Data Insights: Jobs

Friday, April 7, 2023

Today's jobs data: what you need to know

Non-farm payrolls	Change Mar:	+236	Revision Feb:	+15	Revision Jan:	-32	
Private payrolls	Change Mar:	+189	Revision Feb:	+1	Revision Jan:	-33	
Employment	Change Mar:	+577					
Unemployment	Change Mar:	-97					
Long -term unemployment	Change Mar:	+103					
Civilian labor force	Change Mar:	+480	2.19 million above trend		More than all entrants employed		
Unemployment rate	Mar:	3.50%	Change Mar:	-0.07%			
Underemployment rate	Mar:	6.7%	Change Mar:	-0.1%			
Participation rate	Mar:	62.6%	Change Mar:	+0.1%			
UE adjusted for participation	Mar:	8.5%	Change Mar:	-0.21%			
Average weeks unemployed	Mar:	19.5	Change Mar:	+0.2			
% longterm unemployed	Mar:	18.9%	Change Mar:	+1.3%			
Aggregate hours worked index	Mar:	114.9	Change Mar:	-0.1%	Revision Feb:	+0	
Average hourly earnings	Mar:	+0.27%	Change Mar:	+0.06%	Revision Feb:	-0.22%	
Aggregate weekly earnings	Mar:	182.2	Change Mar:	+0.1%	Revision Feb:	unch	
Monthly job-finding probability	Mar:	39.9%	Change Mar:	+4.0%			
Monthly separation probability	Mar:	1.7%	Change Mar:	+0.0%			
% involuntary part-time	Mar:	2.5%	Change Mar:	+0.0%			
"Household" vs "Payroll" jobs	Change Mar:	+327					

Source: Bureau of Labor Statistics, TrendMacro calculations

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Today's jobs data: a deeper dive

Non-farm payrolls SA	Change Mar:	+236	Revision Feb:	+15	Revision Jan:	-32
Non-farm payrolls NSA	Change Mar:	+520	Revision Feb:	+39	Revision Jan:	+3
Birth-death adjustment	Change Mar:	-29				

Employment	Change Mar:	+577		
Unemployment rate	Mar:	3.50%	Change Mar:	-0.07%
White employment	Change Mar:	+93		
White unemployment rate	Mar:	3.2%	Change Mar:	0.0%
Black employment	Change Mar:	+383		
Black unemployment rate	Mar:	5.0%	Change Mar:	-0.7%
Hispanic employment	Change Mar:	+282		
Hispanic unemployment rate	Mar:	4.6%	Change Mar:	-0.7%
Asian employment	Change Mar:	+105		
Asian unemployment rate	Mar:	2.8%	Change Mar:	-0.6%
HS only employment	Change Mar:	-166		
HS only unemployment rate	Mar:	4.3%	Change Mar:	0.4%
Men employment	Change Mar:	+510		
Men unemployment rate	Mar:	3.6%	Change Mar:	0.0%
Women employment	Change Mar:	+66		
Women unemployment rate	Mar:	3.4%	Change Mar:	-0.1%

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
+145	46.9	51.3	+93	221	89,703	15	+4

Model estimate	Actual	Actual beat(+) or miss (-)
+175	+236	+61

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

+2.94 million from pre-pandemic level
+0.98 million from pre-pandemic trend
As of Feb

Openings

Pre-pandemic trend

Employment plus openings

+3.91 million from pre-pandemic level
-5.43 million from pre-pandemic trend
As of Feb

+1534 thousand from pre-pandemic level
-5.84 million from pre-pandemic trend
As of Mar

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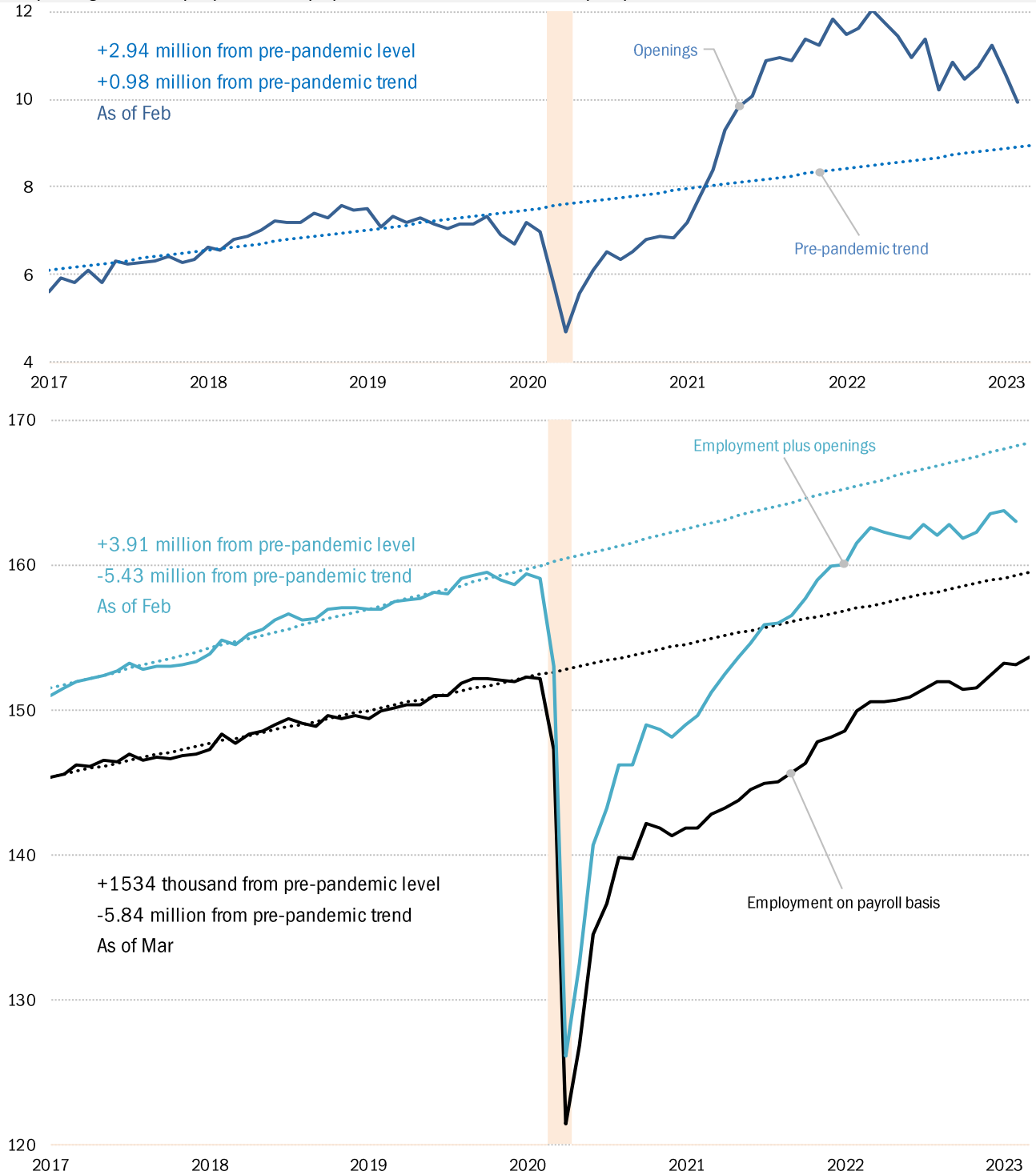
Source: BLS JOLTS, Current Population Survey, TrendMacro calculations

Is the temporary jobs market warning us??

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

Temporary payrolls

Total payrolls

As of Mar 2023

Involuntary part time as share of employent

Total payrolls

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 +236

Private +189

Goods-producing -7
- Mining/logging +3
- Construction -9
- Manufacturing -1
  - Durable goods +1
    - Motor vehicles +4
    - Other -3
  - Nondurable goods -2

Service-providing +196
- Wholesale +7
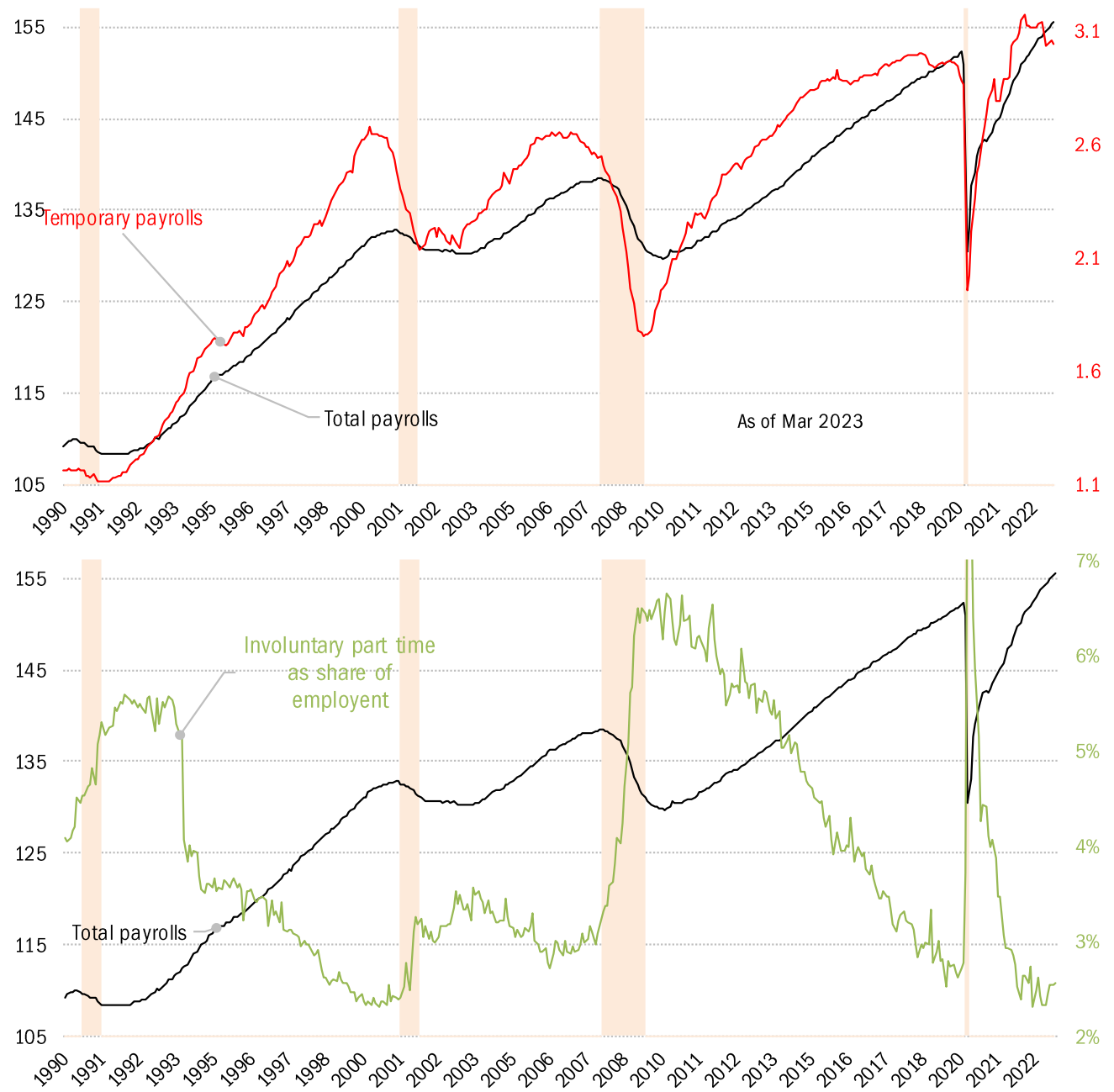- Retail -15
- Transportation +10
- Utilities +2
- Information +6
- Financial -1
- Pro/Business +39
  - Temp services -11
  - Other +50
- Edu/Health unch
  - Health care +51
  - Education -51
- Leisure/Hospitality +72
- Other +11

Government +47
- Federal +8
- State +13
- Local +26

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.

Utilities, Information, Financial, Energy, Mining, Wholesale, Construction, Manufacturing, Other, Transportation, Retail, Pro Services, Education/Health, Leisure
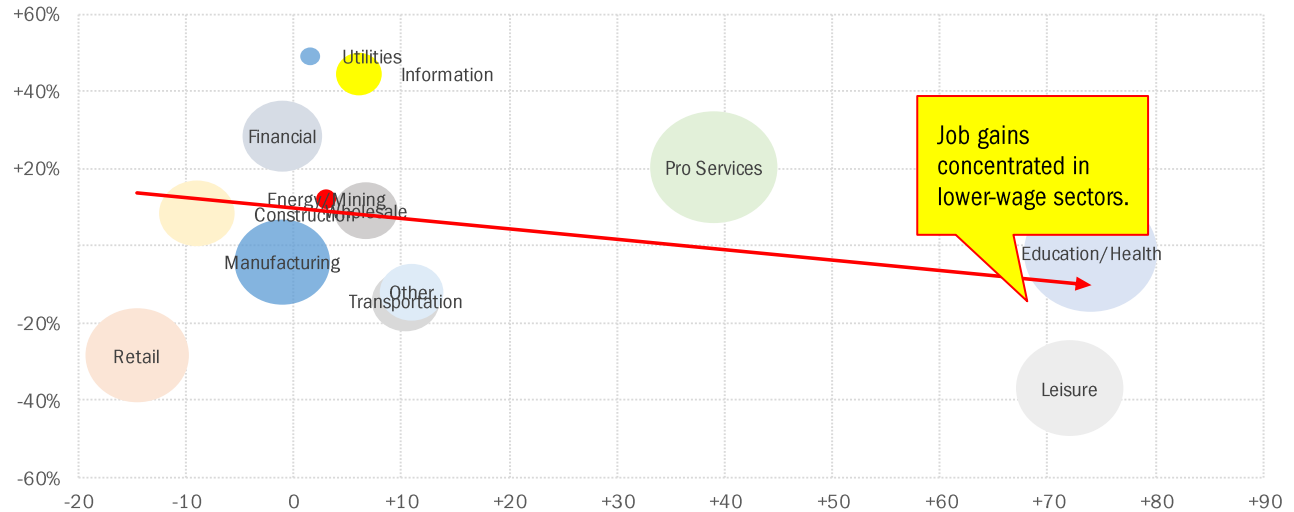
Source: BLS, TrendMacro calculations

Solving the wage-growth puzzle
YOY average hourly earnings growth Atlanta Fed Wage Growth Index ▮ Recession
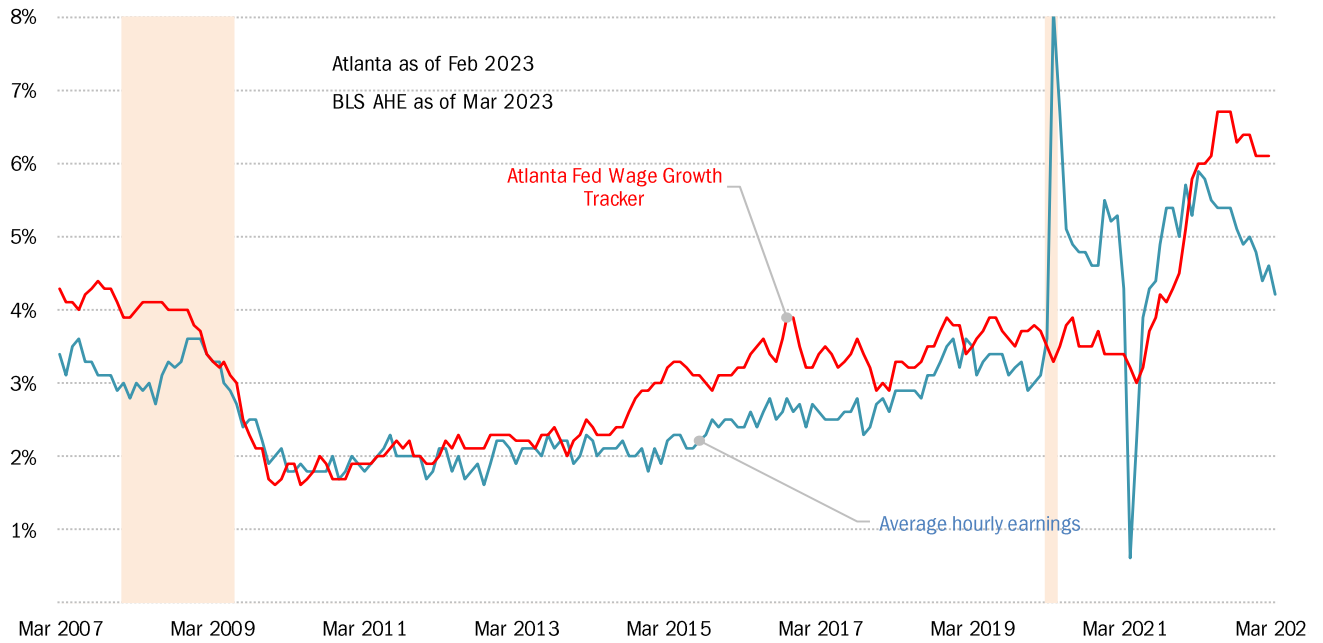
Atlanta as of Feb 2023

BLS AHE as of Mar 2023

Atlanta Fed Wage Growth
Tracker

Average hourly earnings

Mar 2007   Mar 2009   Mar 2011   Mar 2013   Mar 2015   Mar 2017   Mar 2019   Mar 2021   Mar 202

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

As of Feb 2023

Atlanta Fed Wage Growth
Tracker

Job switchers

Job Stayers

Mar 2007   Mar 2009   Mar 2011   Mar 2013   Mar 2015   Mar 2017   Mar 2019   Mar 2021   Mar 202
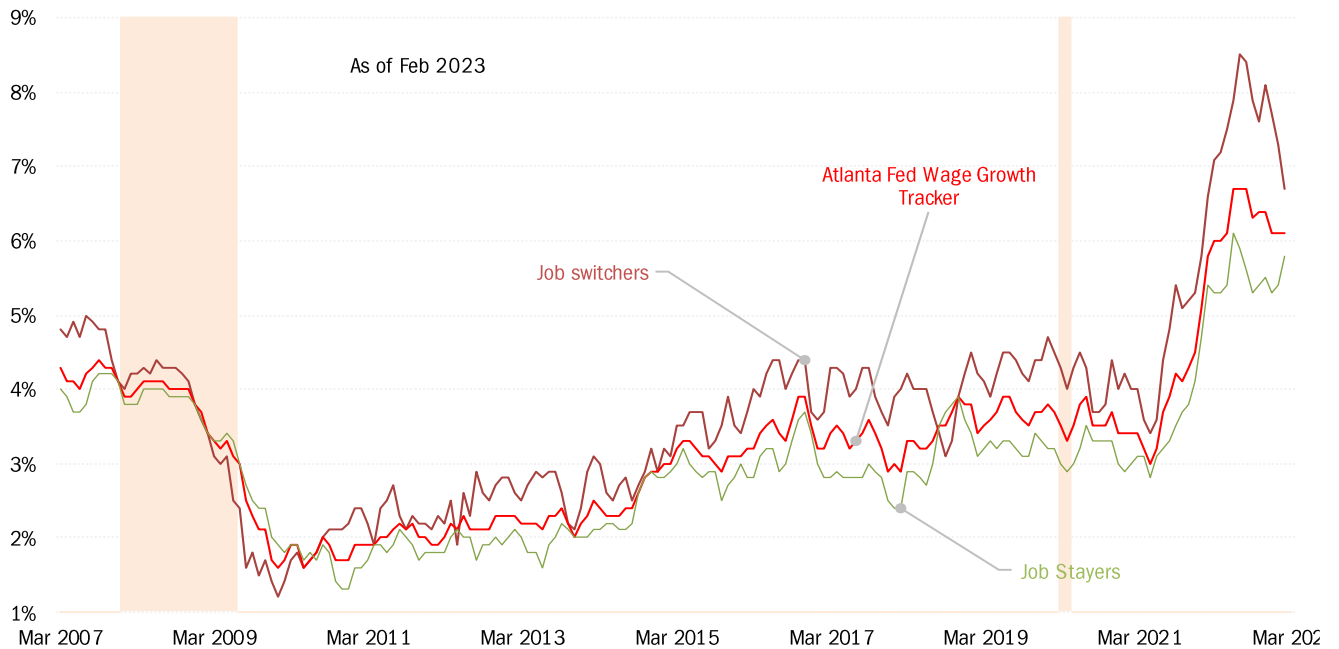
The Great Recession, the jobless recovery, the long boom, and then the virus

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

Total unemployed

Short-term unemployed

Long-term unemployed
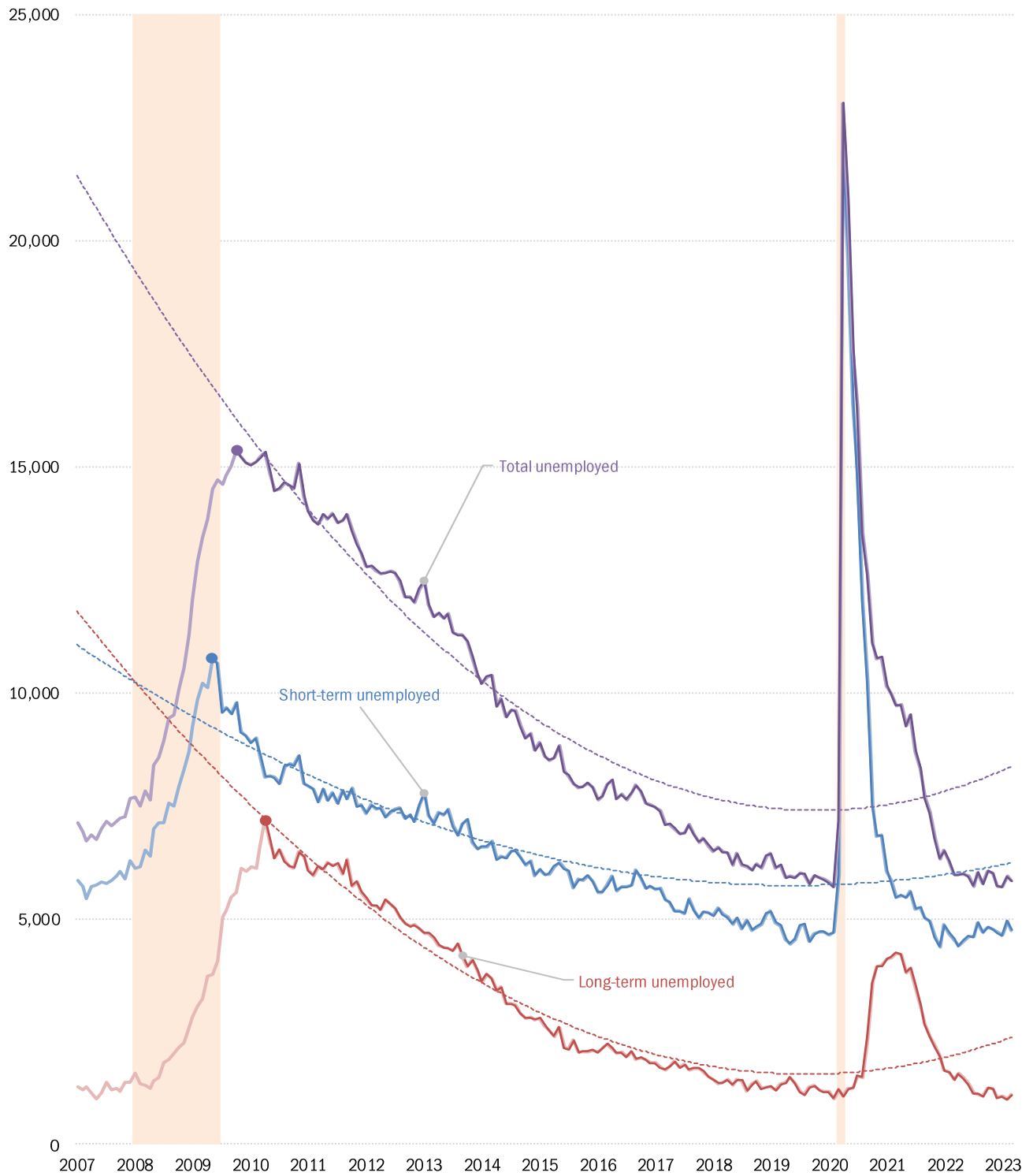
Source: BLS Current Population Survey, TrendMacro calculations

Unemployment rate normalized for participation rate December 2007

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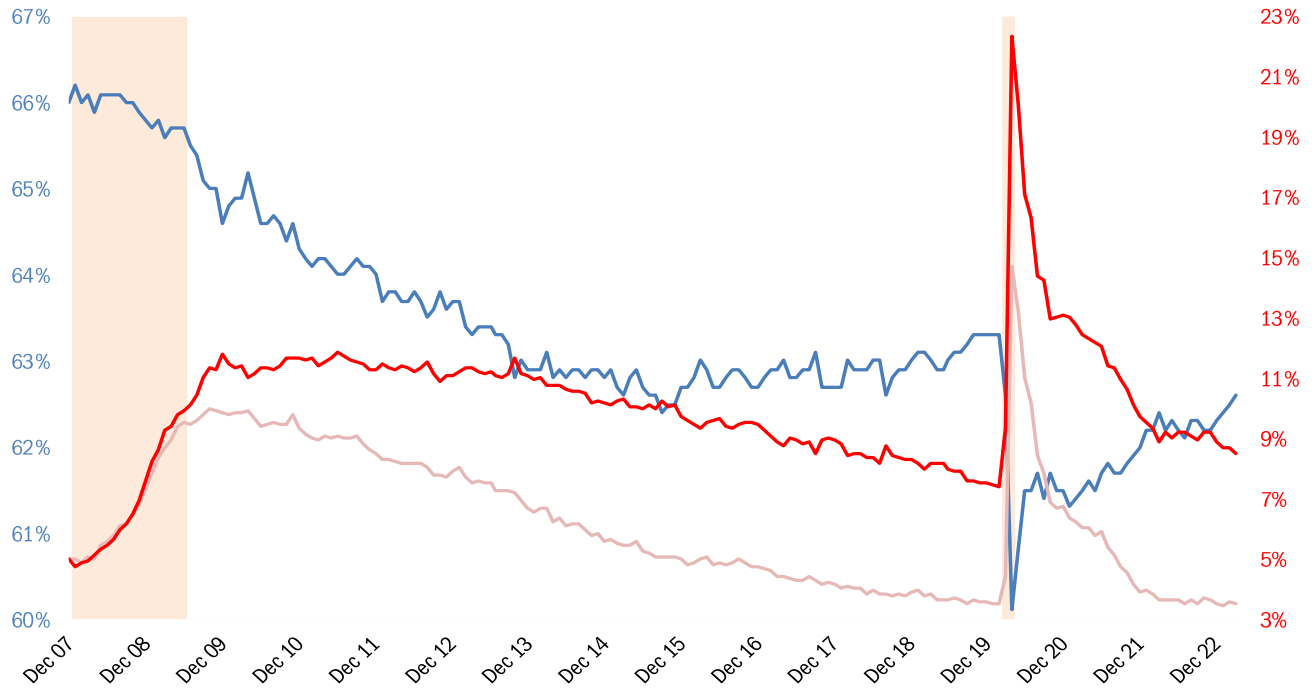
Source: BLS Current Population Survey, TrendMacro calculations

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

Source: BLS, NBER, TrendMacro calculations

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

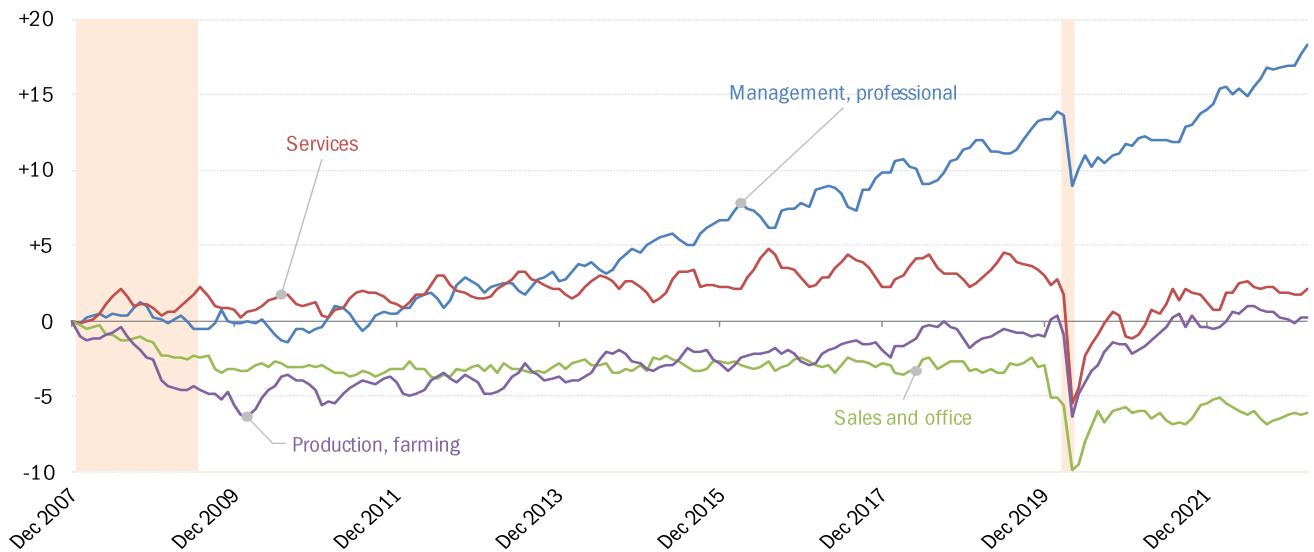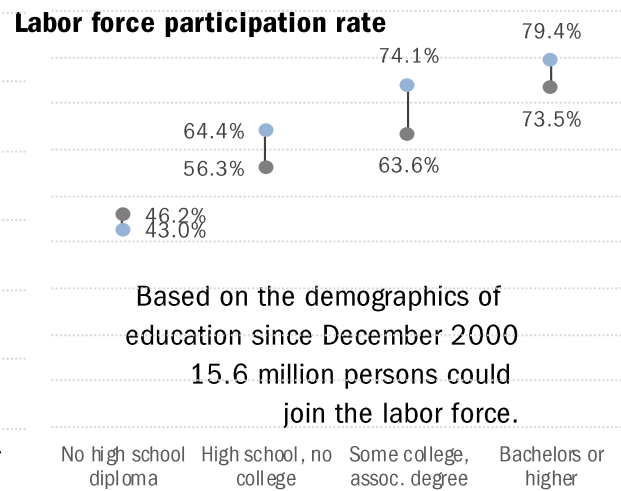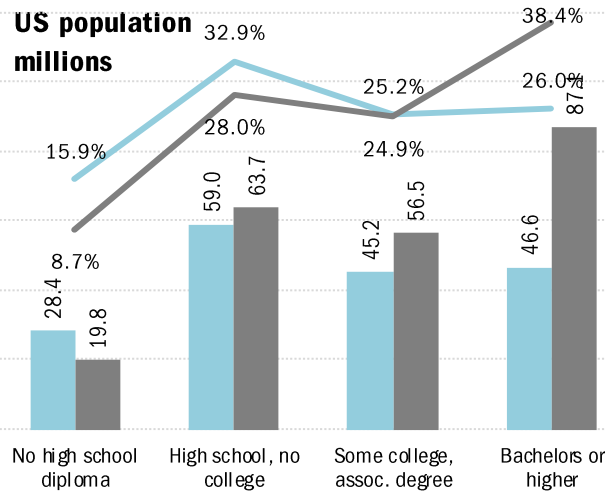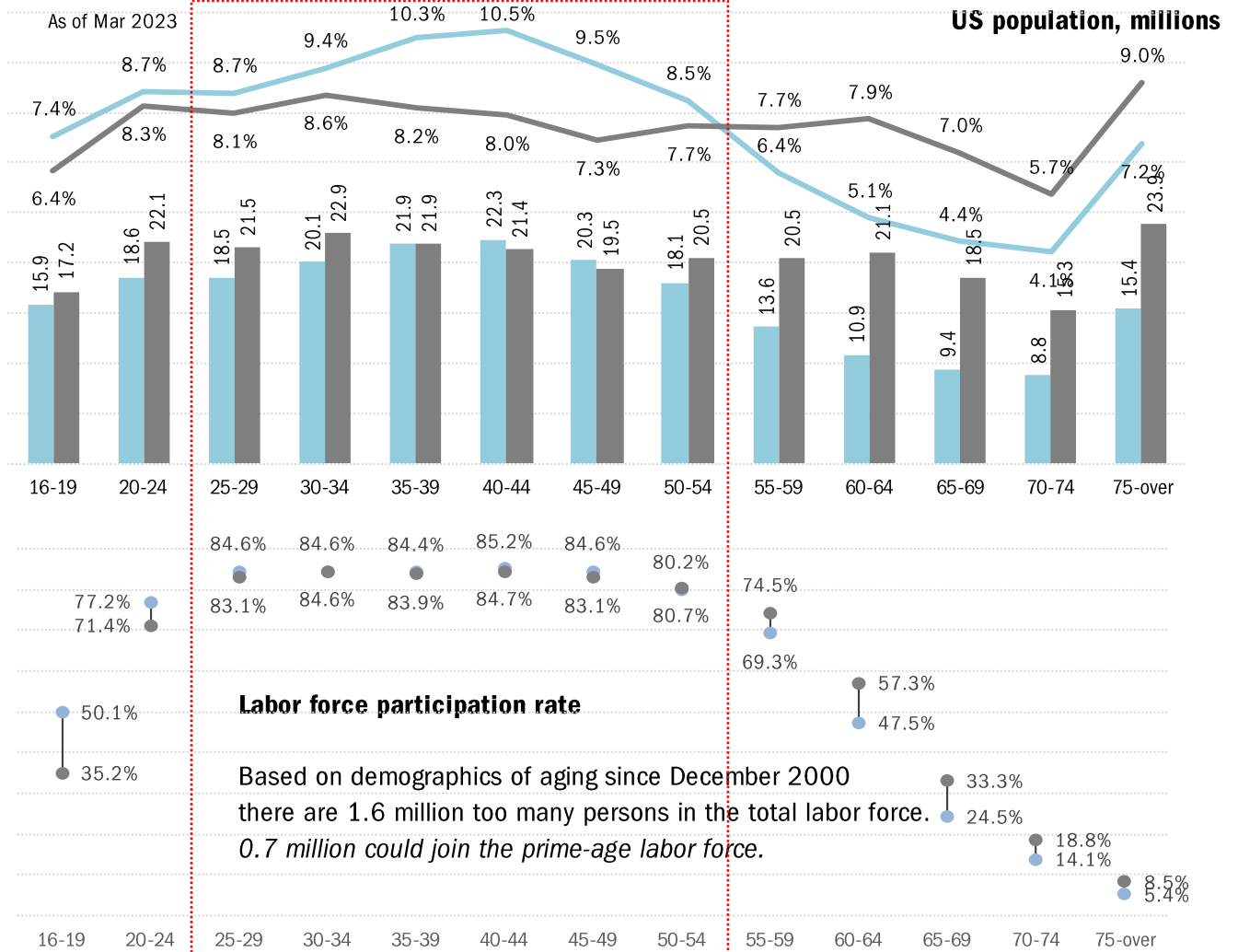By age and education bracket: ■ Dec 2000, peak in the labor force participation rate ■ Latest □ Prime age

US population, millions

As of Mar 2023

Labor force participation rate percentages (upper line chart):

7.4% | 8.7% | 8.7% | 9.4% | 10.3% | 10.5% | 9.5% | 8.5% | 7.7% | 7.9% | 7.0% | 5.7% | 9.0%

6.4% | 8.3% | 8.1% | 8.6% | 8.2% | 8.0% | 7.3% | 7.7% | 6.4% | 5.1% | 4.4% | 4.1% | 7.2%

Bar values by age bracket (Dec 2000 / Latest):
- 16-19: 15.9 / 17.2
- 20-24: 18.6 / 22.1
- 25-29: 18.5 / 21.5
- 30-34: 20.1 / 22.9
- 35-39: 21.9 / 21.9
- 40-44: 22.3 / 21.4
- 45-49: 20.3 / 19.5
- 50-54: 18.1 / 20.5
- 55-59: 13.6 / 20.5
- 60-64: 10.9 / 21.1
- 65-69: 9.4 / 18.5
- 70-74: 8.8 / 11.3
- 75-over: 15.4 / 23.9

Age axis: 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

Labor force participation rate

Labor force participation rates by age (dot plot):
- 16-19: 50.1% / 35.2%
- 20-24: 77.2% / 71.4%
- 25-29: 84.6% / 83.1%
- 30-34: 84.6% / 84.6%
- 35-39: 84.4% / 83.9%
- 40-44: 85.2% / 84.7%
- 45-49: 84.6% / 83.1%
- 50-54: 80.2% / 80.7%
- 55-59: 74.5% / 69.3%
- 60-64: 57.3% / 47.5%
- 65-69: 33.3% / 24.5%
- 70-74: 18.8% / 14.1%
- 75-over: 8.5% / 5.4%

Based on demographics of aging since December 2000 there are 1.6 million too many persons in the total labor force.
0.7 million could join the prime-age labor force.

Age axis: 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

US population millions

Education line percentages: 15.9% | 32.9% | 25.2% | 26.0%; 8.7% | 28.0% | 24.9% | 38.4%

Bars by education (Dec 2000 / Latest):
- No high school diploma: 28.4 / 19.8
- High school, no college: 59.0 / 63.7
- Some college, assoc. degree: 45.2 / 56.5
- Bachelors or higher: 46.6 / 87.1

Education axis: No high school diploma, High school, no college, Some college, assoc. degree, Bachelors or higher

Labor force participation rate

By education (dot plot):
- No high school diploma: 46.2% / 43.0%
- High school, no college: 64.4% / 56.3%
- Some college, assoc. degree: 74.1% / 63.6%
- Bachelors or higher: 79.4% / 73.5%

Based on the demographics of education since December 2000 15.6 million persons could join the labor force.

Education axis: No high school diploma, High school, no college, Some college, assoc. degree, Bachelors or higher

Source: BLS Current Population Survey, TrendMacro calculations

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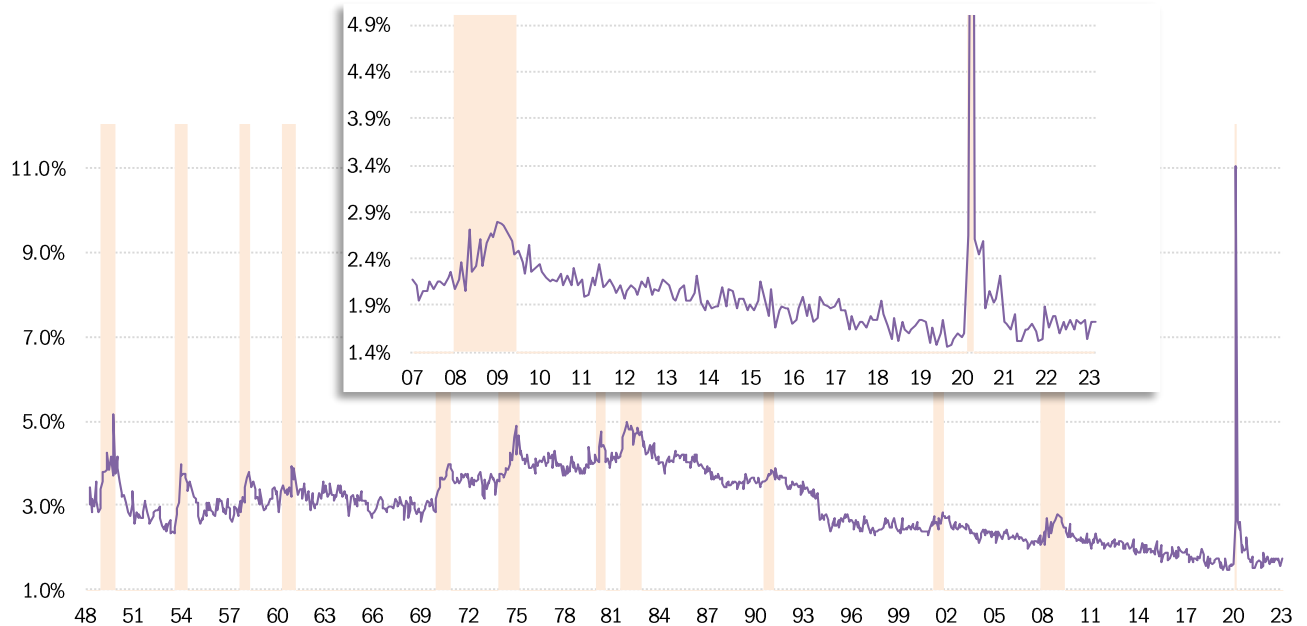Chance of an unemployed person becoming employed in one month (per [Shimer 2005](#)) ▮ Recession
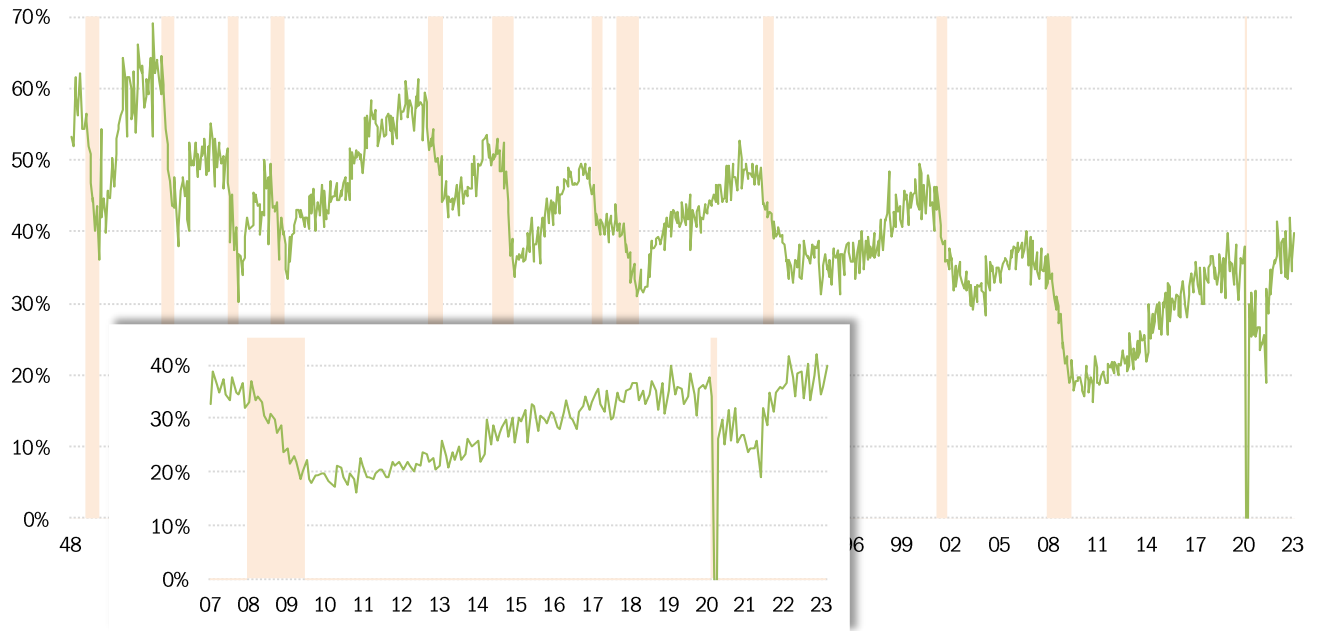
Source: BLS Current Population Survey, TrendMacro calculations

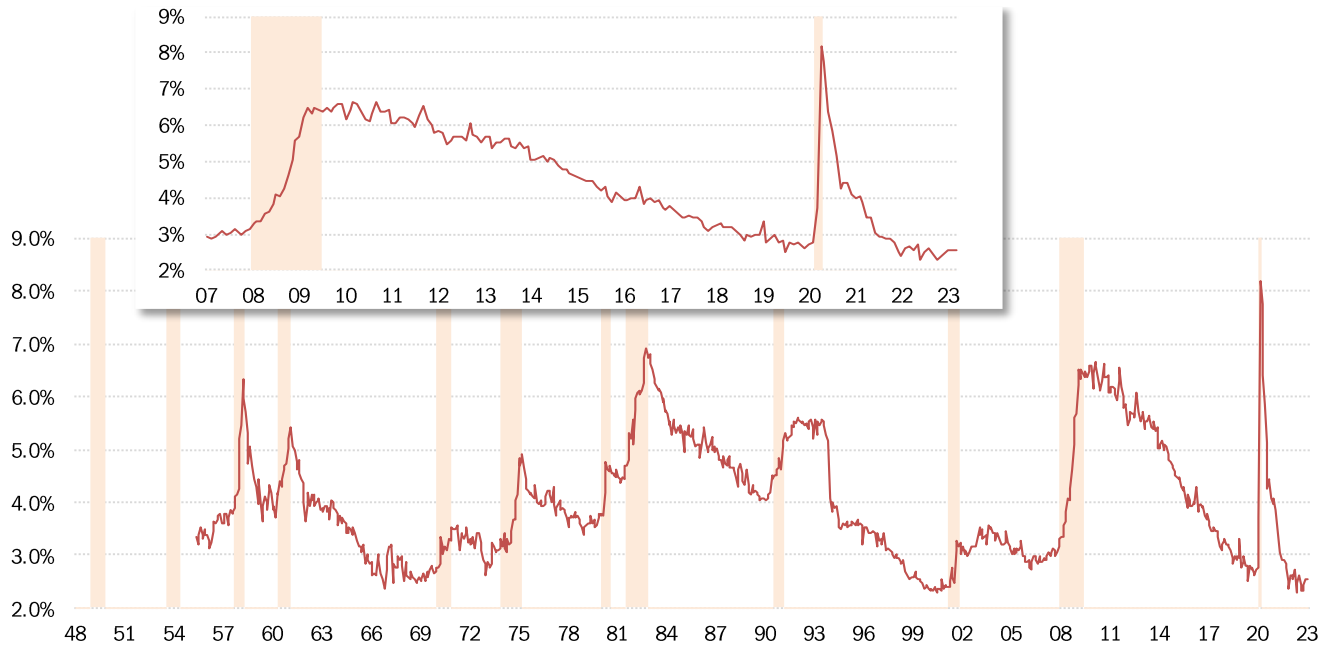## Monthly job-separation probability (the inflow rate to unemployment)
Chance of an employed person becoming unemployed in one month (per [Shimer 2005](#)) ▮ Recession

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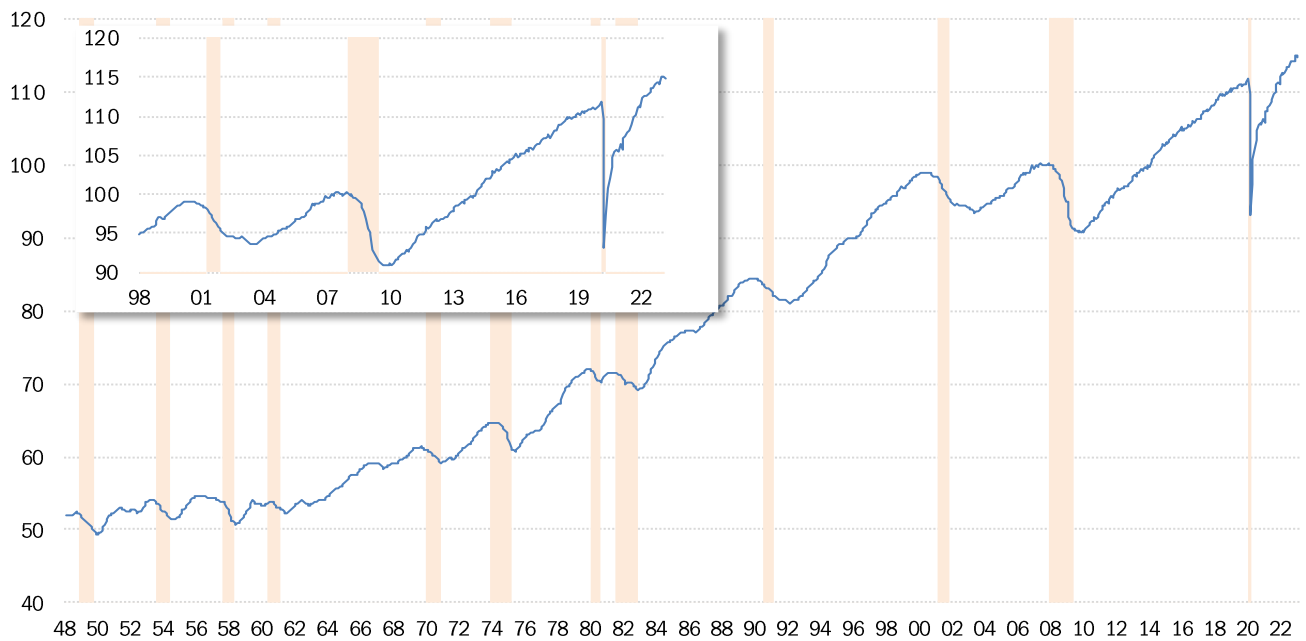
Involuntary part-time workers as percentage of the employed labor force
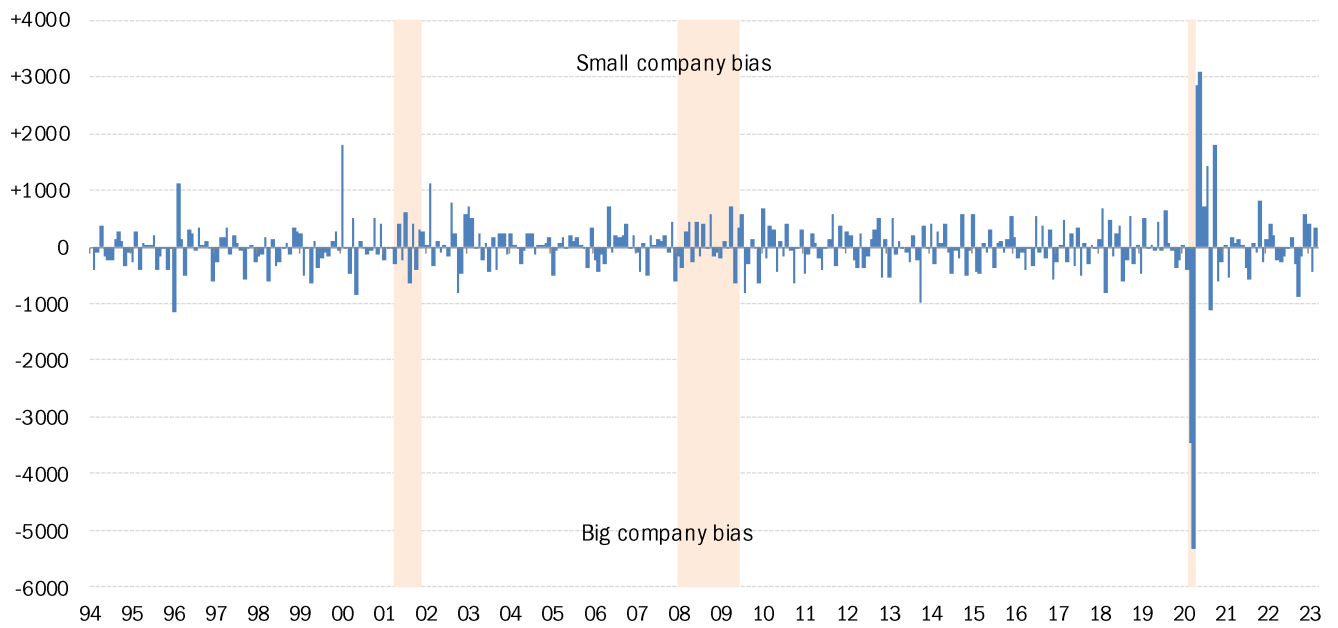Persons available for full-time work ▨ Recession

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

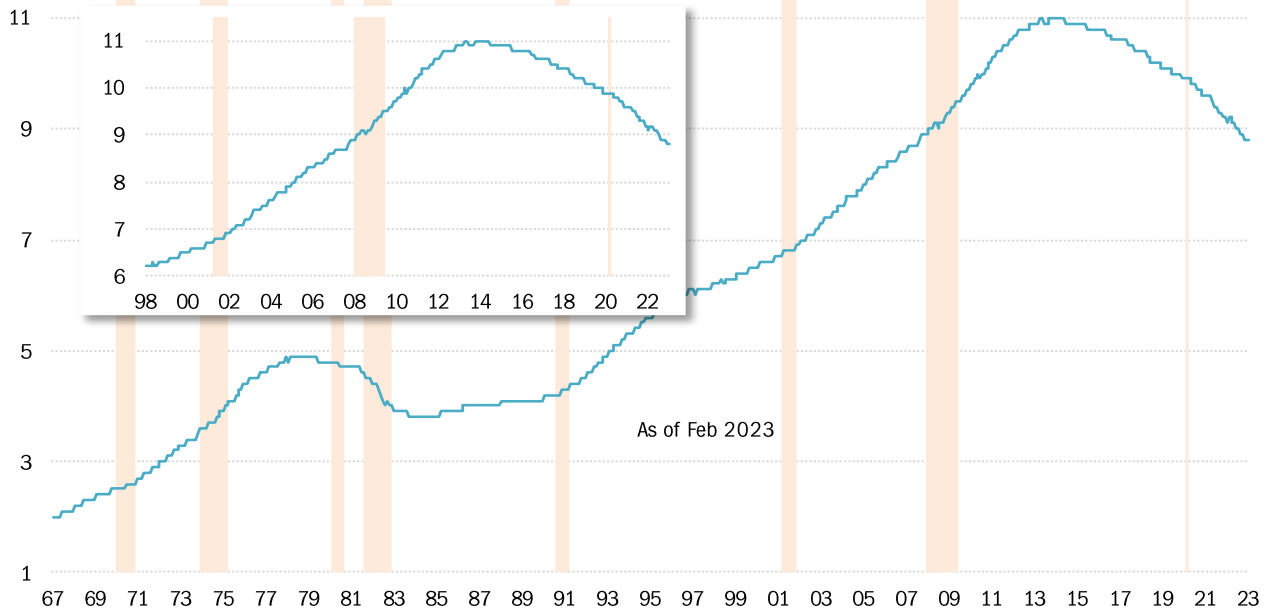## Difference in employment change: "household" minus "payroll" surveys

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

Civilian labor force versus 20-year trend, millions
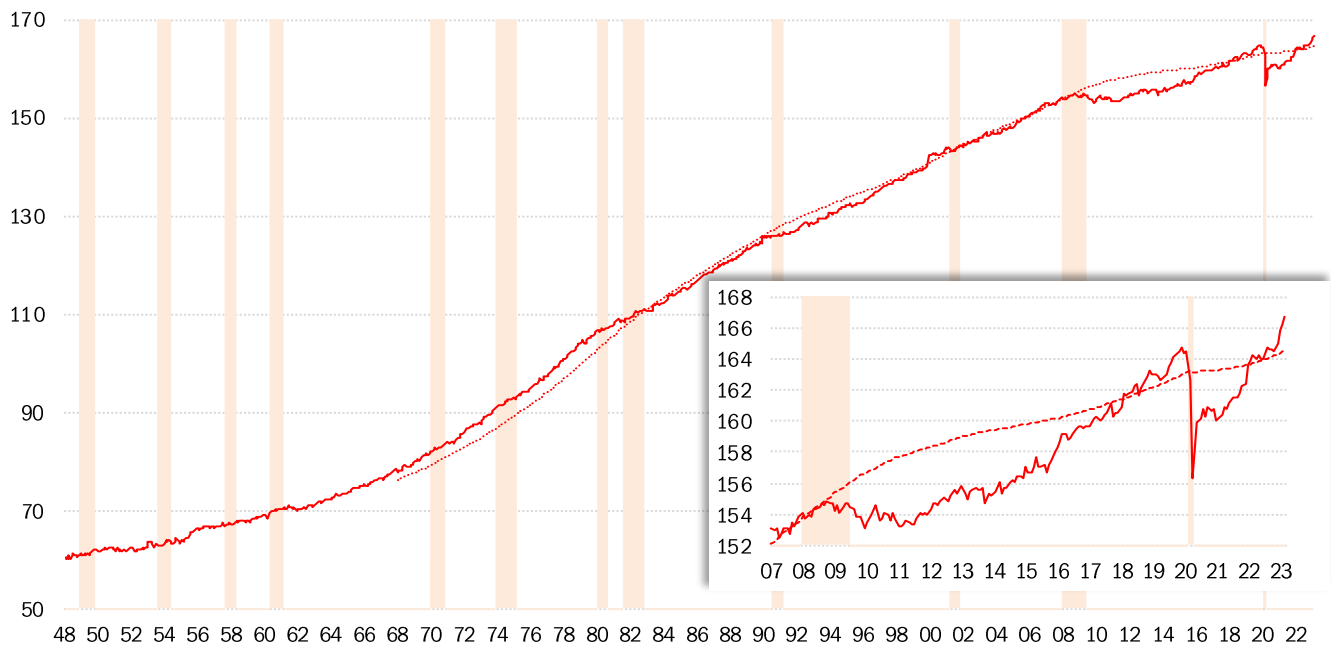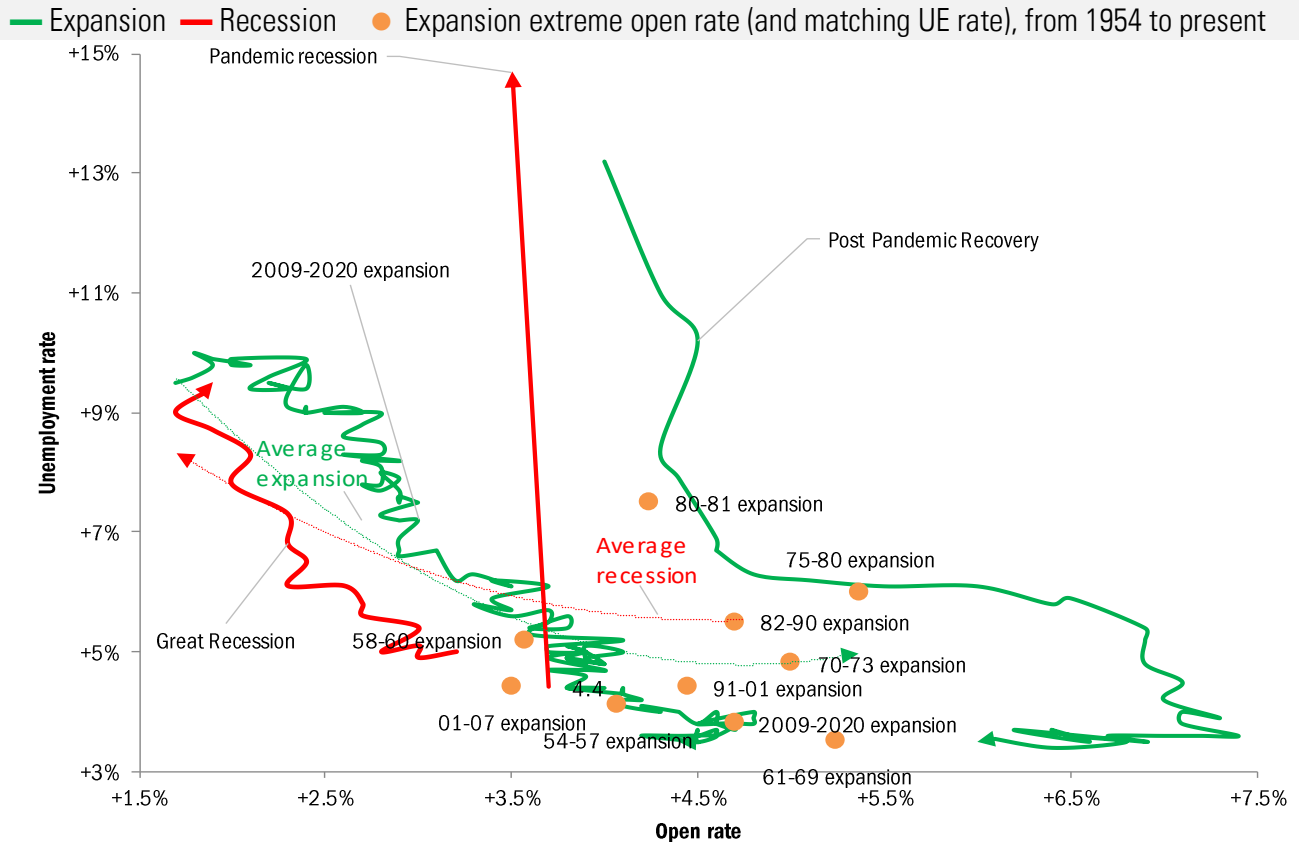

Source: BLS Current Population Survey, TrendMacro calculations

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

As of Feb 2023

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

Source: BLS Current Population Survey & JOLTS. Pre-2000:Conference Board normalized per Valletta (2005), TrendMacro calculations