Data Insights: Jobs

Friday, February 4, 2022

Today's jobs data: what you need to know

Non-farm payrolls	Change Jan:	+467	Revision Dec:	+311	Revision Nov:	+398	
Private payrolls	Change Jan:	+444	Revision Dec:	+292	Revision Nov:	+357	
Employment	Change Jan:	+1199					Employment not adjusted for upward re-estimate of 1.47 million in December.
Unemployment	Change Jan:	+194					Unemployment not adjusted for upward re-estimate of 59,000 in December.
Long -term unemployment	Change Jan:	-318					
Civilian labor force	Change Jan:	+1393	0.06 million above trend		13.9% of entrants unemployed		
Unemployment rate	Jan:	3.98%	Change Jan:	+0.09%			
Underemployment rate	Jan:	7.1%	Change Jan:	-0.2%			
Participation rate	Jan:	62.2%	Change Jan:	+0.3%			
UE adjusted for participation	Jan:	9.5%	Change Jan:	-0.36%			
Average weeks unemployed	Jan:	24.6	Change Jan:	-4.0			
% longterm unemployed	Jan:	25.9%	Change Jan:	-5.8%			
Aggregate hours worked index	Jan:	110.4	Change Jan:	-0.3%	Revision Sep:	-1	
Average hourly earnings	Jan:	+0.73%	Change Jan:	+0.19%	Revision Sep:	-0.01%	
Aggregate weekly earnings	Jan:	167	Change Jan:	+0.5%	Revision Sep:	-1.4	
Monthly job-finding probability	Jan:	35.2%	Change Jan:	-1.0%			
Monthly separation probability	Jan:	1.9%	Change Jan:	+0.4%			
% involuntary part-time	Jan:	2.4%	Change Jan:	-0.2%			
"Household" vs "Payroll" jobs	Change Jan:	+46					

Source: Bureau of Labor Statistics, TrendMacro calculations

Today's jobs data: a deeper dive

Non-farm payrolls SA	Change Jan:	+467	Revision Sep:	+131	Revision Aug:	+1176	
Non-farm payrolls NSA	Change Jan:	-2824	Revision Sep:	-499	Revision Aug:	+3198	
Birth-death adjustment	Change Jan:	-114					

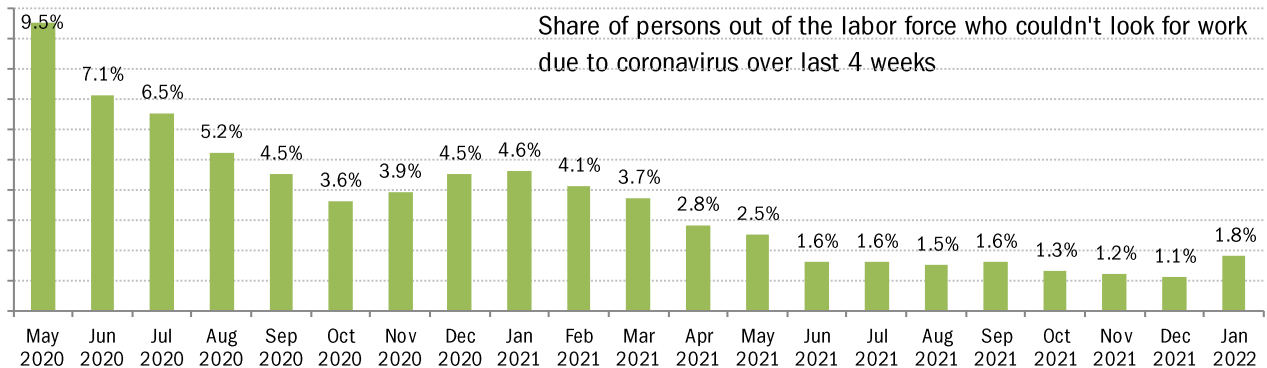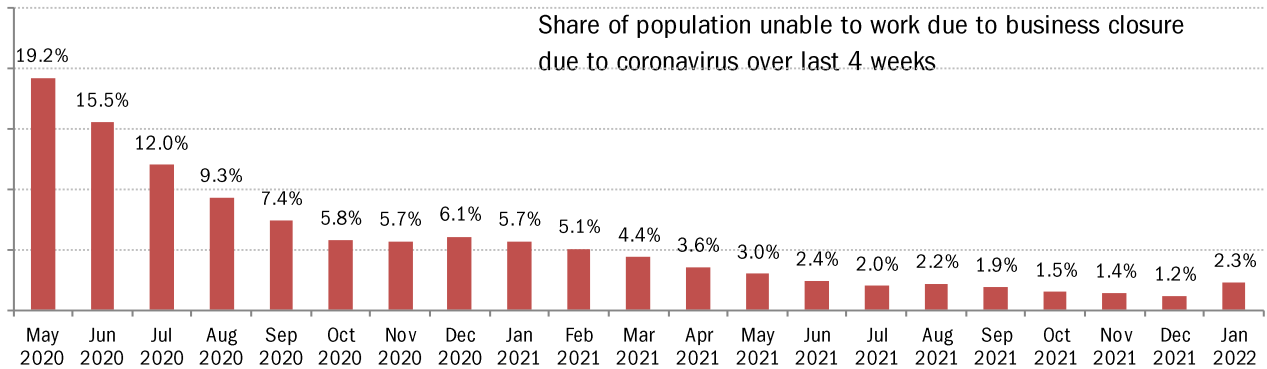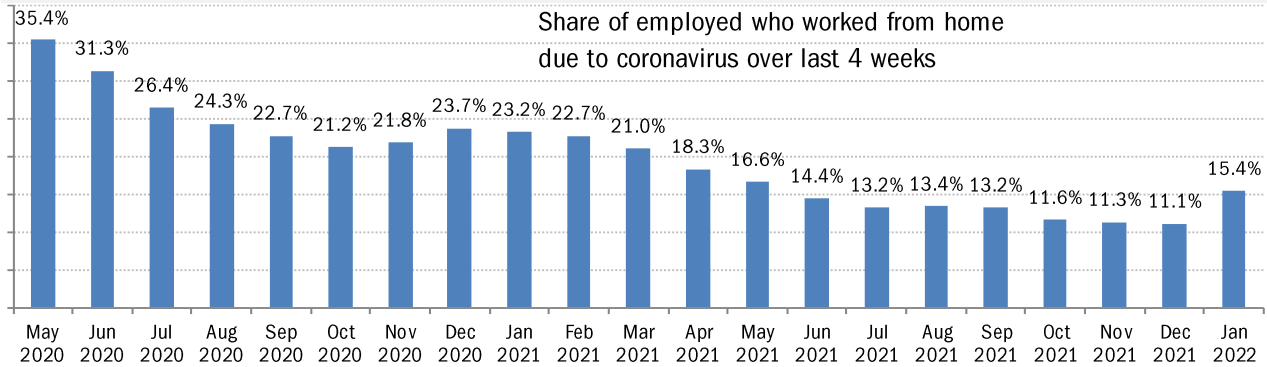|					
Employment	Change Jan:	+1199			
Unemployment rate	Jan:	3.98%	Change Jan:	+0.09%	
White employment	Change Jan:	+748			
White unemployment rate	Jan:	3.4%	Change Jan:	0.2%	
Black employment	Change Jan:	+540			
Black unemployment rate	Jan:	6.9%	Change Jan:	-0.2%	
Hispanic employment	Change Jan:	+466			
Hispanic unemployment rate	Jan:	4.9%	Change Jan:	0.0%	
Asian employment	Change Jan:	+166			
Asian unemployment rate	Jan:	3.6%	Change Jan:	-0.2%	
HS only employment	Change Jan:	+723			
HS only unemployment rate	Jan:	5.1%	Change Jan:	0.6%	
Men employment	Change Jan:	+1010			
Men unemployment rate	Jan:	4.1%	Change Jan:	0.2%	
Women employment	Change Jan:	+189			
Women unemployment rate	Jan:	3.9%	Change Jan:	0.0%	

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
-301	54.5	52.3	-444	207	19,064	26	+1

Model estimate	Actual	Actual beat(+) or miss (-)
-99	+467	+566

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

May 2020	35.4%
Jun 2020	31.3%
Jul 2020	26.4%
Aug 2020	24.3%
Sep 2020	22.7%
Oct 2020	21.2%
Nov 2020	21.8%
Dec 2020	23.7%
Jan 2021	23.2%
Feb 2021	22.7%
Mar 2021	21.0%
Apr 2021	18.3%
May 2021	16.6%
Jun 2021	14.4%
Jul 2021	13.2%
Aug 2021	13.4%
Sep 2021	13.2%
Oct 2021	11.6%
Nov 2021	11.3%
Dec 2021	11.1%
Jan 2022	15.4%

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

May 2020	19.2%
Jun 2020	15.5%
Jul 2020	12.0%
Aug 2020	9.3%
Sep 2020	7.4%
Oct 2020	5.8%
Nov 2020	5.7%
Dec 2020	6.1%
Jan 2021	5.7%
Feb 2021	5.1%
Mar 2021	4.4%
Apr 2021	3.6%
May 2021	3.0%
Jun 2021	2.4%
Jul 2021	2.0%
Aug 2021	2.2%
Sep 2021	1.9%
Oct 2021	1.5%
Nov 2021	1.4%
Dec 2021	1.2%
Jan 2022	2.3%

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

May 2020	9.5%
Jun 2020	7.1%
Jul 2020	6.5%
Aug 2020	5.2%
Sep 2020	4.5%
Oct 2020	3.6%
Nov 2020	3.9%
Dec 2020	4.5%
Jan 2021	4.6%
Feb 2021	4.1%
Mar 2021	3.7%
Apr 2021	2.8%
May 2021	2.5%
Jun 2021	1.6%
Jul 2021	1.6%
Aug 2021	1.5%
Sep 2021	1.6%
Oct 2021	1.3%
Nov 2021	1.2%
Dec 2021	1.1%
Jan 2022	1.8%

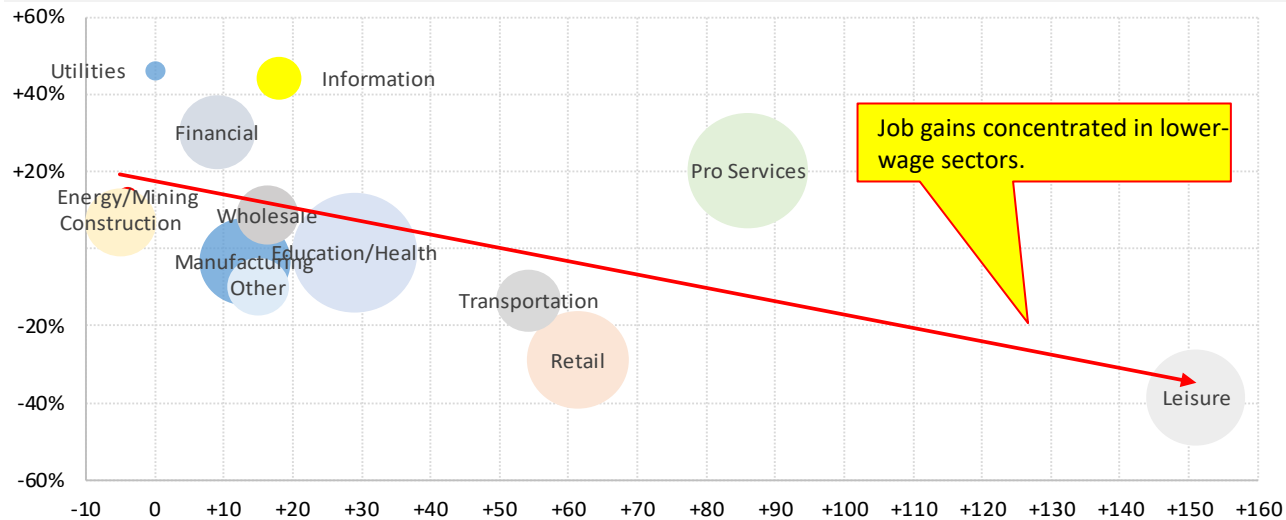Source: BLS, TrendMacro calculations

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 +467

Private +444

- Goods-producing +4
  - Mining/logging -4
  - Construction -5
  - Manufacturing +13
    - Durable goods +8
      - Motor vehicles -5
      - Other +13
    - Nondurable goods +5
- Service-providing +440
  - Wholesale +16
  - Retail +61
  - Transportation +54
  - Utilities +0
  - Information +18
  - Financial +9
  - Pro/Business +86
    - Temp services +26
    - Other +60
  - Edu/Health +29
    - Health care +16
    - Education +13
  - Leisure/Hospitality +151
  - Other +15

Government +23

- Federal -1
- State -9
- Local +33

Where is the pay coming from?

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

Job gains concentrated in lower-wage sectors.

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Solving the wage-growth puzzle

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

Atlanta as of Dec 2021

BLS AHE as of Jan 2022

Atlanta Fed Wage
Growth Tracker

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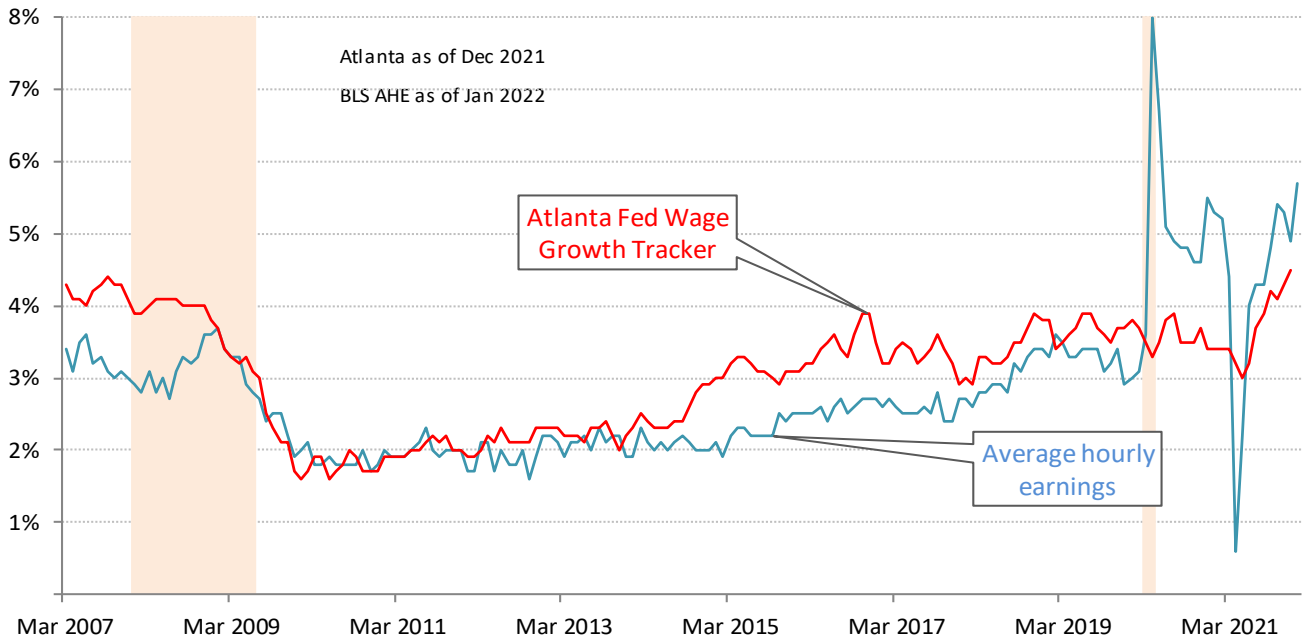
Source: BLS Current Employment Statistics, Atlanta Federal Reserve Bank, TrendMacro calculations

The wages of dynamism

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

As of Dec 2021

Job switchers

Atlanta Fed Wage
Growth Tracker

Job Stayers
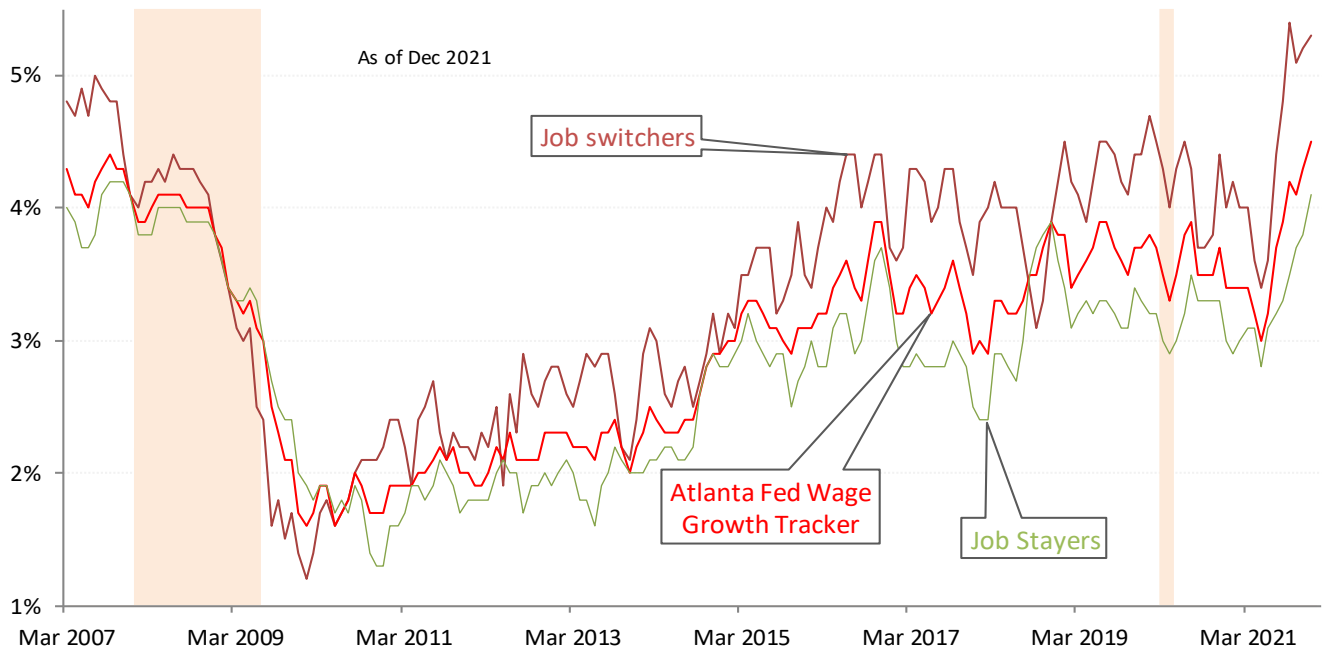
Source: Atlanta Federal Reserve Bank, TrendMacro calculations

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The Great Recession, the jobless recovery, the long boom, and then the virus

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

Total unemployed

Short-term
unemployed

Long-term unemployed
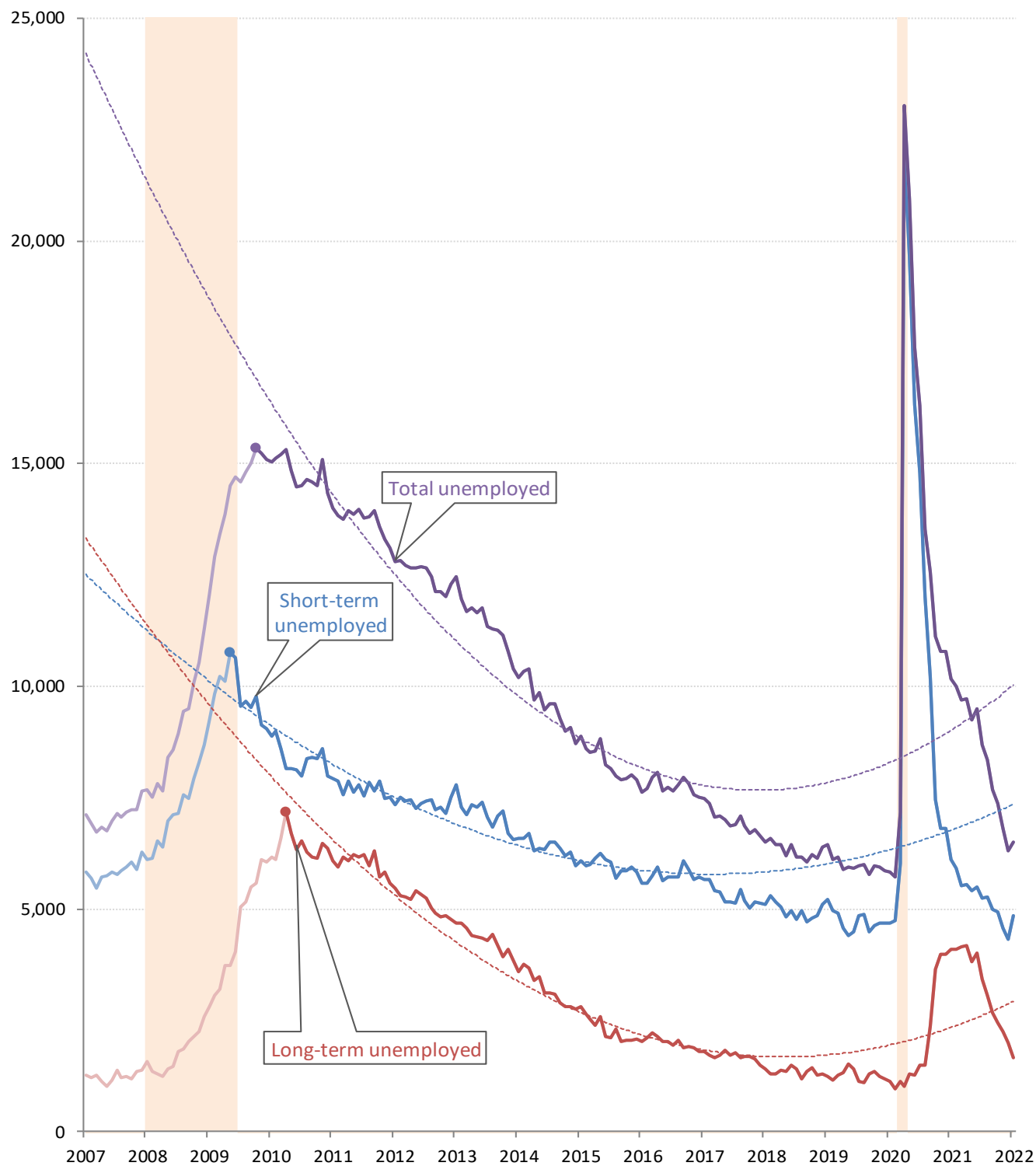
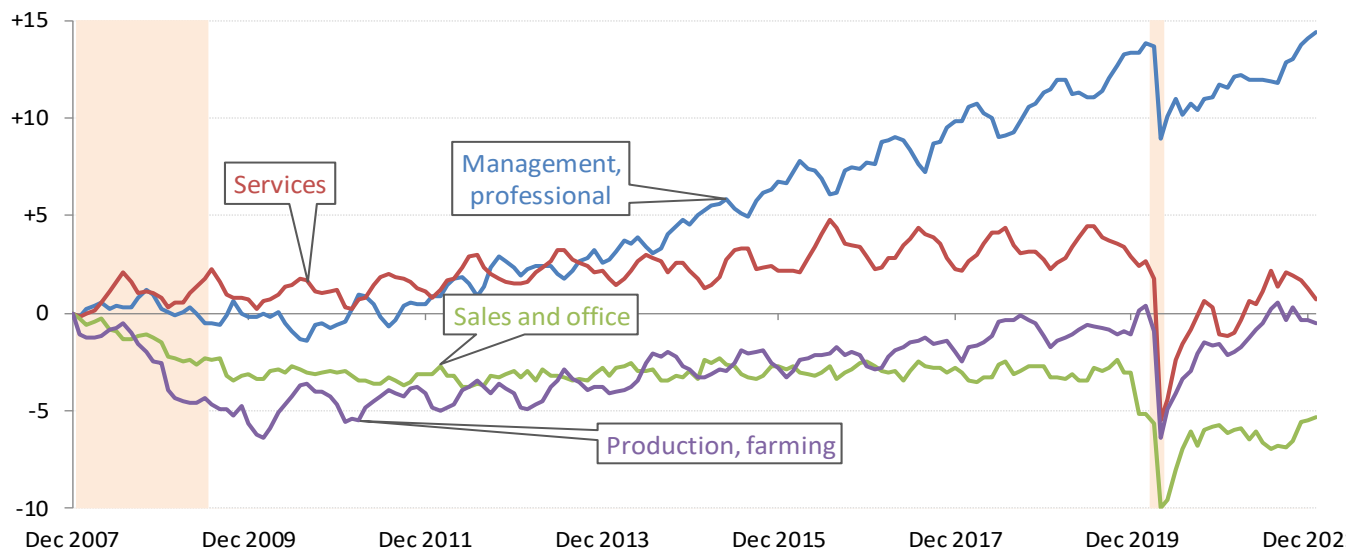## Unemployment rate normalized for participation rate December 2007

Participation rate — **Headline unemployment rate** — Recession
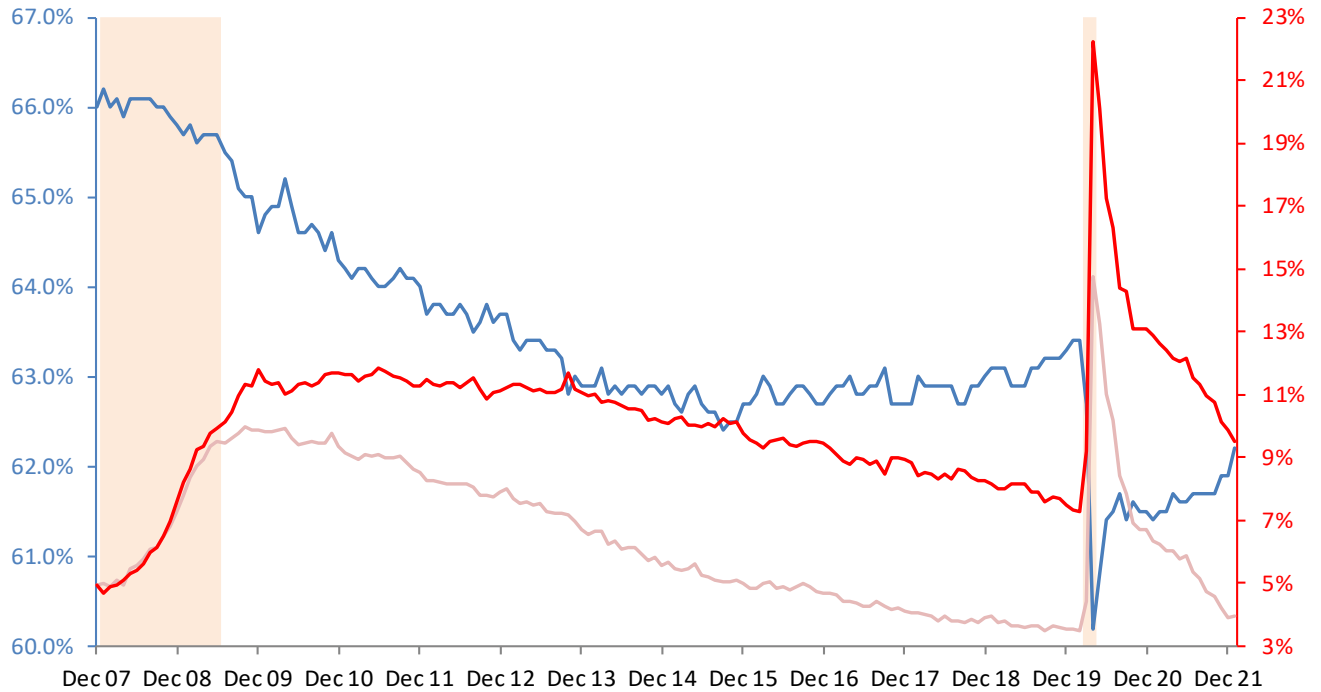
Source: BLS Current Population Survey, TrendMacro calculations

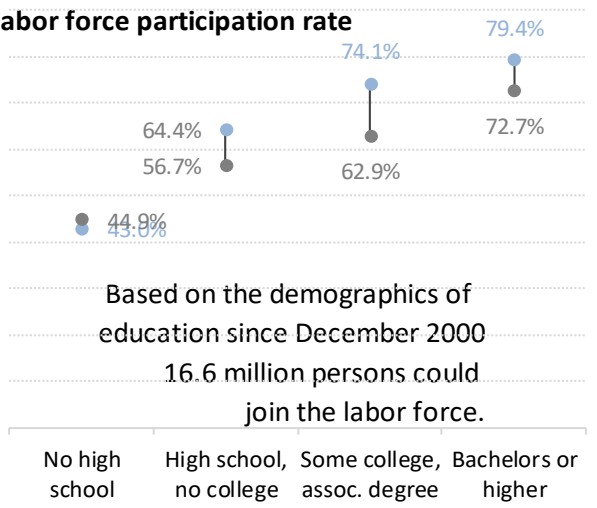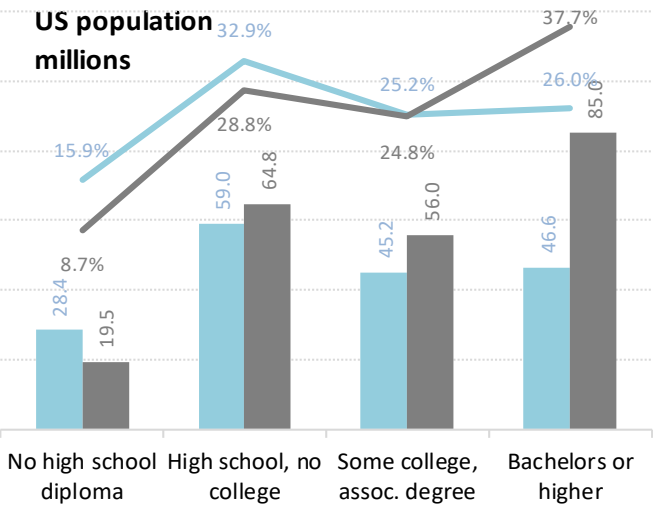## Winner and losers in the long boom and the virus crisis
Change in total payrolls from prior business cycle peak, millions

Source: BLS, NBER, TrendMacro calculations

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 Jan 2022

US population, millions

Age	Dec 2000	Latest	Dec 2000 %	Latest %
16-19	15.9	17.0	7.4%	6.5%
20-24	18.6	20.9	8.7%	7.9%
25-29	18.5	21.6	8.7%	8.2%
30-34	20.1	22.7	9.4%	8.6%
35-39	21.9	21.9	10.3%	8.3%
40-44	22.3	21.0	10.5%	8.0%
45-49	20.3	19.4	9.5%	7.4%
50-54	18.1	20.7	8.5%	7.9%
55-59	13.6	21.1	6.4%	8.0%
60-64	10.9	21.3	5.1%	8.1%
65-69	9.4	18.4	4.4%	7.0%
70-74	8.8	15.2	4.1%	5.8%
75-over	15.4	22.1	7.2%	8.4%

Labor force participation rate

Age	Dec 2000	Latest
16-19	50.1%	33.9%
20-24	77.2%	69.7%
25-29	84.6%	82.1%
30-34	84.6%	82.7%
35-39	84.4%	82.4%
40-44	85.2%	83.0%
45-49	84.6%	82.0%
50-54	80.2%	79.7%
55-59	69.3%	72.8%
60-64	47.5%	57.5%
65-69	24.5%	32.4%
70-74	14.1%	18.6%
75-over	5.4%	8.3%

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

US population millions

Education	Dec 2000	Latest	Dec 2000 %	Latest %
No high school diploma	28.4	19.5	15.9%	8.7%
High school, no college	59.0	64.8	32.9%	28.8%
Some college, assoc. degree	45.2	56.0	25.2%	24.8%
Bachelors or higher	46.6	85.0	26.0%	37.7%

Labor force participation rate

Education	Dec 2000	Latest
No high school	44.9%	43.0%
High school, no college	64.4%	56.7%
Some college, assoc. degree	74.1%	62.9%
Bachelors or higher	79.4%	72.7%

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

Source: BLS Current Population Survey, TrendMacro calculations

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

Chance of an unemployed person becoming employed in one month (per Shimer 2005)   ▢ Recession
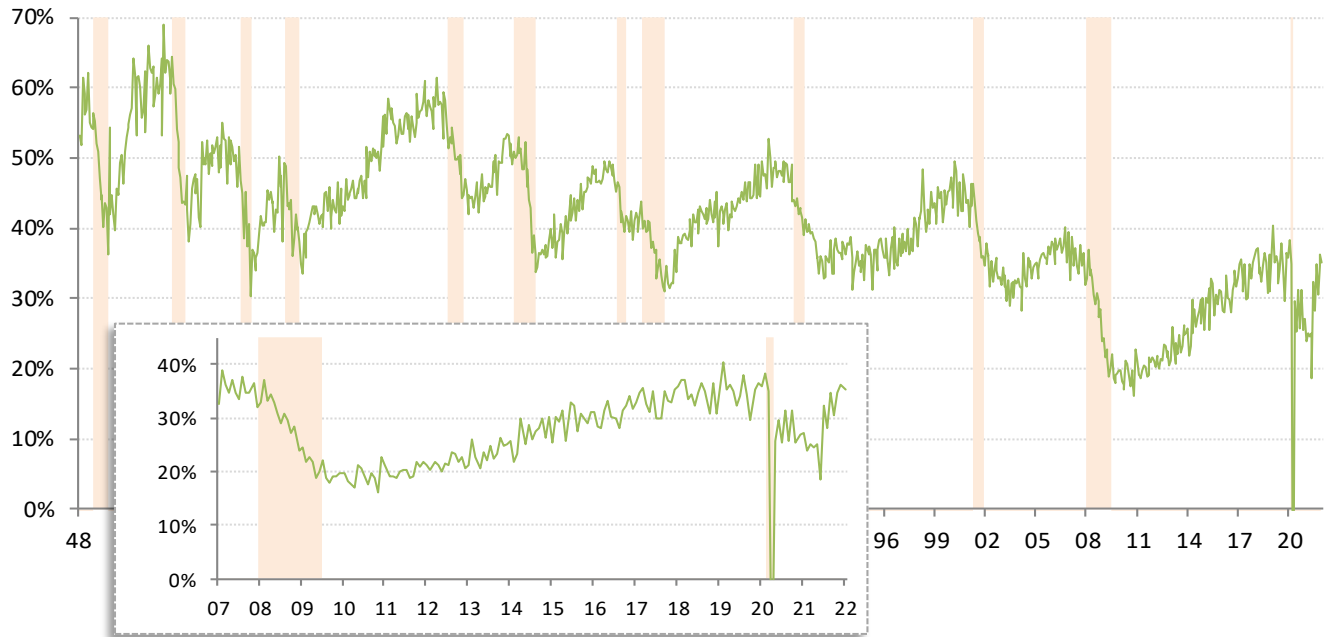
Source: BLS Current Population Survey, TrendMacro calculations

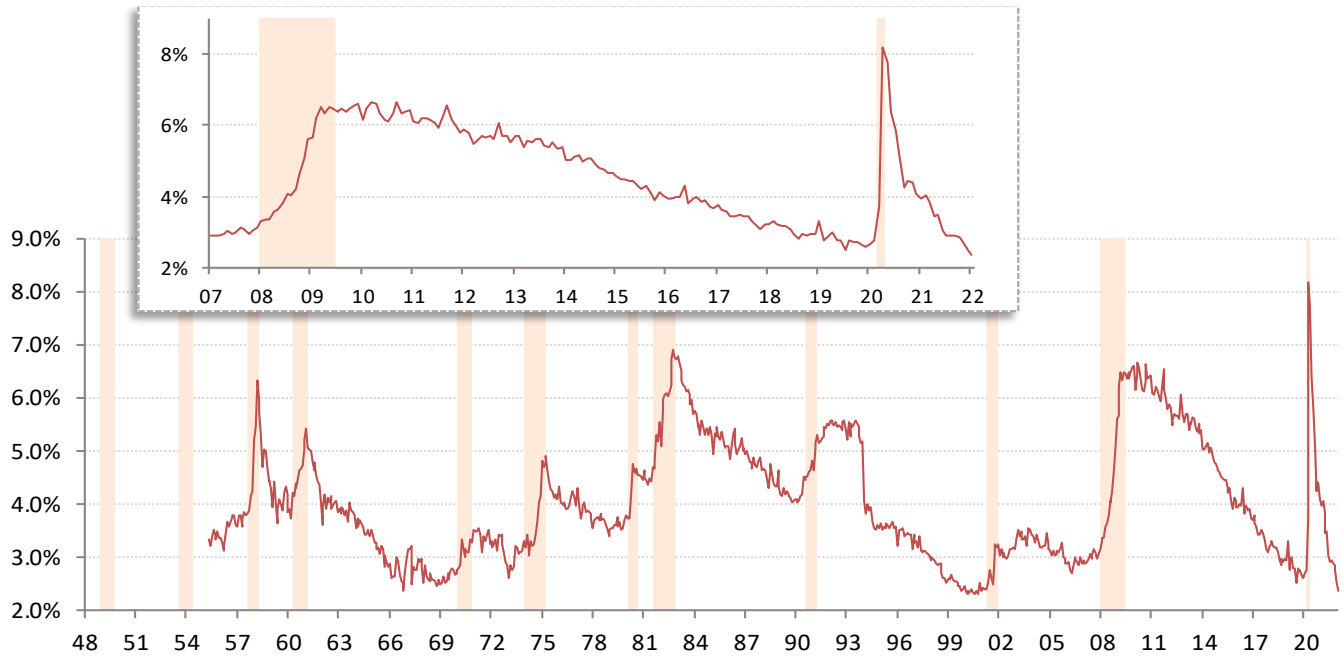## Monthly job-separation probability (the inflow rate to unemployment)

Chance of an employed person becoming unemployed in one month (per Shimer 2005)   ▢ Recession
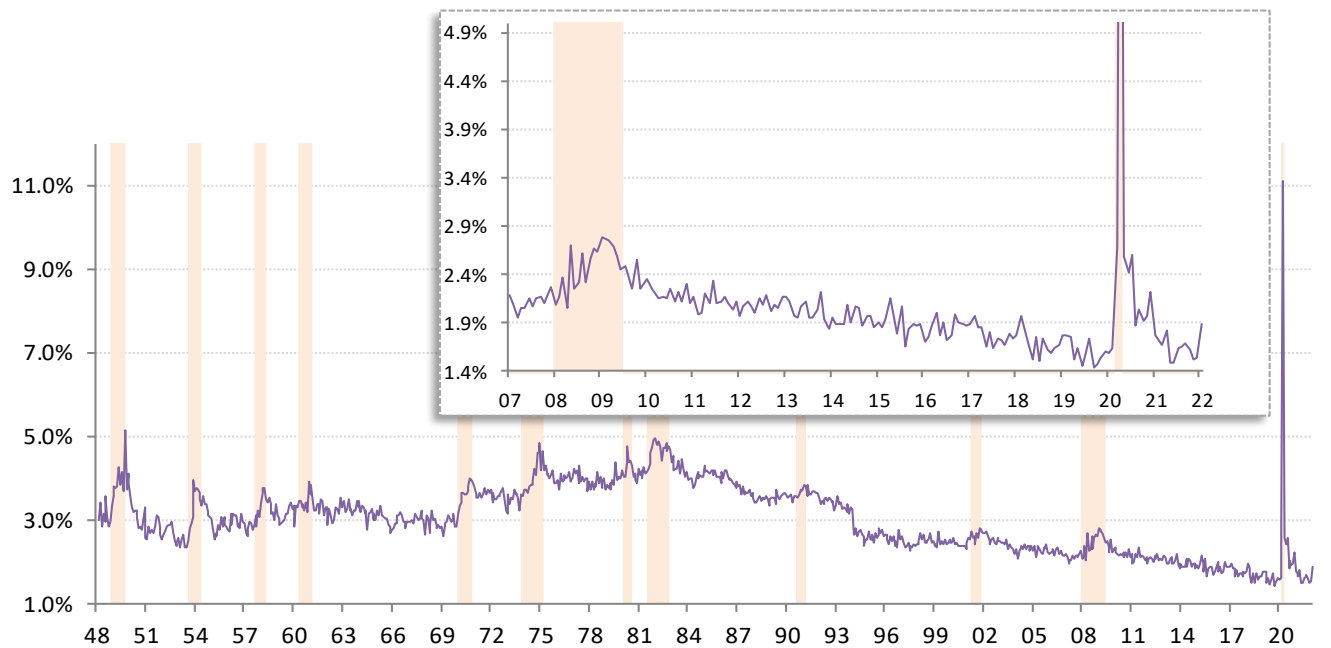
Source: BLS Current Population Survey, TrendMacro calculations

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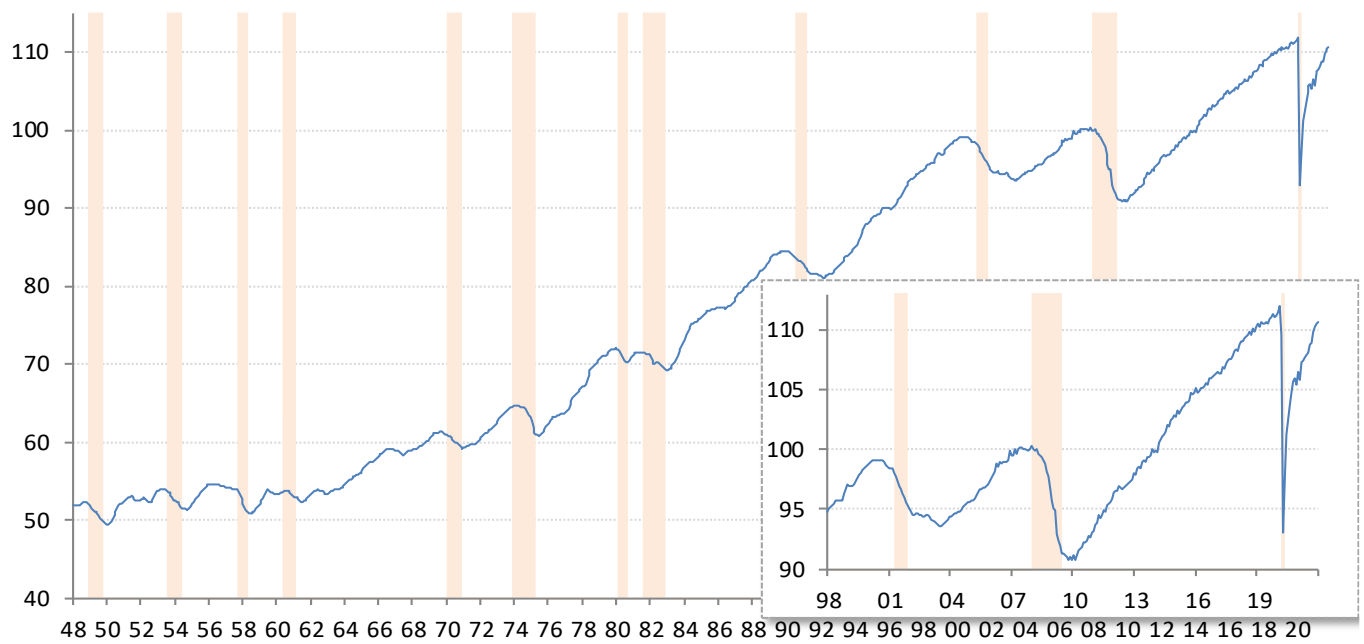
Source: BLS Productivity and Costs (quarterly) and Current Employment Stats (recent monthly), TrendMacro calcs

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

Small company bias

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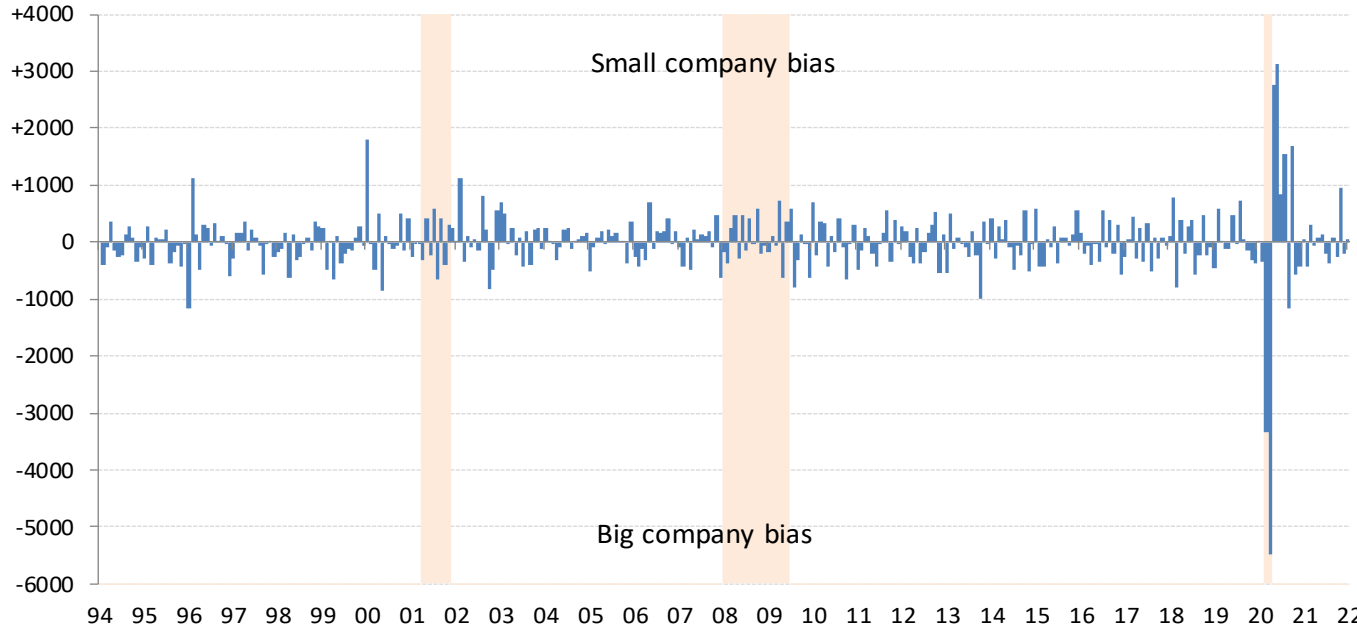
Source: BLS Current Population Survey and Current Employment Statistics, TrendMacro calculations

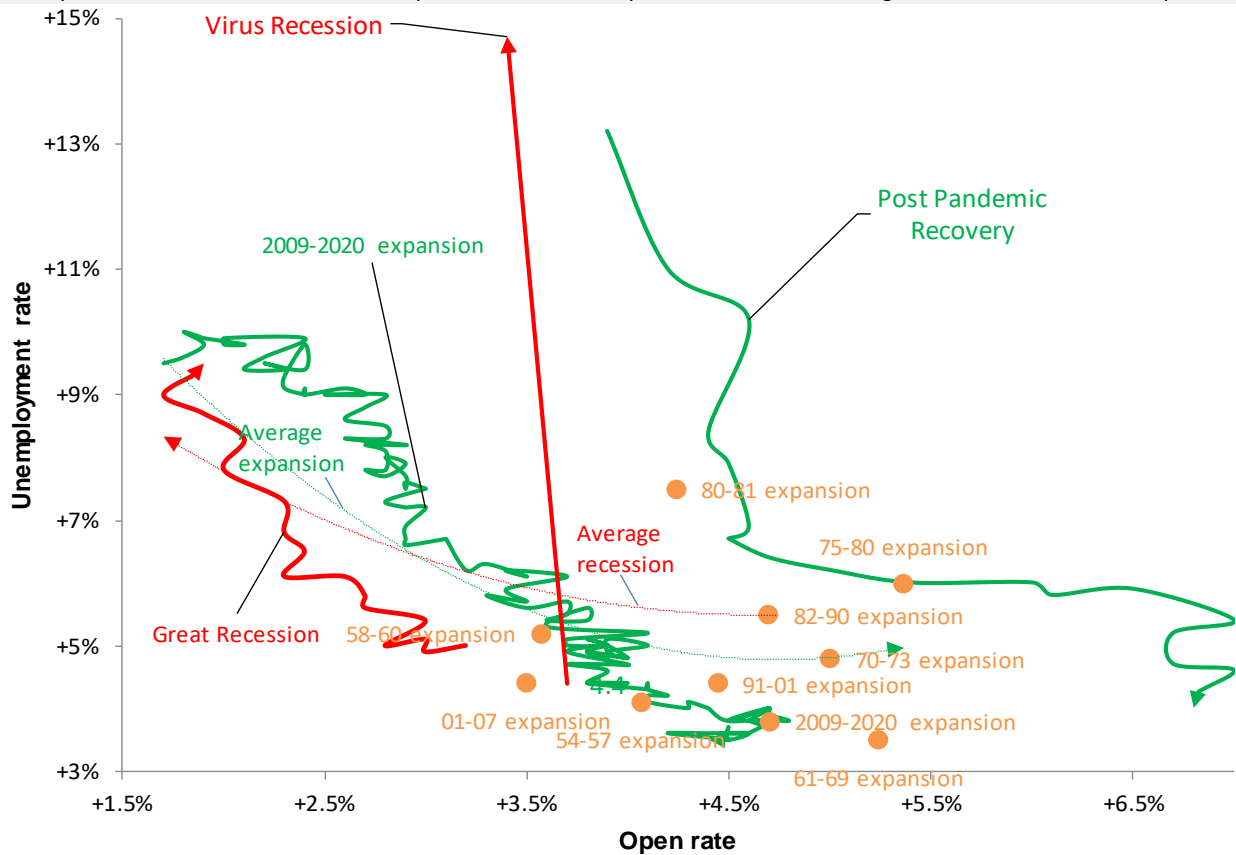## Civilian labor force versus 20-year trend, millions ▨ Recession
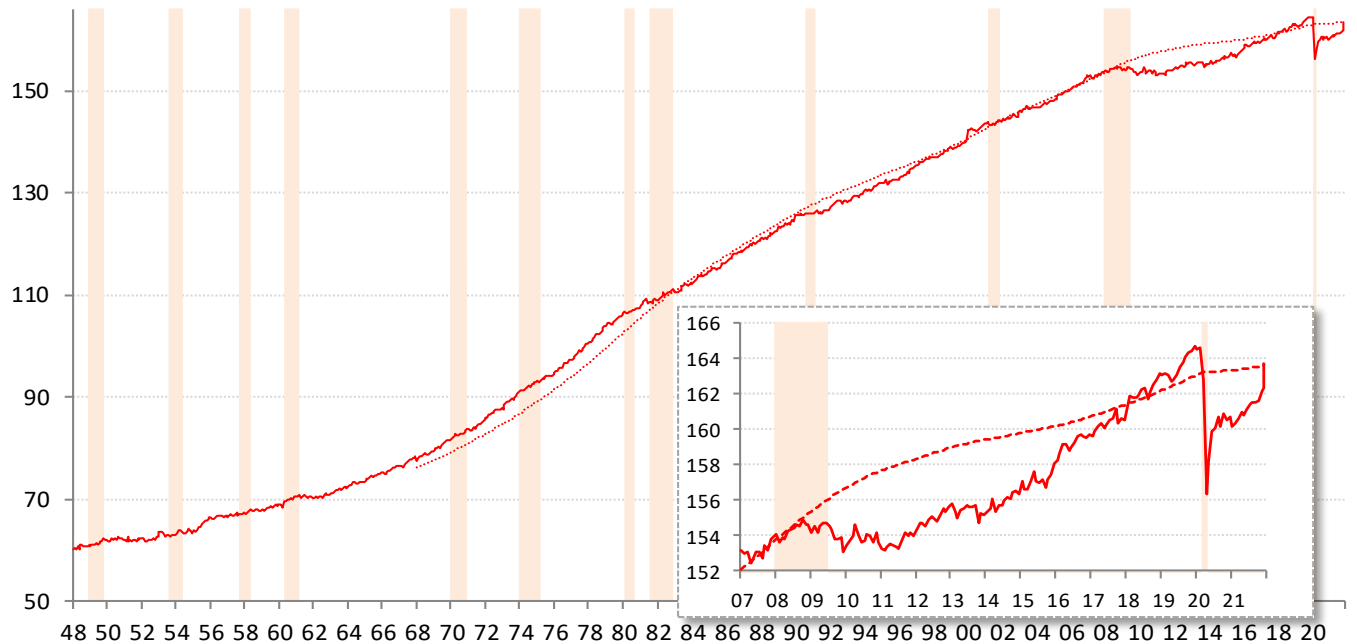
Source: BLS Current Population Survey, TrendMacro calculations

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

As of Dec 2021
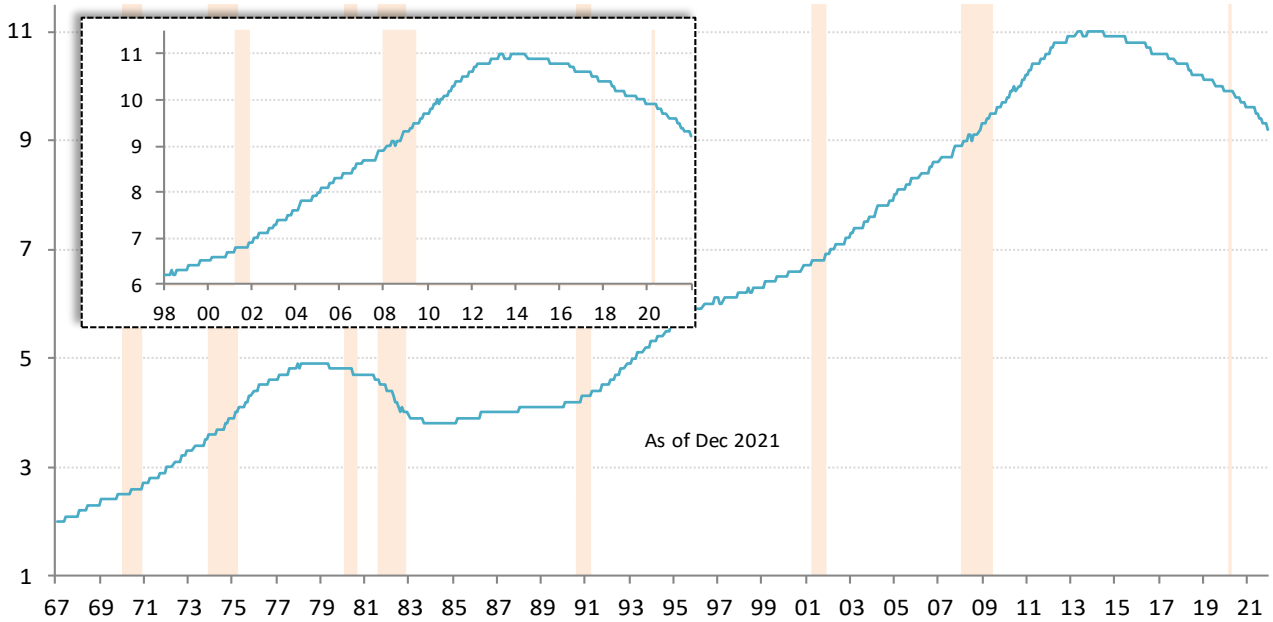
Running out of workers? The Beveridge Curve Cycle relationship between UE and job openings

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