

Economic News Release

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Employment Situation Summary

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THE EMPLOYMENT SITUATION -- JULY 2020

Total nonfarm payroll employment rose by 1.8 million in July, and the unemployment rate fell to 10.2 percent, the U.S. Bureau of Labor Statistics reported today. These improvements in the labor market reflected the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it. In July, notable job gains occurred in leisure and hospitality, government, retail trade, professional and business services, other services, and health care.

This news release presents statistics from two monthly surveys. The household survey measures labor force status, including unemployment, by demographic characteristics. The establishment survey measures nonfarm employment, hours, and earnings by industry. For more information about the concepts and statistical methodology used in these two surveys, see the Technical Note.

Household Survey Data

In July, the unemployment rate declined by 0.9 percentage point to 10.2 percent, and the number of unemployed persons fell by 1.4 million to 16.3 million. Despite declines over the past 3 months, these measures are up by 6.7 percentage points and 10.6 million, respectively, since February. (See table A-1. For more information about how the household survey and its measures were affected by the coronavirus pandemic, see the box note at the end of this news release.)

Among the major worker groups, the unemployment rates declined in July for adult men (9.4 percent), adult women (10.5 percent), teenagers (19.3 percent), Whites (9.2 percent), Asians (12.0 percent), and Hispanics (12.9 percent). The jobless rate for Blacks (14.6 percent) showed little change over the month. (See tables A-1, A-2, and A-3.)

The number of unemployed persons who were on temporary layoff decreased by 1.3 million in July to 9.2 million, about half its April level. In July, the number of permanent job losers and the number of unemployed reentrants to the labor force were virtually unchanged over the month, at 2.9 million and 2.4 million, respectively. (Reentrants are persons who previously worked but were not in the labor force prior to beginning their job search.) (See table A-11.)

Among the unemployed, those who were jobless less than 5 weeks increased by 364,000 to 3.2 million in July, and the number of persons jobless 15 to 26 weeks rose by 4.6 million to 6.5 million. By contrast, the number of unemployed persons who were jobless 5 to 14 weeks fell by 6.3 million to 5.2 million. The number of long-term unemployed (those jobless for 27 weeks or more), at 1.5 million, was little changed over the month. (See table A-12.)

The labor force participation rate, at 61.4 percent, changed little in July, following increases in May and June. Total employment, as measured by the household survey, rose by 1.4 million in July to 143.5 million. The employment-population ratio rose by 0.5 percentage point to 55.1 percent but remains lower than in February (61.1 percent). (See table A-1.)

In July, the number of persons who usually work part time rose by 803,000 to 24.0 million, while the number who usually work full time, at 119.5 million, was little changed. (See table A-9.)

The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) declined by 619,000 to 8.4 million in July, reflecting a decline in the number of people whose hours were cut due to slack work or business conditions (-658,000). The number of involuntary part-time workers is 4.1 million higher than in February. These individuals, who would have preferred full-time employment, were working part time because their hours had been reduced or they were unable to find full-time jobs. This group includes persons who usually work full time and persons who usually work part time. (See table A-8.)

In July, the number of persons not in the labor force who currently want a job declined by 463,000 to 7.7 million; this measure is 2.8 million higher than in February. These individuals were not counted as unemployed because they were not actively looking for work during the last 4 weeks or were unavailable to take a job. (See table A-1.)

Among those not in the labor force who currently want a job, persons marginally attached to the labor force fell by 492,000 to 2.0 million in July. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months but had not looked for work in the 4 weeks preceding the survey. Discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, numbered 665,000 in July, essentially unchanged from the previous month. (See Summary table A.)

Establishment Survey Data

Total nonfarm payroll employment rose by 1.8 million in July, less than the increases of 4.8 million in June and 2.7 million in May. In July, nonfarm employment was lower than its February level by 12.9 million, or 8.4 percent. The largest employment increases in July occurred in leisure and hospitality, government, retail trade, professional and business services, other services, and health care. (See table B-1. For more information about how the establishment survey and its measures were affected by the coronavirus pandemic, see the box note at the end of this news release.)

Employment in leisure and hospitality increased by 592,000, accounting for about one-third of the gain in total nonfarm employment in July. Employment in food services and drinking places rose by 502,000, following gains of 2.9 million in May and June combined. Despite the gains over the last 3 months, employment in food services and drinking places is down by 2.6 million since February. Over the month, employment also rose in amusements, gambling, and recreation (+100,000).

Government employment rose by 301,000 in July but is 1.1 million below its February level. Typically, public-sector education employment declines in July (before seasonal adjustment). However, employment declines occurred earlier than usual this year due to the pandemic, resulting in unusually large July increases in local government education (+215,000) and state government education (+30,000) after seasonal adjustment. A July job gain in federal government (+27,000) reflected the hiring of temporary workers for the 2020 Census.

In July, retail trade added 258,000 jobs. Employment in the industry is 913,000 lower than in February. In July, nearly half of the job gain in retail trade occurred in clothing and clothing accessories stores (+121,000). By contrast, the component of general merchandise stores that includes warehouse clubs and supercenters lost jobs (-64,000).

Employment in professional and business services increased in July (+170,000) but remains 1.6 million below its February level. The majority of July's gain occurred in temporary help services (+144,000).

In July, the other services industry added 149,000 jobs, with most of the increase occurring in personal and laundry services (+119,000). Since February, employment in other services is down by 627,000.

In July, health care added 126,000 jobs, with employment growth in offices of dentists (+45,000), hospitals (+27,000), offices of physicians (+26,000), and home health care services (+16,000). Job losses continued in nursing and residential care facilities (-28,000). Employment in health care is down by 797,000 since February.

In July, employment in social assistance increased by 66,000, with child day care services accounting for most of the gain (+45,000). Employment in social assistance is 460,000 lower than in February.

Employment in transportation and warehousing rose by 38,000 in July, following an increase of 87,000 in June. Despite job gains over the past 2 months, employment in the industry is down by 470,000 since a recent peak in January. In July, employment rose in transit and ground passenger transportation (+20,000), air transportation (+16,000), and couriers and messengers (+9,000).

Manufacturing employment increased by 26,000 in July. An employment gain in motor vehicles and parts (+39,000) was partially offset by losses in fabricated metal products (-11,000), machinery (-7,000), and computer and electronic products (-6,000). Although manufacturing has added 623,000 jobs over the past 3 months, employment is 740,000 lower than in February.

Financial activities added 21,000 jobs in July, with most of the gain in real estate and rental and leasing (+15,000). Since February, employment in financial activities is down by 216,000.

In July, construction employment changed little (+20,000), following job gains of 619,000 in May and June combined. However, employment in the industry remains 444,000 below its February level.

Mining continued to shed jobs in July (-7,000), reflecting a loss in support activities for mining (-11,000). Mining has lost 127,000 jobs since a recent peak in January 2019, although nearly three-fourths of this decline has occurred since February 2020.

In July, average hourly earnings for all employees on private nonfarm payrolls rose by 7 cents to \$29.39, following large changes in recent months. Average hourly earnings of private-sector production and nonsupervisory employees decreased by 11 cents to \$24.63 in July. The large employment fluctuations--especially in lower-paid industries--over the past several months complicate the analysis of recent trends in average hourly earnings. (See tables B-3 and B-8.)

The average workweek for all employees on private nonfarm payrolls decreased by 0.1 hour to 34.5 hours in July. In manufacturing, the workweek rose by 0.7 hour to 39.7 hours, and overtime increased by 0.3 hour to 2.8 hours. The average workweek for production and nonsupervisory employees on private nonfarm payrolls was unchanged at 34.0 hours. (See tables B-2 and B-7.)

The change in total nonfarm payroll employment for May was revised up by 26,000, from +2,699,000 to +2,725,000, and the change for June was revised down by 9,000, from +4,800,000 to +4,791,000. With these revisions, employment in May and June combined was 17,000 higher than previously reported. (Monthly revisions result from additional reports received from businesses and government agencies since the last published estimates and from the recalculation of seasonal factors.)

The Employment Situation for August is scheduled to be released on Friday, September 4, 2020, at 8:30 a.m. (ET).

Coronavirus (COVID-19) Impact on July 2020 Establishment and Household Survey Data

Data collection for both surveys was affected by the coronavirus (COVID-19) pandemic. In the establishment survey, approximately one-fifth of the establishments are assigned to four regional data collection centers for collection. Although these centers were closed, interviewers at these centers worked remotely to collect data by telephone. Additionally, BLS encouraged businesses to report electronically. The collection rate for the establishment survey--which had a longer-than-average collection period in July--was 78 percent, higher than the average for the 12 months ending in February 2020. The household survey is generally conducted through in-person and telephone interviews. However, for the safety of both interviewers and respondents, the vast majority of interviews were done by telephone, with in-person interviews conducted on an extremely limited basis in some areas of the country. The household survey response rate was 67 percent, up from the rate of 65 percent in June but much lower than the average rate of 83 percent for the 12 months prior to the pandemic.

In the establishment survey, workers who are paid by their employer for all or any part of the pay period including the 12th of the month are counted as employed, even if they were not actually at their jobs. Workers who are temporarily or permanently absent from their jobs and are not being paid are not counted as employed, even if they are continuing to receive benefits.

In the household survey, individuals are classified as employed, unemployed, or not in the labor force based on their answers to a series of questions about their activities during the survey reference week (July 12th through July 18th). Workers who indicate they were not working during the entire survey reference week and expect to be recalled to their jobs should be classified as unemployed on temporary layoff. As in recent months, a large number of persons were classified as unemployed on temporary layoff in July.

Since March, household survey interviewers have been instructed to classify employed persons absent from work due to temporary, coronavirus-related business closures or cutbacks as unemployed on temporary layoff. BLS and Census Bureau analyses of the underlying data suggest that this group still may include some workers affected by the pandemic who should have been classified as unemployed on temporary layoff.

The share of responses that may have been misclassified was much smaller in June and July than in prior months.

For March through June, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included. Repeating this same approach, the overall July unemployment rate would have been about 1 percentage point higher than reported. However, this represents the upper bound of our estimate of misclassification and probably overstates the size of the misclassification error.

According to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses.

More information is available at www.bls.gov/covid19/employment-situation-covid19-faq-july-2020.htm.

2020 Preliminary Benchmark Revision to Establishment Survey Data to be Released on August 19, 2020

Each year, the establishment survey estimates are benchmarked to comprehensive counts of employment from the Quarterly Census of Employment and Wages (QCEW) for the month of March. These counts are derived from state unemployment insurance (UI) tax records that nearly all employers are required to file. On August 19, 2020, at 10:00 a.m. (ET), BLS will release the preliminary estimate of the upcoming annual benchmark revision. This is the same day that the first-quarter 2020 data from QCEW will be issued. Preliminary benchmark revisions for all major industry sectors, as well as total nonfarm and total private employment, will be available at www.bls.gov/web/empstat/cesprelbnkm.htm.

The final benchmark revision will be issued with the publication of the January 2021 Employment Situation news release in February 2021.

- [Employment Situation Summary Table A. Household data, seasonally adjusted](#)
- [Employment Situation Summary Table B. Establishment data, seasonally adjusted](#)
- [Employment Situation Frequently Asked Questions](#)
- [Employment Situation Technical Note](#)
- [Table A-1. Employment status of the civilian population by sex and age](#)
- [Table A-2. Employment status of the civilian population by race, sex, and age](#)
- [Table A-3. Employment status of the Hispanic or Latino population by sex and age](#)
- [Table A-4. Employment status of the civilian population 25 years and over by educational attainment](#)
- [Table A-5. Employment status of the civilian population 18 years and over by veteran status, period of service, and sex, not seasonally adjusted](#)
- [Table A-6. Employment status of the civilian population by sex, age, and disability status, not seasonally adjusted](#)
- [Table A-7. Employment status of the civilian population by nativity and sex, not seasonally adjusted](#)
- [Table A-8. Employed persons by class of worker and part-time status](#)
- [Table A-9. Selected employment indicators](#)
- [Table A-10. Selected unemployment indicators, seasonally adjusted](#)
- [Table A-11. Unemployed persons by reason for unemployment](#)
- [Table A-12. Unemployed persons by duration of unemployment](#)
- [Table A-13. Employed and unemployed persons by occupation, not seasonally adjusted](#)
- [Table A-14. Unemployed persons by industry and class of worker, not seasonally adjusted](#)
- [Table A-15. Alternative measures of labor underutilization](#)
- [Table A-16. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted](#)
- [Table B-1. Employment, nonfarm payrolls, by industry sector and selected industry detail](#)
- [Table B-2. Average weekly hours and overtime of all employees on private nonfarm payrolls by industry sector, seasonally adjusted](#)
- [Table B-3. Average hourly and weekly earnings of all employees on private nonfarm payrolls by industry sector, seasonally adjusted](#)
- [Table B-4. Indexes of aggregate weekly hours and payrolls for all employees on private nonfarm payrolls by industry sector, seasonally adjusted](#)
- [Table B-5. Indexes of women on nonfarm payrolls by industry sector, seasonally adjusted](#)
- [Table B-6. Employment of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted \(1\)](#)
- [Table B-7. Average weekly hours and overtime of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted \(1\)](#)
- [Table B-8. Average hourly and weekly earnings of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted \(1\)](#)
- [Table B-9. Indexes of aggregate weekly hours and payrolls for production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted \(1\)](#)
- [Access to historical data for the "A" tables of the Employment Situation News Release](#)
- [Access to historical data for the "B" tables of the Employment Situation News Release](#)
- [HTML version of the entire news release](#)

The PDF version of the news release


News release charts

Supplemental Files Table of Contents

Table of Contents

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