

02.Jun.2023

Employment: Robust Headlines, Details Less But Still Strong

Bottom Line: Nonfarm payrolls rose sharply more than expected in May, and there were positive revisions to prior months. The three-month average of payroll gains rose from 222k to 283k as the trend rate of job growth was stable at a robust pace. Education and health services hiring led the gains (countering the ADP survey), while professional and business services and the government sectors were also notably robust.

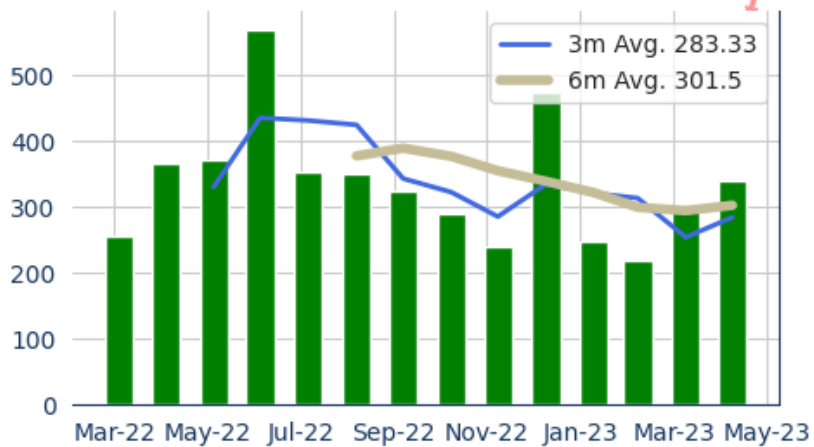
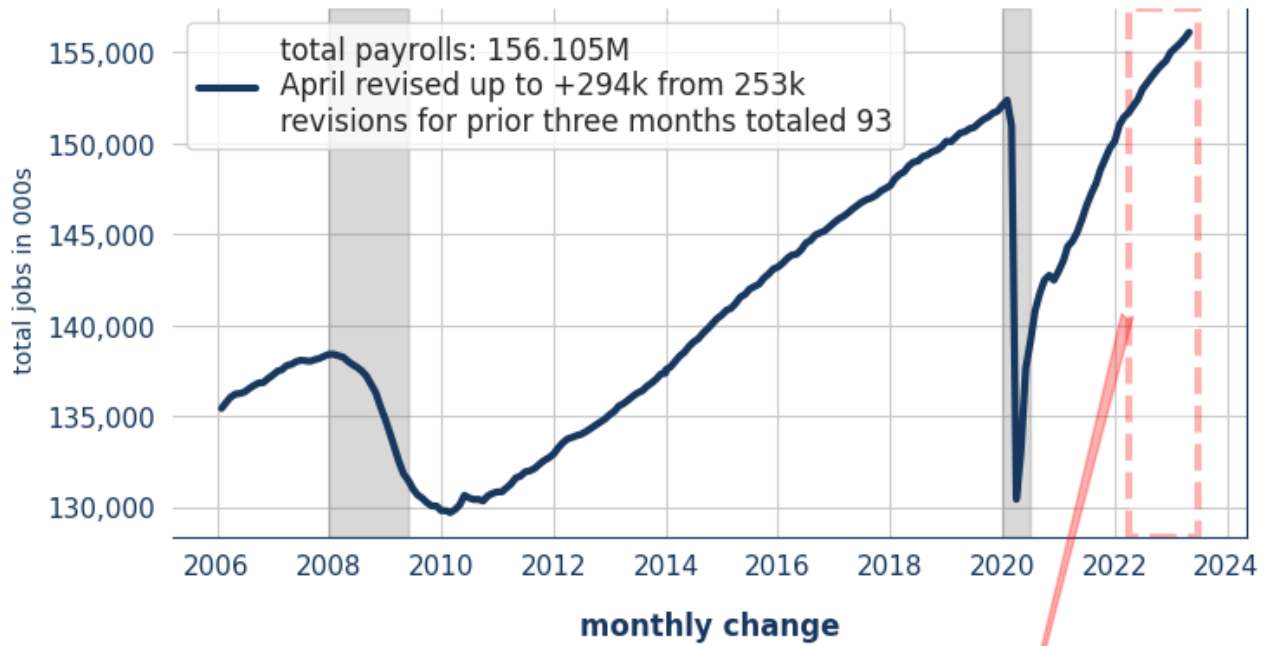
Countering the establishment survey for nonfarm payrolls, the household survey (used to calculate the unemployment rate) showed a sharp decline in employment, dropping -310k. With labor force participation unchanged, the unemployment rate spiked. Moreover, the trend in the household survey paints a much less rosy picture - three-month job gains have averaged just 135k, well below the six-month pace of 366k, suggesting a sharp deceleration. And the percentage of the population saying they want a job but aren't in the labor force rose sharply, something that usually happens in a recession.

Finally, average hourly earnings rose as expected, but the average number of hours worked in a week fell slightly, leaving weekly average earnings slightly lower. While something to watch, the number of hours worked per employee usually drops slightly as businesses add more workers. And the trend in average hourly earnings growth is proving sticky in the 4% annualized area.

Overall, this report was a touch less impressive than the headline but nonetheless exhibits signs of a historically tight labor market with only hints of cooling.

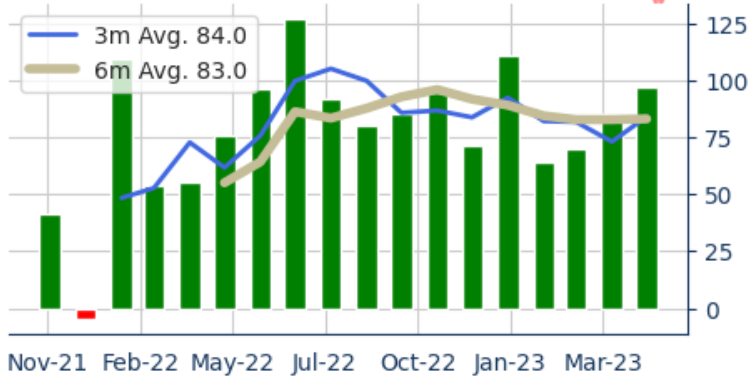
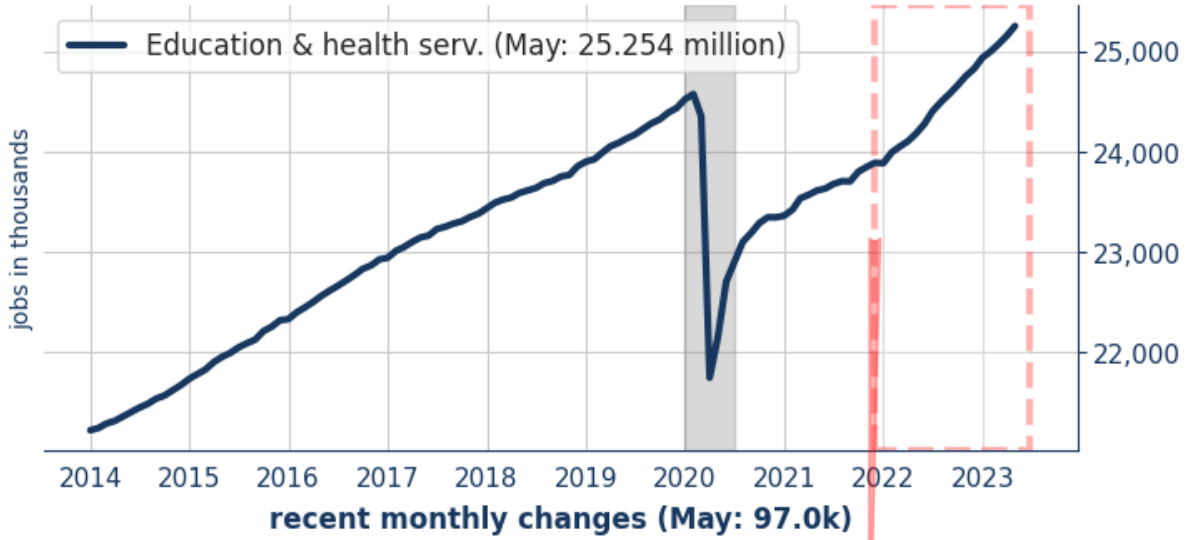
Total Nonfarm Payrolls

May: +339.0k, consensus: +195k



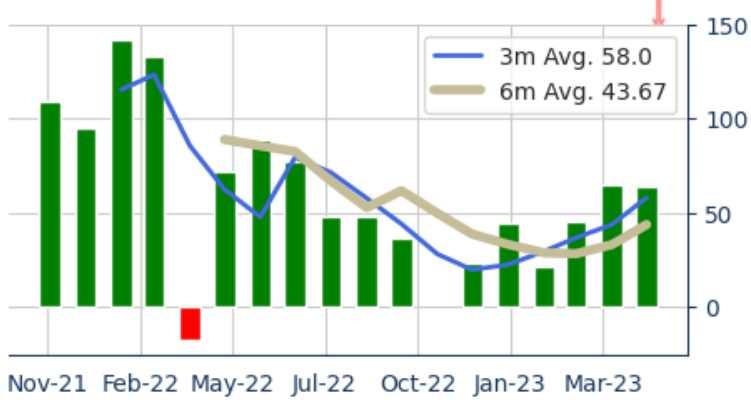
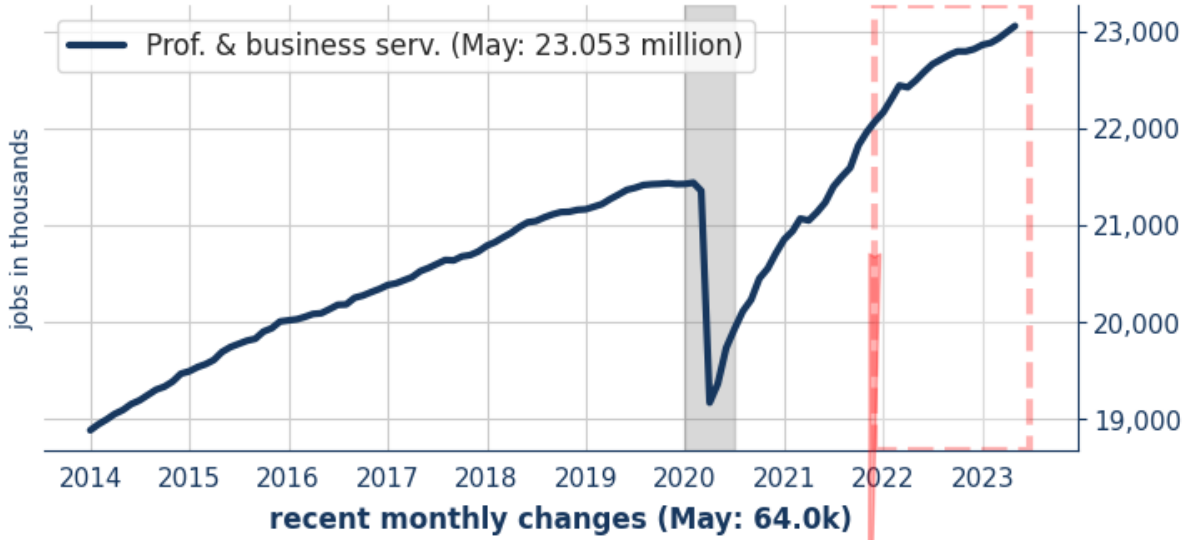
Contingent Macro Advisors 2023 source: BLS via FRED

Education & health serv.

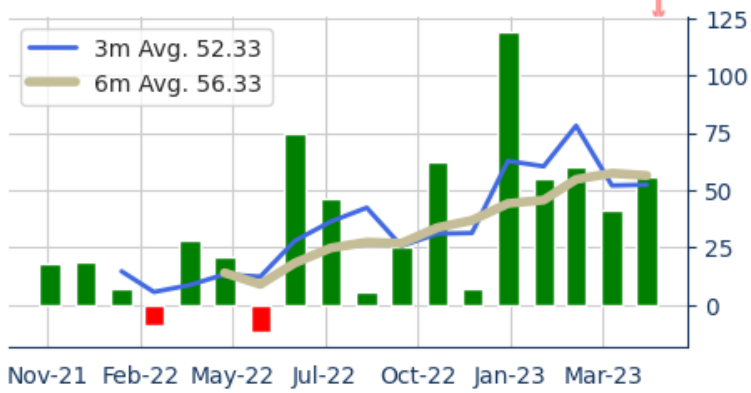
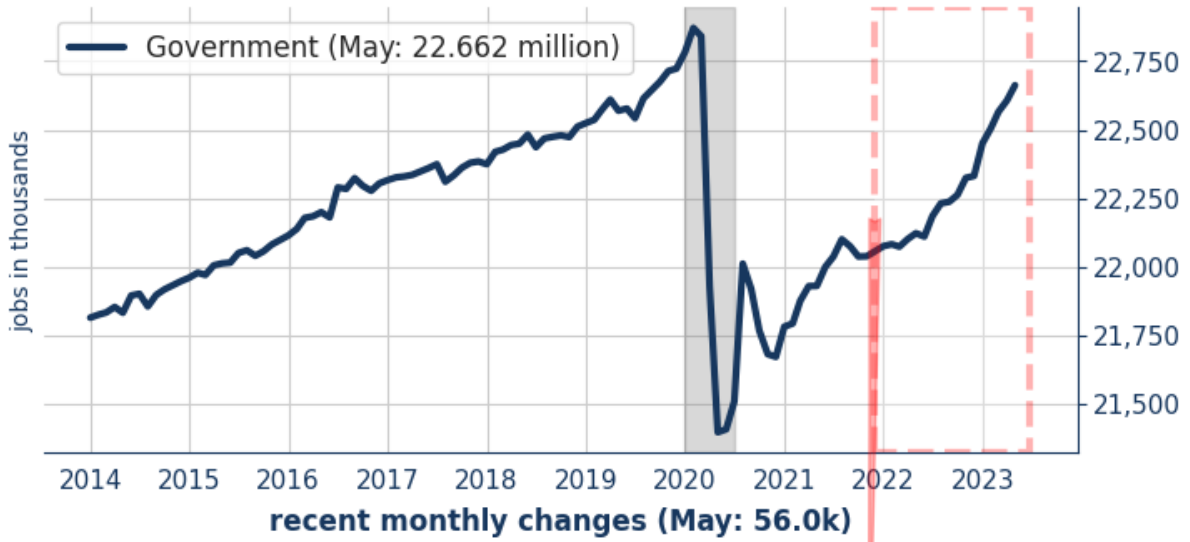


Contingent Macro Advisors 2023 source: US BLS

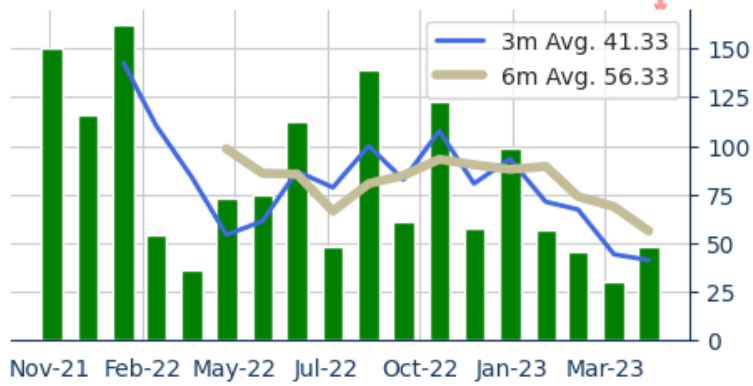
Prof. & business serv.



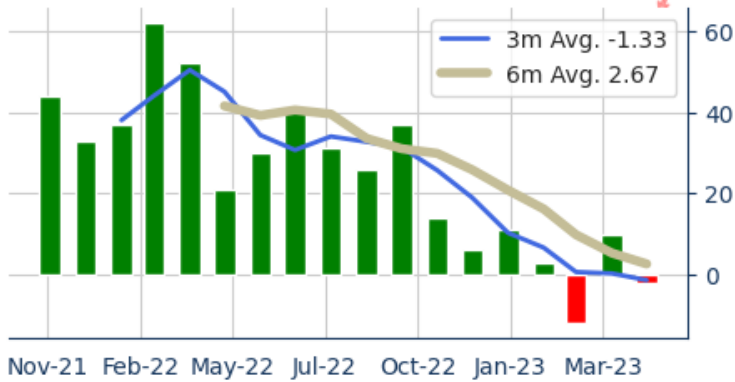
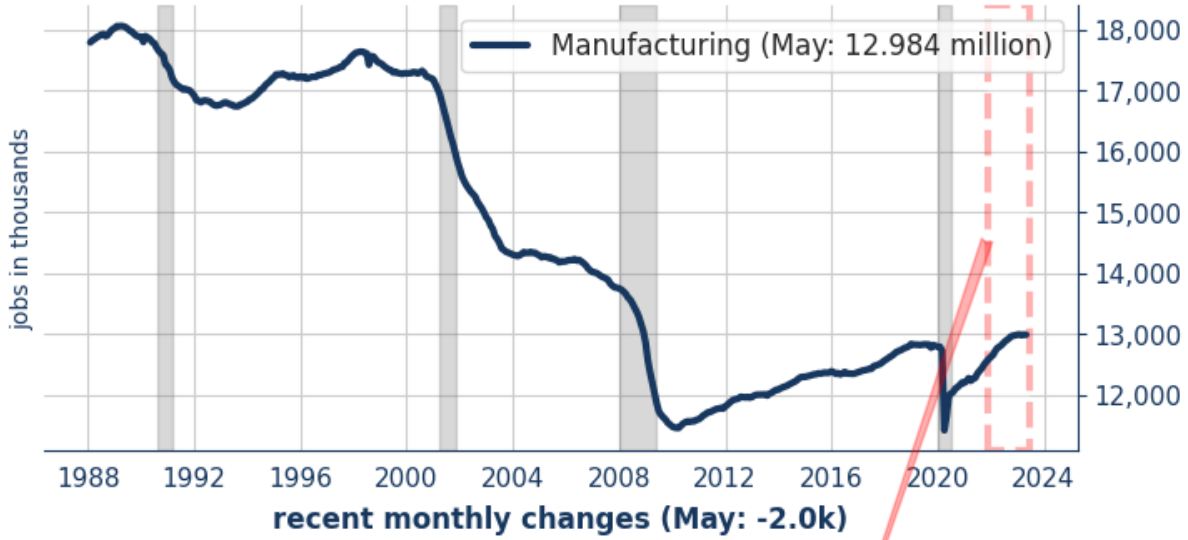
Government



Leisure & hospitality



Manufacturing



Contingent Macro Advisors 2023 source: US BLS

Change in US Employment - Major Sectors in 000s	May-23	Apr-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Total nonfarm (156.1Mil. jobs)	339.00	294.00	283.30	301.50	338.60	399.42	122.50
Trade, trans., & utilities (28.9Mil.)	37.00	17.00	19.00	31.70	23.90	48.17	22.50
Education & health serv. (25.3Mil.)	97.00	85.00	84.00	83.00	89.40	77.92	27.70
Prof. & business serv. (23.1Mil.)	64.00	65.00	58.00	43.70	46.70	62.08	34.60
Government (22.7Mil.)	56.00	41.00	52.30	56.30	45.00	22.92	3.60
Leisure & hospitality (16.6Mil.)	48.00	30.00	41.30	56.30	74.80	88.17	5.60
Manufacturing (13.0Mil.)	-2.00	10.00	-1.30	2.70	16.20	32.50	5.40

Financial activities (9.1Mil.)	10.00	25.00	10.00	5.50	7.50	13.83	9.30
Construction (7.9Mil.)	25.00	13.00	9.70	15.80	16.00	22.08	10.90
Information (3.1Mil.)	-9.00	1.00	-1.70	-7.50	1.40	12.25	4.00
Mining & logging (0.6Mil.)	3.00	5.00	3.30	3.20	3.60	4.08	-1.40

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 ROSE by 0.3 percentage points in May to 3.7%, compared with market expectations for a small increase to 3.6%. Household employment fell by 310k while the labor force increased by 130k, resulting in an increase in the number of unemployed of 440k.

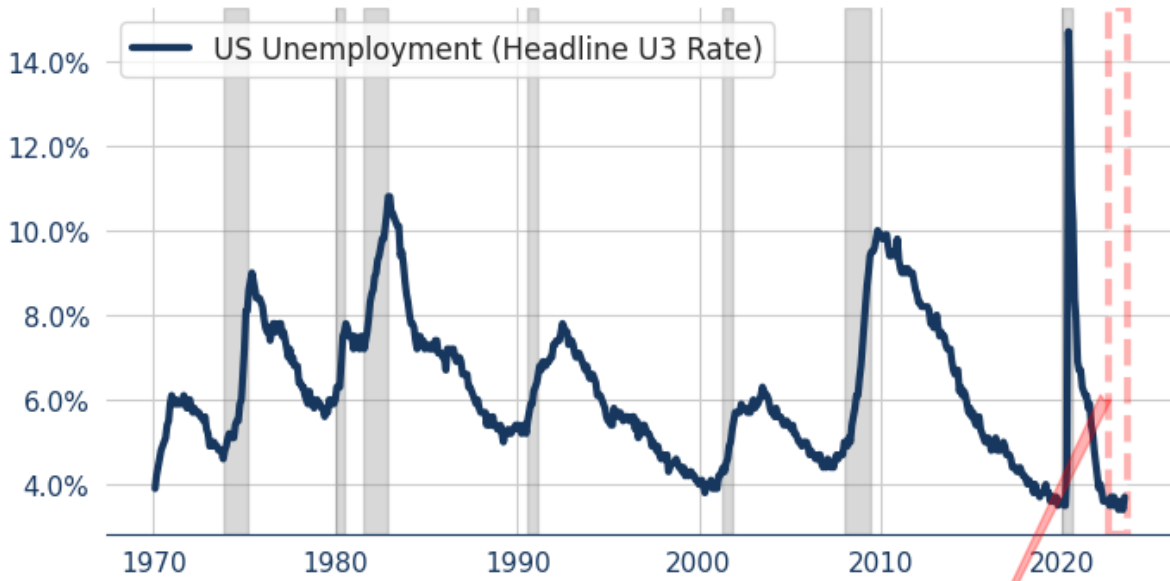
The Labor Force Participation Rate was UNCHANGED at 62.6%.

The Employment-Population Ratio FELL by 0.1 percentage points to 60.3%.

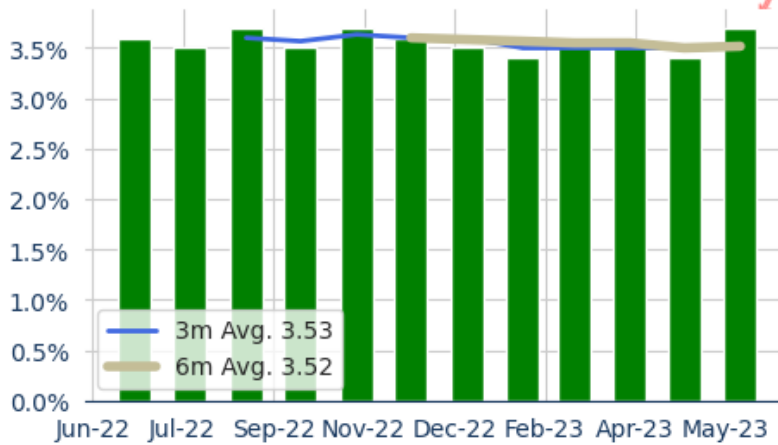
The number of people Working Part-Time for Economic Reasons FELL by 116k to 3,725k. while Long-Term Unemployment ROSE by 32k to 1,188k (accounting for 19.5% of the unemployed), while the Mean Duration of Unemployment ROSE by 0.3 weeks to 21.2 weeks. There are now 6.1 million people officially unemployed. In addition, there are another 5,477k people who say they want a job but are not currently looking for one. Finally, another 3,725k people are working part-time because of slack economic conditions.

US Unemployment Rate

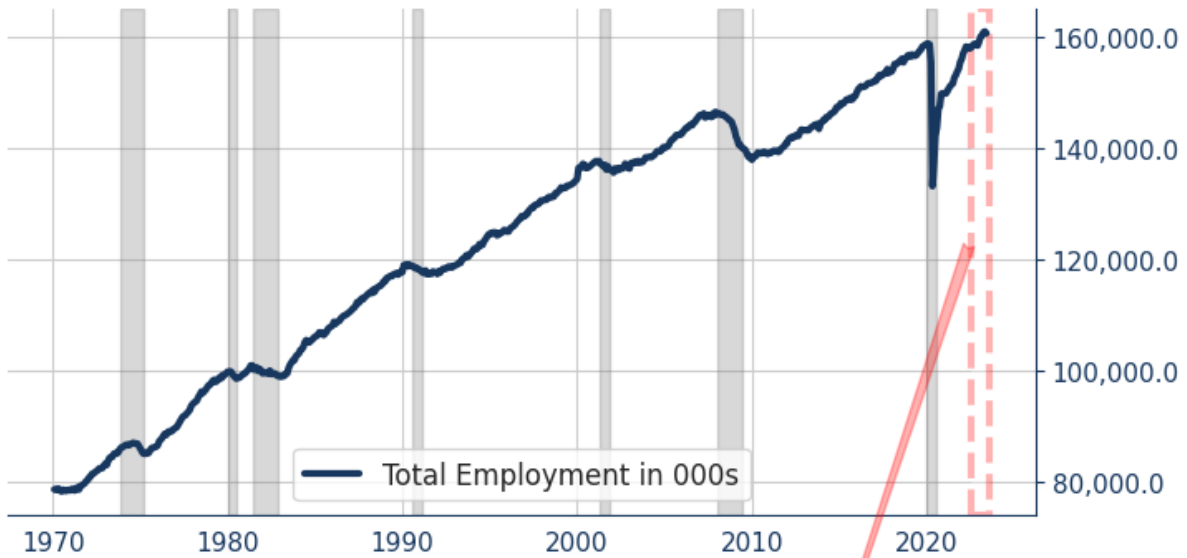
May: +3.7%, consensus: +3.5%



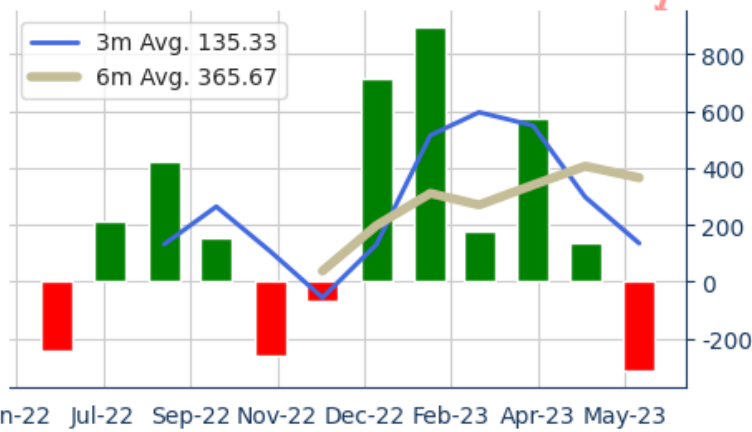
zooming in on last 12 months



Household Survey Total Employment

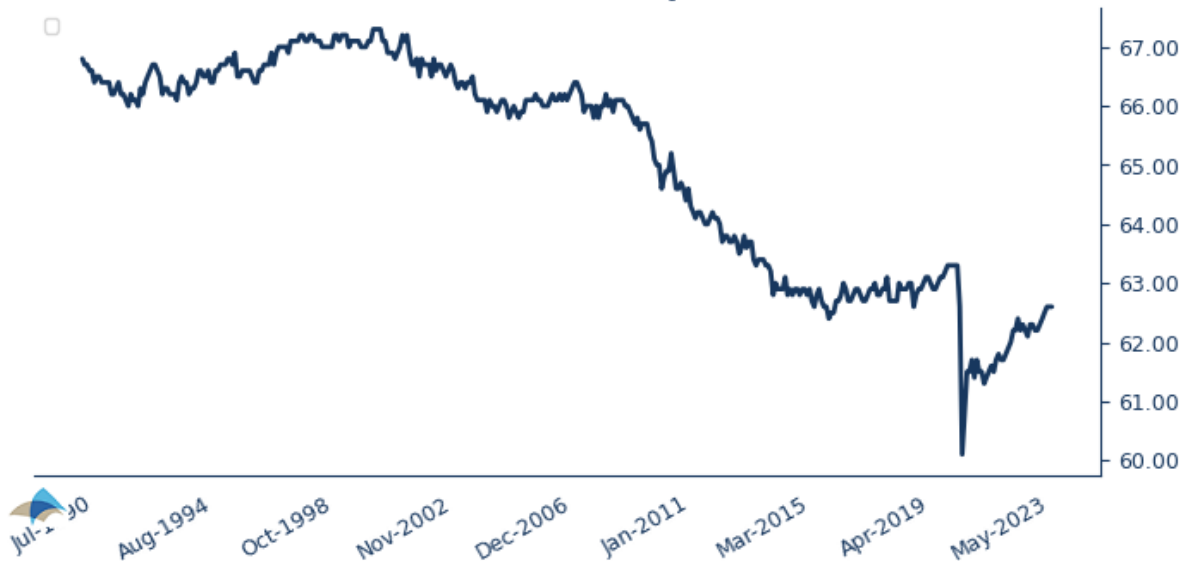


monthly change in 000s (May: -310k)

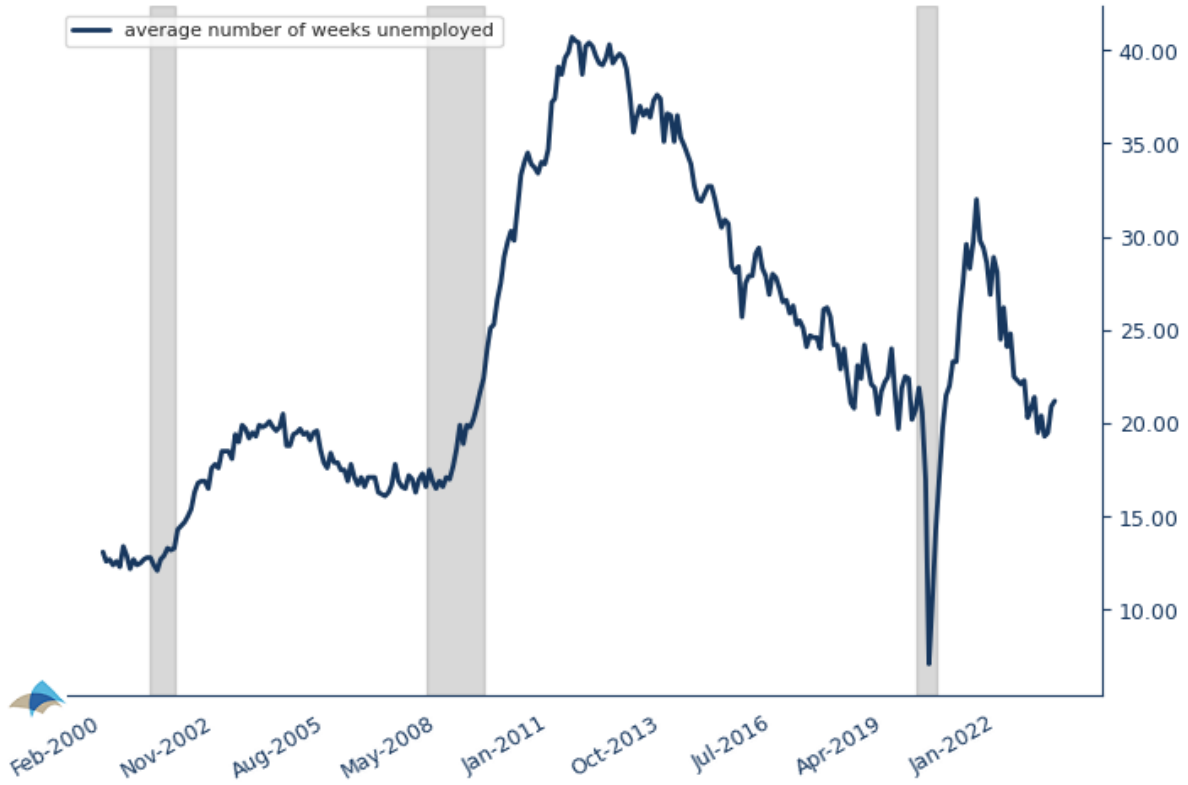


Contingent Macro Advisors 2023 source: US BLS

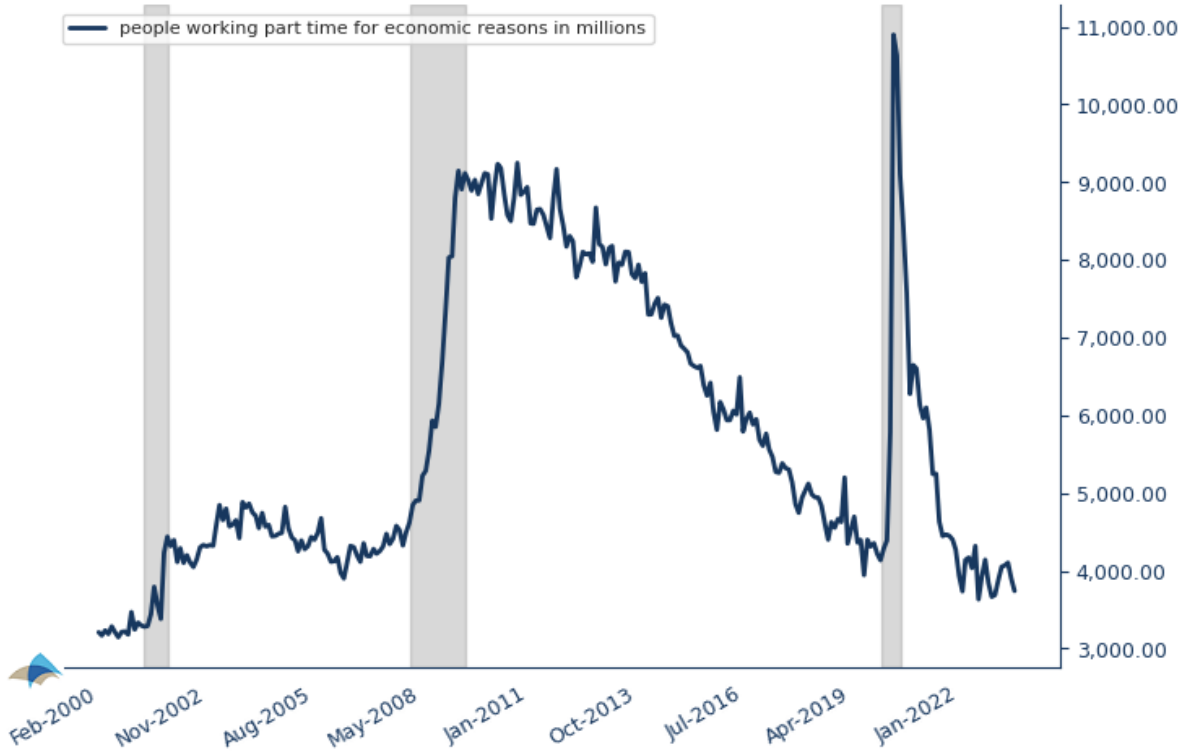
US Labor Force Participation Rate



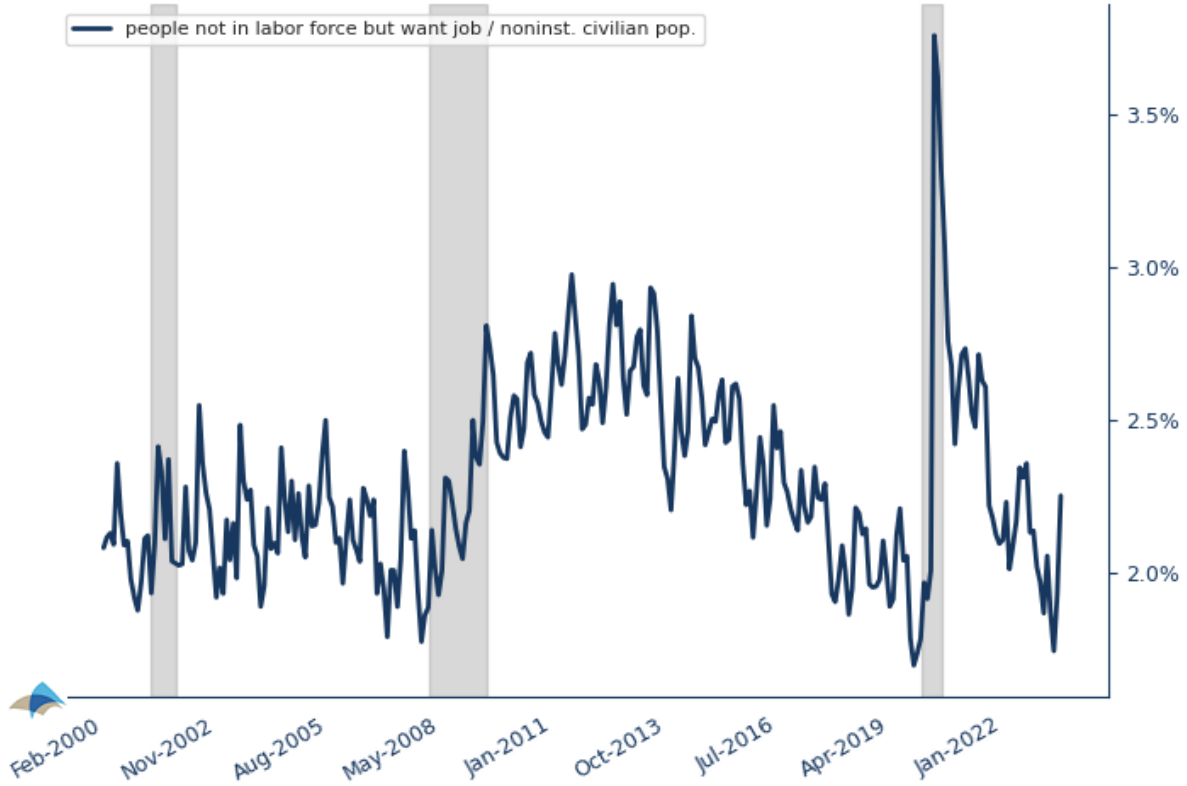
Mean Duration of Unemployment



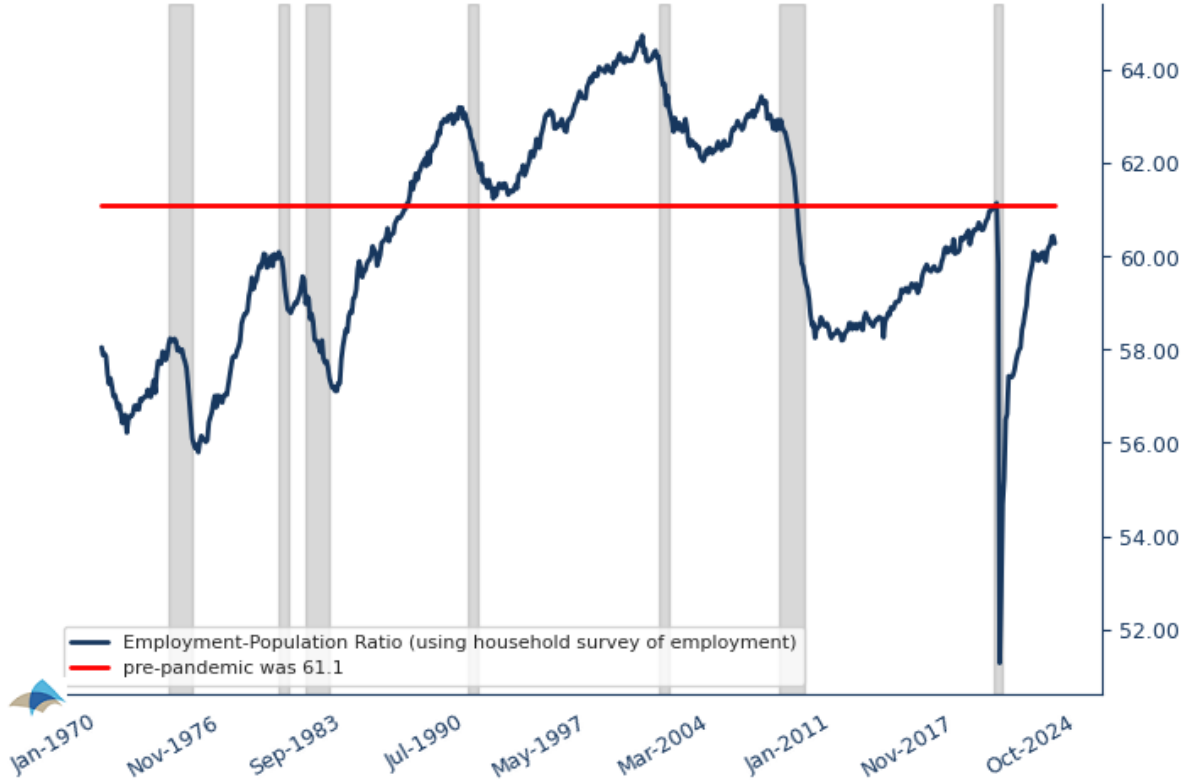
Working Part-Time for Economic Reasons



% Population Not in Labor Force but Want a Job



Employment-Population Ratio



Unemployment	May-23	Apr-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
US Unemployment Rate	3.70	3.40	3.50	3.50	3.60	3.64	4.90
Chg in Household Survey	-310.00	139.00	135.30	365.70	201.80	263.58	84.50

Employment (in 000s)							
Chg in Labor Force (in 000s)	130.00	-43.00	189.00	381.80	211.70	213.00	82.80
Participation Rate	62.60	62.60	62.60	62.50	62.40	62.24	62.30
U6 Unemployment Rate	6.70	6.60	6.70	6.60	6.70	6.87	8.90
Mean Duration of Unemployment	21.20	20.90	20.50	20.10	20.80	22.57	22.50
Total Employment (Household Survey in mill)	160.72	161.03	160.90	160.40	159.40	158.30	154.90
US Population (civilian noninst. over 16 in mill.)	266.62	266.44	266.40	266.00	265.20	263.97	261.30
Working Part-Time for Economic Reasons (in mill)	3.74	3.90	3.90	4.00	3.90	3.93	5.00
Not in Labor Force - Want a Job (in mill)	6.00	5.14	5.30	5.20	5.40	5.64	5.90
Labor Force (in mill)	166.82	166.69	166.70	166.20	165.30	164.29	162.80

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 FELL by 0.1%, combining the moderate gain in private payroll employment and the shorter workweek.

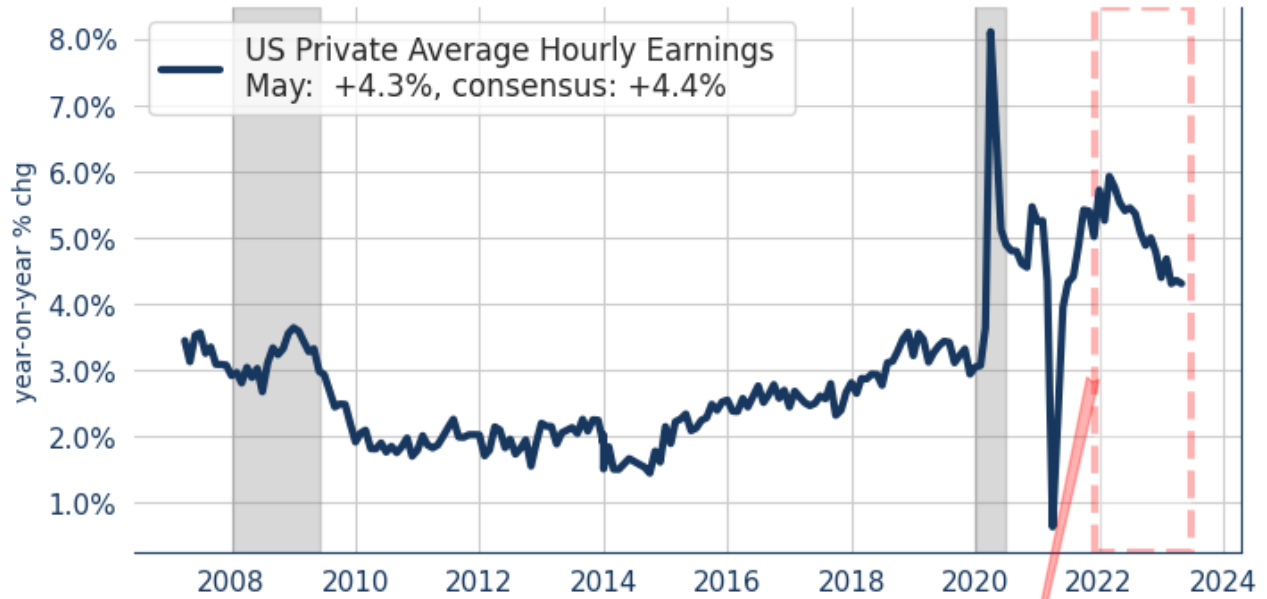
Hourly Earnings ROSE by 0.3% in May, above market expectations of 0.3%. Hourly earnings are now 4.3% ABOVE their year-ago level.

Weekly Earnings FELL by 100.0%, the result of the change in hourly earnings and a shorter workweek.

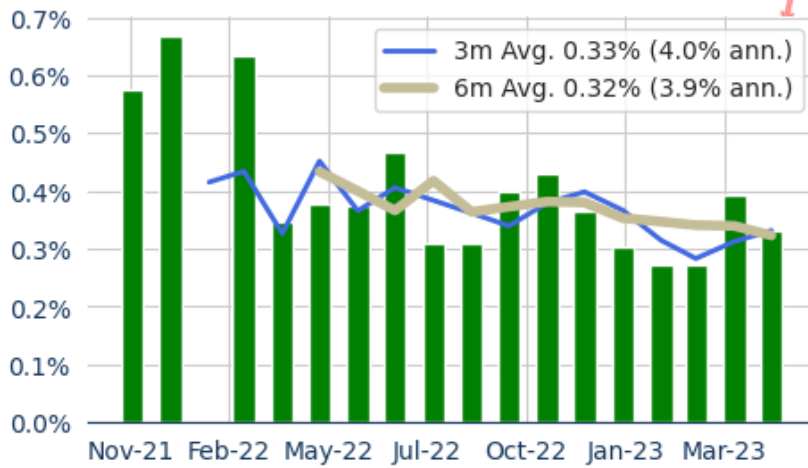
The Average Workweek FELL by 0.1 to 34.3 hours, BELOW the market consensus at 34.5 hours.

US Private Average Hourly Earnings

May: +4.3%, consensus: +4.4%



May: +0.33%, consensus: +0.3%(mom %)

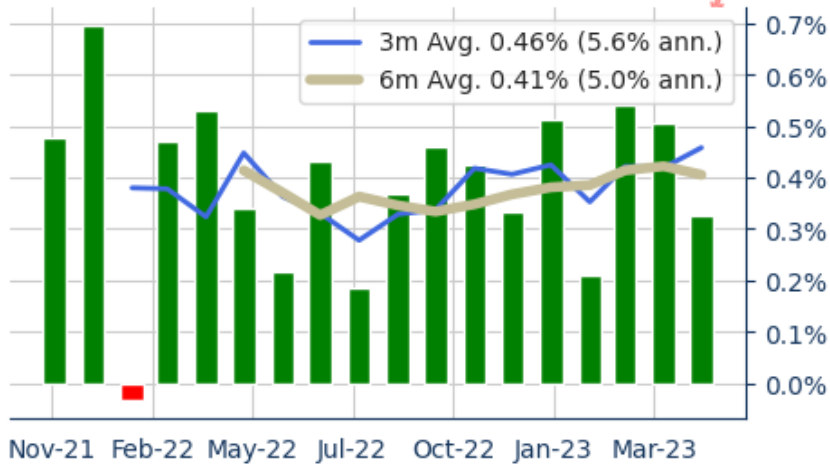


Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Goods-producing



mom % change (May mom: 0.33%)

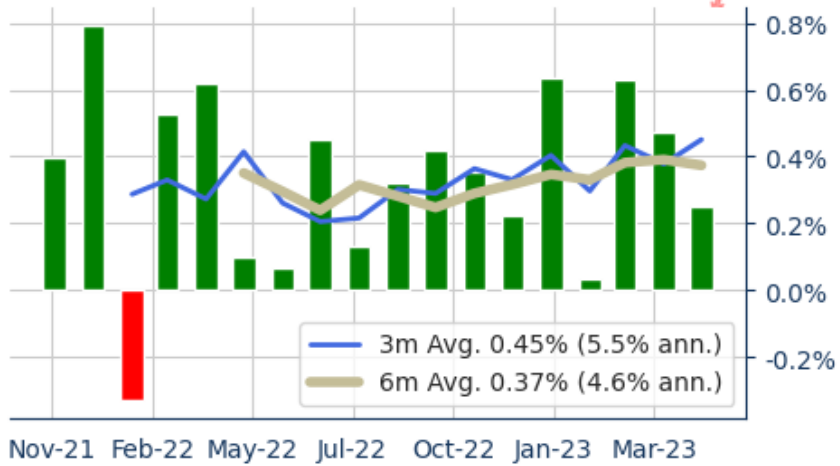


Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Manufacturing

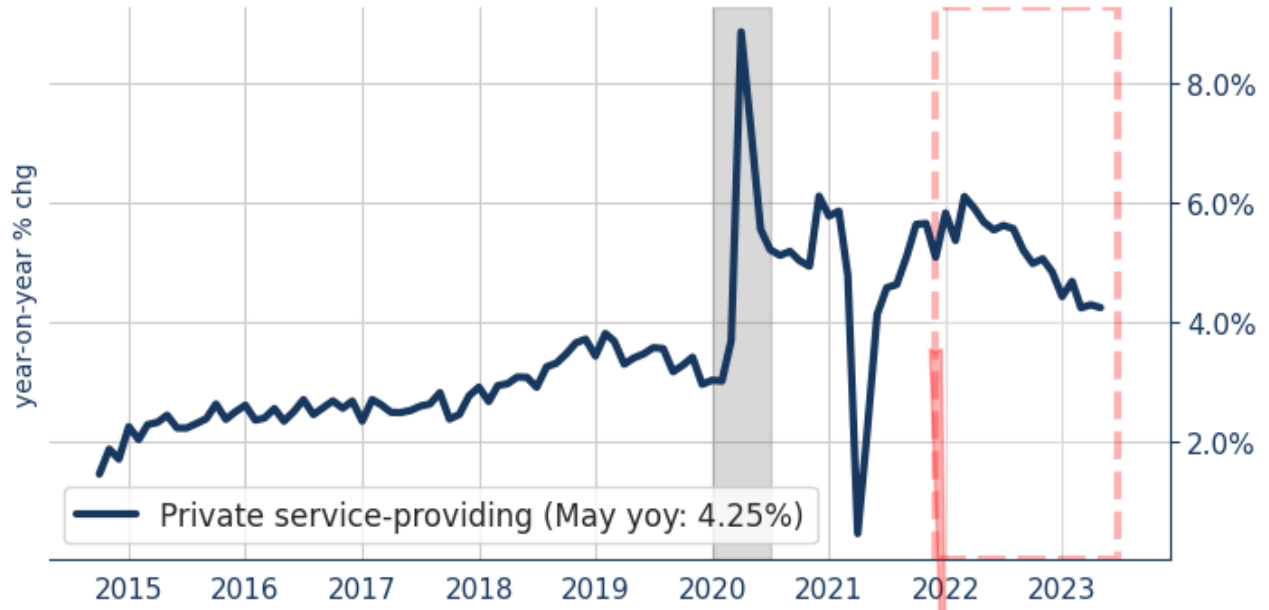


mom % change (May mom: 0.25%)

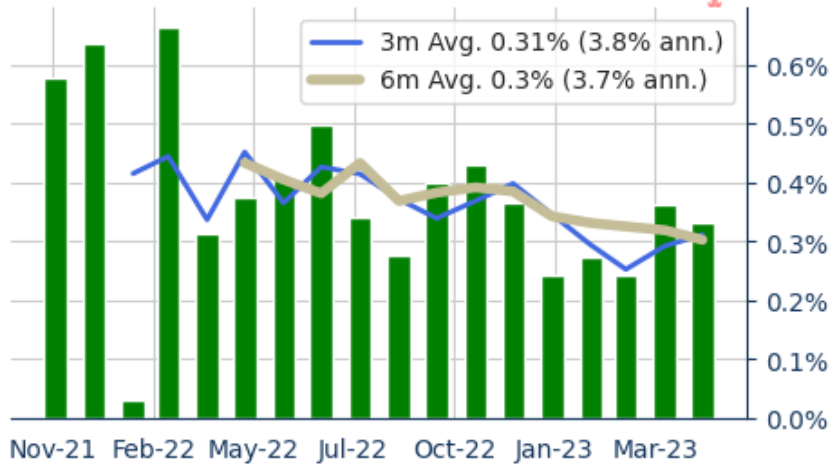


Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Private service-providing

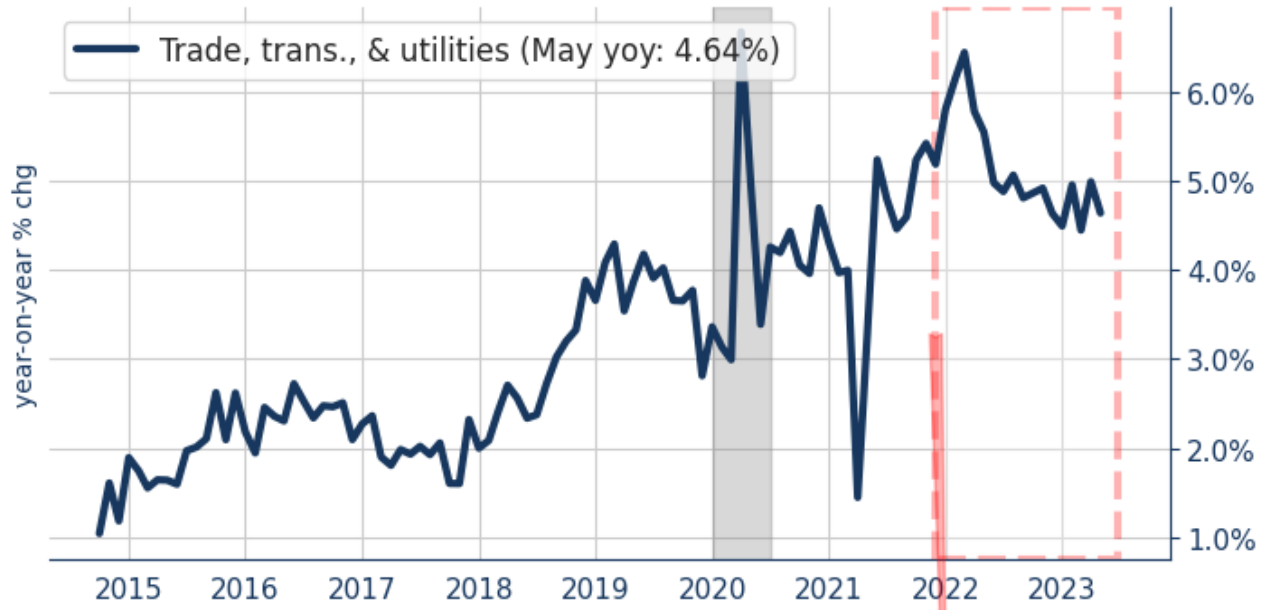


mom % change (May mom: 0.33%)

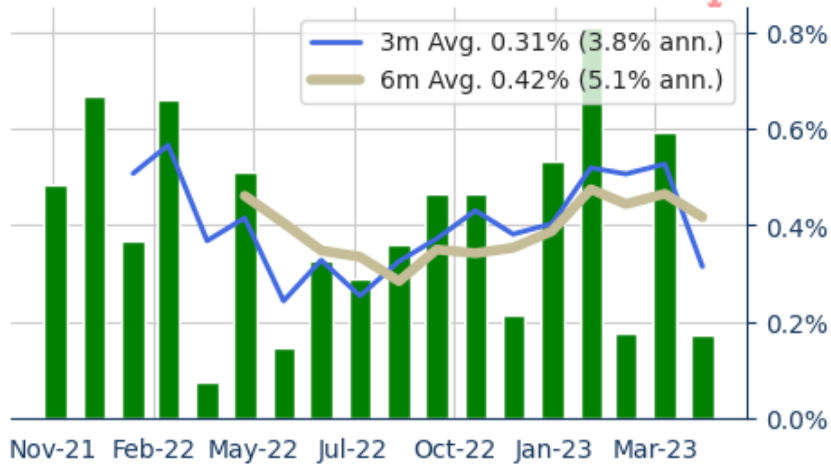


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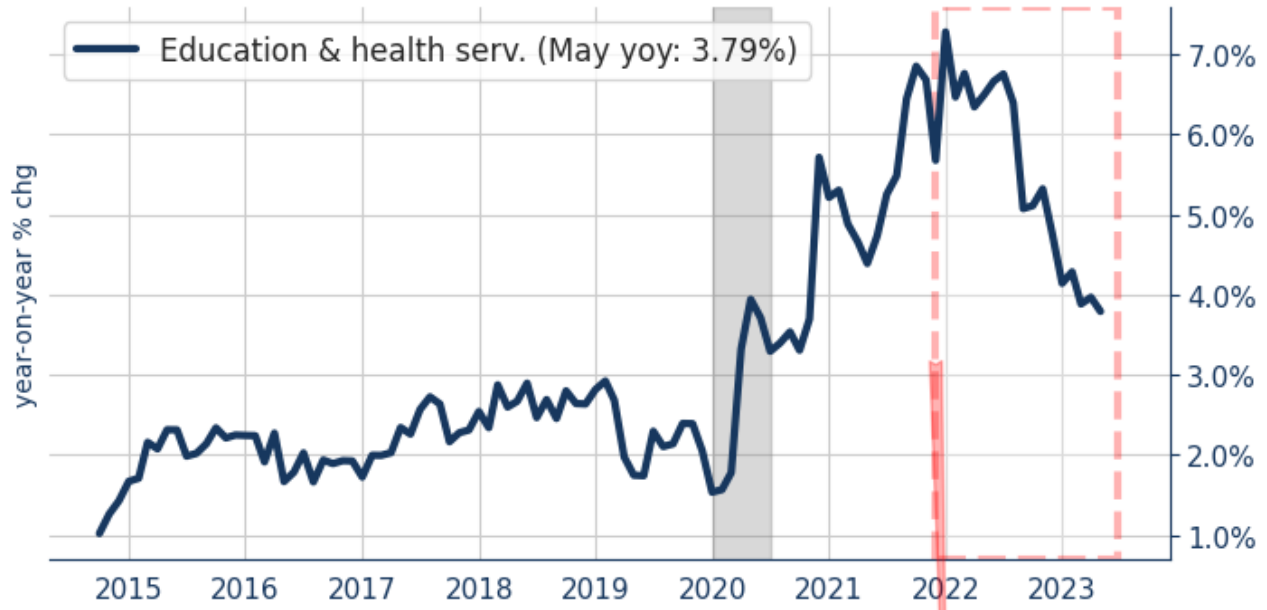
Avg Hrly Earnings - Trade, trans., & utilities



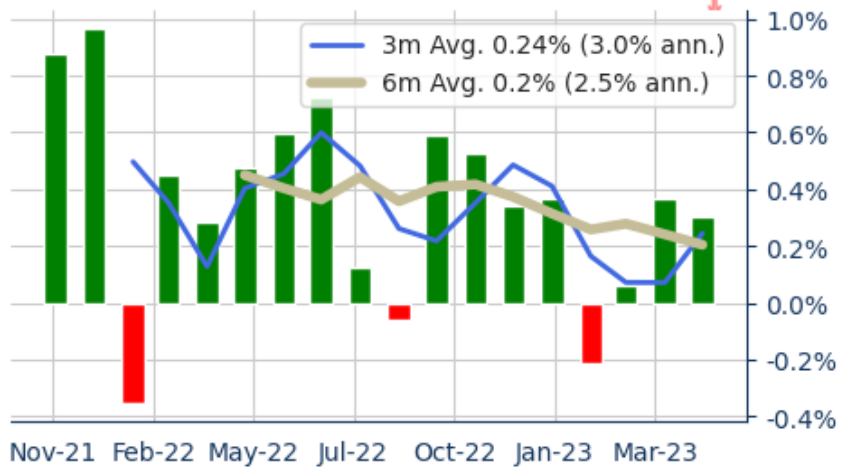
mom % change (May mom: 0.17%)



Avg Hrly Earnings - Education & health serv.



mom % change (May mom: 0.31%)

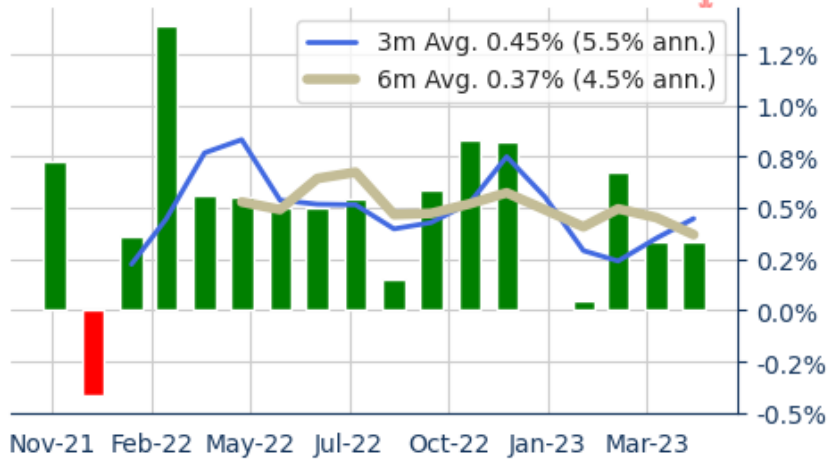


Contingent Macro Advisors 2023 source: US BLS via FRED

Avg Hrly Earnings - Leisure & hospitality

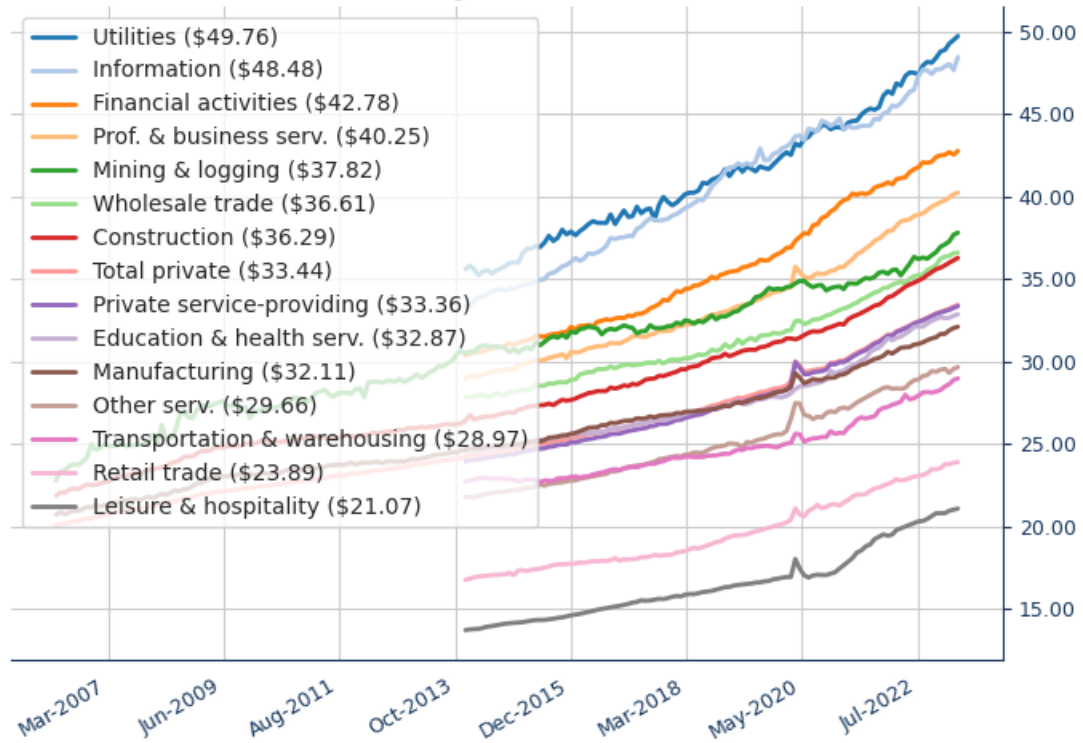


mom % change (May mom: 0.33%)

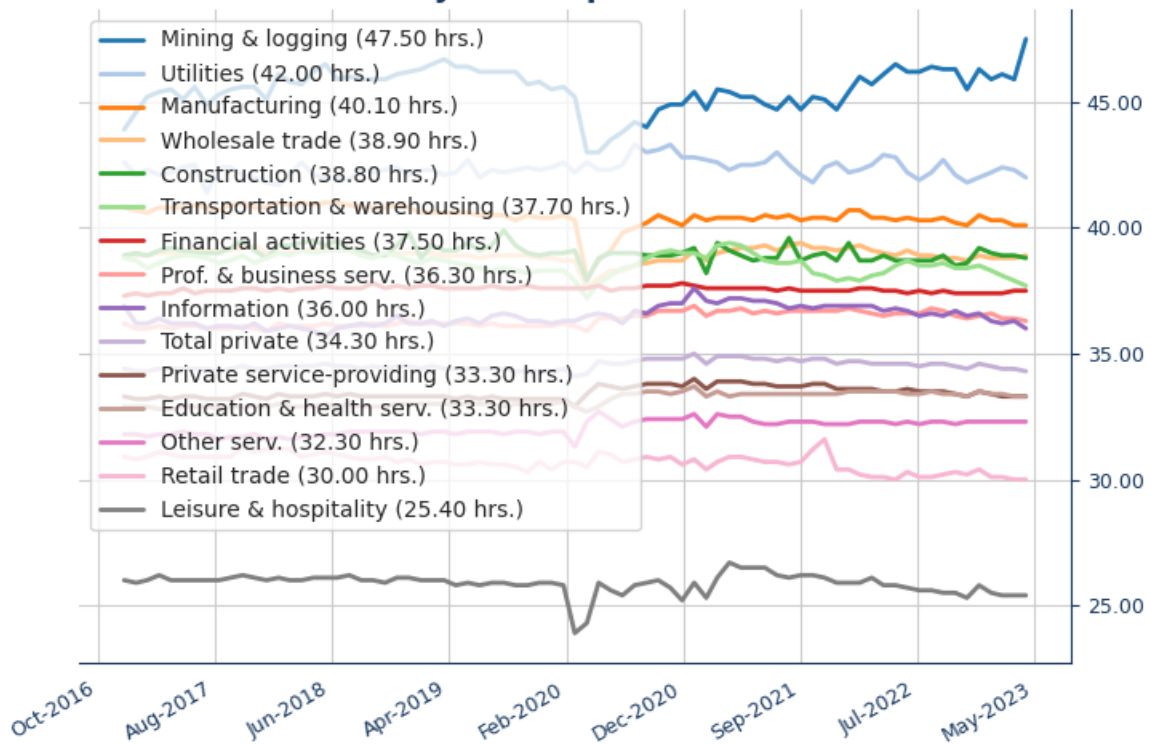




Average Hourly Earnings by sector



Average Hours Worked by sector per week



Earnings	May-23	Apr-23	Mar-23	% chg	% chg	chg	2022	2021	5y
Total private (\$33.44)	0.33%	0.39%	0.27%	4.05%	3.94%	4.30%	4.77%	5.01%	4.27%
Mining & logging (\$37.82)	0.34%	1.10%	0.46%	7.88%	7.66%	6.30%	3.36%	2.90%	3.12%
Construction (\$36.29)	0.42%	0.42%	0.42%	5.12%	4.91%	5.10%	5.83%	4.86%	3.82%
Manufacturing (\$32.11)	0.25%	0.47%	0.63%	5.54%	4.57%	4.05%	3.72%	4.62%	3.52%
Private service-providing (\$33.36)	0.33%	0.36%	0.24%	3.81%	3.70%	4.25%	4.85%	5.09%	4.43%
Wholesale trade (\$36.61)	0.08%	0.47%	0.11%	2.67%	5.28%	5.35%	4.09%	4.90%	3.57%
Retail trade (\$23.89)	0.17%	0.38%	-0.04%	2.03%	3.70%	4.69%	4.45%	5.40%	4.82%
Transportation & warehousing (\$28.97)	0.31%	0.94%	0.42%	6.91%	6.21%	3.58%	3.64%	5.51%	3.75%
Utilities (\$49.76)	0.48%	0.47%	0.76%	7.05%	6.84%	5.16%	4.98%	4.63%	3.89%
Information (\$48.48)	1.64%	-0.75%	0.31%	4.84%	4.34%	5.32%	5.92%	1.74%	3.34%
Financial activities (\$42.78)	0.52%	-0.35%	0.38%	2.18%	3.11%	3.89%	4.15%	4.17%	4.21%
Prof. & business serv. (\$40.25)	0.25%	0.50%	0.45%	4.92%	4.36%	4.36%	4.94%	6.11%	4.38%
Education & health serv. (\$32.87)	0.31%	0.37%	0.06%	2.97%	2.48%	3.79%	4.76%	5.67%	4.10%
Leisure & hospitality (\$21.07)	0.33%	0.33%	0.67%	5.50%	4.51%	5.46%	6.56%	13.97%	5.87%
Other serv. (\$29.66)	0.37%	0.82%	-0.81%	1.50%	1.71%	4.47%	3.45%	5.23%	3.82%

Source: BLS via FRED

Avg Hours Worked % Chg.	May-23	Apr-23	Mar-23	3m ann % chg	6m ann % chg	YoY % chg	2022	2021	5y
Total private (34.30 hrs.)	-0.29%	0.00%	-0.29%	-2.30%	-1.16%	-0.87%	-1.15%	0.00%	-0.12%

Mining & logging (47.50 hrs.)	3.49%	-0.43%	0.44%	14.69%	5.25%	3.04%	0.89%	0.45%	0.61%
Construction (38.80 hrs.)	-0.26%	0.00%	-0.26%	-2.04%	1.56%	-0.26%	-1.03%	0.00%	-0.25%
Manufacturing (40.10 hrs.)	0.00%	-0.50%	0.00%	-1.97%	-0.50%	-0.74%	-0.74%	0.75%	-0.39%
Private service-providing (33.30 hrs.)	0.00%	0.00%	-0.30%	-1.19%	-0.60%	-0.60%	-1.48%	0.30%	0.00%
Wholesale trade (38.90 hrs.)	0.26%	0.00%	0.00%	1.03%	0.52%	-0.26%	-1.28%	1.29%	-0.05%
Retail trade (30.00 hrs.)	0.00%	-0.33%	0.00%	-1.32%	-1.97%	-0.33%	-4.43%	3.27%	-0.46%
Transportation & warehousing (37.70 hrs.)	-0.53%	-0.52%	-0.52%	-6.12%	-3.61%	-1.31%	0.79%	-2.31%	-0.62%
Utilities (42.00 hrs.)	-0.71%	-0.24%	0.47%	-1.88%	-0.47%	-2.10%	-1.42%	-0.93%	-0.19%
Information (36.00 hrs.)	-0.83%	0.28%	-0.28%	-3.27%	-3.78%	-1.91%	-1.08%	-0.27%	-0.27%
Financial activities (37.50 hrs.)	0.00%	0.27%	0.00%	1.07%	0.54%	0.00%	-0.27%	-0.79%	-0.11%
Prof. & business serv. (36.30 hrs.)	-0.27%	0.00%	-0.55%	-3.24%	-1.09%	-0.55%	-0.82%	0.00%	0.06%
Education & health serv. (33.30 hrs.)	0.00%	-0.30%	0.00%	-1.19%	-0.60%	-0.60%	-0.30%	-0.30%	0.18%
Leisure & hospitality (25.40 hrs.)	0.00%	0.00%	-0.39%	-1.56%	-0.78%	-1.55%	-3.07%	3.57%	-0.54%
Other serv. (32.30 hrs.)	0.00%	0.00%	0.00%	0.00%	0.62%	0.00%	0.31%	-0.62%	0.25%

Source: BLS via FRED