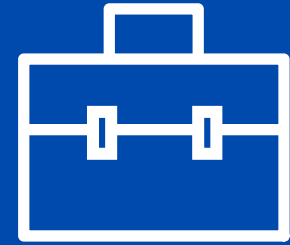


TCA Monthly Employment Snapshot

December 2021 Report

January 7, 2022



Top Expanding Sectors

- Leisure & Hosp: 53k
- Professional & Bus: 43k
- Trade, Trans, & Util: 30K
- Manufacturing: 26k
- Construction: 22k

Consumer Sentiment

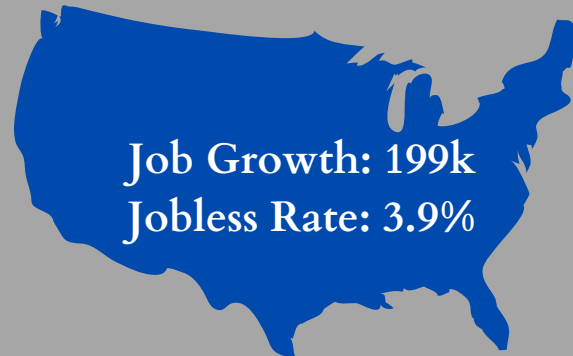
67.4 (-430 bps)

November's number is the lowest figure since November 2011.

PMI

58.7% (-240 bps)

Respondents report labor issues and lingering supply chain woes.



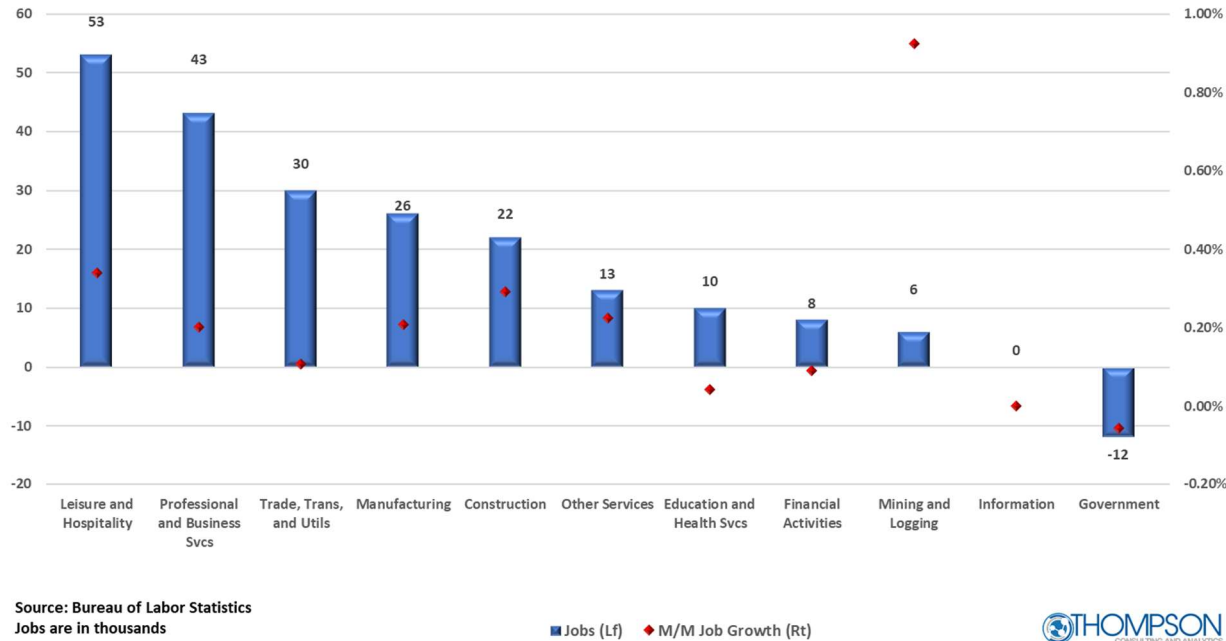
Job Growth: 199k
Jobless Rate: 3.9%

Economic Highlights

- December employment growth was below expectations (450k).
- Retail employment retreated by 2,100 jobs.
- 2022 Forecast: 330,000 jobs/month.

Sources: Bureau of Labor Statistics
Institute of Supply Management
University of Michigan

National Employment Growth by Sector (Dec 2021)



US employment growth (199,000 jobs) ended the year below expectations (450,000 jobs) in December. That being said, employment growth was widespread across major industries. Leisure and hospitality (53,000 workers) was the largest-gaining sector in the recent release. Manufacturing added 26,000 workers in December and has recorded positive employment growth for the eighth consecutive month. The December PMI registered at 58.7% (down 240 bps month-over-month). Respondents cite strong demand but hiring challenges and lingering delivery woes. Trade, transportation, and utilities recorded an increase of 30,000 workers in December. However, despite the holiday season, the retail component shed 2,100 positions. The US economy averaged employment growth of -778,000 jobs in 2020 and 537,000 in 2021 (before revisions). We expect US employment growth to average 330,000 jobs in 2022.

US Labor Market Snapshot (December 2021)												
Variable	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2021	Difference from Jan '20
Population (Civilian, Non-Inst.)	259,758	259,896	260,047	260,204	260,373	260,558	260,742	260,925	261,085	261,230	261,445	0.7%
Total Employment	150,840	130,161	132,994	137,840	139,566	141,149	141,865	142,545	142,809	142,503	146,147	-4.0%
Full-Time Employment	129,059	114,325	116,545	119,262	119,962	122,461	122,569	123,646	124,292	124,689	127,173	-2.7%
Part-Time Employment	26,564	19,117	20,819	23,125	23,941	24,896	25,067	26,139	25,373	24,917	25,423	-7.7%
Unemployment Rate	4.4%	14.8%	13.3%	11.1%	10.2%	8.4%	7.8%	6.9%	6.7%	6.7%	5.4%	190 bps
Underutilization Rate	8.8%	22.9%	21.2%	18.0%	16.5%	14.2%	12.8%	12.1%	12.0%	11.7%	9.4%	250 bps
Employment/Population Ratio	59.9%	51.3%	52.8%	54.6%	55.2%	56.5%	56.6%	57.4%	57.4%	57.4%	58.4%	-270 bps
Labor Force Participation Rate	62.6%	60.2%	60.8%	61.4%	61.5%	61.7%	61.4%	61.6%	61.5%	61.5%	61.7%	-170 bps
Not in Labor Force	97,037	103,418	101,847	100,407	100,288	99,740	100,664	100,207	100,548	100,663	100,241	5.5%

Source: US Bureau of Labor Statistics

Note: Population, employment, and "Not in Labor Force" data are in thousands.

Despite the below-expectations job growth, there were some positive data in the December labor market. The unemployment rate fell by 30 bps to 3.9% in the recent report. Also, the underutilization rate fell by 40 bps. Both of these metrics declined while people not in the labor force fell by 60,000 persons. Also, the labor force participation rate remained at 61.9%. These data indicate that there was a tick upward in active jobseekers. Full-time employment grew while part-time employment retreated in the recent report. While we see some traction on the supply side of the labor market, hiring remained muted for the second consecutive month. This indicates that the labor shortage is not just a story of a lack of workers. Hiring is anemic despite an influx of jobseekers. Though we are cautiously optimistic about the labor market, we view COVID mandates as a substantial downside risk to employment growth. Moreover, we expect that inflation will accelerate as interest rates rise and wages growth rises. Finally, we expect demand-side component of the labor shortage to remain a prevalent issue well into 2022.