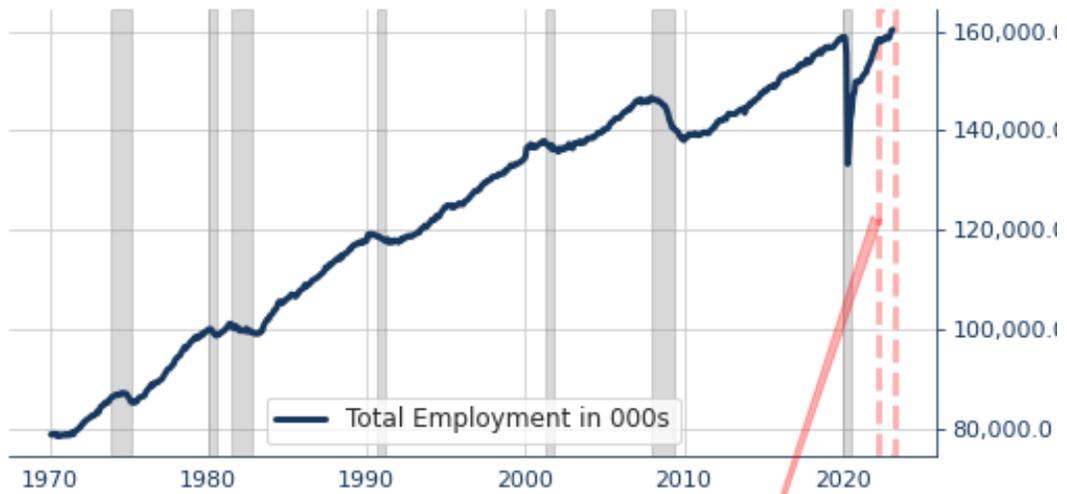
February: +3.6%, consensus: +3.4%



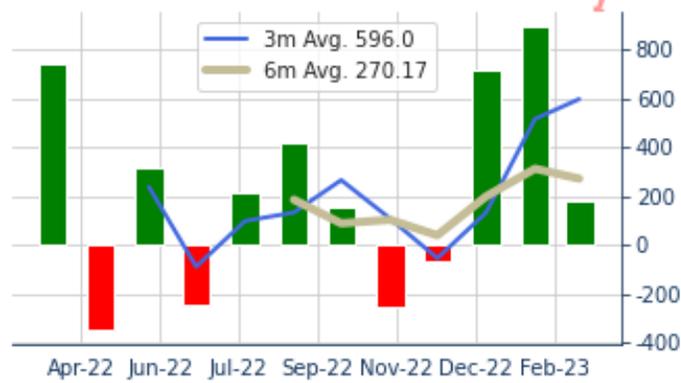
zooming in on last 12 months



Household Survey Total Employment

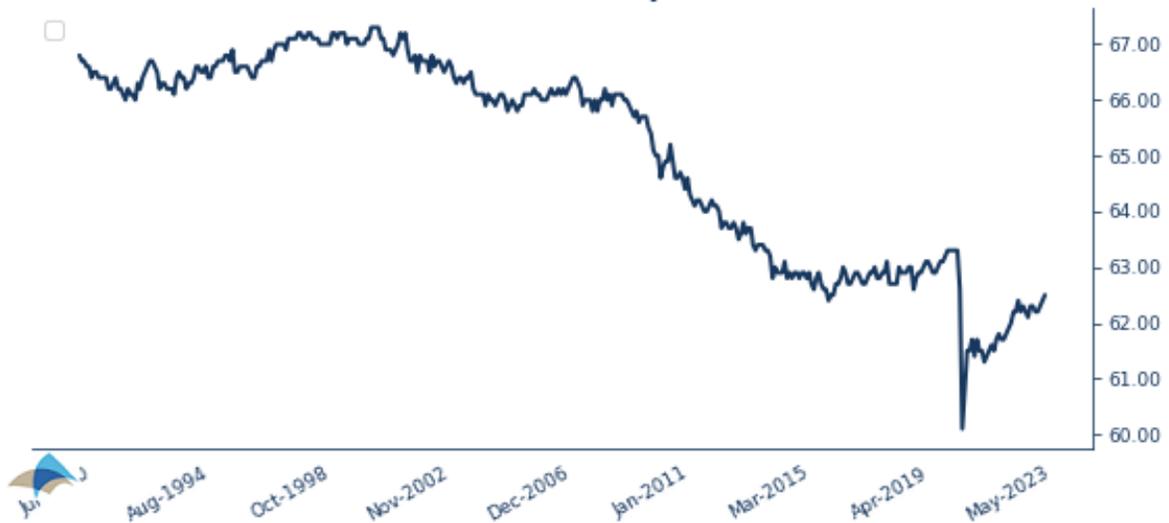


monthly change in 000s (Feb: 177k)

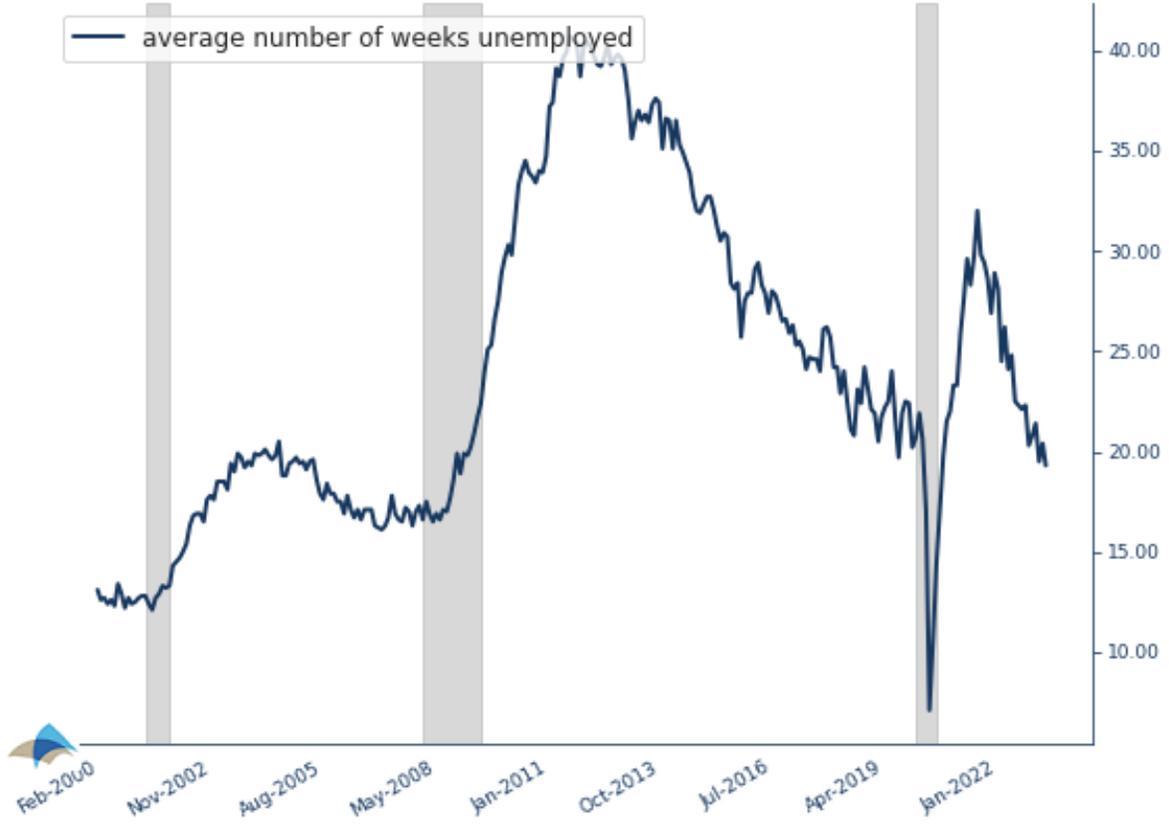


Contingent Macro Advisors 2023 source: US BLS

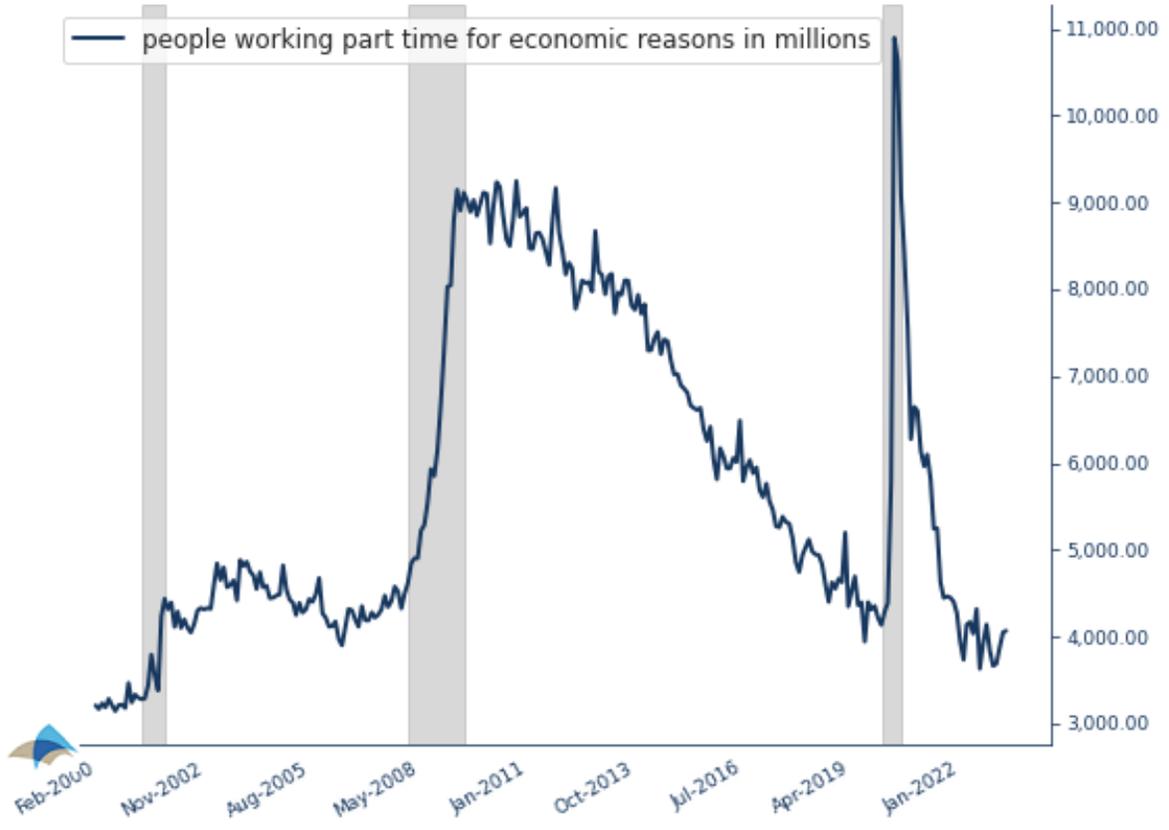
US Labor Force Participation Rate



Mean Duration of Unemployment



Working Part-Time for Economic Reasons



Unemployment	Feb-23	Jan-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
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US Unemployment Rate	3.60	3.40	3.50	3.60	3.60	3.64	4.90
Chg in Household Survey Employment (in 000s)	177.00	894.00	596.00	270.20	227.10	263.58	85.30
Chg in Labor Force (in 000s)	419.00	866.00	574.70	256.20	199.10	213.00	74.60
Participation Rate	62.50	62.40	62.40	62.30	62.30	62.24	62.30
U6 Unemployment Rate	6.80	6.60	6.60	6.70	6.80	6.87	8.90
Mean Duration of Unemployment	19.30	20.40	19.70	20.30	21.70	22.57	22.60
Total Employment (Household Survey in mill)	160.31	160.14	159.90	159.30	158.80	158.30	154.60
US Population (civilian noninst. over 16 in mill.)	266.11	265.96	265.60	265.10	264.40	263.97	260.80
Working Part-Time for Economic Reasons (in mill)	4.07	4.05	4.00	3.90	4.00	3.93	5.00
Not in Labor Force - Want a Job (in mill)	4.99	5.47	5.10	5.30	5.60	5.64	5.90
Labor Force (in mill)	166.25	165.83	165.70	165.10	164.70	164.29	162.50

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 Index of Aggregate Hours FELL by 0.1%, combining the solid gain in private payroll employment and the shorter workweek.

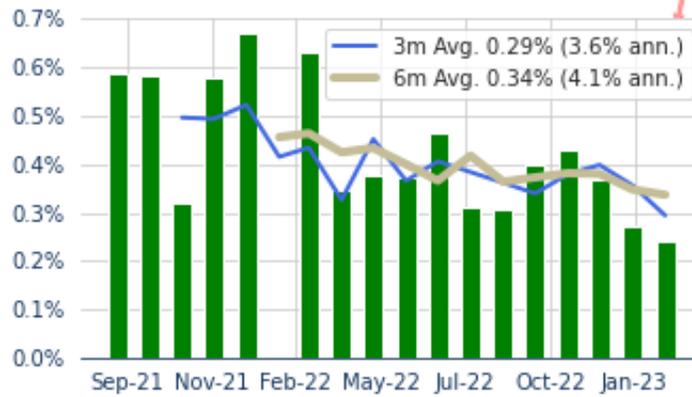
Hourly Earnings ROSE by 0.2% in February, below market expectations of 0.3%. Hourly earnings are now 4.6% ABOVE their year-ago level.

Weekly Earnings FELL by 0.0%, the result of the change in hourly earnings and a shorter workweek. Weekly earnings are now 4.0% ABOVE their year-ago level. **The Average Workweek** FELL by 0.1 to 34.5 hours, BELOW the market consensus at 34.6 hours.

US Private Average Hourly Earnings February: +4.62%, consensus: +4.7%

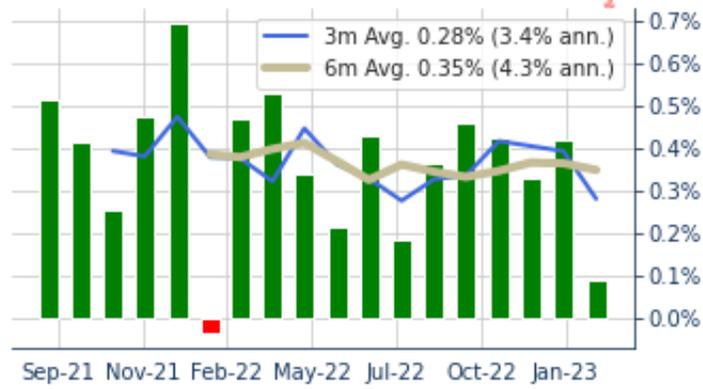


February: +0.24%, consensus: +0.3%(mom %)



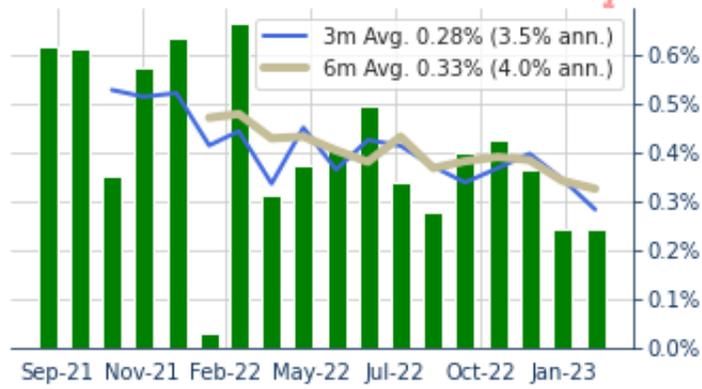
Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrlly Earnings - Goods-producing



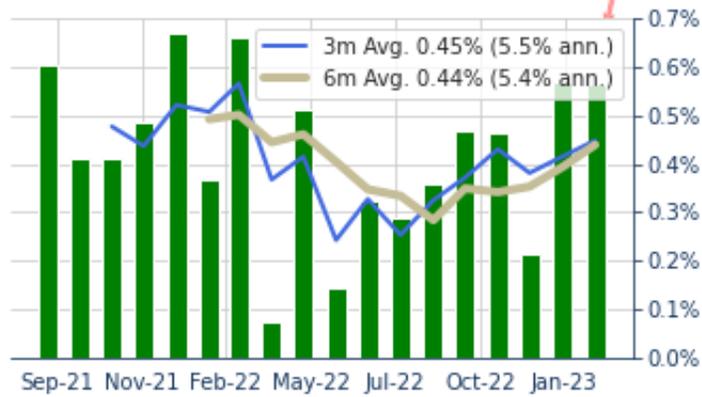
Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Private service-providing



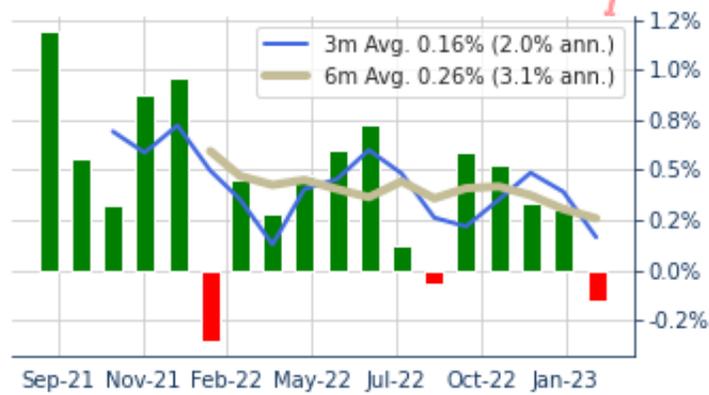
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Avg Hrly Earnings - Trade, trans., & utilities



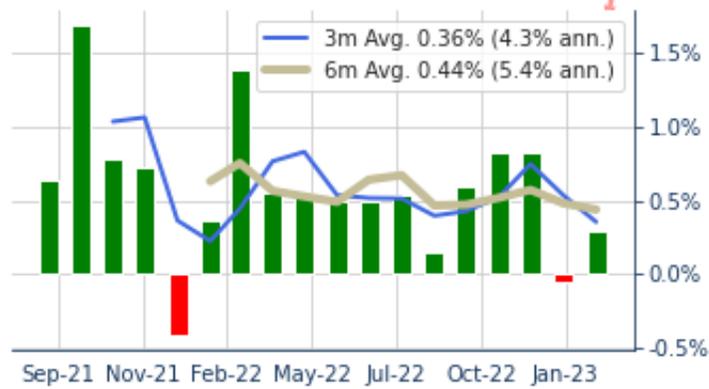
Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Education & health serv.



Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Leisure & hospitality



Contingent Macro Advisors 2023 source: US BLS via FRED

logging (45.70 hrs.)	-1.08%	1.54%	-1.73%	-5.08%	-2.15%	0.66%	0.89%	0.45%	-0.17%
Construction (39.00 hrs.)	-0.51%	1.55%	0.26%	5.30%	1.56%	-1.02%	-1.03%	0.00%	-0.15%
Manufacturing (40.30 hrs.)	-0.49%	1.00%	-0.25%	1.00%	0.00%	-0.98%	-0.74%	0.75%	-0.29%
Private service-providing (33.40 hrs.)	-0.60%	0.90%	-0.30%	0.00%	-0.60%	-0.60%	-1.48%	0.30%	0.06%
Wholesale trade (38.80 hrs.)	-0.26%	0.52%	-0.26%	0.00%	-0.51%	-1.02%	-1.28%	1.29%	-0.10%
Retail trade (30.10 hrs.)	-0.99%	0.66%	-0.33%	-2.61%	0.00%	-0.99%	-4.43%	3.27%	-0.39%
Transportation & warehousing (38.50 hrs.)	-0.26%	0.52%	0.00%	1.05%	0.00%	1.32%	0.79%	-2.31%	-0.21%
Utilities (42.10 hrs.)	0.48%	0.24%	-0.71%	0.00%	0.96%	-0.24%	-1.42%	-0.93%	-0.14%
Information (36.40 hrs.)	-0.55%	0.27%	-0.54%	-3.23%	-0.55%	-1.36%	-1.08%	-0.27%	-0.05%
Financial activities (37.30 hrs.)	-0.27%	0.00%	0.00%	-1.07%	-1.06%	-0.53%	-0.27%	-0.79%	-0.21%
Prof. & business serv. (36.60 hrs.)	0.00%	0.55%	-0.27%	1.10%	0.00%	-0.54%	-0.82%	0.00%	0.22%
Education & health serv. (33.40 hrs.)	-0.30%	0.60%	-0.30%	0.00%	0.00%	-0.30%	-0.30%	-0.30%	0.24%
Leisure & hospitality (25.50 hrs.)	-1.16%	1.98%	-0.78%	0.00%	-0.78%	-1.54%	-3.07%	3.57%	-0.46%
Other serv. (32.30 hrs.)	0.00%	0.00%	0.31%	1.25%	0.62%	0.31%	0.31%	-0.62%	0.25%

Source: BLS via FRED