

## ADP's Second Weather Report Should Be Looked Through

### Change in ADP private payrolls, 000s, October:

Actual: 235

Consensus: 200

Scotia: 210

Prior: 110 (revised from 135)

- This is the second weather report in a row and as such it should be looked through. Hiring rebounded from the downwardly revised slower pace in September likely as pent-up hiring was unleashed following the disruptive effects of hurricanes in August and September. ADP's very spotty record at tracking changes in private nonfarm payrolls means the usual cautions apply to ever using ADP as a nonfarm guide. That argument is likely stronger this time around since ADP did not dip as much in September as private nonfarm payrolls did (-40k) and so it wasn't expected to exhibit as much pent-up hiring demand today.
- The service sector led employment creation (+150k) while the goods sector was up 85k.
- By size of firm, there wasn't much variation as small employers with under 50 employees added 79k jobs, medium-sized employers added 66k and firms with over 500 employees added 90k jobs.
- As usual, I'd caution against inferring much from this report that could be useful to a nonfarm call given ADP's notoriously weak track record at calling nonfarm private payrolls ahead of time. Please see the updated table below. It tracks initial and current estimates of change in ADP private payrolls and private nonfarm payrolls and the spreads between both initial readings and both 'final' readings. In absolute value terms, the spread between initial ADP and initial private nonfarm payroll changes has been about 48k on average since ADP revised its methodology in October 2012. It's not uncommon to have much bigger deviations in individual months.

### CONTACTS

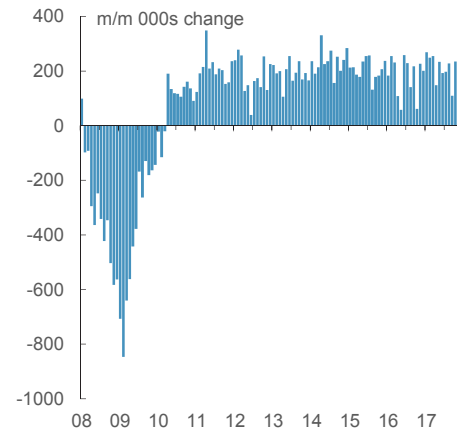
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### ADP Employment



Sources: Scotiabank Economics, ADP, Bloomberg.

**ADP Versus Private Nonfarm: Comparing Initial And Revised Estimates**

		ADP		Nonfarm Private		Spreads			
		Final	Initial	Final	Initial	Initial	Final	Spread of Spreads	
10/1/2012	2012	October	254	158	168	184	(26)	86	(112)
11/1/2012		November	130	118	152	147	(29)	(22)	(7)
12/1/2012		December	225	215	240	168	47	(15)	62
1/1/2013	2013	January	222	192	226	166	26	(4)	30
2/1/2013		February	192	198	267	246	(48)	(75)	27
3/1/2013		March	199	158	152	95	63	47	16
4/1/2013		April	106	119	195	176	(57)	(89)	32
5/1/2013		May	206	135	242	178	(43)	(36)	(7)
6/1/2013		June	255	188	179	202	(14)	76	(90)
7/1/2013		July	165	200	146	161	39	19	20
8/1/2013		August	194	176	242	152	24	(48)	72
9/1/2013		September	236	166	184	126	40	52	(12)
10/1/2013		October	170	130	214	212	(82)	(44)	(38)
11/1/2013		November	192	215	250	196	19	(58)	77
12/1/2013		December	166	238	73	87	151	93	58
1/1/2014	2014	January	236	175	204	142	33	32	1
2/1/2014		February	191	139	139	162	(23)	52	(75)
3/1/2014		March	213	191	261	192	(1)	(48)	47
4/1/2014		April	330	220	299	273	(53)	31	(84)
5/1/2014		May	225	179	252	216	(37)	(27)	(10)
6/1/2014		June	235	281	259	262	19	(24)	43
7/1/2014		July	275	218	226	198	20	49	(29)
8/1/2014		August	156	204	238	134	70	(82)	152
9/1/2014		September	253	213	237	236	(23)	16	(39)
10/1/2014		October	200	230	214	209	21	(14)	35
11/1/2014		November	241	208	302	314	(106)	(61)	(45)
12/1/2014		December	284	241	240	240	1	44	(43)
1/1/2015	2015	January	212	213	227	267	(54)	(15)	(39)
2/1/2015		February	214	212	222	288	(76)	(8)	(68)
3/1/2015		March	187	189	97	129	60	90	(30)
4/1/2015		April	179	169	235	213	(44)	(56)	12
5/1/2015		May	234	201	324	262	(61)	(90)	29
6/1/2015		June	255	237	195	223	14	60	(46)
7/1/2015		July	256	185	239	210	(25)	17	(42)
8/1/2015		August	132	190	115	140	50	17	33
9/1/2015		September	179	200	116	118	82	63	19
10/1/2015		October	184	182	314	268	(86)	(130)	44
11/1/2015		November	207	217	260	197	20	(53)	73
12/1/2015		December	238	257	217	275	(18)	21	(39)
1/1/2016	2016	January	184	205	110	158	47	74	(27)
2/1/2016		February	255	214	221	230	(16)	34	(50)
3/1/2016		March	232	200	189	195	5	43	(38)
4/1/2016		April	109	156	158	171	(15)	(49)	34
5/1/2016		May	58	173	17	25	148	41	107
6/1/2016		June	258	172	269	265	(93)	(11)	(82)
7/1/2016		July	229	179	249	217	(38)	(20)	(18)
8/1/2016		August	141	177	143	126	51	(2)	53
9/1/2016		September	217	154	223	167	(13)	(6)	(7)
10/1/2016		October	62	147	132	142	5	(70)	75
11/1/2016		November	226	216	178	156	60	48	12
12/1/2016		December	201	153	150	144	9	51	(42)
1/1/2017	2017	January	268	246	204	237	9	64	(55)
2/1/2017		February	249	298	222	227	71	27	44
3/1/2017		March	255	263	59	89	174	196	(22)
4/1/2017		April	148	177	194	194	(17)	(46)	29
5/1/2017		May	233	253	153	147	106	80	26
6/1/2017		June	192	158	207	187	(29)	(15)	(14)
7/1/2017		July	198	178	133	205	(27)	65	(92)
8/1/2017		August	228	237	164	165	72	64	8
9/1/2017		September	110	135	NA	(40)	175	NA	NA
10/1/2017		October	NA	235	NA	NA	NA	NA	NA

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