

October 15, 2020

# September 2020 Employment Report

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# Types of Employment Data Analyzed

## **Survey of Businesses**

### Current Employment Statistics

- Employment and wage estimates by industry
- Measures jobs not number of people employed
- Excludes most agriculture, self-employed, family, military and rail workers

## **Survey of Households**

### Local Area Unemployment Statistics

- Unemployment, employment and labor force levels by geographic region
- Measures people employed not number of jobs
- Excludes individuals not in the labor force

# Types of Analysis Discussed

## Month-Over-Month

- Numeric/Percentage Change
- Issue: Large influence of seasonal factors
- Main Use: Compare changes to previous years in the same month – comparison of previous years point-in-time estimates

## Year-Over-Year

- Numeric/Percentage Change
- Issue: Less influence of seasonal factors
- Main Use: Compare changes to previous time periods – long-term trends (growing, declining, accelerating, or decelerating)

# Month-Over-Month (MoM) Highlights

- The Arizona seasonally-adjusted (SA) unemployment rate increased to 6.7% in September from 5.9% in August
- The U.S. SA unemployment rate decreased to 7.9% in Sept. from 8.4% in August
- Arizona reported an increase of 30,200 nonfarm jobs, while the private sector gained 19,400 jobs
- Eight of the eleven major sectors reported job gains
  - The largest gains occurred within Government (10,800 jobs)
- The Arizona labor force increased by 151,727 individuals in September
  - The September labor force increase follows a loss of 151,220 in August 2020

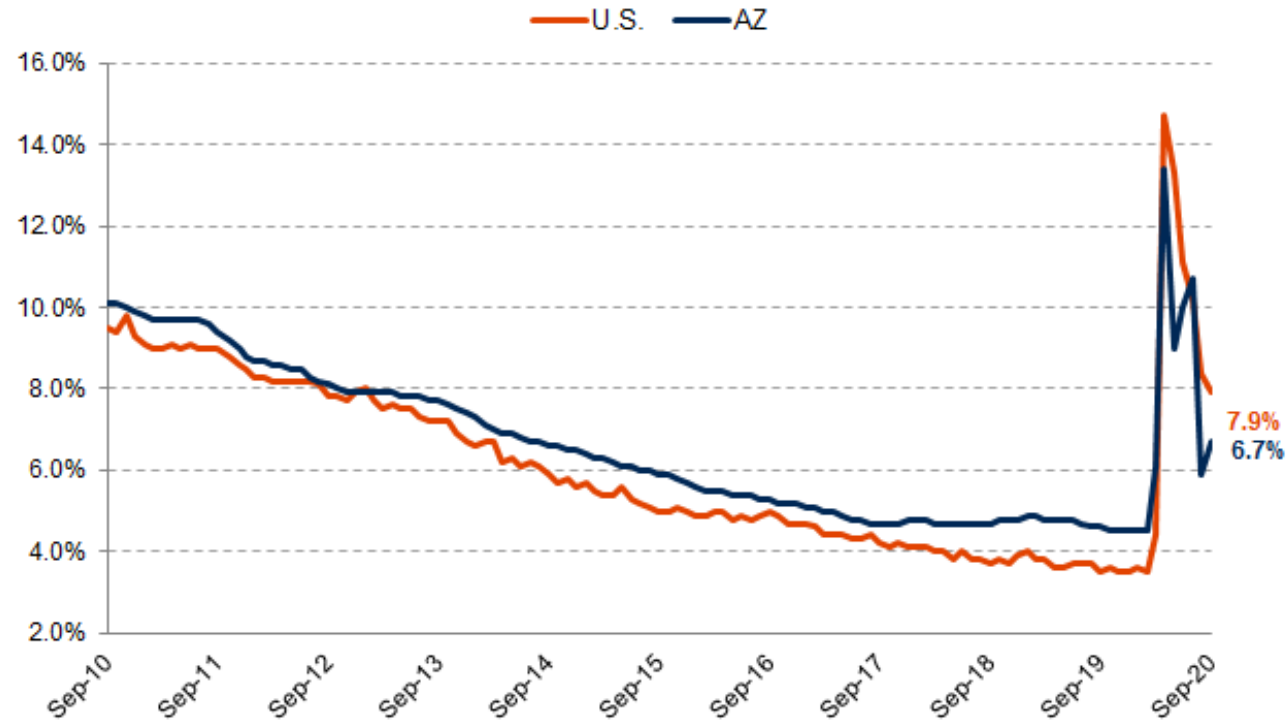
## Note:

- Total Nonfarm Employment gains in August were revised down from 79,200 jobs to 75,500 jobs.
- The August SA unemployment rate remained unchanged.

# Year-Over-Year (YoY) Highlights

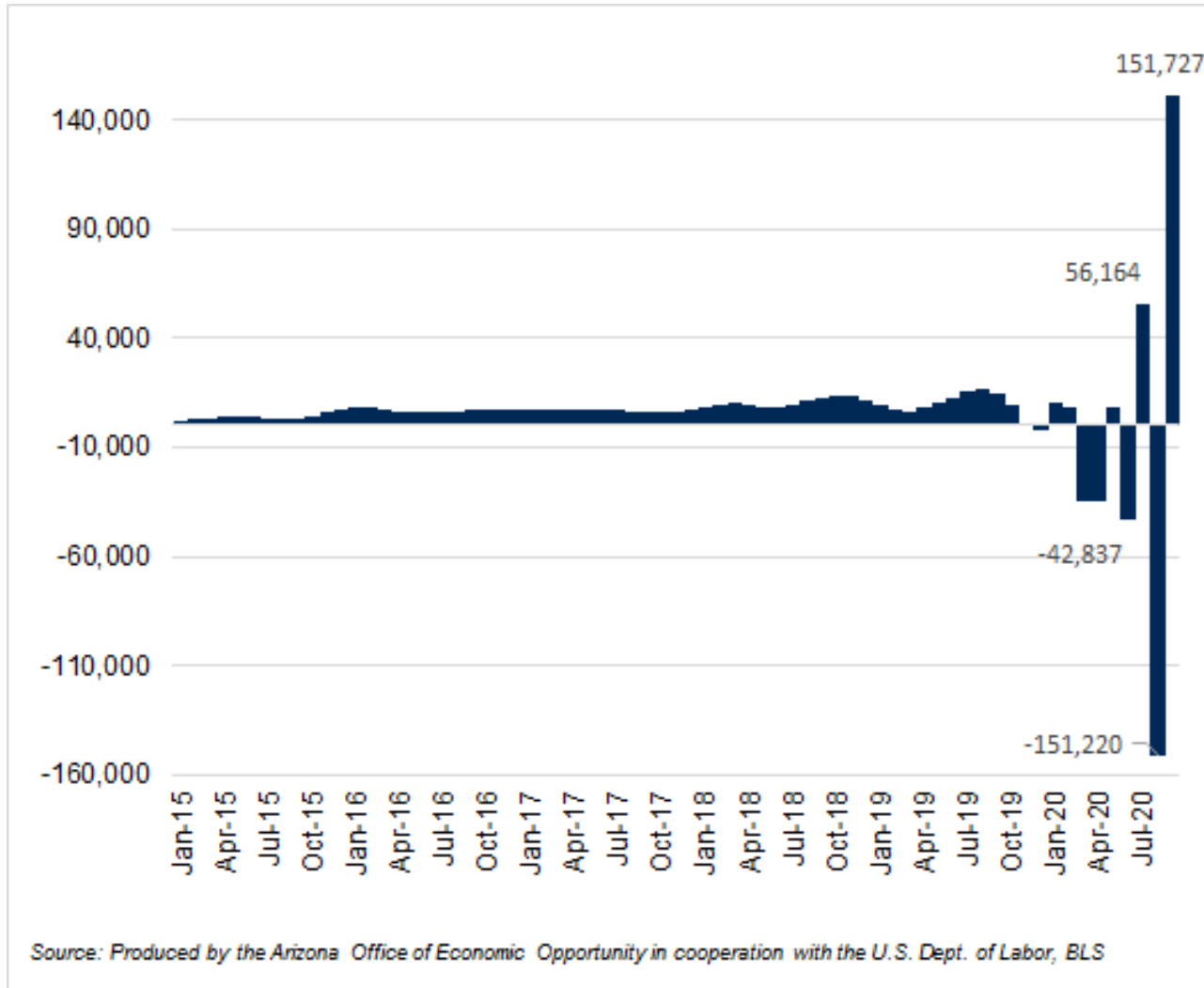
- Arizona nonfarm employment decreased by 90,700 jobs (-3.1%)
- Arizona private sector employment decreased by 85,500 jobs (-3.4%)
- Three of the eleven major sectors gained jobs
  - The largest gains were recorded in Trade, Transportation & Utilities (14,900 jobs) and Other Services (1,500 jobs)
- Eight of the eleven sectors recorded job losses
  - The largest losses were recorded in Leisure and Hospitality (-56,000 jobs) and Professional and Business Services (-24,300 jobs)
- Six of the seven Arizona metro areas (MSAs) lost jobs

## Arizona & U.S. Unemployment Rate Seasonally Adjusted



Period	Labor Force Level	Employment Level	Unemployment Level	Percent
Sep-2019	3,585,858	3,421,432	164,426	4.6
Aug-2020	3,414,564	3,212,077	202,487	5.9
Sep-2020	3,566,291	3,328,517	237,774	6.7
OTM Change	151,727	116,440	35,287	0.8
OTY Change	-19,567	-92,915	73,348	2.1

# Arizona MoM Seasonally-Adjusted Labor Force Change



## Highlights:

- The Arizona labor force has declined by 46,752 people from Feb. '20 to Sep. '20

# Labor Force Fluctuation

Jul. to Aug. 2020 SA Labor Force Change

State	Labor force Changes	Labor force % Changes	LF % Chg Rank
Vermont	-14,812	-4.4%	50
Arizona	-145,673	-4.1%	49
Alaska	-11,938	-3.5%	48
Massachusetts	-127,616	-3.5%	47
Rhode Island	-15,720	-2.8%	46
Arkansas	38,219	2.9%	5
Texas	543,316	3.9%	4
Louisiana	92,710	4.6%	3
Tennessee	250,766	8.0%	2
Kentucky	173,437	9.4%	1

Source: BLS LAUS Note: August 2020 estimates are unrevised

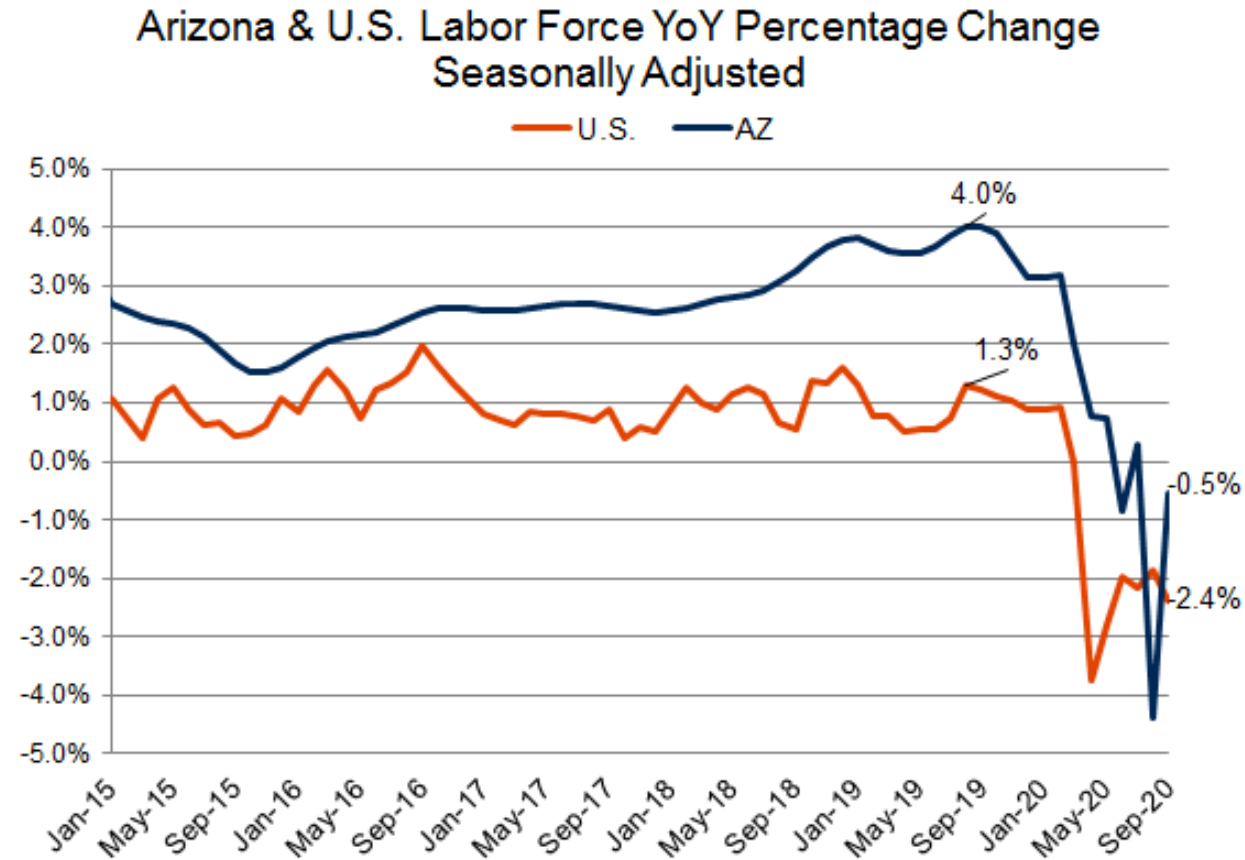
Jan. to Feb. 2020 SA Labor Force Change

State	Labor force Changes	Labor force % Changes	LF % Chg Rank
Illinois	-18,561	-0.3%	50
Alaska	-860	-0.2%	49
Mississippi	-2,871	-0.2%	48
Alabama	-3,761	-0.2%	47
Iowa	-2,083	-0.1%	46
Arizona	8,238	0.2%	5
Utah	3,848	0.2%	4
New Jersey	12,444	0.3%	3
Nevada	4,274	0.3%	2
Wyoming	895	0.3%	1

- Large fluctuations are occuring in the LAUS survey.
- In Feb. '20, the largest change for any state was +- 0.3%.
  - In Aug. '20, 43 states recorded a labor force change that exceeded +- 0.3%.



# Labor Force Comparison



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

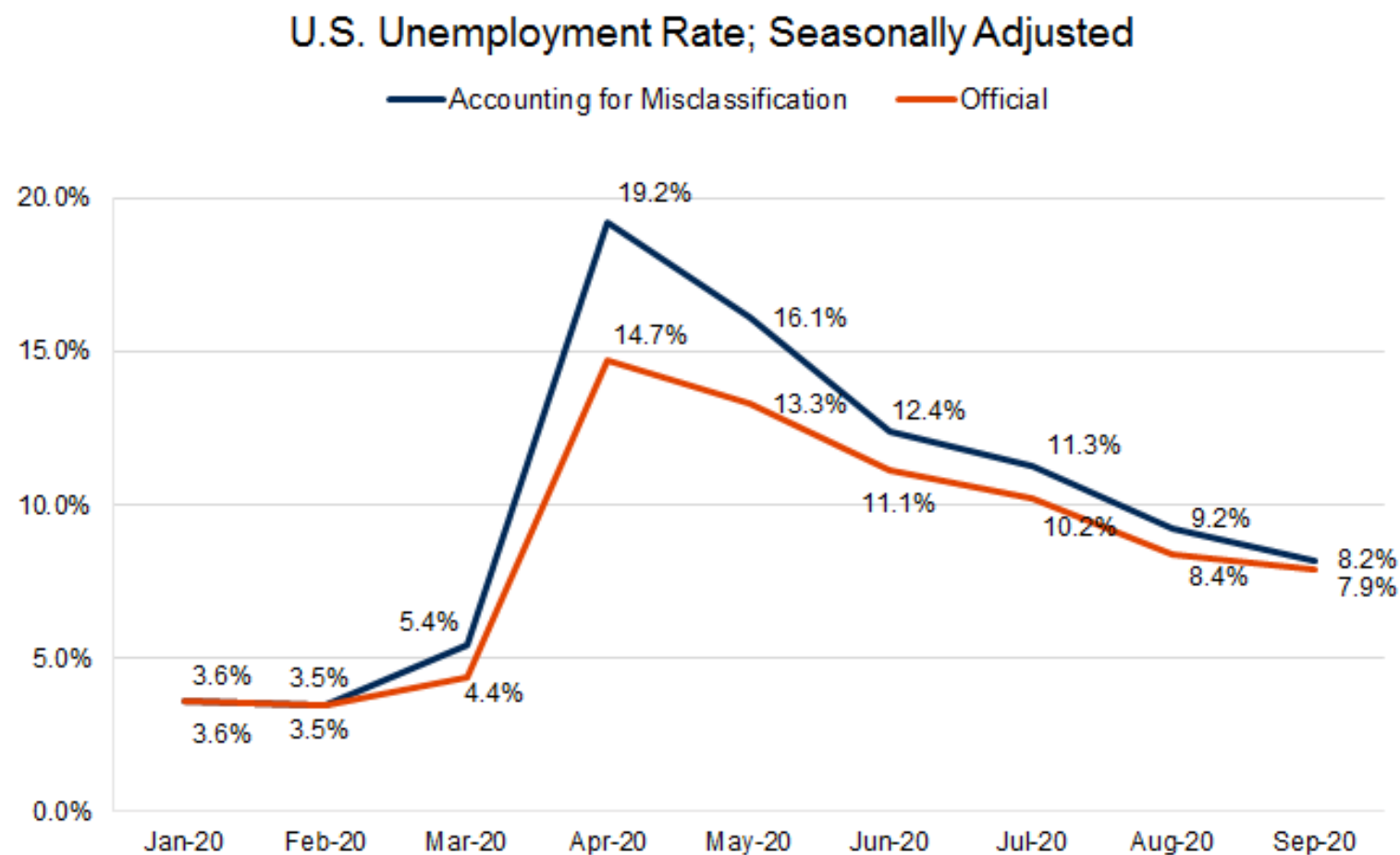
## Highlights:

- Arizona labor force levels declined by 19,567 individuals from September 2019 to September 2020
- The Arizona labor force participation rate increased from 58.4% in August 2020 to 60.9% in September 2020
- The U.S. labor force participation rate decreased from 61.7% in August 2020 to 61.4% in September 2020

# Impacts of COVID-19 on the BLS Household Survey

- For the March 2020 survey, BLS began classifying anyone who was not working because of virus-related business closing as unemployed.
- BLS identified a misclassification error, in which some people were mistakenly characterized as employed rather than unemployed.
  - An unusual number of people were being counted as “employed but absent from work”
    - Typically, this category reflects vacation, family leave or other temporary absences.
- If the misclassified people had been counted as unemployed, the unemployment rate would have been higher in March-August 2020.

# Impacts of COVID-19 on the BLS Household Survey



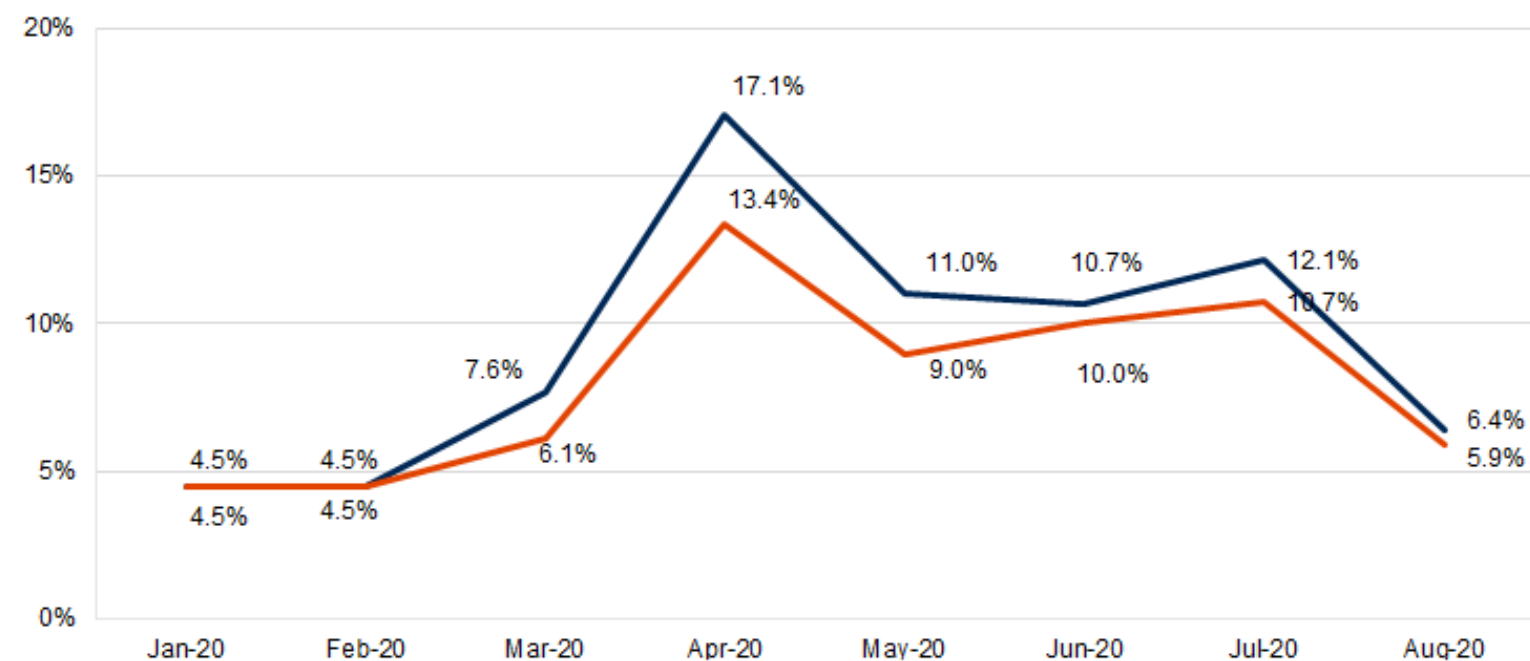
*Note: Unemployment rate is seasonally adjusted, but count of misclassified workers is not.*

*Source: Bureau of Labor Statistics*

# Impacts of COVID-19 on the BLS Household Survey

Arizona Unemployment Rate; Seasonally Adjusted

Accounting for Misclassification   Official



Arizona misclassification data available only through August 2020. September 2020 data will be available October 16th

*Note: Unemployment rate is seasonally adjusted, but count of misclassified workers is not.*  
*Source: Bureau of Labor Statistics*

# Impacts of COVID-19 on the BLS Household Survey

## Household Survey Response Rate

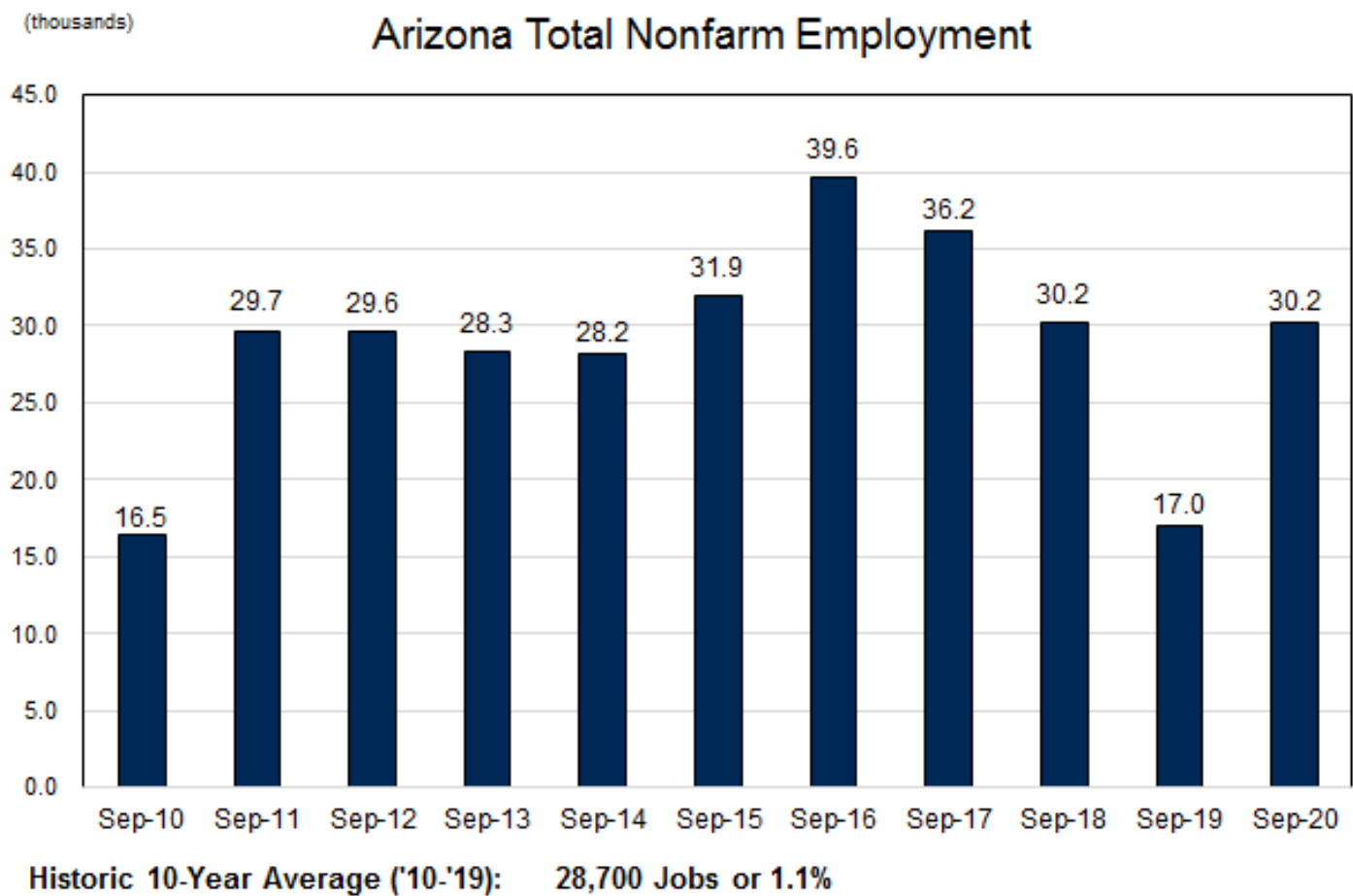
Period	United States	Arizona
February 2020	83%	81%
March 2020	73%	68%
April 2020	70%	63%
May 2020	67%	59%
June 2020	65%	58%
July 2020	67%	61%
August 2020	70%	61%
September 2020	79%	-

Source: U.S. Bureau of Labor Statistics

- The Bureau of Labor Statistics was still able to obtain estimates that met their standards for accuracy and reliability.

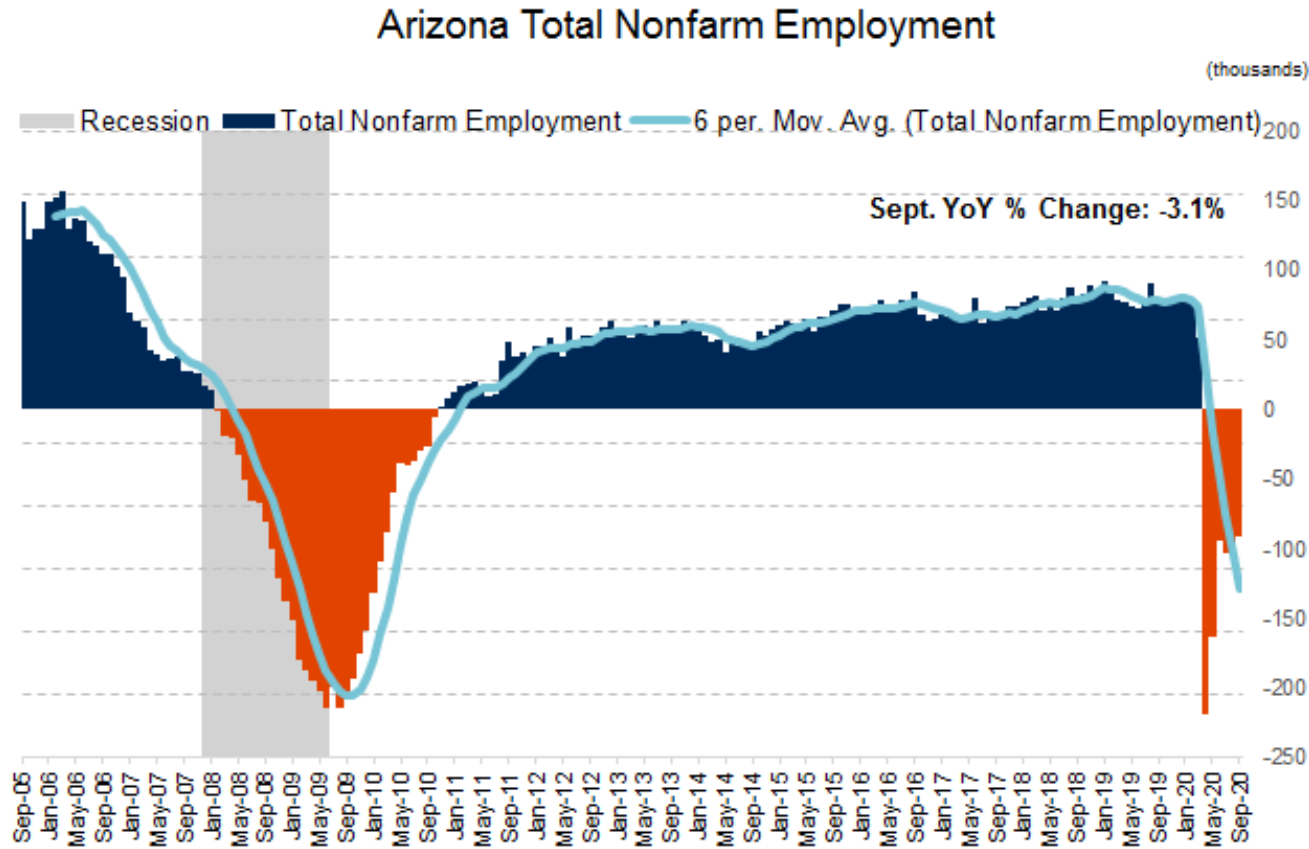
*Note: September 2020 response rate estimate for Arizona will be available October 16*

# Month-Over-Month Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

# Year-Over-Year Employment Change

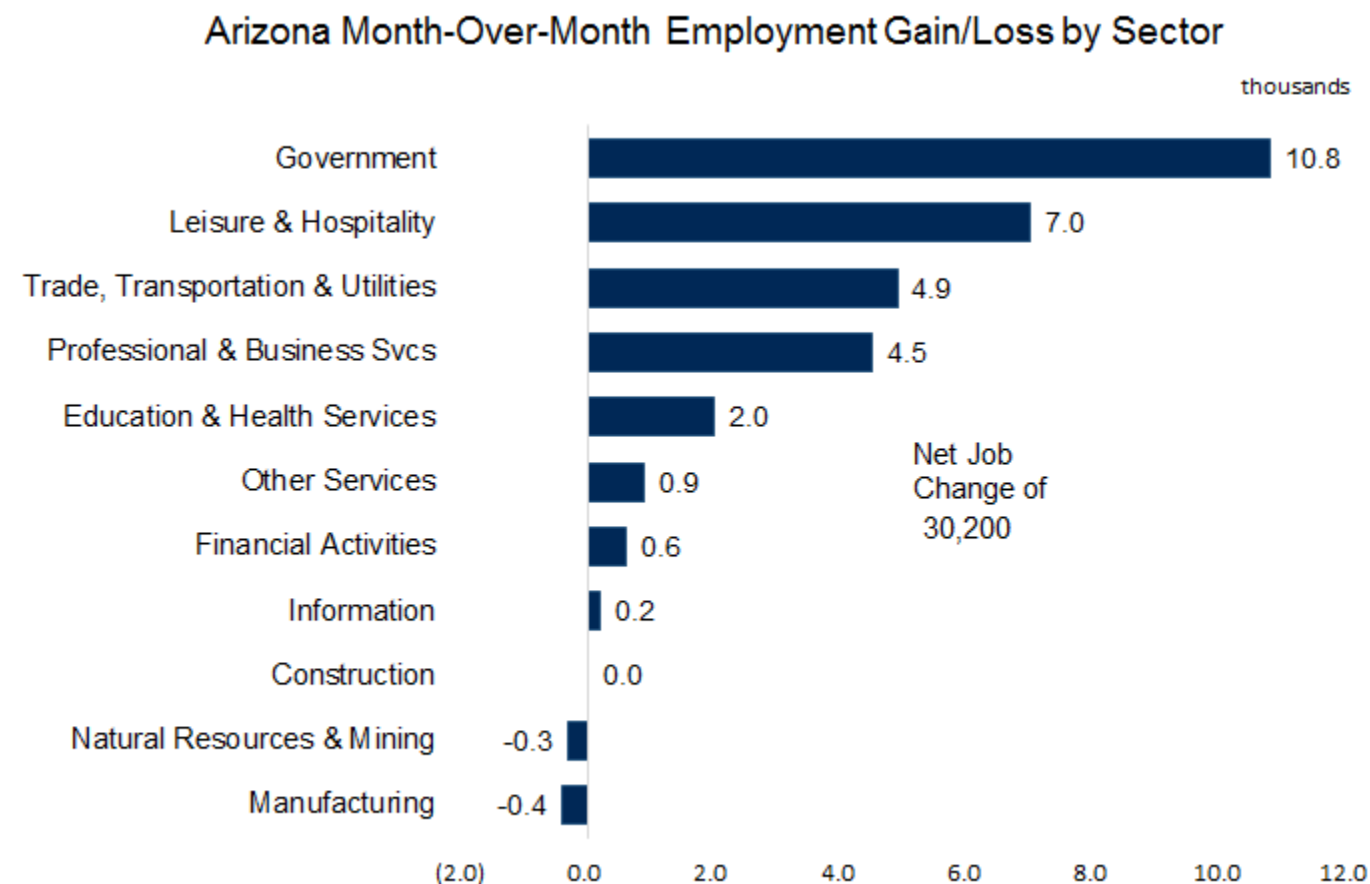


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Arizona nonfarm employment declined 3.1% YoY (-90,700 jobs) in September 2020.
- U.S. nonfarm employment declined 6.4% YoY in September 2020.

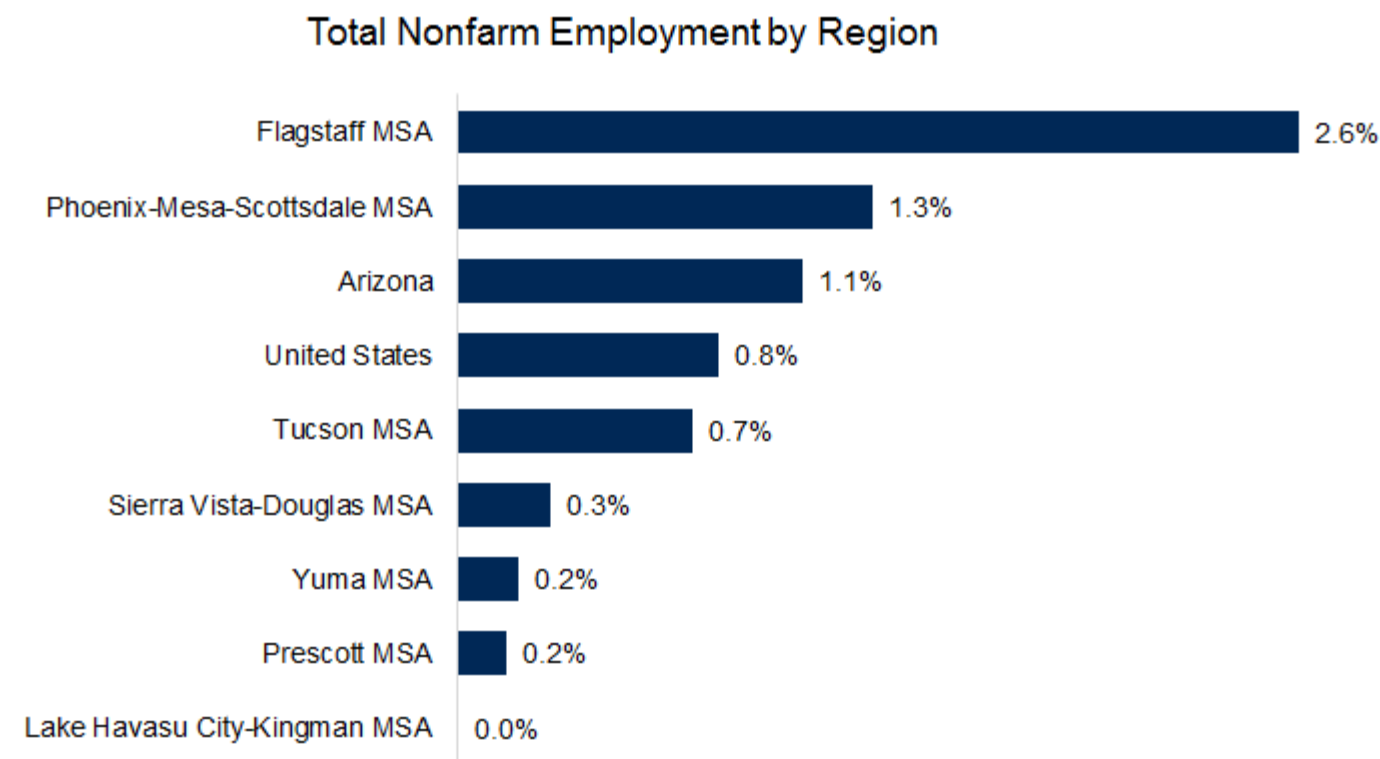
# Month-Over-Month Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

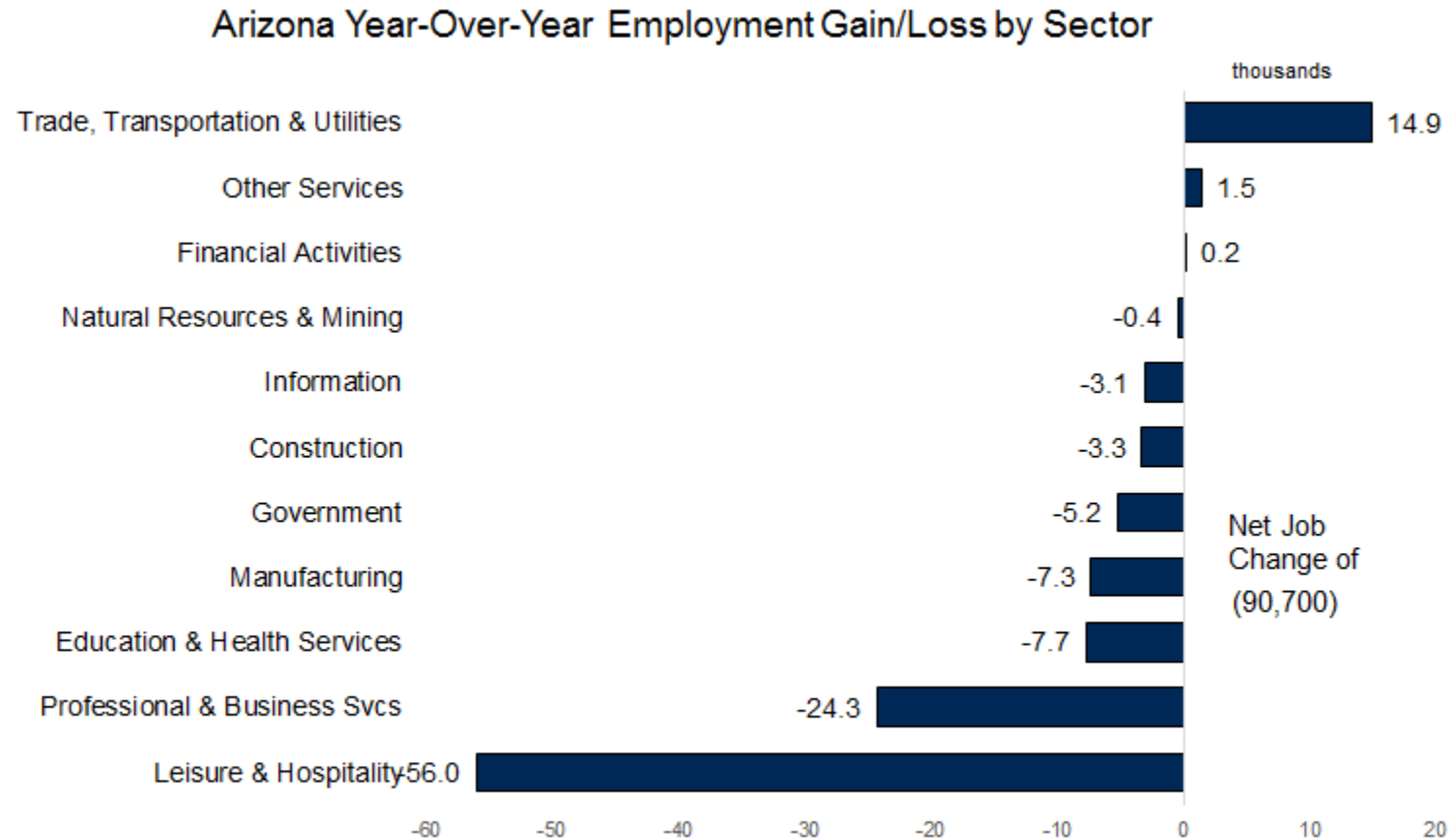


# Month-Over-Month Employment Change



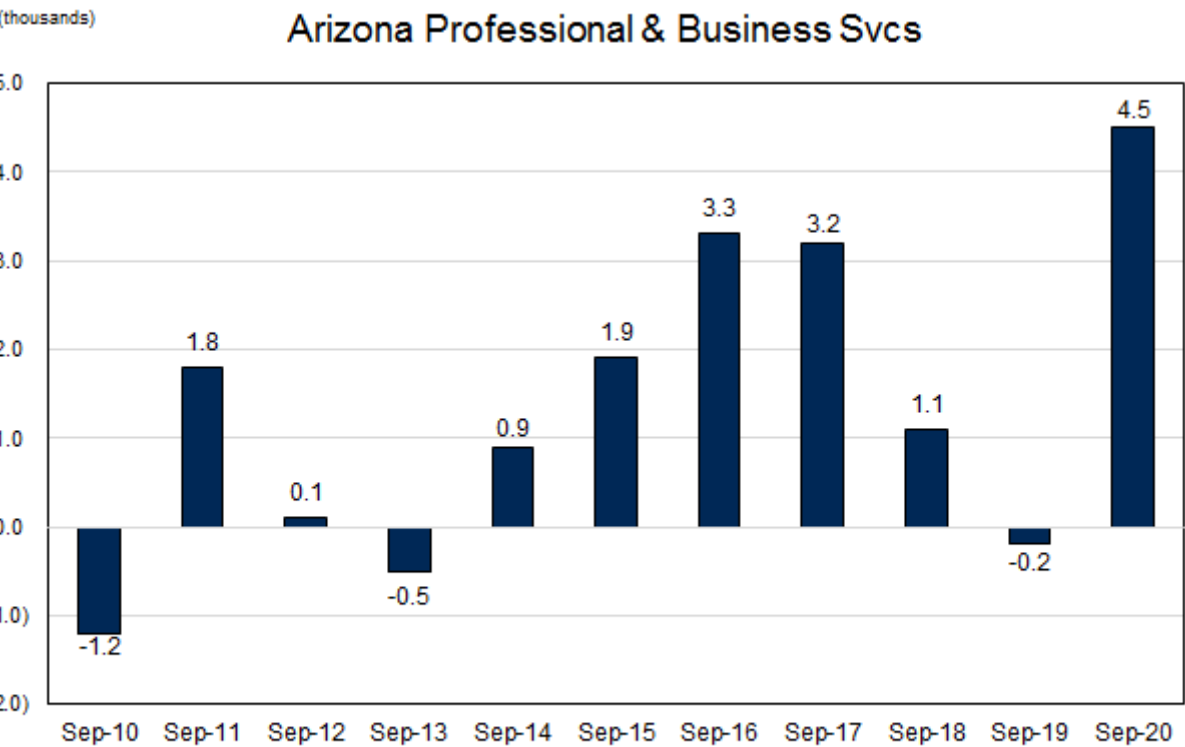
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

# Month-Over-Month Employment Change



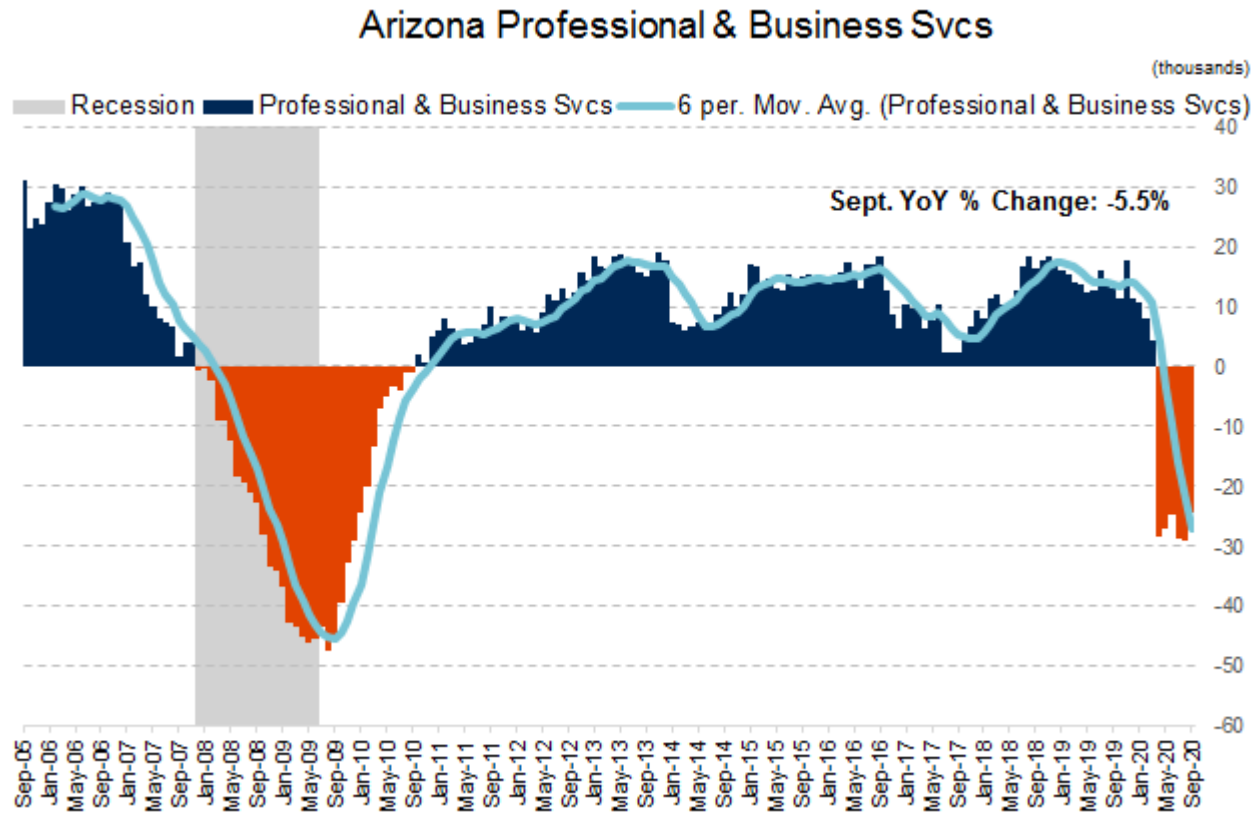
Historic 10-Year Average ('10-'19): 1,000 Jobs or 0.3%

Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Job gains were recorded in Employment Services (1,800 jobs or 1.9%).
- Job gains were recorded in Services to Buildings and Dwellings (1,000 jobs or 2.4%).

# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

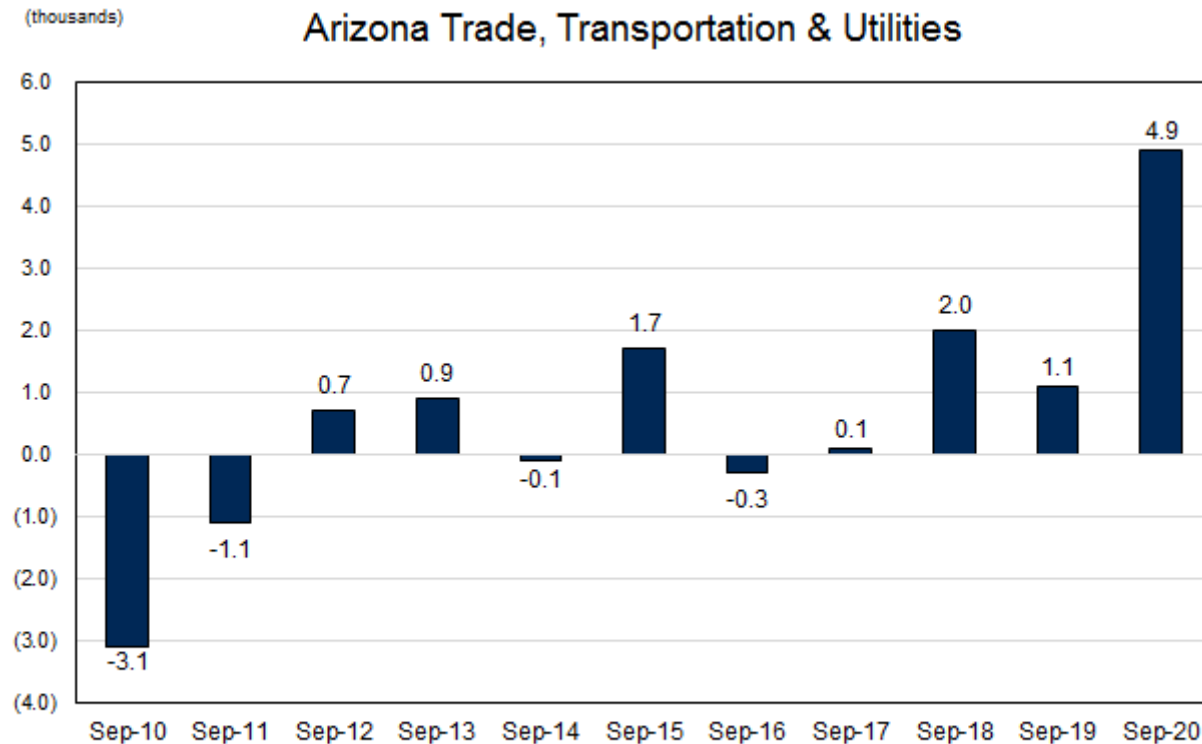
## Notable Losses:

- Employment Services lost 12,200 jobs (-11.1%).
- Services to Buildings and Dwellings lost 2,600 jobs (-5.7%).
- Business Support Services lost 5,300 jobs (-13.4%).

## Notable Gains:

- Professional, Scientific and Technical Services gained 300 jobs (0.2%).

# Month-Over-Month Employment Change



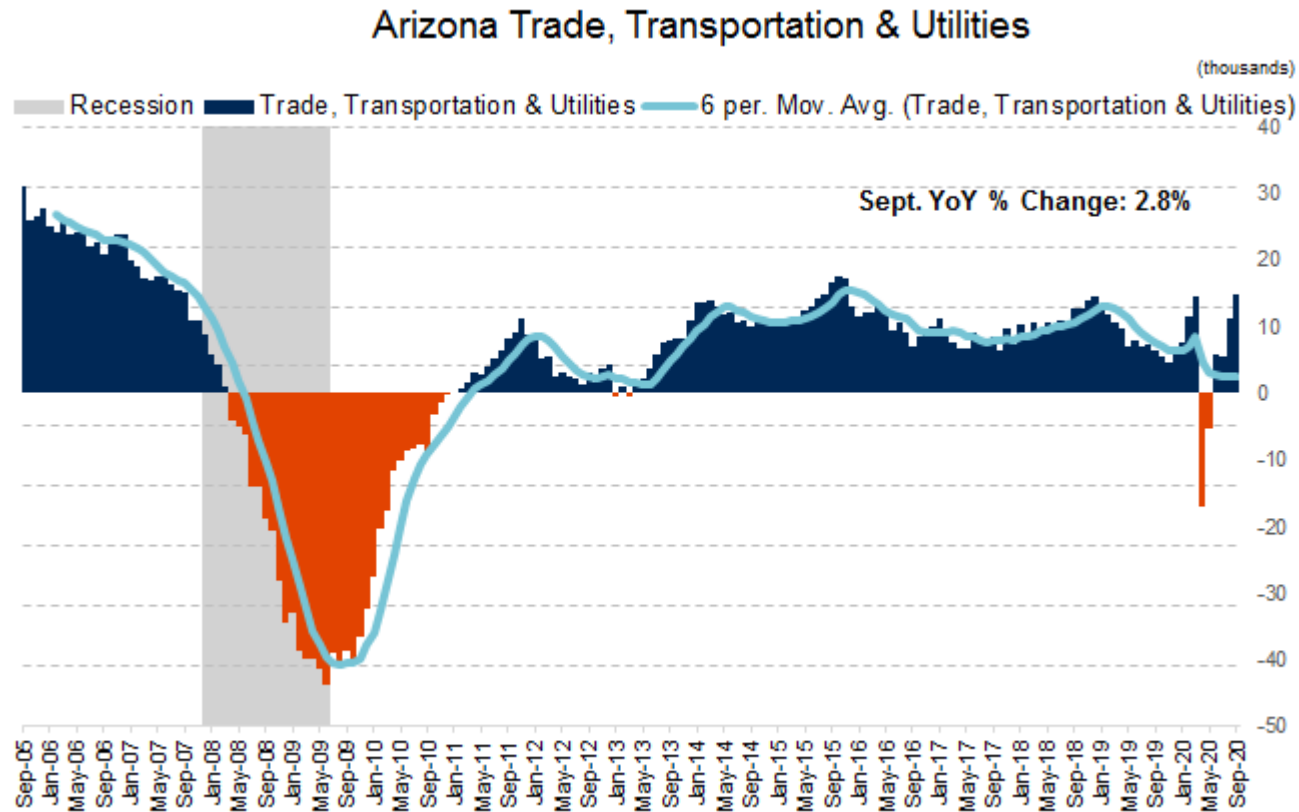
Historic 10-Year Average ('10-'19): 200 Jobs or 0.0%

Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Retail Trade recorded a gain of 1,500 jobs or 0.5%
  - Motor Vehicle and Parts gained 1,000 jobs
  - Food and Beverage Stores gained 800 jobs
  - Furniture and Home Furnishing Stores gained 600 jobs
- Wholesale Trade recorded a loss of 600 jobs or -0.6%.
- Transportation and Warehousing recorded a gain of 4,000 jobs or 3.7%.
  - Gains were recorded within Courier and Delivery Services, and General Warehousing and Storage

# Year-Over-Year Employment Change

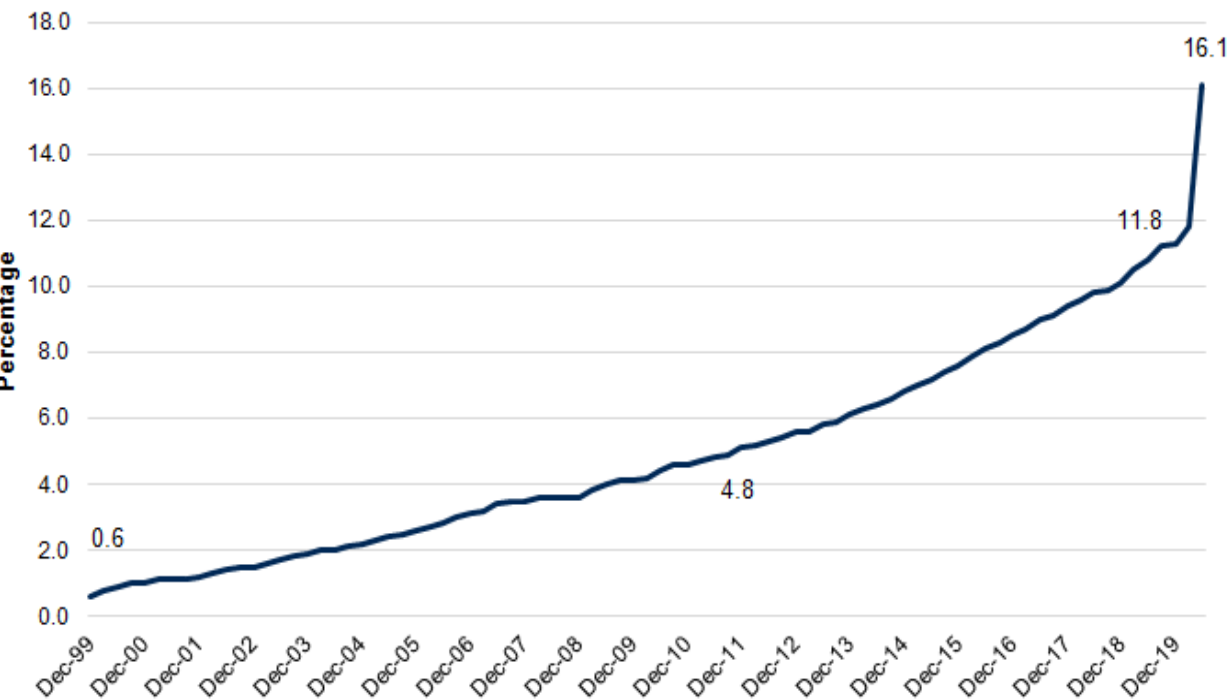


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Notable Gains:

- Wholesale Trade recorded a gain of 5,500 jobs (5.6%)
- Transportation and Warehousing recorded a gain of 6,100 jobs (5.8%)
- Retail Trade gained 2,900 jobs (0.9%)

# U.S. E-commerce Sales as a Percent of Total Sales

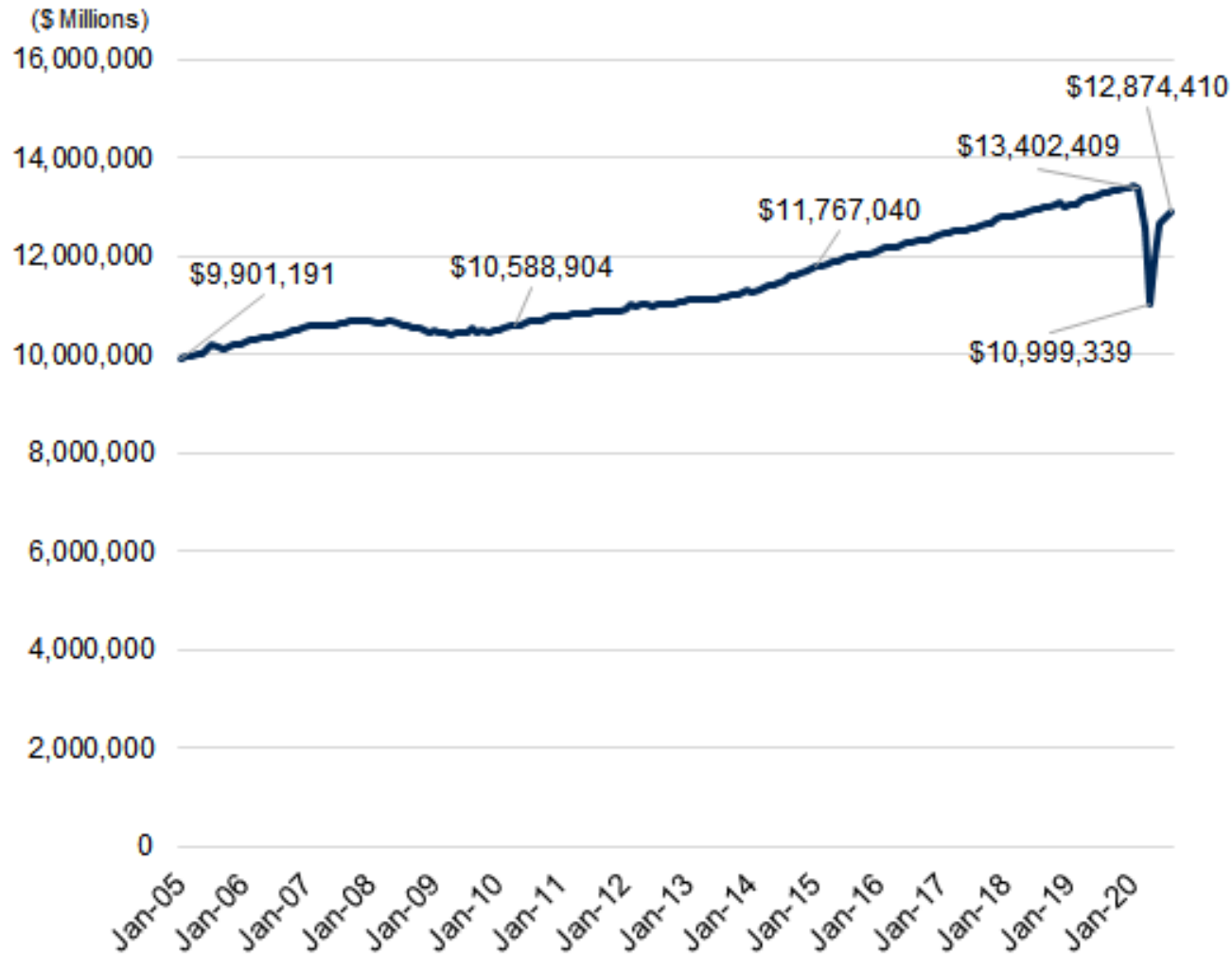


Source: U.S. Census Bureau

## E-commerce Sales:

- U.S. e-commerce sales as a percentage of total retail sales increased to 16.1% in Q2-2020 from 11.8% in Q1-2020.

# U.S. Personal Consumption Expenditures (PCE): Jan. 2005-Aug. 2020



Source: Bureau of Economic Analysis

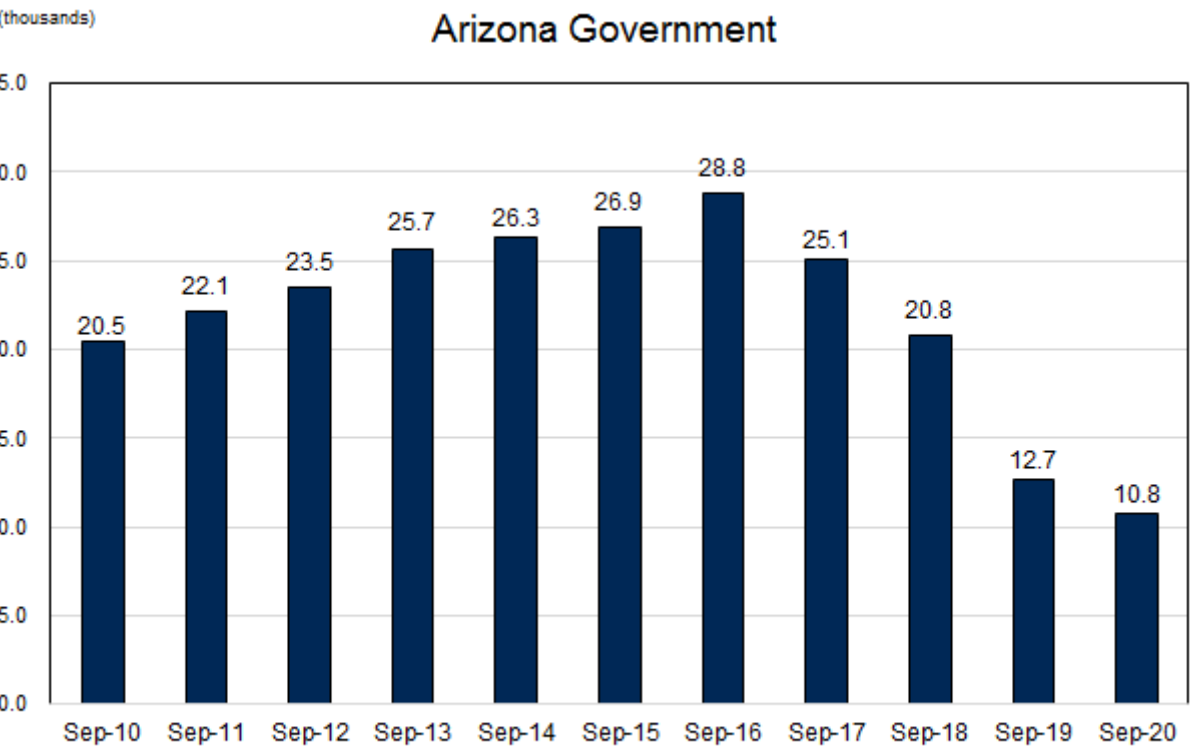
U.S. PCE increased by 0.7% MoM from July 2020 to August 2020.

U.S. PCE declined by 3.2% YoY from August 2019 to August 2020.

- Durable Goods spending increased by 11.2% YoY.
- Non-Durable Goods spending increased by 3.0% YoY.
- Services spending decreased by 7.2% YoY.



# Month-Over-Month Employment Change



**Historic 10-Year Average ('10-'19): 23,200 Jobs or 5.8%**

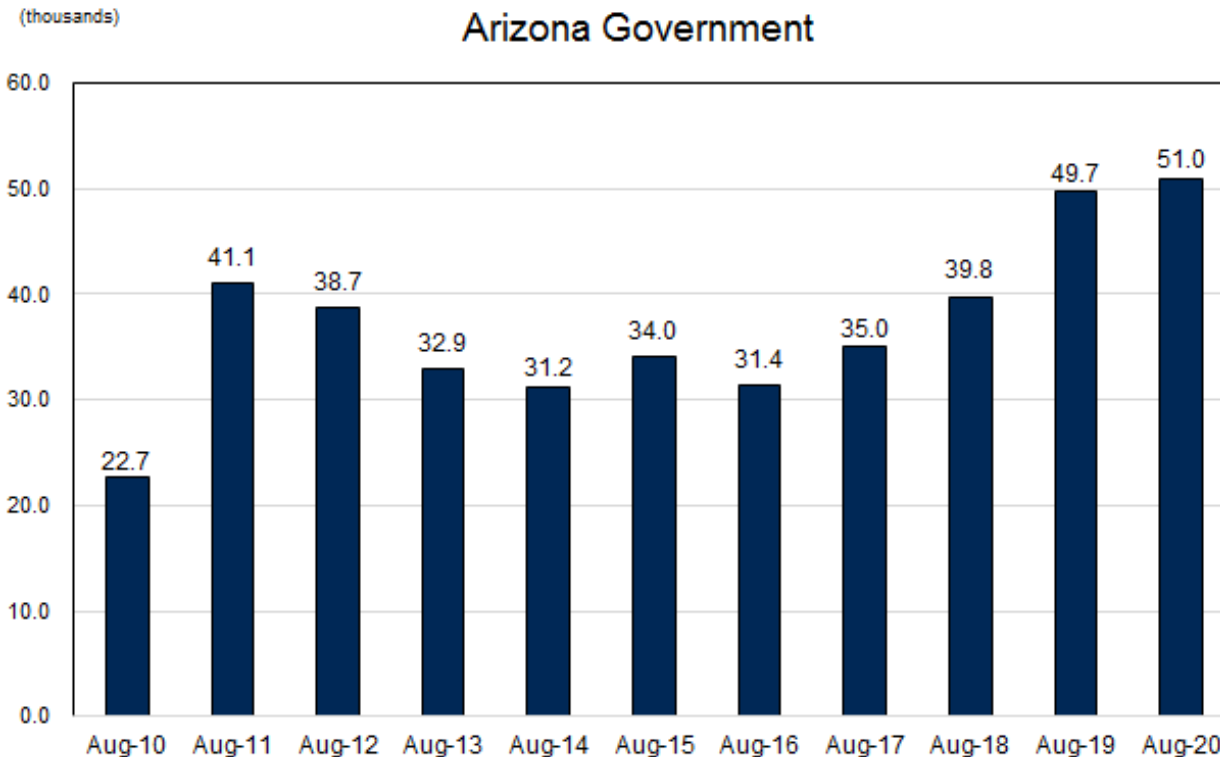
*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

## Highlights:

- Local Government Education gained 7,700 jobs or 5.8%
- State Government Education gained 4,000 jobs or 7.3%

# Month-Over-Month Employment Change

**AUGUST 2020**



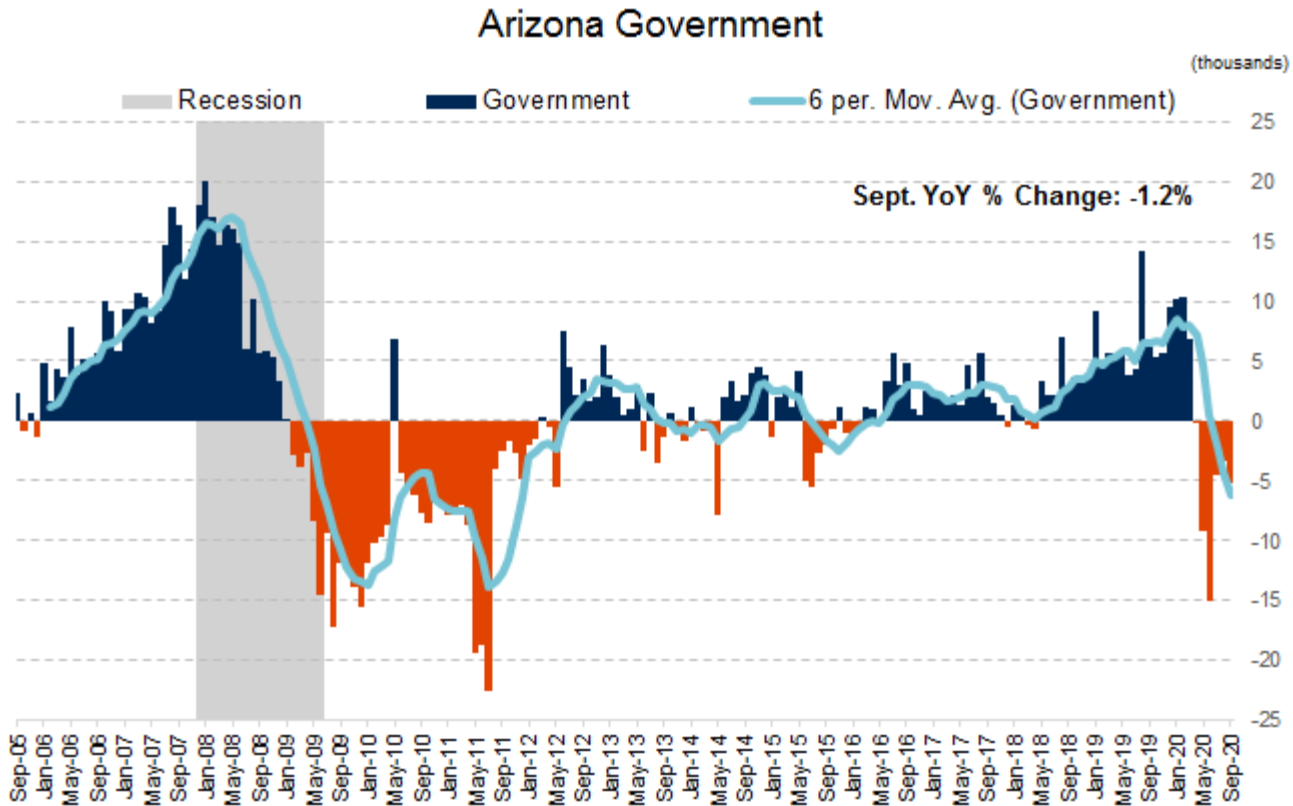
**Historic 10-Year Average ('10-'19): 35,700 Jobs or 9.8%**

*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

## Highlights:

- Changes in State and Local Education hiring patterns are likely responsible for the new seasonal trend within Government

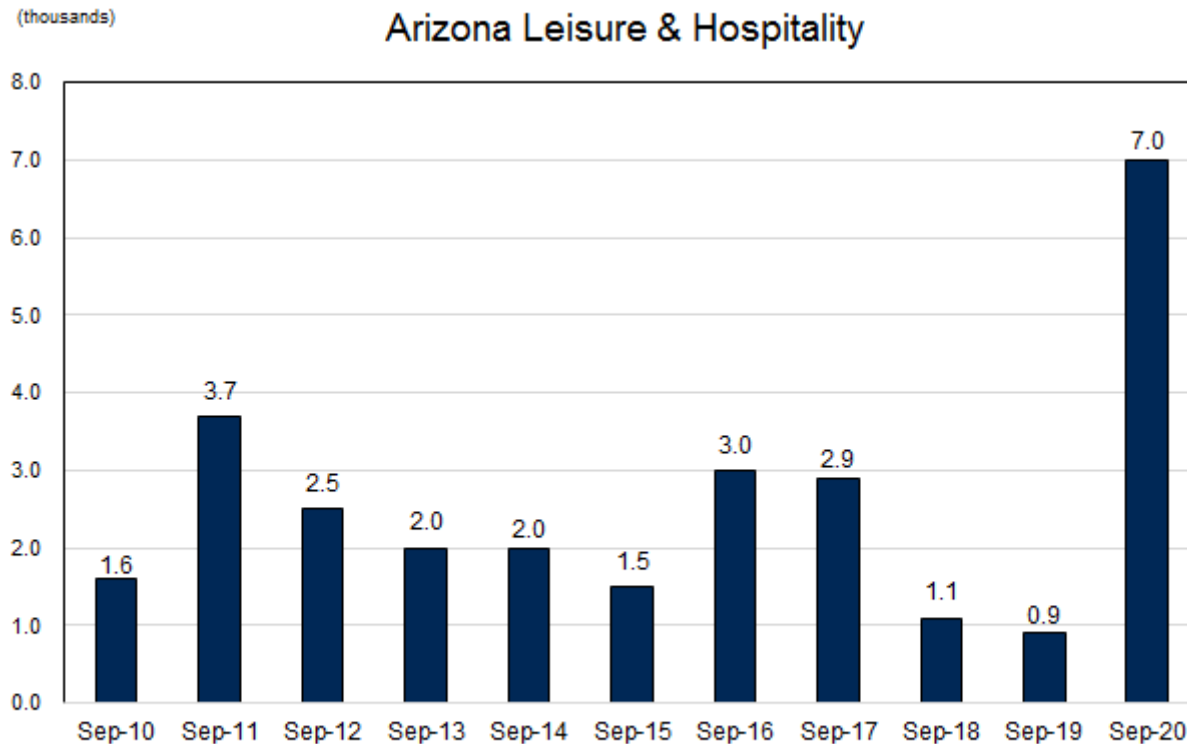
# Year-Over-Year Employment Change



## Notable Losses:

- State Government Education recorded a loss of 200 jobs (-0.3%).
- Local Government Education recorded a loss of -7,100 jobs (-4.8%).

# Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): 2,100 Jobs or 0.7%

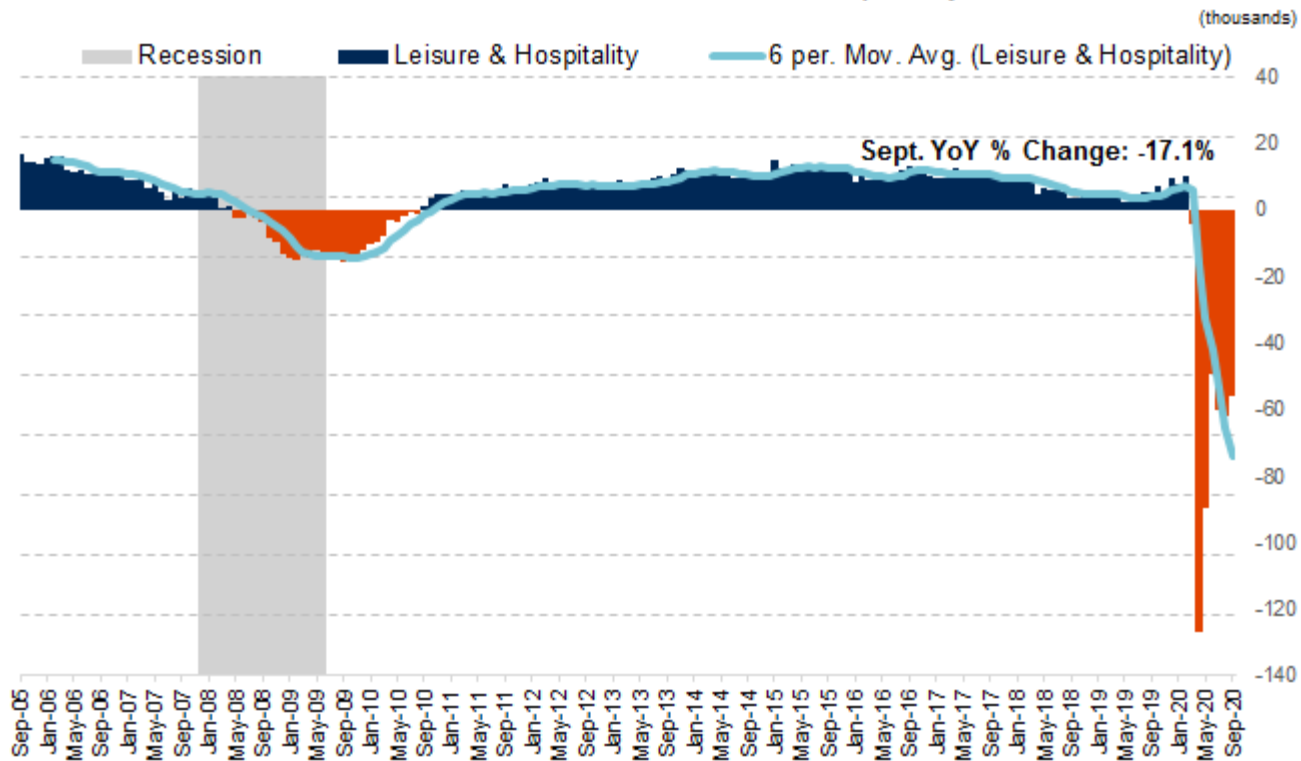
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Food Services and Drinking Places gained 6,000 jobs or 2.9%
  - Gains reported in Full Service Restaurants and Limited Service Restaurants
- Accommodation lost 200 jobs or -0.7%
- Arts, Entertainment and Recreation gained 1,200 jobs or 4.3%
  - Gains reported in Fitness and Recreation Sports Centers and Amusement and Recreation

# Year-Over-Year Employment Change

## Arizona Leisure & Hospitality



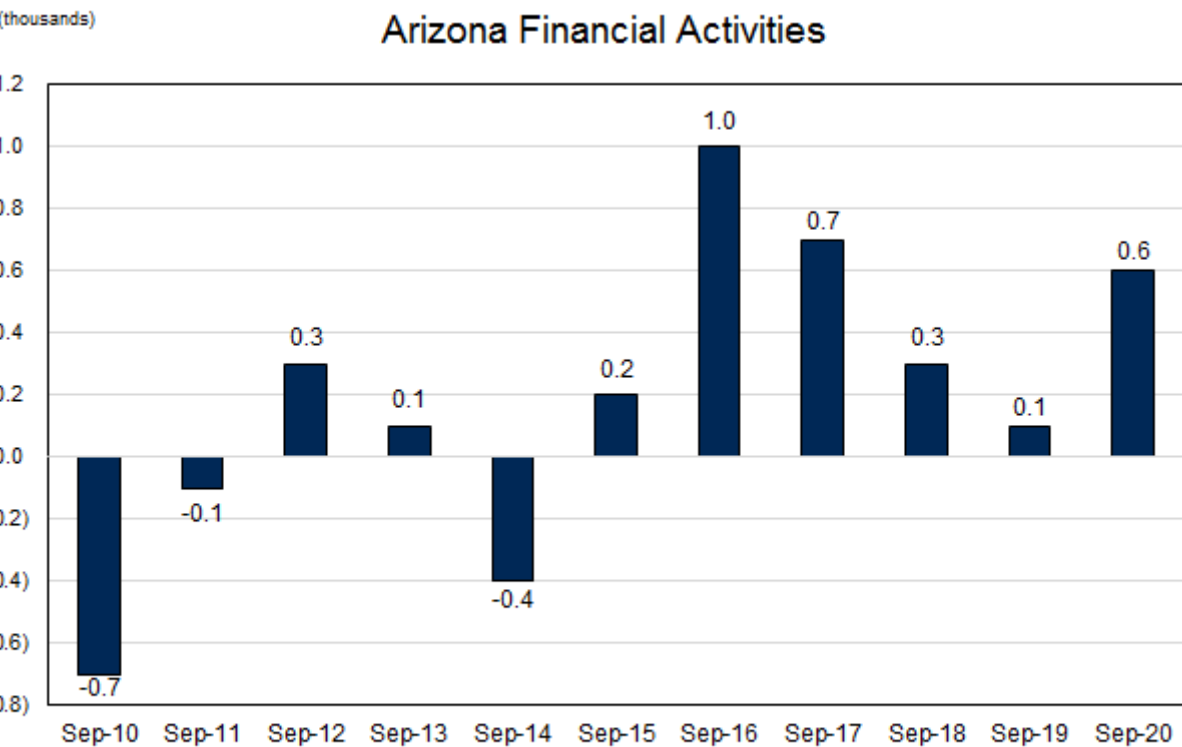
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

### Notable Losses:

- Food Services and Drinking Places recorded a loss of 23,700 jobs (-10.0%)
- Arts, Entertainment, and Recreation experienced losses of 16,000 jobs (-35.2%)
- Accommodations recorded a loss of 16,300 jobs (-36.5%)

U.S. Leisure and Hospitality employment declined by 21.7% YoY in September 2020.

# Month-Over-Month Employment Change



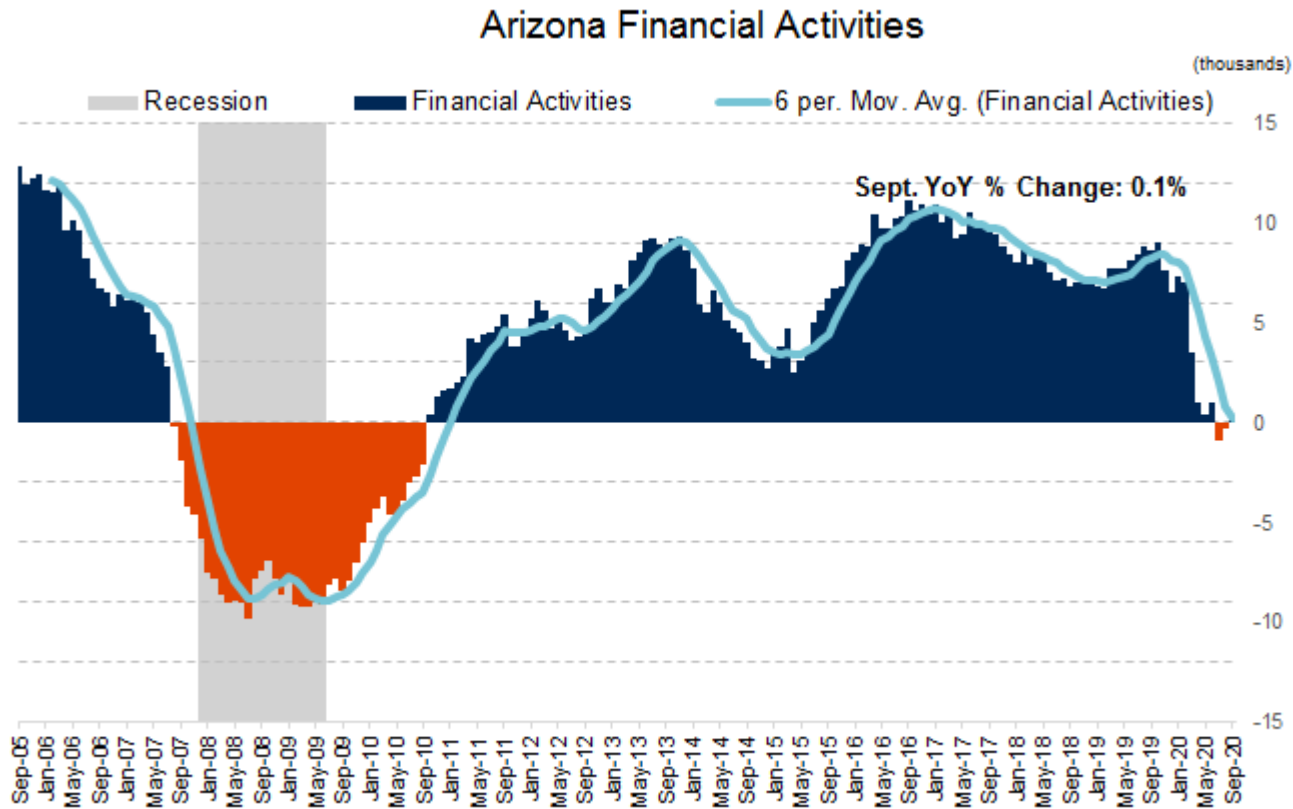
Historic 10-Year Average ('10-'19): 200 Jobs or 0.1%

Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Insurance Carriers recorded a gain of 1,400 jobs.
- Credit Intermediaries recorded a loss of 200 jobs.
- Real Estate, Rental, and Leasing recorded a loss of 600 jobs or -1.1%.

# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

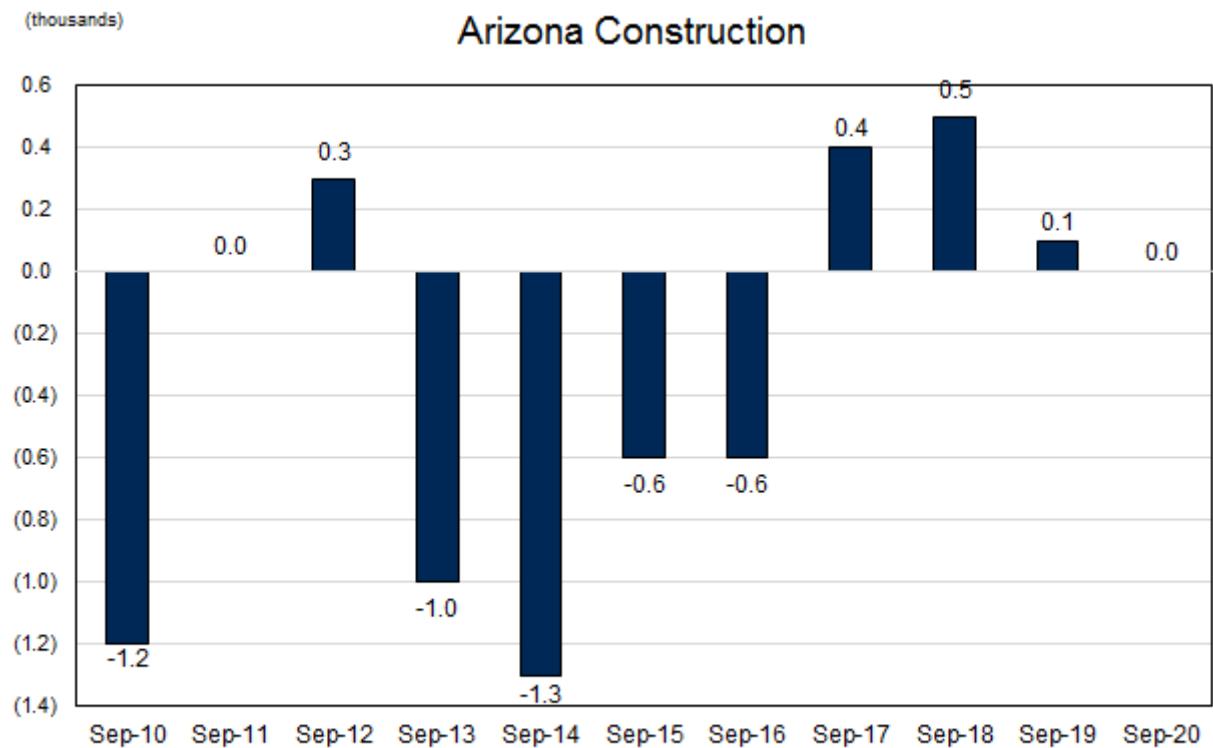
## Notable Losses:

- Real Estate and Rental and Leasing recorded a loss of 800 jobs (-1.4%)
- Insurance Carriers recorded a loss of 1,600 jobs (-2.4%)

## Notable Gain:

- Credit Intermediaries recorded a gain of 2,000 jobs (2.2%)

# Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): -300 Jobs or -0.3%

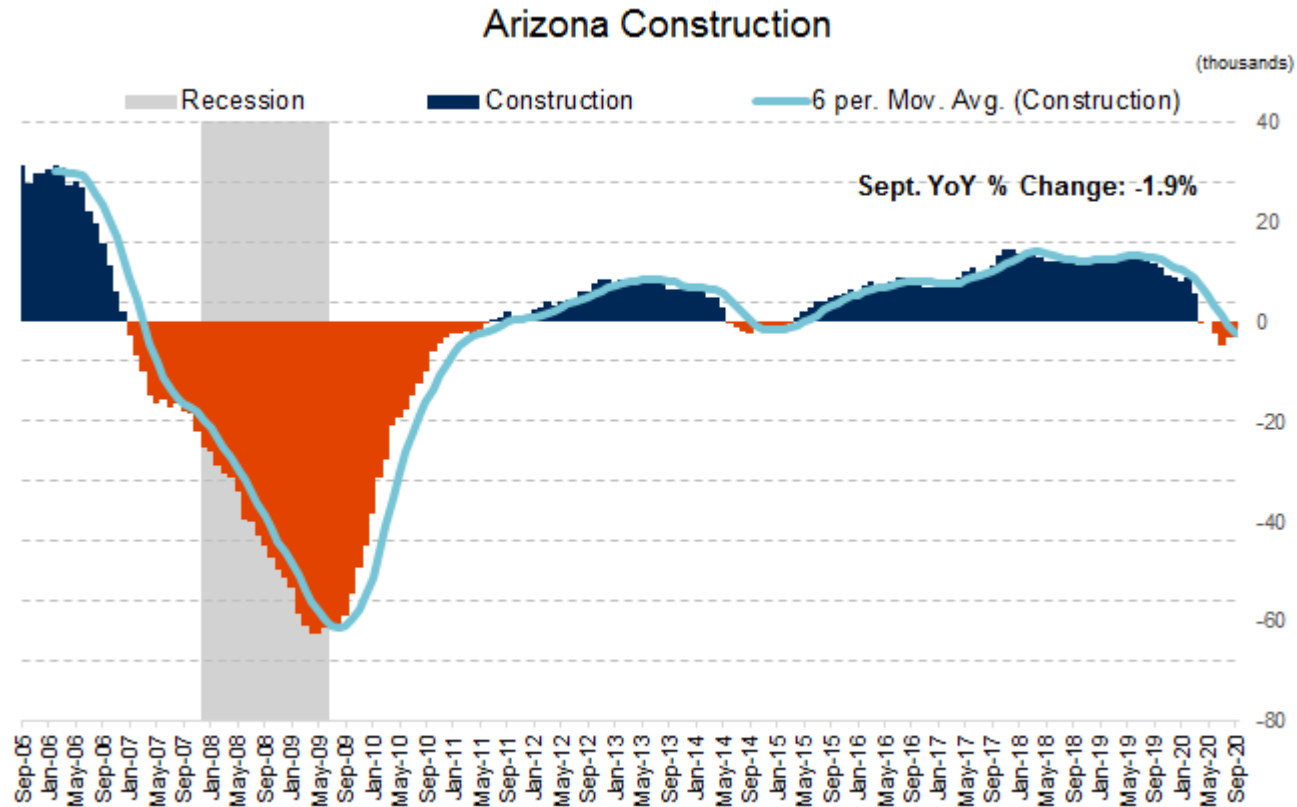
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

## Highlights:

- Specialty Trade Construction gained 1,300 jobs or 1.1%
- Heavy and Civil Engineering recorded a loss of 600 jobs or -3.0%
- Construction of Buildings recorded a loss of 700 jobs or -2.0%



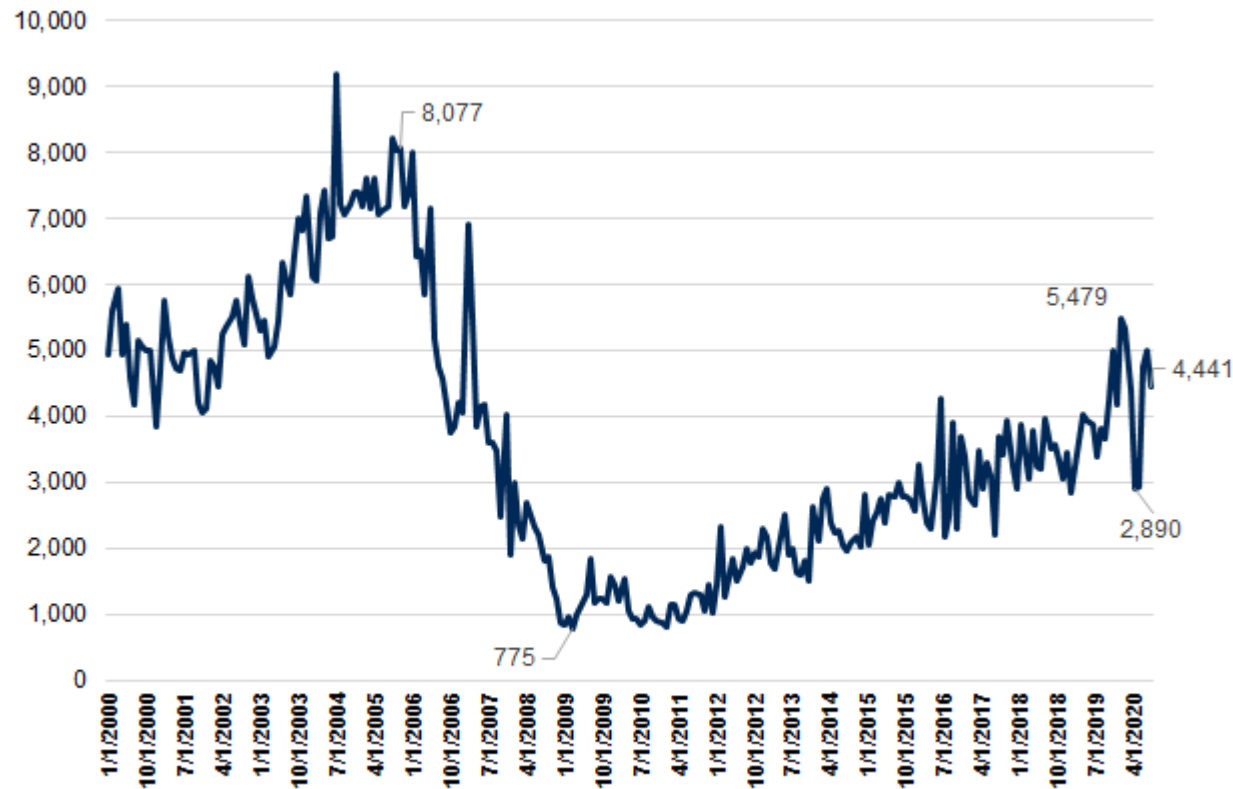
# Year-Over-Year Employment Change



## Notable Losses:

- Specialty Trades lost 1,300 jobs (-1.1%)
- Construction of Buildings lost 900 jobs (-2.5%)
- Heavy and Civil Construction lost 1,100 jobs (-5.3%)

# Arizona New Private Housing Units Authorized by Building Permits; Seasonally Adjusted

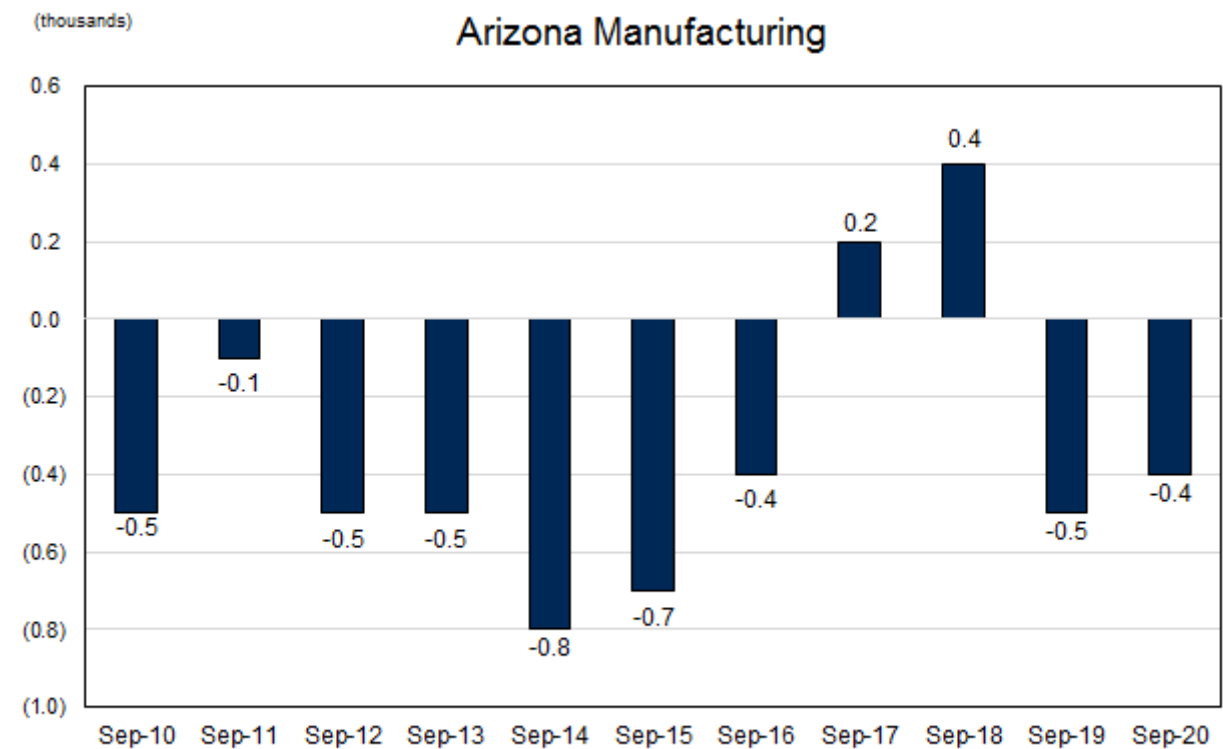


Source: U.S. Census Bureau

## Notable Changes:

- 4,441 building permits were authorized in August 2020, up 623 (16.3%) permit authorizations from August 2019, and down 549 (-11.0%) permit authorizations from July 2020.

# Month-Over-Month Employment Change



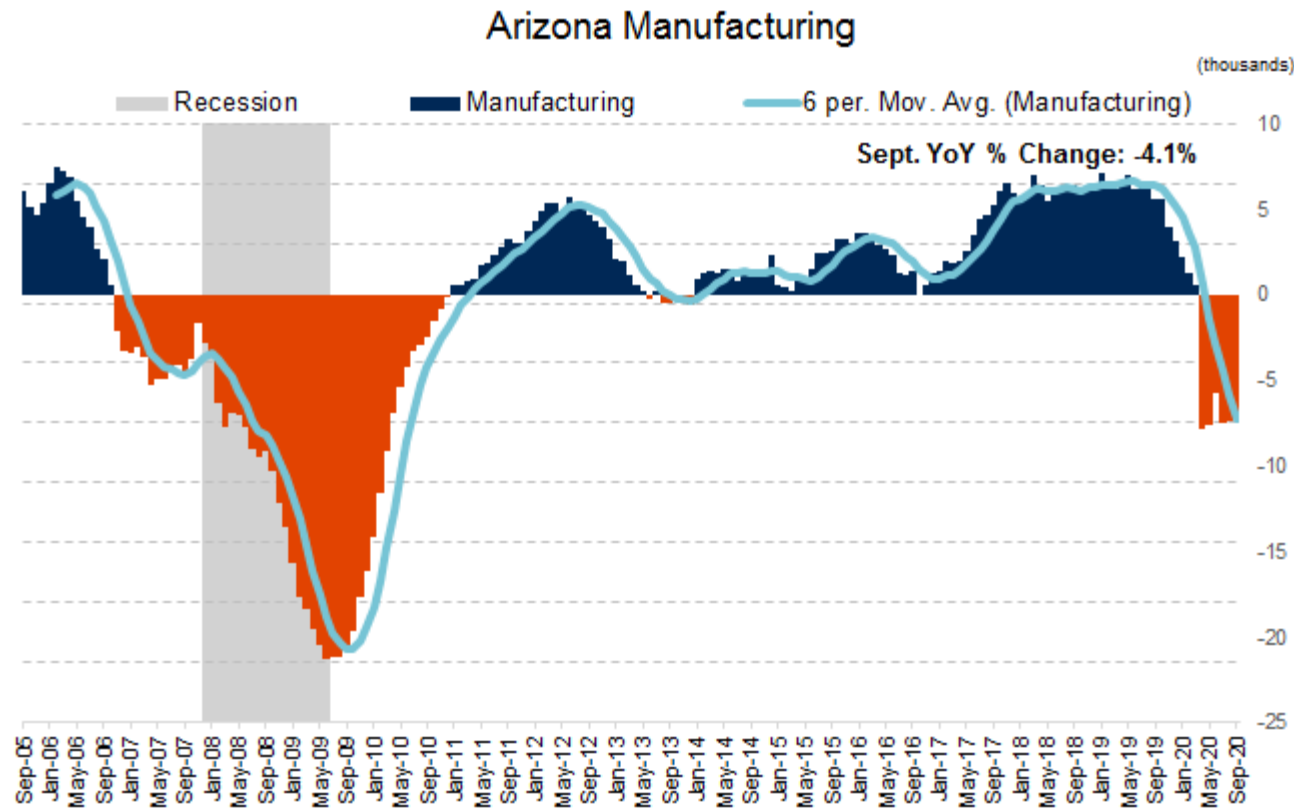
**Historic 10-Year Average ('10-'19): -300 Jobs or -0.2%**

*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

## Highlights:

- Losses recorded in Nondurable Goods (-600 jobs)
- Gains were recorded in Durable Goods (200 jobs)
  - Aerospace Products and Parts gained 300 jobs
  - Fabricated Metal lost 300 jobs

# Year-Over-Year Employment Change

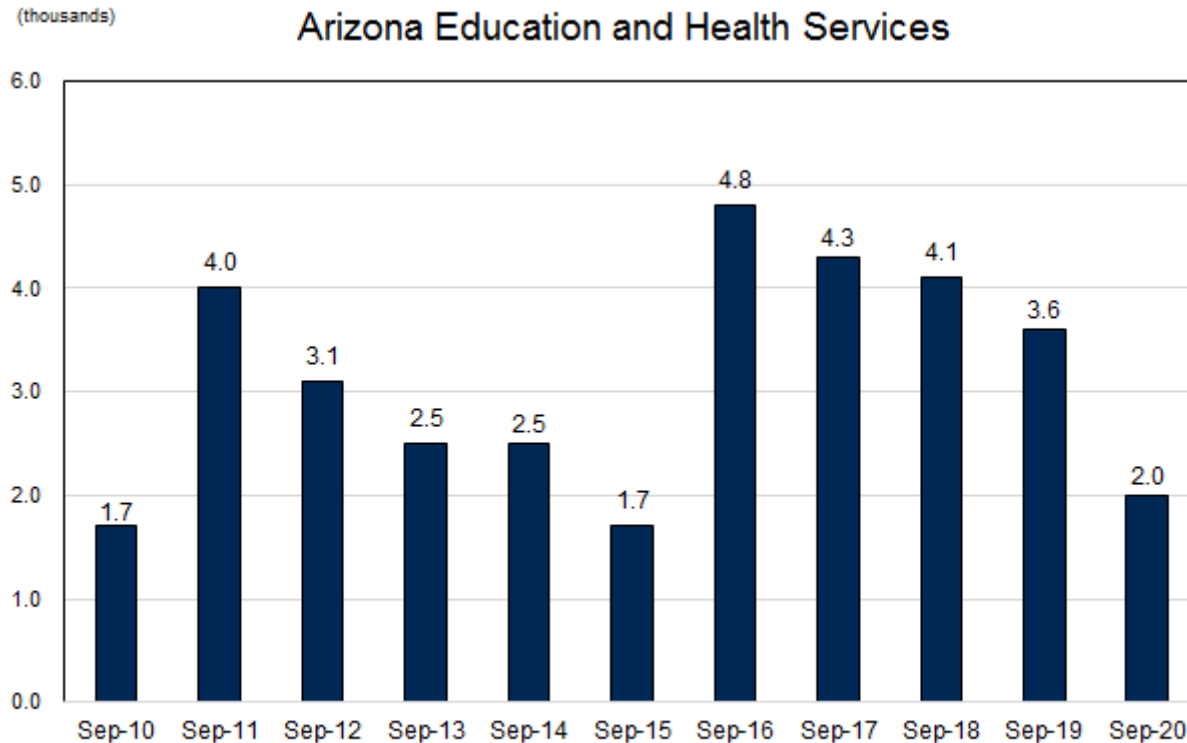


## Notable Losses:

- Nondurable Goods lost 2,600 jobs (-5.9%)
- Durable Goods lost 4,700 jobs (-3.5%)
  - Fabricated Metals lost 1,700 jobs (-8.2%)
  - Computer and Electronic Parts gained 1,500 jobs (4.5%)
  - Aerospace Products and Parts gained 800 jobs (2.6%)

U.S. Manufacturing declined by 5.1% YoY in September 2020

# Month-Over-Month Employment Change



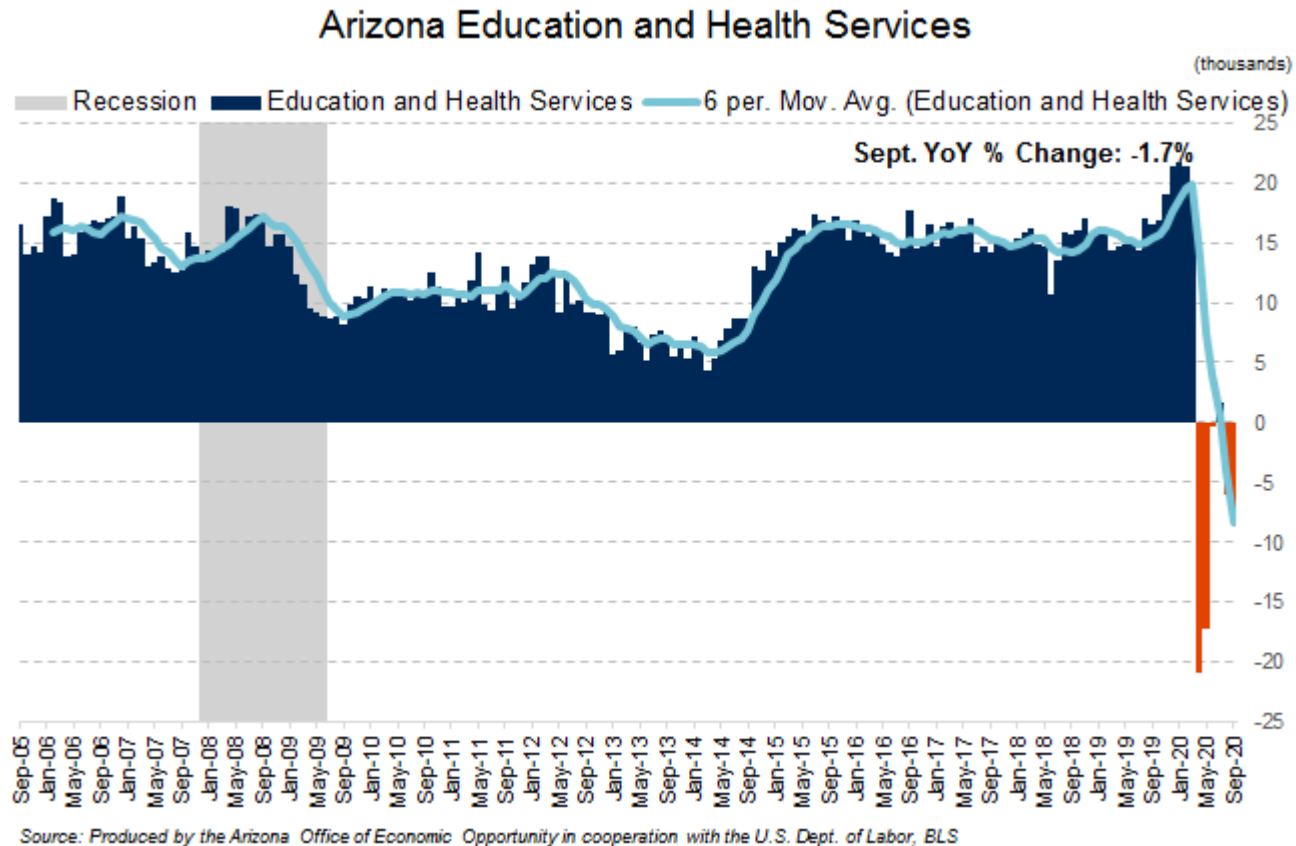
**Historic 10-Year Average ('10-'19): 3,200 Jobs or 0.8%**

*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

## Highlights:

- Healthcare and Social Assistance gained 2,100 jobs.
  - Ambulatory Healthcare Services gained 1,100 jobs.
  - Social Assistance gained 700 jobs.
  - Nursing and Residential Care Facilities lost 100 jobs

# Year-Over-Year Employment Change



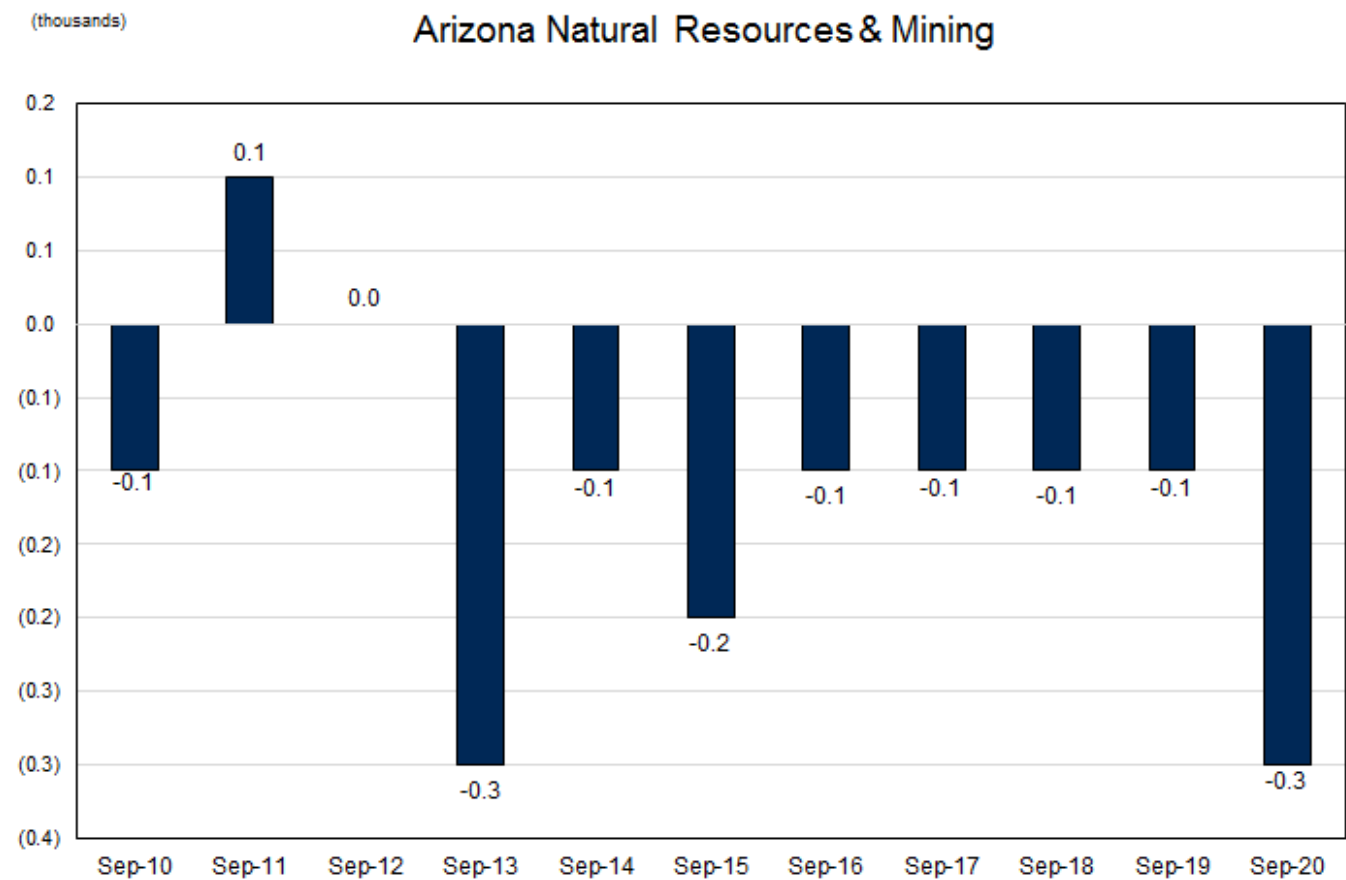
## Notable Losses:

- Social Assistance lost 2,200 jobs (-3.5%)
- Nursing and Residential Care Facilities lost 2,400 jobs (-4.1%).
- Hospitals lost 500 jobs (-0.5%).
- Educational Services lost 4,200 jobs (-5.9%)

## Notable Gains:

- Ambulatory Health Care Services gained 1,600 jobs (0.9%).

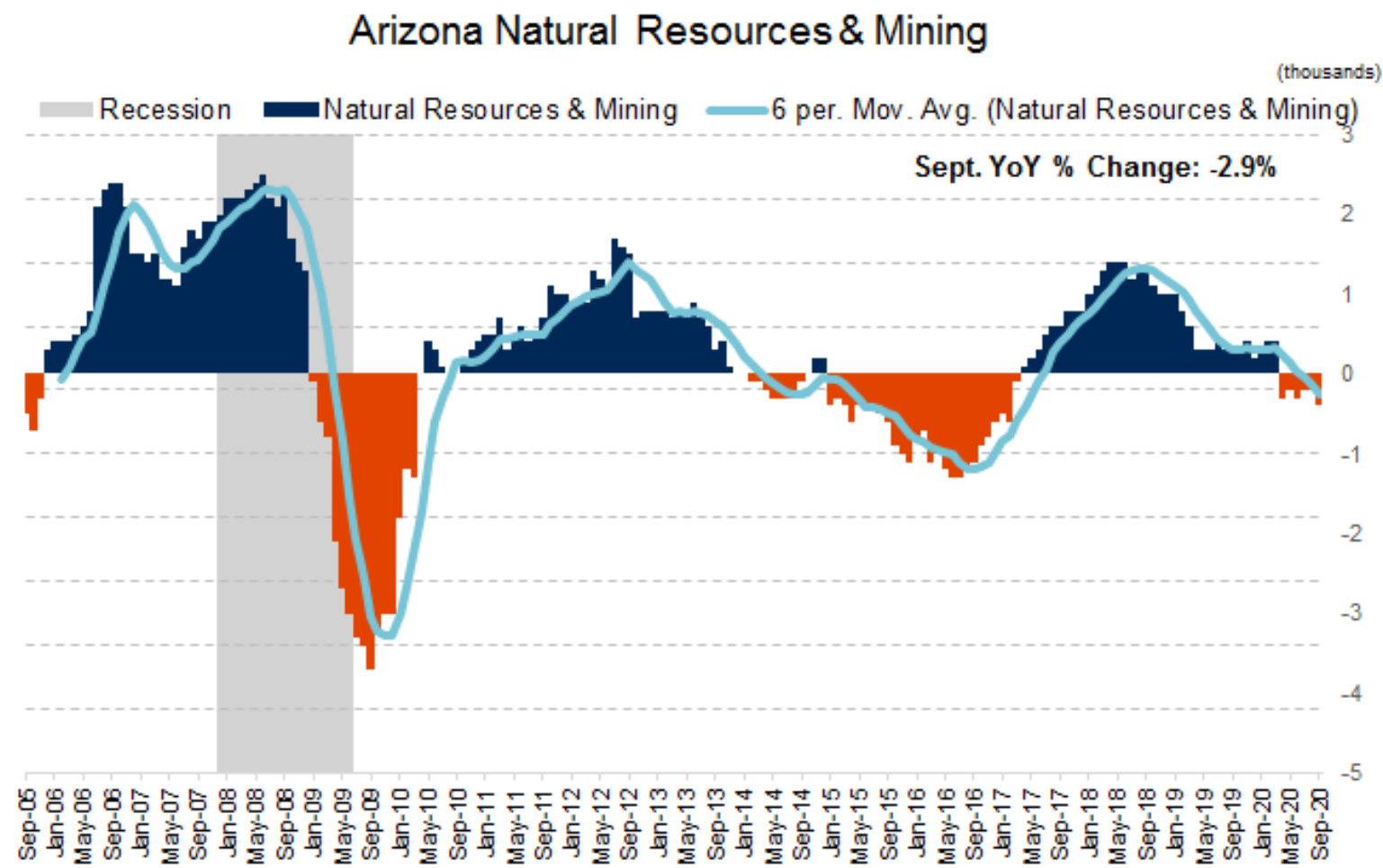
# Month-Over-Month Employment Change



**Historic 10-Year Average ('10-'19):** -100 Jobs or -0.8%

*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

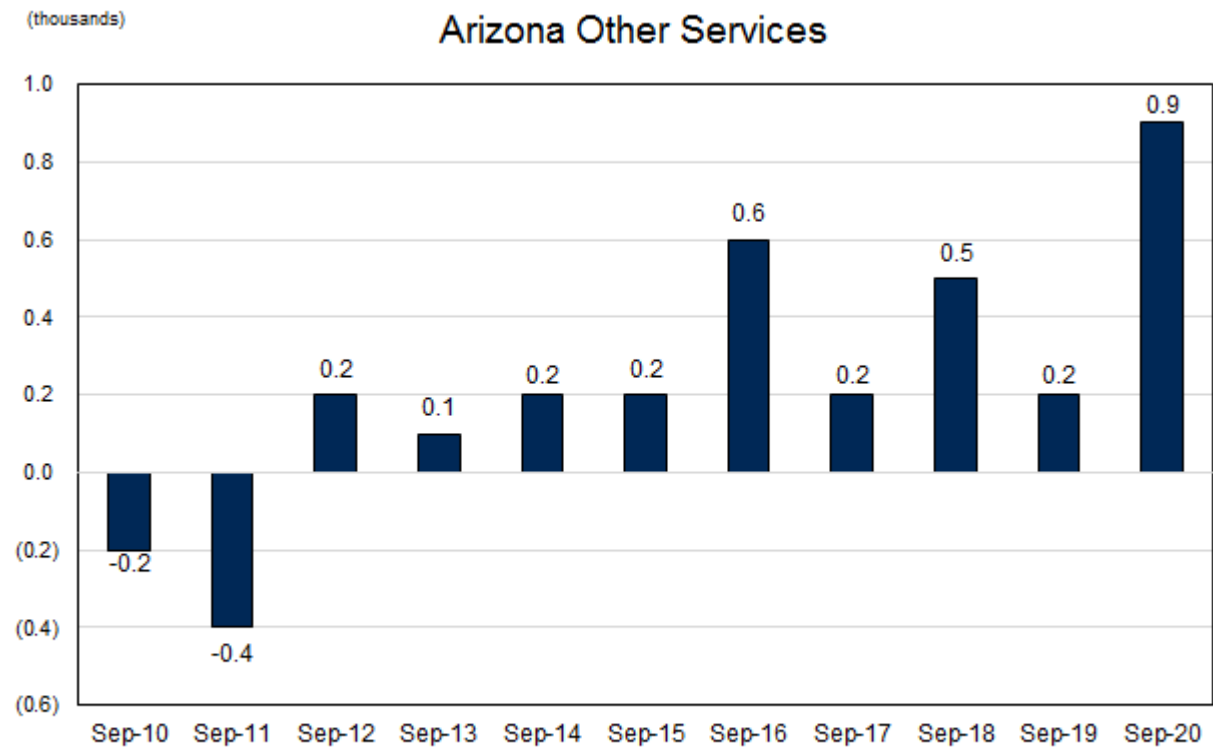
# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS



# Month-Over-Month Employment Change



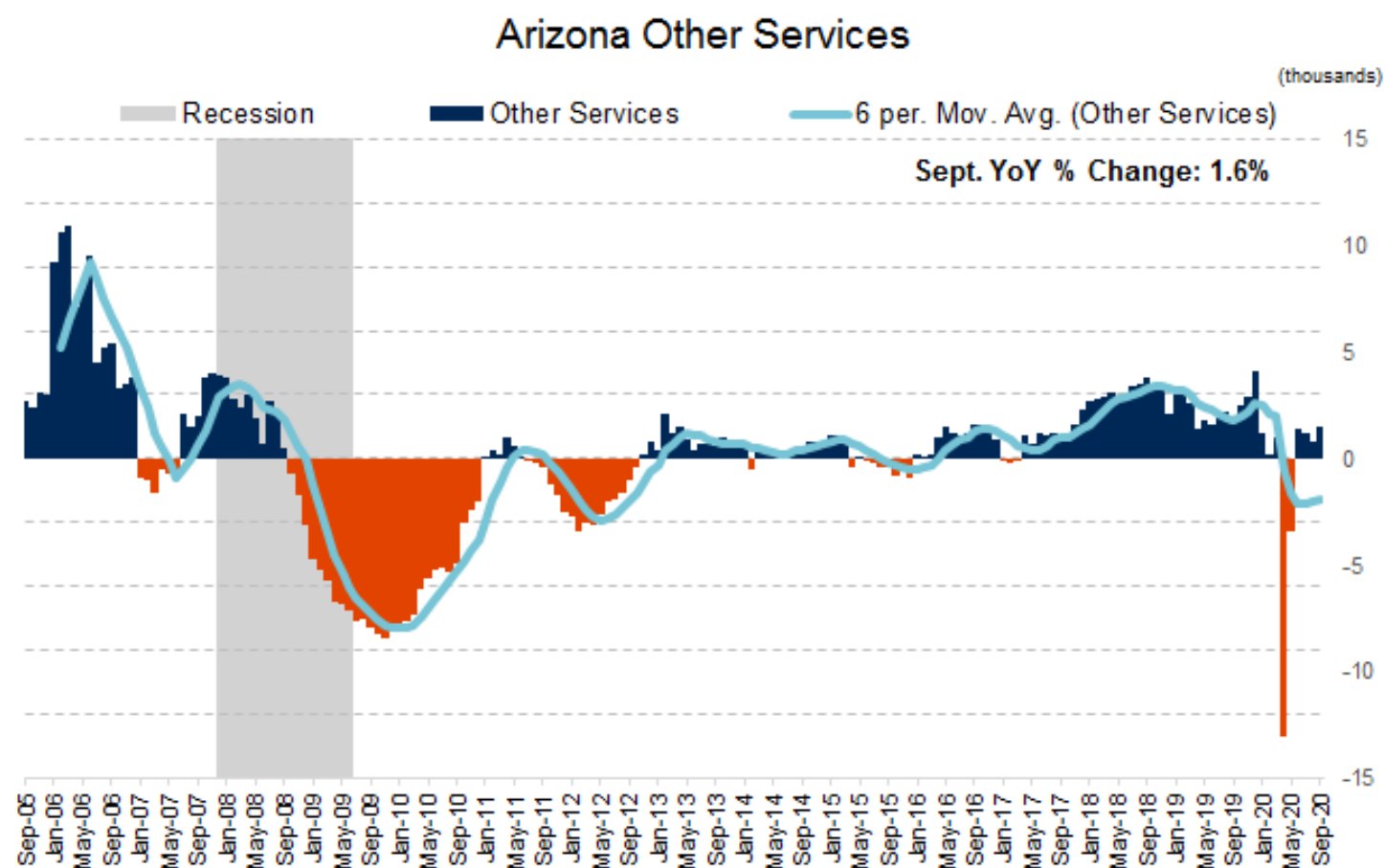
**Historic 10-Year Average ('10-'19): 200 Jobs or 0.2%**

*Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS*

### Highlights:

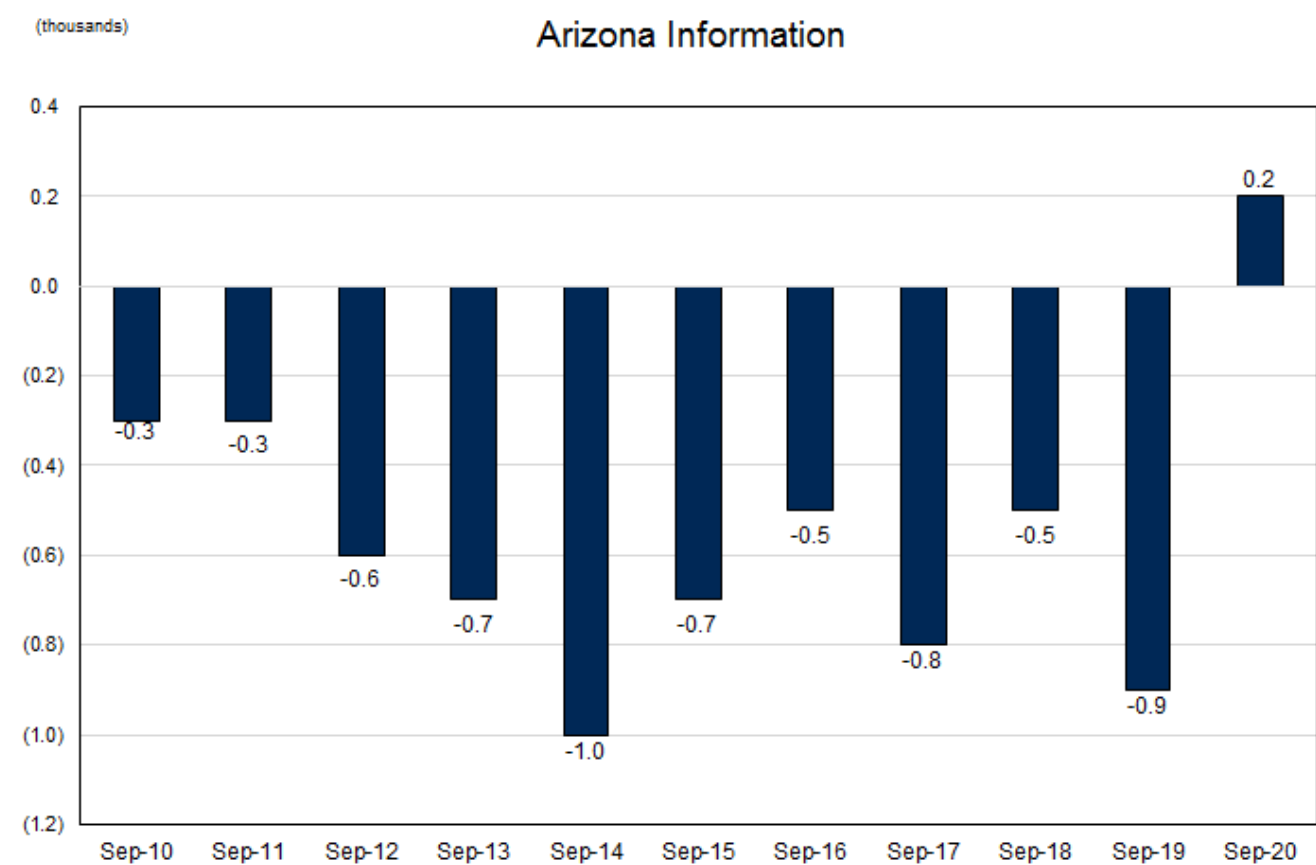
- Gains occurred within Civic and Social Organizations, Reupholstery and Furniture Repair, and Car Washes, among others

# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

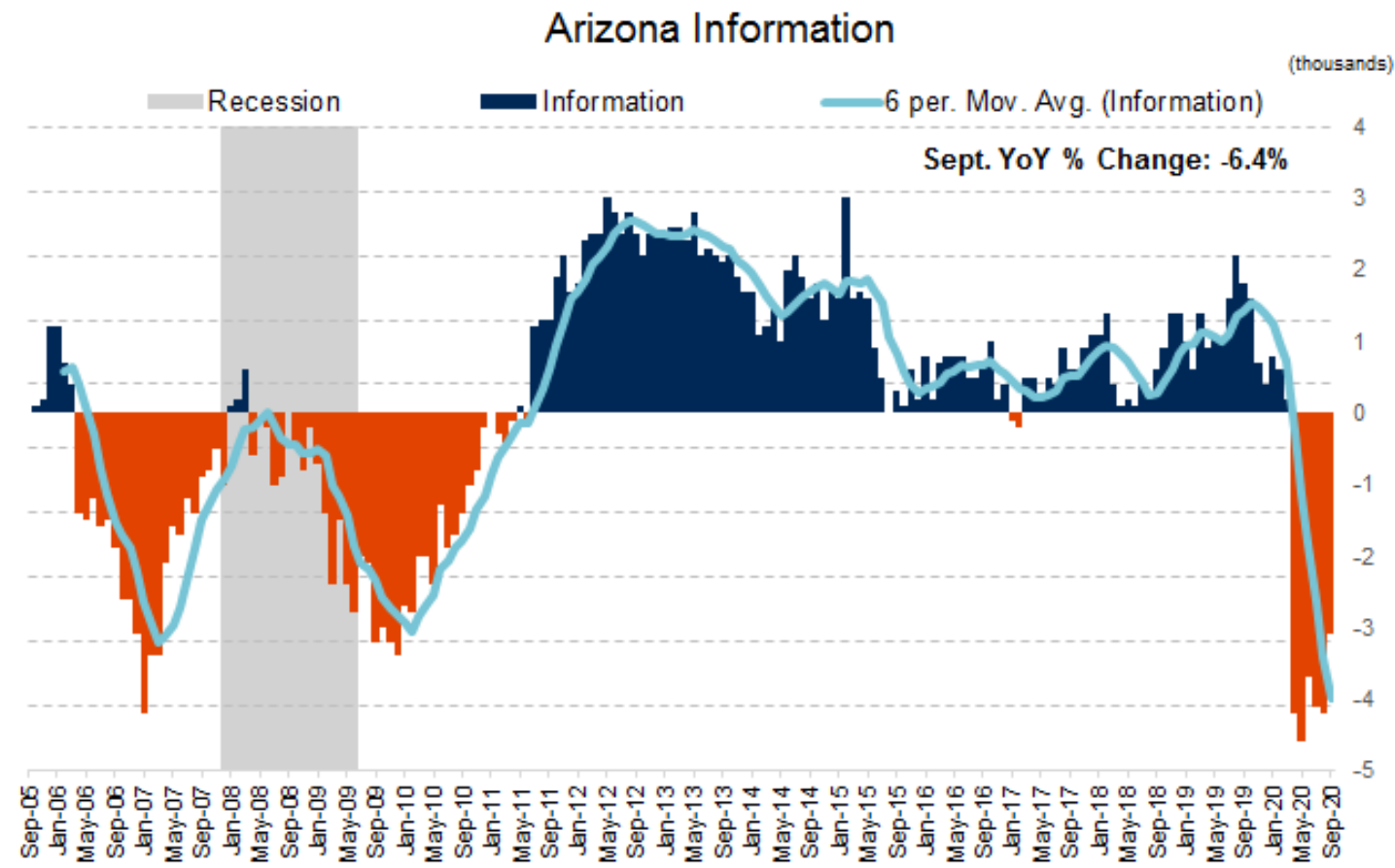
# Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): -600 Jobs or -1.4%

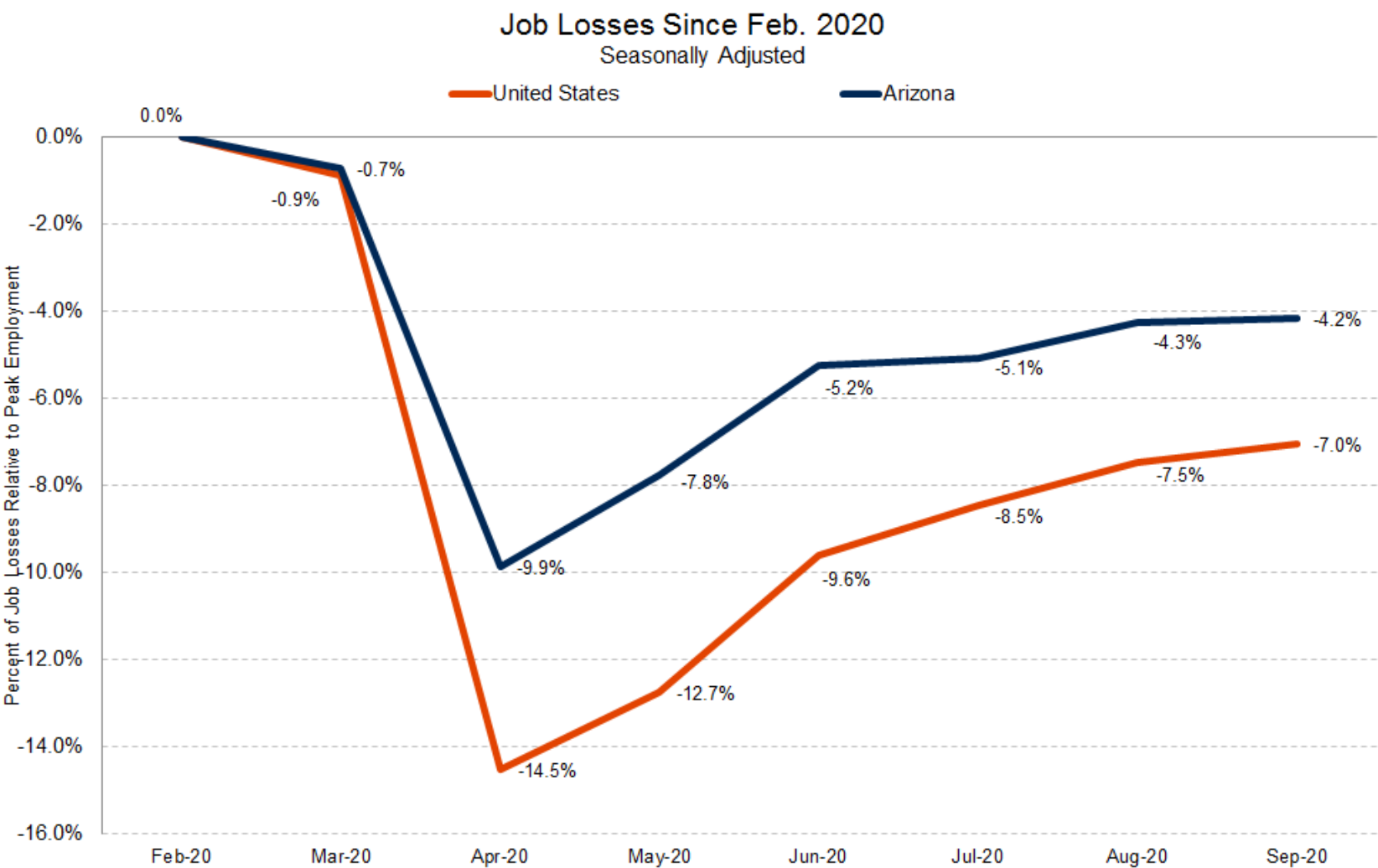
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

# Year-Over-Year Employment Change



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

# Nonfarm Employment Comparison



Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. Of Labor, Bureau of Labor Statistics

# Arizona Job Gains and Losses from Feb. '20 to Sep. '20

*Seasonally-Adjusted; In Thousands*

Sector	Jobs Lost	Jobs Recovered	Percent Recovered
Construction	5.8	0.7	12%
Education and Health Services	41.6	24.0	58%
Financial Activities	2.8	2.2	79%
Government	19.5	10.4	53%
Information	5.9	3.0	51%
Leisure & Hospitality	137.2	74.1	54%
Manufacturing	8.0	1.5	19%
Natural Resources & Mining	0.9	0.1	11%
Other Services	13.9	15.2	109%
Professional & Business Svcs	38.5	12.8	33%
Trade, Transportation & Utilities	29.8	35.5	119%
Private Sector	282.9	167.6	59%
Total Nonfarm Employment	294.6	170.2	58%

*Source: Arizona Office of Economic Opportunity in cooperation with the U.S. DOL BLS*

# U.S. Job Gains and Losses from Feb. '20 to Sep. '20

*Seasonally-Adjusted; In Thousands*

Sector	Jobs Lost	Jobs Recovered	Percent Recovered
Construction	1,083.0	689.0	64%
Education and Health Services	2,781.0	1,384.0	50%
Financial Activities	279.0	117.0	42%
Government	1,480.0	538.0	36%
Information	329.0	53.0	16%
Leisure & Hospitality	8,318.0	4,478.0	54%
Manufacturing	1,363.0	716.0	53%
Natural Resources & Mining	102.0	1.0	1%
Other Services	1,370.0	875.0	64%
Professional & Business Svcs	2,296.0	910.0	40%
Trade, Transportation & Utilities	3,355.0	2,252.0	67%
Private Sector	21,191.0	11,390.0	54%
Total Nonfarm Employment	22,160.0	11,417.0	52%

*Source: Arizona Office of Economic Opportunity in cooperation with the U.S. DOL BLS*

# Report Summary

- Month-over-month, Arizona nonfarm employment increased by 30,200 jobs.
  - Eight of the eleven major sectors gained jobs.
- Year-over-year, eight major sectors lost jobs; three major sectors gained jobs.
- Year-over-year, Arizona nonfarm employment declined by 3.1%, while U.S. nonfarm employment declined by 6.4% YoY.
- The Arizona unemployment rate increased to 6.7% in September, up from 5.9% in August.
- Month-over-month, the Arizona labor force increased by 151,727 individuals (4.4%).



# Thank You Any Questions?

Upcoming Release:  
October Employment Report on November 19th