

# U.S. Data Review

- Employment growth: still robust

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## The Labor Market

Nonfarm payrolls jumped 528,000 in July, more than double the expected increase of 250,000. In addition, results in the prior two months were revised upward by 28,000. The new results were especially notable because they pushed total employment above the pre-pandemic peak in February 2020. The U.S. is now employing 32,000 more individuals than it was before the onset of Covid.

Results in the spring and early summer suggested some easing in the pace of job growth (an average gain of 388,000 from March through June). Recent declines in job postings and an upward drift in initial claims for unemployment insurance also suggested deceleration. However, today's results point to continued strong demand for labor. That demand is pressuring wages, as average hourly earnings jumped 0.5 percent, a touch stronger than the average in the prior 12 months (0.467 percent versus the average of 0.427 percent). The year-over-year change in hourly earnings totaled 5.2 percent, down from the recent high of 5.6 percent in March, but still firm.

The increase in employment was broadly based. The mining industry stood out with a gain of 1.11 percent (versus an advance of 0.35 percent for total employment), although this is a small industry and thus the number of new jobs was underwhelming at 7,000. The private education and leisure industries also were strong, posting gains of 0.64 percent and 0.61 percent, respectively (net new jobs of 25,000 and 96,000). Most other areas were at least respectable and several were strong. One major industry – warehousing – posted a reduction in employment, most likely reflecting adjustments that on-line retailers are making after vigorous growth during the worst of the pandemic.

## 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. Reasons (Thou.)	Avg. Hourly Earnings % Chg.	Avg. Workweek (Hours)
<b>Annual Average</b>											
2019	164	146	3.7	7.2	167	124	60.8	9.2	4,407	0.2	34.4
2020	-774	-688	8.1	13.7	-741	-330	56.8	12.6	7,227	0.5	34.6
2021	562	524	5.4	9.4	508	135	58.4	16.1	4,914	0.4	34.8
2022	471	451	3.7	7.0	331	238	60.0	8.8	3,990	0.4	34.6
<b>2021 Monthly</b>											
July	689	638	5.4	9.2	1,092	261	58.4	14.4	4,450	0.5	34.8
Aug.	517	497	5.2	8.8	463	130	58.5	14.2	4,481	0.3	34.7
Sep.	424	409	4.7	8.5	639	-34	58.8	13.7	4,450	0.5	34.8
Oct.	677	694	4.6	8.2	428	139	58.9	13.0	4,398	0.6	34.8
Nov.	647	627	4.2	7.7	1,090	516	59.3	13.4	4,266	0.4	34.8
Dec.	588	561	3.9	7.3	651	168	59.5	12.9	3,929	0.5	34.8
<b>2022 Monthly</b>											
Jan.	504	492	4.0	7.1	1,199	1,393	59.7	10.1	3,717	0.6	34.6
Feb.	714	704	3.8	7.2	548	304	59.9	9.6	4,135	0.1	34.7
Mar.	398	385	3.6	6.9	736	418	60.1	7.5	4,170	0.5	34.6
Apr.	368	368	3.6	7.0	-353	-363	60.0	7.5	4,033	0.3	34.6
May	386	(384) 331	3.6	7.1	321	330	60.1	9.6	4,328	0.4	34.6
June	398	(372) 404	3.6	6.7	-315	-353	59.9	8.5	3,621	0.4	34.6
July	528	471	3.5	6.7	179	-63	60.0	8.5	3,924	0.5	34.6

\* Preliminary readings on nonfarm payrolls shown in parenthesis.  
Source: Bureau of Labor Statistics via Haver Analytics

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The unemployment rate fell 0.1 percentage point to 3.5 percent, and it was close to rounding down to a shift of 0.2 percentage point (3.458 percent in July versus 3.604 percent in June). However, it was not a “strong” drop in joblessness. That is, employment as measured by the household survey rose only moderately (179,000), and the size of the labor force fell by 63,000. The dip in the size of the labor force led to a decline of 0.1 percentage point in the participation rate to 62.1 percent, although the prime-age labor force participation rate rose one tick to 82.4 percent. The broad unemployment rate was unchanged in July at 6.7 percent, reflecting increases in both the number of individuals working part time involuntarily and the number that would like a job but are not actively looking (i.e. marginally attached to the labor force). Broad unemployment, however, had declined noticeably in the prior month (off 0.4 percentage point).