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Data Insights: Jobs

Friday, April 5, 2019

Today's jobs data: what you need to know

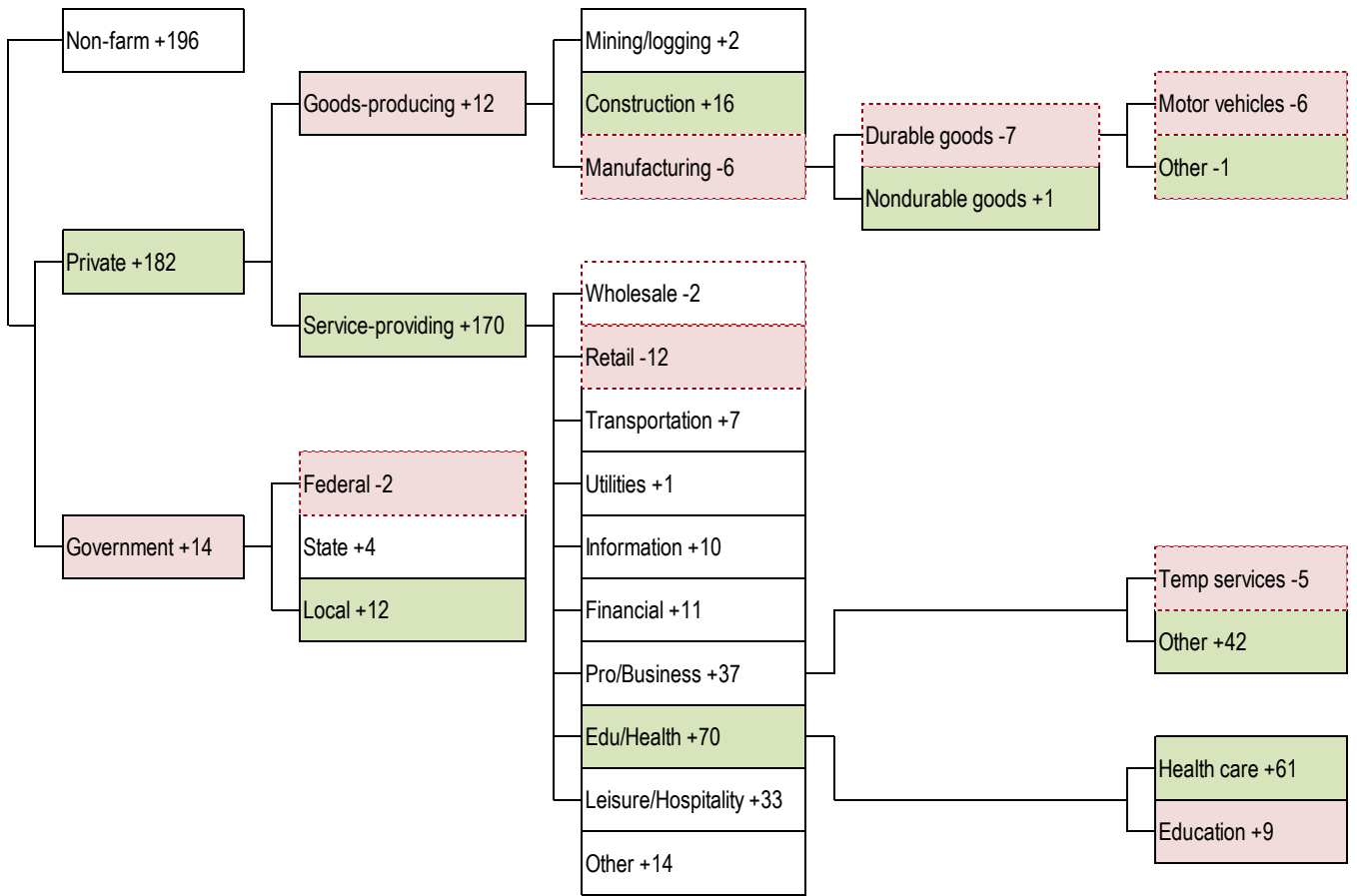|				
Non-farm payrolls	Change Mar: +196	Revision Feb: +13	Revision Jan: +1	
Private payrolls	Change Mar: +182	Revision Feb: +3	Revision Jan: -11	
Employment	Change Mar: -201			
Unemployment	Change Mar: -24			
Long -term unemployment	Change Mar: +31			
Civilian labor force	Change Mar: -224	0.62 million above trend	10.7% of leavers unemployed	
Unemployment rate	Mar: 3.81%	Change Mar: -0.01%		
Underemployment rate	Mar: 7.3%	Change Mar: unch		
Participation rate	Mar: 63.0%	Change Mar: -0.2%		
UE adjusted for participation	Mar: 8.2%	Change Mar: +0.28%		
Average weeks unemployed	Mar: 22.2	Change Mar: +0.5		
% longterm unemployed	Mar: 21.1%	Change Mar: +0.7%		
Aggregate hours worked index	Mar: 111.1	Change Mar: +0.5%	Revision Feb: unch	
Average hourly earnings	Mar: 0.14%	Change Mar: -0.22%	Revision Feb: -0.04%	
Aggregate weekly earnings	Mar: 147.1	Change Mar: +0.5%	Revision Feb: unch	
Monthly job-finding probability	Mar: 34.5%	Change Mar: -3.7%		
Monthly separation probability	Mar: 1.7%	Change Mar: -0.0%		
% involuntary part-time	Mar: 2.9%	Change Mar: +0.1%		
"Household" vs "Payroll" jobs	Change Mar: +232			

Source: Bureau of Labor Statistics, TrendMacro calculations

For more information contact us:
Donald Luskin: 312 273 6766 don@trendmacro.com
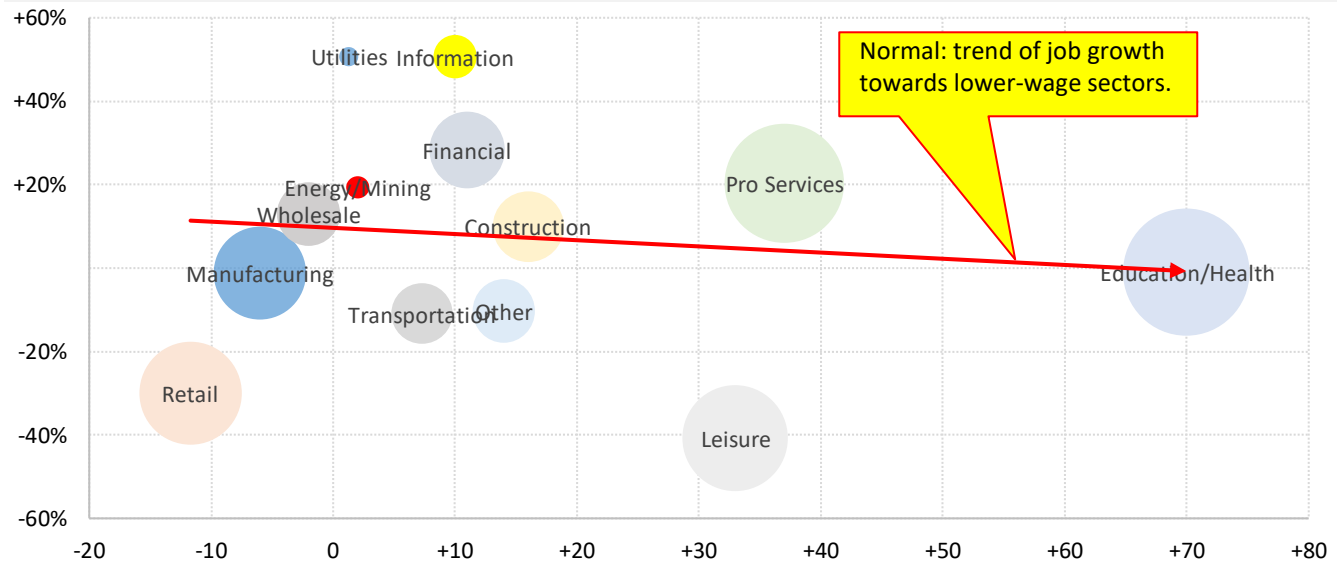Thomas Demas: 704 552 3625 tdemas@trendmacro.com

Today's payroll data: what you need to know -- where did the jobs come from?

Sequential month change, thousands SA   ---- Net job losses   Biggest change per detail module: ■ best ■ worst

- Non-farm +196
  - Private +182
    - Goods-producing +12
      - Mining/logging +2
      - Construction +16
      - Manufacturing -6
        - Durable goods -7
          - Motor vehicles -6
          - Other -1
        - Nondurable goods +1
    - Service-providing +170
      - Wholesale -2
      - Retail -12
      - Transportation +7
      - Utilities +1
      - Information +10
      - Financial +11
      - Pro/Business +37
        - Temp services -5
        - Other +42
      - Edu/Health +70
        - Health care +61
        - Education +9
      - Leisure/Hospitality +33
      - Other +14
  - Government +14
    - Federal -2
    - State +4
    - Local +12

Where is the pay coming from?

Vertical: Hourly wages vs average   Horizontal: Payrolls change this month   Circle size: Share of all employment

Normal: trend of job growth towards lower-wage sectors.

Utilities Information
Financial
Energy/Mining
Wholesale
Construction
Manufacturing
Transportation Other
Pro Services
Education/Health
Retail
Leisure

Source: BLS, TrendMacro calculations

2

Solving the wage-growth puzzle

YOY average hourly earnings growth Atlanta Fed Wage Growth Index ▨ Recession

As of Feb 2019

Atlanta Fed Wage
Growth Tracker

Average hourly
earnings
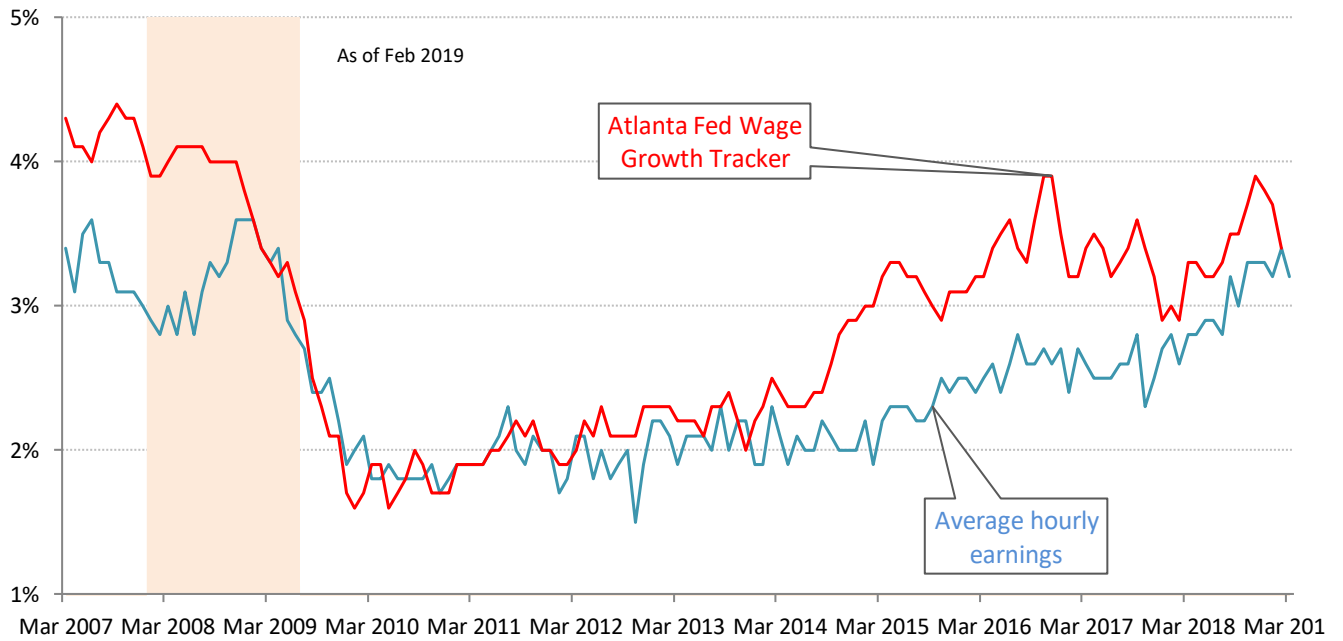
Source: BLS Current Employment Statistics, Atlanta Federal Reserve Bank, TrendMacro calculations

The wages of dynamism

YOY wage growth for steady employees, versus those who change jobs ▨ Recession

As of Feb 2019

Job switchers

Atlanta Fed Wage
Growth Tracker

Job Stayers
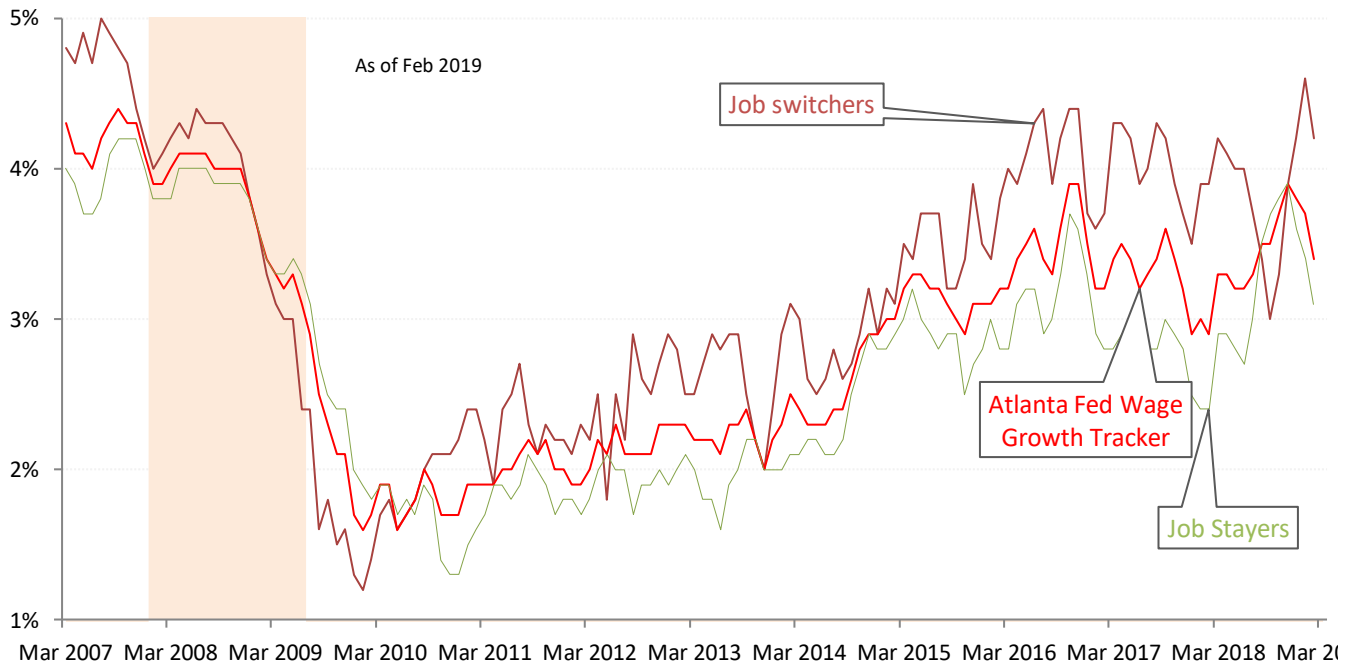
Source: Atlanta Federal Reserve Bank, TrendMacro calculations

3

The payroll cycle in the Not So Great Expansion following the Great Recession

Growth MOM from July — 2009-10 — 10-11 — 11-12 — 12-13 — 13-14 — 14-15 — 15-16 — 16-17 — 17-18 ◆ 2018-19
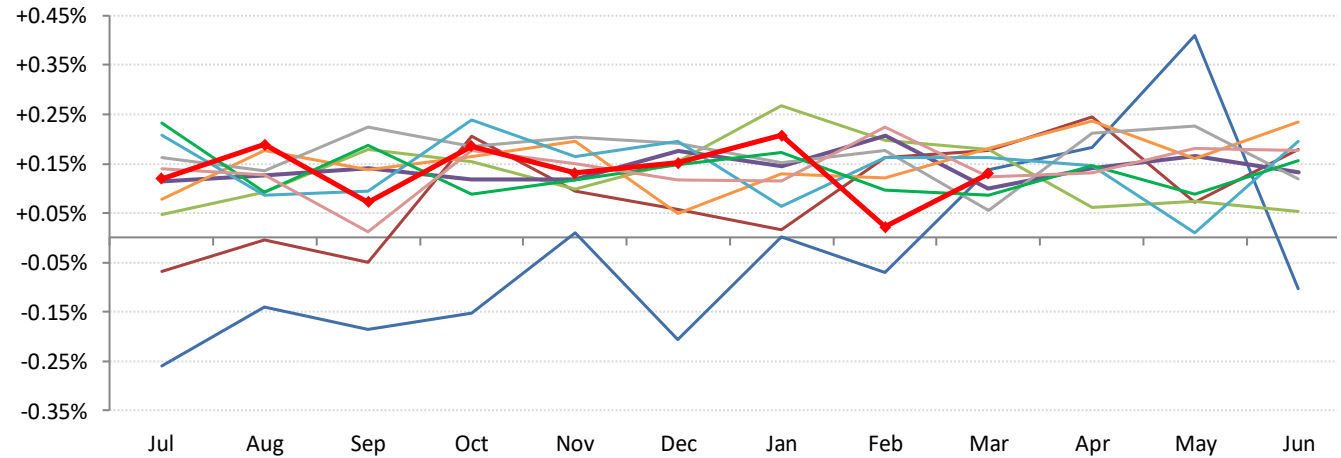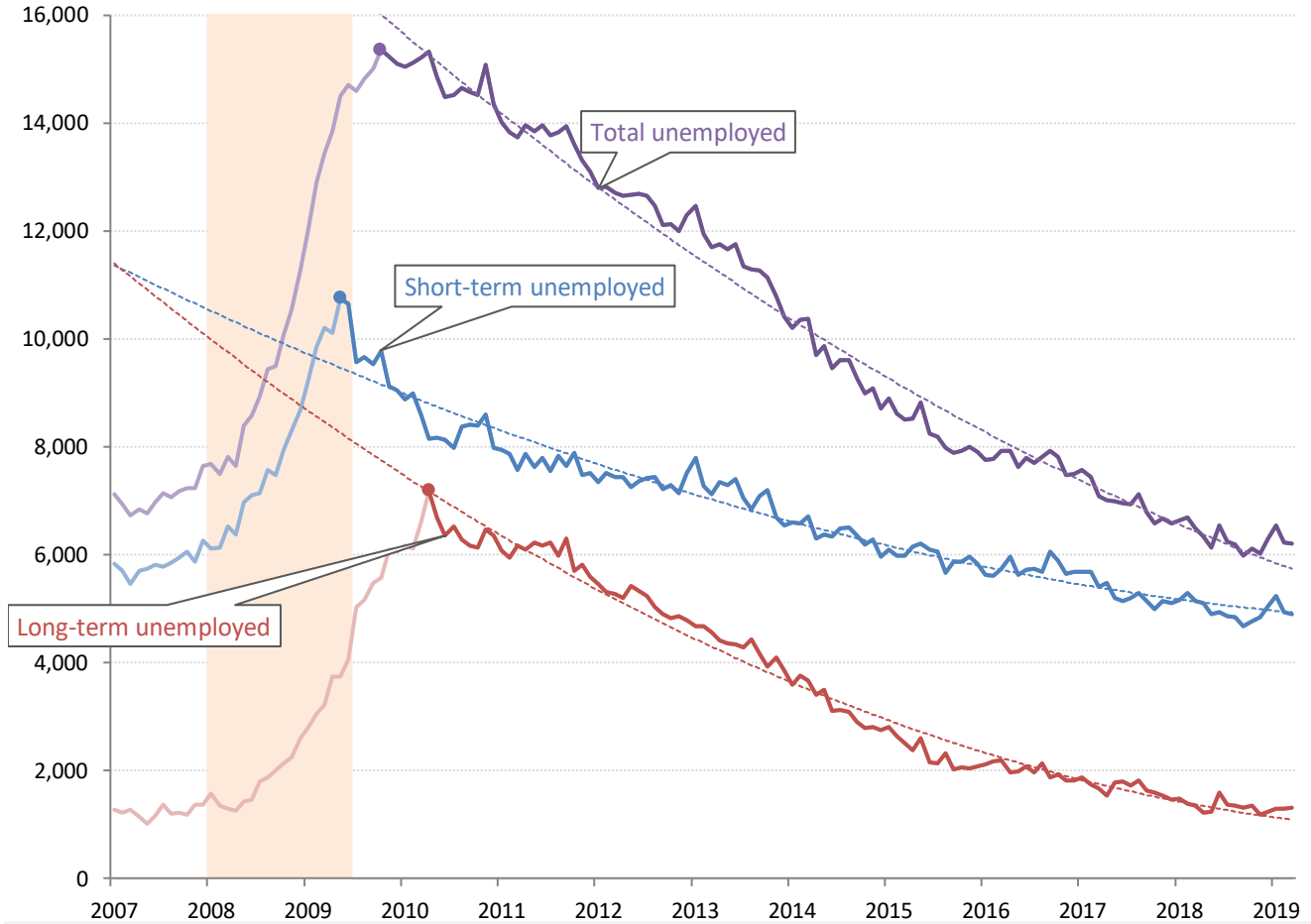
The ultimate jobless recovery is becoming jobful

Unemployment: thousands   Short-term = <27 weeks   Long-term = >27 weeks

Income inflation adjusted to today's USD

Total unemployed

Short-term unemployed

Long-term unemployed

Unemployment rate normalized for participation rate December 2007

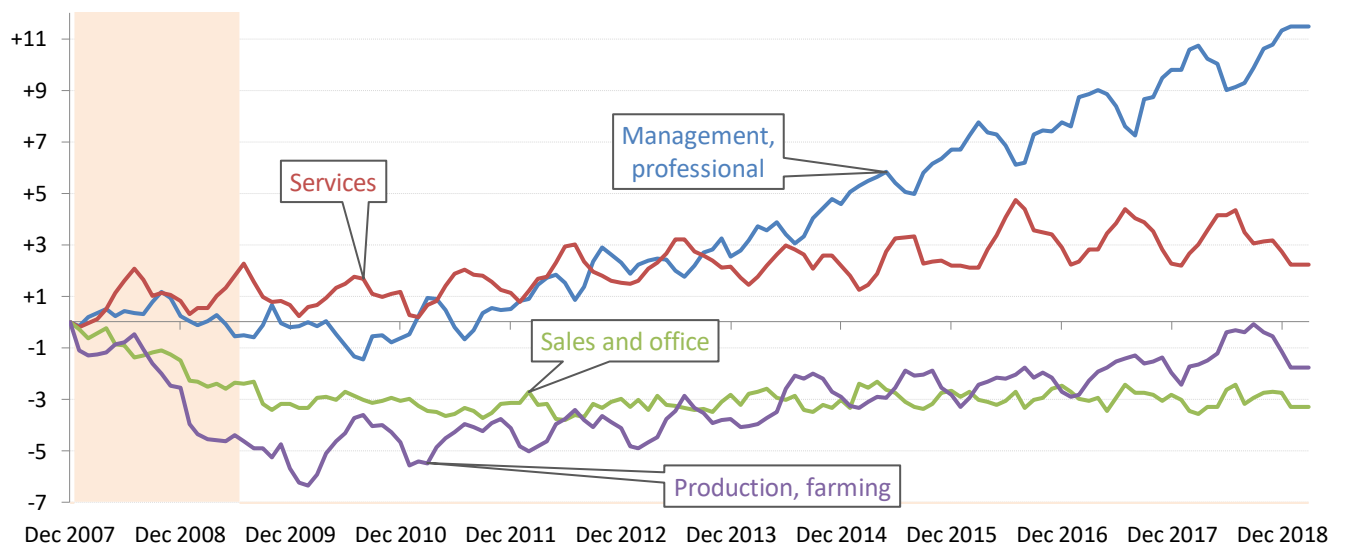Legend: **Unemployment rate normalized for participation rate December 2007** | Participation rate | Headline unemployment rate | Recession
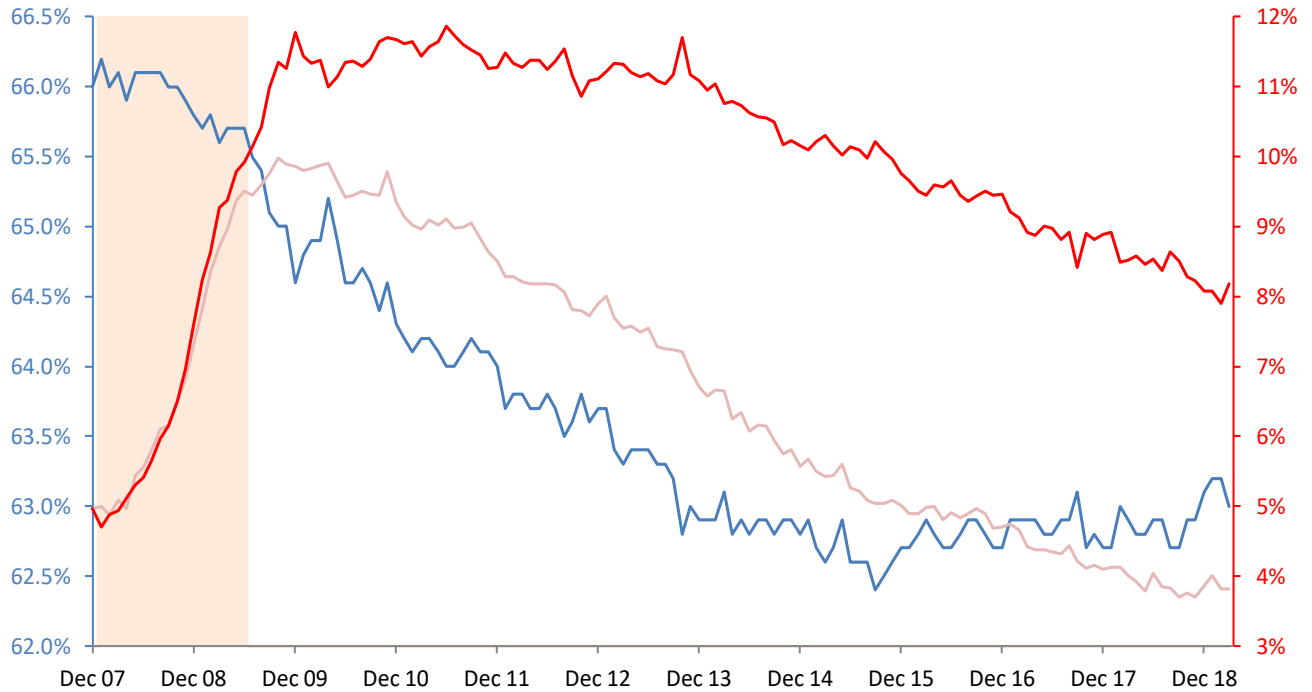
Source: BLS Current Population Survey, TrendMacro calculations

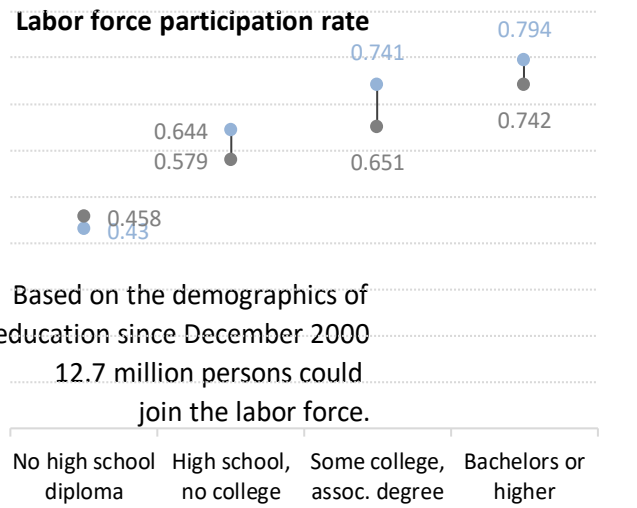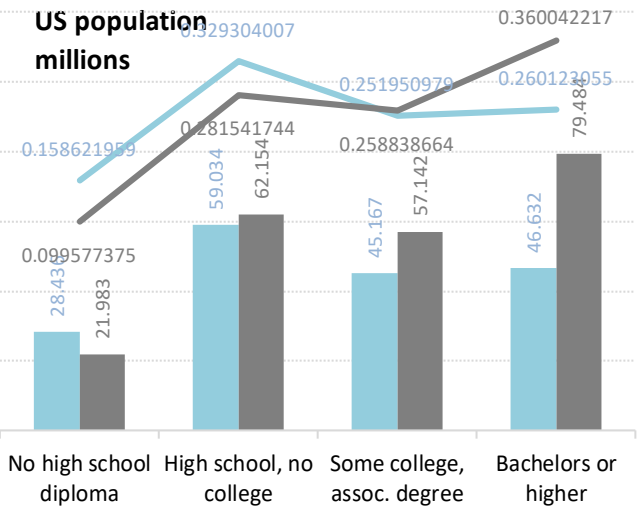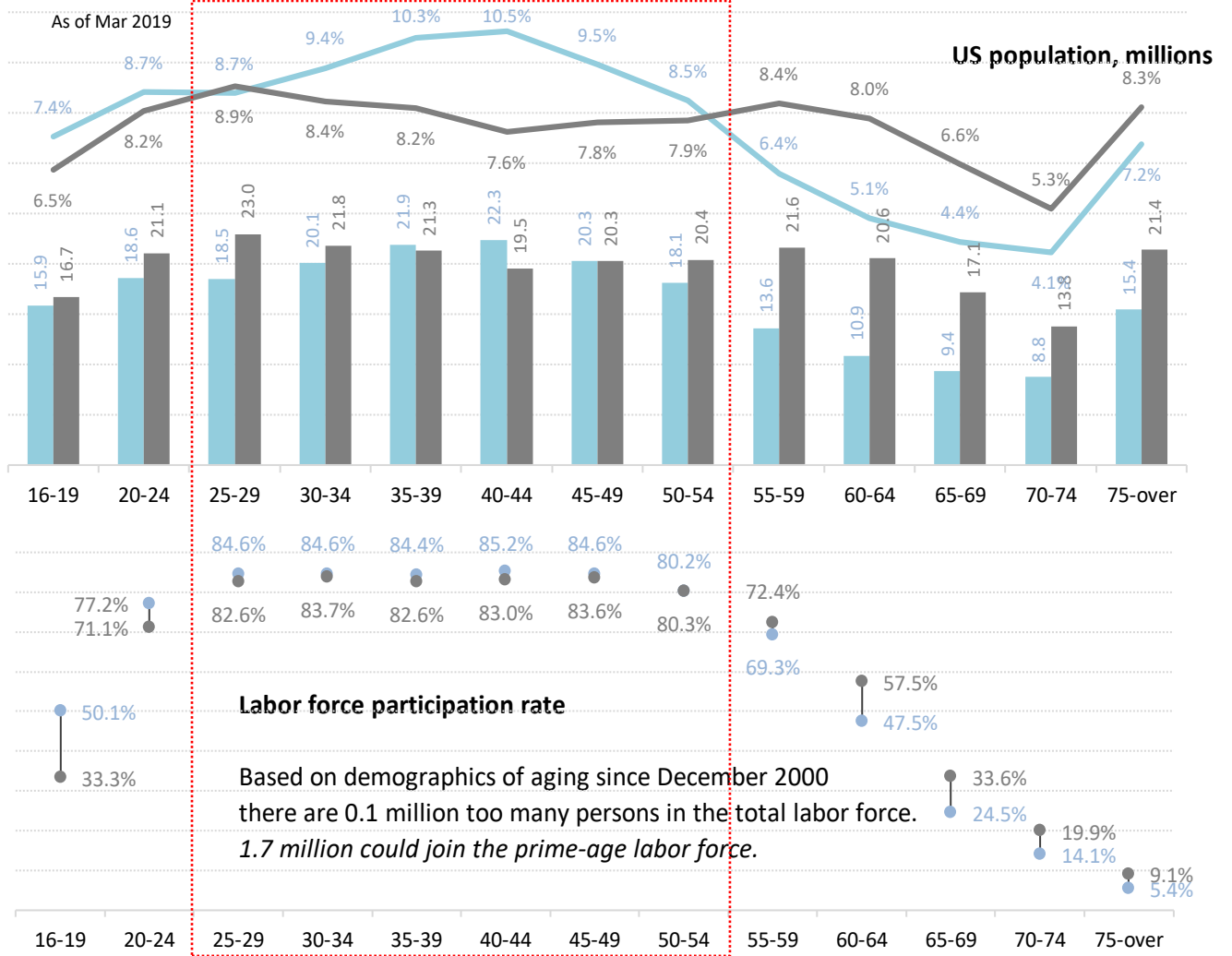## Winner and losers in the Not So Great Expansion following the Great Recession
Change in total payrolls from prior business cycle peak, millions

Source: BLS, NBER, TrendMacro calculations

5

# US labor force demographics: fading baby boom and its well-educated echo

By age and education bracket: ■ Dec 2000, peak in the labor force participation rate ■ Latest □ Prime age

As of Mar 2019

US population, millions

Age	Dec 2000	Latest	% Dec 2000	% Latest
16-19	15.9	16.7	7.4%	6.5%
20-24	18.6	21.1	8.7%	8.2%
25-29	18.5	23.0	8.7%	8.9%
30-34	20.1	21.8	9.4%	8.4%
35-39	21.9	21.3	10.3%	8.2%
40-44	22.3	19.5	10.5%	7.6%
45-49	20.3	20.3	9.5%	7.8%
50-54	18.1	20.4	8.5%	7.9%
55-59	13.6	21.6	6.4%	8.4%
60-64	10.9	20.6	5.1%	8.0%
65-69	9.4	17.1	4.4%	6.6%
70-74	8.8	13.2	4.1%	5.3%
75-over	15.4	21.4	7.2%	8.3%

Labor force participation rate

Age	Dec 2000	Latest
16-19	77.2%	71.1%
20-24		
25-29	84.6%	82.6%
30-34	84.6%	83.7%
35-39	84.4%	82.6%
40-44	85.2%	83.0%
45-49	84.6%	83.6%
50-54	80.2%	80.3%
55-59	72.4%	69.3%
60-64	57.5%	47.5%
65-69	33.6%	24.5%
70-74	19.9%	14.1%
75-over	9.1%	5.4%

16-19: 50.1% / 33.3%

Based on demographics of aging since December 2000 there are 0.1 million too many persons in the total labor force.
1.7 million could join the prime-age labor force.

US population millions

Education	Dec 2000	Latest
No high school diploma	28.431	21.983
High school, no college	59.034	62.154
Some college, assoc. degree	45.167	57.142
Bachelors or higher	46.632	79.484

Line values: 0.099577375, 0.158621959, 0.281541744, 0.329304007, 0.251950979, 0.258838664, 0.260123055, 0.360042217

Labor force participation rate

Education	Dec 2000	Latest
No high school diploma	0.43	0.458
High school, no college	0.579	0.644
Some college, assoc. degree	0.651	0.741
Bachelors or higher	0.742	0.794

Based on the demographics of education since December 2000
12.7 million persons could join the labor force.

Monthly job-finding probability (the outflow rate from unemployment)
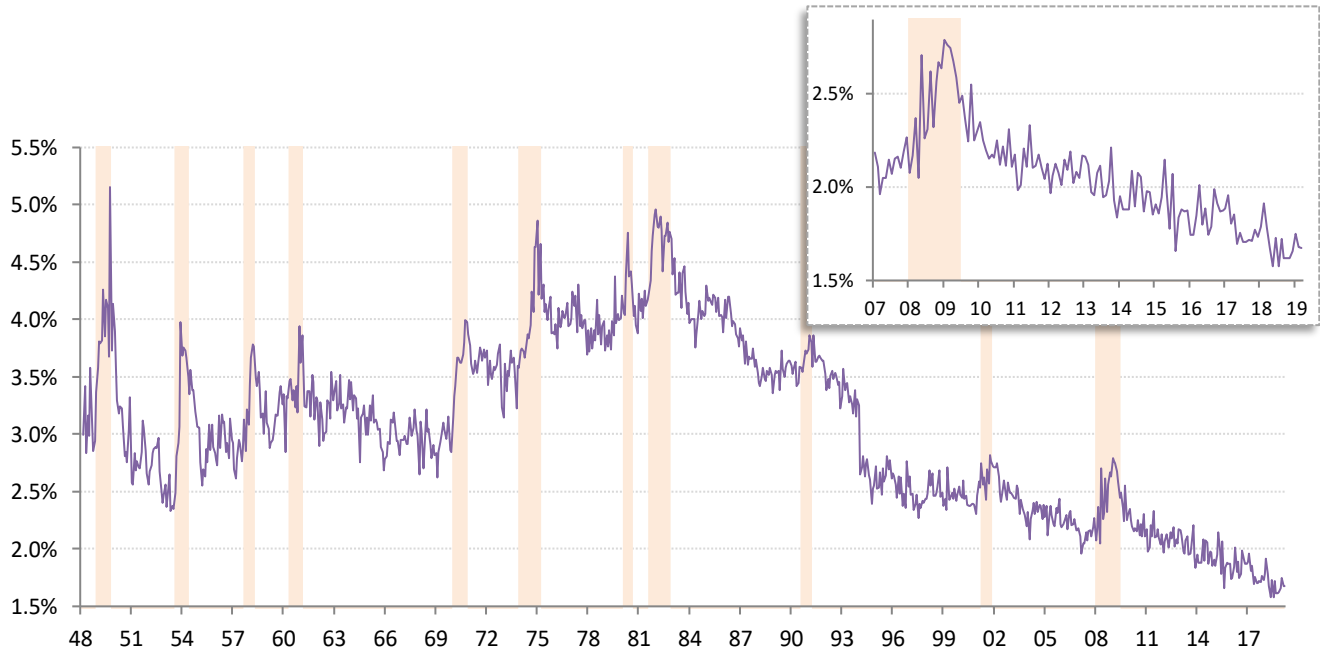Chance of an unemployed person becoming employed in one month (per Shimer 2005)　Recession
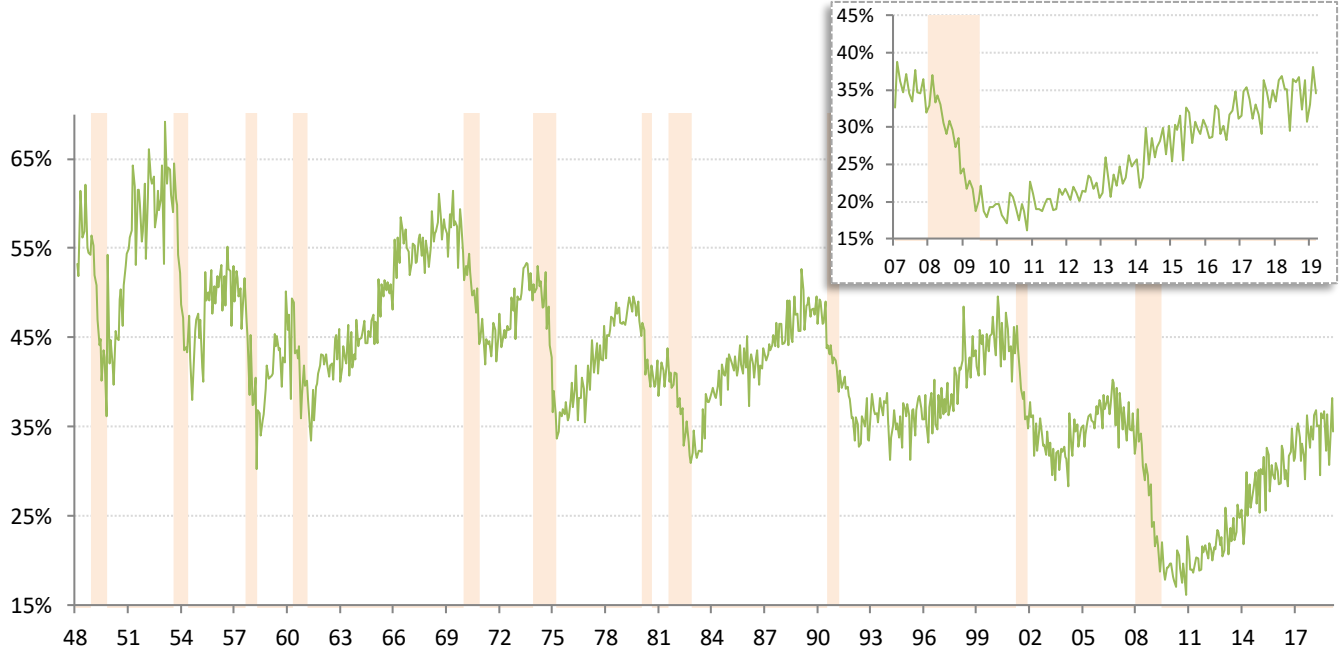
Source: BLS Current Population Survey, TrendMacro calculations

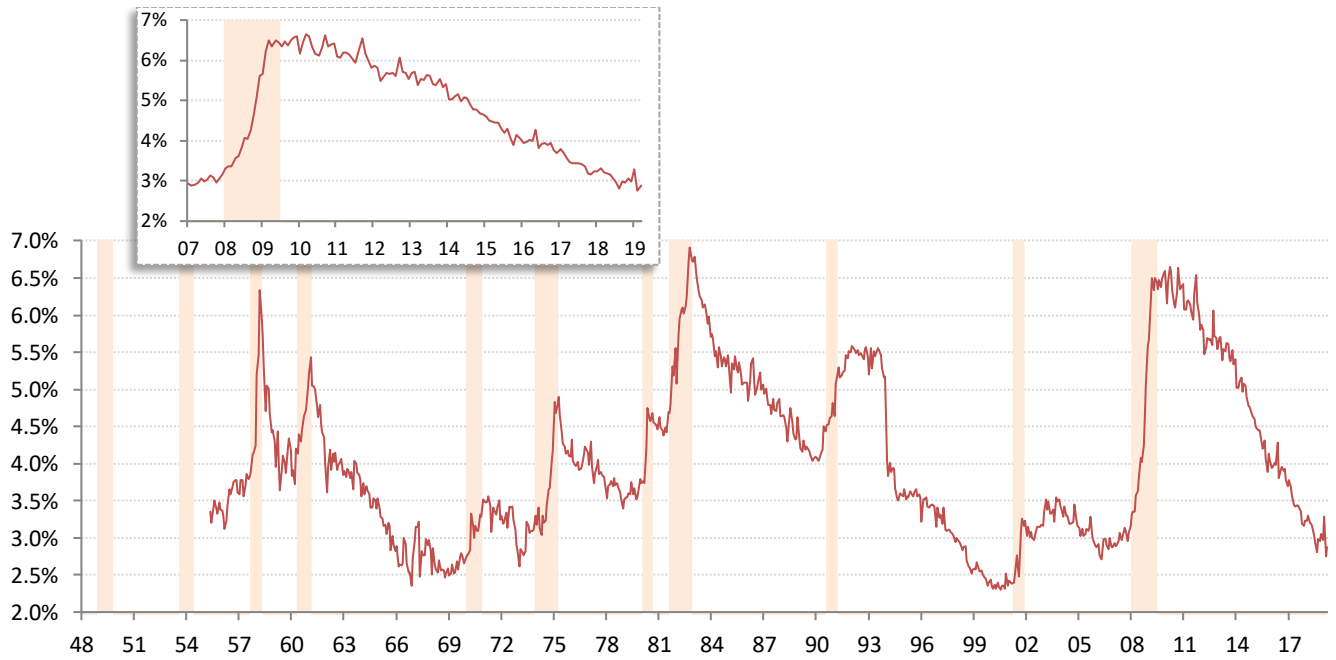## Monthly job-separation probability (the inflow rate to unemployment)
Chance of an employed person becoming unemployed in one month (per Shimer 2005)　Recession

Source: BLS Current Population Survey, TrendMacro calculations

Involuntary part-time workers as percentage of the employed labor force
Persons available for full-time work   ▨ Recession
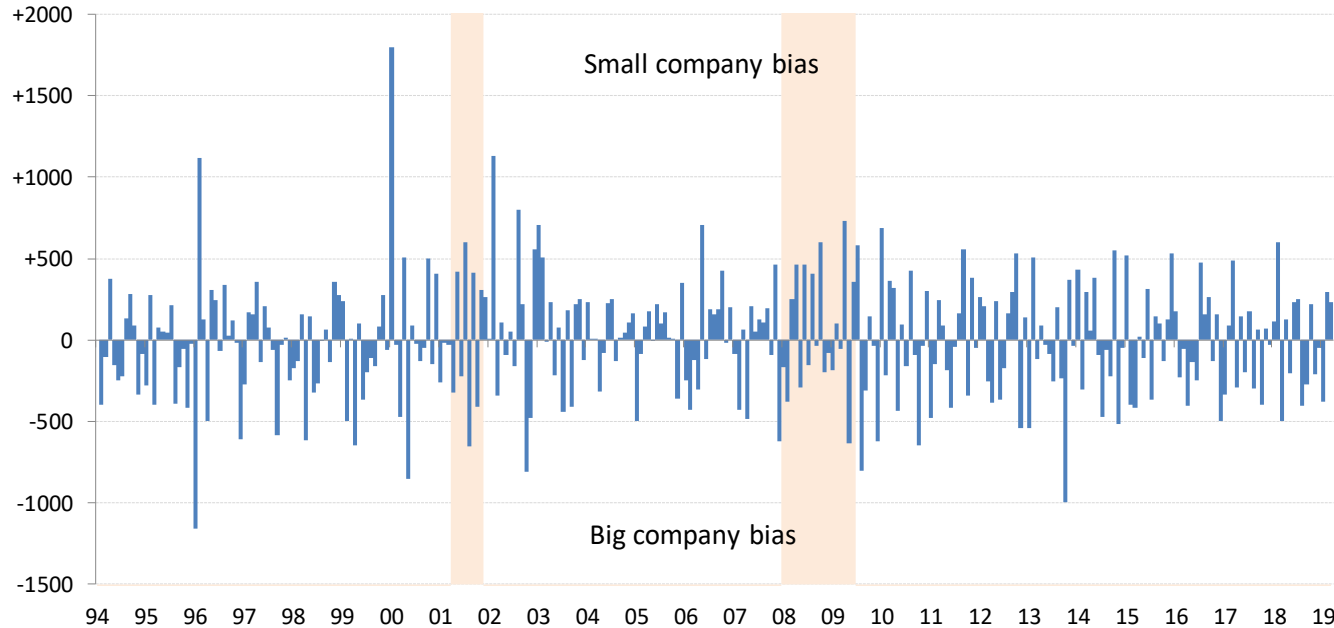

Source: BLS Current Population Survey, TrendMacro calculations

## Aggregate weekly private hours-worked index   ▨ Recession
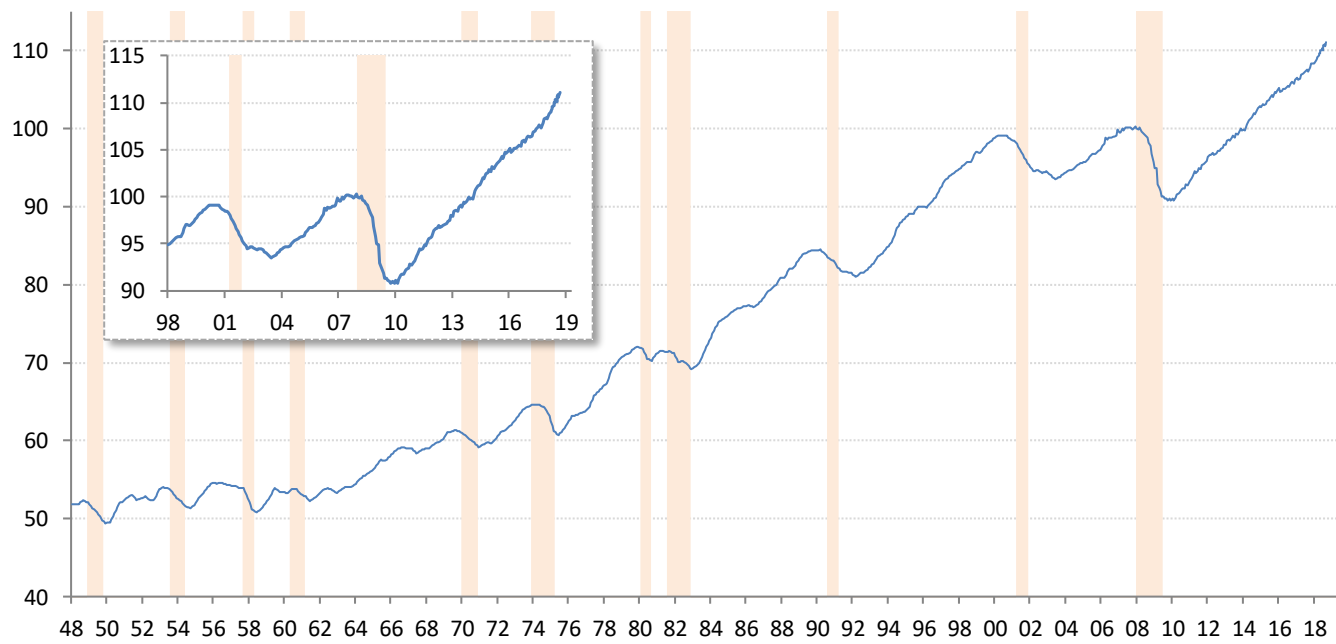
Source: BLS Productivity and Costs (quarterly) and Current Employment Stats (recent monthly), TrendMacro calcs

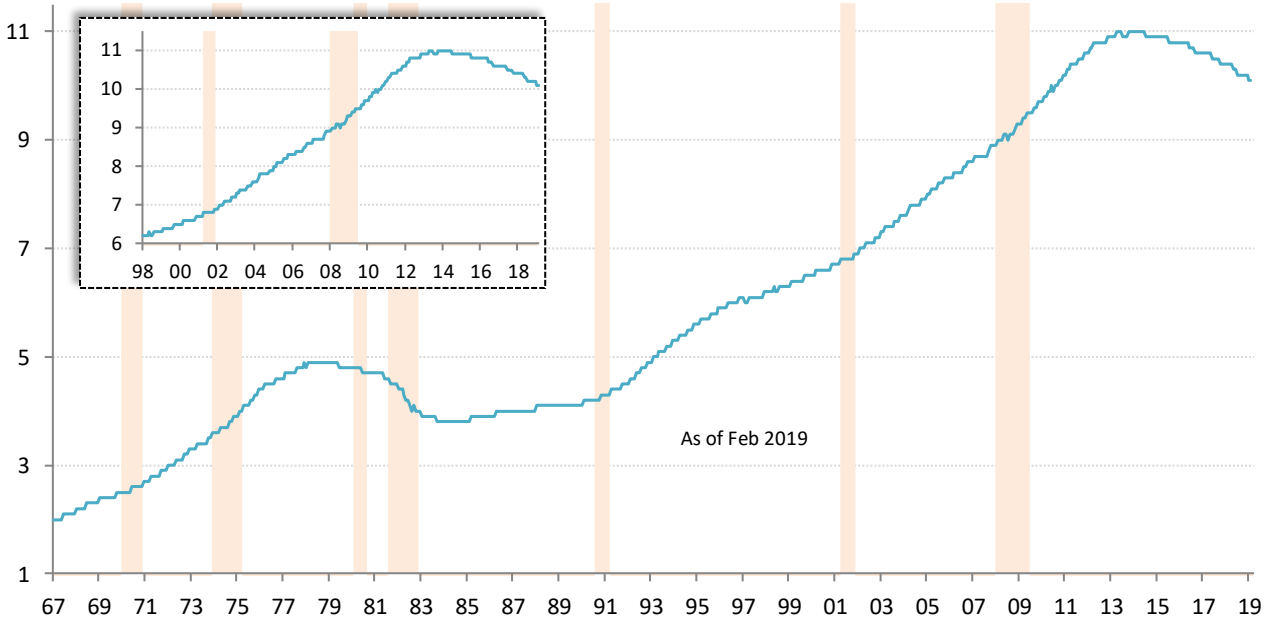## Difference in employment change: "household" minus "payroll" surveys

Source: BLS Current Population Survey and Current Employment Statistics, TrendMacro calculations

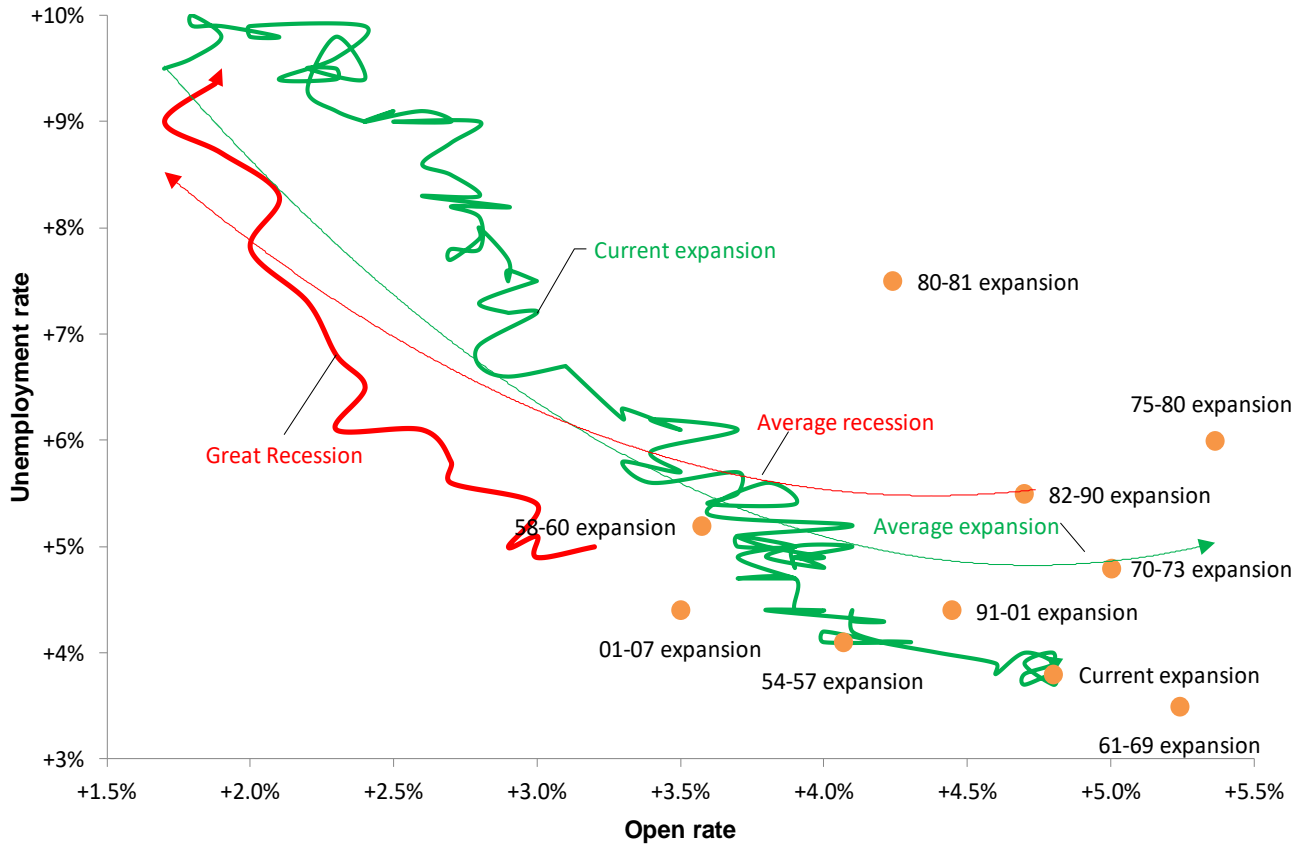## Civilian labor force versus 20-year trend, millions
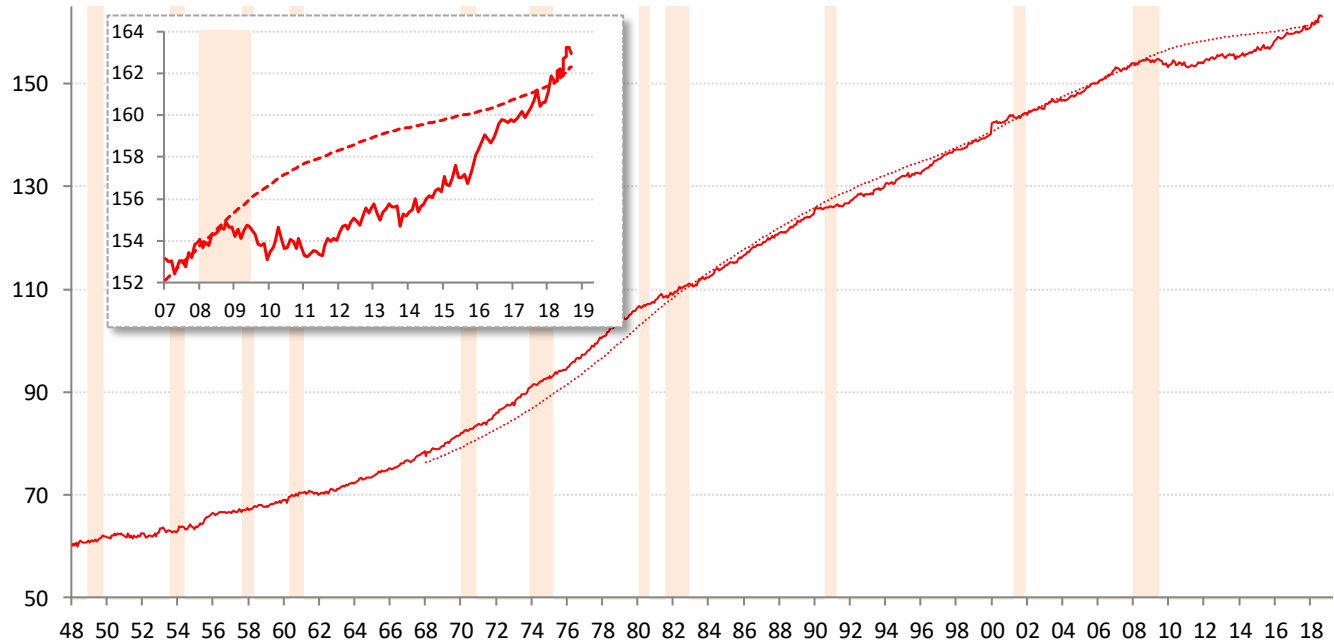
Source: BLS Current Population Survey, TrendMacro calculations

Can the disabled come back to the labor force? Social Security disability recipients, millions

As of Feb 2019

Running out of workers? The Beveridge Curve and job openings

Cycle relationship between unemployment

— Expansion — Recession ● Expansion extreme, from 1954 to present

- Current expansion
- 80-81 expansion
- 75-80 expansion
- Great Recession
- Average recession
- 82-90 expansion
- 58-60 expansion
- Average expansion
- 70-73 expansion
- 01-07 expansion
- 91-01 expansion
- 54-57 expansion
- Current expansion
- 61-69 expansion

Unemployment rate (y-axis)
Open rate (x-axis)