

U.S. Data Review

- Employment: further recovery

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The Labor Market

Nonfarm payrolls rose briskly for the third consecutive month, with the increase of 1.763 million exceeding the expected gain of 1.48 million. The latest monthly tally, while strong, lagged the average increase of 3.758 million in the prior two months. Those results were revised higher from previous estimates, but the adjustment was trivial at 17,000. The improvement in the past three months has been notable, but total payrolls are still 12.881 million (or 8.4 percent) below the peak in February.

A few industries cut employment in July, but most areas posted advances. The service sector, which saw the sharpest cuts because of the pandemic, outperformed by a slight amount, posting a monthly increase of 1.5 percent versus 1.3 percent for total payrolls. The leisure industry did very well with a jump of 5.0 percent (although lighter than the average of 18.2 percent in May and June). The miscellaneous service category also was firm with a gain of 2.9 percent. State and local governments boosted payrolls by 1.5 percent, but the advance seemed to be a statistical anomaly reflecting earlier than normal layoffs in education because of the pandemic, which seasonal adjustment turned into a gain in July.

The goods-producing sector underperformed with an employment gain of only 0.2 percent. The mining industry cut payrolls for the sixth consecutive month, and the construction and manufacturing industries posted modest increases (0.3 percent and 0.2 percent). The increase in manufacturing was narrowly based, as an increase of 4.4 percent in the auto industry offset declines elsewhere.

Employment Report

| | Nonfarm Payrolls (Chg., Thousands) | Private- Sector Payrolls | Unemp. Rate (Percent) | Broad Unemp. Rate | Household Emp. (Chg., Thousands) | Labor Force | Emp.- Population Ratio (Pct.) | Median Duration of Unemp. (Weeks) | Part-Time Econ. (Thou.) | Avg. Hourly Earnings % Chg. | Avg. Workweek (Hours) |
|-----------------------|--|--------------------------------|-----------------------------|-------------------------|--|----------------|--|--|-------------------------------|--------------------------------------|-----------------------------|
| Annual Average | | | | | | | | | | | |
| 2017 | 176 | 170 | 4.3 | 8.5 | 147 | 69 | 60.1 | 10.1 | 5,254 | 0.2 | 34.4 |
| 2018 | 193 | 183 | 3.9 | 7.7 | 237 | 214 | 60.4 | 9.3 | 4,779 | 0.3 | 34.5 |
| 2019 | 178 | 162 | 3.7 | 7.1 | 165 | 120 | 60.8 | 9.2 | 4,407 | 0.2 | 34.4 |
| 2020 | -1,774 | -1,622 | 8.7 | 14.4 | -2,182 | -669 | 56.6 | 9.1 | 7,613 | 0.5 | 34.4 |
| Qtrly. Average | | | | | | | | | | | |
| 19-Q3 | 203 | 171 | 3.6 | 7.0 | 383 | 306 | 60.9 | 9.1 | 4,230 | 0.2 | 34.4 |
| 19-Q4 | 210 | 200 | 3.5 | 6.8 | 168 | 168 | 61.0 | 9.1 | 4,278 | 0.2 | 34.3 |
| 20-Q1 | -303 | -319 | 3.8 | 7.5 | -1,010 | -548 | 60.8 | 8.5 | 4,755 | 0.4 | 34.3 |
| 20-Q2 | -4,424 | -3,954 | 13.0 | 20.7 | -4,530 | -994 | 52.9 | 7.8 | 10,194 | 0.8 | 34.5 |
| 2019 Monthly | | | | | | | | | | | |
| Oct. | 185 | 190 | 3.6 | 6.9 | 246 | 350 | 61.0 | 9.2 | 4,397 | 0.3 | 34.4 |
| Nov. | 261 | 247 | 3.5 | 6.8 | -8 | -54 | 61.0 | 9.2 | 4,288 | 0.4 | 34.3 |
| Dec. | 184 | 164 | 3.5 | 6.7 | 267 | 209 | 61.0 | 9.0 | 4,148 | 0.1 | 34.3 |
| 2020 Monthly | | | | | | | | | | | |
| Jan. | 214 | 179 | 3.6 | 6.9 | -89 | 50 | 61.2 | 9.3 | 4,182 | 0.2 | 34.3 |
| Feb. | 251 | 220 | 3.5 | 7.0 | 45 | -60 | 61.1 | 9.1 | 4,318 | 0.3 | 34.4 |
| Mar. | -1,373 | -1,356 | 4.4 | 8.7 | -2,987 | -1,633 | 60.0 | 7.0 | 5,765 | 0.6 | 34.1 |
| Apr. | -20,787 | -19,835 | 14.7 | 22.8 | -22,369 | -6,432 | 51.3 | 2.0 | 10,887 | 4.7 | 34.2 |
| May | 2,725 (2,699) | 3,236 | 13.3 | 21.2 | 3,839 | 1,746 | 52.8 | 7.7 | 10,633 | -1.1 | 34.7 |
| June | 4,791 (4,800) | 4,737 | 11.1 | 18.0 | 4,940 | 1,705 | 54.6 | 13.6 | 9,062 | -1.3 | 34.6 |
| July | 1,763 | 1,462 | 10.2 | 16.5 | 1,350 | -62 | 55.1 | 15.0 | 8,443 | 0.2 | 34.5 |

* Preliminary readings on nonfarm payrolls are shown in parenthesis.

Source: Bureau of Labor Statistics via Haver Analytics

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The unemployment rate fell 0.9 percentage point to 10.2 percent. The improvement reflected primarily a solid advance in employment as measured by the household survey (1.35 million). Individuals dropping out of the labor force played a small role in the jobless drop, as the labor force fell 62,000. The unemployment rate still included some misreporting (individuals counted as employed but not at work rather than on temporary layoff). If they had been properly reported, the unemployment rate would have been perhaps a percentage point higher, about the same as in June but less than in March and April. The broad unemployment rate fell 1.5 percentage points to 16.5 percent. Both the number of individuals working part time involuntarily and the number of marginally attached workers declined in July.

Average hourly earnings rose 0.2 percent in July after declines in the prior two months. This series has not provided accurate insight into wage changes in recent months, as shifts have been dominated by compositional changes in the workforce (disproportionate job cuts among low-wage earners) rather than by changes in wage rates.