

03.Feb.2023

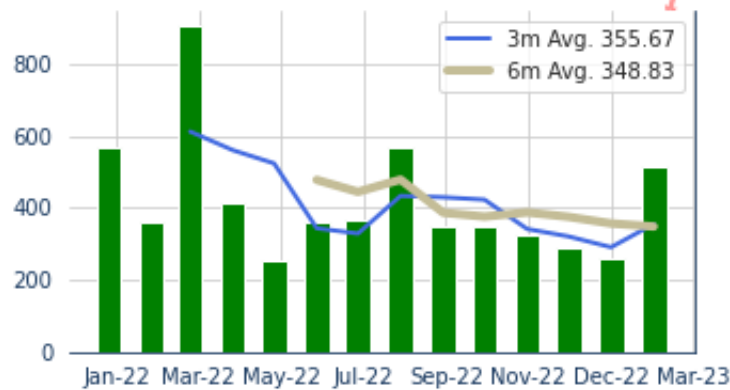
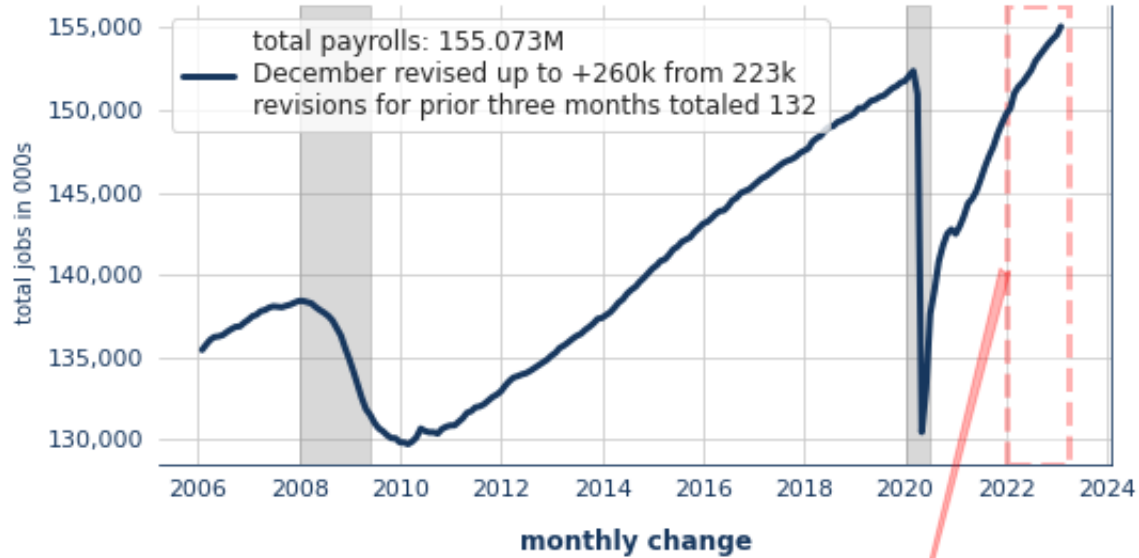
Employment: Huge Gains, Seasonal Caveats, Wages Moderate

Bottom Line: Nonfarm payrolls rose sharply more than expected in January, jumping 517k with positive revisions to previously reported data. Seasonal adjustments, always big in January, had an even larger than usual upward impact, likely adding over 200k to the headline figure. Seasonal adjustments have remained very difficult since the pandemic. The household employment report also jumped sharply, rising nearly 900k, with a nearly commensurate increase in the labor force, dropping the unemployment rate a tenth to 3.4%, a 50+ year low. The average workweek jumped, pushing up the total paycheck of the economy, while average hourly earnings decelerated to 0.3%, more in line with pre-pandemic trends.

Overall, this was a solid report, skewed higher by difficult season adjustments, but still indicative of a strong labor market. That said, even if we make no adjustments for the seasonals, the trend rate of job creation was still decelerating modestly, with the six-month average of gains still below that of the last year. Moreover, the trend in average hourly earnings should prove encouraging for Fed officials worried about wage inflation.

Total Nonfarm Payrolls

January: +517.0k, consensus: +190k



Contingent Macro Advisors 2023 source: BLS via FRED

Payroll Employment rose by 517k in January, compared with market expectations for an increase of 188k. The prior 2 months were revised, higher in December by 37k and higher in November by 34k. **Government jobs ROSE** by 74k. Consequently, private sector jobs ROSE by 443k. Overall employment is now 3.3% ABOVE its year-ago level.

In January, the job gains were in:

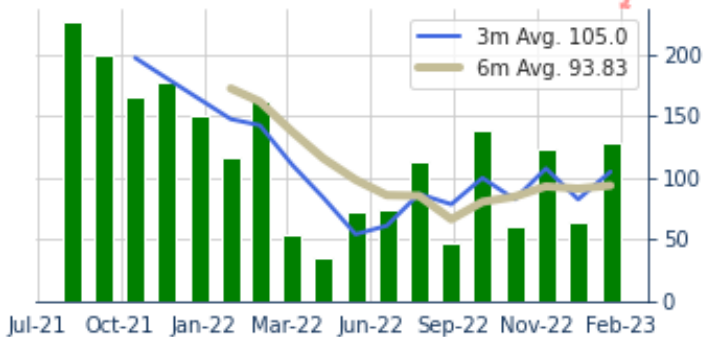
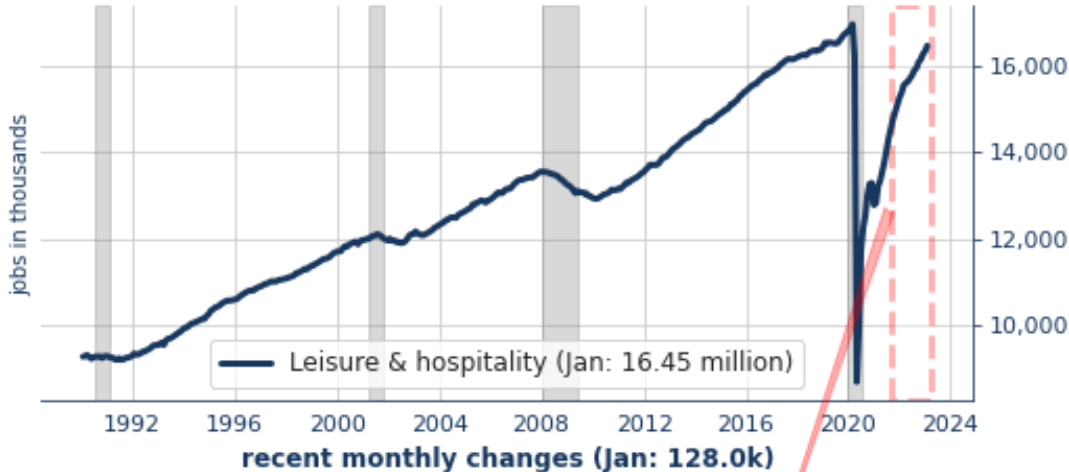
- Trade, Transportation & Utilities (+33k with 30k of those in Retail Trade),
- Professional & Business Services (+82k with the addition of 25.9k in Temp Help Services),
- Leisure & Hospitality (+128k),
- Education & Health Services (+79k),
- Government (+74k),
- Construction (+25k),

- Manufacturing (+19k), and Other Services (+18k).
- Jobs were shed in Information (-5k).



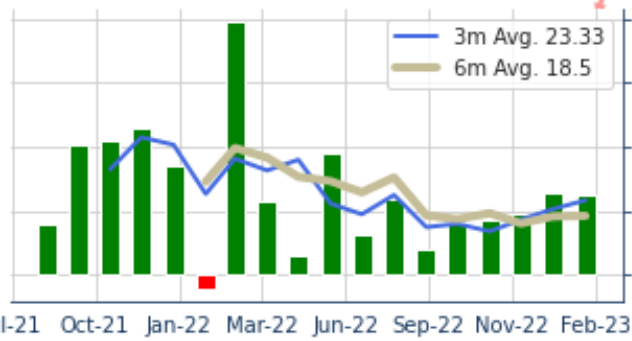
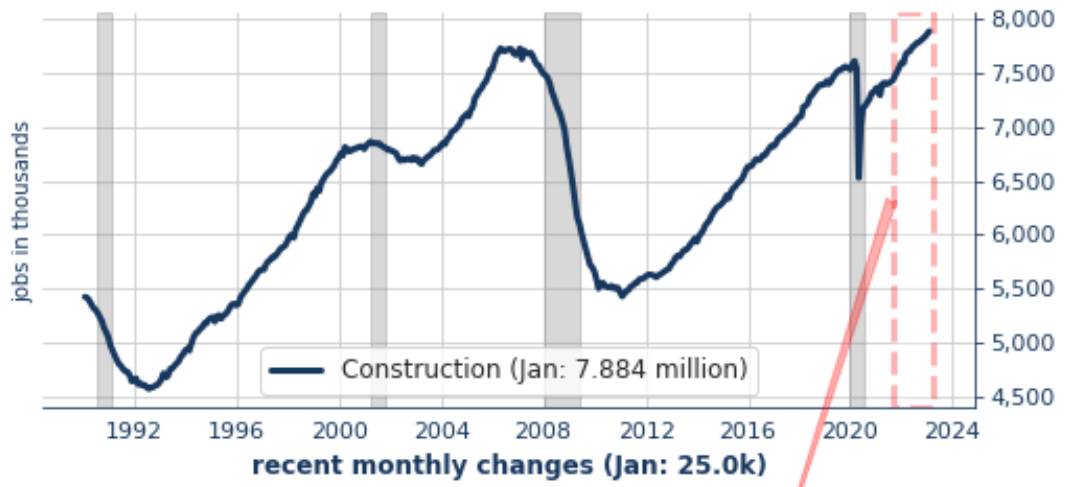
Contingent Macro Advisors 2023 source: US BLS

Leisure & hospitality

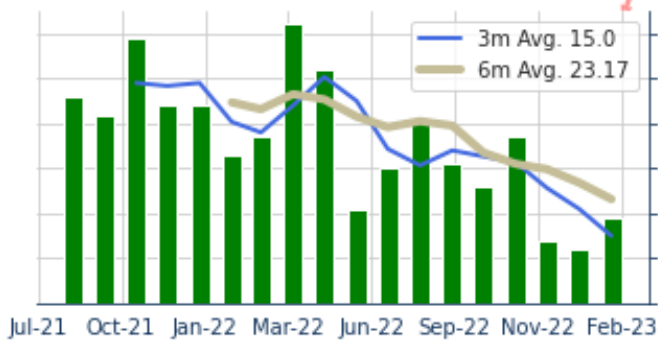
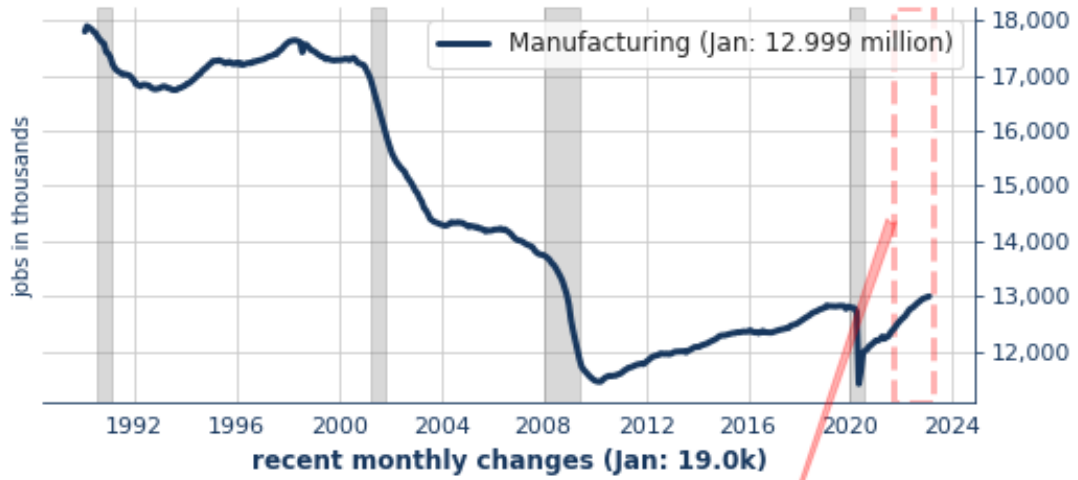


Contingent Macro Advisors 2023 source: US BLS

Construction

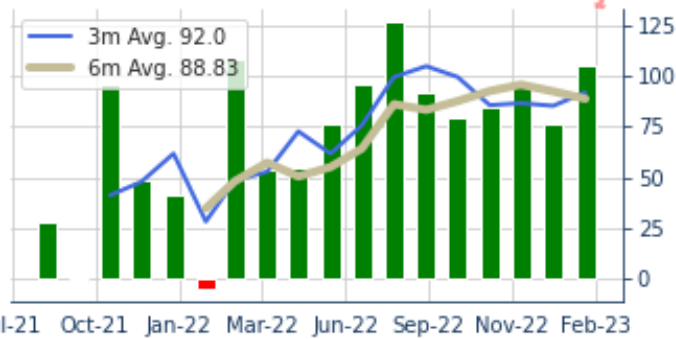
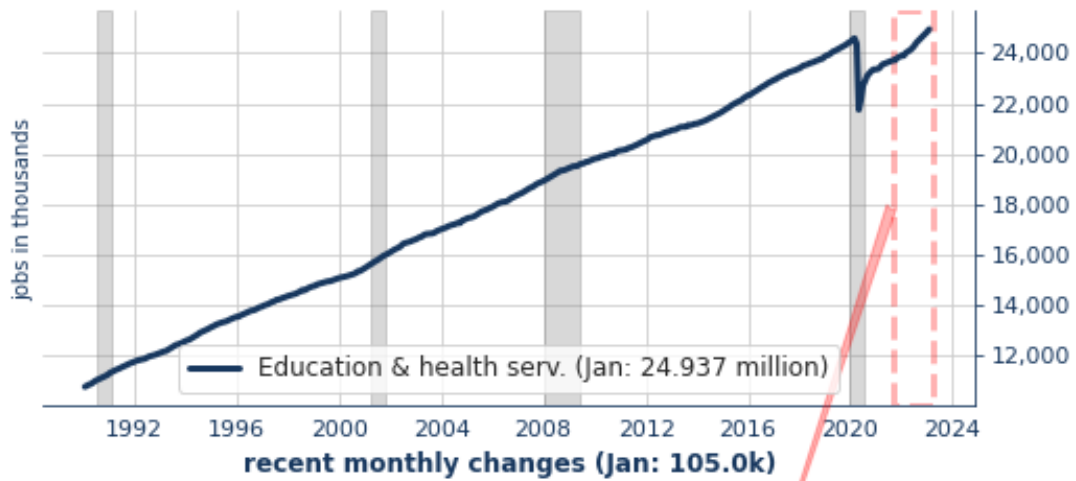


Manufacturing



Contingent Macro Advisors 2023 source: US BLS

Education & health serv.



Contingent Macro Advisors 2023 source: US BLS

Change in US Employment - Major Sectors in 000s	Jan-23	Dec-22	3m. avg.	6m. avg.	12m. avg.	2022	5y
Total nonfarm (155.1Mil. jobs)	517.00	260.00	355.70	348.80	413.90	401.17	123.40
Trade, trans., & utilities (28.8Mil.)	63.00	25.00	1.30	17.00	44.20	47.25	24.00
Education & health serv. (24.9Mil.)	105.00	76.00	92.00	88.80	87.50	78.33	25.00
Prof. & business serv. (22.9Mil.)	82.00	39.00	40.30	42.20	62.30	63.42	35.40
Government (22.4Mil.)	74.00	-9.00	42.30	34.00	26.20	21.58	0.20
Leisure & hospitality (16.4Mil.)	128.00	64.00	105.00	93.80	89.70	88.67	4.00
Manufacturing (13.0Mil.)	19.00	12.00	15.00	23.20	31.80	33.00	7.30

Financial activities (9.1Mil.)	6.00	11.00	9.30	9.50	14.40	14.42	10.20
Construction (7.9Mil.)	25.00	26.00	23.30	18.50	24.50	22.08	13.20
Information (3.1Mil.)	-5.00	-5.00	1.00	2.80	11.20	12.58	5.00
Mining & logging (0.6Mil.)	2.00	5.00	5.00	3.00	4.40	4.17	-1.20

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.



The Unemployment Rate FELL by 0.1 percentage points in January to 3.4%, compared with market expectations for a small increase to 3.6%. Household employment rose by 894k while the labor force increased by 866k, resulting in a decrease in the number of unemployed of 28k.

The Labor Force Participation Rate ROSE by 0.1 percentage points to 62.4%. **The Employment-Population Ratio** ROSE by 0.1 percentage points to 60.2%.

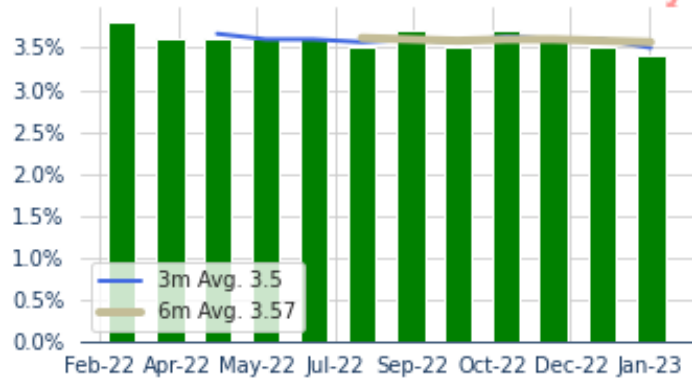
The number of people **Working Part-Time for Economic Reasons** ROSE by 149k to 3,959k. while Long-Term Unemployment ROSE by 42k to 1,111k (accounting for 19.5% of the unemployed), while the Mean Duration of Unemployment ROSE by 0.9 weeks to 20.4 weeks. There are now 5.7 million people officially unemployed. In addition, there are another 5,314k people who say they want a job but are not currently looking for one.

US Unemployment Rate

January: +3.4%, consensus: +3.6%

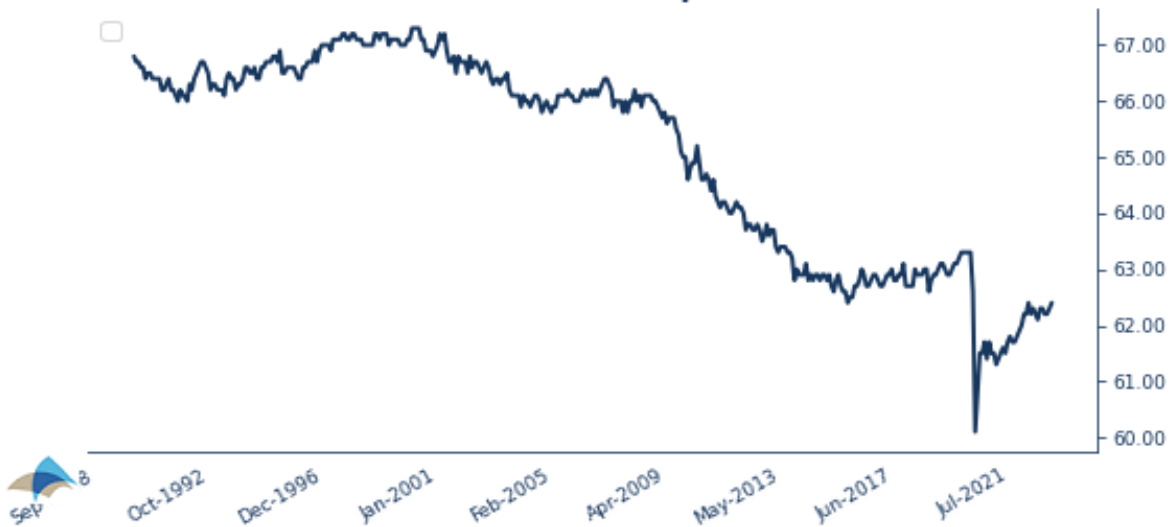


zooming in on last 12 months

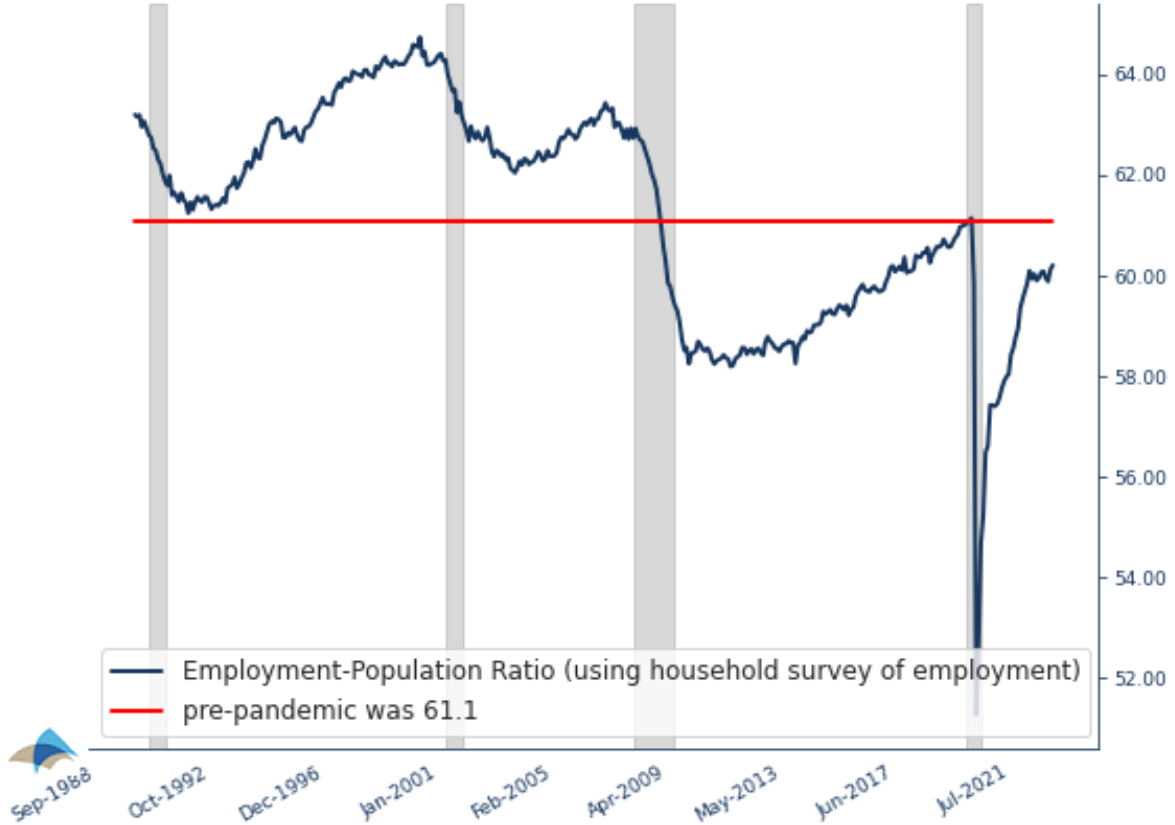


Contingent Macro Advisors 2023 source: US BLS

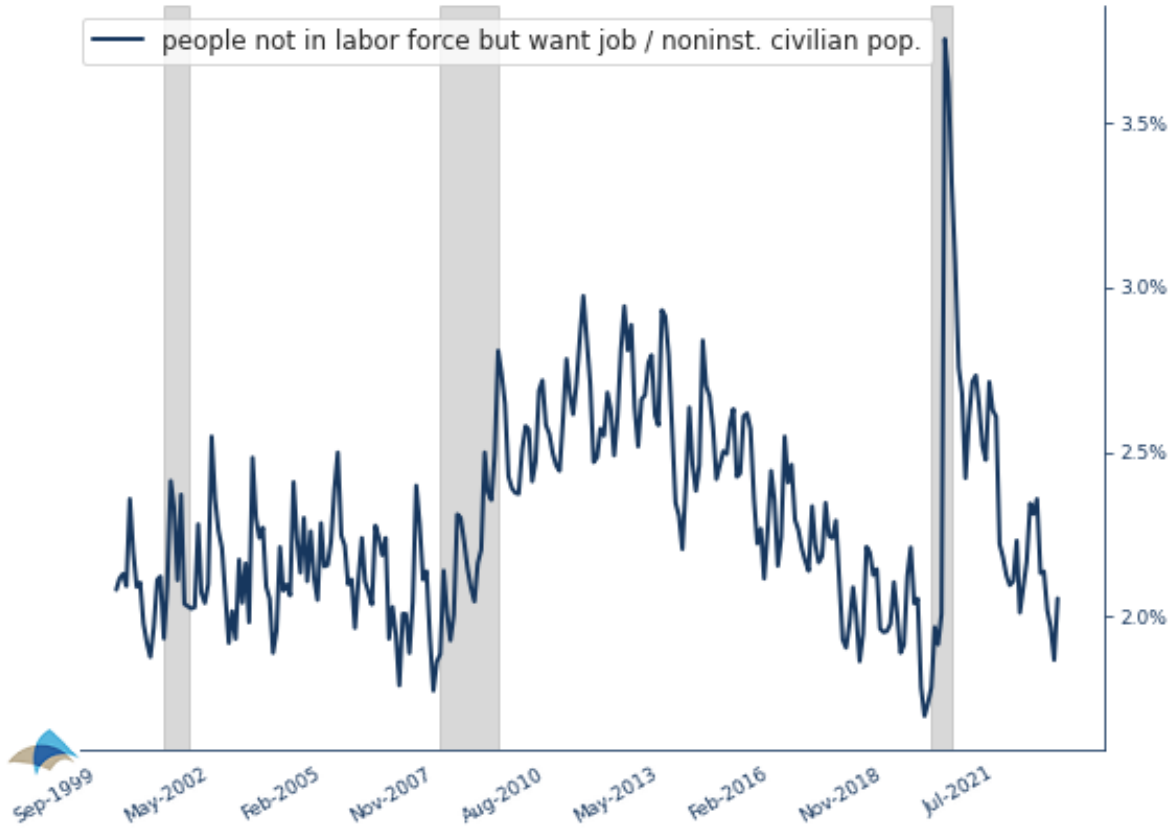
US Labor Force Participation Rate



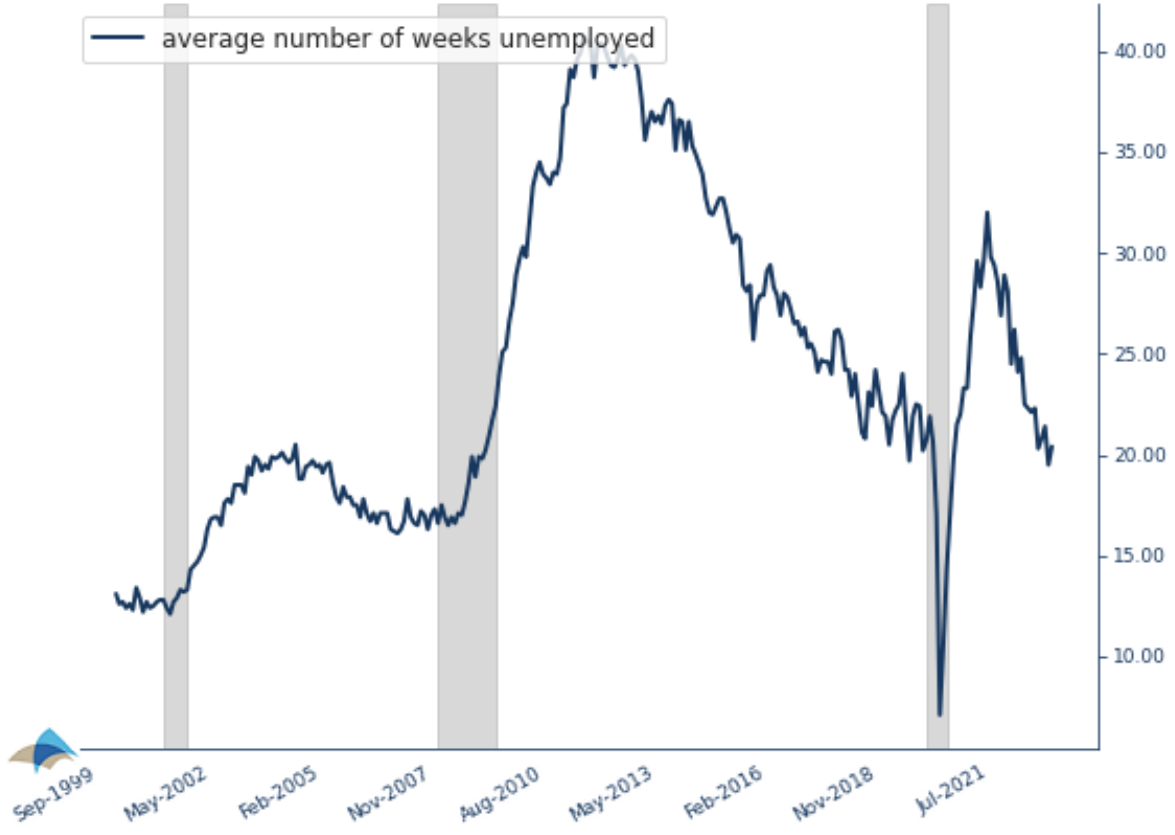
Employment-Population Ratio



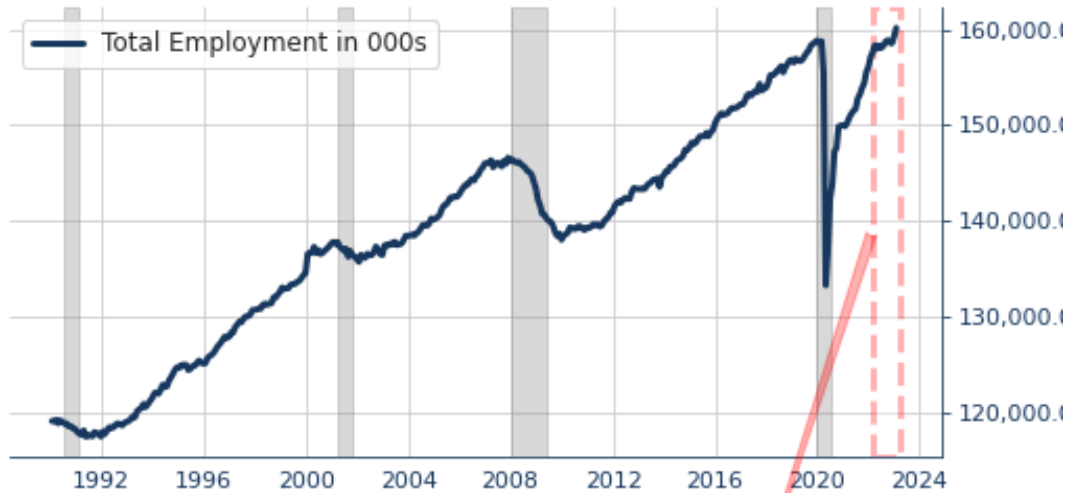
% Population Not in Labor Force but Want a Job



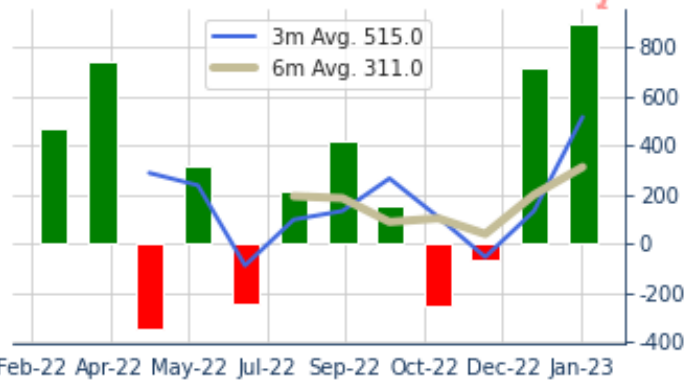
Mean Duration of Unemployment



Household Survey Total Employment



monthly change in 000s (Jan: 894k)



Contingent Macro Advisors 2023 source: US BLS

Unemployment	Jan-23	Dec-22	3m. avg.	6m. avg.	12m. avg.	2022	5y
US Unemployment Rate	3.40	3.50	3.50	3.60	3.60	3.64	4.90
Chg in Household Survey Employment (in 000s)	894.00	717.00	515.00	311.00	251.30	263.58	95.20
Chg in Labor Force (in 000s)	866.00	439.00	395.30	307.00	183.20	213.00	82.00
Participation Rate	62.40	62.30	62.30	62.30	62.30	62.24	62.30
U6 Unemployment Rate	6.60	6.50	6.60	6.70	6.80	6.87	8.90
Employment-Population Ratio	60.20	60.10	60.10	60.10	60.00	59.96	59.30
Mean Duration of Unemployment	20.40	19.50	20.40	20.80	22.20	22.57	22.70
Total Employment (Household Survey in mill)	160.14	159.24	159.30	159.00	158.50	158.30	154.50
US Population (civilian noninst. over 16 in mill.)	265.96	264.84	265.20	264.80	264.20	263.97	260.70

Working Part-Time for Economic Reasons (in mill)	4.05	3.88	3.90	3.90	4.00	3.93	5.00
Not in Labor Force - Want a Job (in mill)	5.47	4.95	5.20	5.40	5.60	5.64	5.90
Labor Force (in mill)	165.83	164.97	165.10	164.90	164.50	164.29	162.50

Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

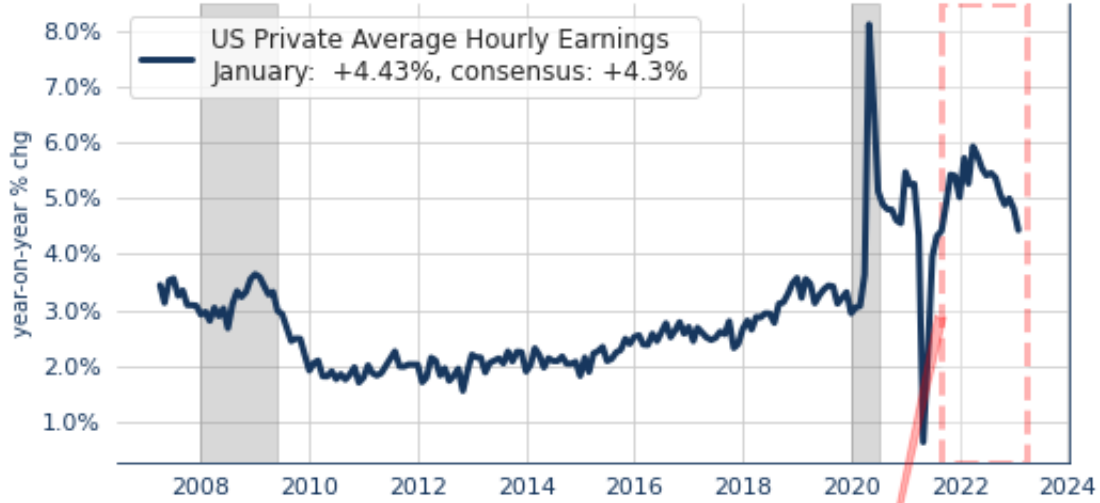
The Index of Aggregate Hours ROSE by 1.2%, combining the solid gain in private payroll employment and the longer workweek.

Hourly Earnings ROSE by 0.3% in January, in line with market expectations of 0.3%. Hourly earnings are now 4.4% ABOVE their year-ago level. **Weekly Earnings** also ROSE by 1.2%, resulting from the change in hourly earnings and a longer workweek. Weekly earnings are now 4.7% ABOVE their year-ago level.

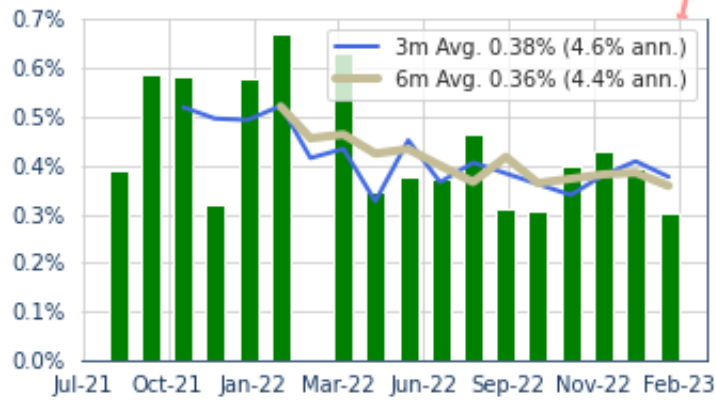
The Average Workweek ROSE by 0.3 to 34.7 hours, ABOVE the market consensus at 34.3 hours.

US Private Average Hourly Earnings

January: +4.43%, consensus: +4.3%

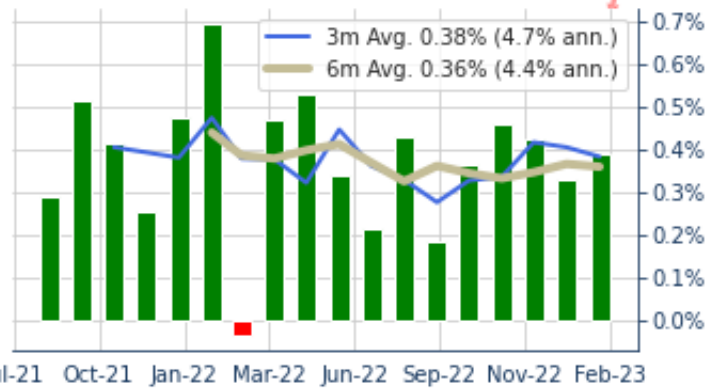


January: +0.3%, consensus: +0.3% (mom %)



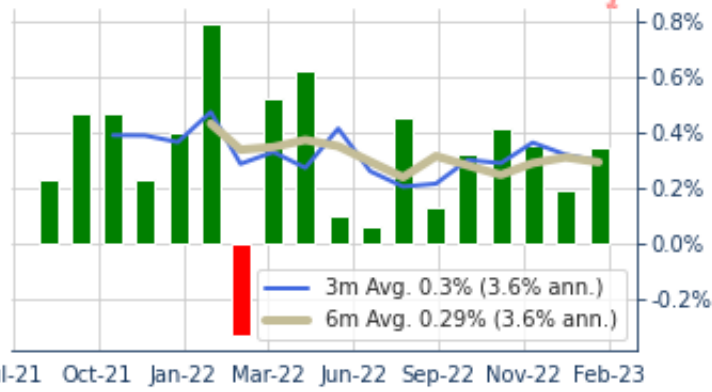
Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Goods-producing

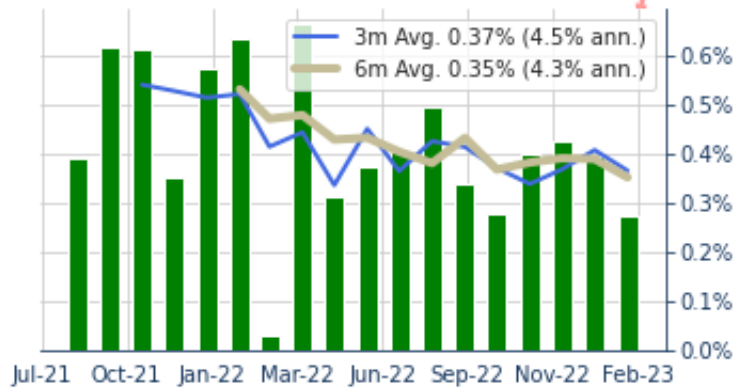
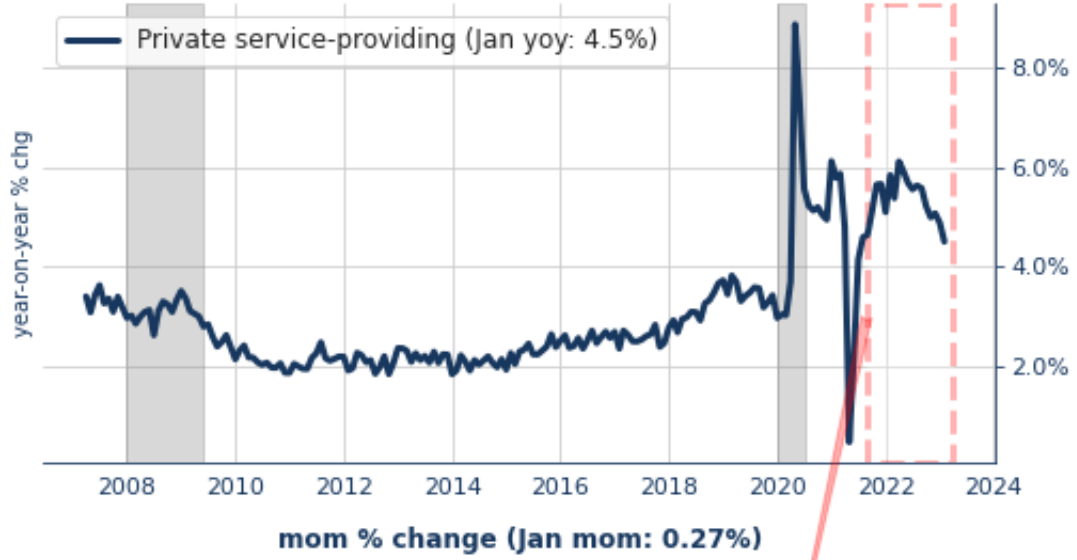


Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Manufacturing

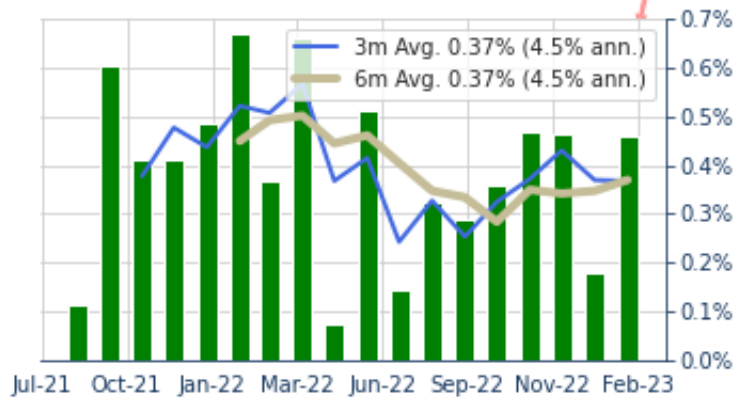
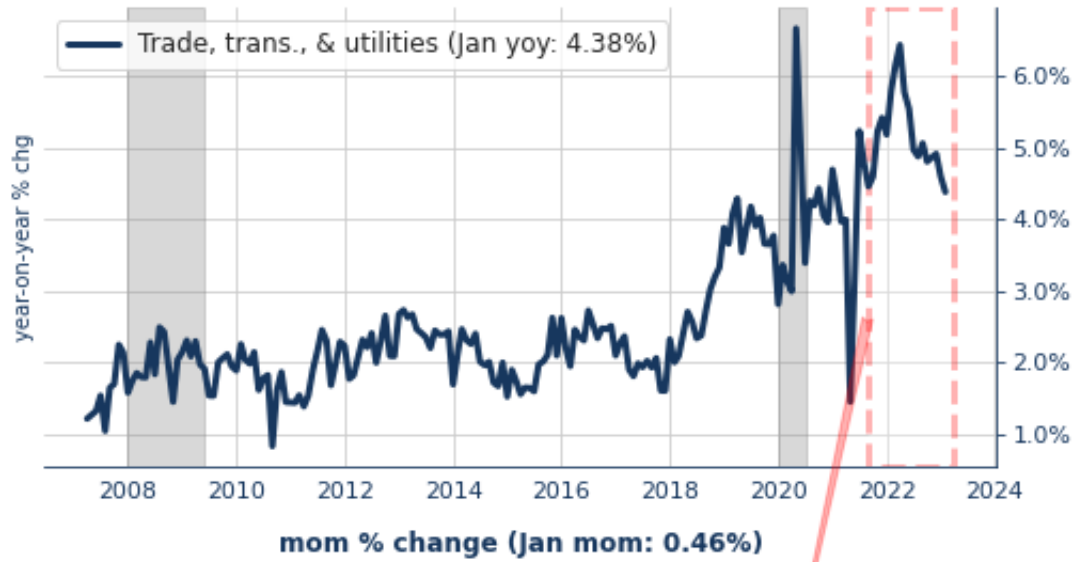


Avg Hrly Earnings - Private service-providing



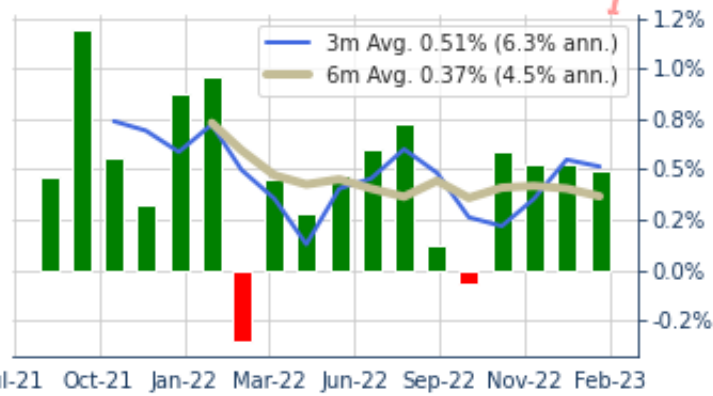
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Avg Hrly Earnings - Trade, trans., & utilities



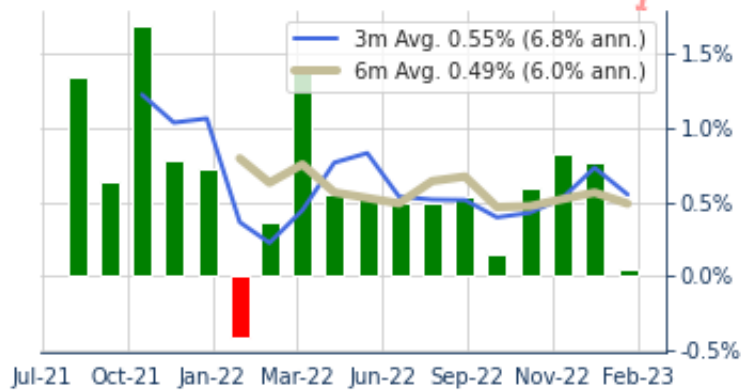
Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Education & health serv.



Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Leisure & hospitality



Contingent Macro Advisors 2023 source: US BLS via FRED