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Data Insights: Jobs

Friday, January 7, 2022

Today's jobs data: what you need to know

Non-farm payrolls	Change Dec:	+199	Revision Nov:	+39	Revision Oct:	+102	
Private payrolls	Change Dec:	+211	Revision Nov:	+35	Revision Oct:	+86	
Employment	Change Dec:	+651					
Unemployment	Change Dec:	-483					
Long -term unemployment	Change Dec:	-253					
Civilian labor force	Change Dec:	+168	1.28 million below trend		More than all entrants employed		
Unemployment rate	Dec:	3.89%	Change Dec:	-0.30%			
Underemployment rate	Dec:	7.3%	Change Dec:	-0.4%			
Participation rate	Dec:	61.9%	Change Dec:	unch			
UE adjusted for participation	Dec:	9.9%	Change Dec:	-0.28%			
Average weeks unemployed	Dec:	28.6	Change Dec:	-0.5			
% longterm unemployed	Dec:	31.7%	Change Dec:	-0.8%			
Aggregate hours worked index	Dec:	110.7	Change Dec:	+0.2%	Revision Nov:	-0	
Average hourly earnings	Dec:	+0.61%	Change Dec:	+0.26%	Revision Nov:	+0.10%	
Aggregate weekly earnings	Dec:	165.7	Change Dec:	+0.8%	Revision Nov:	-0.3	
Monthly job-finding probability	Dec:	36.2%	Change Dec:	+1.5%			
Monthly separation probability	Dec:	1.5%	Change Dec:	+0.0%			
% involuntary part-time	Dec:	2.5%	Change Dec:	-0.2%			
"Household" vs "Payroll" jobs	Change Dec:	+102					

Source: Bureau of Labor Statistics, TrendMacro calculations

Today's jobs data: a deeper dive

Non-farm payrolls SA	Change Dec:	+199	Revision Nov:	+39	Revision Oct:	+102
Non-farm payrolls NSA	Change Dec:	+72	Revision Nov:	+75	Revision Oct:	+19
Birth-death adjustment	Change Dec:	-49				

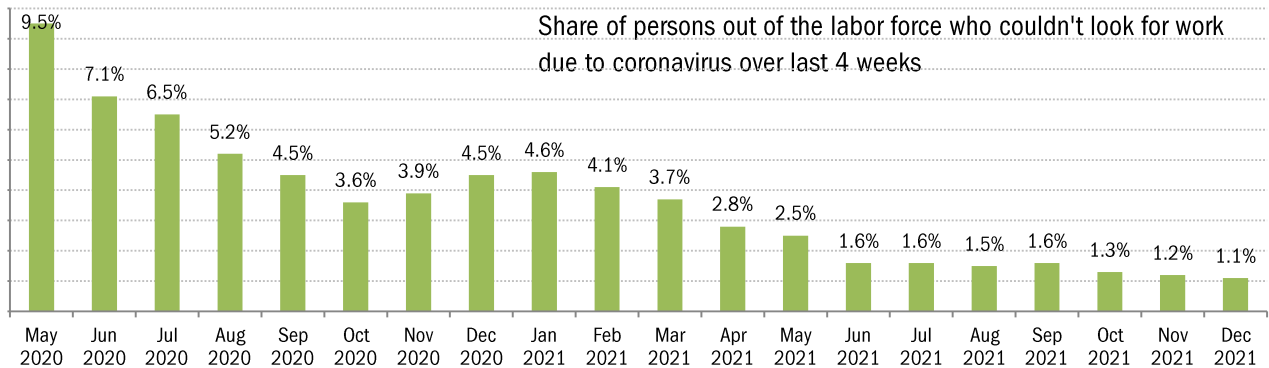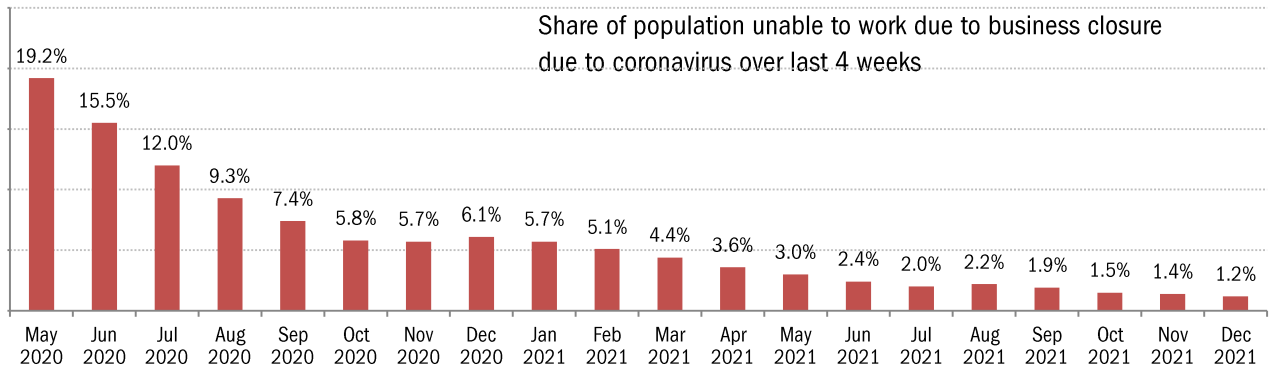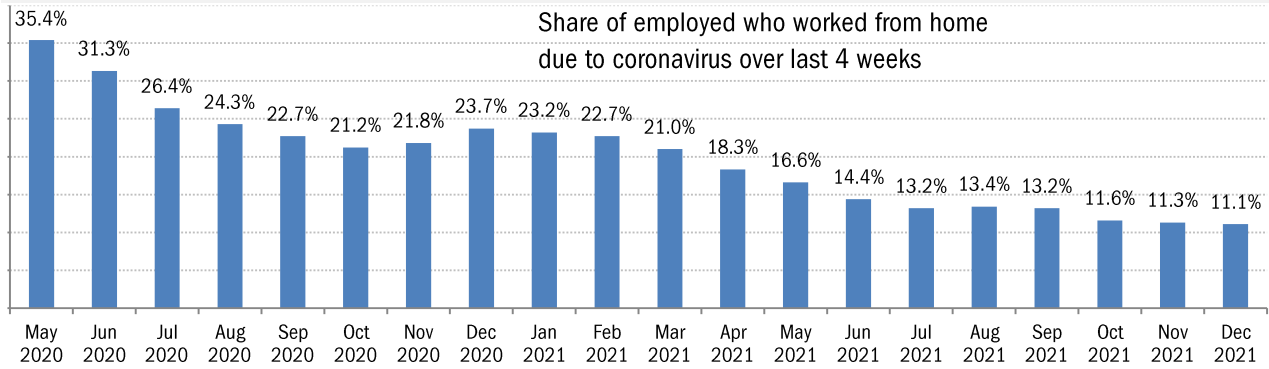|				
Employment	Change Dec:	+651		
Unemployment rate	Dec:	3.89%	Change Dec:	-0.30%
White employment	Change Dec:	+665		
White unemployment rate	Dec:	3.2%	Change Dec:	-0.5%
Black employment	Change Dec:	-86		
Black unemployment rate	Dec:	7.1%	Change Dec:	0.6%
Hispanic employment	Change Dec:	-5		
Hispanic unemployment rate	Dec:	4.9%	Change Dec:	-0.3%
Asian employment	Change Dec:	-36		
Asian unemployment rate	Dec:	3.8%	Change Dec:	-0.1%
HS only employment	Change Dec:	+323		
HS only unemployment rate	Dec:	4.5%	Change Dec:	-0.3%
Men employment	Change Dec:	+76		
Men unemployment rate	Dec:	3.9%	Change Dec:	-0.3%
Women employment	Change Dec:	+575		
Women unemployment rate	Dec:	3.9%	Change Dec:	-0.3%

Source: Bureau of Labor Statistics, TrendMacro calculations

TrendMacro Payroll Model based on contemporaneous labor market statistics

ADP Payrolls	ISM Manu Employ Index	ISM Services Employ Index	Change continuing claims	Initial claims	Challenger Layoffs	NFIB Hiring Plans	NFIB Employ
+807	54.2	54.9	-210	227	19,052	28	-1

Model estimate	Actual	Actual beat(+) or miss (-)
+487	+199	-288

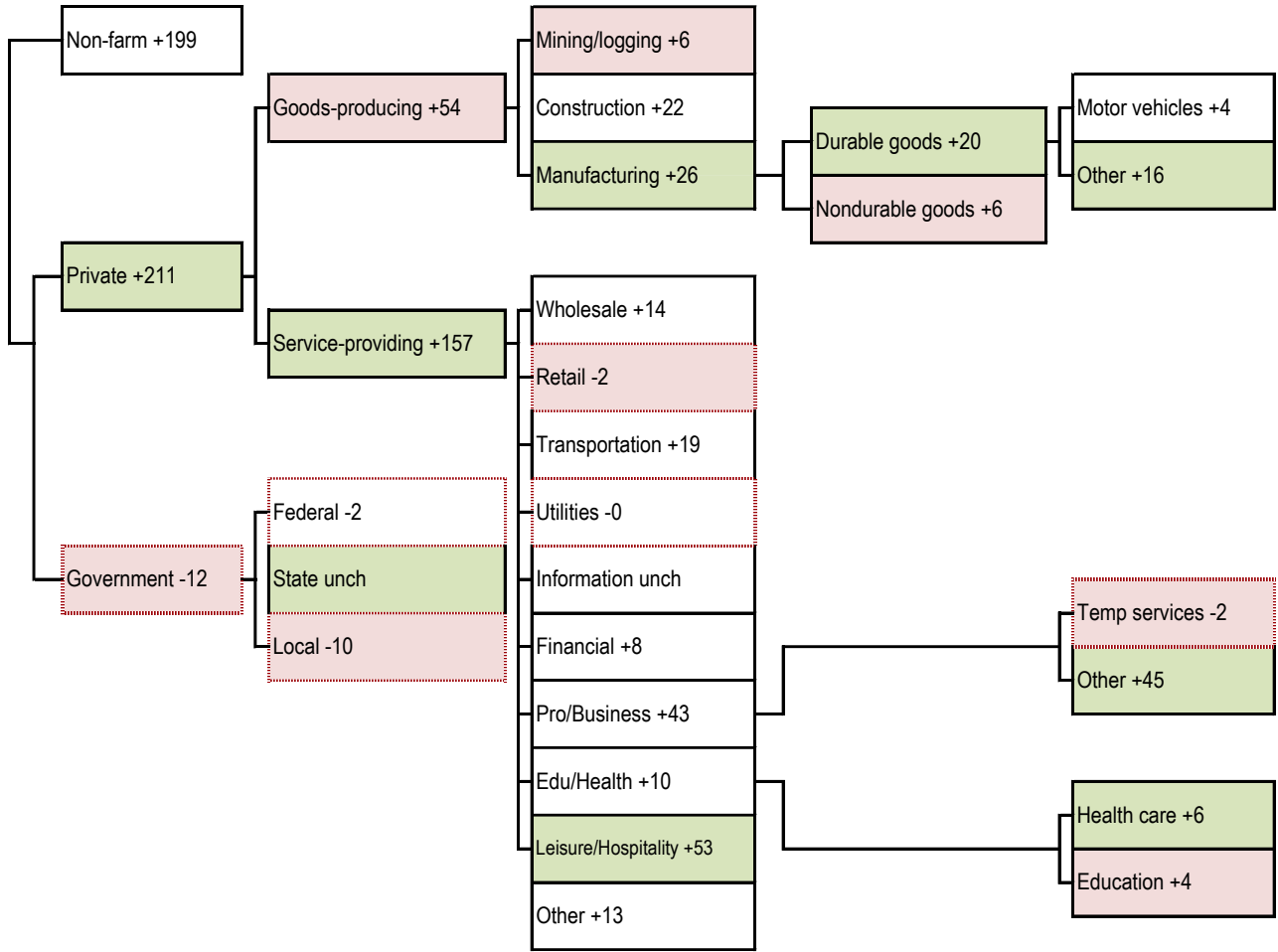Source: ADP, ISM, DOL, Challenger, NFIB, BLS, TrendMacro calculations

Labor market adaptation to pandemic conditions

Share of employed who worked from home
due to coronavirus over last 4 weeks

35.4%	31.3%	26.4%	24.3%	22.7%	21.2%	21.8%	23.7%	23.2%	22.7%	21.0%	18.3%	16.6%	14.4%	13.2%	13.4%	13.2%	11.6%	11.3%	11.1%
May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021

Share of population unable to work due to business closure
due to coronavirus over last 4 weeks

19.2%	15.5%	12.0%	9.3%	7.4%	5.8%	5.7%	6.1%	5.7%	5.1%	4.4%	3.6%	3.0%	2.4%	2.0%	2.2%	1.9%	1.5%	1.4%	1.2%
May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021

Share of persons out of the labor force who couldn't look for work
due to coronavirus over last 4 weeks

9.5%	7.1%	6.5%	5.2%	4.5%	3.6%	3.9%	4.5%	4.6%	4.1%	3.7%	2.8%	2.5%	1.6%	1.6%	1.5%	1.6%	1.3%	1.2%	1.1%
May 2020	Jun 2020	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021

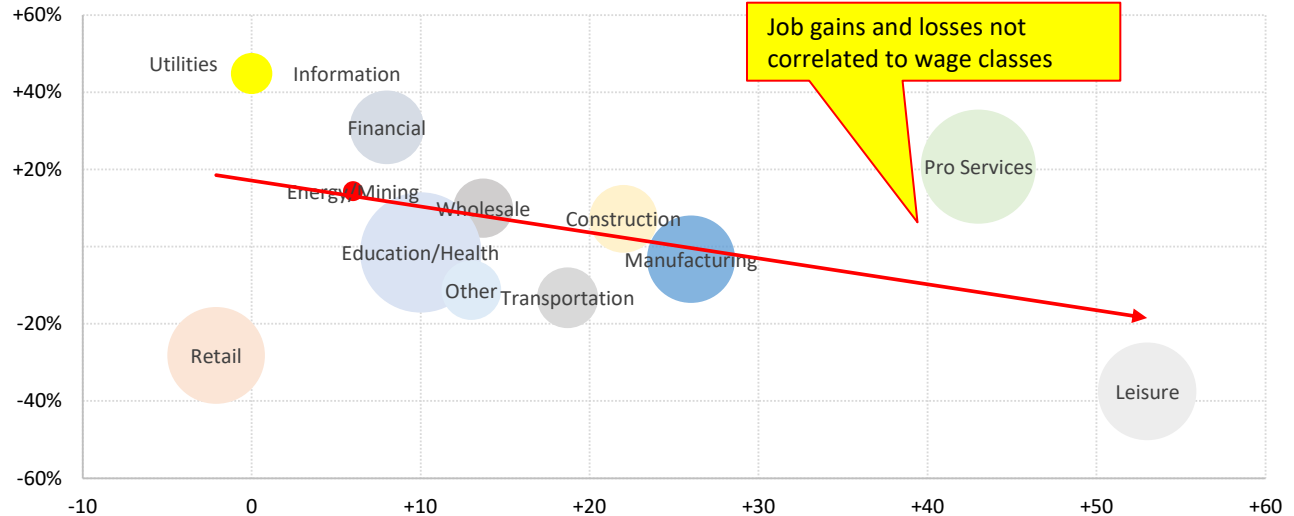Source: BLS, TrendMacro calculations

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 +199

Private +211

Goods-producing +54
- Mining/logging +6
- Construction +22
- Manufacturing +26
  - Durable goods +20
    - Motor vehicles +4
    - Other +16
  - Nondurable goods +6

Service-providing +157
- Wholesale +14
- Retail -2
- Transportation +19
- Utilities -0
- Information unch
- Financial +8
- Pro/Business +43
  - Temp services -2
  - Other +45
- Edu/Health +10
  - Health care +6
  - Education +4
- Leisure/Hospitality +53
- Other +13

Government -12
- Federal -2
- State unch
- Local -10

Where is the pay coming from?

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

Job gains and losses not correlated to wage classes

Source: BLS, TrendMacro calculations

4

Solving the wage-growth puzzle
YOY average hourly earnings growth Atlanta Fed Wage Growth Index ☐ Recession

Atlanta as of Nov 2021

BLS AHE as of Dec 2021

Atlanta Fed Wage Growth Tracker

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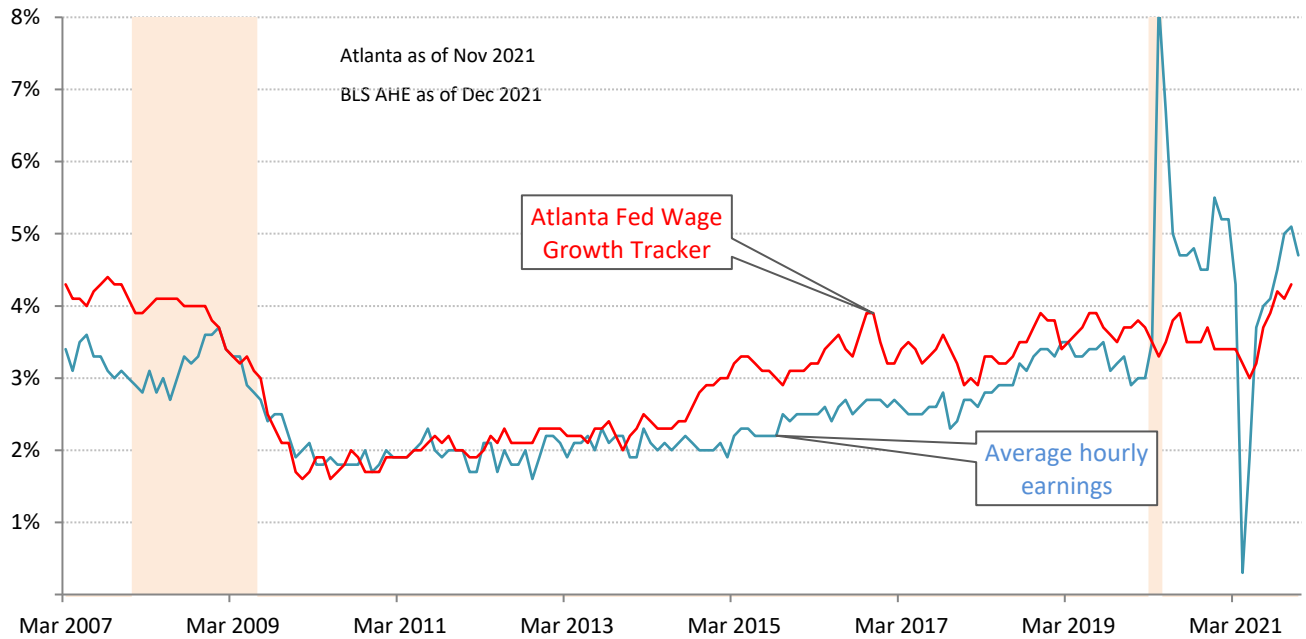
Source: BLS Current Employment Statistics, Atlanta Federal Reserve Bank, TrendMacro calculations

The wages of dynamism
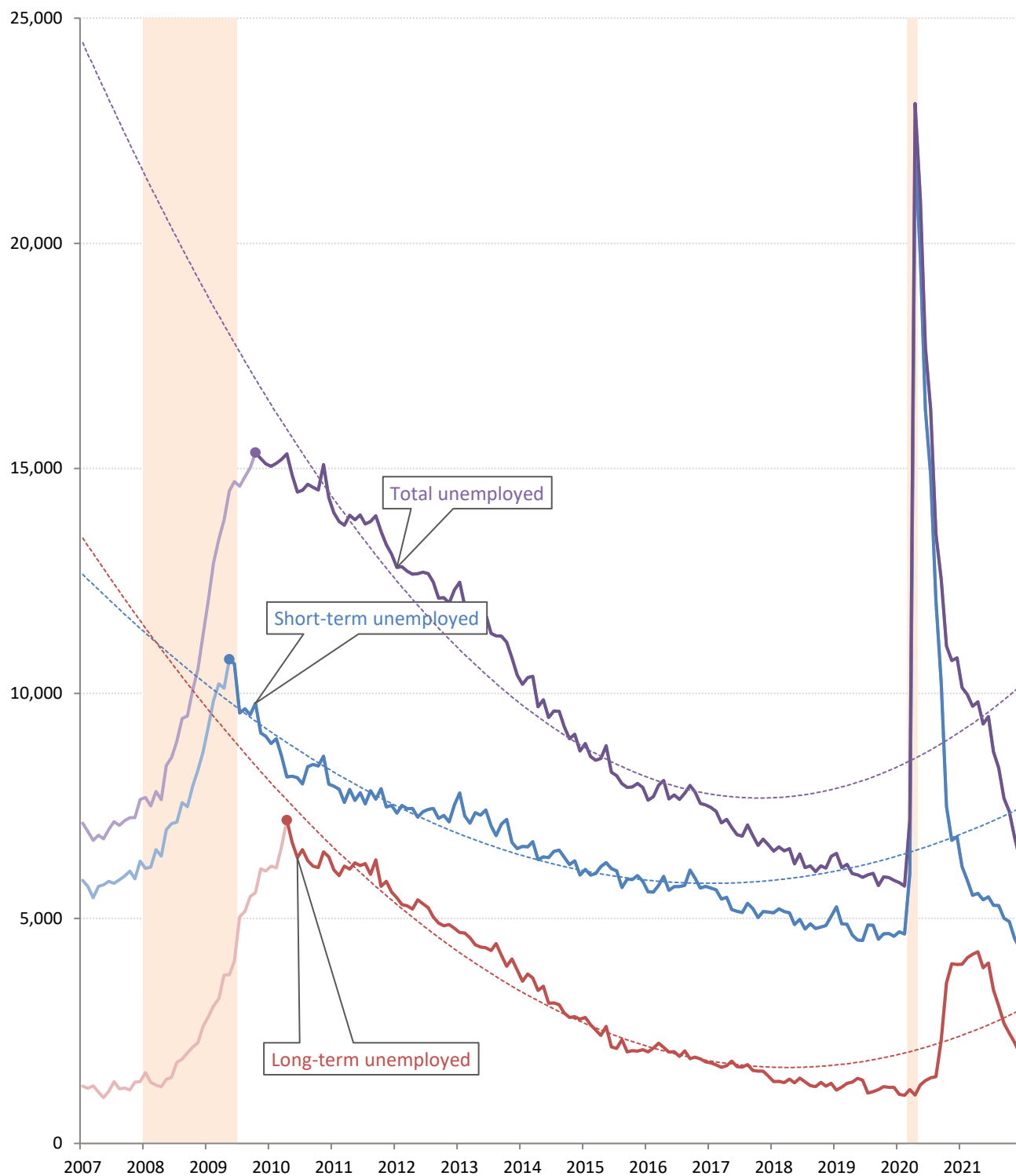YOY wage growth for steady employees, versus those who change jobs ☐ Recession

As of Nov 2021

Job switchers

Atlanta Fed Wage Growth Tracker

Job Stayers
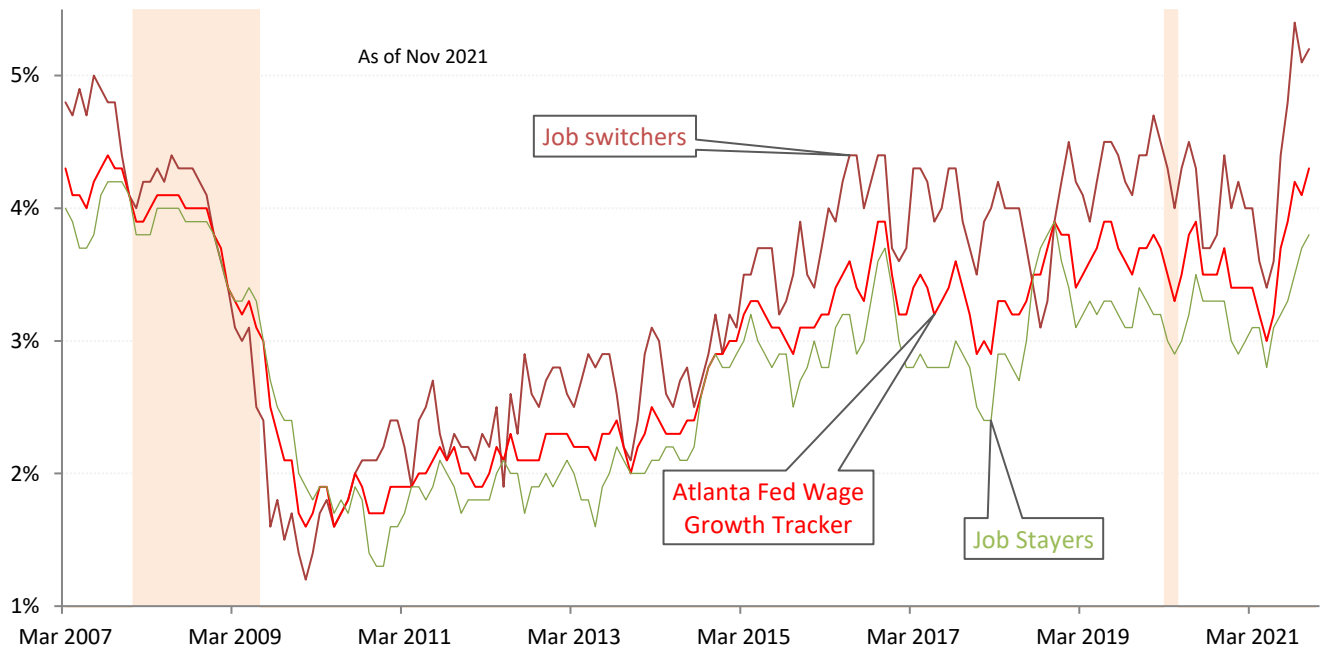
Source: Atlanta Federal Reserve Bank, TrendMacro calculations

The Great Recession, the jobless recovery, the long boom, and then the virus
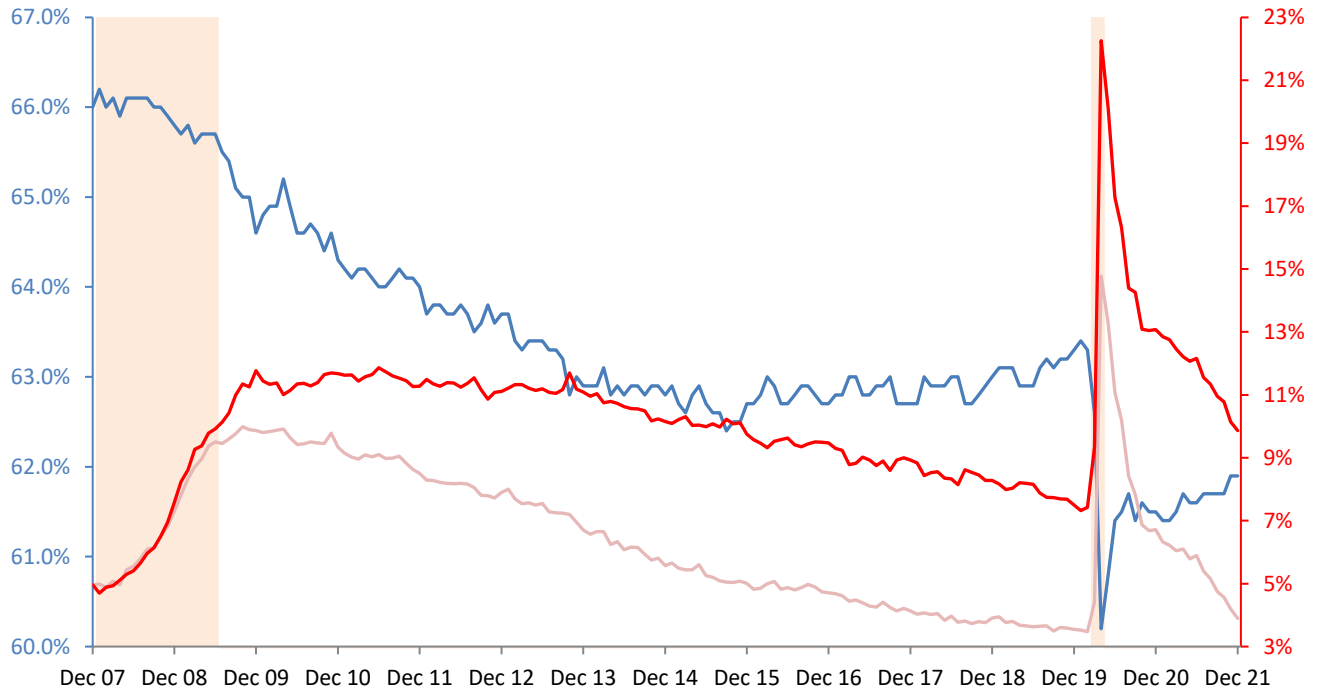Unemployment: thousands   Short-term = <27 weeks   Long-term = >27 weeks

Source: BLS Current Population Survey, TrendMacro calculations

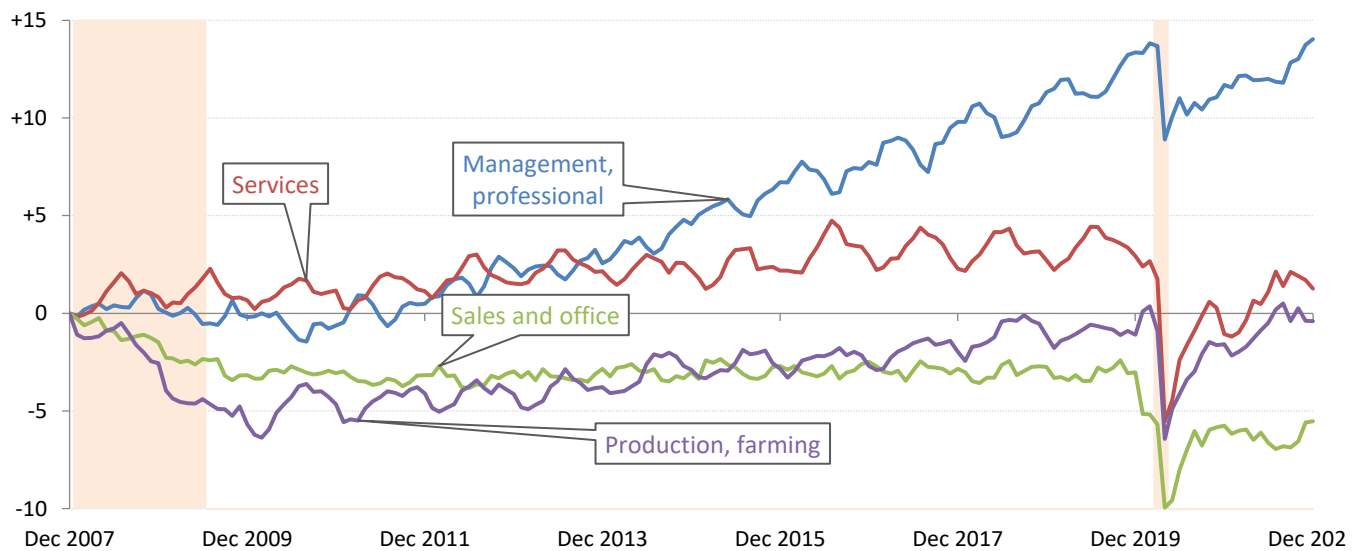## Unemployment rate normalized for participation rate December 2007

Legend: Unemployment rate normalized for participation rate December 2007 (red) — Participation rate (blue) — Headline unemployment rate (pink) — Recession (shaded)

Left axis (blue): 60.0%, 61.0%, 62.0%, 63.0%, 64.0%, 65.0%, 66.0%, 67.0%

Right axis (red): 3%, 5%, 7%, 9%, 11%, 13%, 15%, 17%, 19%, 21%, 23%

X-axis: Dec 07, Dec 08, Dec 09, Dec 10, Dec 11, Dec 12, Dec 13, Dec 14, Dec 15, Dec 16, Dec 17, Dec 18, Dec 19, Dec 20, Dec 21

Source: BLS Current Population Survey, TrendMacro calculations

Winner and losers in the long boom and the virus crisis
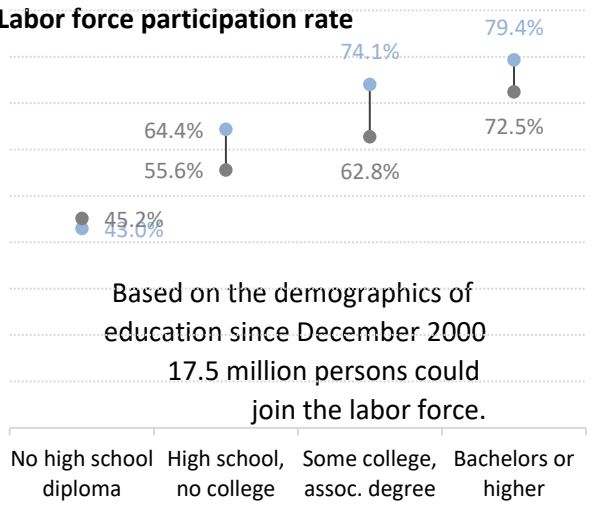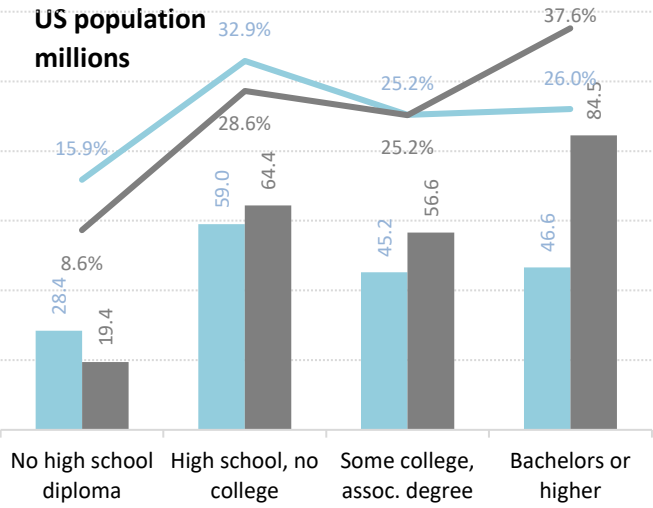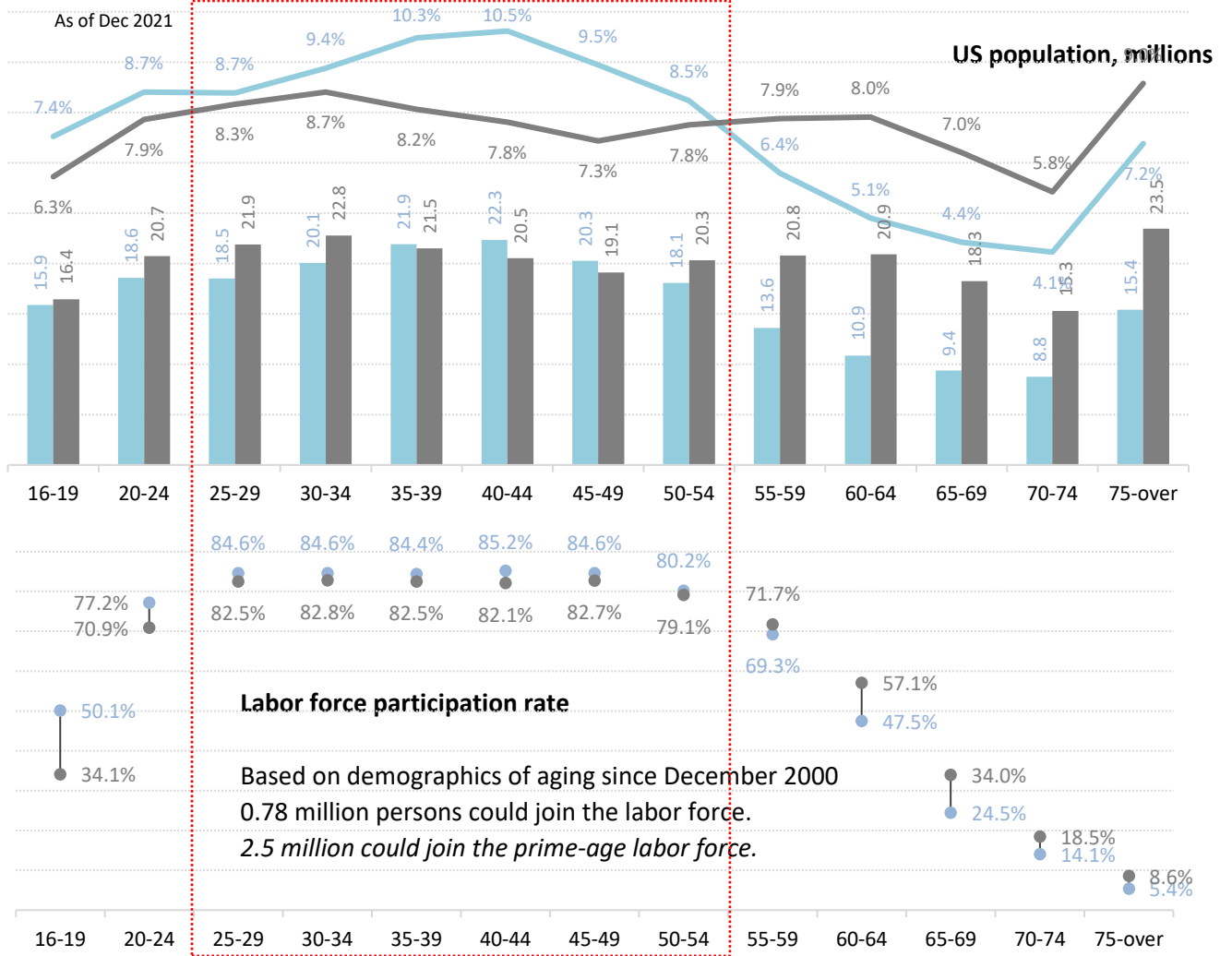Change in total payrolls from prior business cycle peak, millions

Labels: Services, Management, professional, Sales and office, Production, farming

Y-axis: -10, -5, 0, +5, +10, +15

X-axis: Dec 2007, Dec 2009, Dec 2011, Dec 2013, Dec 2015, Dec 2017, Dec 2019, Dec 202

Source: BLS, NBER, TrendMacro calculations

7

# 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 Dec 2021

US population, millions

Age	16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-over
Dec 2000 (line %)	7.4%	8.7%	8.7%	9.4%	10.3%	10.5%	9.5%	8.5%	6.4%	5.1%	4.4%	4.1%	7.2%
Latest (line %)	6.3%	7.9%	8.3%	8.7%	8.2%	7.8%	7.3%	7.8%	7.9%	8.0%	7.0%	5.8%	23.5%
Dec 2000 (bar)	15.9	18.6	18.5	20.1	21.9	22.3	20.3	18.1	13.6	10.9	9.4	8.8	15.4
Latest (bar)	16.4	20.7	21.9	22.8	21.5	20.5	19.1	20.3	20.8	20.9	18.3	15.3	23.5

Labor force participation rate

Based on demographics of aging since December 2000
0.78 million persons could join the labor force.
2.5 million could join the prime-age labor force.

Age	16-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-over
Dec 2000	50.1%	77.2%	84.6%	84.6%	84.4%	85.2%	84.6%	80.2%	69.3%	47.5%	24.5%	14.1%	5.4%
Latest	34.1%	70.9%	82.5%	82.8%	82.5%	82.1%	82.7%	79.1%	71.7%	57.1%	34.0%	18.5%	8.6%

US population millions

Education	No high school diploma	High school, no college	Some college, assoc. degree	Bachelors or higher
Dec 2000 (line %)	15.9%	32.9%	25.2%	26.0%
Latest (line %)	8.6%	28.6%	25.2%	37.6%
Dec 2000 (bar)	28.4	59.0	45.2	46.6
Latest (bar)	19.4	64.4	56.6	84.5

Labor force participation rate

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

Education	No high school diploma	High school, no college	Some college, assoc. degree	Bachelors or higher
Dec 2000	43.0%	64.4%	74.1%	79.4%
Latest	45.2%	55.6%	62.8%	72.5%

8

Monthly job-finding probability (the outflow rate from unemployment)

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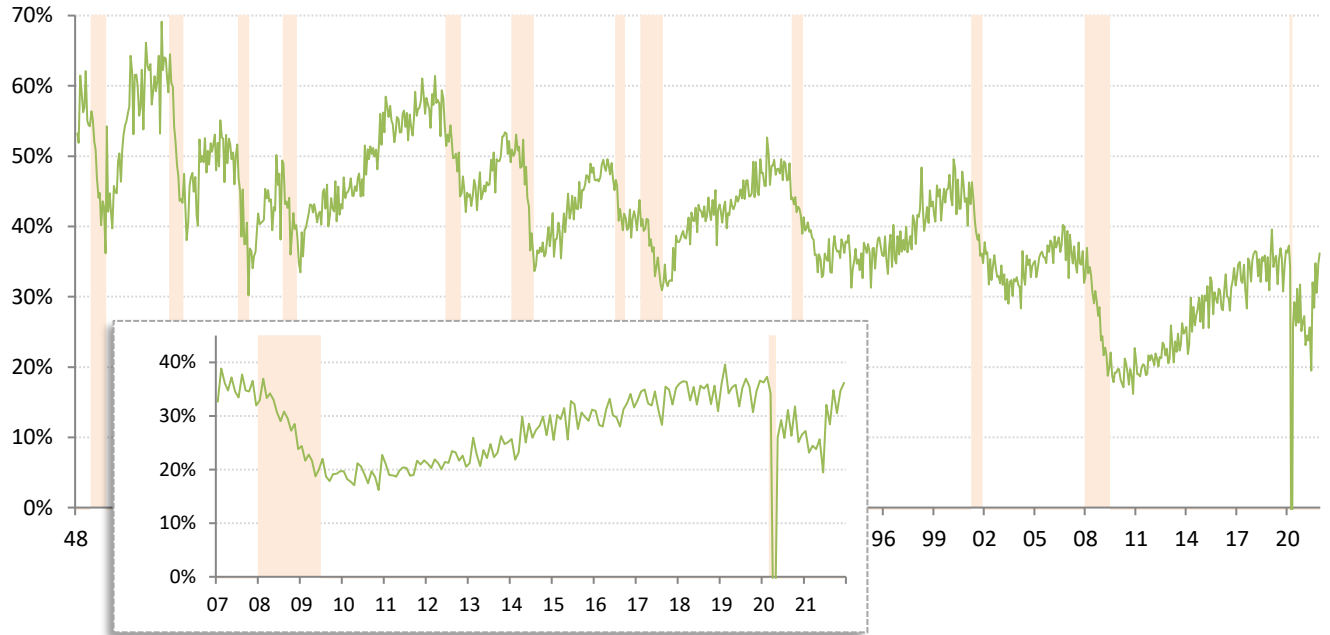
Monthly job-separation probability (the inflow rate to unemployment)

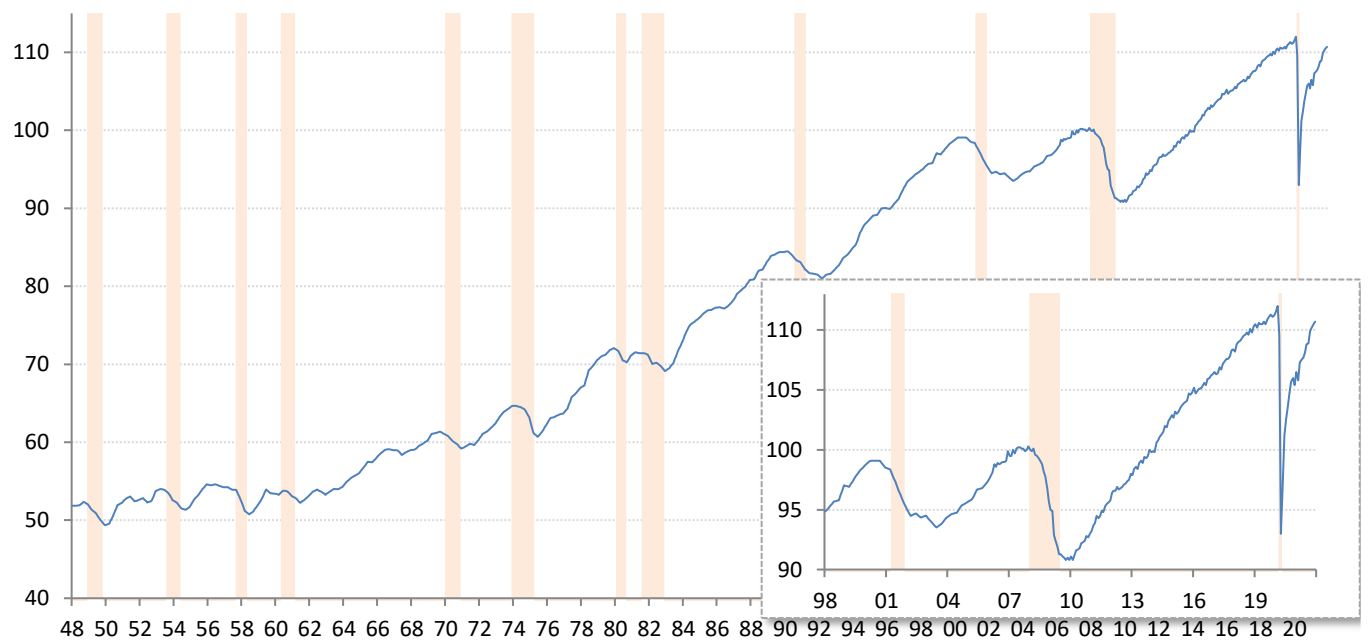Chance of an employed person becoming unemployed in one month (per Shimer 2005) ▢ Recession
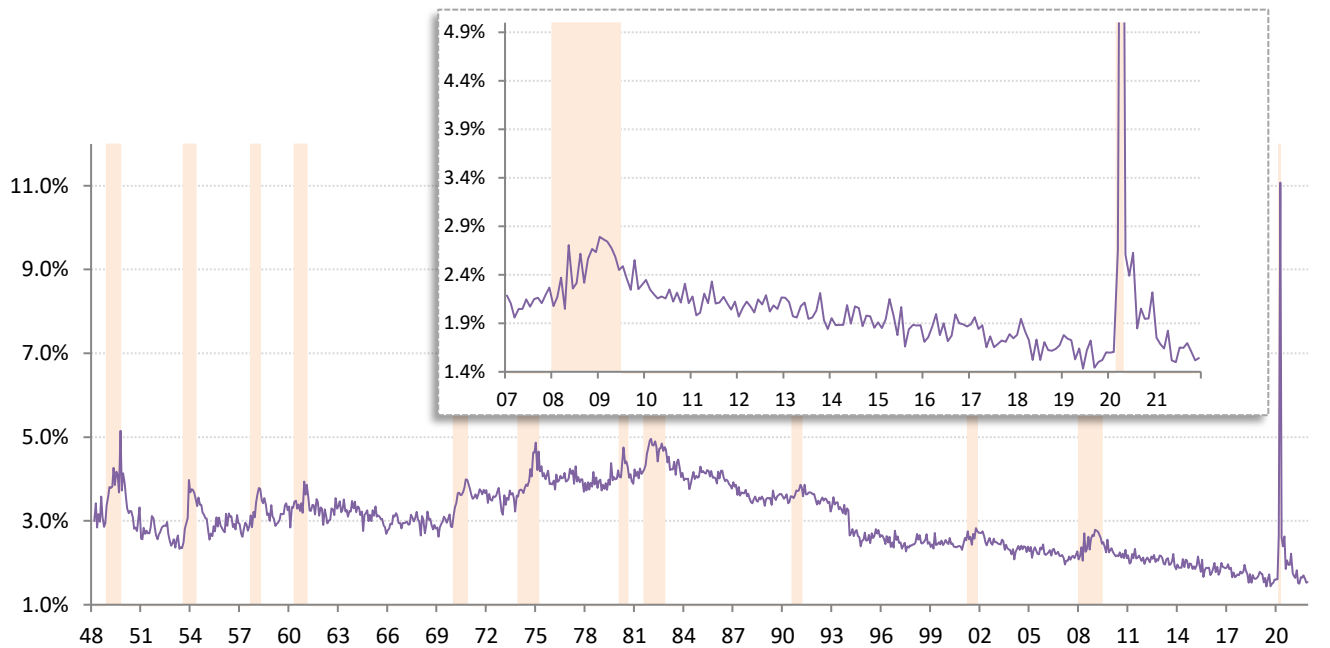
Involuntary part-time workers as percentage of the employed labor force
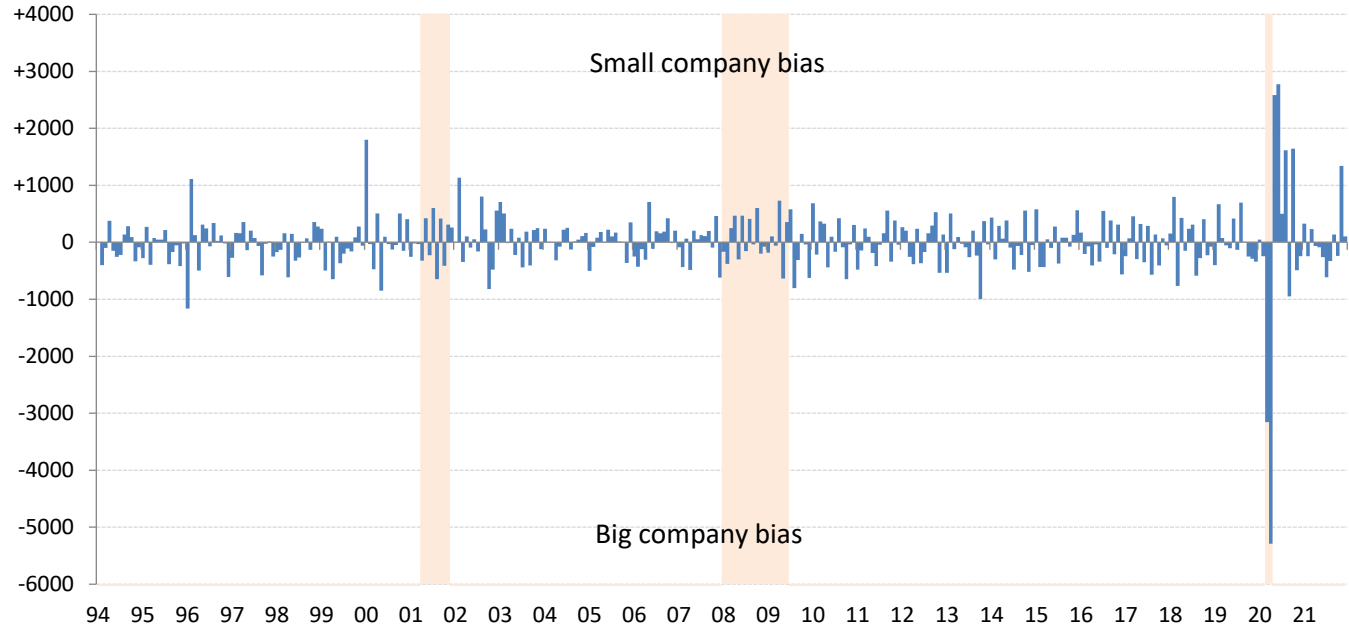
Persons available for full-time work ■ Recession
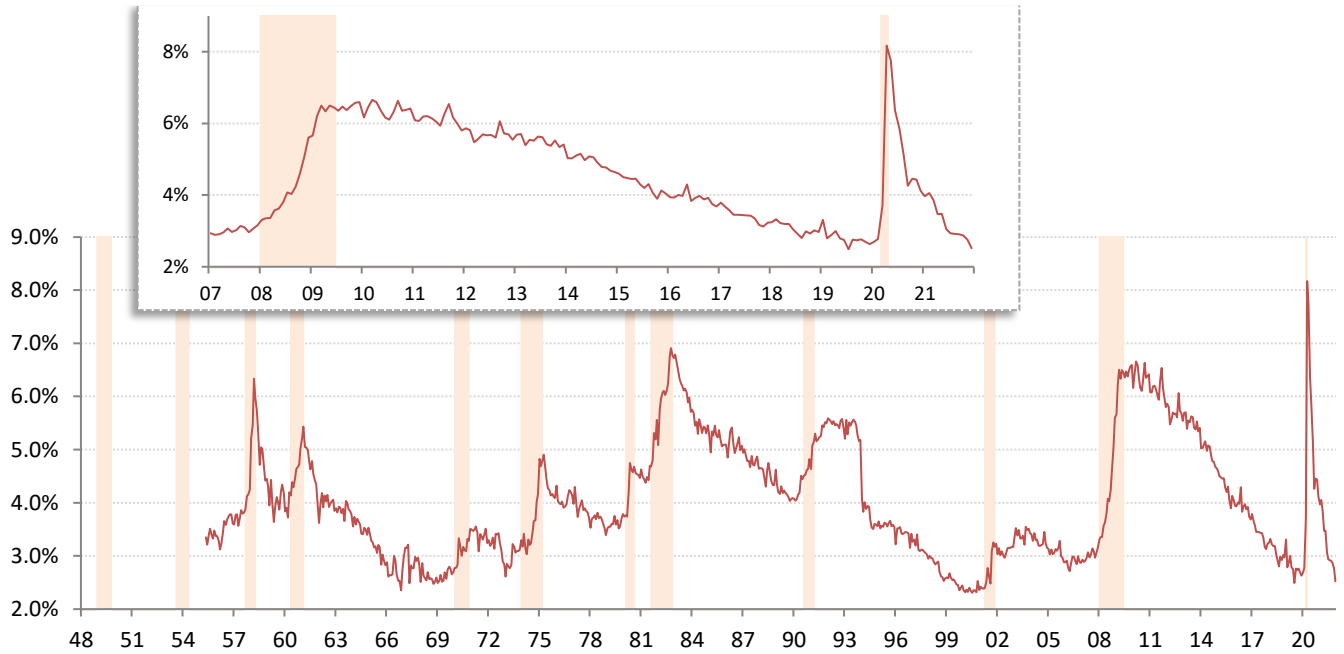
Source: BLS Current Population Survey, TrendMacro calculations

Aggregate weekly private hours-worked index ■ Recession

Source: BLS Productivity and Costs (quarterly) and Current Employment Stats (recent monthly), TrendMacro calcs

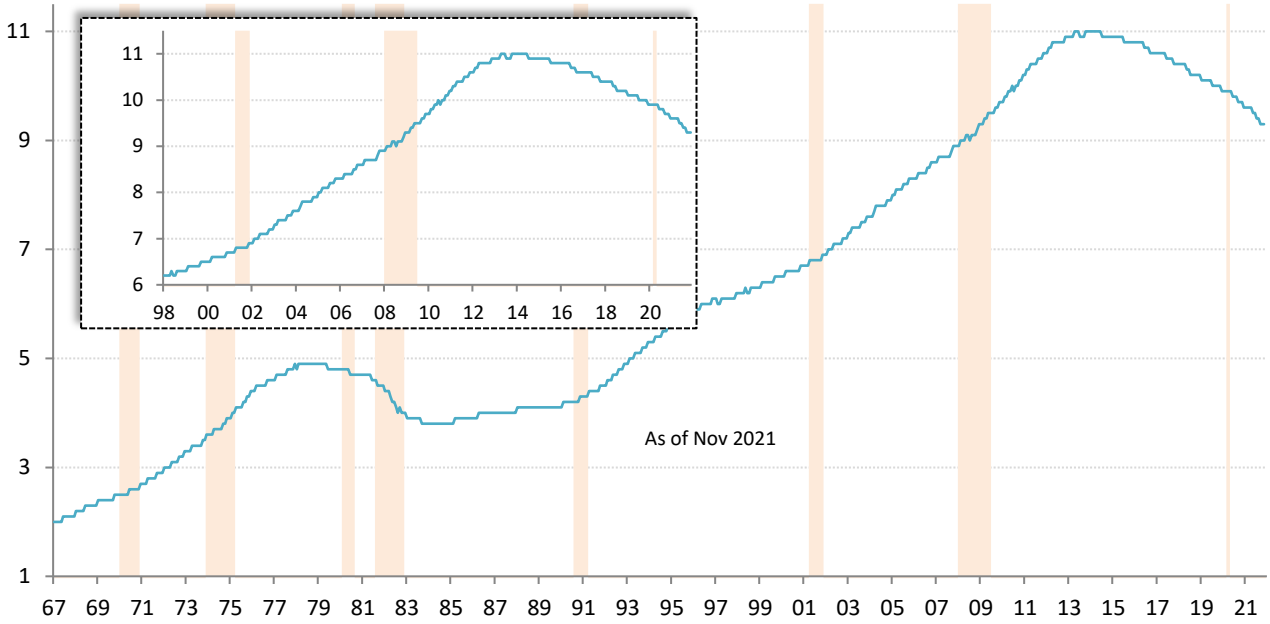## Difference in employment change: "household" minus "payroll" surveys ☐ Recession

Small company bias

Big company bias

Civilian labor force versus 20-year trend, millions ☐ Recession
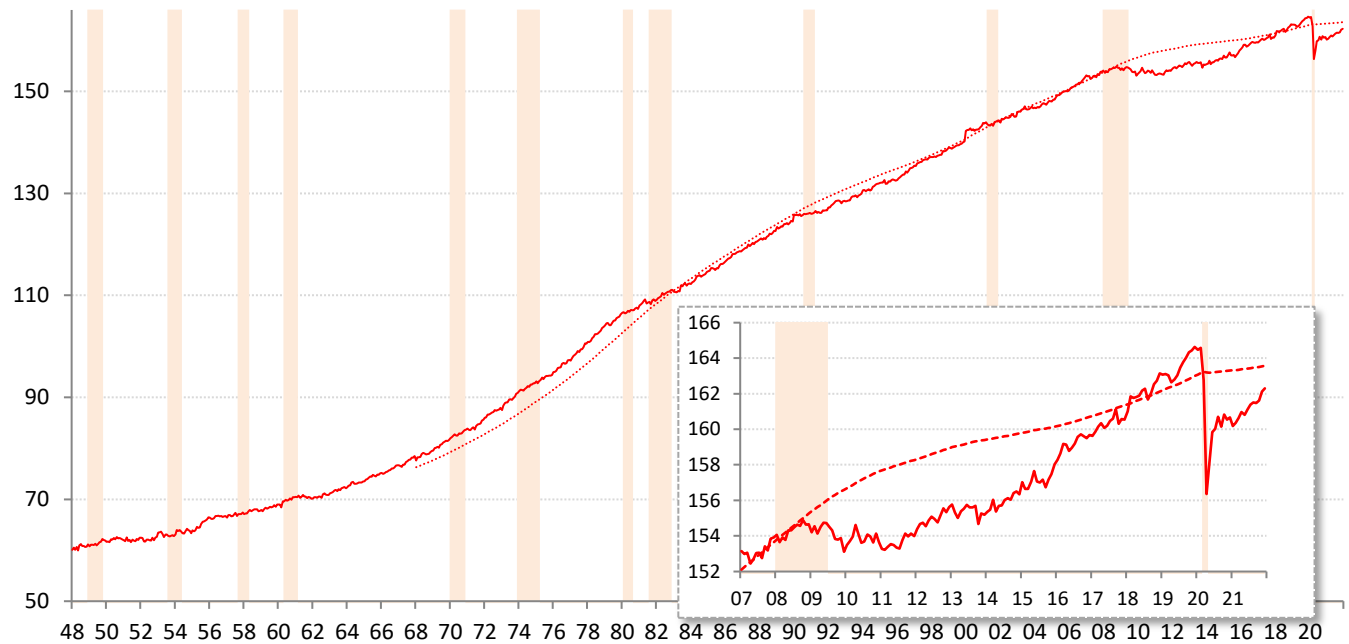
Can the disabled come back to the labor force? Social Security disability recipients, millions

As of Nov 2021

Running out of workers? The Beveridge Curve Cycle relationship between UE and job openings

— Expansion — Recession ● Expansion extreme open rate (and matching UE rate), from 1954 to present