



Enhanced *ADP National Employment Report*®

New Methodology – Executive Summary

Working in close collaboration with Moody's Analytics, Inc. and its experienced team of labor market researchers, the ADP Research Institute® has further enhanced the monthly *ADP National Employment Report*® in order to more closely align it with the final print of the U.S. Bureau of Labor Statistics (BLS) numbers.

Beginning with its November 2, 2016 report, the *ADP National Employment Report's* new methodology now utilizes:

- ADP matched-pair growth rates by industry
- Lagged values of BLS estimates of growth of employment by industry with industry specific restrictions
- Unemployment Insurance Claims (UNI_US)
- Oil Prices
- The Michigan Consumer Sentiment Index (CSENT_US)
- The Composite Index of Leading Indicators (LEAD_US)

Unemployment Insurance Claims are used as a common driver across all industries. It has replaced the ADS index which has been used as a common external driver in previous specifications, since it has shown superior predictive power in out of sample tests and captures the monthly volatility in employment changes more efficiently.

In addition to the enhancements to the methodology, the report has the details of a more granular sector analysis, which also includes two disaggregated super sectors. The specific super sectors will be:

- Natural resources/mining
- Construction
- Manufacturing
- Trade/transportation/utilities
- Information
- Financial activities
- Professional/business services
 - Professional and technical services
 - Management of Companies and enterprises
 - Administrative and support services
- Education/health services
 - Education
 - Health care and social assistance
- Leisure/hospitality
- Other services

Additional information about the new methodology can be found at:

<http://www.adpemploymentreport.com/common-legacy/docs/ADP-NER-Methodology-Full-Detail.pdf>