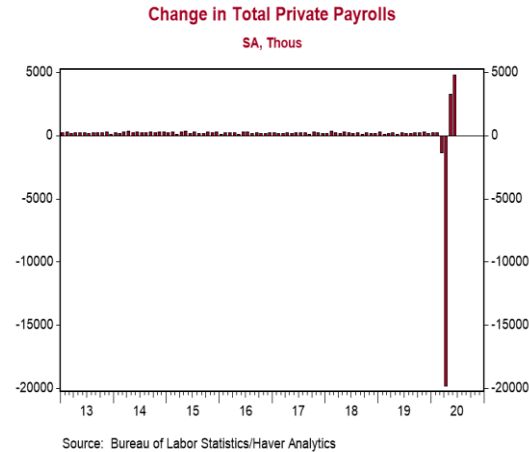


June Employment Report

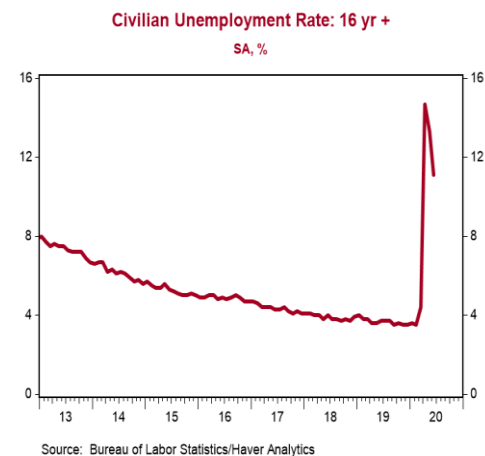
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- Nonfarm payrolls rose 4.80 million in June, beating the consensus expected gain of 3.23 million.
- Private sector payrolls rose 4.767 million in June. The largest increases were for restaurants & bars (2.088 million), retail (740,000), and education & health services (568,000). Manufacturing rose 356,000 while government increased 33,000.
- The unemployment rate dropped to 11.1% in June from 13.3% in May.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – fell 1.2% in June but are up 5.0% versus a year ago. Aggregate hours worked rose 3.6% in June but are down 8.9% from a year ago.

Implications: The wild ride continues. After plummeting at the fastest pace ever in April, nonfarm payrolls rose at the fastest pace ever in May and have done so again in June, adding 4.8 million jobs for the month. Even better, almost all of the gain was in the private sector, with leisure and hospitality leading the way, while retail, education & health services, and manufacturing also added a substantial number of jobs, as well. The labor market has a long road ahead to be fully-healed, but, in the past two months, has recovered one-third of the payrolls lost in March and April. Civilian employment, an alternative measure of jobs that includes small-business start-ups, tells a similar story, up 4.94 million in June and also regaining in May and June one-third of the employment lost in March and April. Another piece of relatively good news is that the unemployment rate, which the consensus expected to come in at 12.5%, arrived at 11.1%, instead. That’s still very high by historical standards, but much lower than the peak of 14.7% in April. The labor force (people working or looking for work) increased by 1.7 million in June after a similar gain in May, although it’s still down substantially from earlier this year. The worst headline of the report was that average hourly earnings fell 1.2% in June. However, recent declines are a return to normal after a huge surge in April. Job losses in April were concentrated among lower-paid workers, so average hourly earnings rose because those still working typically made more money. Now, as lower-paid workers are rehired, their pay levels reduce average earnings. We like to track what the report means for workers’ earnings, and today’s news was good. Total hours worked increased 3.6% in June. Multiplying hours by earnings shows that total earnings rose 2.4%. That said, total earnings are still down 4.3% versus a year ago, which means workers have less purchasing power generated by actual production, versus purchasing power coming from government benefits. As we said last month, the unemployment rate is going to remain at unusually high levels for at least the next few months, but today’s report is a testament to the entrepreneurial spirit and how quickly businesses have been able to adapt to a global pandemic and unprecedented shutdowns of the US economy. A full recovery is still a long way off, but there should no doubt at this point that the recovery has started.



Source: Bureau of Labor Statistics/Haver Analytics



Source: Bureau of Labor Statistics/Haver Analytics

Employment Report <i>All Data Seasonally Adjusted</i>	Jun-20	May-20	Apr-20	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	11.1	13.3	14.7	13.0	8.4	6.0
Civilian Employment (monthly change in thousands)	4,940	3,839	-22,369	-4,530	-2,686	-1,207
Nonfarm Payrolls (monthly change in thousands)	4800	2699	-20787	-4429	-2366	-1080
Construction	158	453	-1018	-136	-65	-28
Manufacturing	356	250	-1317	-237	-129	-62
Retail Trade	740	372	-2299	-396	-212	-101
Finance, Insurance and Real Estate	32	10	-261	-73	-34	-10
Professional and Business Services	306	160	-2202	-579	-297	-131
Education and Health Services	568	399	-2603	-545	-282	-113
Leisure and Hospitality	2088	1403	-7575	-1361	-791	-374
Government	33	-533	-952	-484	-234	-106
Avg. Hourly Earnings: Total Private*	-1.2%	-1.0%	4.7%	9.8%	7.2%	5.0%
Avg. Weekly Hours: Total Private	34.5	34.7	34.2	34.5	34.4	34.4
Index of Aggregate Weekly Hours: Total Private*	3.6%	4.5%	-15.2%	-28.9%	-18.0%	-8.9%

Source: Bureau of Labor Statistics *3, 6 and 12 month figures are % change annualized