

05.Aug.2022

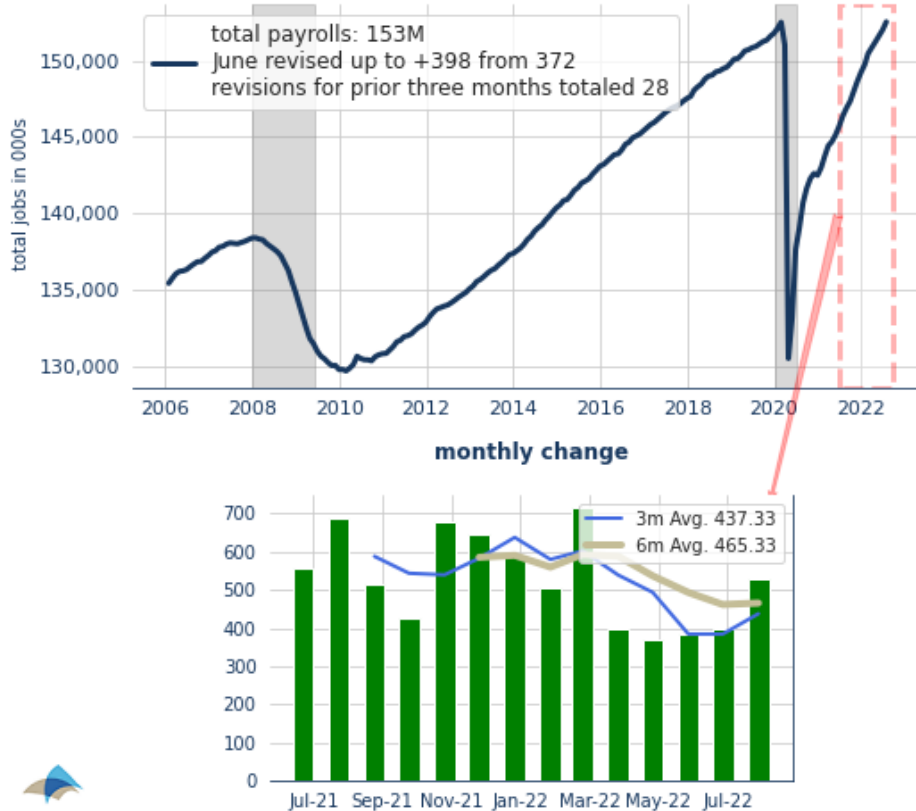
Employment: Strong Gains, Only Some Caveats

Bottom Line: Job gains were sharply stronger than expected in July, adding 528k jobs with stronger average hourly earnings. The household employment report (used to calculate the unemployment rate) showed gains of 179k, notably lower than the establishment survey amid high volatility in economic surveys since the pandemic. Moreover, seasonal factors biased the report higher as the education sector started hiring in July, with schools in many parts of the country starting earlier. The seasonal models expected an increase in August, and that may have biased this report higher by as much as 75 -100k.

Trends in average hourly earnings were showing signs of slowing, but this report suggests there has been a re-acceleration in the trend. The services sector has driven most of the recent gains, as evidenced by continued hiring in July and only a modest increase in the participation rate.

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 September, November, and probably December, with 75bp increases likely back on the table.

Total Nonfarm Payrolls July: +528, consensus: +250k



Contingent Macro Advisors 2022 source: BLS via FRED

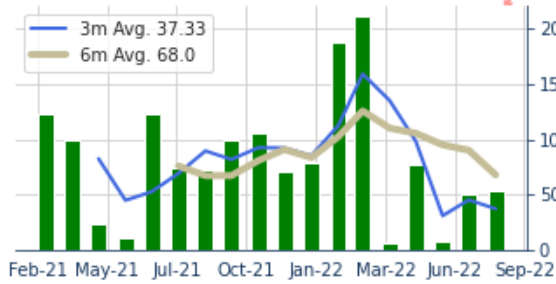
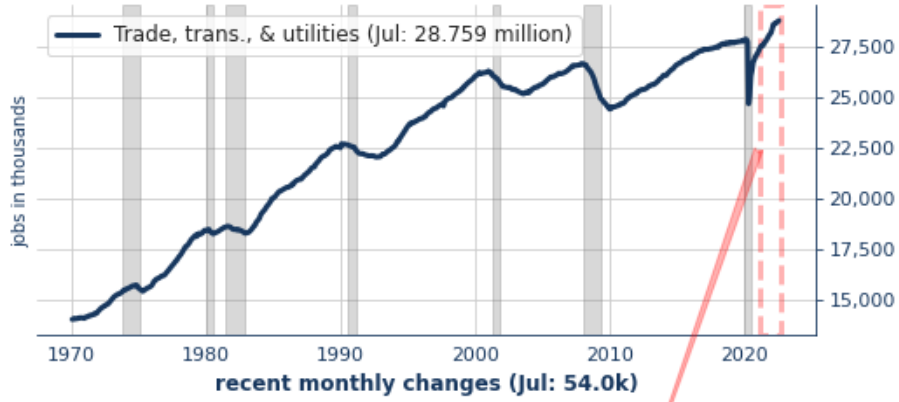
Payroll Employment rose by 528k in July, compared with market expectations for an increase of 265k. The prior 2 months were revised, higher in June by 26k and higher in May by 2k.

Government jobs ROSE by 57k. Consequently, private sector jobs ROSE by 471k. Private education jobs rose by 25k. State and Local education jobs rose by 31k. Overall employment is now 4.2% ABOVE its year-ago level, Over the past 12 months, 6,149k jobs have been created.

In July, the job gains were in

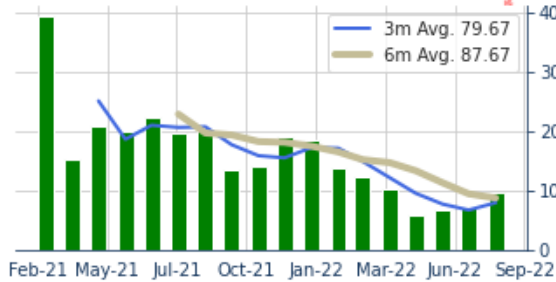
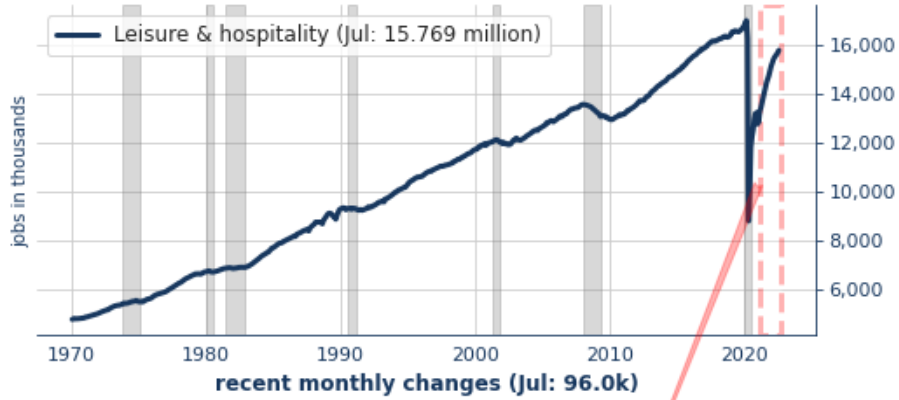
- Trade, Transportation & Utilities (+32k with 22k of those in Retail Trade),
- Professional & Business Services (+89k with the addition of 9.8k in Temp Help Services),
- Education & Health Services (+97k),
- Leisure & Hospitality (+96k),
- Government (+57k),
- Construction (+32k),
- Manufacturing (+30k), and
- Other Services (+15k).

Trade, trans., & utilities



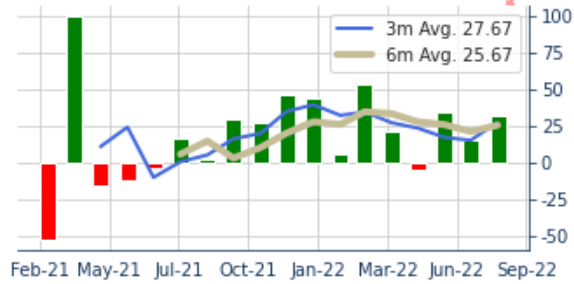
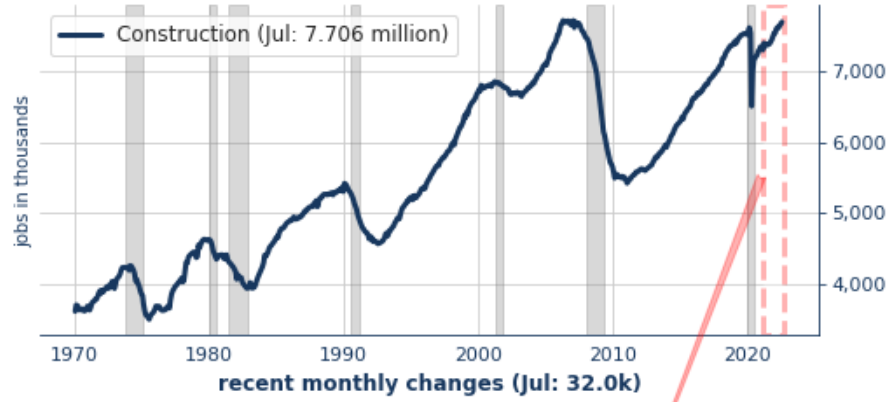
Contingent Macro Advisors 2022 source: US BLS

Leisure & hospitality



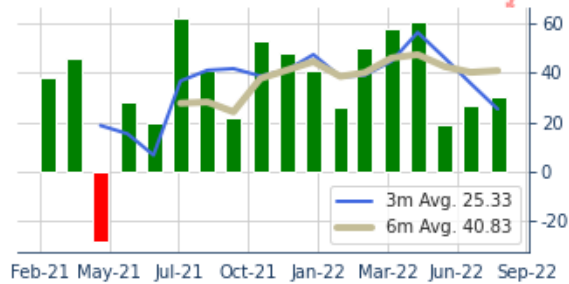
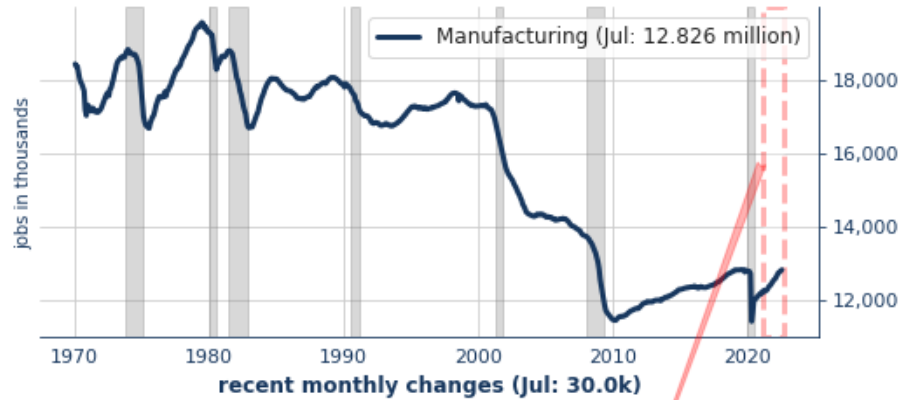
Contingent Macro Advisors 2022 source: US BLS

Construction



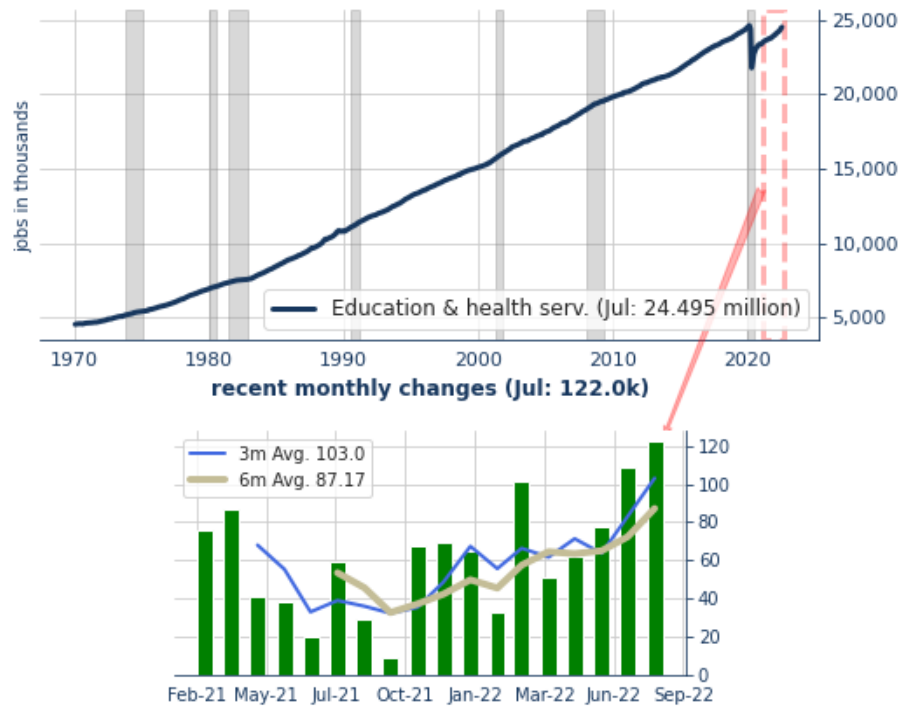
Contingent Macro Advisors 2022 source: US BLS

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	Jul-22	Jun-22	May-22	Apr-22	3m. avg.	6m. avg.	12m. avg.	2021	Avg Mo. prior 5 yrs.
Total nonfarm	528.000	398.000	386.000	368.000	437.300	465.300	512.400	561.917	63.700
Trade, trans., & utilities	54.000	50.000	8.000	78.000	37.300	68.000	85.300	83.750	13.800
Education & health serv.	122.000	109.000	78.000	62.000	103.000	87.200	66.300	49.083	16.800
Prof. & business serv.	89.000	91.000	69.000	40.000	83.000	78.300	96.100	94.333	25.600
Government	57.000	-6.000	55.000	0.000	35.300	21.500	17.200	37.500	-2.700
Leisure & hospitality	96.000	74.000	69.000	59.000	79.700	87.700	126.500	196.333	-12.300
Manufacturing	30.000	27.000	19.000	61.000	25.300	40.800	39.700	30.417	3.300
Financial activities	13.000	6.000	10.000	31.000	9.700	16.700	16.100	11.833	8.200
Construction	32.000	16.000	35.000	-5.000	27.700	25.700	25.900	15.750	12.100
Other serv.	15.000	-1.000	10.000	13.000	8.000	15.000	18.900	23.750	-1.800
Information	13.000	24.000	26.000	21.000	21.000	17.000	14.900	16.167	1.700
Mining & logging	7.000	8.000	7.000	8.000	7.300	7.500	5.500	3.000	-1.000

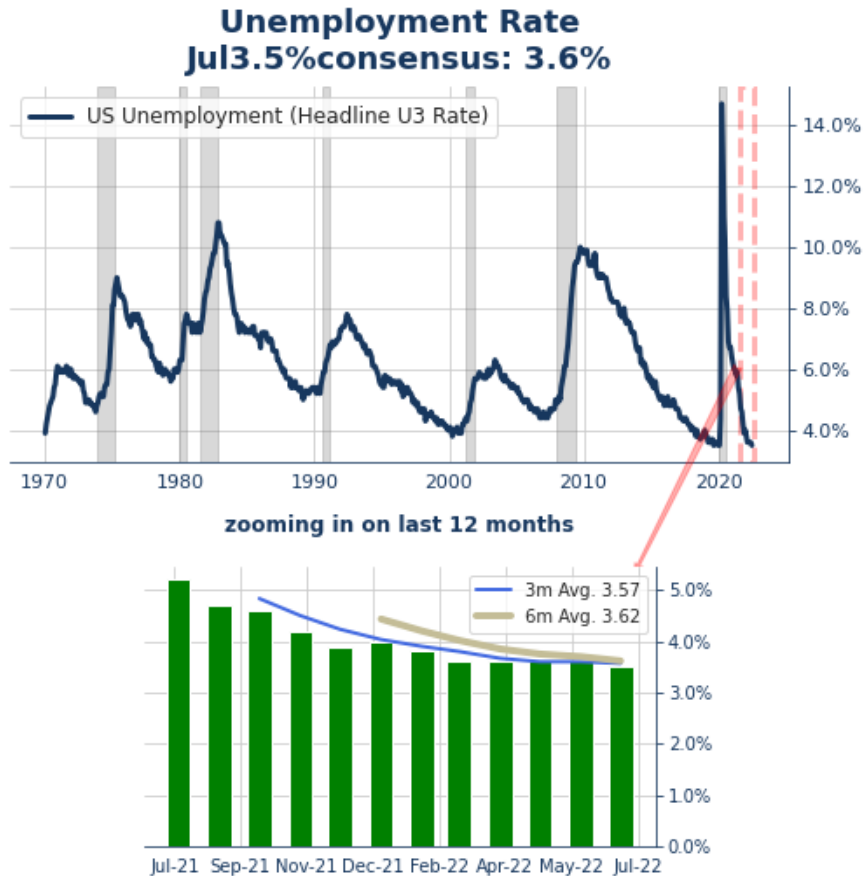
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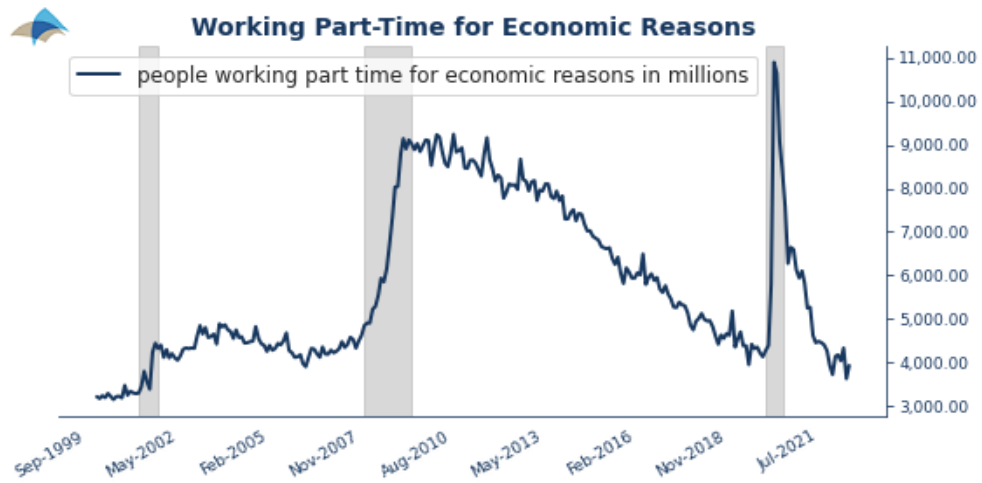
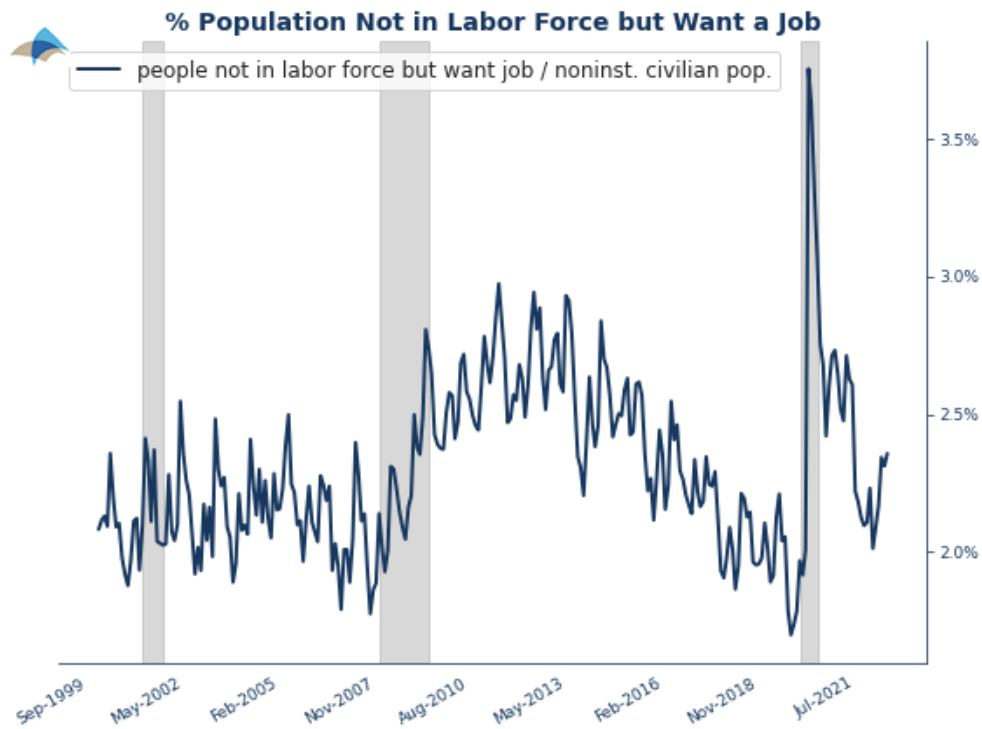
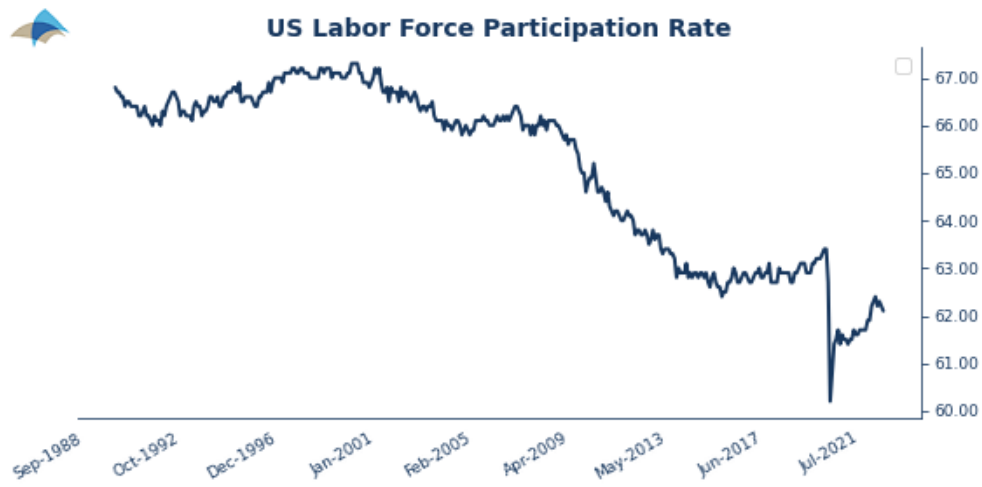
The Unemployment Rate FELL by 0.1 percentage points in July to 3.5%, compared with market expectations for a small decline to 3.5%.

Household employment rose by 179k while the labor force declined by 63k, resulting in a decrease in the number of unemployed of 242k.

The Labor Force Participation Rate FELL by 0.1 percentage points to 62.1%.

The Employment-Population Ratio ROSE by 0.1 percentage points to 60.0%. The number of people Working Part-Time for Economic Reasons ROSE by 194k to 3,888k. while Long-Term Unemployment FELL by 269k to 1,067k (accounting for 18.8% of the unemployed), while the Mean Duration of Unemployment FELL by 0.2 weeks to 22.1 weeks. There are now 5.7 million people officially unemployed. In addition, there are another 5,910k people who say they want a job but are not currently looking for one. Finally, another 3,888k people are working part-time because of slack economic conditions.







Mean Duration of Unemployment



Mean Duration of Unemployment



	Average for										
	Jul-22	Jun-22	May-22	Apr-22	Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years
Unemployment Rate	3.5%	3.6%	3.6%	3.6%	3.6%	3.6%	4.0%	8.1%	3.7%	5.0%	6.1%
Civilian Labor Force (mln.)	164.0	164.0	164.4	164.0	164.1	164.1	163.1	164.6	163.1		
Change (thousands)	-63	-353	330	-363	-29	46	215	124	218	138	96
Household Employment (mln.)	158.3	158.1	158.4	158.1	158.3	158.2	156.6	149.9	158.8		
Change (thousands)	179	-315	321	-353	62	186	466	167	239	186	173
Unemployed (mln.)	5.7	5.9	6.0	5.9	5.8	5.9	6.6	10.8	5.9	7.4	9.0
Change (thousands)	-242	-38	9	-11	-90	-141	-250	-43	-21	-48	-77
Not in the Labor Force (mln.)	100.1	99.8	99.3	99.5	99.7	99.5	99.8	100.6	95.5	96.5	93.6
Currently wants a job (mln.)	5.9	5.7	5.7	5.9	5.7	5.7	5.7	7.3	4.8	5.7	6.0
Adjusted Unemployment Rate	6.8%	6.8%	6.8%	6.9%	6.8%	6.9%	7.3%	10.8%	6.3%	7.8%	9.1%
Not at work due to weather ('01)	0.0	12.0	18.0	77.0	10.0	59.5	70.6	111.0	112.0	137.8	144.6
Mean Duration (in weeks)	22.1	22.3	22.5	25.0	22.3	23.8	25.8	23.7	21.0	23.5	29.3
Long-Term Unemployed ('000's)	1,067	1,336	1,356	1,483	1,253	1,395	1,864	3,979	1,196	1,974	2,901
Part-Time for Economic Reasons ('000's)	3,888	3,694	4,235	3,996	3,939	4,011	4,071	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 0.4%, combining the solid gain in private payroll employment and the steady workweek.

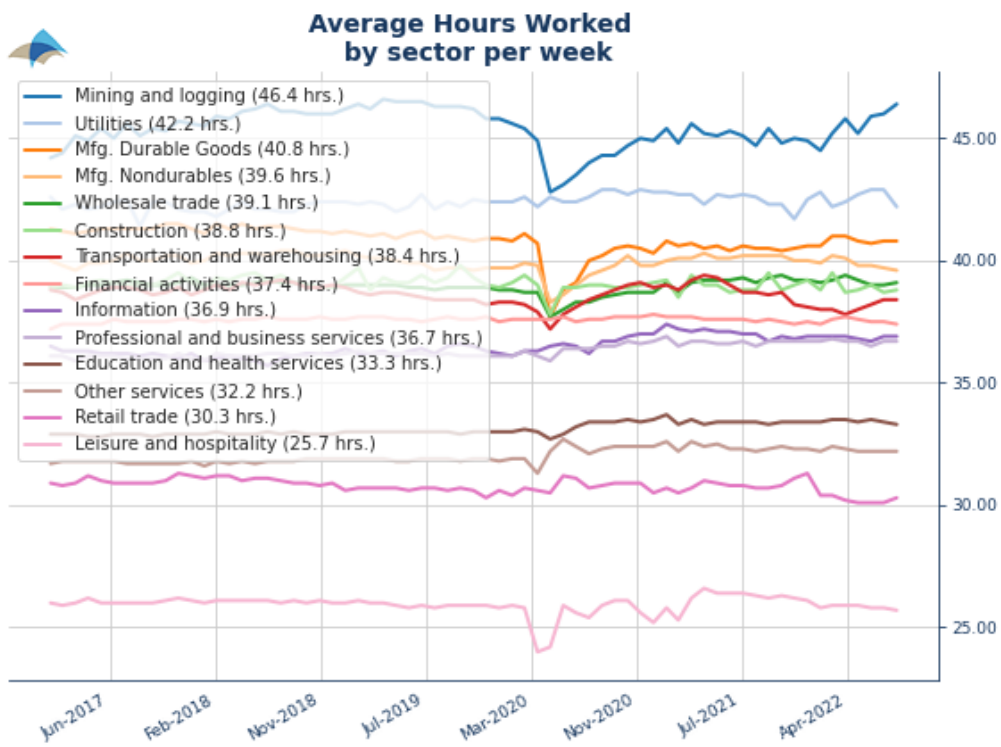
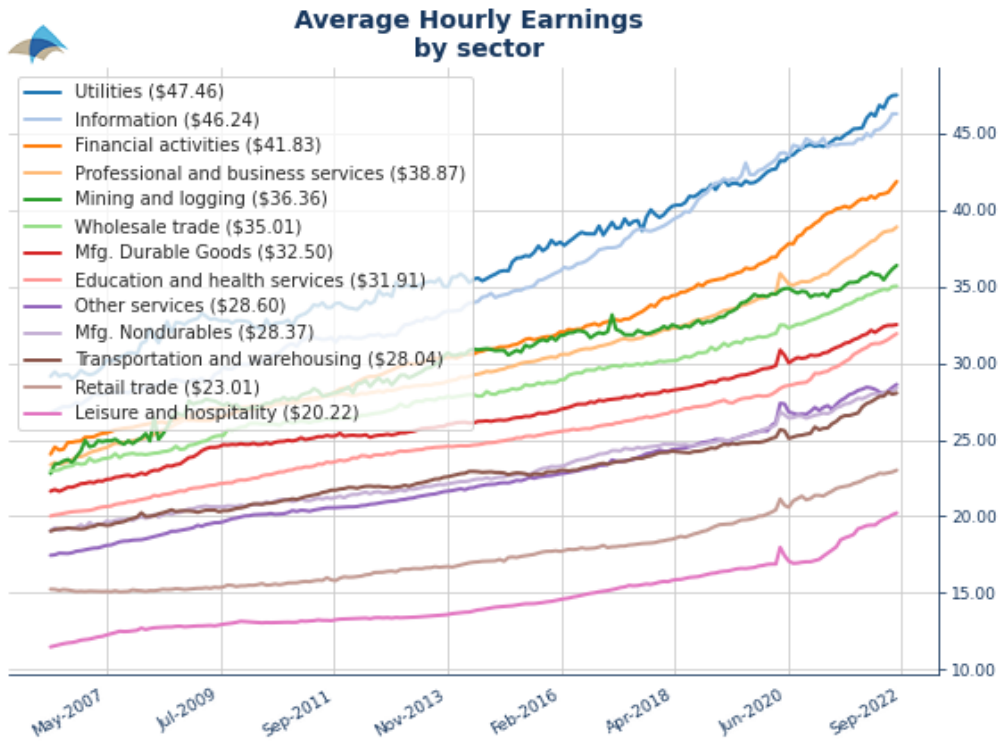
Hourly Earnings ROSE by 0.5% in July, above market expectations of 0.4%. Hourly earnings are now 5.2% ABOVE their year-ago level.

Weekly Earnings also ROSE by 0.5%, the result of the change in hourly earnings and a steady workweek. Weekly earnings are now 4.6% ABOVE their year-ago level.

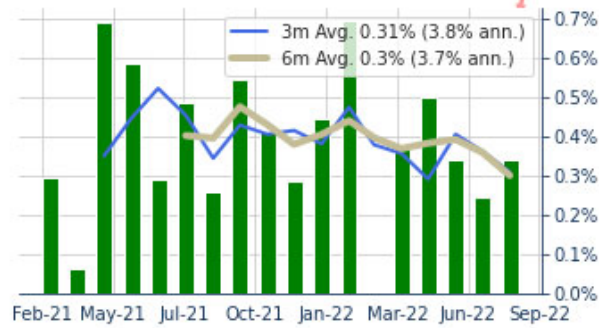
The Average Workweek was UNCHANGED at 34.6 hours, BELOW the market consensus at 34.7 hours.



Contingent Macro Advisors 2022 source: US BLS via FRED

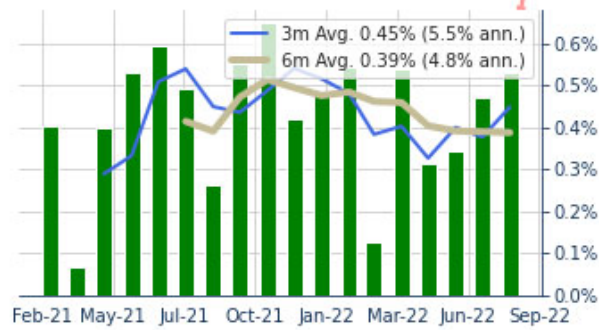


Avg Hrly Earnings - Goods-producing



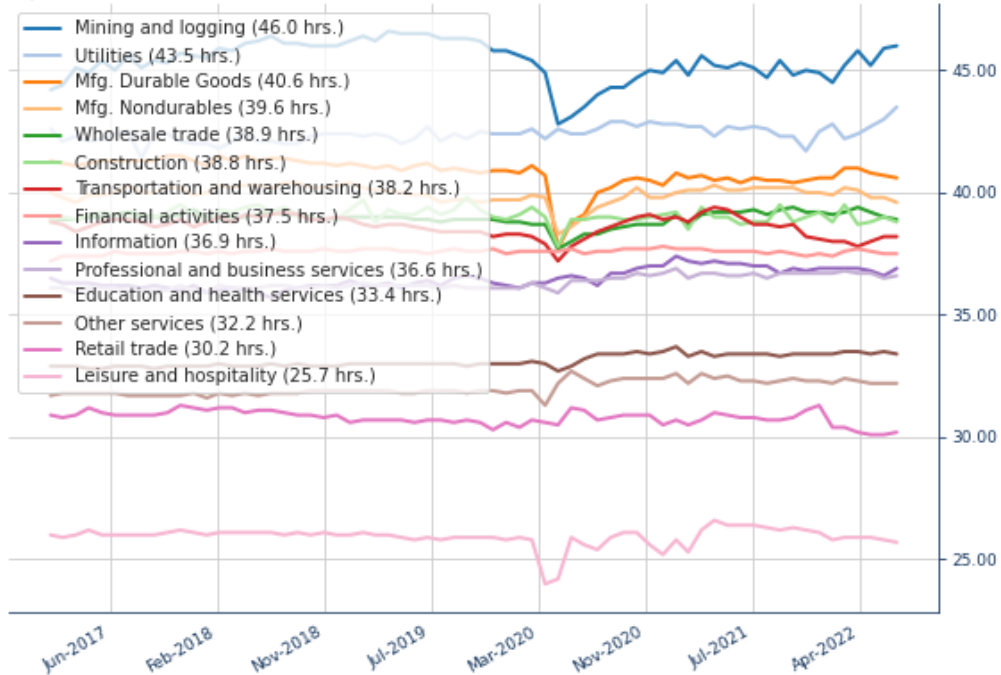
Contingent Macro Advisors 2022 source: US BLS via FRED

Avg Hrlly Earnings - Private service-providing



Contingent Macro Advisors 2022 source: US BLS via FRED

Average Hours Worked by sector per week



	Jul-22	Jun-22	May-22	Apr-22	Annualized Averages for							
					Three Months	Six Months	Twelve Months	2020	2019	Five Years	Ten Years	
Average Hourly Earnings	0.47%	0.4%	0.4%	0.3%	5.2%	4.5%	5.2%	2.9%	3.4%	3.5%	2.6%	
<i>Prior Estimate</i>		0.3%	0.4%	0.3%								
Average Weekly Earnings	0.47%	0.4%	0.4%	0.3%	5.2%	4.5%	4.6%	2.3%	3.4%	3.7%	2.7%	
Average Weekly Hours												
Total Private	34.6	34.6	34.6	34.6	34.6	34.6	34.7	34.2	33.5	33.7	33.7	
<i>Prior Estimate</i>		34.6	34.6	34.7								
Goods Producing	40.0	39.9	40.0	40.0	40.0	40.1	40.0	39.9	40.1	40.2	40.3	
Manufacturing	40.4	40.4	40.4	40.5	40.4	40.5	40.4	40.1	40.4	40.6	40.7	
Overtime	0.0	3.2	3.3	3.3	2.2	2.8	3.0	3.2	3.2	3.3	3.4	
Service Producing	33.5	33.5	33.5	33.5	33.5	33.5	33.6	33.7	33.2	33.3	33.3	
Index of Aggregate Weekly Hours												
Total Private	0.4%	0.3%	0.3%	0.3%	3.6%	4.2%	4.1%	0.7%	1.8%	0.1%	0.9%	
<i>Prior Estimate</i>		0.3%	0.0%	0.3%								
Goods Producing	0.6%	0.0%	0.3%	0.0%	3.8%	4.9%	4.2%	-0.6%	3.3%	0.1%	0.9%	
Manufacturing	0.2%	0.2%	-0.1%	0.0%	1.3%	4.4%	3.6%	-1.2%	2.3%	-0.5%	0.2%	
Service Producing	0.4%	0.3%	0.3%	-0.1%	4.2%	4.2%	4.0%	1.3%	1.4%	0.1%	1.0%	

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