

Economy at a Glance

Prepared by Alex Carrick, ConstructConnect® Chief Economist

U.S. half million jobs increase in May still only drop in bucket (Part I)

Big grin big pickup in youth employment

In any pre-pandemic month, May's U.S. total jobs count gain of +559,000 would have registered as outstanding. And I don't want to belittle the achievement, especially since it soundly beats the previous month's figure of +278,000.

But as can be seen from Graph 1, even a swing of plus more than half a million appears as only a blip in the context of the month-to-month movements over the past year and a quarter.

The seasonally adjusted (SA) unemployment rate in May improved to 5.8% from 6.1% in April. The not seasonally adjusted (NSA) unemployment rate downshifted to 5.5% from 5.7% the month previously.

Young people are finding employment once again. The SA unemployment rate for individuals aged 16 to 19 brightened to 9.5%. And yes, 'brightened to 9.5%' is appropriate wording given that a year ago the SA unemployment rate for those just under aged 20 was 30.7%.

The primary reason for better youth employment has been the year-over-year jobs pickup in the 'leisure and hospitality' sector, +41.7%.



Alex Carrick

From Table 1, the U.S. jobs recovery ratio (a.k.a. the 'claw-back' ratio), relative to the plunge in employment that occurred in the Spring of last year, has perked up to 65.9%, or nearly two-thirds.

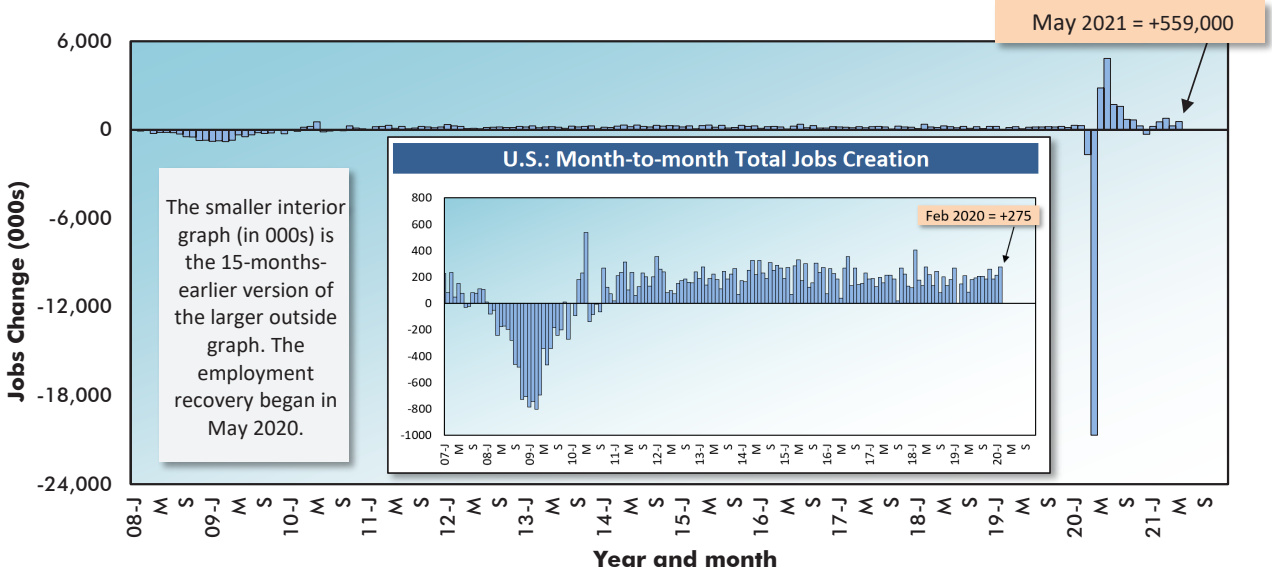
To be continued in *Economy at a Glance*, Vol. 17, Issue 85.

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



Due to last Spring's plunge in employment, a low base effect caused the U.S. total jobs count to be +8.9% y/y in May of this year. The latest month-to-month change was +0.4%.

Latest data point is for May, 2021.

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

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

The Big Drop (revised data)		Change in Number of Jobs (Millions)		% Change		Jobs Recovery Since Apr 2020,	Claw Back Ratio
April 2020 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)		May 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	May 2021 vs Apr 2021 (i.e., vs previous month)	May 2021 vs Feb 2020 (Feb 2020 was last month unaffected by COVID-19)	May 2021 vs Apr 2021 (i.e., vs previous month)	Millions	
-22.362	-14.7%	Grand Total	-7.629	0.559	-5.0%	14.733	65.9%
-18.787	-17.3%	Private Services-Providing	-5.652	0.489	-5.2%	13.135	69.9%
-1.385	-10.8%	Manufacturing	-0.509	0.023	-4.0%	0.876	63.2%
-1.113	-14.6%	Construction	-0.225	-0.020	-2.9%	0.888	79.8%
-2.375	-15.2%	Retail Trade	-0.411	-0.005	-2.6%	1.964	82.7%
-0.575	-9.9%	Transportation & Warehouse	-0.100	0.023	-1.7%	0.475	82.6%
-0.279	-3.1%	Financial Activities	-0.073	-0.001	-0.8%	0.206	73.8%
-2.387	-11.1%	Professional & Business	-0.708	0.035	-3.3%	1.679	70.3%
-0.281	-9.6%	Information Services	-0.193	0.029	-6.6%	0.088	31.3%
-2.843	-11.6%	Education and Health	-1.057	0.087	-4.3%	1.786	62.8%
-8.224	-48.6%	Leisure & Hospitality	-2.538	0.292	-15.0%	5.686	69.1%
-1.009	-4.4%	Government	-1.167	0.067	-5.1%	-0.158	n/a

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

Economy at a Glance

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U.S. half million jobs increase in May still only drop in bucket (Part 2)

Continued from *Economy at a Glance*, Vol. 17, Issue 84.

A bad news/good news month for construction workers

The construction sector's claw-back ratio now sits at a relatively high 79.8%.

But May was not a good month for construction employment. From Graph 2, onsite work retreated by -20,000 jobs in the latest month, with nonresidential sub-trade contractors accounting for almost all the payroll shrinkage.

With respect to compensation increases, however, 'hard hat' workers had more reason to smile than most in the labour force. While year-over-year wage gains for all jobs in May, including supervisory personnel, were +2.0% hourly and +2.6% weekly, construction workers were basking in pay hikes of +4.1% hourly and +4.6% weekly.

Concentrating on only production employees (i.e., leaving out bosses), the 'all jobs' hourly and weekly pay raises in May were +2.4% and +3.0%. The construction worker subset did notably better at +4.4% and +4.9%.



Alex Carrick

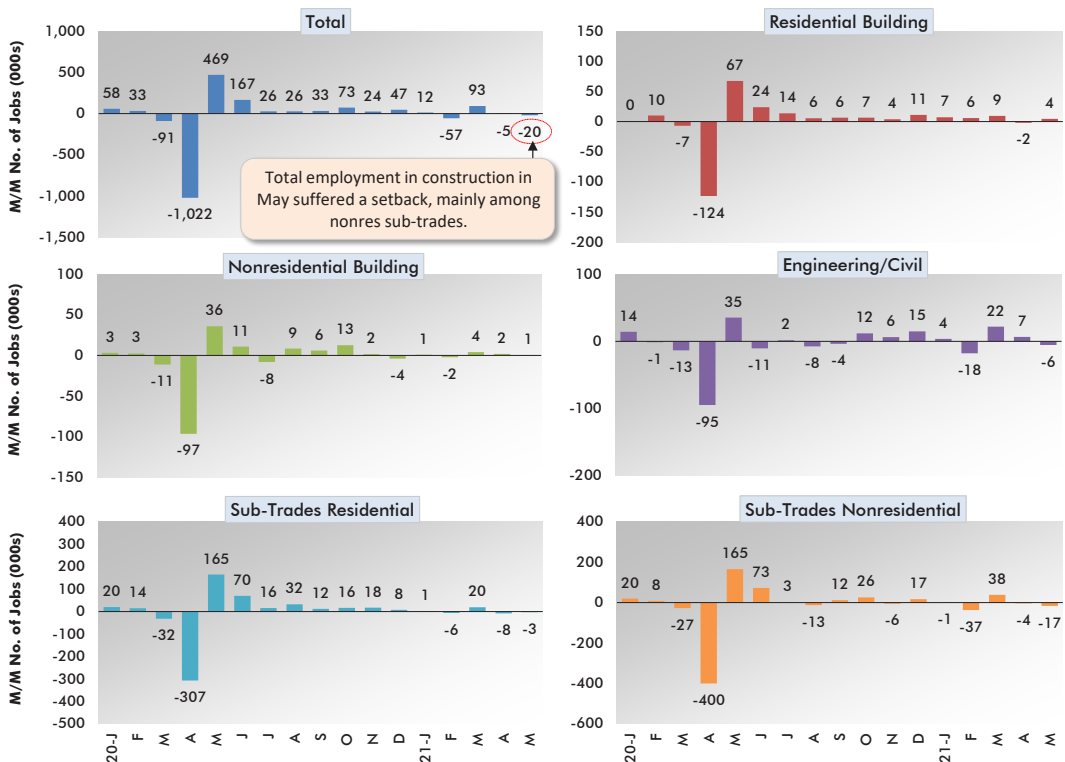
An interesting sidebar, though, is that manufacturing workers in May realized a y/y hourly earnings increase of +3.3%, not so remarkable, but a weekly compensation hike of +9.1%, something to cheer about. (The compensation 'level', on average, for construction workers remains at least a fifth higher than for production line workers.)

Many of the trends now driving the economy lean towards stimulating domestic manufacturing activity (e.g., deglobalization; promotion of 'Buy America'; even an infrastructure spending push, since it will require the input of so many building products).

U.S. manufacturing employment in May rose by +23,000 jobs. The NSA unemployment rate in manufacturing has tightened to 4.8% presently from 11.6% a year ago. Construction's unemployment rate currently stands at 6.7%, well down from 12.7% in May 2020.

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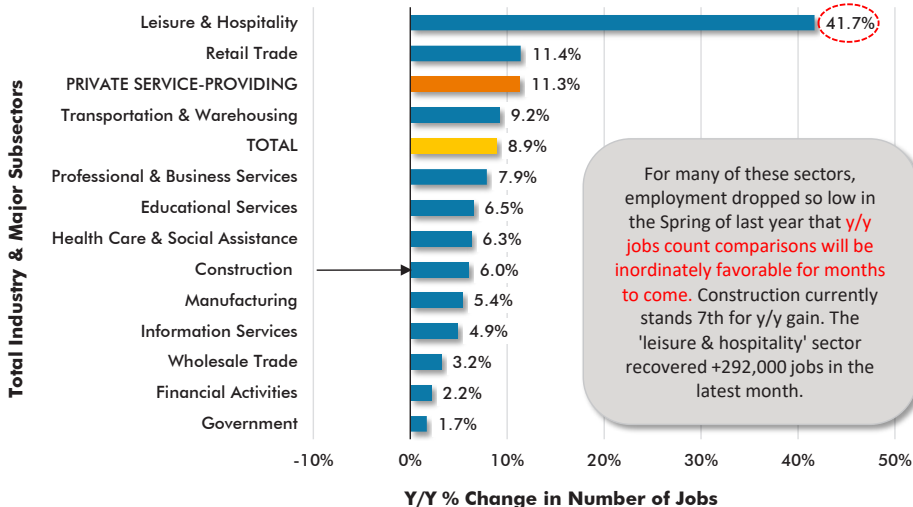
Graph 2: Change in Level of U.S. Construction Employment, Month to Month (M/M) – Total & by Categories – May 2021



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 – May 2021 (based on seasonally adjusted payroll data)



For many of these sectors, employment dropped so low in the Spring of last year that y/y jobs count comparisons will be inordinately favorable for months to come. Construction currently stands 7th for y/y gain. The 'leisure & hospitality' sector recovered +292,000 jobs in the latest month.

May 2021's y/y changes in employment within the hardest-hit sector, 'leisure & hospitality', were: 'hotels/motels', +44.9%; 'restaurants & bars', +38.2%; and 'amusements/gambling', +74.6%.

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