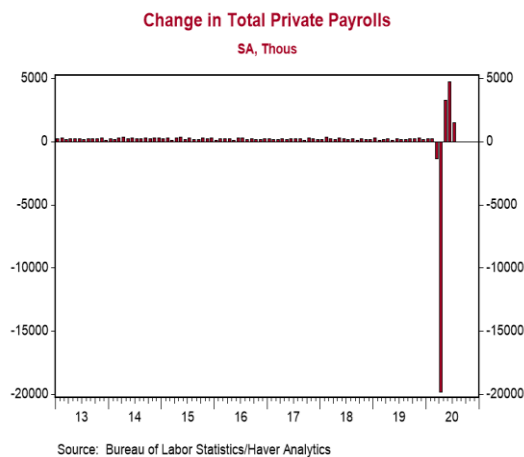


July Employment Report

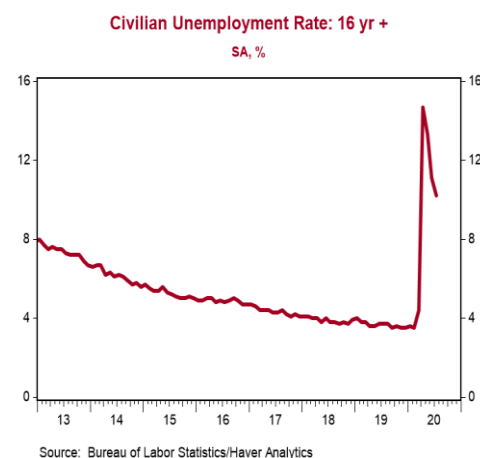
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- Nonfarm payrolls rose 1.763 million in July, beating the consensus expected gain of 1.480 million.
- Private sector payrolls rose 1.462 million in July. The largest increases were for restaurants & bars (502,000), retail (258,000), and education & health services (215,000). Manufacturing rose 26,000 while government increased 301,000.
- The unemployment rate dropped to 10.2% in July from 11.1% in June.
- Average hourly earnings – cash earnings, excluding irregular bonuses/commissions and fringe benefits – rose 0.2% in July and are up 4.8% versus a year ago. Aggregate hours worked rose 1.0% in July but are down 7.5% from a year ago.

Implications: The job market continued to expand in July and looks poised for further healing in August. Nonfarm payrolls grew 1.763 million in July, making for a combined gain of roughly 9.3 million in the past three months, a recovery of about 42% of the payroll drop that happened in March and April. The improvement was confirmed by civilian employment, an alternative measure of jobs that includes small-business start-ups, which rose 1.35 million in July and has rebounded a total of 10.1 million in the past three months versus losses of 25.3 million in March and April. Restaurants & bars had the largest payroll gain in July and have now recovered more than half of the job losses in March and April. Another piece of relatively good news is that the unemployment rate, which the consensus expected to come in at 10.6%, arrived at 10.2%, instead. That’s still very high by historical standards, but much lower than the peak of 14.7% in April. However, part of the improvement in the unemployment rate was because the labor force (people working or looking for work) declined 62,000, following large gains in May and June. Perhaps the best news in today’s report was that average hourly earnings and the total number of hours worked both rose in July, with earnings up 0.2% and hours up 1.0%. Recently, these two figures have moved in opposite directions. At first, layoffs of lower paid workers meant earnings for the remaining workforce were rising even though total hours fell. Then, as hours rebounded and lower-paid workers were rehired it made average earnings decline. Now they’re rising in tandem. Multiplying hours by earnings shows that total earnings rose 1.2% in July. That said, total earnings are still down 3.1% versus a year ago, which means workers have less purchasing power generated by actual production, versus purchasing power coming from government benefits. In other recent news, initial jobless claims fell 249,000 last week to 1.186 million. That’s still very high, but the lowest level since March. Continuing claims for regular benefits fell 844,000 to 16.1 million, also very high, but the lowest since April. These figures suggest that the labor market is continuing to heal, and jobs gains will continue in August. A full recovery is still a long way off, but there should be no doubt the recovery has started.



Source: Bureau of Labor Statistics/Haver Analytics



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Employment Report <i>All Data Seasonally Adjusted</i>	Jul-20	Jun-20	May-20	3-month moving avg	6-month moving avg	12-month moving avg
Unemployment Rate	10.2	11.1	13.3	11.5	9.5	6.6
Civilian Employment (monthly change in thousands)	1,350	4,940	3,839	3,376	-2,530	-1,111
Nonfarm Payrolls (monthly change in thousands)	1763	4791	2725	3093	-2105	-948
Construction	20	163	456	213	-66	-26
Manufacturing	26	357	240	208	-122	-61
Retail Trade	258	827	386	490	-152	-71
Finance, Insurance and Real Estate	21	23	19	21	-32	-10
Professional and Business Services	170	318	160	216	-270	-120
Education and Health Services	215	567	388	390	-260	-102
Leisure and Hospitality	592	1981	1405	1326	-714	-333
Government	301	54	-511	-52	-182	-81
Avg. Hourly Earnings: Total Private*	0.2%	-1.3%	-1.1%	-8.3%	6.9%	4.8%
Avg. Weekly Hours: Total Private	34.5	34.6	34.7	34.6	34.4	34.4
Index of Aggregate Weekly Hours: Total Private*	1.0%	3.9%	4.5%	44.6%	-16.0%	-7.5%

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