

U.S. Data Review

- Employment: slowing growth in recent months, but still firm

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The Labor Market

Nonfarm payrolls rose 372,000 in June, noticeably firmer than the consensus estimate of 265,000. The results were tempered to a degree by downward adjustments of 74,000 in the prior two months, but they still suggest a strong pace of hiring (average of 381,000 in the past four months) -- albeit one that trails the torrid pace of 562,000 per month in 2021 and 609,000 in the first two months of 2022. While firms face a variety of headwinds (elevated input costs, a tight supply of labor, slowing economic growth), they are still adding jobs at solid clip.

The breakdown of hiring by industry did not show any noteworthy changes. The healthcare and information industries registered above-average gains. Professional and business services, education, and manufacturing posted solid increases, although they trailed recent averages. The leisure and hospitality sector, which had been recording six-figure advances (average of 196,000 per month in 2021 and 122,000 in Q1) added 67,000 jobs after 68,000 in May. The federal government trimmed payrolls by 13,000.

The unemployment rate was unchanged in June, although the results could be viewed as mildly disappointing. A contraction of 353,000 in the size of the labor force exceeded a decline of 315,000 in employment as measured by the household survey. The shifts led to a decline of one tick in the labor force participation rate to 62.2 percent. The prime-age participation rate slipped 0.3 percentage point to 82.3 percent, noticeably denting its upward trend. The broad unemployment rate showed better results, falling 0.4 percentage point to 6.7 percent. A drop of 707,000 in the number of individuals working part-time involuntarily offset a pickup of 124,000 in the number of marginally attached workers.

Employment Report*

	Nonfarm Payrolls (Chg., Thousands)	Private- Sector Payrolls	Unemp. Rate (Percent)	Broad Unemp. Rate (Percent)	Household Emp. (Chg., Thousands)	Labor Force	Emp.- Population Ratio (Pct.)	Median Duration of Unemp. (Weeks)	Part-Time Econ. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
Annual Average											
2019	164	146	3.7	7.2	167	124	60.8	9.2	4,407	0.2	34.4
2020	-774	-688	8.1	13.7	-741	-330	56.8	12.6	7,227	0.5	34.6
2021	562	524	5.4	9.4	508	135	58.4	16.1	4,914	0.4	34.8
2022	457	444	3.7	7.0	356	288	60.0	8.8	4,001	0.4	34.6
2021 Monthly											
July	689	638	5.4	9.2	1,092	261	58.4	14.4	4,450	0.5	34.8
Aug.	517	497	5.2	8.8	463	130	58.5	14.2	4,481	0.3	34.7
Sep.	424	409	4.7	8.5	639	-34	58.8	13.7	4,450	0.5	34.8
Oct.	677	694	4.6	8.2	428	139	58.9	13.0	4,398	0.6	34.8
Nov.	647	627	4.2	7.7	1,090	516	59.3	13.4	4,266	0.4	34.8
Dec.	588	561	3.9	7.3	651	168	59.5	12.9	3,929	0.5	34.8
2022 Monthly											
Jan.	504	492	4.0	7.1	1,199	1,393	59.7	10.1	3,717	0.6	34.6
Feb.	714	704	3.8	7.2	548	304	59.9	9.6	4,135	0.1	34.7
Mar.	398	385	3.6	6.9	736	418	60.1	7.5	4,170	0.5	34.6
Apr.	368	(436) 368	3.6	7.0	-353	-363	60.0	7.5	4,033	0.3	34.6
May	384	(390) 336	3.6	7.1	321	330	60.1	9.6	4,328	0.4	34.5
June	372	381	3.6	6.7	-315	-353	59.9	8.5	3,621	0.3	34.5

* Preliminary readings on nonfarm payrolls shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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Average hourly earnings rose 0.3 percent, matching the expected increase, although slower than the average advance of 0.4 percent in the prior six months. The increase led to a year-over-gain of 5.1 percent, down from 5.3 percent in May and a recent peak of 5.6 percent in March. Average hourly earnings of production workers (those in nonsupervisory positions) posted a sharper monthly increase of 0.5 percent (6.4 percent year-over-year, matching the May tally but down from 6.7 percent in Q1).

The length of the average workweek was unchanged in June at 34.5 hours (although May results were revised lower by 0.1 hour). Recent readings have trailed the average of 34.8 hours in 2021. While the workweek was unchanged, the gain in employment led to an increase of 0.3 percent in the index of total work time, a respectable showing.