

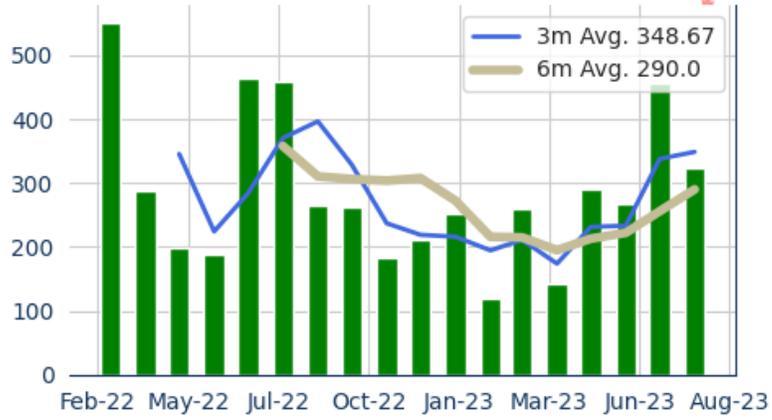
02.Aug.2023

ADP: Another Upside Surprise

Bottom Line: ADP reported sharply better-than-expected hiring again in July (the fourth consecutive upside surprise). While slower than the June gains of 455k, July's 324k increase brought the three-month average to nearly 350k, notably faster than the pace of the last six- and 12 months, suggesting a reacceleration in the trend. Gains in education and health services cooled, but jobs in information (mostly media, entertainment, and some tech) rose after several months of declines. The only weak sector remained manufacturing, which shed jobs for a fifth month. **The ADP report showed a robust labor market that is re-accelerating rather than cooling, as many policymakers had hoped. It leaves scope for an upside surprise of the 200k consensus gain expected Friday for July's nonfarm payroll survey -- but we should note that the relationship has shown a lower correlation in the last year.**

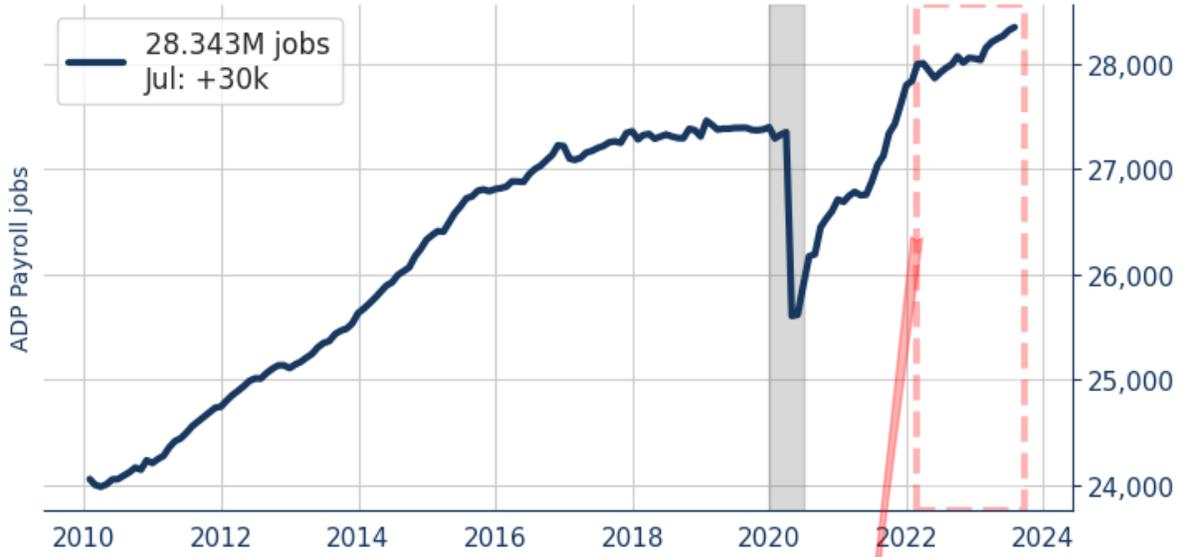
ADP - Total Private jobs

July: +324.0, consensus: +190

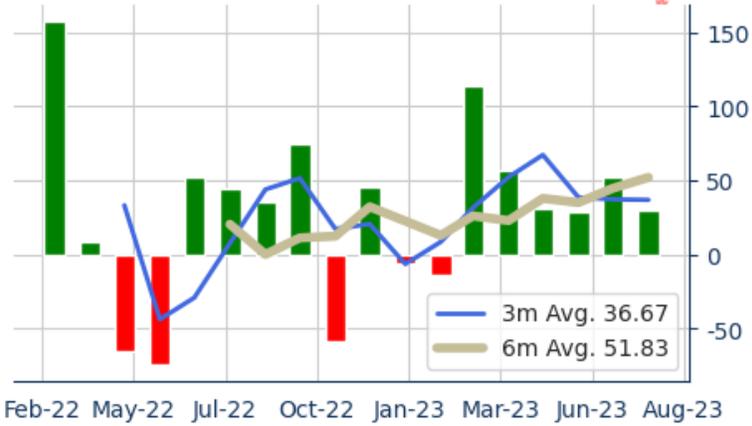


Contingent Macro Advisors 2023 source: ADP

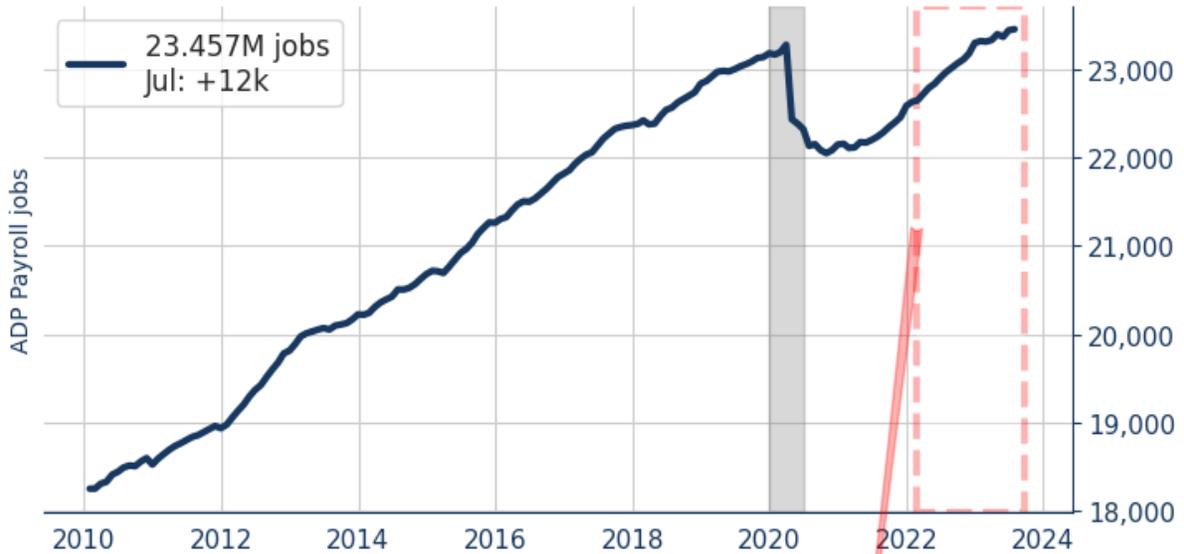
ADP - Trade, transportation, and utilities jobs



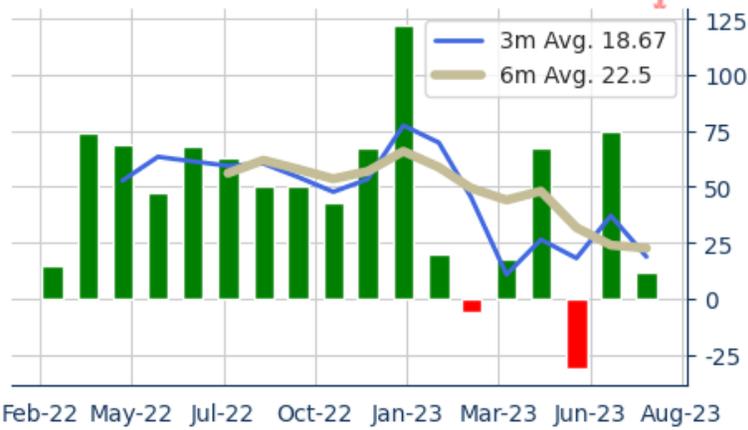
monthly change (in 000s), Jul: +30k



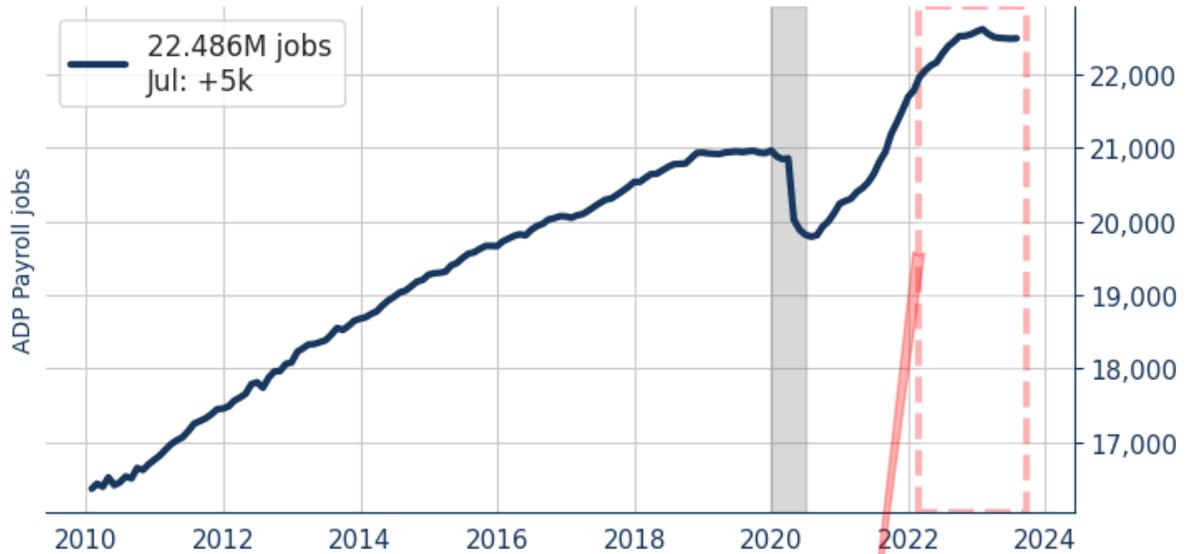
ADP - Education and health services jobs



monthly change (in 000s), Jul: +12k



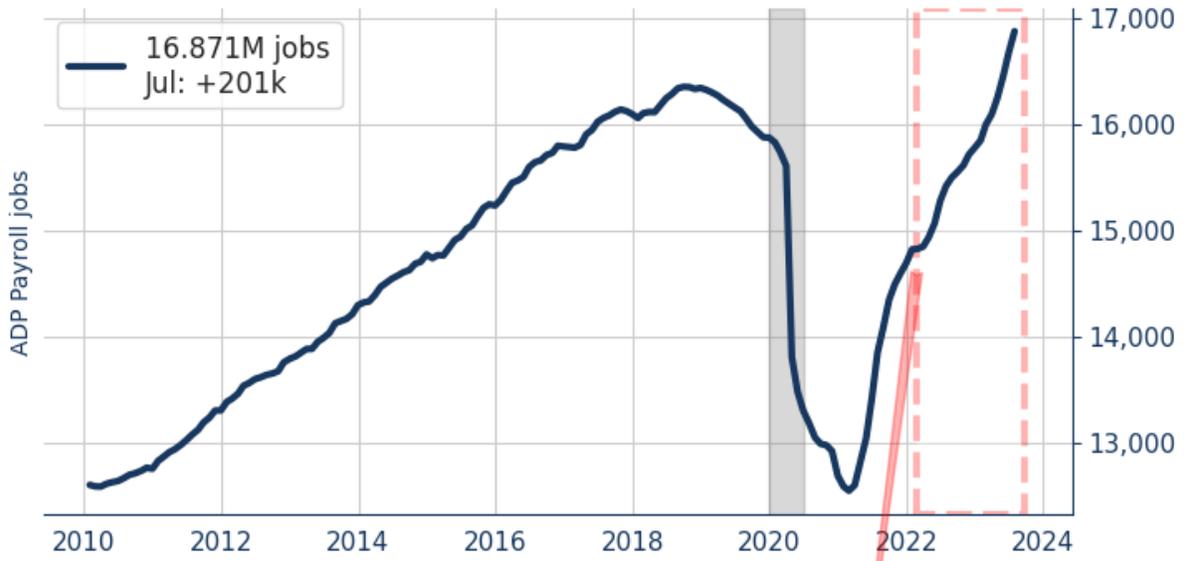
ADP - Professional and business services jobs



monthly change (in 000s), Jul: +5k



ADP - Leisure and hospitality jobs

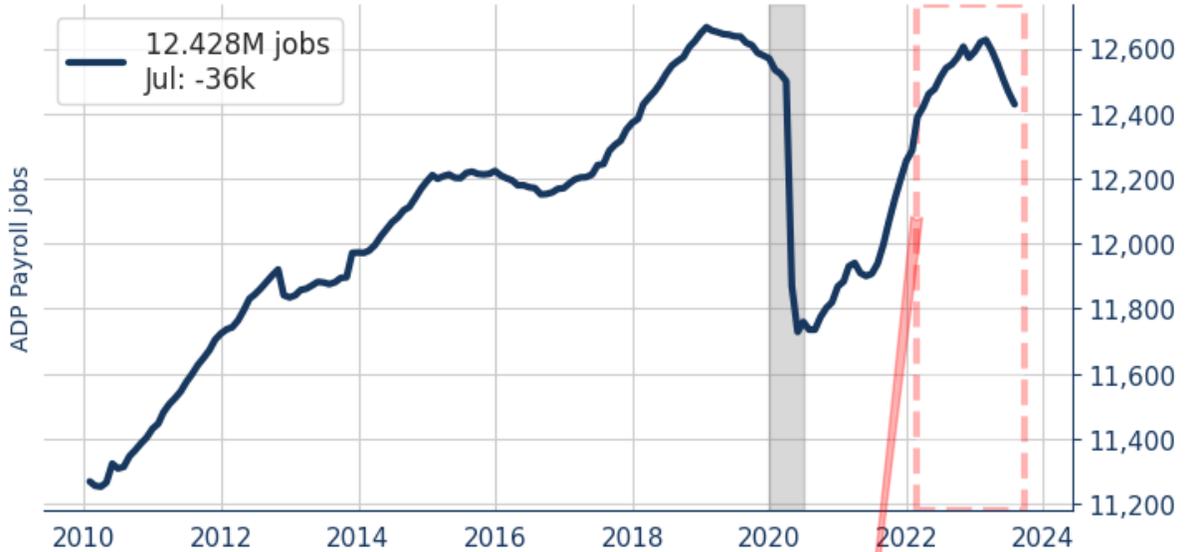


monthly change (in 000s), Jul: +201k



Contingent Macro Advisors 2023 source: ADP

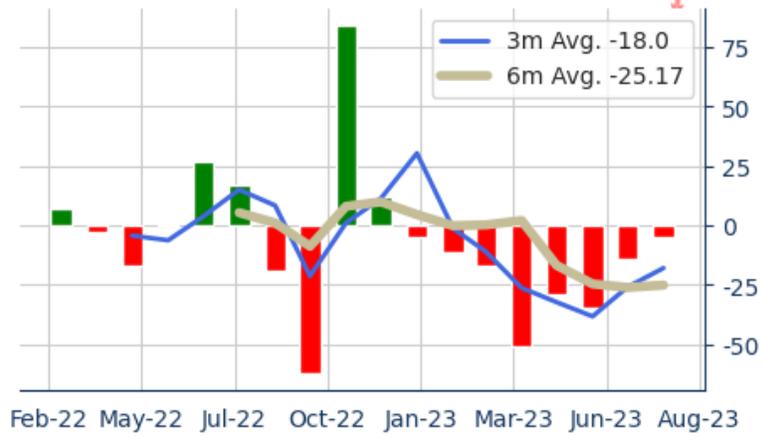
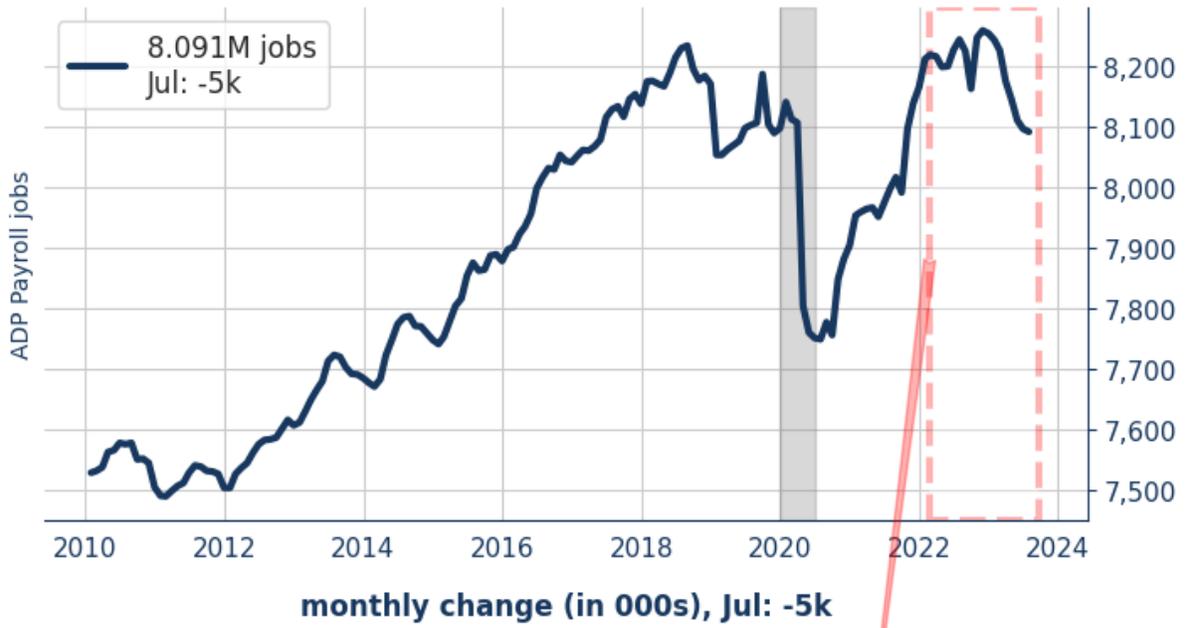
ADP - Manufacturing jobs



monthly change (in 000s), Jul: -36k

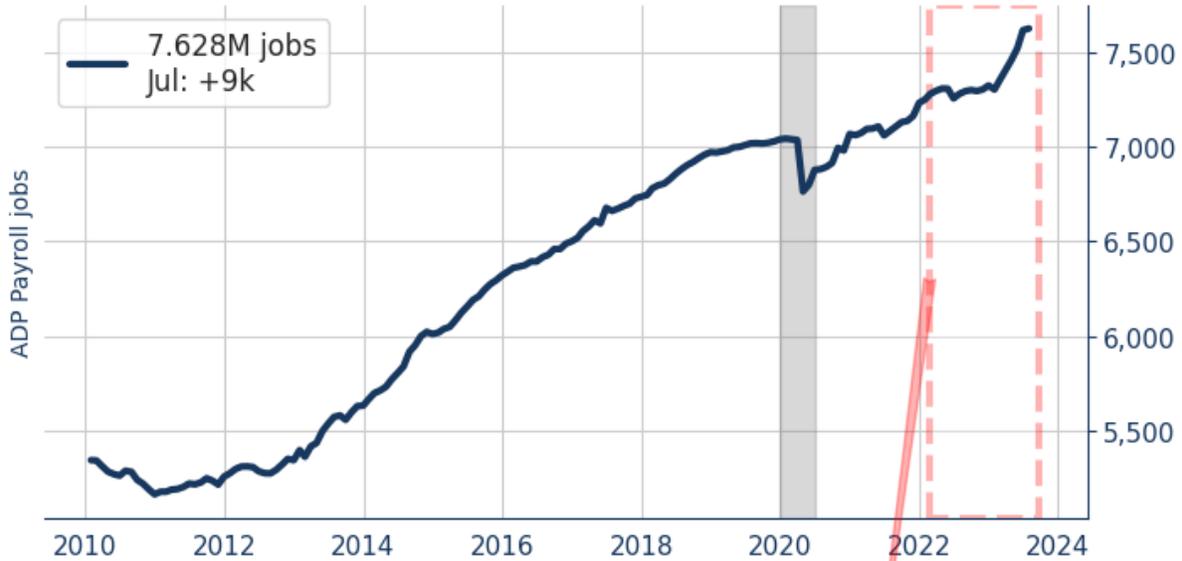


ADP - Financial activities jobs



Contingent Macro Advisors 2023 source: ADP

ADP - Construction jobs



monthly change (in 000s), Jul: +9k



Contingent Macro Advisors 2023 source: ADP

ADP Payroll monthly changes	Jul-23	Jun-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Total Private (128,788k jobs)	324.00	455.00	348.70	290.00	252.90	306.33	83.30
Trade, transportation, and utilities (28,343k)	30.00	52.00	36.70	51.80	32.20	21.08	17.30
Education and health services (23,457k)	12.00	75.00	18.70	22.50	40.60	59.50	14.80
Professional and business services (22,486k)	5.00	-5.00	-1.70	-20.70	9.10	73.92	28.50
Leisure and hospitality (16,871k)	201.00	225.00	210.00	171.50	121.50	90.50	9.80

Manufacturing (12,428k)	-36.00	-42.00	-42.00	-31.80	-9.20	28.00	-2.00
Financial activities (8,091k)	-5.00	-14.00	-18.00	-25.20	-12.70	7.33	-2.30
Construction (7,628k)	9.00	96.00	55.70	53.80	28.80	7.67	12.40
Other services (4,558k)	24.00	28.00	21.30	15.20	16.20	19.67	1.10
Information (2,888k)	36.00	-30.00	-2.30	-7.20	-2.90	7.58	1.10
Natural resources and mining (2,038k)	48.00	70.00	70.30	60.00	29.20	-8.92	2.50

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.