Data Insights: Jobs

Friday, February 3, 2023

Today's jobs data: what you need to know

Revisions reflect annual benchmarking process.

Employment not adjusted for upward re-estimate of 810,000 in December.

Unemployment not adjusted for upward re-estimate of 60,000 in December.

Unemployment not adjusted for upward re-estimate of 871,000 in December.

Non-farm payrolls	Change Jan:	+517	Revision Dec:	+37	Revision Nov:	+34
Private payrolls	Change Jan:	+443				
Employment	Change Jan:	+894				
Unemployment	Change Jan:	-28				
Long -term unemployment	Change Jan:	+49				
Civilian labor force	Change Jan:	+866	1.46 million above trend		More than all entrants employed	
Unemployment rate	Jan:	3.43%	Change Jan:	-0.03		
Underemployment rate	Jan:	6.6%	Change Jan:	+0.1%		
Participation rate	Jan:	62.4%	Change Jan:	+0.1%		
UE adjusted for participation	Jan:	8.7%	Change Jan:	-0.18%		
Average weeks unemployed	Jan:	20.4	Change Jan:	+0.9		
% longterm unemployed	Jan:	19.4%	Change Jan:	+0.9%		
Aggregate hours worked index	Jan:	115.6	Change Jan:	+1.2%	Revision Dec:	+0
Average hourly earnings	Jan:	+0.30%	Change Jan:	-0.09%	Revision Dec:	-0.01%
Aggregate weekly earnings	Jan:	182.5	Change Jan:	+1.5%	Revision Dec:	+0.3
Monthly job-finding probability	Jan:	34.5%	Change Jan:	-7.4%		
Monthly separation probability	Jan:	1.5%	Change Jan:	-0.2%		
% involuntary part-time	Jan:	2.5%	Change Jan:	+0.1%		
"Household" vs "Payroll" jobs	Change Jan:	+351				

Source: Bureau of Labor Statistics, TrendMacro calculations

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Today's jobs data: a deeper dive

Non-farm payrolls SA	Change Jan:	+517	Revision Sep:	+37	Revision Aug:	+34
Non-farm payrolls NSA	Change Jan:	-2505	Revision Sep:	-49	Revision Aug:	-13
Birth-death adjustment	Change Jan:	-144				

Employment	Change Jan:	+894			
Unemployment rate	Jan:	3.43%	Change Jan:	-0.03%	
White employment	Change Jan:	+220			
White unemployment rate	Jan:	3.1%	Change Jan:	0.1%	
Black employment	Change Jan:	+346			
Black unemployment rate	Jan:	5.4%	Change Jan:	-0.3%	
Hispanic employment	Change Jan:	+126			
Hispanic unemployment rate	Jan:	4.5%	Change Jan:	0.4%	
Asian employment	Change Jan:	+272			
Asian unemployment rate	Jan:	2.8%	Change Jan:	0.4%	
HS only employment	Change Jan:	+187			
HS only unemployment rate	Jan:	4.2%	Change Jan:	0.7%	
Men employment	Change Jan:	+306			
Men unemployment rate	Jan:	3.6%	Change Jan:	0.2%	
Women employment	Change Jan:	+588			
Women unemployment rate	Jan:	3.3%	Change Jan:	-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
+106	50.6	49.4	-40	206	102,943	19	+1

Model estimate	Actual	Actual beat(+) or miss (-)
+129	+517	+388

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

Is the labor market tight or slack?

Job openings and employment (on payroll basis, millions) versus pre-pandemic trends ▓ Recession

+4.01 million from pre-pandemic level
+2.14 million from pre-pandemic trend
As of Dec

Openings

Pre-pandemic trend

Employment plus openings

+4.22 million from pre-pandemic level
-4.66 million from pre-pandemic trend
As of Dec

+209 thousand from pre-pandemic level
-6.80 million from pre-pandemic trend
As of Jan

Employment on payroll basis
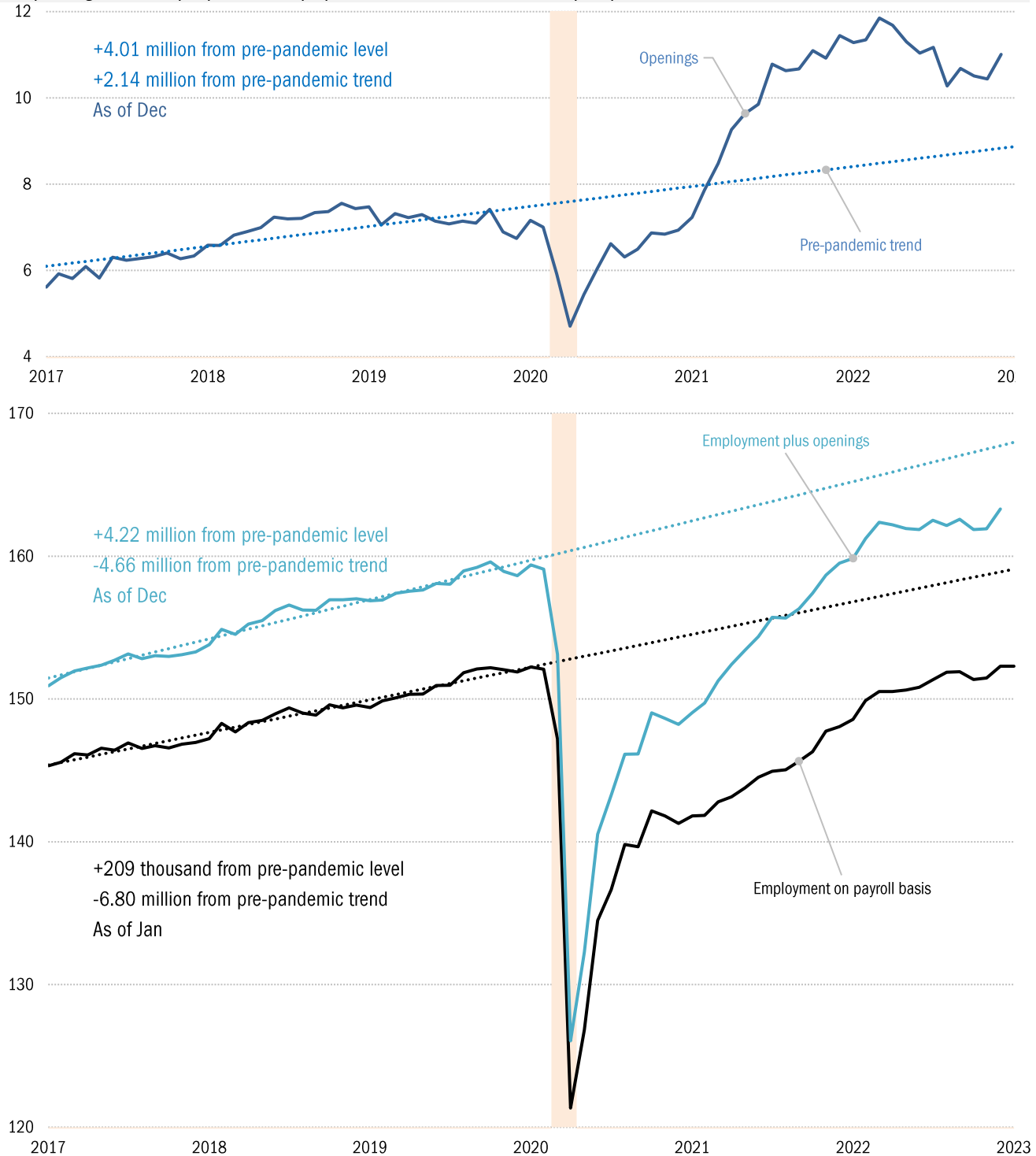
Source: BLS JOLTS, Current Population Survey, TrendMacro calculations

Is the temporary jobs market warning us??

Regular and temporary payrolls (millions) and part-timers (share)

Recession

Temporary payrolls

Total payrolls

As of Jan 2023

Involuntary part time
as share of employent

Total payrolls
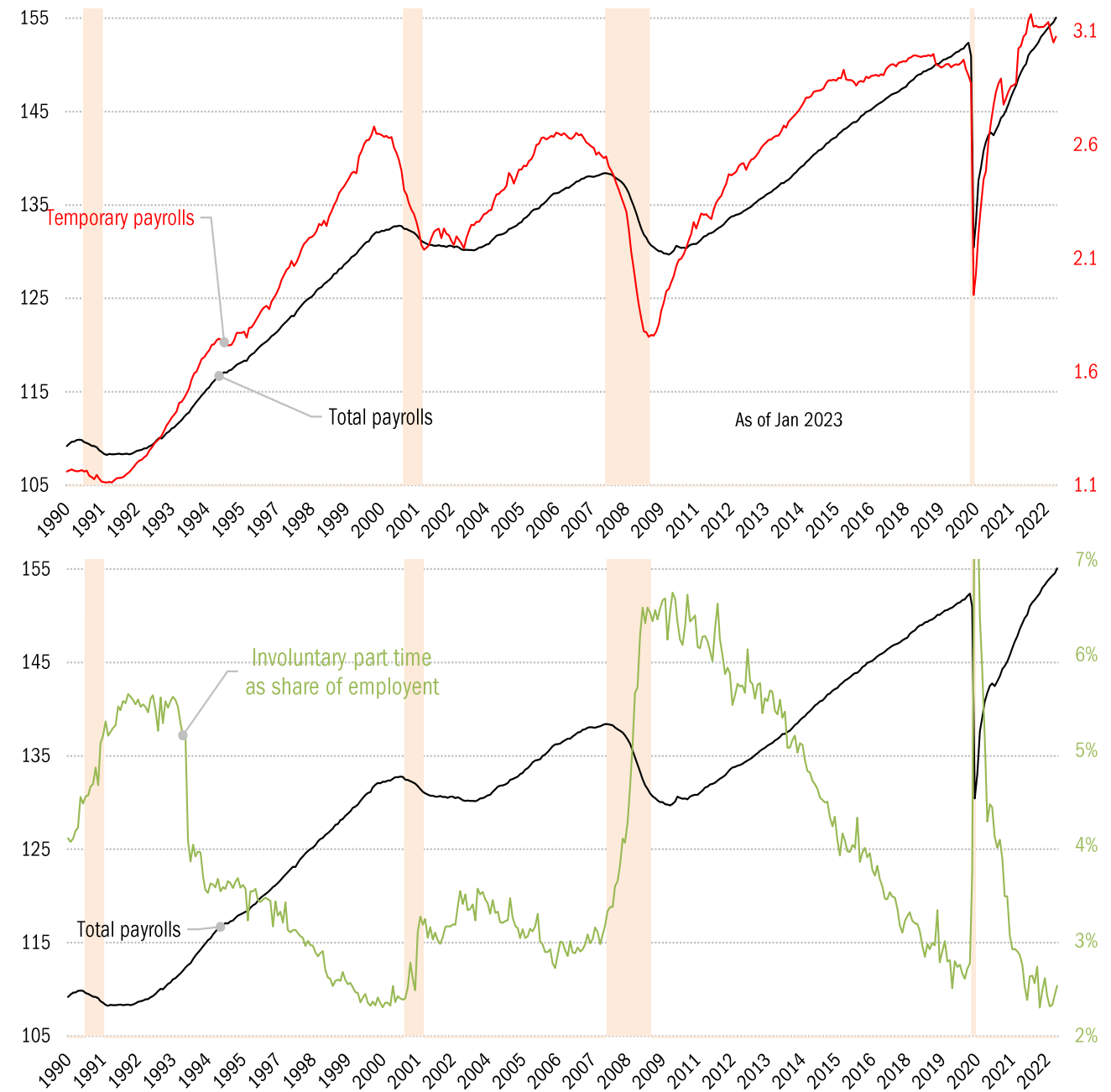
Source: BLS JOLTS, Current Population Survey, TrendMacro calculations

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

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Non-farm +517 ─┐
               │
               ├─ Private +443 ─┬─ Goods-producing +46 ─┬─ Mining/logging +2
               │                │                       ├─ Construction +25
               │                │                       └─ Manufacturing +19 ─┬─ Durable goods +4 ─┬─ Motor vehicles -7
               │                │                                              │                    └─ Other +11
               │                │                                              └─ Nondurable goods +15
               │                │
               │                └─ Service-providing +397 ─┬─ Wholesale +11
               │                                           ├─ Retail +30
               │                                           ├─ Transportation +23
               │                                           ├─ Utilities -1
               │                                           ├─ Information -5
               │                                           ├─ Financial +6
               │                                           ├─ Pro/Business +82 ─┬─ Temp services +26
               │                                           │                    └─ Other +56
               │                                           ├─ Edu/Health unch ─┬─ Health care +79
               │                                           │                   └─ Education -79
               │                                           ├─ Leisure/Hospitality +128
               │                                           └─ Other +18
               │
               └─ Government +74 ─┬─ Federal +5
                                  ├─ State +39
                                  └─ Local +30
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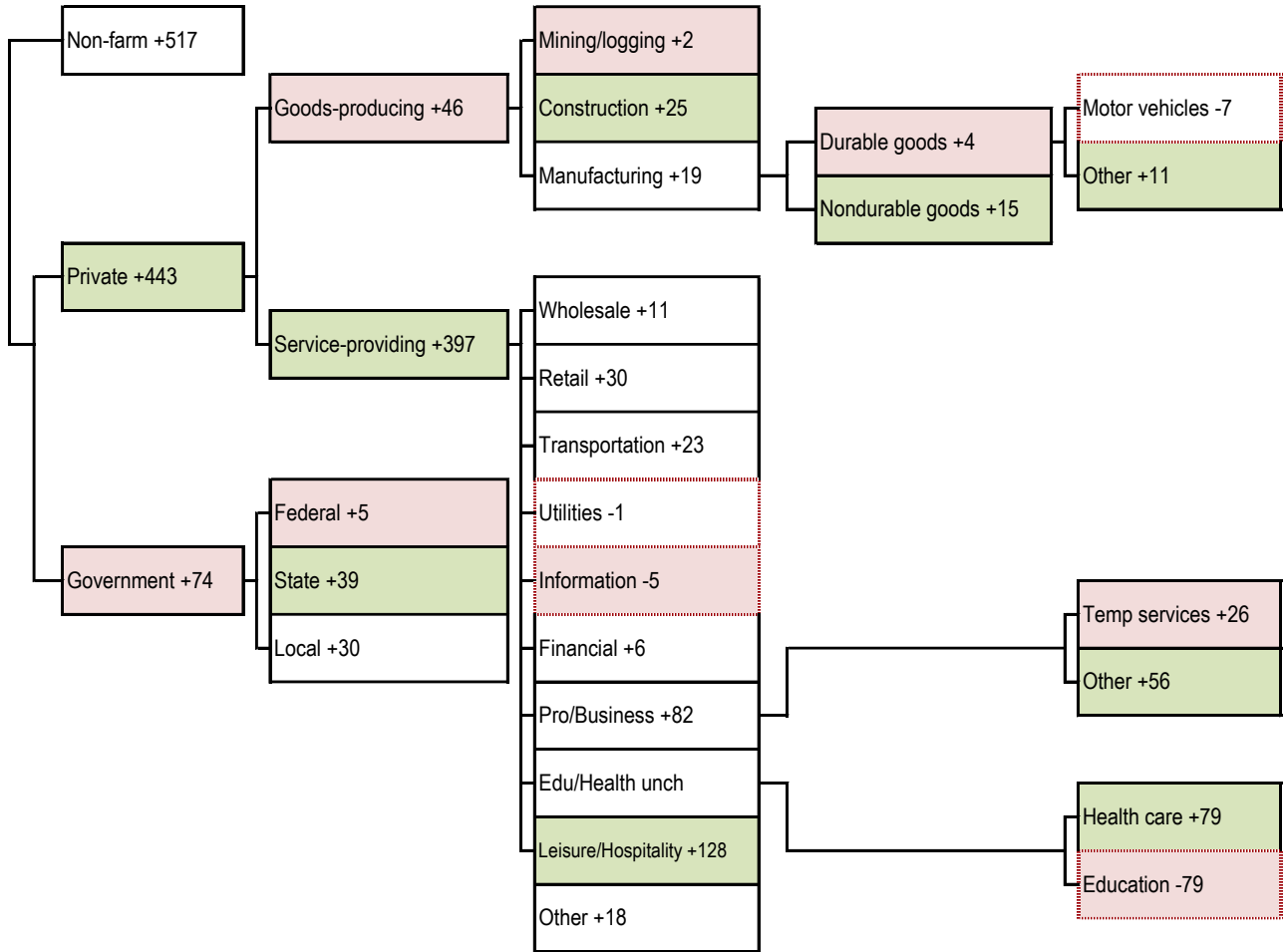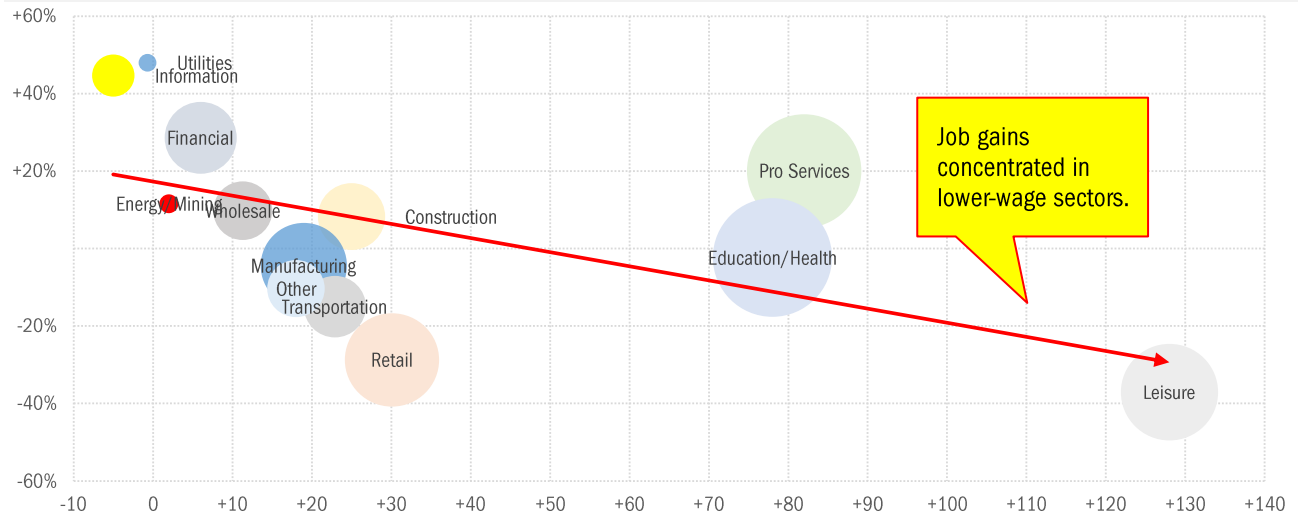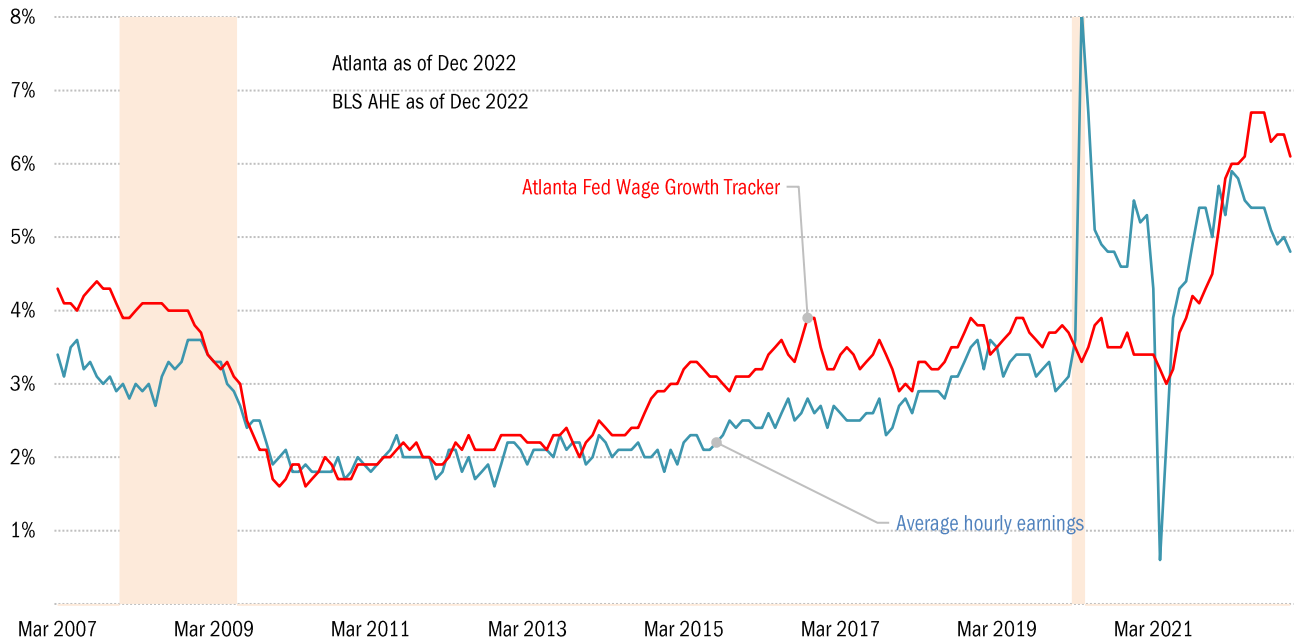
Where is the pay coming from?

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

Job gains concentrated in lower-wage sectors.

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

Atlanta as of Dec 2022
BLS AHE as of Dec 2022

Atlanta Fed Wage Growth Tracker

Average hourly earnings

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

As of Dec 2022

Atlanta Fed Wage Growth Tracker

Job switchers
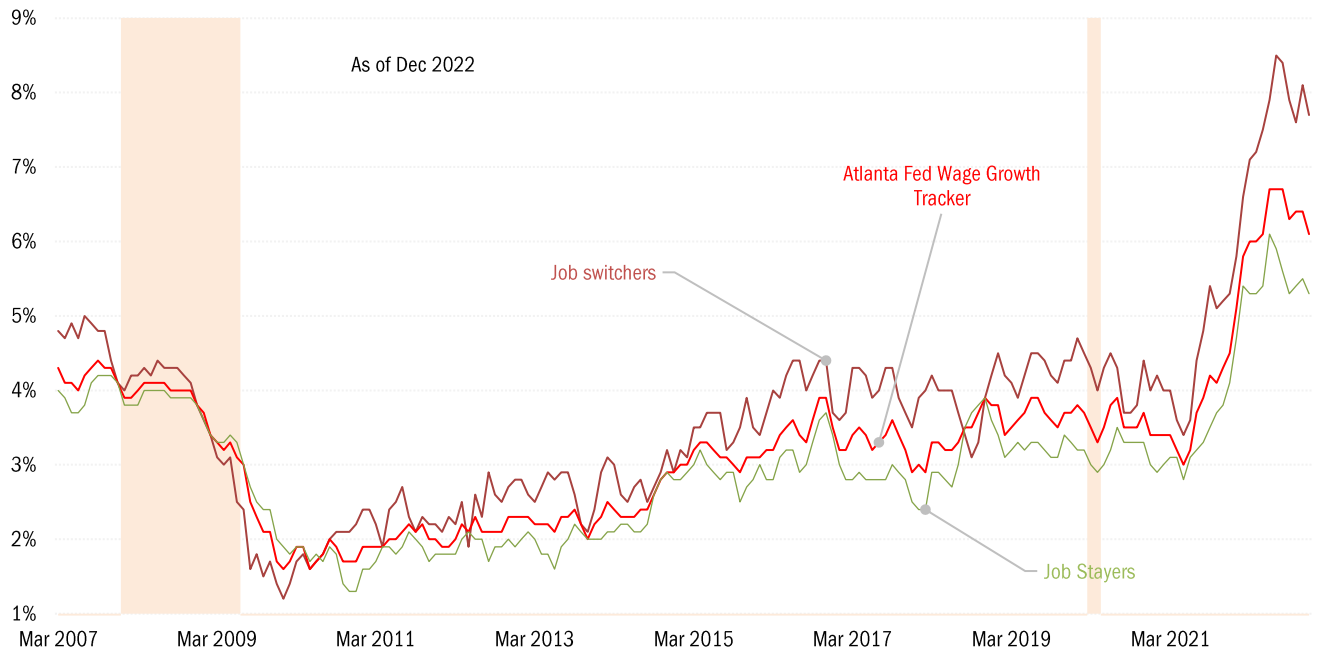
Job Stayers

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
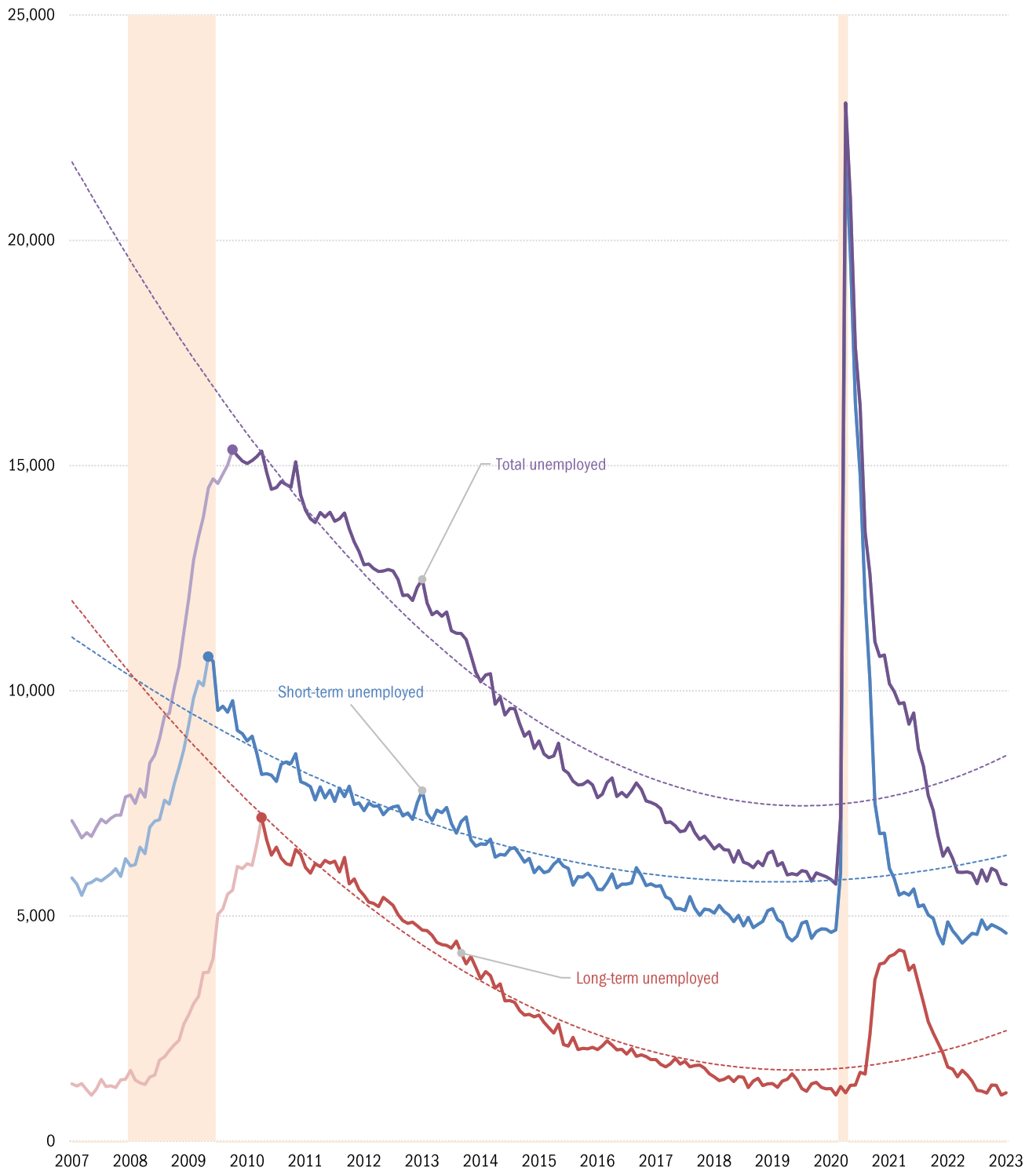
Source: BLS Current Population Survey, TrendMacro calculations

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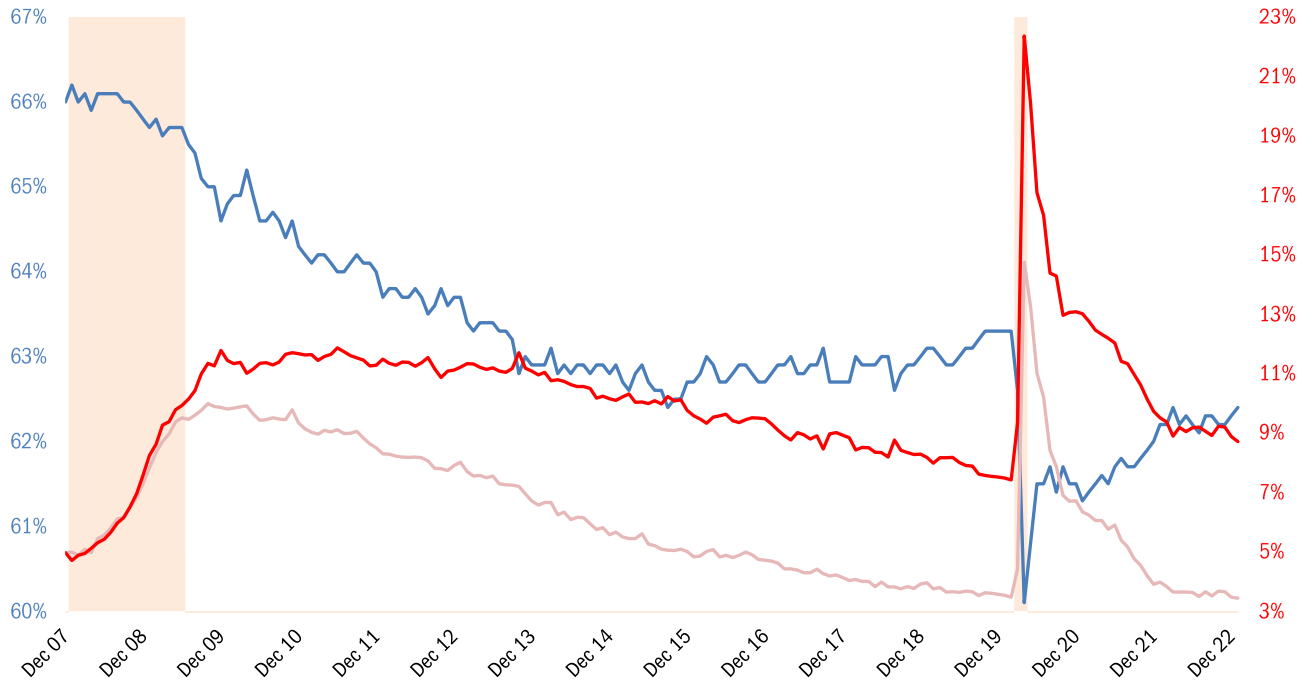
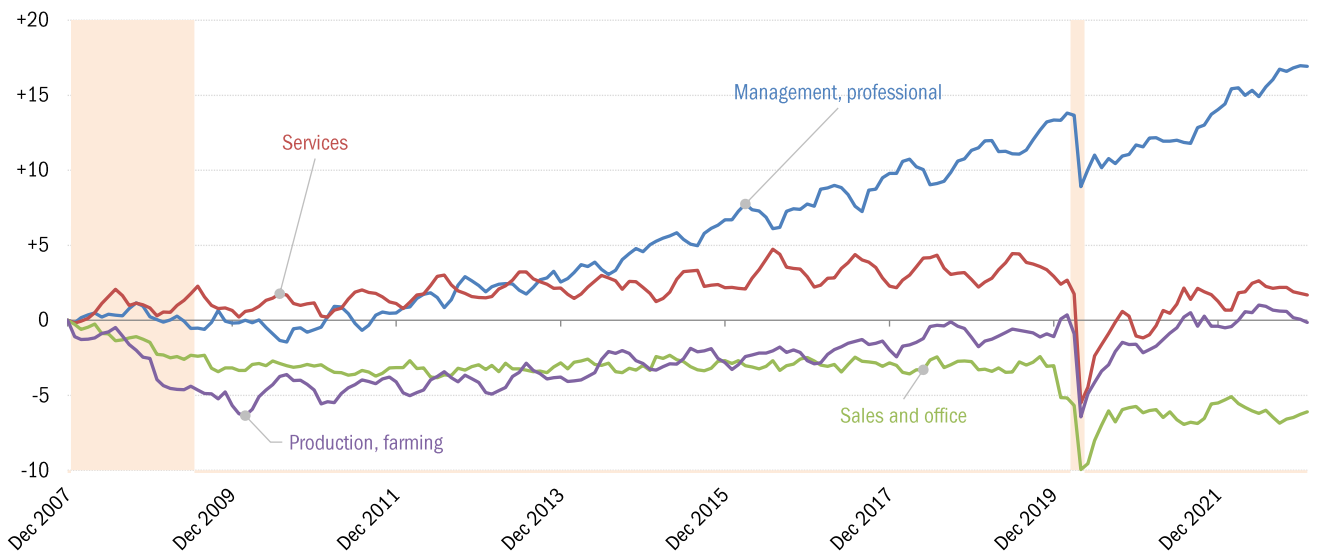Source: BLS Current Population Survey, TrendMacro calculations

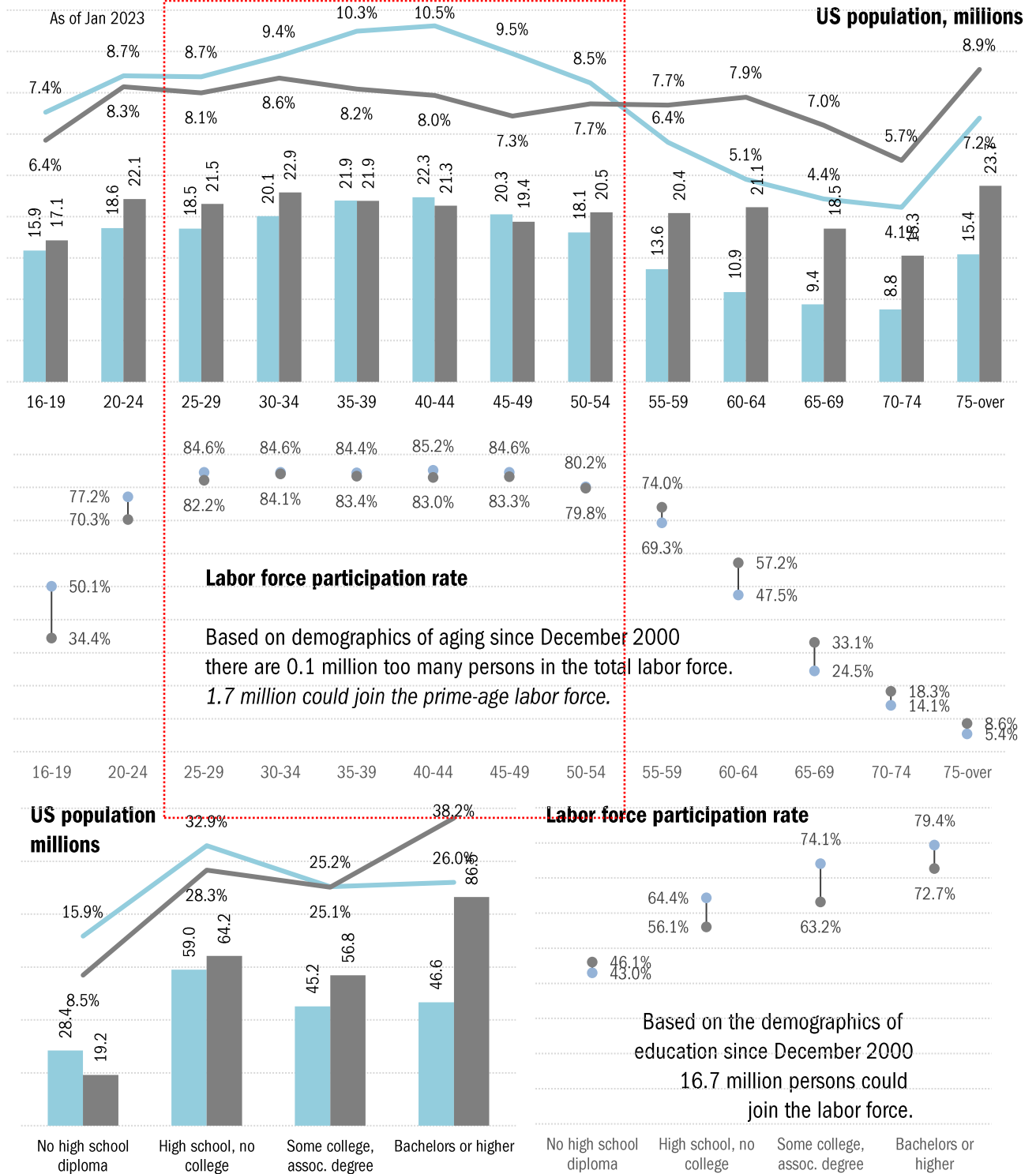## Winner and losers in the long boom and the virus crisis
Change in total payrolls from prior business cycle peak, millions

Services
Management, professional
Sales and office
Production, farming

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 2023

US population, millions

Top line percentages (Dec 2000 / Latest) by age bracket:

Age	Dec 2000 %	Latest %	Dec 2000 millions	Latest millions
16-19	7.4%	6.4%	15.9	17.1
20-24	8.7%	8.3%	18.6	22.1
25-29	8.7%	8.1%	18.5	21.5
30-34	9.4%	8.6%	20.1	22.9
35-39	10.3%	8.2%	21.9	21.9
40-44	10.5%	8.0%	22.3	21.3
45-49	9.5%	7.3%	20.3	19.4
50-54	8.5%	7.7%	18.1	20.5
55-59	7.7%	6.4%	13.6	20.4
60-64	5.1%	7.9%	10.9	21.1
65-69	4.4%	7.0%	9.4	18.5
70-74	4.1%	5.7%	8.8	13.3
75-over	7.2%	8.9%	15.4	23.1

Labor force participation rate

Age	Dec 2000	Latest
20-24	77.2%	70.3%
25-29	82.2%	84.6%
30-34	84.1%	84.6%
35-39	83.4%	84.4%
40-44	83.0%	85.2%
45-49	83.3%	84.6%
50-54	79.8%	80.2%
55-59	69.3%	74.0%
60-64	47.5%	57.2%
65-69	24.5%	33.1%
70-74	14.1%	18.3%
75-over	5.4%	8.6%
16-19	50.1%	34.4%

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 (by education)

Education	Dec 2000 %	Latest %	Dec 2000 millions	Latest millions
No high school diploma	15.9%	8.5%	28.4	19.2
High school, no college	32.9%	28.3%	59.0	64.2
Some college, assoc. degree	25.2%	25.1%	45.2	56.8
Bachelors or higher	26.0%	38.2%	46.6	86.6

Labor force participation rate

Education	Dec 2000	Latest
No high school diploma	43.0%	46.1%
High school, no college	56.1%	64.4%
Some college, assoc. degree	63.2%	74.1%
Bachelors or higher	72.7%	79.4%

Based on the demographics of
education since December 2000
16.7 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
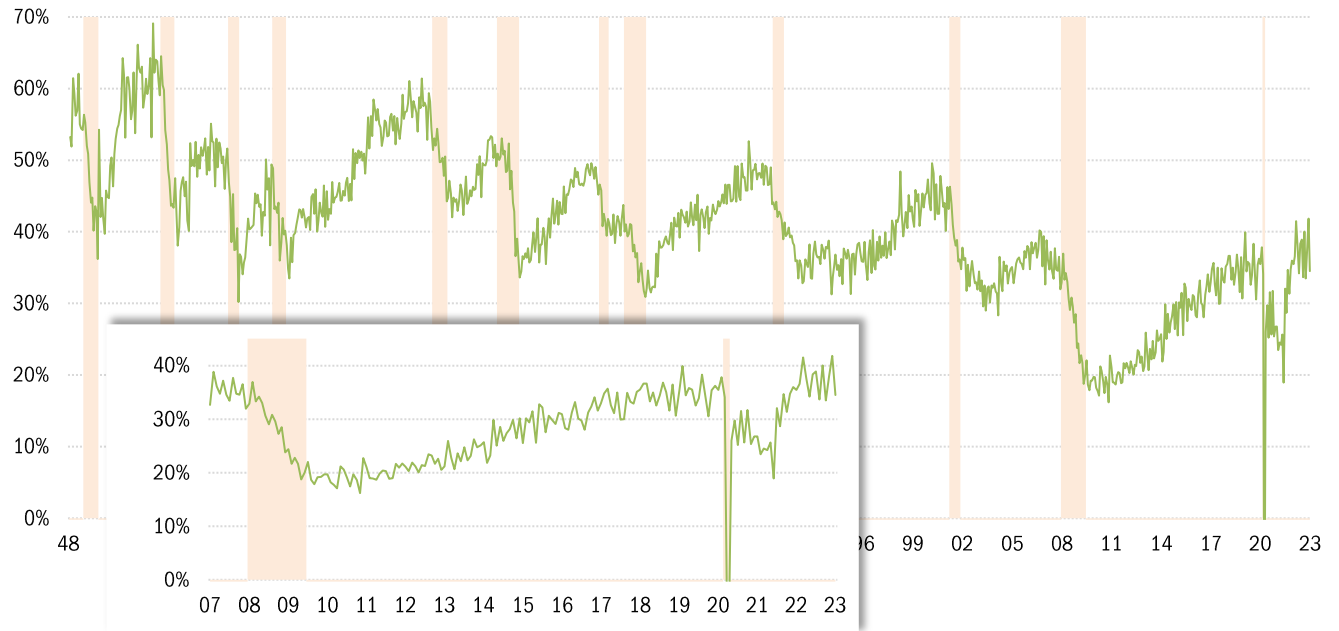
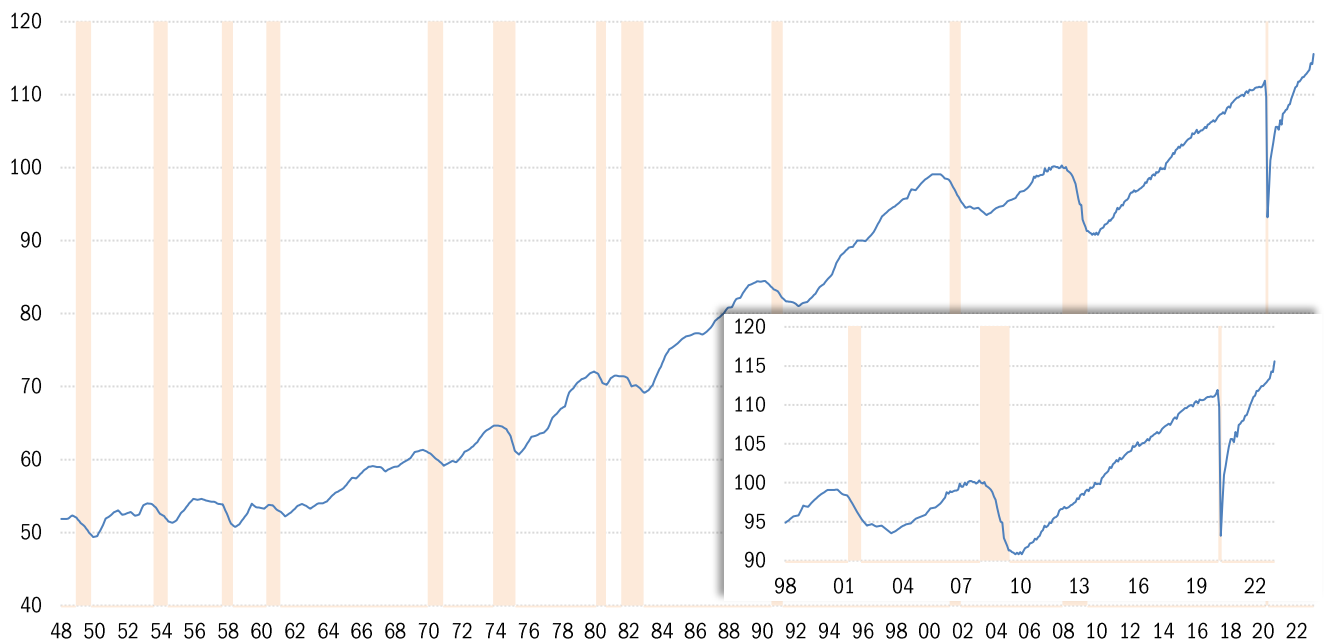Source: BLS Current Population Survey, TrendMacro calculations

Monthly job-separation probability (the inflow rate to unemployment)
Chance of an employed person becoming unemployed in one month (per [Shimer 2005](#)) ▯ Recession
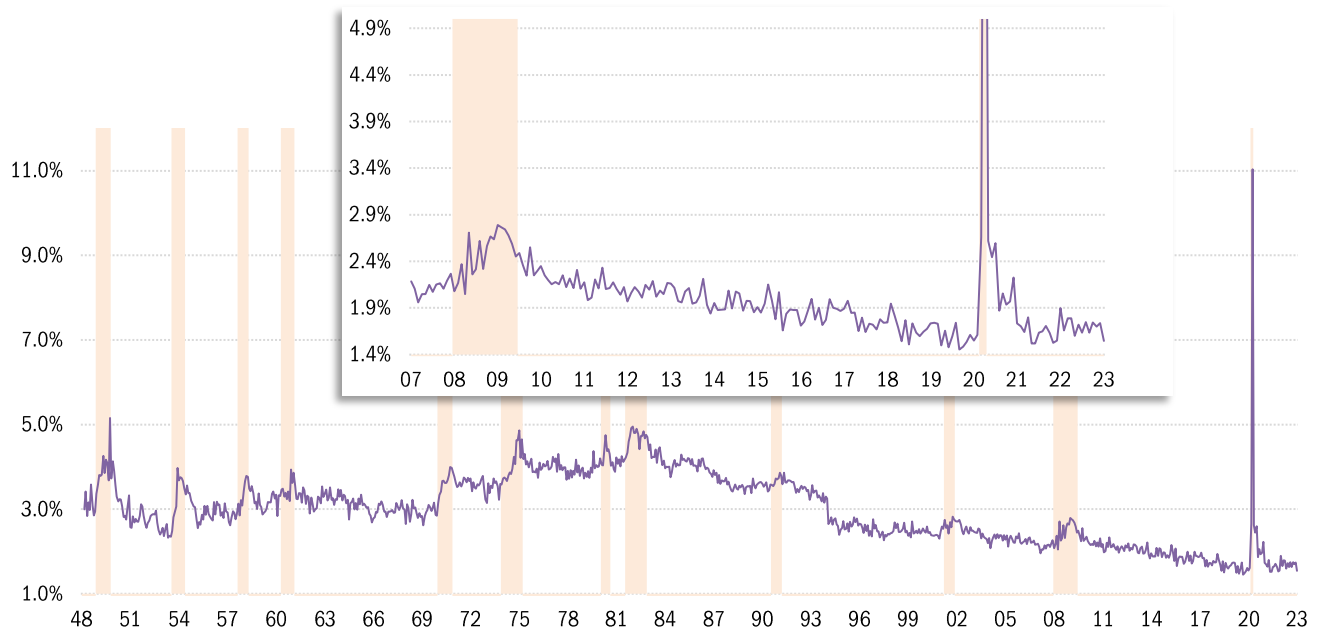
Source: BLS Current Population Survey, TrendMacro calculations

Involuntary part-time workers as percentage of the employed labor force
Persons available for full-time work ▇ Recession
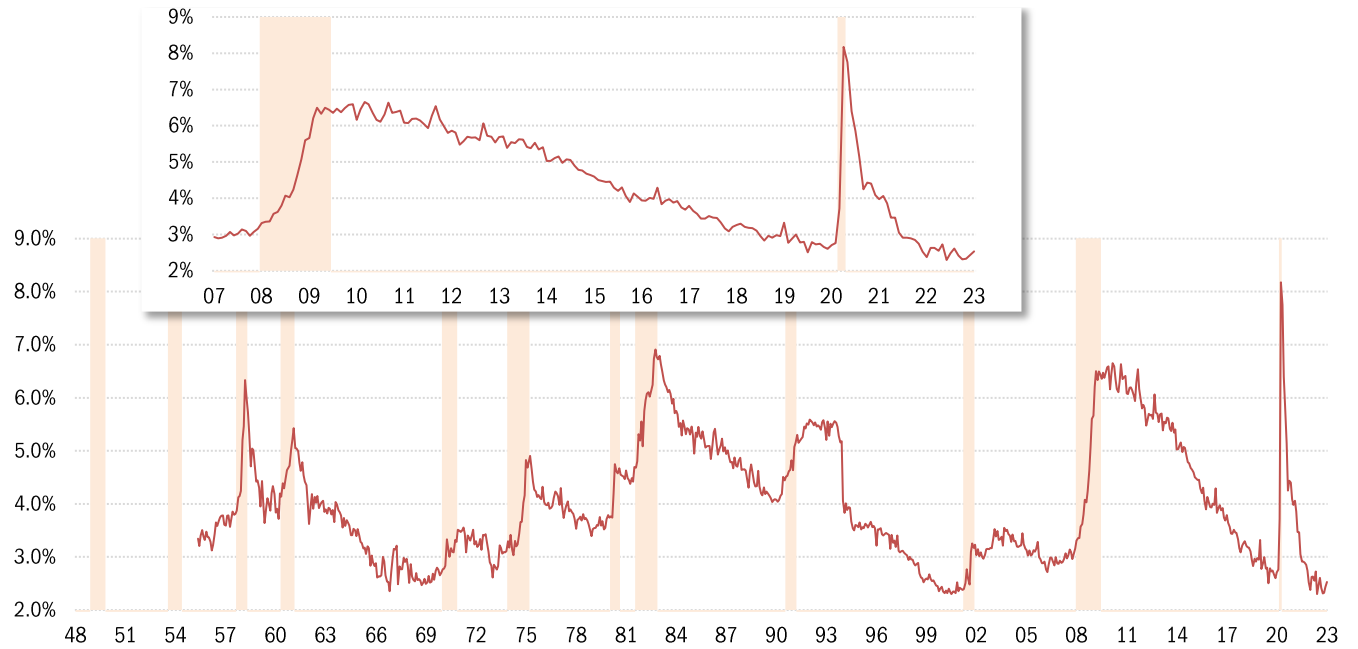
Source: BLS Current Population Survey, TrendMacro calculations

## 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 ▢ Recession
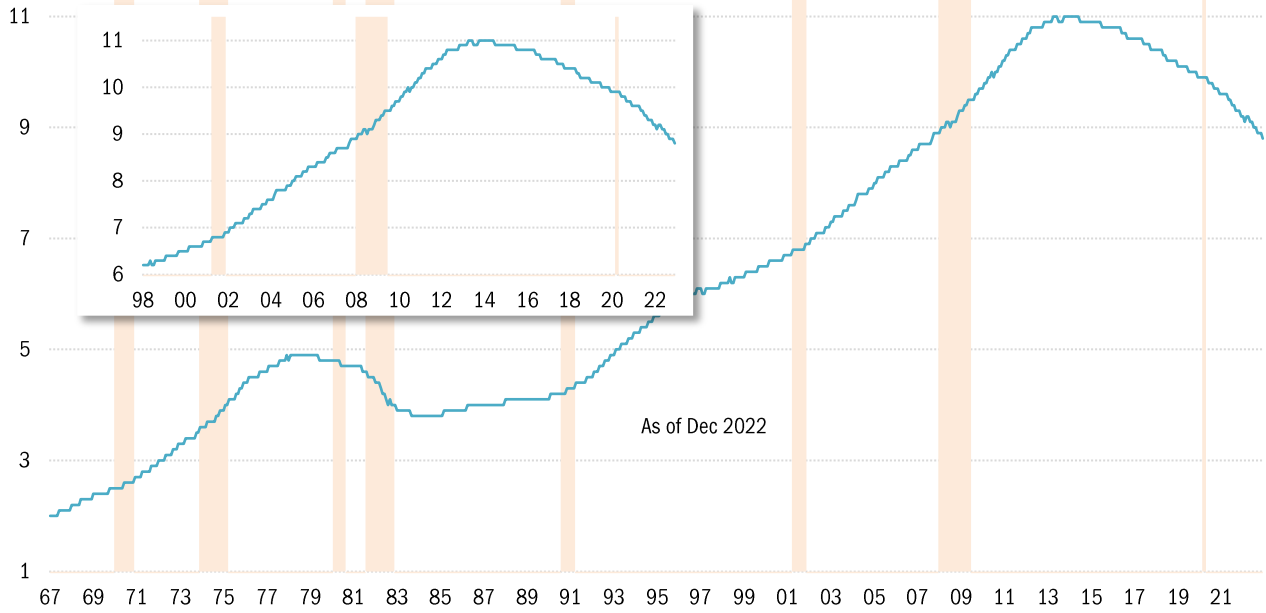

Small company bias

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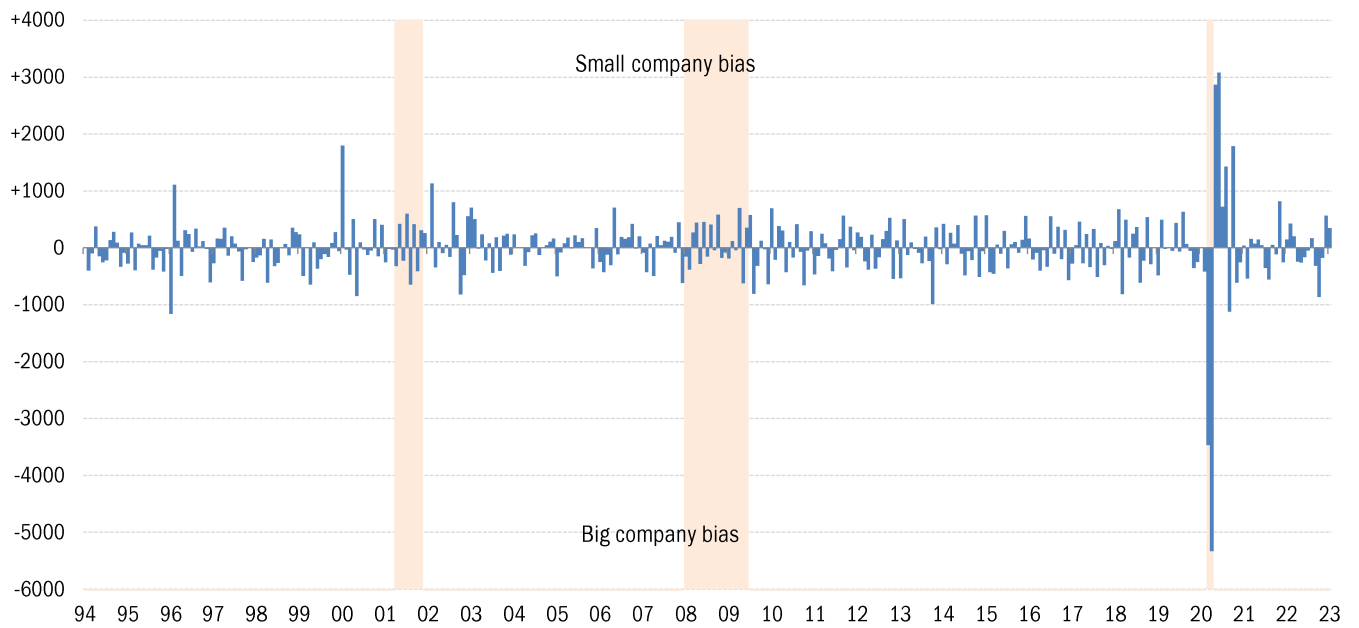
Source: BLS Current Population Survey and Current Employment Statistics, TrendMacro calculations

Civilian labor force versus 20-year trend, millions ▢ Recession
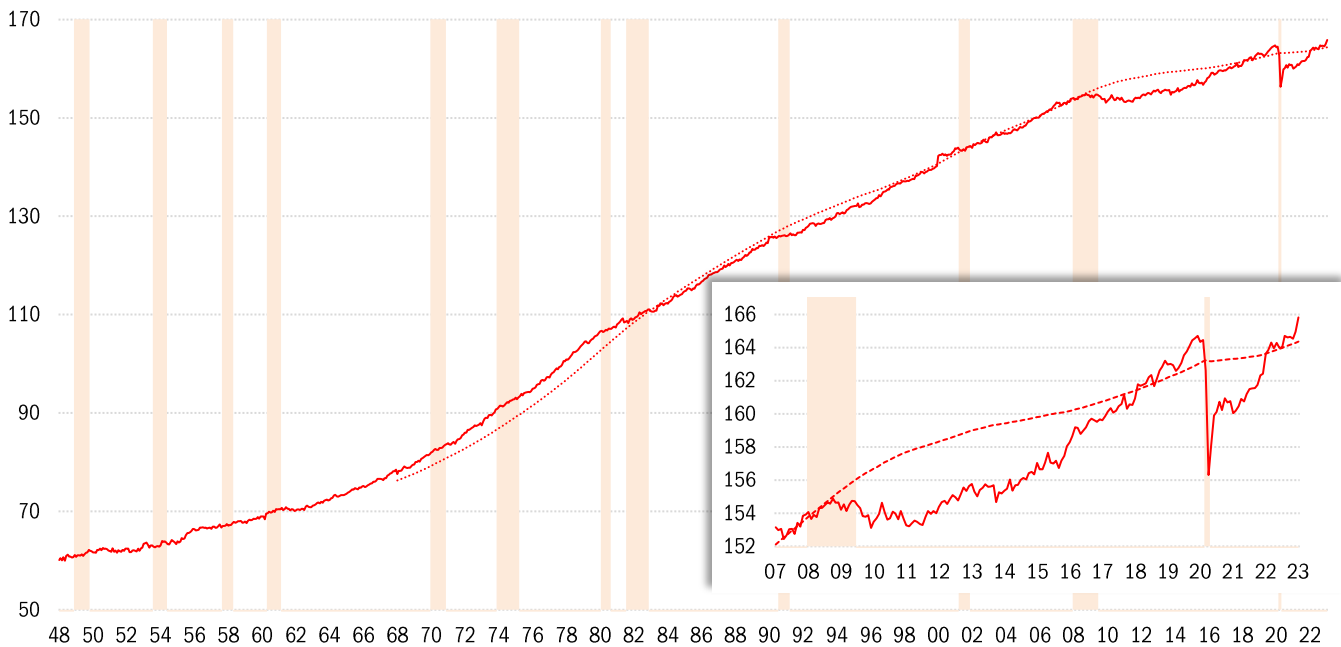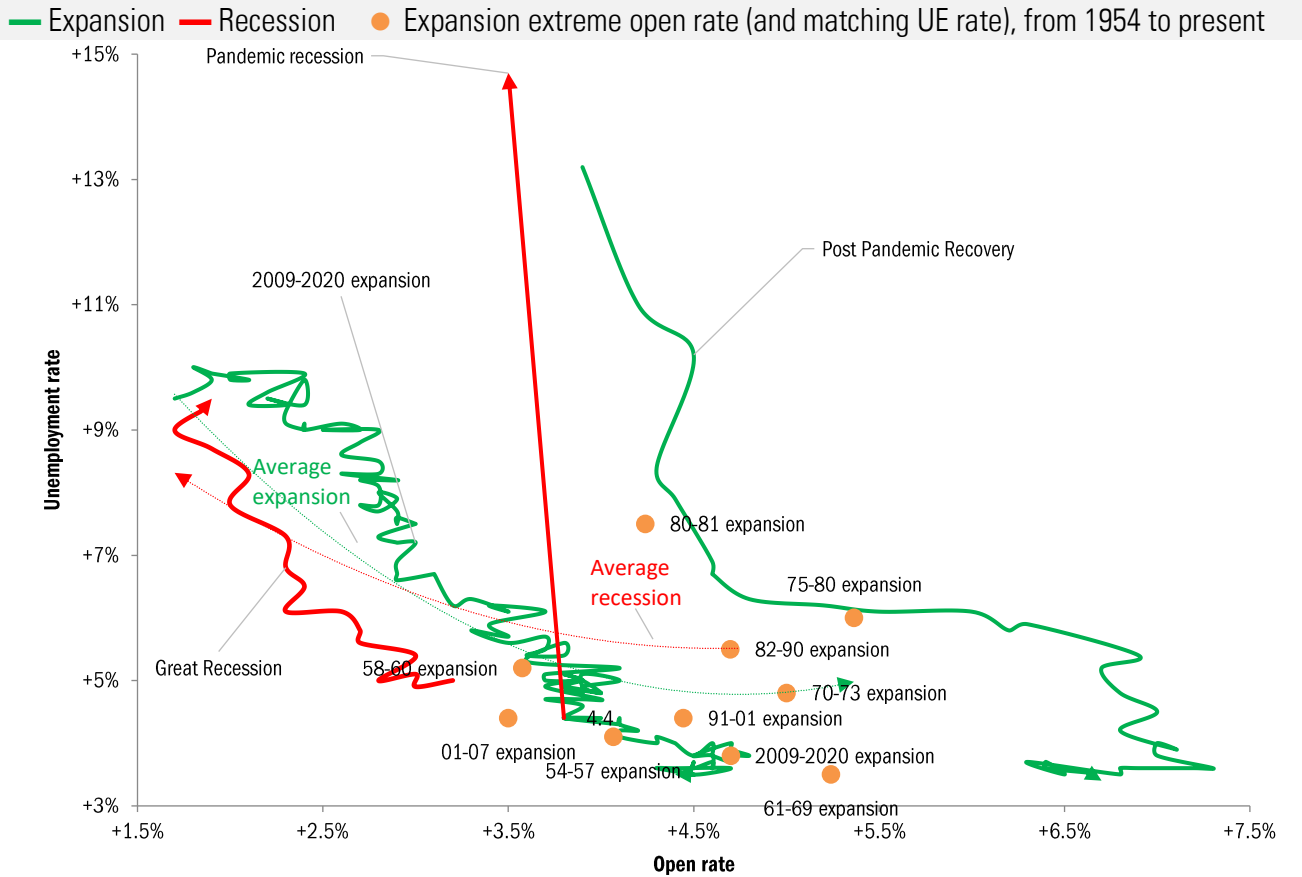

Source: BLS Current Population Survey, TrendMacro calculations

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

As of Dec 2022

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