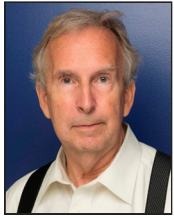


Economy at a Glance

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Little meat on the bones of the August U.S. jobs report



Alex Carrick

August's *Employment Situation* report from the Bureau of Labour Statistics (BLS) says that the total number of jobs in the U.S. economy rose by +235,000 in the latest month. A gain of nearly a quarter of a million jobs may sound like a lot, but in the grand scheme of things, it's rather tame.

Compare it with the month prior's performance. July was originally reported at +943,000 jobs. That figure has now been revised higher to +1.053 million.

Job creation in August became bogged

down. It was probably due to the coronavirus making a comeback, by way of the Delta variant, and threatening a fourth wave heading into the Fall.

The best illustration of how hiring tapped out in August can be found in the 'leisure and hospitality' sector. The economy-wide staffing change with bars and restaurants and hotels/motels in the latest month was zero.

Nevertheless, it's encouraging to note that the year over year change in 'leisure and hospitality' employment is a strong +17.4%.

Total employment is now +4.3% y/y; construction employment is +2.7%.

Once again, the construction sector in August was not a source of net new jobs. Rather, it cut 3,000 positions, mainly in the engineering/civil field (-8,000). Residential sub-trade contractors, however, did increase their payrolls by +17,000 (see Graph 1).

The seasonally adjusted (SA) national headline unemployment rate in August was 5.2%, down from 5.4% in July and considerably improved from August 2020's 8.4%. The not seasonally adjusted (NSA) U rate in the latest month was 5.3% compared with 5.7% in July and 8.5% in year-ago August.

The participation rate (i.e., the proportion of adults wanting to work) has stayed steady at 61.7% for a while now.

Construction's NSA unemployment rate in August was 4.6%. In August 2020, it had been 7.6%.

The manufacturing sector's NSA U rate is now 3.6% versus 6.7% a year ago. As one bit of good news, manufacturers have increased their total employment level by +157,000 jobs over the past four months.

The NSA U rate in durables manufacturing is now only 3.3%, or in other words, quite tight.

The NSA U rate in 'leisure and hospitality' remains elevated at 9.1%, but consider that a year ago, it was 21.3%.

Compensation rates keep climbing

As for wage increases, they keep speeding up. From Table B-3 (which includes supervisors) of the *Employment Situation* report, 'all jobs' earnings in August were +4.3% year over year both hourly and weekly. For construction workers as a subset of 'all jobs', the y/y compensation climbs were +3.9% hourly and +3.7% weekly.

From Table B-8 (which excludes bosses), economy-wide earnings were +4.8% hourly and +5.4% weekly. The construction sector increases were a little less exuberant at +4.5% hourly and +4.7% weekly.

The bottom line with respect to compensation rates, though, is that they are creeping upwards towards +5.0% y/y.

Another smidge of good news concerns the number of individuals on the long-term unem-

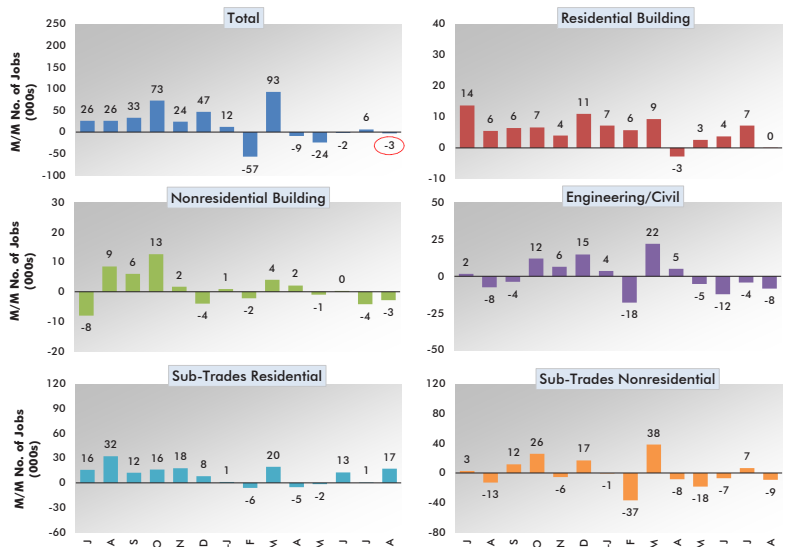
ployed roster. In August, there was a drop of a quarter of a million (-246,000) in the number of people out of work for 27 weeks or more.

August's bland jobs-creation result was telegraphed by the weekly 'initial jobless claims' report (Graph 2) where the figure still resides above 300,000. The U.S. labour market only truly becomes 'hot' when weekly initial jobless claims recede close to 200,000.

None of this is bothering the stock markets (see Table 1). In August, the DJI, S&P 500 and NASDAQ all took another step up the ladder, establishing new record highs along the way.

For more articles by Alex Carrick on the Canadian and U.S. economies, please visit: www.constructconnect.com/blog.

Graph 1: Change in Level of U.S. Construction Employment, Month to Month (M/M) – Total & by Categories – August 2021

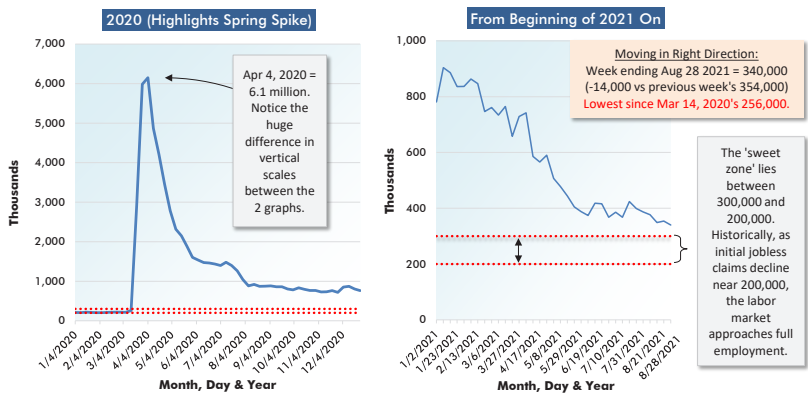


In the eight months of 2021 so far, there have been five months of construction job declines and only three of increases.

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 2: U.S. Initial Jobs Claims Weekly – as of August 28, 2021



Also Moving in Right Direction: The metric on the count of individuals continuing to receive unemployment insurance is a week behind the initial jobless claims number. For Aug 21 2021, ongoing claims were 2.748 million, a decrease of -160,000 compared with the prior week's 2.908 million. Before COVID-19, the figure was consistently below 2.0 million. Ongoing claims were at their highest, 23.1 million, on May 9, 2020.

Data source: Department of Labor & Census Bureau/Chart: ConstructConnect — CanaData.

Table 1: Stock exchanges – performances of key indices – August 31, 2021

INDEX	52-week low	52-week high	Year ago (Aug 31, 2020)	Month ago (Jul 30, 2021)	Latest month-end closing prices (Aug 31, 2021)	Per cent change, latest versus:			
						52-week low	52-week high	Year ago	Month ago
Dow Jones Industrials NYSE (^dji)	Oct 30 20 26,144	Aug 16 21 35,631	28,430	34,935	35,361	35.3%	-0.8%	24.4%	1.2%
S & P 500 NYSE (^spc)	Sep 24 20 3,209	Aug 30 21 4,537	3,500	4,395	4,523	40.9%	-0.3%	29.2%	2.9%
NASDAQ (^ixic)	Sep 24 20 10,520	Aug 30 21 15,288	11,775	14,673	15,259	45.0%	-0.2%	29.6%	4.0%
S&P/TSX Composite TSX (^gsptse)	Oct 30 20 15,419	Aug 31 21 20,704	16,514	20,288	20,583	33.5%	-0.6%	24.6%	1.5%

In August, the remarkable string of successes achieved by the major stock market indices featured above continued with all four of them – i.e., the DJI, S&P 500, NASDAQ and TSX – establishing new record highs.

On a y/y basis, NASDAQ & the S&P 500 were tied for biggest increase, just short of +30%. The DJI & TSX were also tied, but at a bit less than +25%.

Data Sources: New York Stock Exchange (NYSE), Standard and Poor's (S & P), National Association of Securities Dealers Automated Quotations (NASDAQ), Toronto Stock Exchange (TSE) and Reuters/Table: ConstructConnect — CanaData.