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Statement of

William W. Beach
Commissioner
Bureau of Labor Statistics

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Nonfarm payroll employment increased by 1.8 million in July, and the unemployment rate declined by 0.9 percentage point to 10.2 percent. These improvements reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it.

In July, employment rose in several major industries, with the largest gains in leisure and hospitality, government, retail trade, professional and business services, other services, and health care.

The rate of recovery in the labor market slowed in July, as job growth over the month was less than half that for June. As of July, total nonfarm employment is 12.9 million, or 8.4 percent, lower than in February, before the pandemic crisis unfolded in many parts of the United States. Similarly, although unemployment continued to fall in July, the unemployment rate

and the number of unemployed people are up by 6.7 percentage points and 10.6 million, respectively, since February.

The response rate for the household survey continued to be adversely affected by pandemic-related issues. The response rate for the establishment survey was above normal for July, reflecting a longer-than-average collection period. The impact of the pandemic on the household and payroll surveys is detailed in the July Employment Situation news release and accompanying materials (see www.bls.gov/news.release/empsit.nr0.htm). For both surveys, we were still able to obtain estimates that meet BLS standards for accuracy and reliability.

Taking a closer look at the July payroll data, employment in leisure and hospitality increased by 592,000, accounting for about one-third of the over-the-month growth in total nonfarm employment. Within the industry, food services and drinking places added 502,000 jobs over the month, following gains of 1.5 million each in May and June. Despite gains over the past 3 months, employment in food services and drinking places is 2.6 million lower than in February. Elsewhere in leisure and hospitality, employment in amusements, gambling, and recreation increased by 100,000 in July.

Employment in government rose by 301,000 in July but is 1.1 million lower than its February level. Typically, public-sector education employment declines in July before seasonal

adjustment. This year, however, employment declines occurred earlier than usual due to the pandemic, resulting in unusually large July employment increases in local government education (+215,000) and state government education (+30,000) after seasonal adjustment. Federal government employment increased by 27,000 over the month, reflecting the hiring of temporary workers for the 2020 Census. The U.S. Postal Service lost jobs over the month (-5,000).

In July, retail trade employment increased by 258,000, following increases of 827,000 in June and 386,000 in May. Despite these gains, employment in retail trade remains 913,000 below its February level. Employment rose in most retail industries in July, although almost half of the gain occurred in clothing and accessories stores (+121,000). By contrast, employment declined in the component of general merchandise stores that includes warehouse clubs and supercenters (-64,000) and in food and beverage stores (-19,000).

In July, professional and business services added 170,000 jobs, with most of the gain occurring in temporary help services (+144,000). By contrast, there were job losses in management of companies and enterprises (-12,000). Since February, employment in professional and business services is down by 1.6 million.

Employment in the other services industry increased by 149,000 in July, with personal and laundry services accounting

for most of the gain (+119,000). Employment in other services is 627,000 lower than in February.

In July, health care added 126,000 jobs, with increases in offices of dentists (+45,000), hospitals (+27,000), and offices of physicians (+26,000). Elsewhere in health care, job losses continued over the month in nursing and residential care facilities (-28,000). Employment in health care is down by 797,000 since February.

Employment in social assistance increased by 66,000 in July, with gains in child day care services (+45,000) and in emergency and other relief services (+6,000). Employment in social assistance is 460,000 lower than in February.

Transportation and warehousing added 38,000 jobs in July, following an increase of 87,000 in June. Although job growth has occurred over the past 2 months, transportation and warehousing has lost 470,000 jobs since a recent employment peak in January. In July, job gains occurred in transit and ground passenger transportation (+20,000), air transportation (+16,000), and couriers and messengers (+9,000).

In July, manufacturing employment increased by 26,000, after increases of 357,000 in June and 240,000 in May. Despite recent job gains, employment is down by 740,000 since February. In July, an employment gain in motor vehicles and parts (+39,000) was partially offset by losses in fabricated metals

(-11,000), machinery (-7,000), and computer and electronic products (-6,000).

Employment in financial activities rose by 21,000 in July, with most of the gain occurring in real estate and rental and leasing (+15,000). Financial activities employment is 216,000 lower than its February level.

In July, construction employment changed little (+20,000) but is 444,000 lower than in February.

Mining continued to lose jobs in July (-7,000). The industry has shed 127,000 jobs since a recent peak in January 2019, although nearly three-fourths of the decline has occurred since February 2020.

Average weekly hours for all private-sector workers fell by 0.1 hour in July. The average workweek for manufacturing rose by 0.7 hour in July. One should continue to be cautious when interpreting changes in the workweek at the total private level. In particular, large employment changes in industries with shorter- or longer-than-average workweeks can complicate monthly comparisons of average weekly hours.

Similarly, changes in average hourly earnings in recent months must be interpreted with caution. Average hourly earnings of all employees on private nonfarm payrolls increased by 7 cents in July to \$29.39, following large changes in recent months.

Turning to the labor market indicators from the household survey, the unemployment rate declined by 0.9 percentage point to 10.2 percent in July, and the number of unemployed people decreased by 1.4 million to 16.3 million. Both measures have decreased for 3 consecutive months, but remain much higher than in February, before the pandemic.

As in May and June, the July decrease in unemployment was driven primarily by a decline among people on temporary layoff (-1.3 million). The number of permanent job losers, which had increased by 1.6 million over the prior 4 months, was essentially unchanged at 2.9 million in July.

The unemployment rates fell in July for adult men (9.4 percent), adult women (10.5 percent), teenagers (19.3 percent), Whites (9.2 percent), Asians (12.0 percent), and Hispanics (12.9 percent). The rate for Blacks (14.6 percent) was little changed.

Among the unemployed, the number of people searching for work for less than 5 weeks increased by 364,000 to 3.2 million in July. The number of unemployed people who were jobless 5 to 14 weeks fell by 6.3 million to 5.2 million. The number of people who were jobless 15 to 26 weeks increased by 4.6 million to 6.5 million. The number of people searching for work for 27 weeks or more was little changed at 1.5 million.

The labor force participation rate, at 61.4 percent, was little changed in July, following increases in the prior 2

months. Total employment, as measured by the household survey, increased by 1.4 million over the month to 143.5 million. The employment-population ratio rose by 0.5 percentage point to 55.1 percent in July, following increases of 1.8 percentage points in June and 1.5 percentage points in May. However, the ratio remains 6.0 percentage points lower than in February.

The number of people who usually work part time increased by 803,000 in July to 24.0 million, while the number who usually work full time was little changed at 119.5 million.

In July, the number of people at work part time for economic reasons (also referred to as involuntary part-time workers) decreased by 619,000 to 8.4 million, reflecting a decline in the number of people whose hours were cut due to slack work or business conditions. The July decline in involuntary part-time workers follows a decrease of 1.6 million in June. The number of workers affected by this type of underemployment in July was 4.1 million higher than its February level.

The number of people not in the labor force who currently want a job declined by 463,000 in July to 7.7 million. This measure remains 2.8 million higher than in February.

Among those who were not in the labor force in July but wanted a job, 2.0 million were considered marginally attached to the labor force, down by 492,000 over the month. (People who are

marginally attached to the labor force had not actively looked for work in the 4 weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months.) Discouraged workers, a subset of the marginally attached who believed no jobs were available for them, numbered 665,000 in July, essentially unchanged over the month.

As has been the case since March, household survey interviewers were instructed in July to classify employed persons absent from work due to temporary, coronavirus-related business closures or cutbacks as unemployed on temporary layoff. BLS and Census Bureau analyses of the underlying data suggest that this group still may include some workers affected by the pandemic who should have been classified as unemployed on temporary layoff. However, the share of responses that may have been misclassified was much smaller in June and July than in prior months.

For March through June, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included. Repeating this same approach, the overall July unemployment rate would have been about 1 percentage point higher than reported. However, this represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error. BLS continues to conduct research on this issue. Additional information is available

online at www.bls.gov/covid19/employment-situation-covid19-faq-july-2020.htm.

Summarizing the labor market developments in July, nonfarm payroll employment increased by 1.8 million, and the unemployment rate declined to 10.2 percent.