

08.Jul.2022

Employment: Continued Solid Job Gains

Bottom Line: Job gains were somewhat stronger than expected, even after accounting for modest negative revisions to prior data. Hourly earnings, perhaps the most critical metric for Fed policy at this point, rose as expected with modestly decelerating gains on a trend basis. Up 0.3% in June, wages in the 2nd Quarter annualized at 4.2%, slower than the six- and 12-month gains of 4.5% and 5.1%. Most of the wage deceleration on a trend basis has come from the service-providing sector while manufacturing wage gains have been steady to accelerating slightly. Overall, wage growth remains historically robust even with hints of deceleration.

Job gains continued to decelerate on a trend basis across all sectors but remained historically robust. While the household survey (often more volatile) showed a decline in jobs, the medium-term trend remained in line with the establishment survey. The unemployment rate was steady with the employment-to-population metric, one favored by the doves on the Fed, just over 60 but still below pre-pandemic levels.

Overall, this was another solid labor report. Given the Fed's focus on the strength of the labor market as a critical factor behind sustained inflation, this will do little to dissuade the notion the Fed will likely continue rate hikes in July and September.



Contingent Macro Advisors 2022 source: BLS via FRED

Payroll Employment rose by 372k in June, compared with market expectations for an increase of 266k. The prior 2 months were revised, lower in May by 6k and lower in April by 68k.

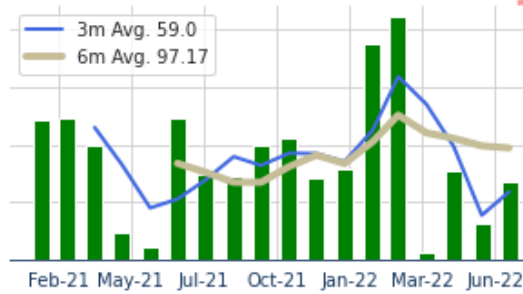
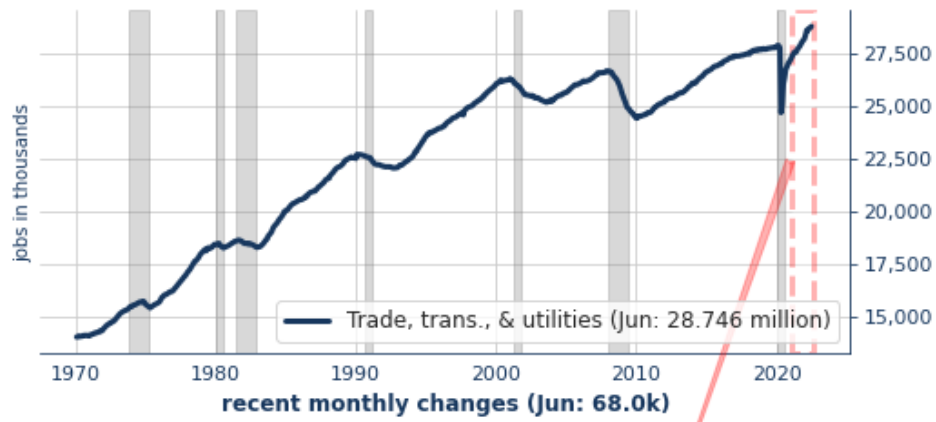
Government jobs FELL by 9k. Consequently, **private sector jobs** ROSE by 381k. **Private education jobs** rose by 18k. **State and Local education** jobs rose by 7k. Overall employment is now 4.3% ABOVE its year-ago level, Over the past 12 months, 6,282k jobs have been created.

In June, the job gains were in

- Trade, Transportation & Utilities (+53k with 15k of those in Retail Trade)
- Professional & Business Services (+74k with the addition of 5.4k in Temp Help Services),
- Education & Health Services (+78k),
- Leisure & Hospitality (+67k),
- Manufacturing (+29k),
- Information (+25k),
- Construction (+13k), and
- Other Services (+2k).

Jobs were shed in Government (-9k).

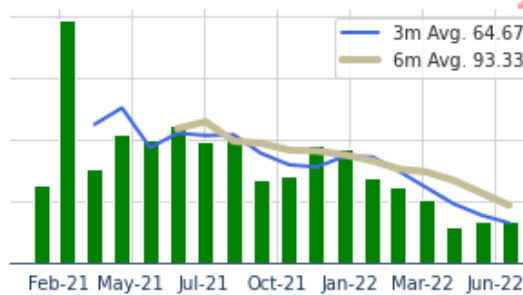
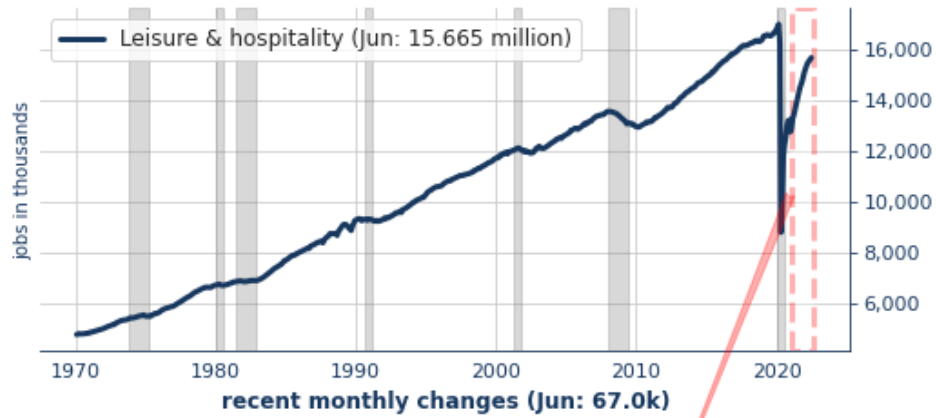
Trade, trans., & utilities



Contingent Macro Advisors 2022 source: US BLS



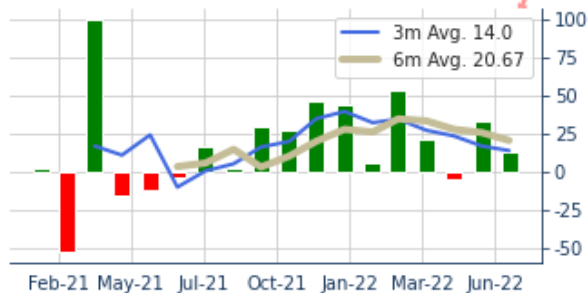
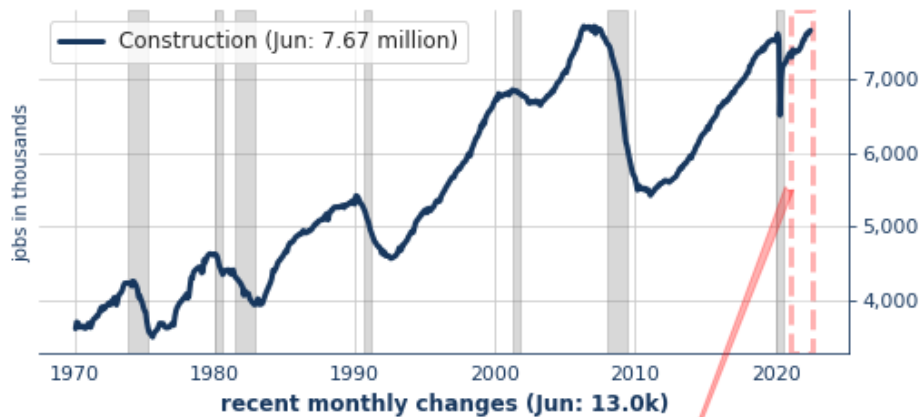
Leisure & hospitality



Contingent Macro Advisors 2022 source: US BLS

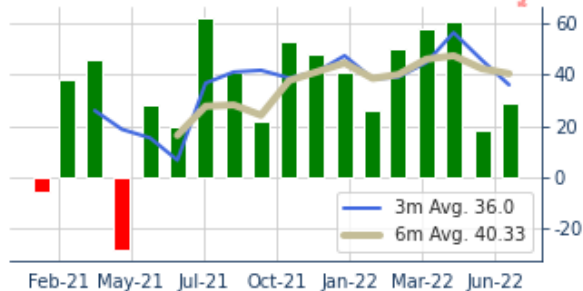


Construction



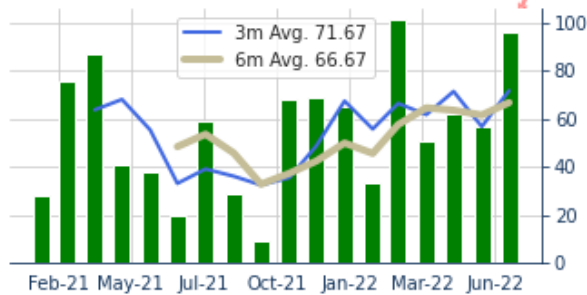
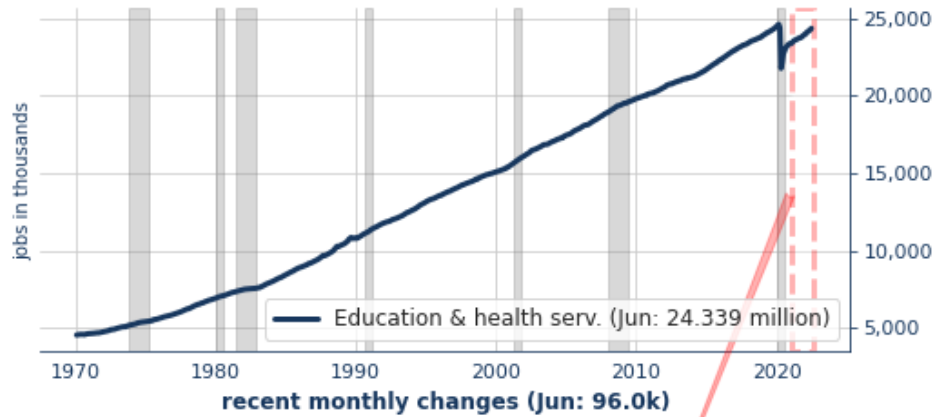
Contingent Macro Advisors 2022 source: US BLS

Manufacturing



Contingent Macro Advisors 2022 source: US BLS

Education & health serv.



Contingent Macro Advisors 2022 source: US BLS

Change in US Employment - Major Sectors in 000s	Jun-22	May-22	Apr-22	Mar-22	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
Total nonfarm	372.000	384.000	368.000	398.000	374.700	456.700	523.500	561.917	63.700
Trade, trans., & utilities	68.000	31.000	78.000	7.000	59.000	97.200	90.400	83.750	13.800
Education & health serv.	96.000	57.000	62.000	51.000	71.700	66.700	58.200	49.083	16.800
Prof. & business serv.	74.000	69.000	40.000	94.000	61.000	75.300	99.100	94.333	25.600
Government	-9.000	48.000	0.000	13.000	13.000	12.300	15.800	37.500	-2.700
Leisure & hospitality	67.000	68.000	59.000	104.000	64.700	93.300	134.200	196.333	-12.300
Manufacturing	29.000	18.000	61.000	58.000	36.000	40.300	42.400	30.417	3.300
Financial activities	1.000	14.000	31.000	11.000	15.300	14.700	17.200	11.833	8.200
Construction	13.000	34.000	-5.000	22.000	14.000	20.700	24.300	15.750	12.100
Other serv.	2.000	13.000	13.000	15.000	9.300	14.500	21.200	23.750	-1.800
Information	25.000	26.000	21.000	18.000	24.000	15.800	15.700	16.167	1.700
Mining & logging	6.000	6.000	8.000	5.000	6.700	5.800	4.900	3.000	-1.000

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The **Unemployment Rate** was UNCHANGED at 3.6%, in line with market expectations.

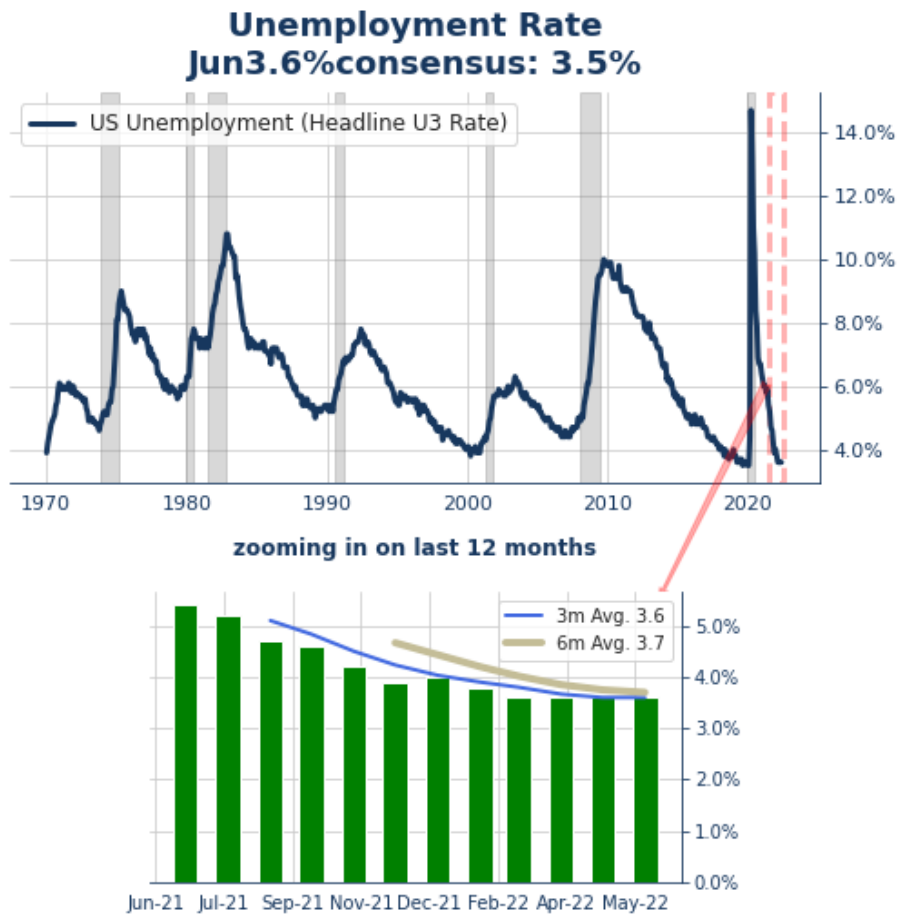
Household employment fell by 315k while the **labor force** declined by 353k, resulting in a decrease in the

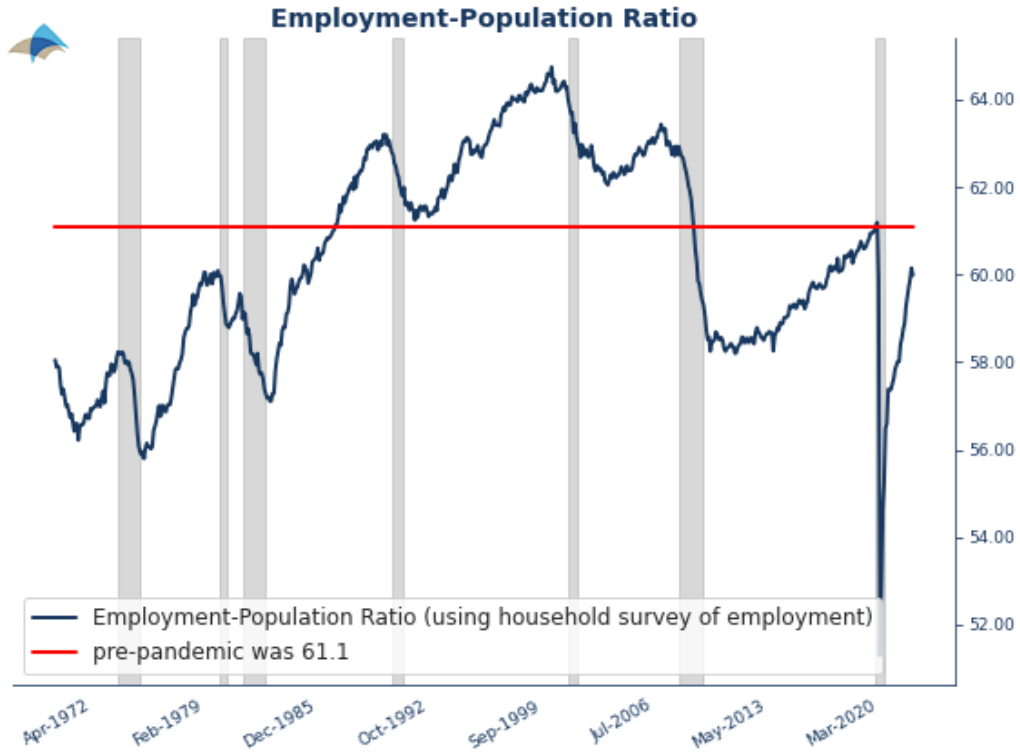
number of unemployed of 38k.

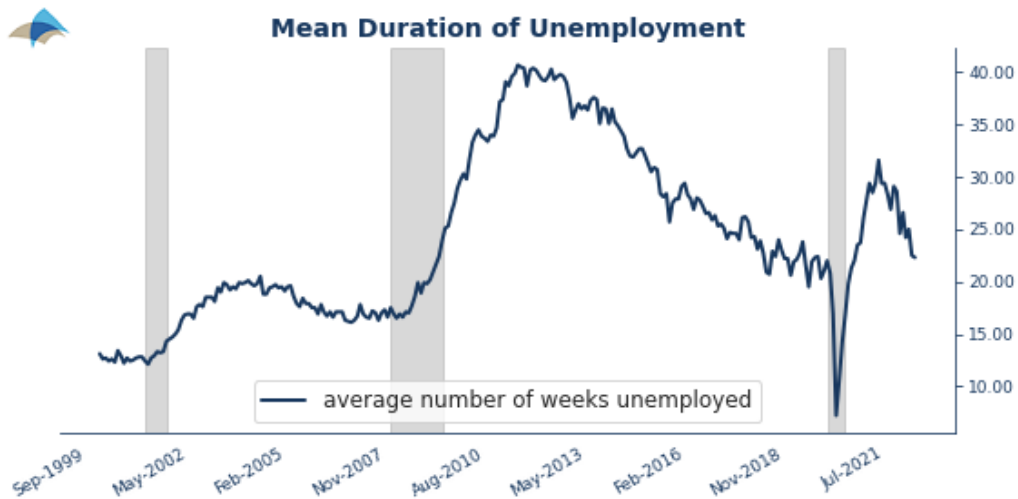
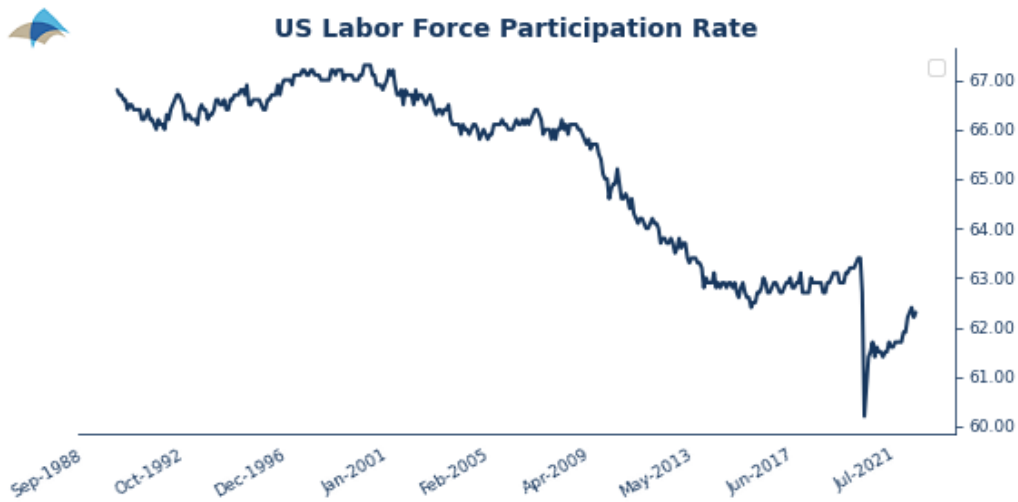
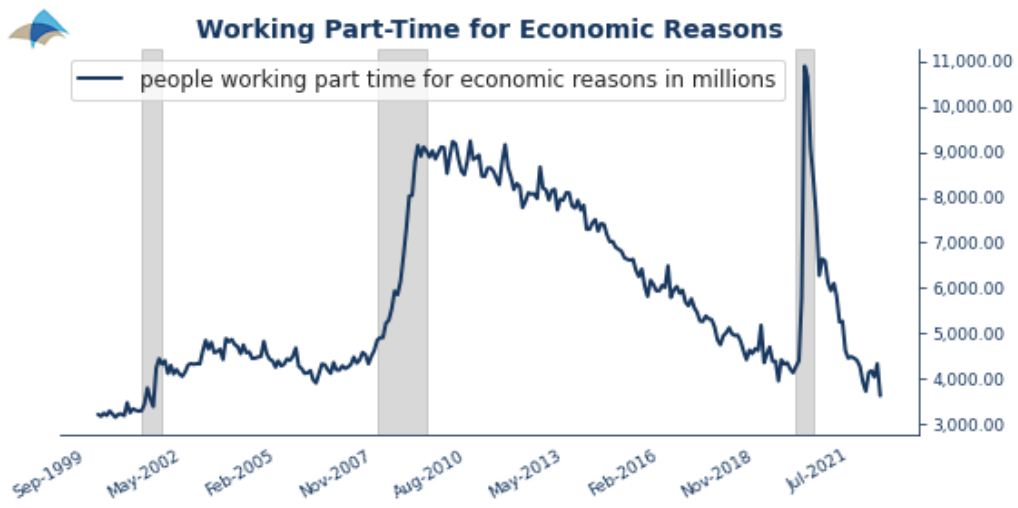
The Labor Force Participation Rate FELL by 0.1 percentage points to 62.2%.

The Employment-Population Ratio FELL by 0.2 percentage points to 59.9%.

The number of people Working Part-Time for Economic Reasons FELL by 541k to 3,694k. while Long-Term Unemployment FELL by 20k to 1,336k (accounting for 22.6% of the unemployed), while the **Mean Duration of Unemployment** FELL by 0.2 weeks to 22.3 weeks. There are now 5.9 million people officially unemployed. In addition, there are another 5,656k people who say they want a job but are not currently looking for one. Finally, another 3,694k people are working part-time because of slack economic conditions.









Mean Duration of Unemployment



	Jun-22	May-22	Apr-22	Mar-22	Average for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	3.6%	3.6%	3.6%	3.6%	3.6%	3.7%	4.2%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	164.0	164.4	164.0	164.4	164.1	164.1	162.9	164.6	163.1		
Change (thousands)	-353	330	-363	418	-129	288	242	124	218	138	96
Household Employment (mln.)	158.1	158.4	158.1	158.5	158.2	158.0	156.1	149.9	158.8		
Change (thousands)	-315	321	-353	736	-116	356	542	167	239	186	173
Unemployed (mln.)	5.9	6.0	5.9	6.0	5.9	6.1	6.8	10.8	5.9	7.4	9.0
Change (thousands)	-38	9	-11	-318	-13	-68	-299	-43	-21	-48	-77
Not in the Labor Force (mln.)	99.8	99.3	99.5	99.0	99.5	99.4	99.8	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	5.7	5.7	5.9	5.7	5.7	5.7	5.8	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	6.8%	6.8%	6.9%	6.9%	6.9%	6.9%	7.5%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('01)	12.0	18.0	77.0	89.0	35.7	94.7	75.4	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	22.3	22.5	25.0	24.2	23.3	24.2	26.4	23.7	21.0	23.5	29.3
Long-Term Unemployed (000's)	1,336	1,356	1,483	1,428	1,392	1,499	2,060	3,979	1,196	1,974	2,901
Part-Time for Economic Reason (000's)	3,694	4,235	3,996	4,149	3,975	3,967	4,110	6,036	4,073	5,004	6,133

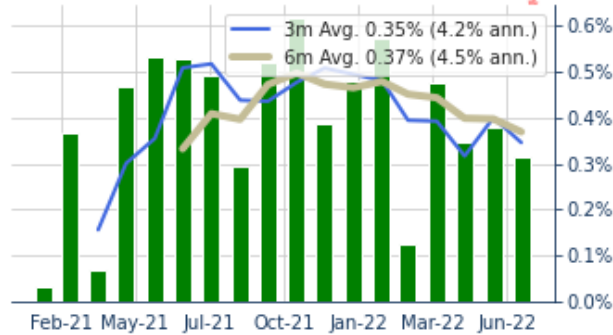
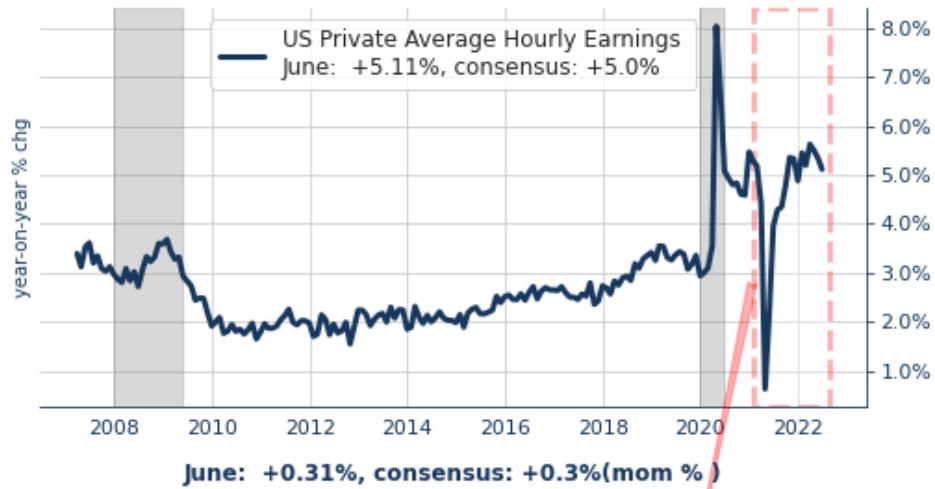
Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.

The Index of Aggregate Hours ROSE by 0.3%, combining the solid gain in private payroll employment and the steady workweek. **Hourly Earnings** ROSE by 0.3% in June, in line with market expectations. Hourly earnings are now 5.1% ABOVE their year-ago level.

Weekly Earnings also ROSE by 0.3%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 4.2% ABOVE their year-ago level.

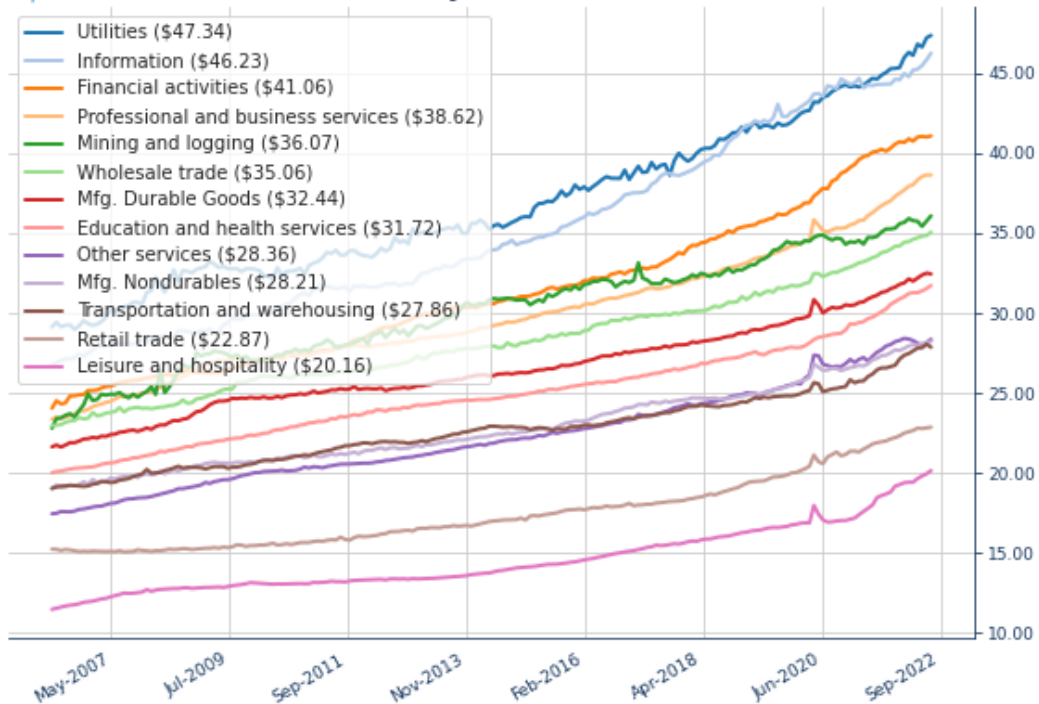
The Average Workweek was UNCHANGED at 34.5 hours, BELOW the market consensus of 34.6 hours.

US Private Average Hourly Earnings June: +5.11%, consensus: +5.0%

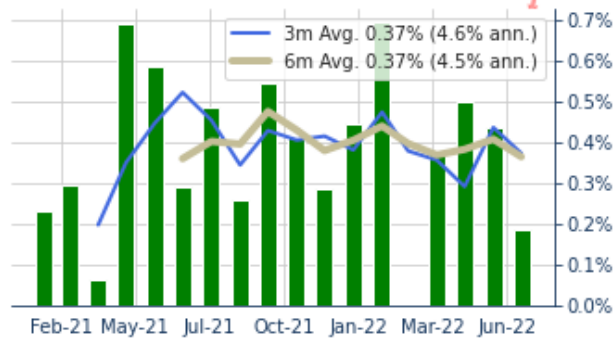


Contingent Macro Advisors 2022 source: US BLS via FRED

Average Hourly Earnings by sector

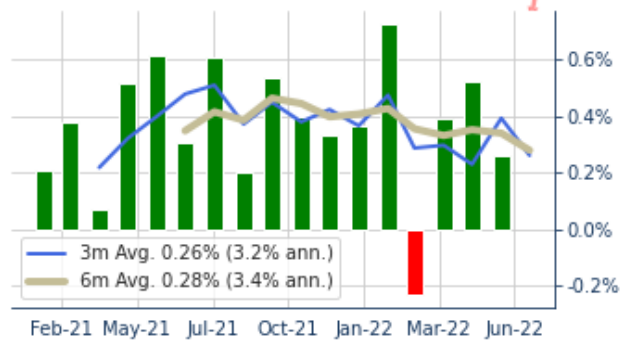


Avg Hrly Earnings - Goods-producing



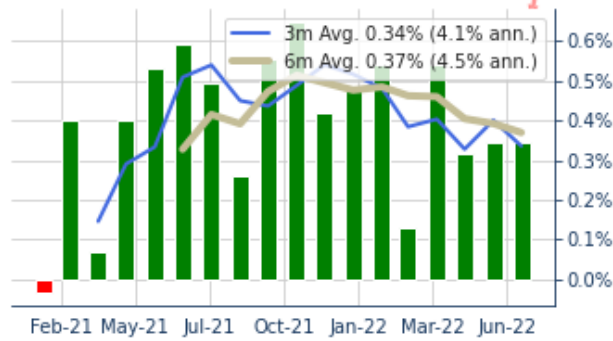
Contingent Macro Advisors 2022 source: US BLS via FRED

Avg Hrlly Earnings - Manufacturing



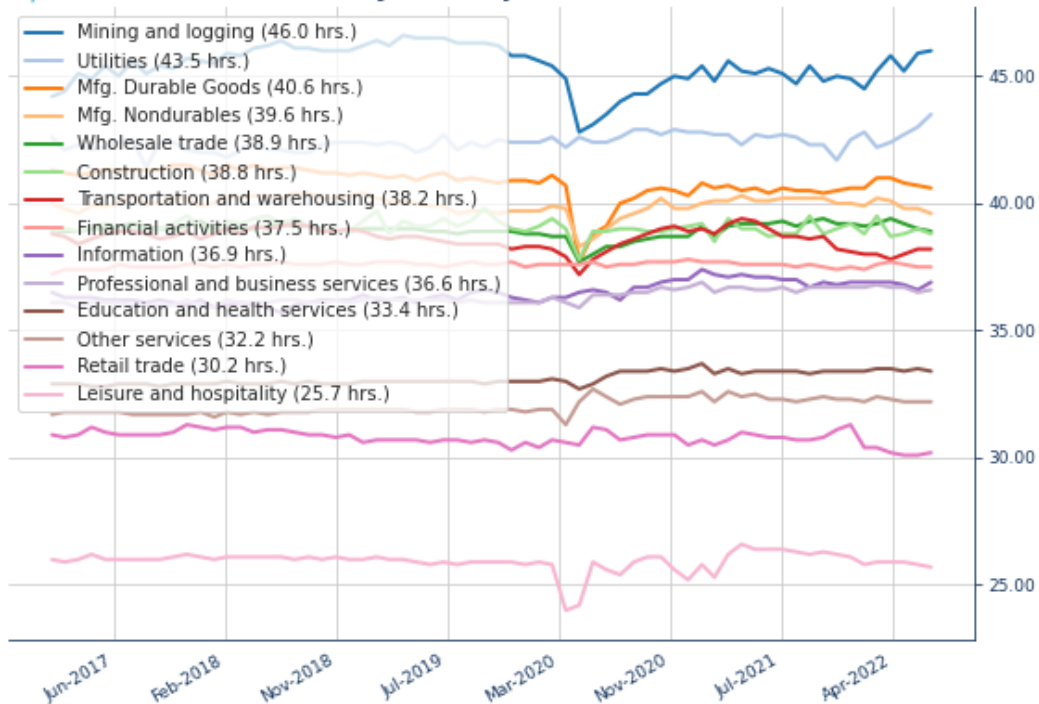
Contingent Macro Advisors 2022 source: US BLS via FRED

Avg Hrly Earnings - Private service-providing



Contingent Macro Advisors 2022 source: US BLS via FRED

Average Hours Worked by sector per week



	Jun-22	May-22	Apr-22	Mar-22	Annualized Averages for						
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Average Hourly Earnings	0.31%	0.4%	0.3%	0.5%	4.2%	4.5%	5.1%	2.9%	3.4%	3.5%	2.6%
<i>Prior Estimate</i>		0.3%	0.3%	0.5%							
Average Weekly Earnings	0.31%	0.1%	0.3%	0.2%	3.0%	2.7%	4.2%	2.3%	3.4%	3.7%	2.7%
Average Weekly Hours											
Total Private	34.5	34.5	34.6	34.6	34.5	34.6	34.7	34.2	33.5	33.7	33.7
<i>Prior Estimate</i>		34.6	34.6	34.7							
Goods Producing	39.9	40.0	40.0	40.1	40.0	40.1	40.0	39.9	40.1	40.2	40.3
Manufacturing	40.3	40.4	40.5	40.7	40.4	40.5	40.4	40.1	40.4	40.6	40.7
Overtime	3.2	3.3	3.3	3.4	3.3	3.3	3.3	3.2	3.2	3.3	3.4
Service Producing	33.5	33.5	33.5	33.6	33.5	33.5	33.6	33.7	33.2	33.3	33.3
Index of Aggregate Weekly Hours											
Total Private	0.3%	0.0%	0.3%	0.0%	2.2%	2.5%	4.1%	0.7%	1.8%	0.1%	0.9%
<i>Prior Estimate</i>		0.3%	0.3%	0.0%							
Goods Producing	0.0%	0.3%	0.0%	-0.3%	1.3%	3.0%	4.2%	-0.6%	3.3%	0.1%	0.9%
Manufacturing	0.0%	-0.1%	0.0%	0.4%	-0.4%	3.3%	4.2%	-1.2%	2.3%	-0.5%	0.2%
Service Producing	0.3%	0.3%	-0.1%	0.3%	2.1%	3.1%	4.1%	1.3%	1.4%	0.1%	1.0%

Source: Bureau of Labor Statistics, Department of Labor via Bloomberg. Our calculations.