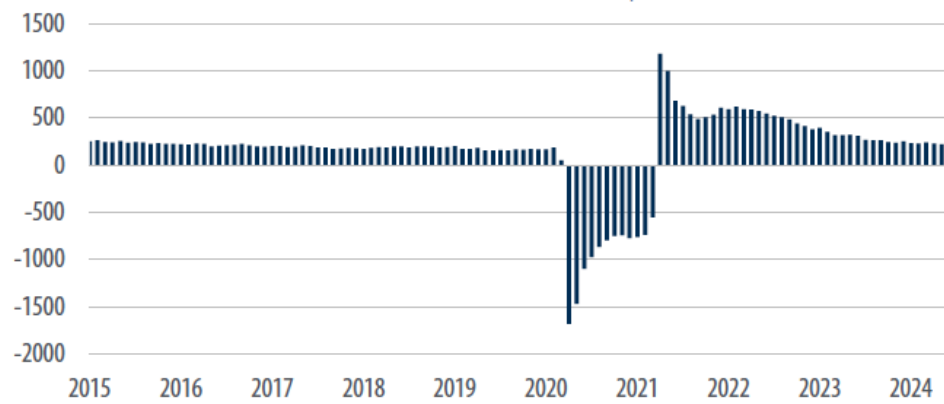


## The Employment Landscape

August 2024

Today, let's take a deeper look at the employment landscape in the United States. Every month, usually on the first Friday, the Bureau of Labor Statistics reports jobs data. These data come from two surveys of establishments and households. Using a representative sample of 122,000 entities (private and public), the Establishment survey is best known for providing the monthly change in nonfarm payroll employment. Beyond this, it also captures data on earnings and hours worked. Alternatively, the Household survey samples roughly 60,000 eligible U.S. households. It is best known for measuring the national unemployment rate, but also looks at the labor force, and employment with demographic detail. Much can be gleaned from both reports, and over time the employment components tend to track each other closely. But over the first half of the year, some cracks are starting to form in employment, weakness that we believe will lead to a further slowdown in hiring in the second half of the year.

### Rolling 12-Month Change in U.S. Nonfarm Payrolls

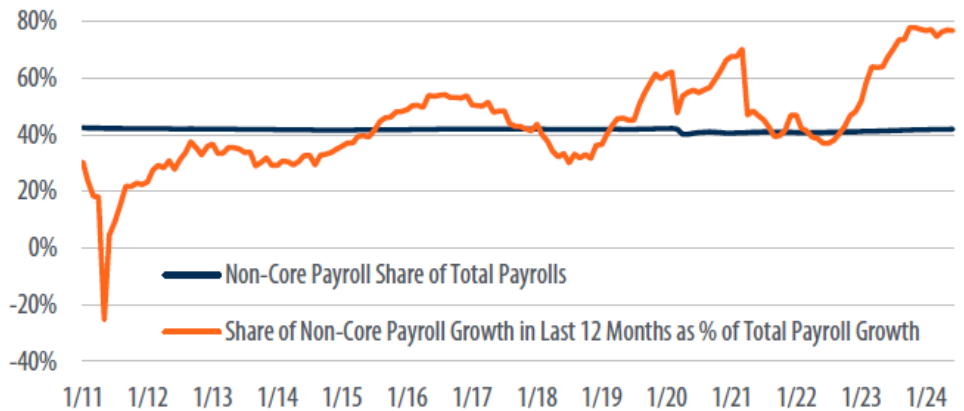


The Establishment survey revealed that 206,000 jobs were created in June. Although this is a solid number, the 12-month average gain has slowed to 218,000, the lowest since March 2021. From January 2015 through February 2020, nonfarm payroll gains averaged 193,000 per month. Thus, an average of 218,000 jobs per month over the past year is far from recessionary. However, we expect the slowdown in payroll gains to persist throughout the second half of the year.

Source: Bureau of Labor Statistics, First Trust Advisors. Monthly data 1/2015 – 6/2024.

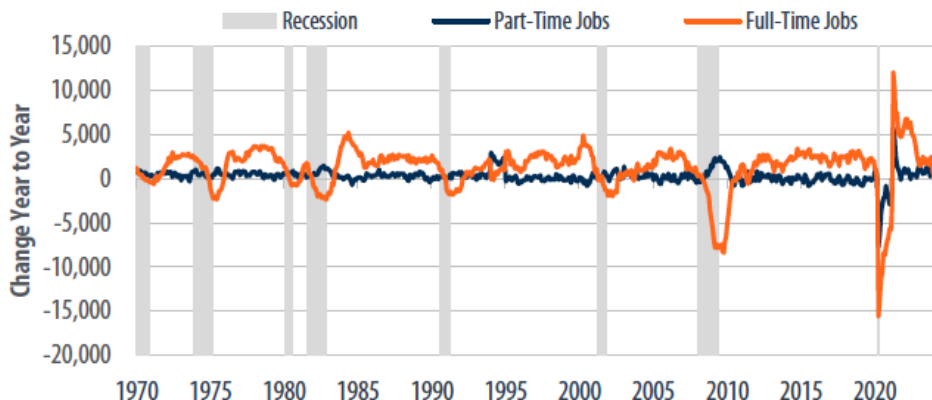
### Non-Core Payrolls Make Up Most of Recent Jobs Gains

The Establishment survey showed a payroll increase of 206,000 in June, but the type of jobs being created matter. We like to follow payrolls excluding government (because it's not the private sector), education & health services (because it rises for structural and demographic reasons, and usually doesn't decline even in recession years), and leisure & hospitality (which is still recovering from COVID Lock-downs). That "core" measure of payrolls rose only 47,000 in June. Government, education & health services, and leisure & hospitality jobs make up 42% of total jobs, yet have made up an outsized 76.7% of the total job gains over the past year.



Source: Bureau of Labor Statistics, First Trust Advisors. Monthly data 1/2011 – 6/2024. Non-core payrolls are made up of government, private education & health services, and leisure & hospitality jobs.

### Part-Time Jobs vs. Full-Time Jobs



Source: Bureau of Labor Statistics, First Trust Advisors. Monthly data 1/1970 – 6/2024.

The Household survey breaks down workers who are employed full-time, and those who are employed part-time. June showed that for the fifth consecutive month full time jobs have declined over the prior year and for the seventh consecutive month part-time job growth over the prior year (+1,806,000) outpaced full-time job growth (-1,551,000). Historically, that kind of trend has often signaled an impending recession or indicated that we were already in one.