

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

March's U.S. jobs report delivers what's needed (Part I)

According to the U.S. Bureau of Labor Statistics (BLS), U.S. total employment in March increased by +916,000 jobs. The increase was really over a million if the upwards revision to February's originally reported number is also included.

Jumps of this magnitude will continue to be sorely needed in the months ahead, as the total number of jobs in the economy is still 6.7 million less than at this time last year.

The seasonally adjusted (SA) unemployment rate in March improved to 6.0% from 6.2% in February. The not seasonally adjusted (NSA) unemployment rate fell to 6.2% from 6.6% in the month prior.

Government work a drag on jobs recovery

The jobs recovery ratio, versus the big drop in employment that occurred between February and April of last year, has picked up to just under 60% (see top right-hand figure in Table 1). But that means there's still a long way to go.

Not surprisingly, the industrial sub-sector with the best jobs recovery ratio (a.k.a., 'claw-back' ratio) is 'transportation and warehousing', 88.7%. Goods purchased over the Internet don't just magically appear on people's doorsteps. Achieving speedy and efficient logistics has moved up to become a paramount key to business success.



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The 'leisure and hospitality' sector suffered the sharpest contraction in jobs last Spring, -46.8% year over year, but it has managed to restore 59% of those positions.

'Government' staffing is taking away from the overall employment recovery. The public sector jobs count fell between February and April 2020 by about a million. Subsequent to that retreat, today's public sector jobs count is further in arrears by -242,000, despite a substantial pickup in the latest month, +136,000, which came more than half in the field of 'local education'.

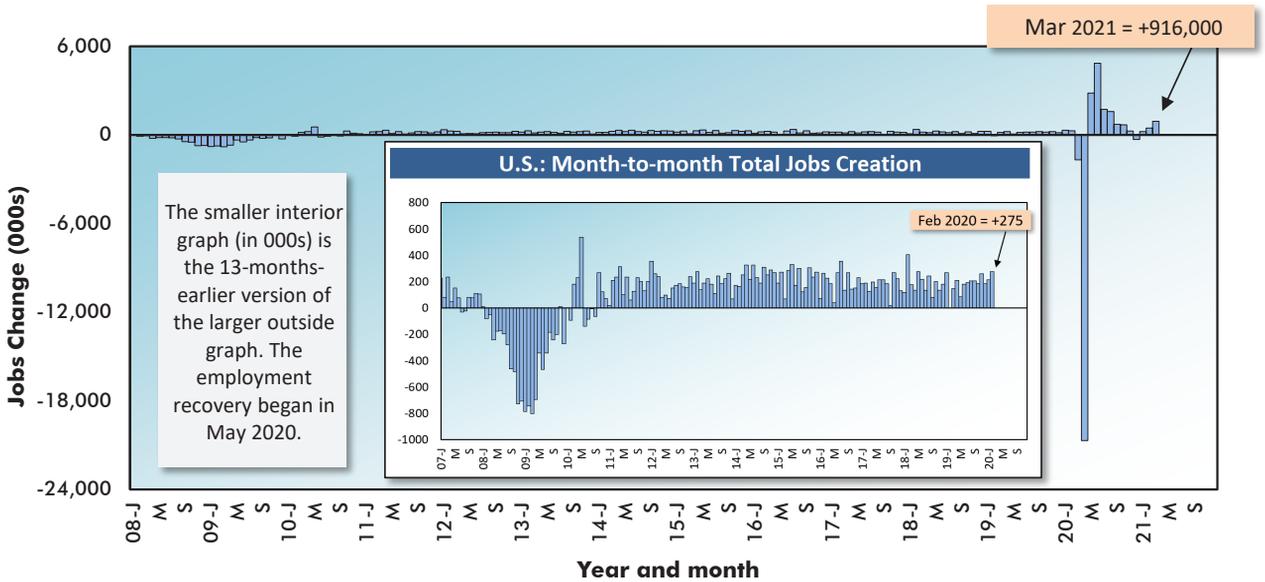
To be continued in *Economy at a Glance*, Vol. 17, Issue 58.

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Graph 1: U.S.: Month-to-month Total Jobs Creation



Latest data point is for March, 2021.

Data source: Payroll Survey, U.S. Bureau of Labor Statistics (BLS) / Chart: ConstructConnect — CanaData.

Table 1: Monitoring the U.S. employment recovery — March 2021

| The Big Drop (as originally reported) April 2020 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19) Millions | | Change in Number of Jobs (Millions) | | % Change | | Jobs Recovery Since Apr 2020, Millions | Claw Back Ratio |
|---|----------------------------|---|---|---|---|--|--------------------|
| | | Mar 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19) | Mar 2021 vs Feb 2021 (i.e., vs previous month) | Mar 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19) | Mar 2021 vs Feb 2021 (i.e., vs previous month) | | |
| -20.500 (-13.5%) | Grand Total | -8.403 | 0.916 | -5.5% | 0.6% | 12.097 | 59.0% |
| -17.200 (-15.9%) | Private Services-Providing | -6.404 | 0.597 | -5.9% | 0.6% | 10.796 | 62.8% |
| -1.330 (-10.4%) | Manufacturing | -0.515 | 0.053 | -4.0% | 0.4% | 0.815 | 61.3% |
| -0.975 (-12.8%) | Construction | -0.182 | 0.110 | -2.4% | 1.5% | 0.793 | 81.3% |
| -2.107 (-13.5%) | Retail Trade | -0.381 | 0.023 | -2.4% | 0.2% | 1.726 | 81.9% |
| -0.584 (-10.3%) | Transportation & Warehouse | -0.066 | 0.047 | -1.1% | 0.8% | 0.518 | 88.7% |
| -0.262 (-3.0%) | Financial Activities | -0.087 | 0.016 | -1.0% | 0.2% | 0.175 | 66.8% |
| -2.128 (-9.9%) | Professional & Business | -0.685 | 0.066 | -3.2% | 0.3% | 1.443 | 67.8% |
| -0.254 (-8.8%) | Information Services | -0.241 | -0.002 | -8.3% | -0.1% | 0.013 | 5.1% |
| -2.544 (-10.4%) | Education and Health | -1.172 | 0.101 | -4.8% | 0.4% | 1.372 | 53.9% |
| -7.653 (-46.8%) | Leisure & Hospitality | -3.134 | 0.280 | -18.5% | 2.1% | 4.519 | 59.0% |
| -0.980 (-4.3%) | Government | -1.222 | 0.136 | -5.4% | 0.6% | -0.242 | n/a |

Data source: Bureau of Labor Statistics (BLS) / Table: ConstructConnect — CanaData.

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March's U.S. jobs report delivers what's needed (Part 2)

Continued from *Economy at a Glance*, Vol. 17, Issue 57.

Construction hiring a highlight in March

The construction sector was a major contributor to the +916,000 economy-wide jobs gain in March. 'Hard hat' staffing shot up by +110,000, helping to erase the memory of a -56,000 decline just one month previously.

The composition of construction's month-to-month total jobs increase is laid out in Graph 2. Nonresidential sub-trades (+38,000), followed by residential sub-trades (+27,000) and engineering/civil contractors (also +27,000) undertook the most hiring in the month.

Construction's NSA unemployment rate in March dropped by a percentage point month to month from 9.6% to 8.6%. But in March of last year, it had been 6.9%.

Be aware that the tone of year-over-year comparisons will soon change dramatically and for the better, thereby engendering more confidence concerning the outlook.



Alex Carrick

A month from now, when April 2021's labour market statistics are being quoted, the prior year's unemployment rate for construction of 16.6% will place the latest results in a much better light.

From Table 1, the jobs recovery ratio in construction is a respectable 81.3%.

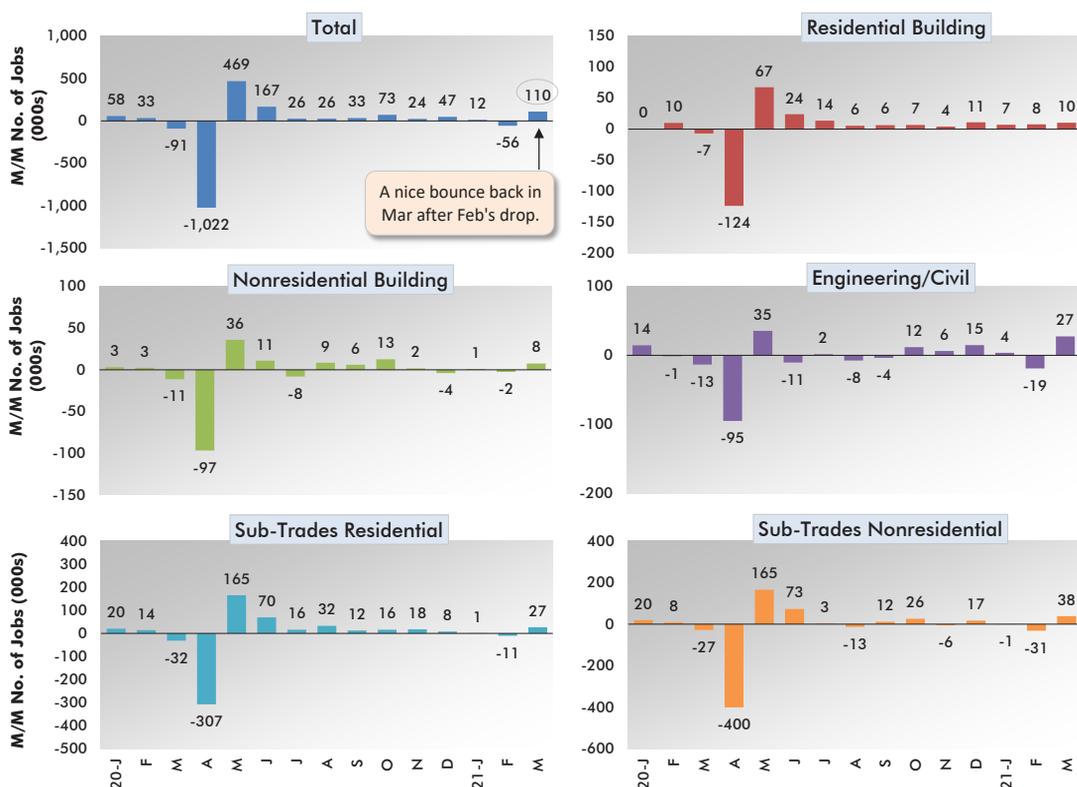
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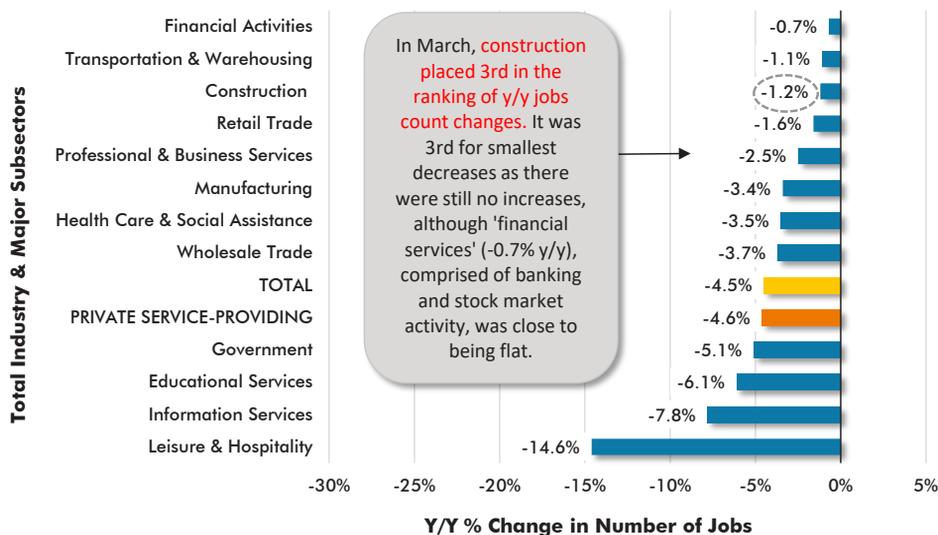
Graph 2: Change in Level of U.S. Construction Employment, Month to Month (M/M) – Total & by Categories – March 2021



For each month, 'net' = zero. 'Sub-trade' in BLS data referred to as 'specialty' trade.

Data source: Bureau of Labor Statistics (BLS) / Chart: ConstructConnect — CanaData.

Graph 3: Y/Y Jobs Change, U.S. Total Industry & Major Subsectors – March 2021 (based on seasonally adjusted payroll data)



Within the hardest-hit sector, 'leisure & hospitality' (-14.6% y/y), 'hotels/motels' was -27.6%; 'restaurants & bars', -10.0%; and 'amusements/gambling', -24.3%.

Data source: Payroll Survey, U.S. Bureau of Labor Statistics (BLS) / Chart: ConstructConnect — CanaData.

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March's U.S. jobs report delivers what's needed (Part 3)

Continued from *Economy at a Glance*, Vol. 17, Issue 58.

Construction workers still falling short on compensation front

Construction workers are still falling short on the compensation front. While 'all jobs' y/y earnings were +4.2% hourly and +6.7% weekly in March, construction workers were being paid +2.5% hourly and +3.8% weekly.

Removing supervisors from the mix, the disparities were even greater. The hourly side-by-side comparison was +4.4% to +2.4%; the weekly match-up was +7.2% to +4.0%.

Graphs 4 and 5 feature earnings results for production and nonsupervisory employees (i.e., workers other than bosses).

A banner event for initial jobless claims

Before closing, let's have a look at what may be my favorite leading economic indicator of all, and not just concerning the U.S. labour market, *initial jobless claims*.

A banner event appeared in the latest weekly report. Revisions to the data series were published and they show March 20,



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2021's number falling to 658,000, marking the first time in a year that initial jobless claims have been lower than they were at their peak in the 2008-09 recession.

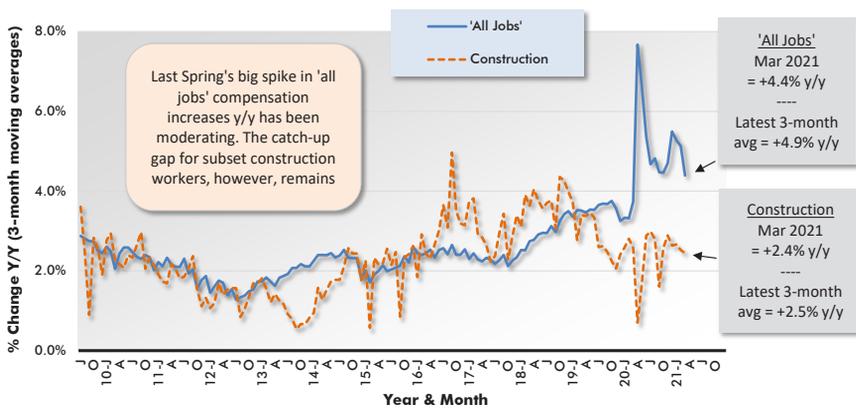
Going forward, they need to register further significant improvement. Unfortunately, for the latest week ending March 27th, they bobbed back up to 719,000.

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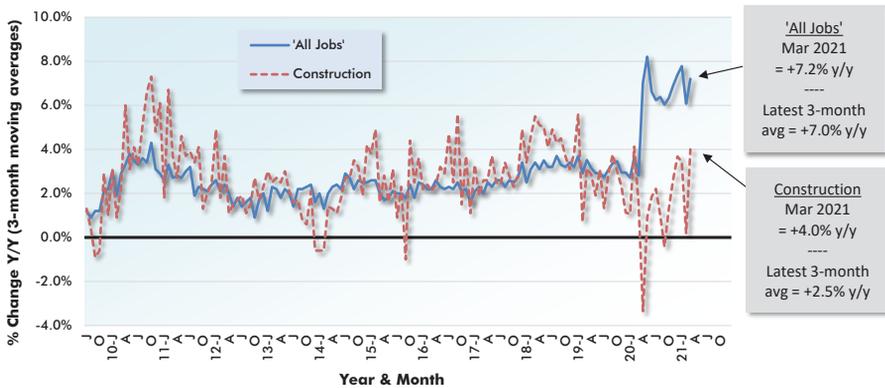
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Graph 4: Average Hourly Earnings Y/Y – 'All Jobs' & Construction



Analysts will be keeping a sharp eye on earnings. They're a reflection of overall economic activity. Perhaps more important, though, they can be an early warning indicator of a coming pickup in general price inflation.

Graph 5: Average Weekly Earnings Y/Y – 'All Jobs' & Construction

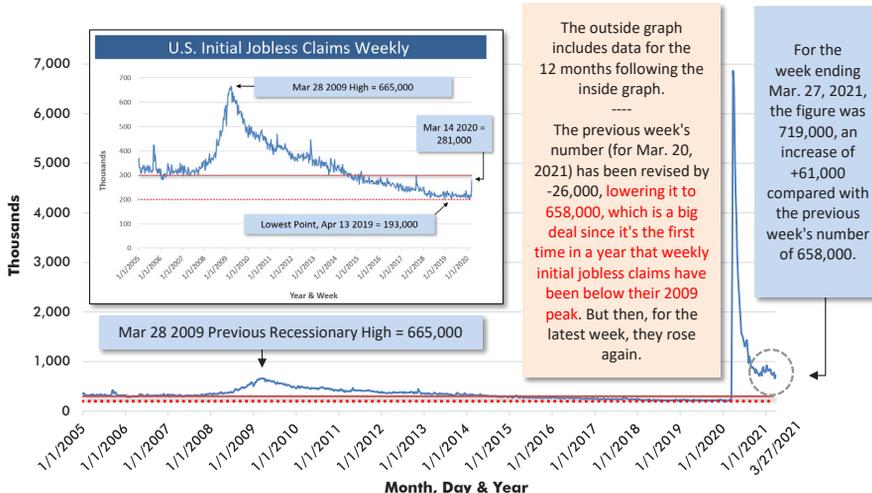


U.S. construction's month-to-month jobs count change in March 2021 was +110,000. The sector's not seasonally adjusted (NSA) unemployment rate was 8.6% versus the month prior's figure of 9.6%. In Mar 2020, it had been 6.9%.

From 'Production Workers and Non-supervisory Personnel' Table B8.

Data source: Bureau of Labor Statistics (BLS)'s *Employment Situation report*.
Charts: ConstructConnect — CanaData.

Graph 6: U.S. Initial Jobs Claims Weekly – as of March 27, 2021



The metric on the count of individuals continuing to receive unemployment insurance is a week behind the initial jobless claims number. For the week ending Mar. 20, 2021, ongoing claims improved to 3.794 million versus the previous week's 3.840 million (i.e., a decline of -46,000). Prior to COVID, the figure was consistently below 2.0 million. The ongoing claims number was at its highest, 23.1 million, on May 9, 2020.

Data source: Department of Labor. Chart: ConstructConnect — CanaData.