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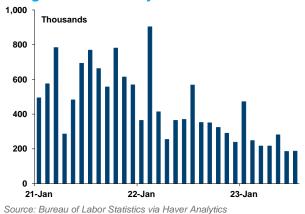
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U.S. Data Review

- Employment: solid pace of hiring in July; unemployment rate ticks lower
- Wage growth: brisk increase

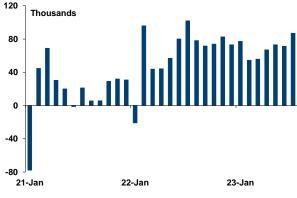
July Employment

- Nonfarm payrolls rose 187,000 (0.12 percent) in July, missing the expected gain of 200,000. Additionally, results
 in the prior two months were revised lower by a combined 49,000. The latest payroll print, while still firm from a
 longer-term perspective, suggests incremental cooling. Payroll growth averaged 312,000 in 2023-Q1 and 228,000
 in the April-to-June period (chart, below left).
- Hiring in July varied across industries. On the firm side, the healthcare industry added positions at a brisk clip (+87,000 or 0.4 percent; chart, below right). Additionally, the construction industry, which has seen a recovery in activity in recent months, recorded a firm pace of job growth (+19,000 or 0.2 percent). Results were less impressive in other areas. The leisure and hospitality sector added only 17,000 positions (0.1 percent) in July, continuing a sharp slowdown after average monthly growth of 88,000 per month in 2022. In a potentially more troubling sign, hiring at temporary help agencies fell by 22,000 after a decline of 20,000 jobs in June. Cuts of temporary workers usually precede layoffs of permanent employees. Manufacturing firms also trimmed payrolls (-2,000 or -0.02 percent).
- Average hourly earnings rose 0.4 percent (0.417 percent with less rounding) in July, a bit faster than the underlying average of 0.36 percent in the previous six months (chart, next page). The year-over-year change of 4.4 percent was unchanged from that in the prior month but down notably from the recent high of 5.9 percent in March 2022. Despite the improvement, Fed officials likely still view the underlying rate of wage growth as inconsistent with a return to two-percent inflation over time.
- The unemployment rate declined 0.1 percentage point in July to 3.5 percent. An increase of 268,000 in employment measured by the household survey exceeded a gain of 152,000 in the size of the labor force. The broad unemployment rate fell by 0.2 percentage point to 6.7 percent. Workers employed part-time for economic reasons fell by 191,000, while marginally attached workers declined by 12,000.
- The length of the average workweek slipped 0.1 hour to 34.3 hours, a reading in the low end of 2023 thus far (34.3 hours to 34.6 hours; chart, next page). The dip in the workweek contributed to a decline of 0.2 percent in the aggregate hours index (chart, next page). The soft results followed aggregate hours growth of 2.4 percent, annual rate, in Q1 and 0.1 percent in Q2. Despite the dip in this proxy for production, the U.S. economy likely remains on a growth trajectory.



Change in Nonfarm Payrolls

Change in Healthcare & Social Assist. Payrolls

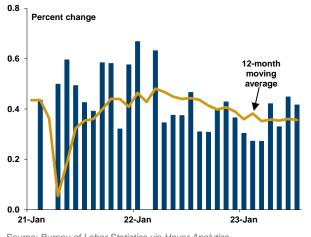


Source: Bureau of Labor Statistics via Haver Analytics

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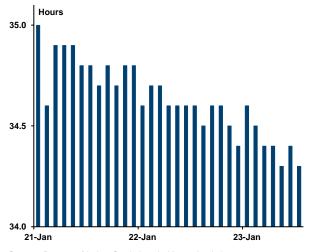


Average Hourly Earnings



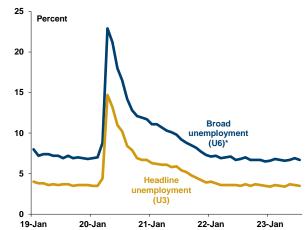
Source: Bureau of Labor Statistics via Haver Analytics

Average Weekly Hours



Source: Bureau of Labor Statistics via Haver Analytics

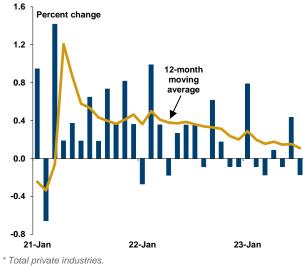
Unemployment Rate



* The share of the labor force that is unemployed, underemployed, and marginally attached to the workforce.

Source: Bureau of Labor Statistics via Haver Analytics

Aggregate Weekly Hours Index*



Source: Bureau of Labor Statistics via Haver Analytics