

Morning Market Tidbits

Despite an uptick in strike activity, union membership remains low

In focus

The popular press was full of stories in 2023 about major labor strikes, including prominent strikes by the United Auto Workers, Kaiser Permanente, graduate employees at the University of Michigan, and Starbucks, among others.

The Bureau of Labor Statistics (BLS) estimates that 458,900 workers were involved in 33 major work stoppages that began and ended in 2023. Given that the BLS only counts work stoppages that involve over 1000 workers and last a full work week, the BLS data may undercount strike-related activity. Either way, 2023 was a continuation of the recent trend that has taken work stoppages to levels not seen since the mid-1980s.

Many of these work stoppages were related to aspects of employment beyond the right to unionize, like demands for higher pay, health care and retirement benefits, and working conditions.

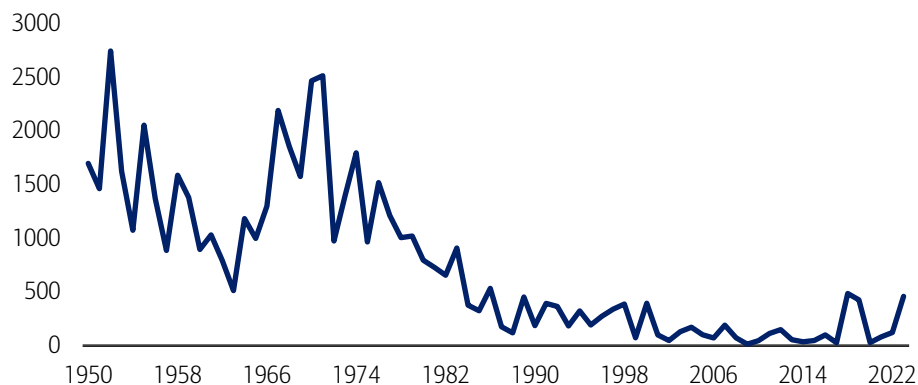
That said, there have been a number of efforts at the state level to improve the right to collectively bargain. Examples include Washington, which established collective bargaining rights for academic student employees, California, which passed a state law allowing state legislative employees to unionize, and Colorado, which passed a law that grants public employees greater workplace rights, including a right to organize.

Has the labor union found its footing and has union membership risen? The answers appear to be yes and no.

The sheer increase in work stoppages and, in some cases, positive outcomes from the point of view of workers engaged in strike activity and negotiations, suggests that labor has indeed found its footing. Success with some strikes may have helped create its own momentum as other labor unions witnessed the results.

Exhibit 1: Workers involved in work stoppages by year (thousands)

The number of workers involved in work stoppages has risen sharply in recent years



Source: BLS, Haver Analytics, BofA Global Research

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(Continued on next page)

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That said, the number of workers belonging to unions at 14.4mn in 2023 was virtually unchanged from 2022, when 14.3mn workers belonged to unions. In terms of unionization as a percent of total employment, the unionization rate actually fell to 10.0% in 2023 from 10.1% in 2022. In 1983, the first year for which comparable BLS data are available, the union membership rate was 20.1% and there were 17.7mn union workers.

Private sector unionization increased by 191,000 to 7.4 million in 2023, while the unionization rate was unchanged at 6.0%. Industries with high rates of unionization include utilities (19.9%), transportation and warehousing (15.9%), educational services (12.9%), and motion picture and sound recording industries (12.1%). Industries with the lowest rates of unionization include finance (1.2%), professional and technical services (1.3%), food services and drinking places (1.4%), and insurance (1.5%).

Both union membership (7.0mn) and the union membership rate in the public sector (32.5%) were little changed in 2023. The union membership rate was highest in local government (38.4%), which includes highly unionized occupations like as police officers, firefighters, and teachers.

Altogether, despite an uptick in strike activity in recent years, overall union membership remains low, and well below the penetration rate achieved in prior decades. 2023 was more a case of unions striking while the iron is hot. Whether that ultimately translates into increased membership has yet to be seen.

Market Action

The Asian equity markets that we cover closed mixed overnight. Looking at individual markets, the Korean Kospi, the Hang Seng and the Nikkei fell 0.4%, 0.2% and 0.1% respectively. On the flipside, the Indian Sensex and the Shanghai Composite were up 0.3% and 1.9% respectively.

As of 7:00 am ET, aggregate European stocks are up 0.2% and S&P500 futures are down 0.2%. In the bond markets, US Bond yields are up 4bp to 4.30%, and German Bund yields are up 3bp to 2.49%. The dollar index is down 0.06% to \$103.92. WTI crude oil prices are \$0.29 lower at \$78.25/bbl, and gold prices are at \$2030.37/oz.

US GDP Tracking

Exhibit 2: BofA US GDP tracking estimate (% q/q saar)

1Q GDP tracking moved down a tenth to 1.0% q/q saar largely due to lower than expected core capital goods orders and manufacturing inventories in Jan

| Date | Data release | GDP | Final Sales | PCE | Res. Inv. | Struct | Equip | IPP | Gov. | Exports | Imports | Net exports (level) | CIPI (level) |
|---------|--|------------|-------------|------------|-------------|-------------|------------|-----|------|------------|------------|---------------------|--------------|
| 2/14/24 | BofA official GDP forecast | 1.0 | 1.5 | 1.5 | -0.5 | -1.0 | 1.0 | 2.0 | 1.0 | 1.0 | 1.5 | -912.0 | 67.5 |
| 2/15/24 | Retail Sales | 0.8 | 1.1 | 1.2 | -0.9 | -1.0 | 1.0 | 2.0 | 1.0 | 1.0 | 1.5 | -915.8 | 66.6 |
| 2/15/24 | Industrial Production | 0.9 | 1.2 | 1.3 | -0.9 | -1.2 | 0.9 | 2.0 | 1.0 | 1.0 | 1.5 | -915.8 | 66.6 |
| 2/15/24 | Retail Inventories, Import Export Prices | 0.9 | 1.1 | 1.3 | -1.4 | -1.5 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.8 |
| 2/16/24 | Housing Starts and Permits | 0.9 | 1.1 | 1.3 | -1.5 | -1.5 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.8 |
| 2/16/24 | PPI | 0.9 | 1.0 | 1.3 | -1.5 | -1.6 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.6 |
| 2/22/24 | Existing Home Sales | 0.9 | 1.1 | 1.3 | -1.1 | -1.6 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.6 |
| 2/22/24 | Methodological Assumptions | 1.0 | 1.2 | 1.5 | -1.1 | -1.6 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.6 |
| 2/26/24 | New Home Sales | 1.1 | 1.3 | 1.5 | 0.7 | -1.6 | 0.8 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 73.6 |
| 2/27/24 | Durable Goods Orders | 1.0 | 1.3 | 1.5 | 0.7 | -1.6 | 0.2 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 68.7 |
| | GDP tracking | 1.0 | 1.3 | 1.5 | 0.7 | -1.6 | 0.2 | 2.0 | 1.0 | 0.2 | 1.4 | -924.6 | 68.7 |
| | Contribution to GDP growth (pp) | | | 1.0 | 0.0 | -0.1 | 0.0 | 0.1 | 0.2 | | | -0.2 | -0.1 |
| | BofA official GDP forecast | 1.0 | 1.5 | 1.5 | -0.5 | -1.0 | 1.0 | 2.0 | 1.0 | 1.0 | 1.5 | -912.0 | 67.5 |

Source: BofA Global Research. Our GDP tracking estimate reflects the mechanical aggregation of incoming data that directly informs the BEA's GDP calculations. The process is distinct from our official published GDP forecast. Boldface cells indicate where data have implications for tracking estimates.

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Data Review

GDP

The second estimate of 4Q US GDP came in at 3.2% q/q saar, down one-tenth from 3.3% previously. Personal consumption was revised higher to 3.0% from 2.7% previously.

Fixed investment was also revised higher to 2.5%, from 1.7%, on stronger structures and intellectual property investment. Equipment spending was revised lower to show a 1.7% decline. Government spending was revised higher to 4.2%, up from 3.3%, on strong spending at the state and local level. Most of the contribution to growth from fiscal policy has come at the state and local level, driven by the re-employment story and consumption of services as well as the crowding in of private investment from the IRA and CHIPs Act. Elsewhere, inventories were revised down by four-tenths, and are now a drag on growth of 0.3pp. 4Q Core PCE inflation was revised up a tenth to 2.1% from 2.0%.

Data Previews

February 29

Claims, personal income and spending, pending home sales

| Date | Time | Indicator | Period | BofA Estimate | Consensus | Previous |
|---------|-------|-----------------------------|--------|------------------|-----------|----------|
| 2/29/24 | 8:30 | Initial Jobless Claims | Feb 24 | 195k | 210k | 201k |
| 2/29/24 | 8:30 | Personal Income | Jan | 0.2% | 0.4% | 0.3% |
| 2/29/24 | 8:30 | Personal Spending | Jan | -0.1% | 0.2% | 0.7% |
| 2/29/24 | 8:30 | PCE Headline Prices (mom) | Jan | 0.3% | 0.3% | 0.2% |
| 2/29/24 | 8:30 | PCE Headline Prices (yoy) | Jan | 2.4% | 2.4% | 2.6% |
| 2/29/24 | 8:30 | PCE Core Prices (mom) | Jan | 0.4% | 0.4% | 0.2% |
| 2/29/24 | 8:30 | PCE Core Prices (yoy) | Jan | 2.8% | 2.8% | 2.9% |
| 2/29/24 | 8:30 | Personal saving rate | Jan | 4.0% | — | 3.7% |
| 2/29/24 | 9:45 | Chicago Purchasing Managers | Feb | 48.0 | 48.0 | 46.0 |
| 2/29/24 | 10:00 | Pending Home Sales | Jan | 2.0% | 1.5% | 8.3% |

Source: BofA Global Research

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