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Statement of

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Nonfarm payroll employment increased by 943,000 in July, and the unemployment rate fell by 0.5 percentage point to 5.4 percent. Notable job gains occurred in leisure and hospitality, in local government education, and in professional and business services.

Reflecting the initial impact of the coronavirus (COVID-19) pandemic on the labor market, job losses totaled 22.4 million during the February-April 2020 recession (-1.7 million in March and -20.7 million in April). As economic activity resumed, job gains in May through November totaled 12.6 million. Employment declined again in December (-306,000), following a surge in the number of coronavirus cases. Job growth restarted in January of this year, and nonfarm payroll employment has increased by 4.3 million over the past 7 months. However, employment is down by 5.7 million, or 3.7 percent, from the pre-pandemic employment peak in February 2020.

Strong job growth continued in leisure and hospitality, which added 380,000 jobs in July. Employment gains continued in food services and drinking places (+253,000); accommodation (+74,000); and arts, entertainment, and recreation (+53,000). Leisure and hospitality has added 2.1 million jobs since January and accounts for about half of all nonfarm jobs added thus far this year. However, employment in the industry is down by 1.7 million, or 10.3 percent, since February 2020.

Employment continued to increase in July in local government education (+221,000) and private education (+40,000). Pandemic-related staffing fluctuations in education have distorted the normal seasonal buildup and layoff patterns, likely contributing to the job gains in July. Without the earlier typical seasonal employment increases, fewer layoffs at the end of the school year can result in job gains after seasonal adjustment. These variations make it more challenging to discern current employment trends in education. Since February 2020, employment is down by 205,000 in local government education and by 207,000 in private education.

Employment in professional and business services rose by 60,000 in July. Within the industry, employment in the professional and technical services component rose by 43,000 over the month and is 121,000 higher than in February 2020. (Professional and technical services includes industries such as

accounting and bookkeeping services, management and technical consulting services, and scientific research and development services.) By contrast, employment in the administrative and waste services component (which includes temporary help services) changed little over the month (+20,000) and is 577,000 lower than in February 2020. Employment in the management of companies and enterprises component was also little changed over the month (-3,000) but is 100,000 lower than the level in February 2020. Employment in professional and business services overall is down by 556,000 since February 2020.

In July, transportation and warehousing added 50,000 jobs, with gains in transit and ground passenger transportation (+19,000), warehousing and storage (+11,000), couriers and messengers (+8,000), support activities for transportation (+6,000), and air transportation (+4,000). Overall, transportation and warehousing has added 534,000 jobs since April 2020; the industry has recovered 92.9 percent of the jobs lost during the February-April 2020 recession (-575,000).

Employment in the other services industry increased by 39,000 in July, with gains in membership associations and organizations (+17,000) and in personal and laundry services (+15,000). Employment in other services is down by 236,000 since February 2020.

In July, health care employment rose by 37,000, following little change in the prior 3 months. In July, job gains occurred in ambulatory health care services (+32,000) and hospitals (+18,000), while nursing and residential care facilities continued to lose jobs (-13,000). Health care employment is 502,000 below the February 2020 level.

Manufacturing added 27,000 jobs in July, with machinery (+7,000) and miscellaneous durable goods (+6,000) contributing to the gain. Overall, manufacturing employment is 433,000 lower than in February 2020.

Information employment grew by 24,000 in July, with three-fourths of the increase occurring in motion picture and sound recording industries (+18,000). Employment in information is 172,000 lower than in February 2020.

In July, financial activities added 22,000 jobs. Most of the gain occurred in real estate and rental and leasing (+18,000). Since February 2020, employment in financial activities is down by 48,000.

Mining employment rose in July (+7,000), largely in support activities for mining (+6,000). Mining employment has risen by 49,000 since a trough in August 2020 but is down by 103,000 since a peak in January 2019.

Employment in retail trade changed little in July (-6,000), following large increases in the prior 2 months. In July, job

gains occurred in gasoline stations (+14,000), miscellaneous store retailers (+7,000), and nonstore retailers (+5,000), while building material and garden supply stores lost jobs (-34,000). Since February 2020, employment in retail trade is down by 270,000.

Employment in construction and wholesale trade showed little change over the month.

In July, the average workweek for all private-sector workers remained unchanged at 34.8 hours. The average workweek for manufacturing increased by 0.2 hour to 40.5 hours.

Average hourly earnings of all employees on private nonfarm payrolls increased by 11 cents to \$30.54 in July, following increases in the prior 3 months. The data for recent months suggest that rising demand for labor associated with the recovery from the pandemic may have put upward pressure on wages. However, because average hourly earnings vary widely across industries, the large employment fluctuations since February 2020 complicate the analysis of trends in average hourly earnings.

Turning to the labor market indicators from the household survey, the unemployment rate fell by 0.5 percentage point to 5.4 percent in July. The number of unemployed people declined by 782,000 to 8.7 million. These measures have fallen from their

April 2020 peaks but remain well above their February 2020 levels (3.5 percent and 5.7 million, respectively).

Among the major worker groups, the unemployment rates decreased in July for adult men (5.4 percent), adult women (5.0 percent), Whites (4.8 percent), Blacks (8.2 percent), and Hispanics (6.6 percent). The jobless rates for teenagers (9.6 percent) and Asians (5.3 percent) showed little change.

Among the unemployed, the number of people on temporary layoff fell by 572,000 in July to 1.2 million. This measure is down considerably from a high of 18.0 million in April 2020 but is 489,000 higher than in February 2020. The number of permanent job losers declined by 257,000 to 2.9 million in July but is 1.6 million higher than in February 2020.

The number of people unemployed for 27 weeks or more (often referred to as the long-term unemployed) decreased by 560,000 in July to 3.4 million. This measure is up by 2.3 million since February 2020. In July, the long-term unemployed accounted for 39.3 percent of the unemployed. The number of people unemployed for less than 5 weeks increased by 276,000 to 2.3 million.

The labor force participation rate, at 61.7 percent, was little changed in July and has remained within a narrow range of 61.4 percent to 61.7 percent since June 2020. This measure is 1.6 percentage points lower than in February 2020. The employment-population ratio rose by 0.4 percentage point to 58.4

percent in July but is 2.7 percentage points lower than in February 2020.

In July, 4.5 million people were working part time for economic reasons, little changed from the previous month. The number of people working part time for economic reasons is down from a peak of 10.9 million in April 2020. There were 4.4 million people affected by this type of underemployment in February 2020.

The number of people not in the labor force who currently want a job, at 6.5 million, changed little in July. This measure is down from a peak of 9.9 million in April 2020 but is 1.5 million higher than in February 2020. Among those not in the labor force who wanted a job, the number of people marginally attached to the labor force, at 1.9 million, was also little changed in July. (People who are marginally attached to the labor force had not actively looked for work in the 4 weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months.) The number of discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, declined by 110,000 in July to 507,000.

As in previous months, some workers affected by the pandemic who should have been classified as unemployed on temporary layoff in July were instead misclassified as employed

but not at work. Since March 2020, BLS has published an estimate of what the unemployment rate would have been had misclassified workers been included among the unemployed. Repeating this same approach, the seasonally adjusted July unemployment rate would have been 0.3 percentage point higher than reported. Additional information about the misclassification, as well as information about response rates for both the household and establishment surveys, is available on the BLS website at www.bls.gov/covid19/employment-situation-covid19-faq-july-2021.htm.

Looking at supplemental pandemic-related measures from the household survey (these supplemental data are not seasonally adjusted), the share of employed people who teleworked in July because of the coronavirus pandemic declined by 1.2 percentage points to 13.2 percent. These data refer only to employed people who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the pandemic; they do not include all instances of telework.

In July, the number of people who reported that they had been unable to work because their employer closed or lost business due to the pandemic--that is, they did not work at all or worked fewer hours at some point in the last 4 weeks due to the pandemic--fell by 1.1 million to 5.2 million. Among those who reported in July that they were unable to work because of

pandemic-related closures or lost business, 9.1 percent received at least some pay from their employer for the hours not worked, little changed from the prior month.

Among those not in the labor force in July, 1.6 million people were prevented from looking for work due to the pandemic, essentially unchanged from the prior month. (To be counted as unemployed, by definition, individuals must either be actively searching for work or on temporary layoff.)

In summary, nonfarm payroll employment increased by 943,000 in July, and the unemployment rate fell to 5.4 percent.