

06.Jul.2023

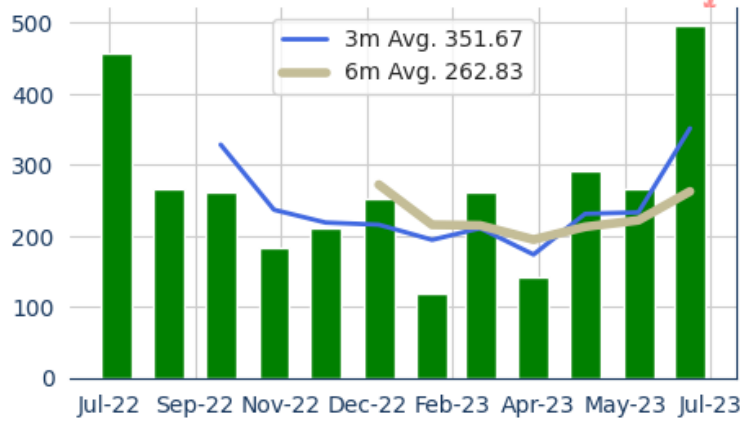
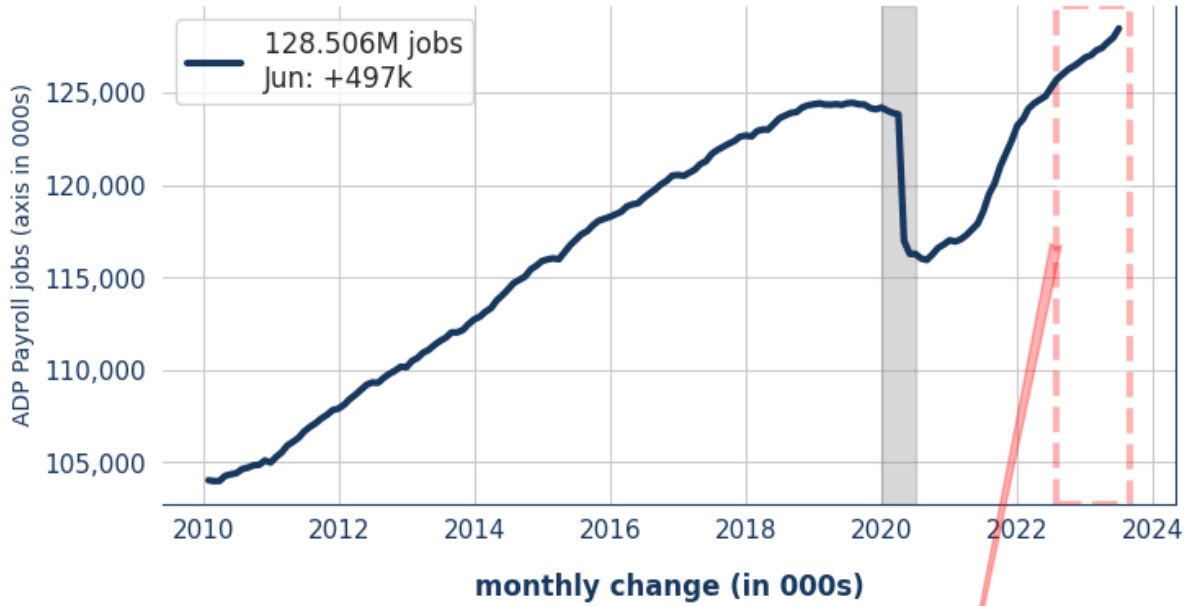
ADP & Claims: Big ADP Surprise, Claims Inch Higher

Bottom Line: ADP reported sharply better-than-expected hiring again in June (the third consecutive beat). Hiring was most robust in the leisure and hospitality segment but only modestly higher than the averages of the last few months. The big surprises came in trade, transportation and utilities, education and health services, and construction. While the headline gain and the gains within education smell of difficult seasonal adjustments and last June's payroll data also stood out, the breadth of gains across many sectors suggests the seasonal impact was modest. Moreover, the government's nonfarm payroll report was also stronger last June and tracked the gains (albeit to a lesser extent) seen in ADP then. Finally, while the major sectors saw strong gains, ADP reported continued job losses in manufacturing, finance, information, and business services. **Overall, the ADP report showed a robust labor market that is certainly not cooling much, if at all, and it leaves scope for an upside surprise of the 225k consensus gain expected tomorrow for June's nonfarm payroll survey.**

Separately, jobless claims rose modestly, as expected. The trend remains to the upside, albeit very slowly, offering hope that the labor market was cooling more than the ADP report suggested. Adding to the mixed signs for markets, the week that included the 12th of June, the survey week for nonfarm payroll, saw 265k jobless claims, an elevated week. **Taken together, ADP offers scope for an upside surprise in tomorrow's payroll release, but claims suggest any such surprise should be much more modest than the ADP surprise today, with nonfarm payrolls coming in the 280-310k area, 20-30% higher than consensus.**

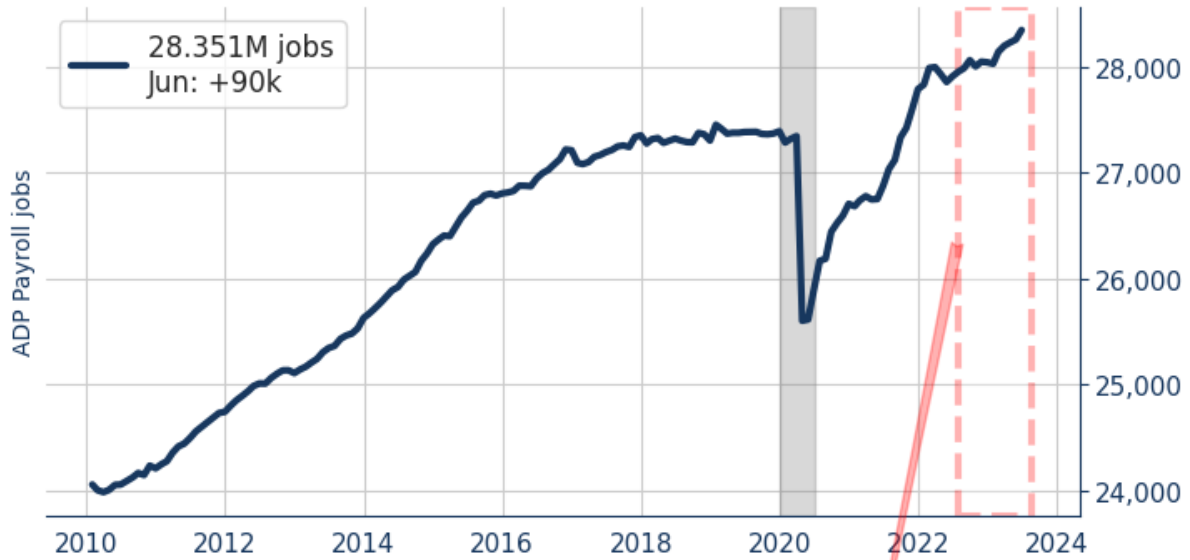
ADP - Total Private jobs

June: +497.0, consensus: +225

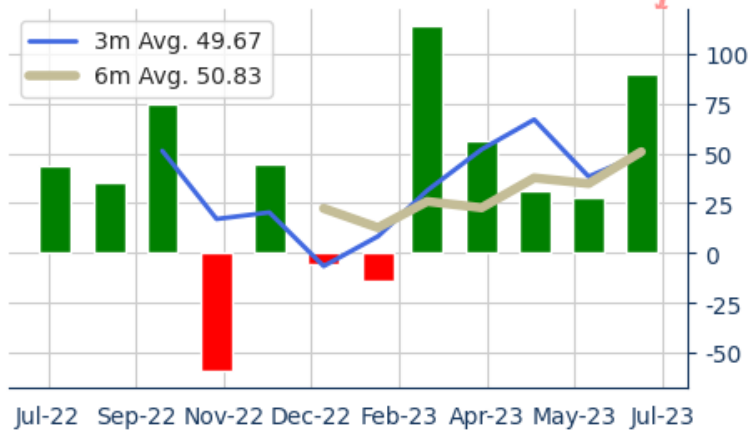


Contingent Macro Advisors 2023 source: ADP

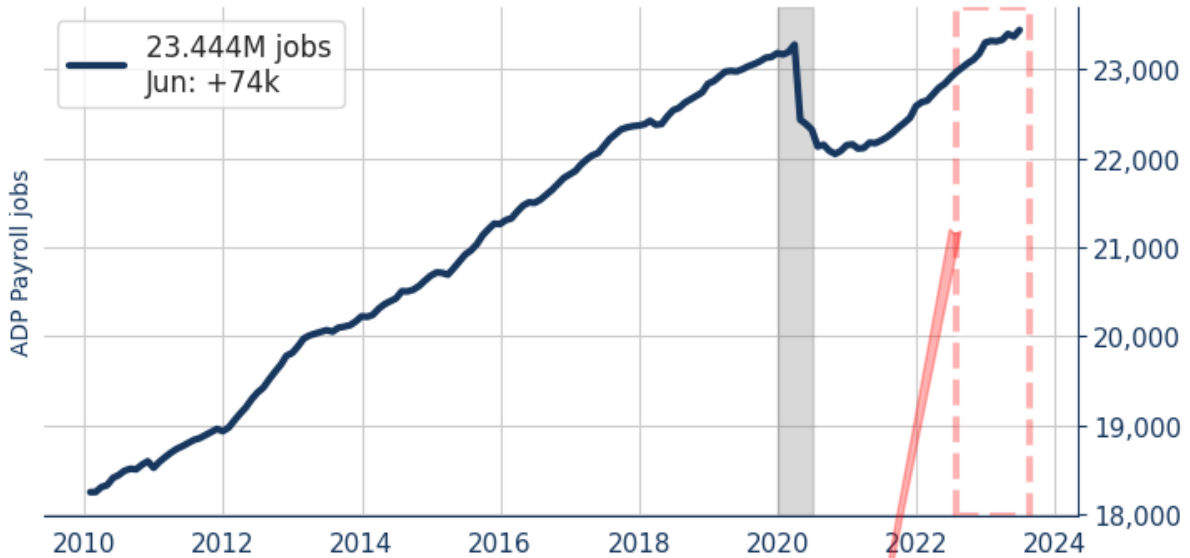
ADP - Trade, transportation, and utilities jobs



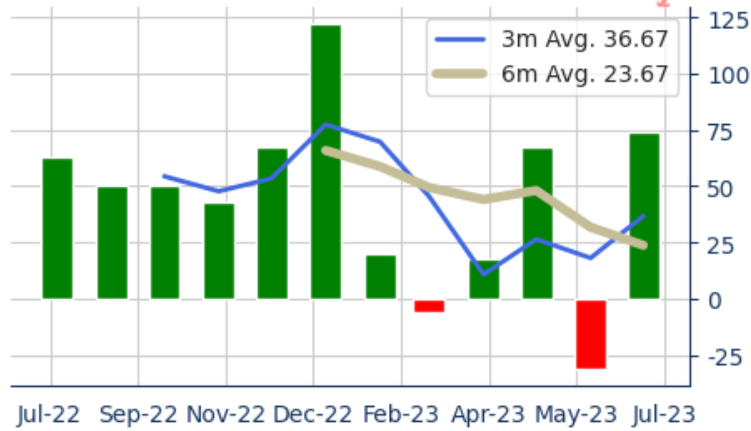
monthly change (in 000s), Jun: +90k



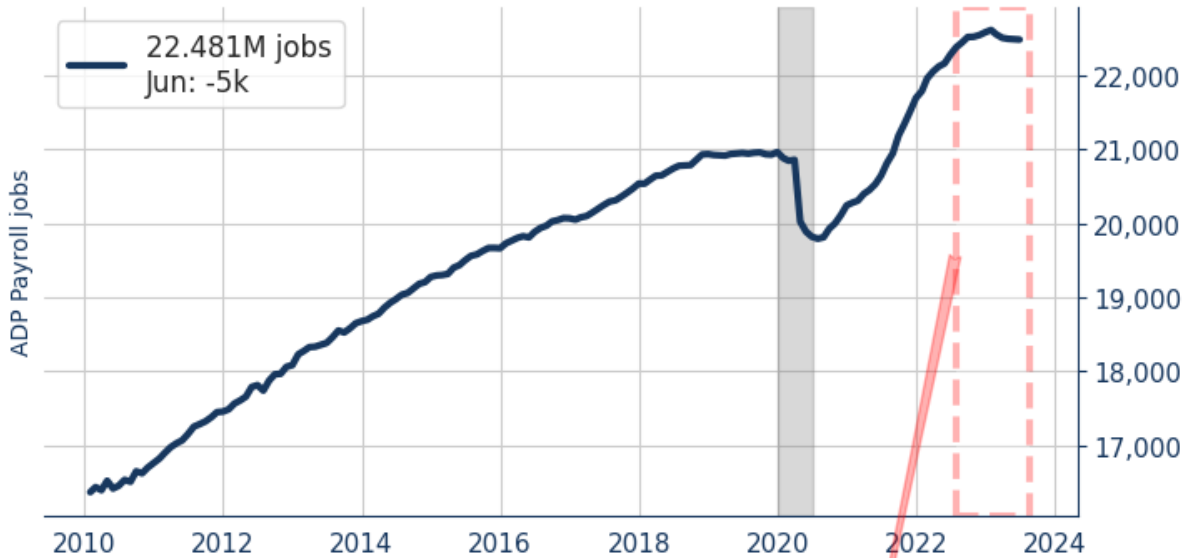
ADP - Education and health services jobs



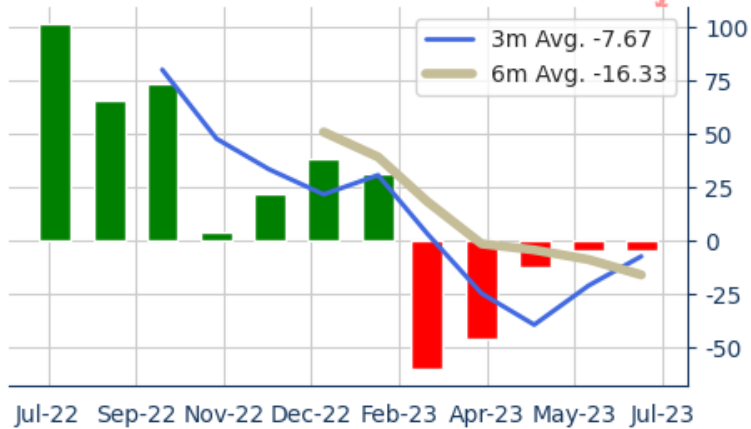
monthly change (in 000s), Jun: +74k



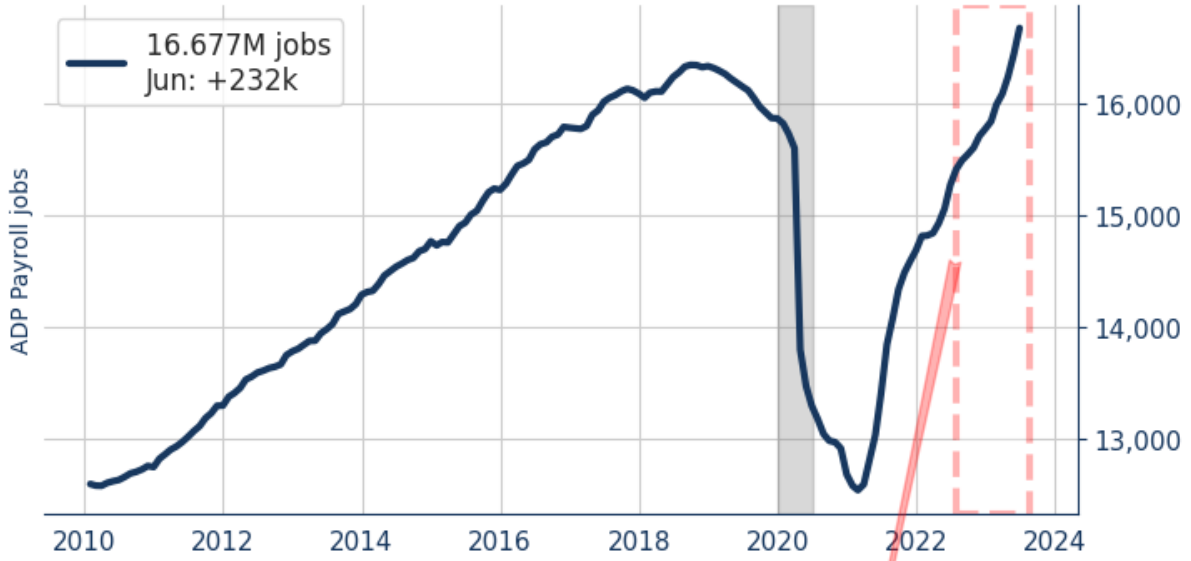
ADP - Professional and business services jobs



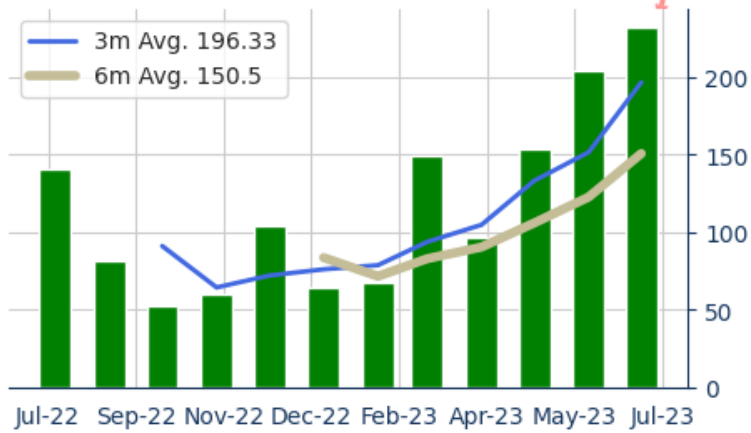
monthly change (in 000s), Jun: -5k



ADP - Leisure and hospitality jobs

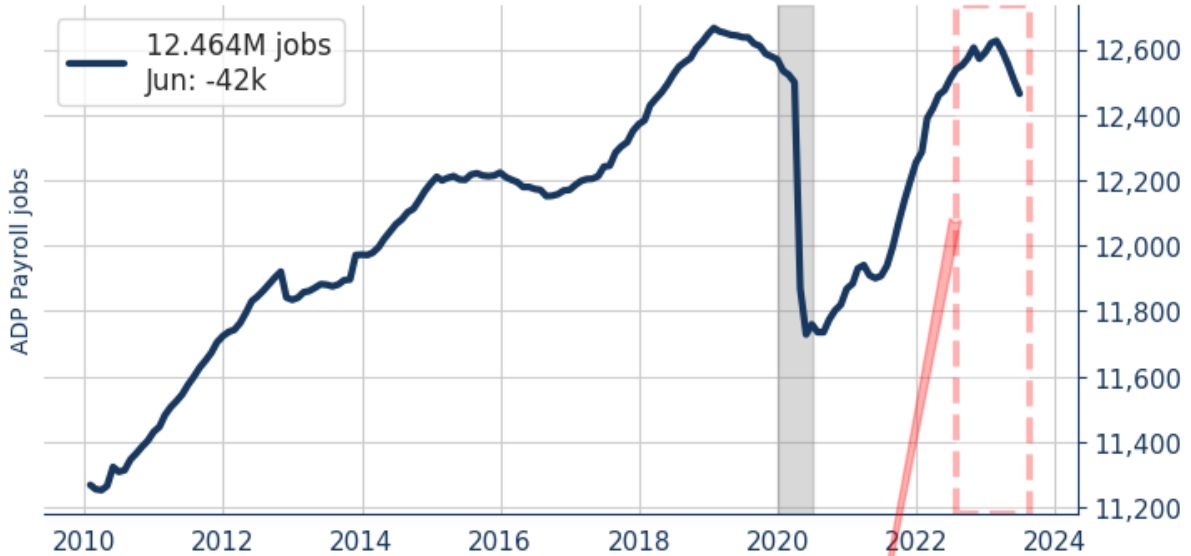


monthly change (in 000s), Jun: +232k

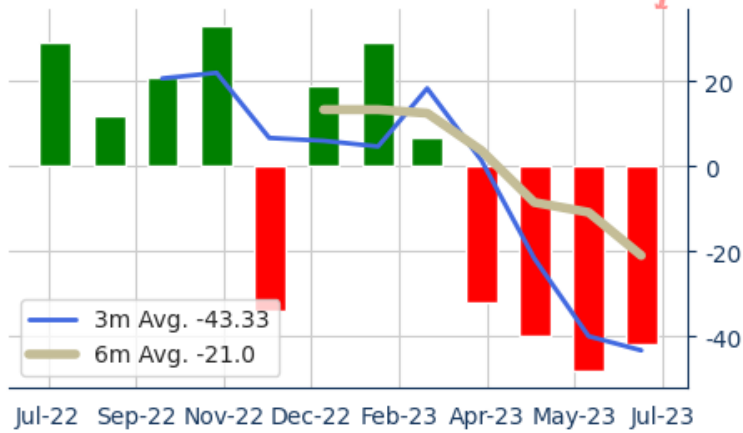


Contingent Macro Advisors 2023 source: ADP

ADP - Manufacturing jobs



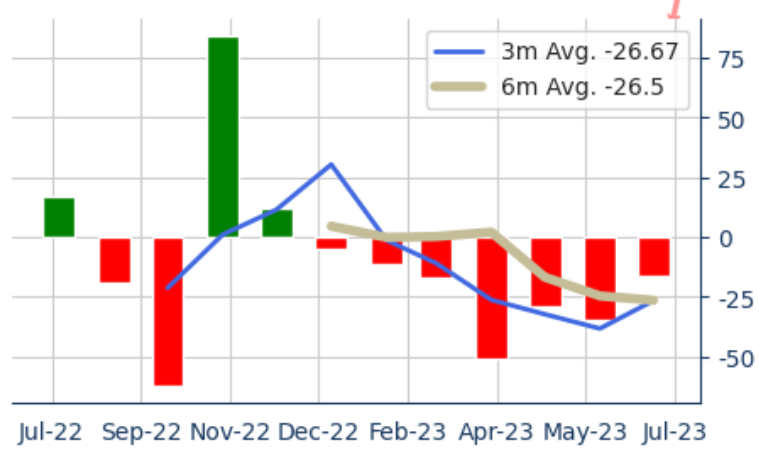
monthly change (in 000s), Jun: -42k



ADP - Financial activities jobs

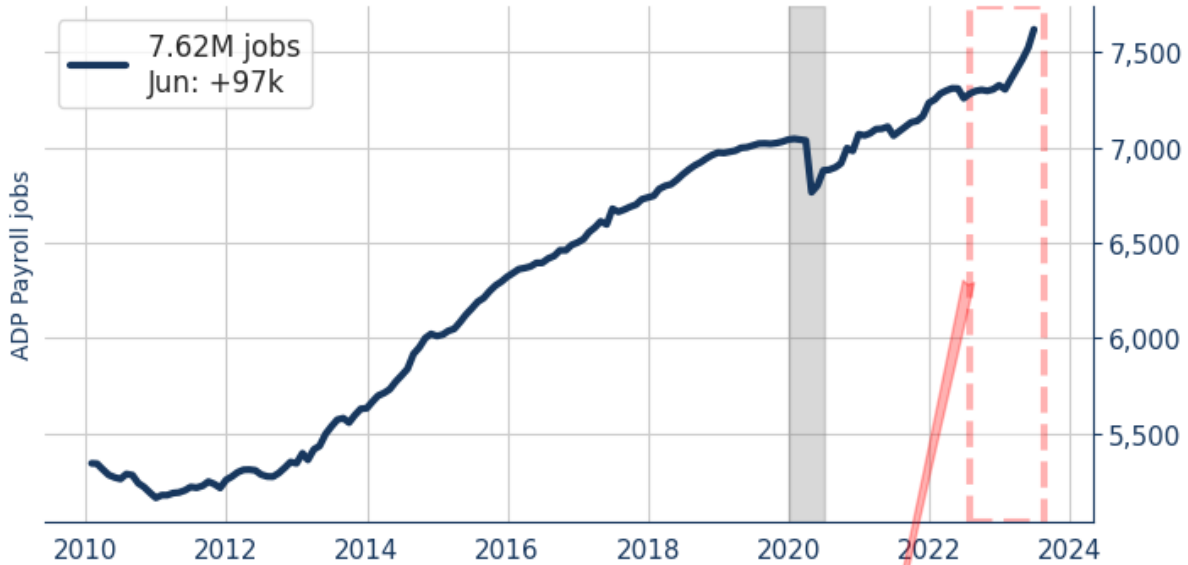


monthly change (in 000s), Jun: -16k

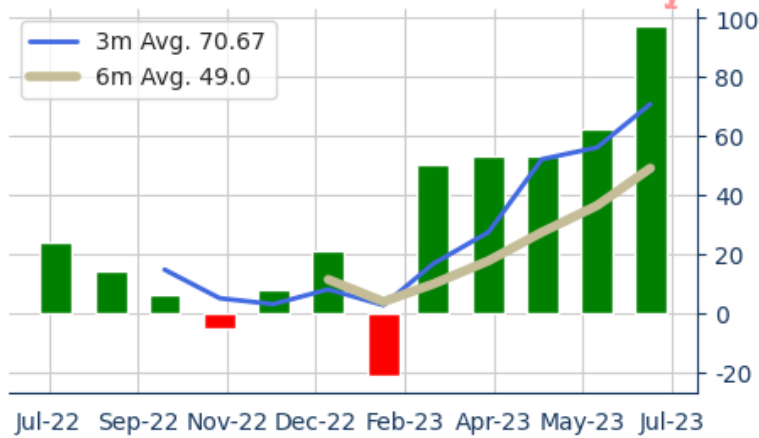


Contingent Macro Advisors 2023 source: ADP

ADP - Construction jobs



monthly change (in 000s), Jun: +97k



Contingent Macro Advisors 2023 source: ADP

ADP Payroll monthly changes	Jun-23	May-23	3m. avg.	6m. avg.	12m. avg.	2022	5y
Total Private (128,506k jobs)	497.00	267.00	351.70	262.80	267.60	306.33	81.10
Trade, transportation, and utilities (28,351k)	90.00	28.00	49.70	50.80	36.60	21.08	17.10
Education and health services (23,444k)	74.00	-31.00	36.70	23.70	44.80	59.50	15.00
Professional and business services (22,481k)	-5.00	-5.00	-7.70	-16.30	17.10	73.92	29.00
Leisure and hospitality (16,677k)	232.00	204.00	196.30	150.50	117.00	90.50	7.30

Manufacturing (12,464k)	-42.00	-48.00	-43.30	-21.00	-3.80	28.00	-1.00
Financial activities (8,094k)	-16.00	-35.00	-26.70	-26.50	-11.00	7.33	-2.00
Construction (7,620k)	97.00	62.00	70.70	49.00	30.20	7.67	12.70
Other services (4,534k)	28.00	12.00	18.70	13.80	17.10	19.67	0.80
Information (2,852k)	-30.00	-13.00	-13.70	-13.50	-4.70	7.58	0.40
Natural resources and mining (1,989k)	69.00	93.00	71.00	52.30	24.40	-8.92	1.70

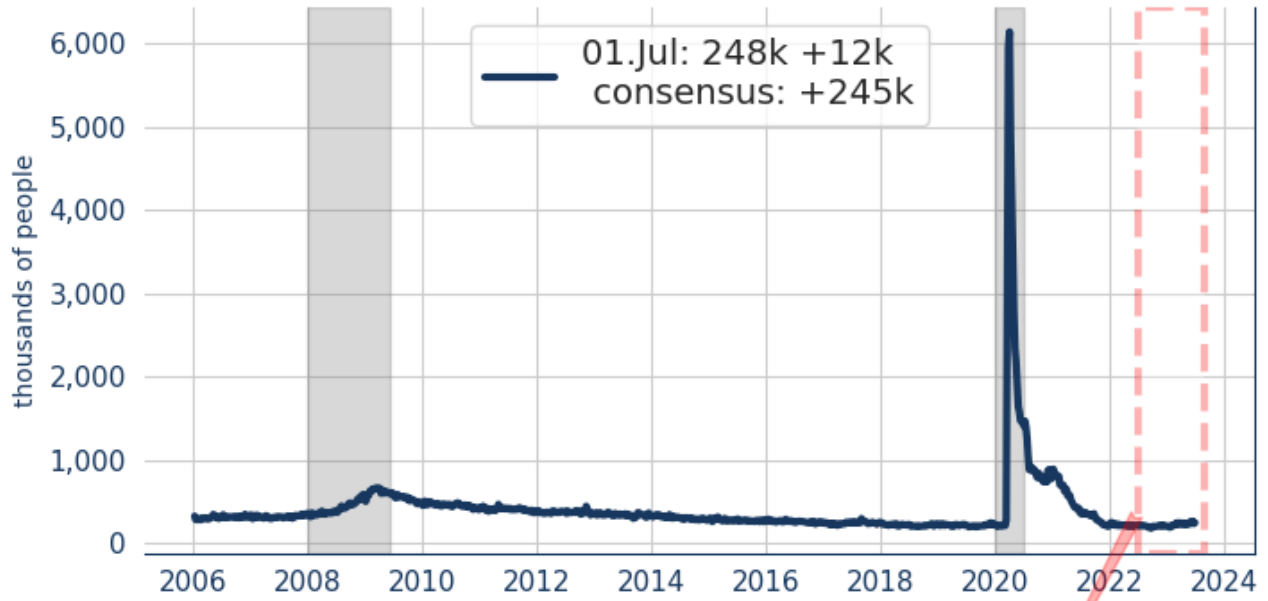
Month-over-month % change for most recent months, followed by annualized % changes for periods noted. 5- and 10-year are simple averages of annual % changes.

Initial Jobless Claims ROSE 12k in the week ended July 1st to 248k, BELOW the 4-week average of 253.25k, ABOVE the 13-week average of 242.38462k but 36k ABOVE the year-ago level. Non-seasonally adjusted Claims ROSE 20.838k.

Continuing Claims FELL -13k in the week ended June 24th to 1.72M, BELOW the 4-week average of 1.7465M, BELOW the 13-week average of 1.787615M but 366k ABOVE the year-ago level.

Initial Jobless Claims

01.Jul: 248k +12k consensus: +245k



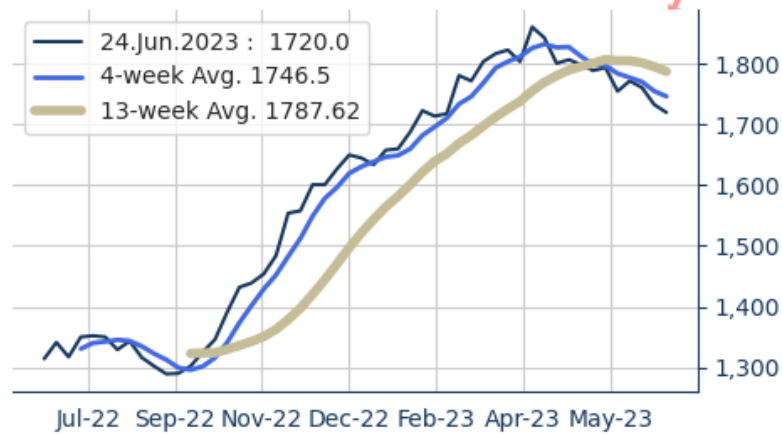
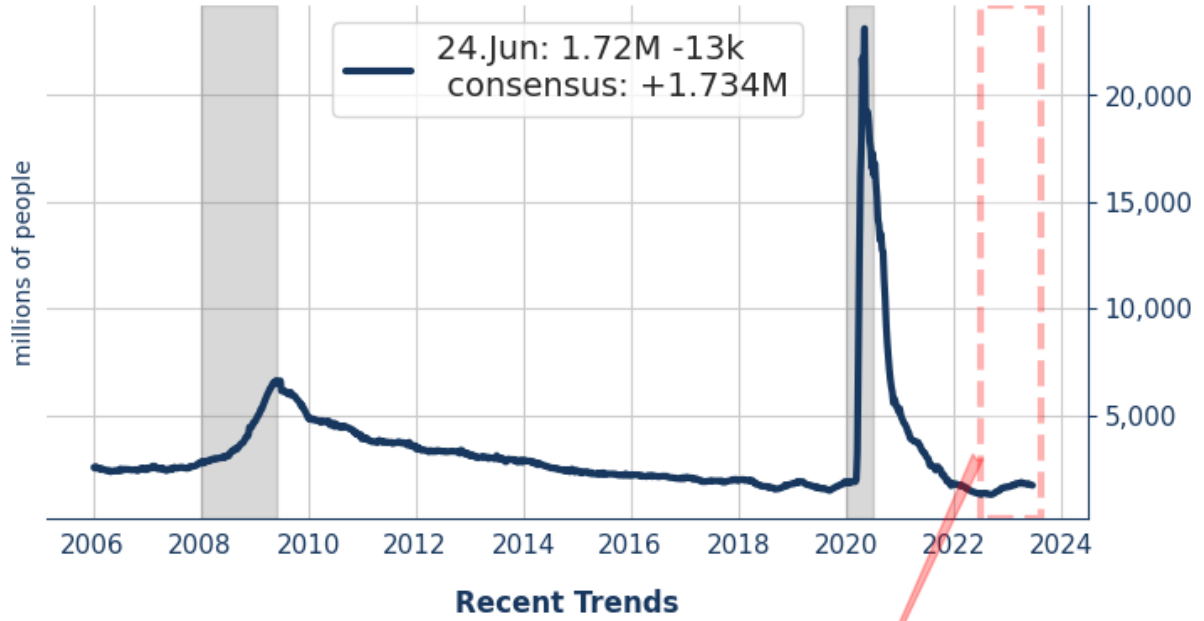
Recent Trends



Contingent Macro Advisors 2023 source: BLS via FRED

Continuing Claims

Uptrend since revisions in late 1st Quarter '23 has lost momentum.



Contingent Macro Advisors 2023 source: BLS via FRED

US Weekly Jobless Claims in 000s	Jul-01	Jun-24	Jun-17	Jun-10	Jun-03	May-27	May-20	May-13
Initial Jobless Claims SA	248	236	265	264	262	233	230	225
wk chg (SA)	12	-29	1	2	29	3	5	-6
Initial Jobless Claims NSA	251	230	251	251	220	209	203	201
wk chg (NSA)	21	-21	-0	31	12	6	2	-4
4-week avg (SA)	253	257	256	247	238	230	232	232
chg in 4wk avg	-4	1	9	10	8	-2	0	-5
13-week avg (SA)	242	241	242	240	238	236	235	234
chg in 13k avg	2	-1	1	3	1	1	1	1
Continuing Claims in 000s (one	Jun-24	Jun-17	Jun-10	Jun-03	May-27	May-20	May-13	May-06

week lag)								
Continuing Claims SA	1720	1733	1761	1772	1755	1794	1789	1799
wk chg (SA)	-13	-28	-11	17	-39	5	-10	-8
Continuing Claims NSA	1739	1675	1673	1650	1595	1610	1612	1612
wk chg (NSA)	64	2	23	55	-15	-3	0	-48
4-week avg (SA)	1746	1755	1770	1778	1784	1797	1799	1812
chg in 4wk avg	-9	-15	-7	-7	-13	-2	-14	-16
13-week avg (SA)	1788	1796	1802	1805	1805	1807	1801	1796
chg in 13k avg	-8	-6	-3	0	-2	6	6	6

source: Bureau of Labor Statistics via St. Louis Fed FRED