

January 21, 2021

December 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 decreased to 7.5% in December from 8.0% in November
- The U.S. SA unemployment rate remained unchanged at 6.7% from November to December.
- Arizona nonfarm employment increased by 6,300 jobs
 - The private sector gained 9,900 jobs, while Government reported a loss of 3,600 jobs
- Six of the eleven major sectors reported job gains
 - The largest gains occurred within Trade, Transportation & Utilities (9,800 jobs)

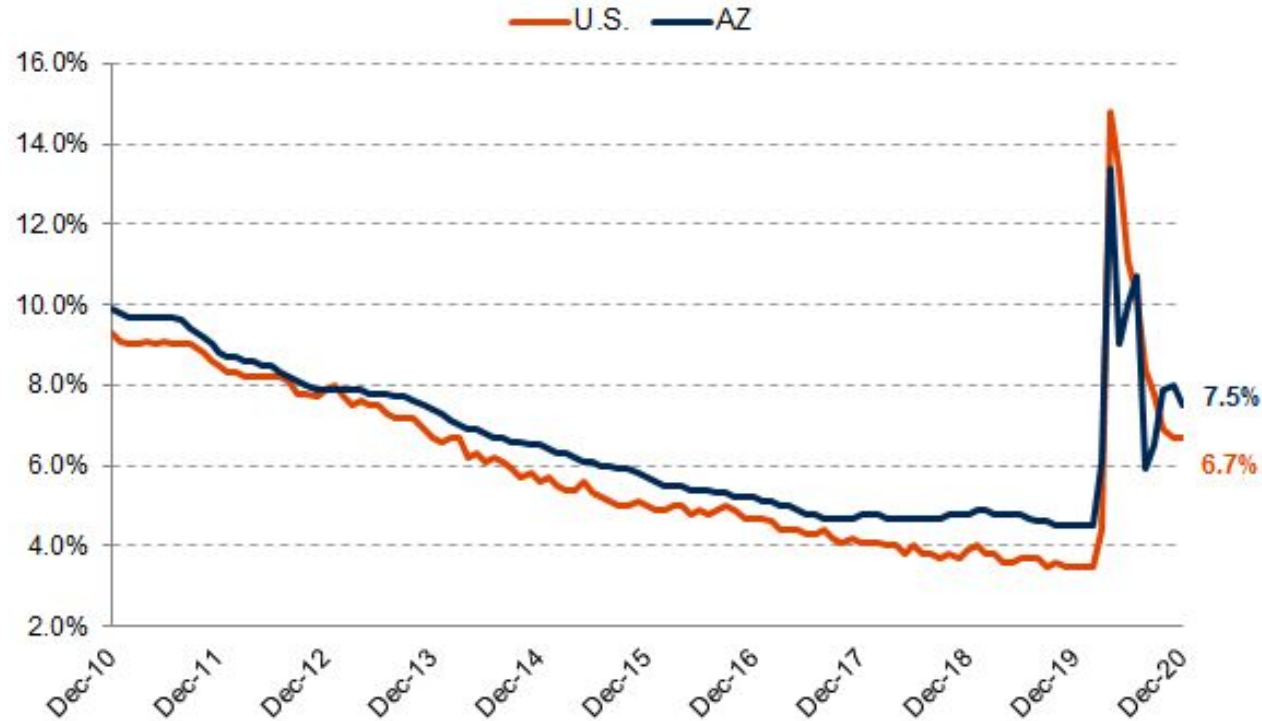
November revisions:

- The November nonfarm employment gains were revised up from 27,700 jobs to 31,300 jobs
- The November SA unemployment rate was revised up to 8.0% from 7.8%

Year-Over-Year (YoY) Highlights

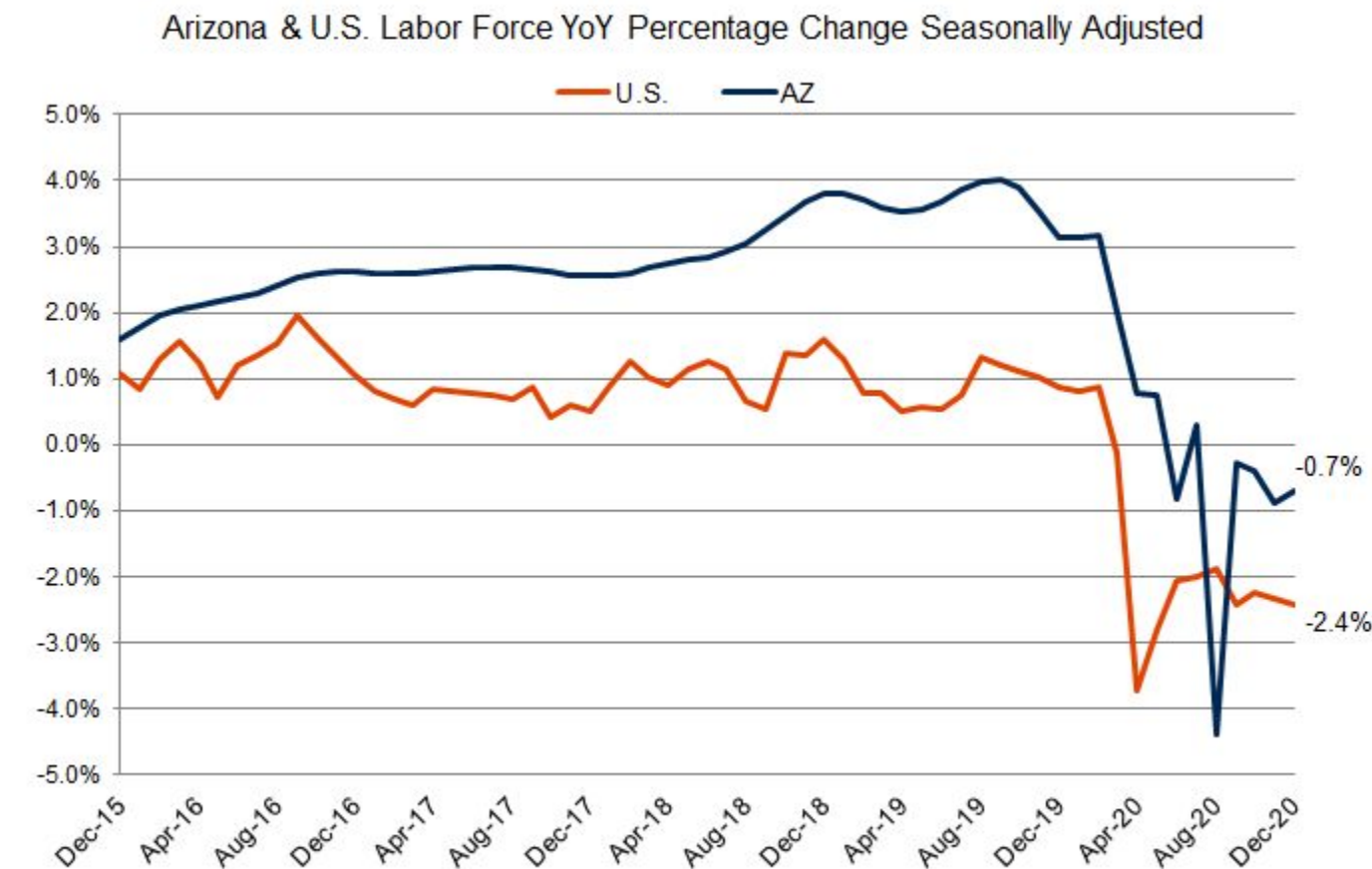
- Arizona nonfarm employment decreased by 80,300 jobs (-2.7%)
- Arizona private sector employment decreased by 67,400 jobs (-2.6%)
- The only sector that recorded job gains was Trade, Transportation & Utilities (22,700 jobs)
- Ten of the eleven sectors recorded job losses
 - The largest losses were recorded in Leisure and Hospitality (-44,800 jobs) and Professional and Business Services (-22,900 jobs)
- All seven Arizona metro areas (MSAs) lost jobs
 - The largest losses were recorded in Flagstaff MSA (-15.1%) and Yuma MSA (-7.6%)

Arizona & U.S. Unemployment Rate Seasonally Adjusted



Period	Labor Force Level	Employment Level	Unemployment Level	Percent
Dec-2019	3,594,630	3,431,327	163,303	4.5
Nov-2020	3,564,114	3,279,356	284,758	8.0
Dec-2020	3,569,429	3,301,136	268,293	7.5
OTM Change	5,315	21,780	-16,465	-0.5
OTY Change	-25,201	-130,191	104,990	3.0

Labor Force Change



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

Top Ten States with Largest Annual Population Growth

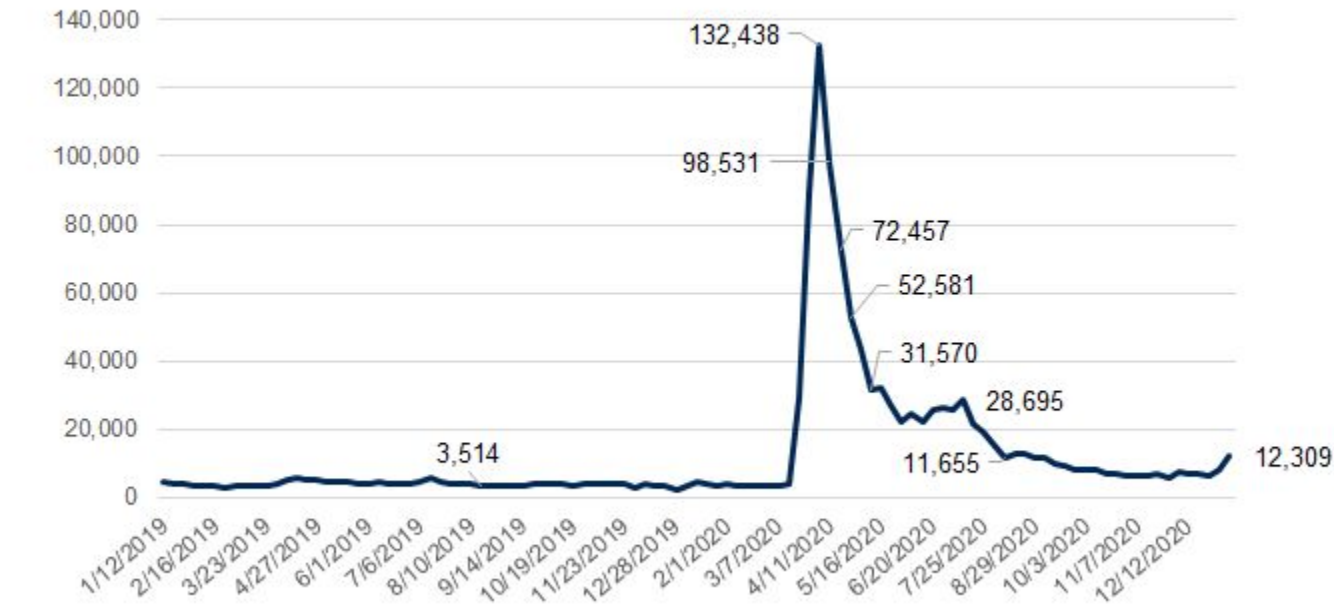
Estimates from July 1, 2019 to July 1, 2020

State	Annual Percent Growth		Annual Numerical Growth	
	Level	Rank	Level	Rank
Idaho	2.1%	1	37,853	12
Arizona	1.8%	2	129,558	3
Nevada	1.5%	3	47,488	10
Utah	1.5%	4	46,496	11
Texas	1.3%	5	373,965	1
South Carolina	1.2%	6	60,338	7
Florida	1.1%	7	241,256	2
Washington	1.0%	8	79,588	6
Delaware	1.0%	9	10,141	21
Montana	1.0%	10	10,454	20

Source: The United States Census Bureau

Unemployment Insurance Claims

Arizona Weekly Unemployment Insurance Initial Claims



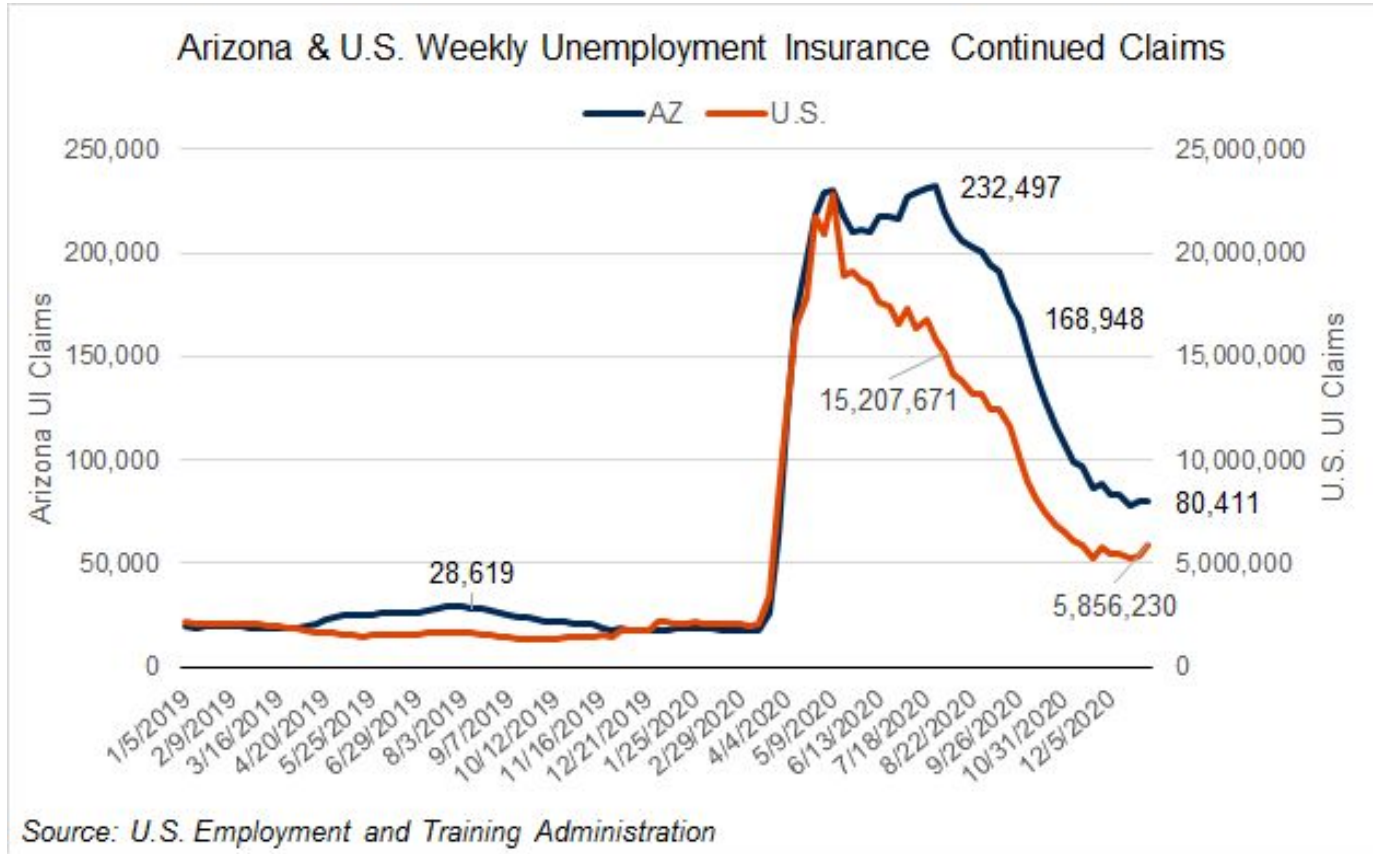
Source: U.S. Employment and Training Administration

Initial Claims:

- During the week ending Jan. 2, initial claims increased 54.0% or 4,317 claims from the week prior.

Note: Graph reflects initial claims through the week ending January 2nd, 2021

Unemployment Insurance Claims



Continued Claims:

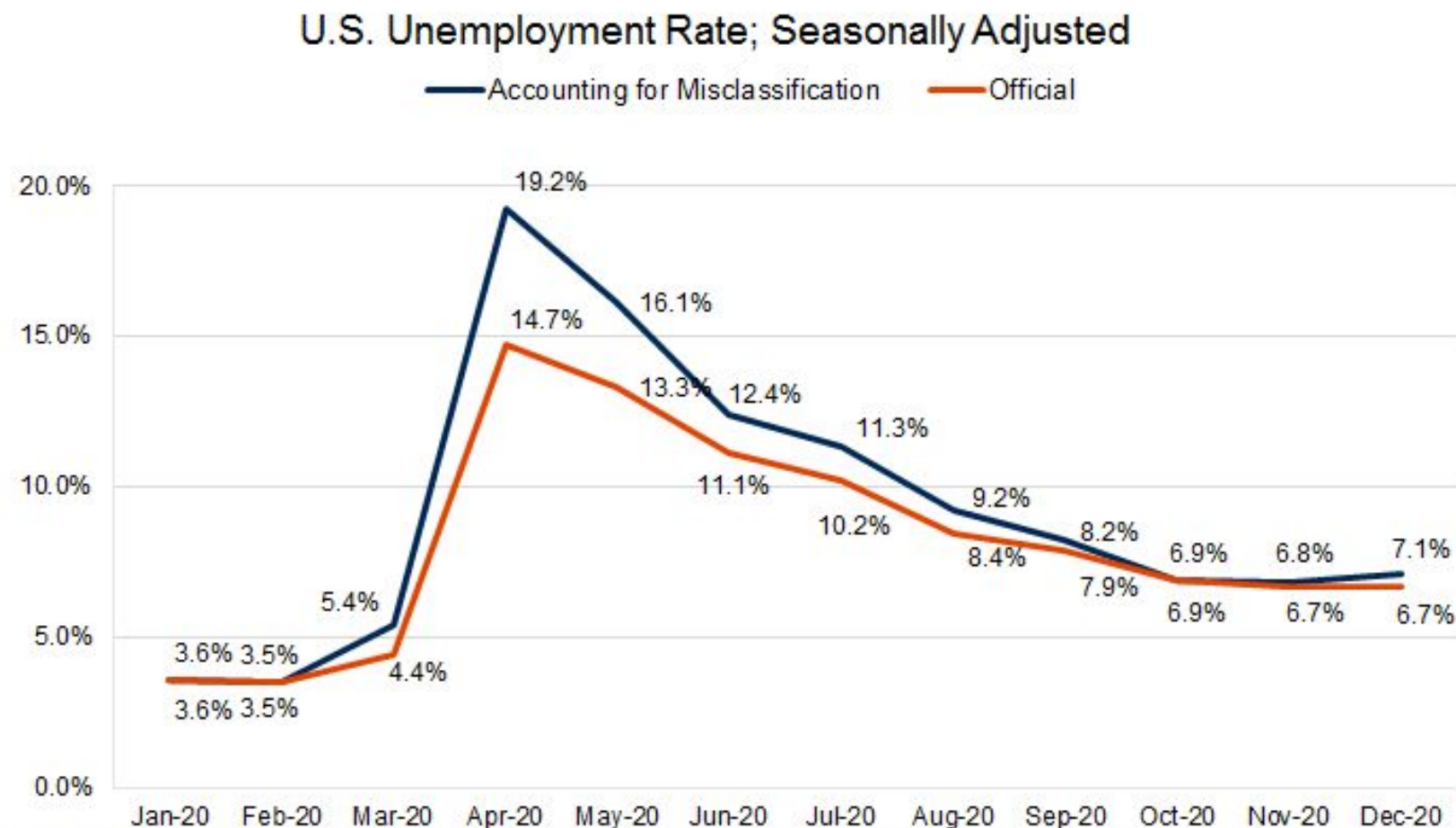
- There were 80,411 continued claims during the week ending Jan. 2 in Arizona
- U.S. claims increased by 8.8% or 474,180 claims during the week ending Jan. 2

Note: Graph reflects continued claims through the week ending January 2, 2021

Impacts of COVID-19 on the BLS Household Survey

- Beginning with 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-December 2020

Impacts of COVID-19 on the BLS Household Survey

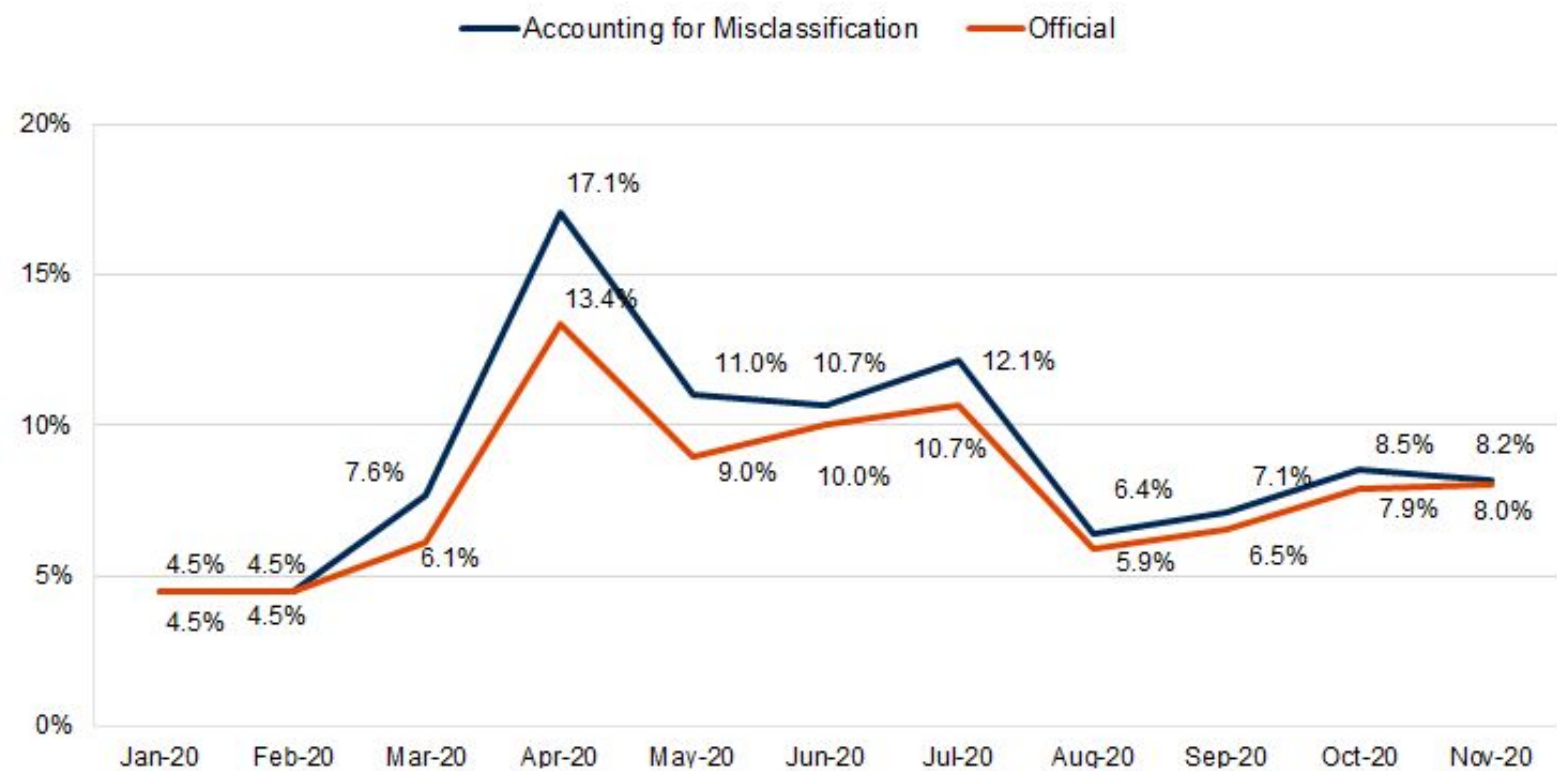


Note: Unemployment rate is seasonally adjusted, but count of misclassified workers is not.

Source: Bureau of Labor Statistics

Impacts of COVID-19 on the BLS Household Survey

Arizona Unemployment Rate; Seasonally Adjusted



Arizona misclassification data available only through Nov. '20. Dec. '20 data will be available Jan. 22, '21

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

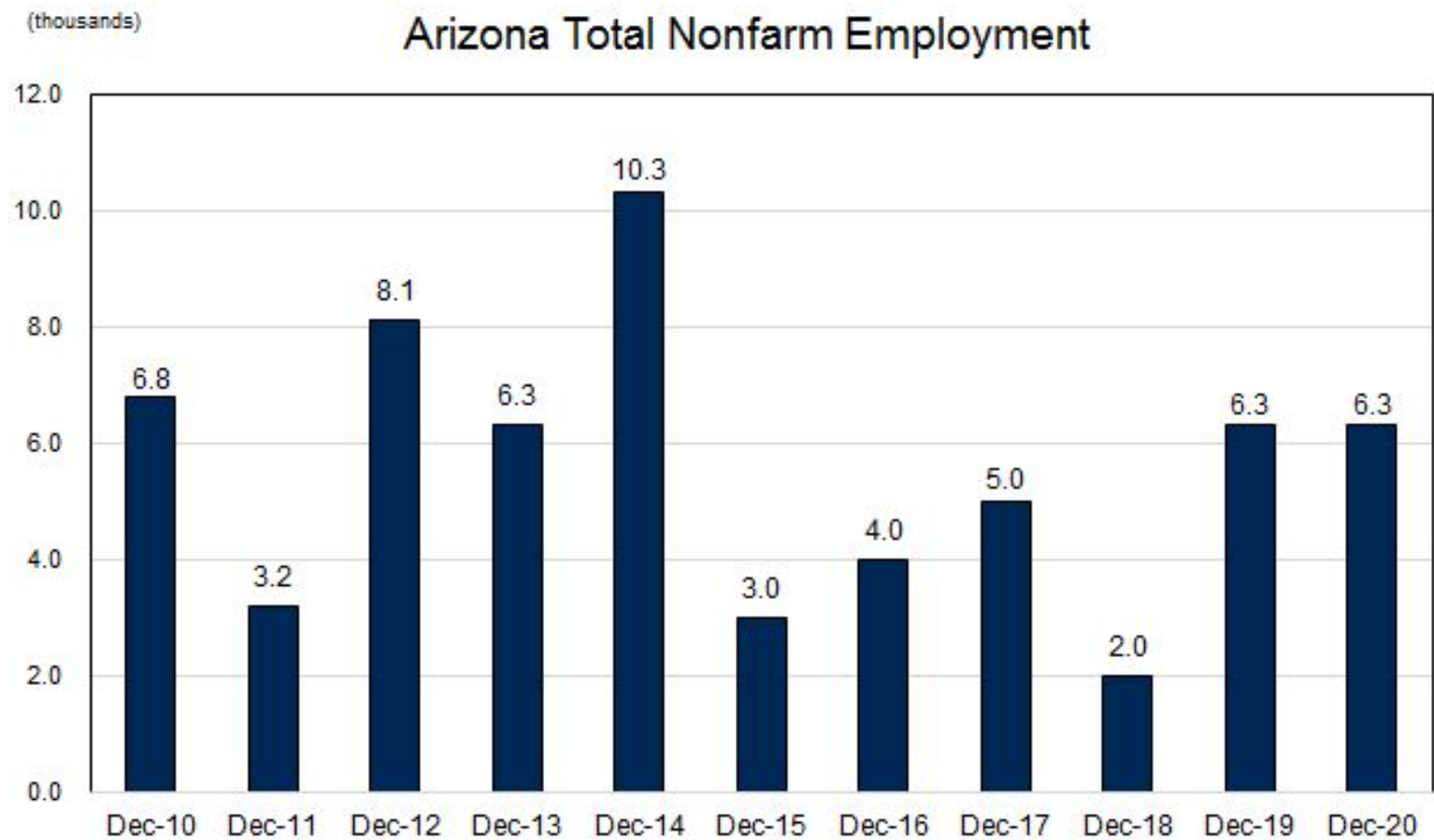
Household Survey Response Rate

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%	76%
October 2020	80%	75%
November 2020	79%	75%
December 2020	77%	—

Source: U.S. Bureau of Labor Statistics

Note: The Arizona Dec. '20 response rate will be release on Jan. 22, '21

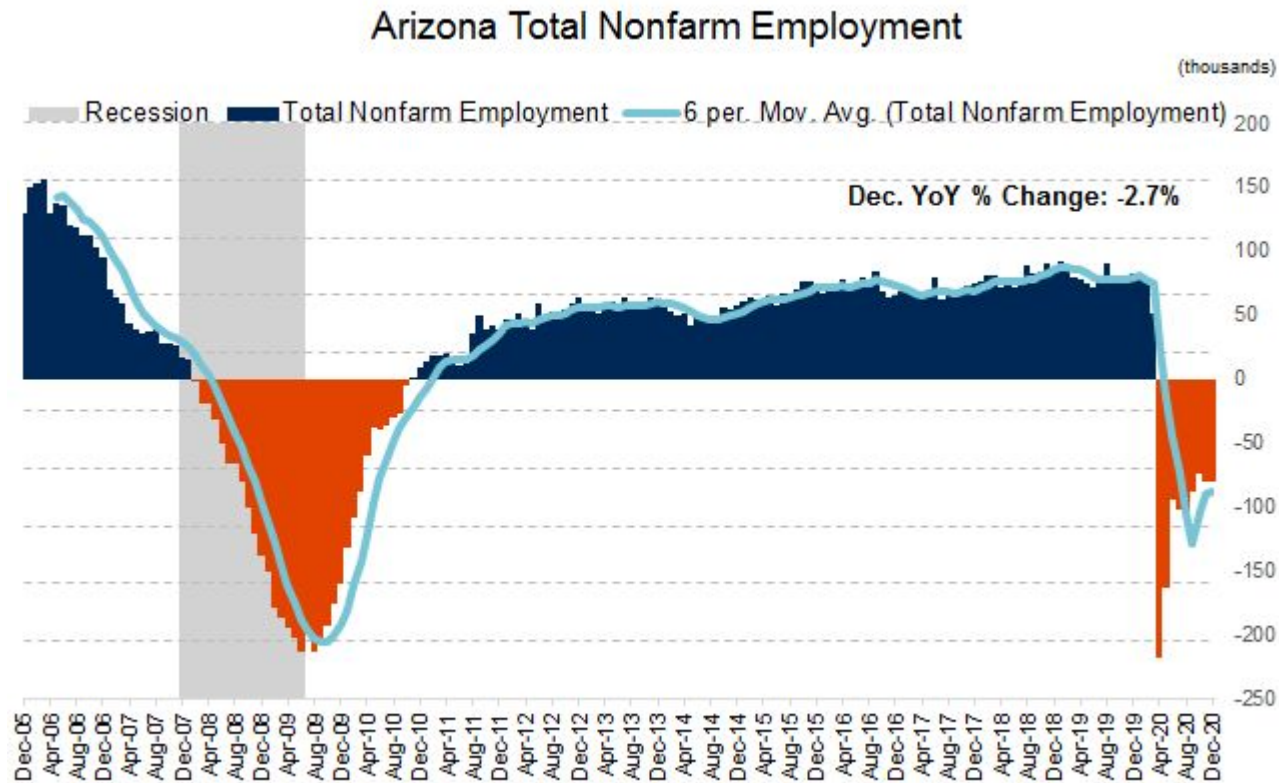
Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): 5,500 Jobs or 0.2%

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

Year-Over-Year Employment Change

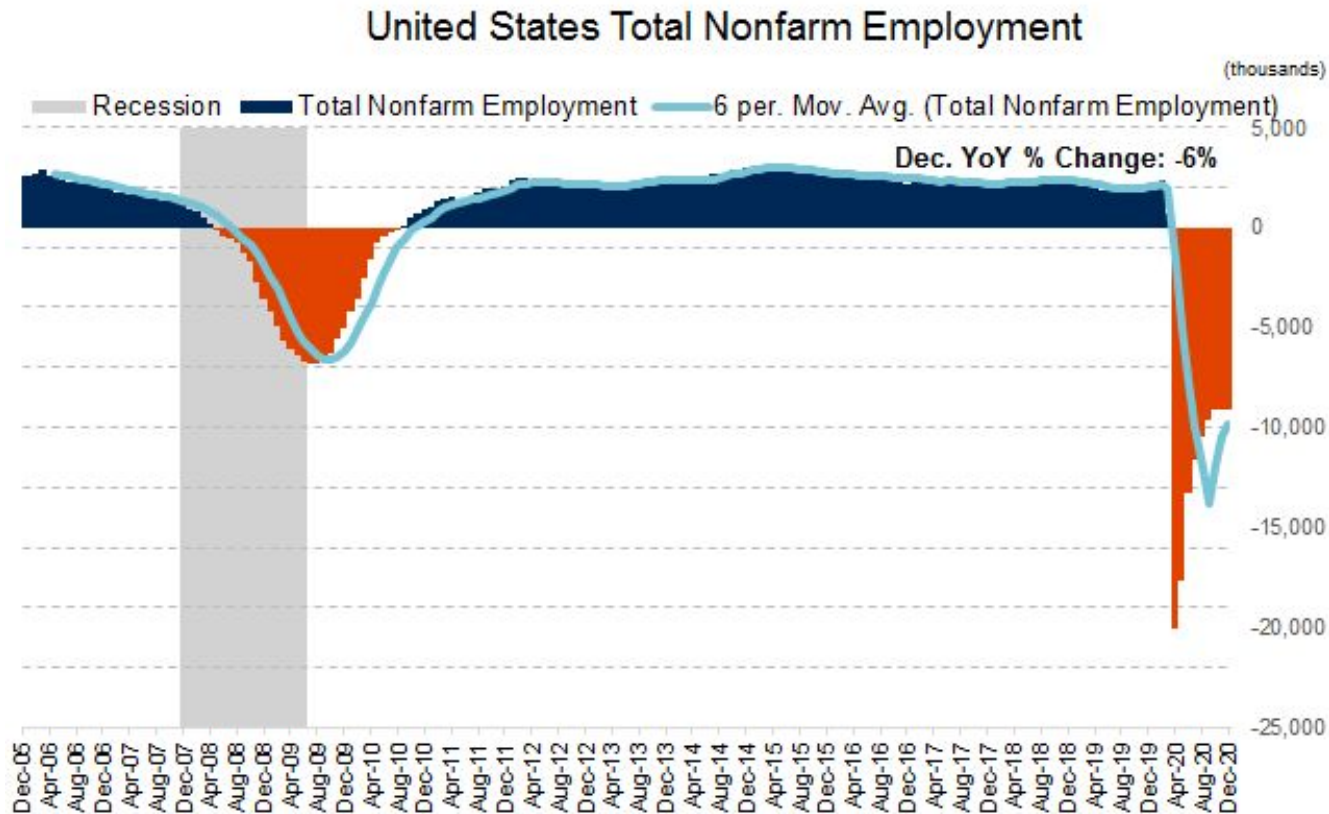


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Notable Change:

- Arizona nonfarm employment declined 2.7% YoY (-80,300 jobs)

Year-Over-Year Employment Change

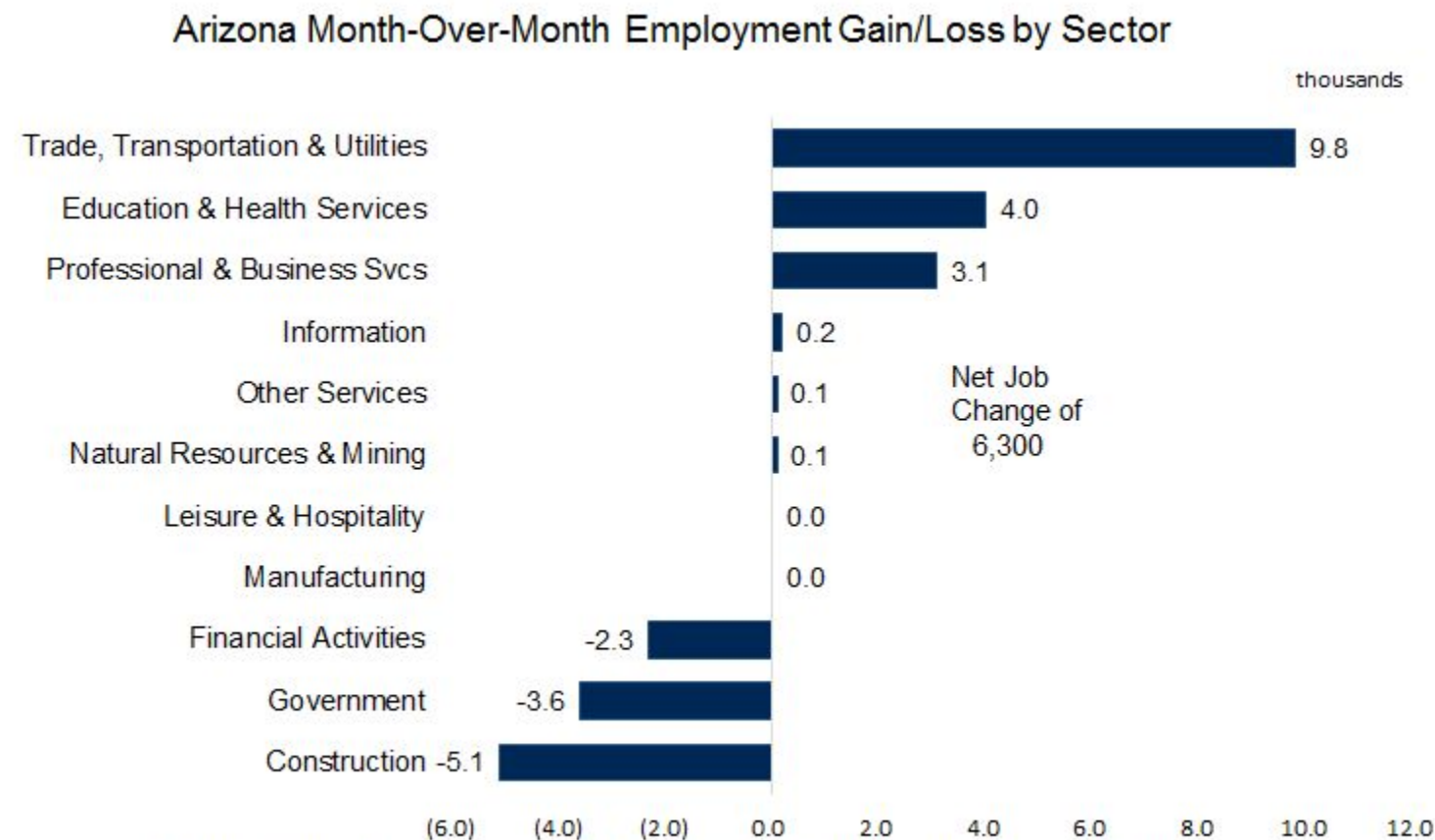


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Notable Change:

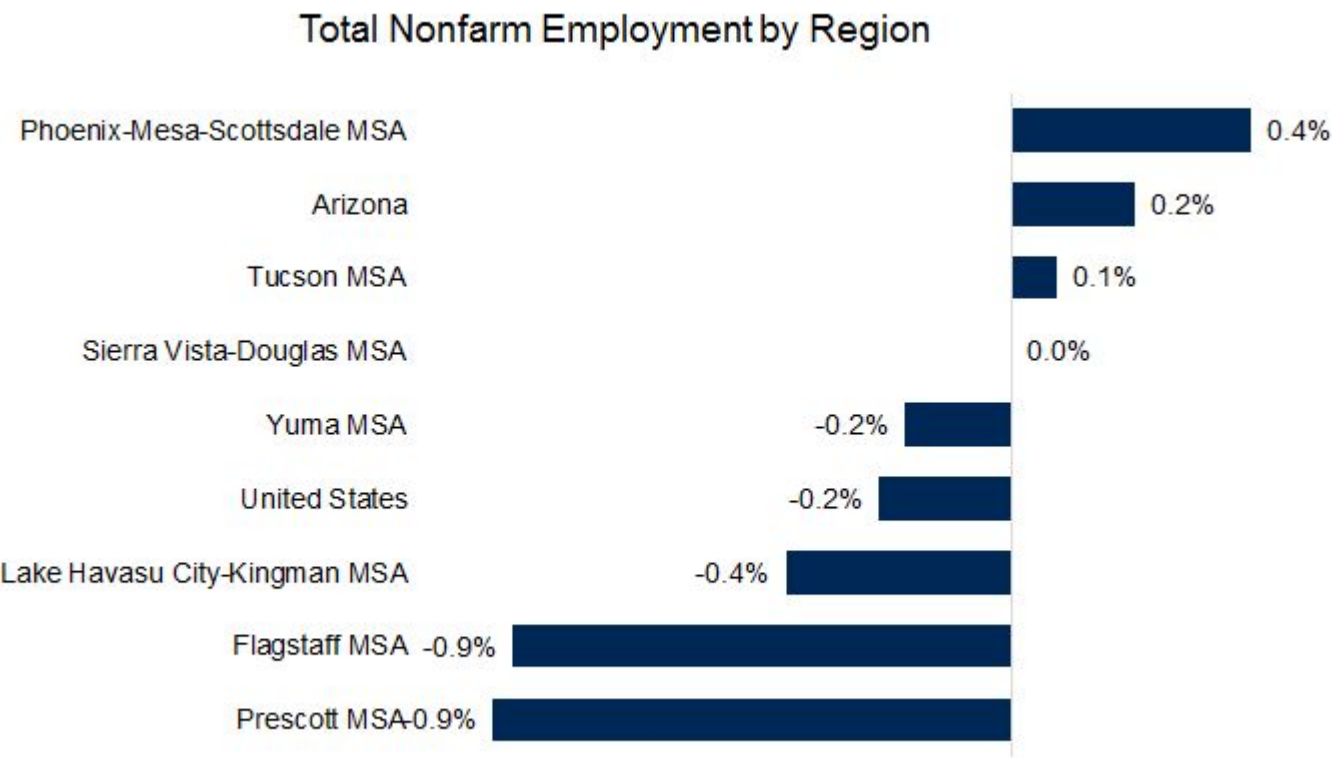
- U.S. nonfarm employment declined 6.0% YoY (-9,157,000 jobs)

Month-Over-Month Employment Change



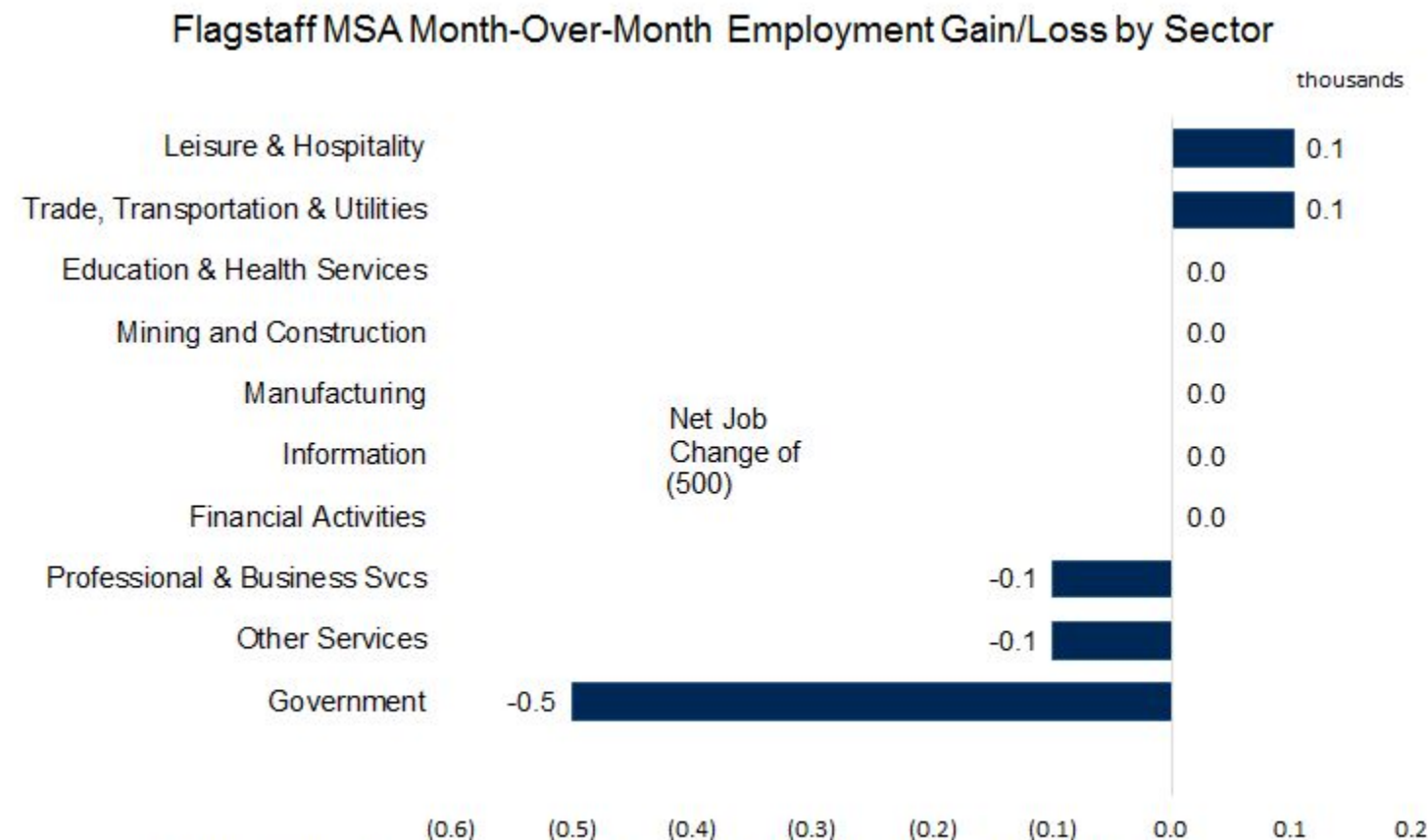
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

Month-Over-Month Employment Change



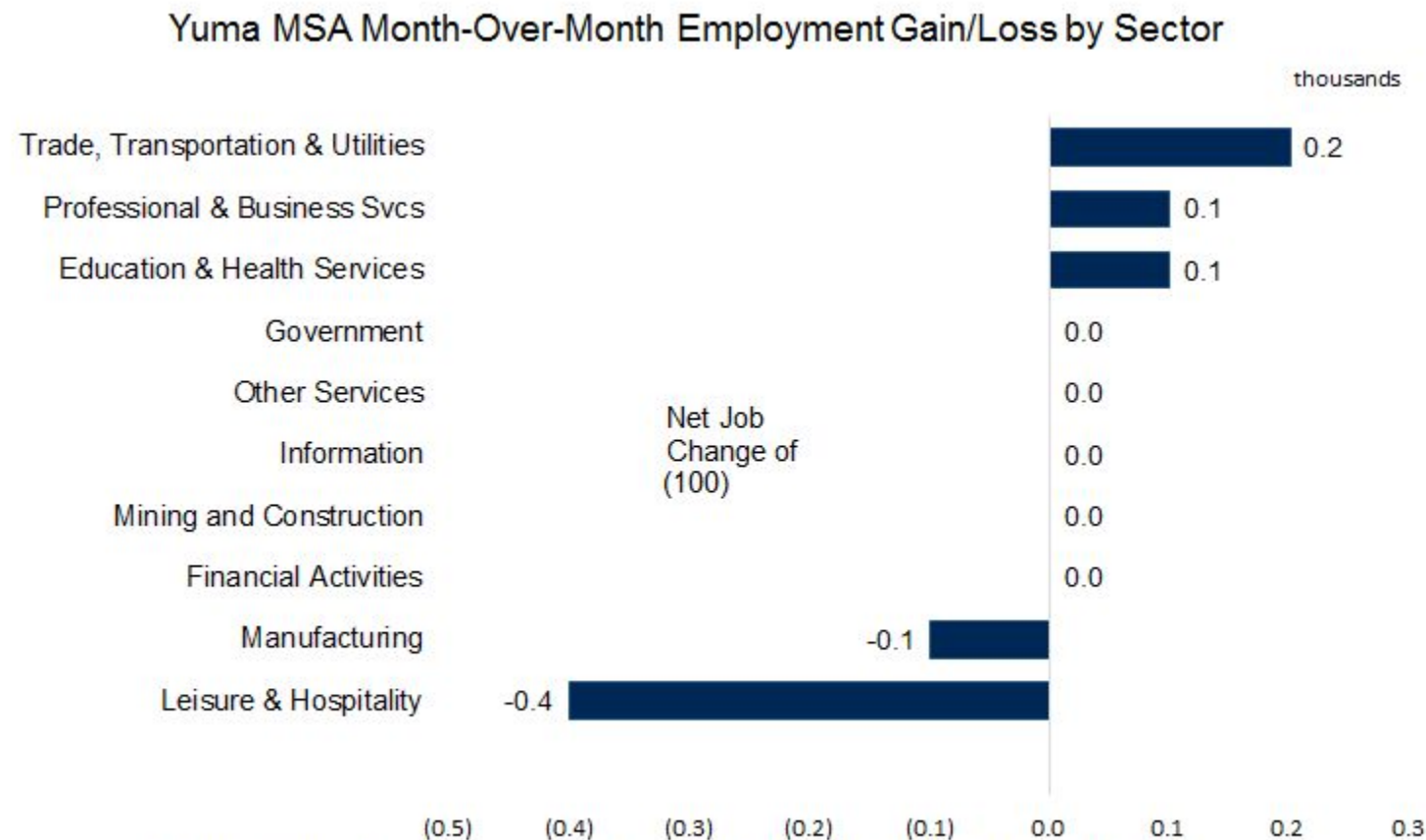
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

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



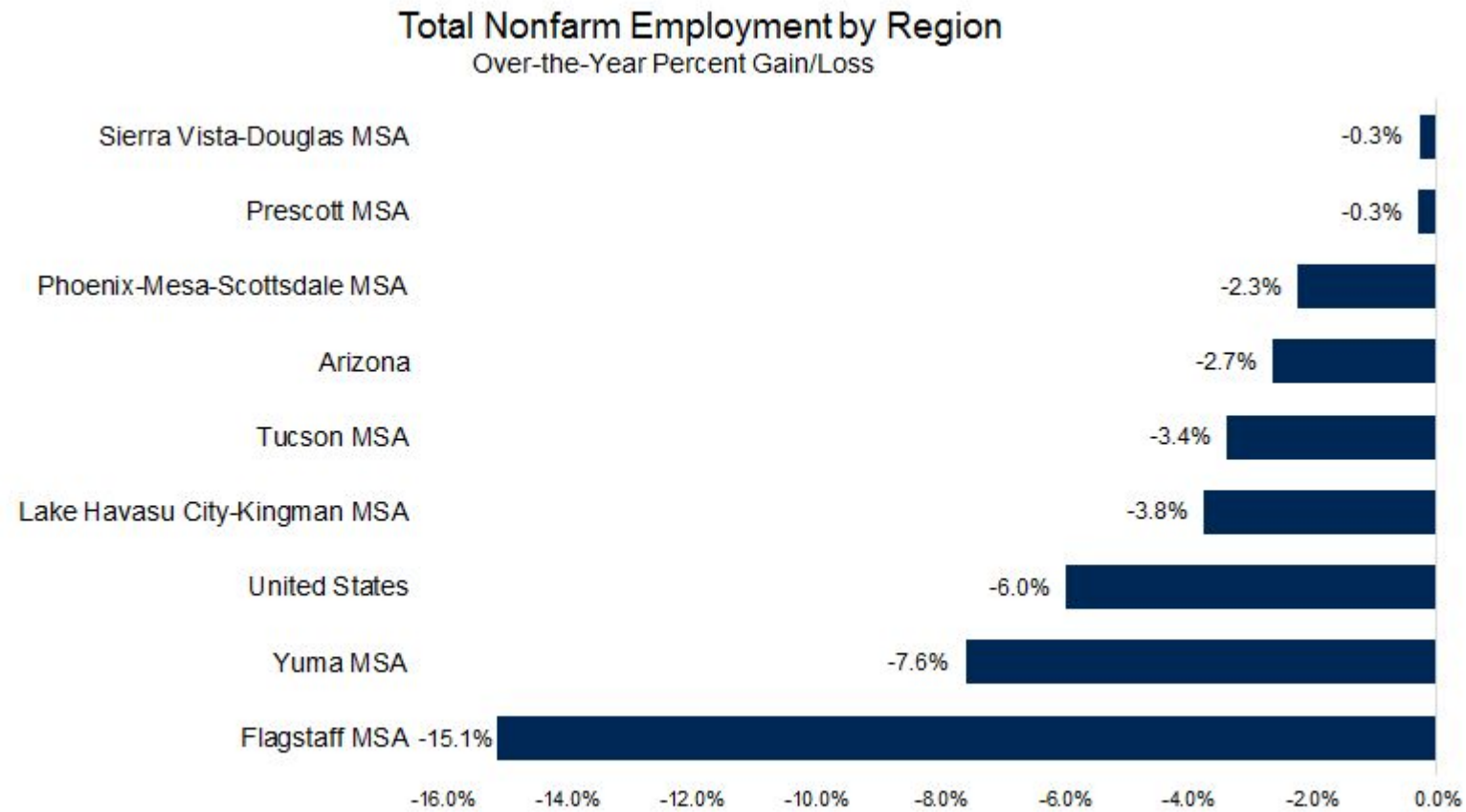
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

Year-Over-Year Employment Change



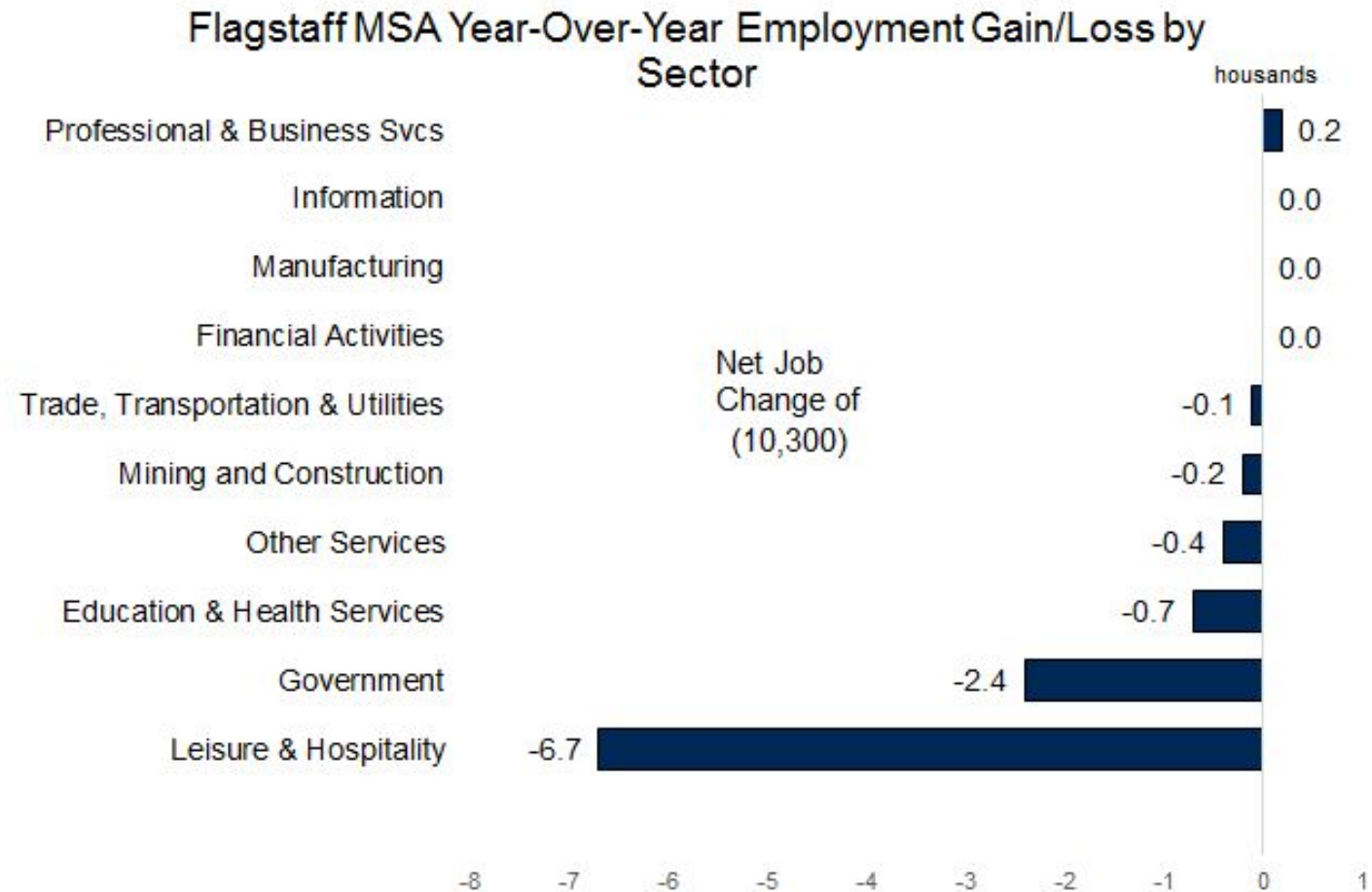
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Year-Over-Year Employment Change



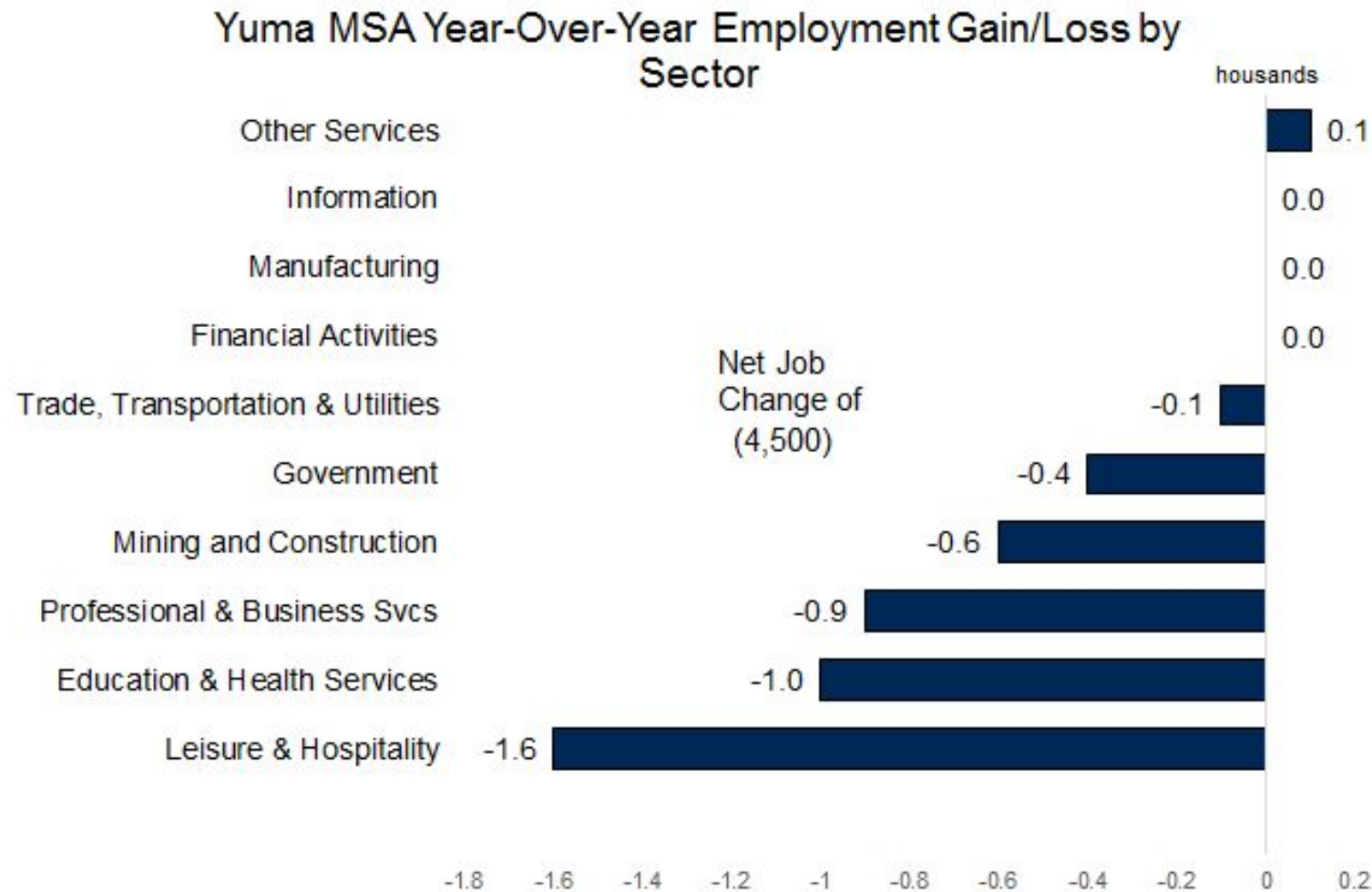
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Year-Over-Year Employment Change



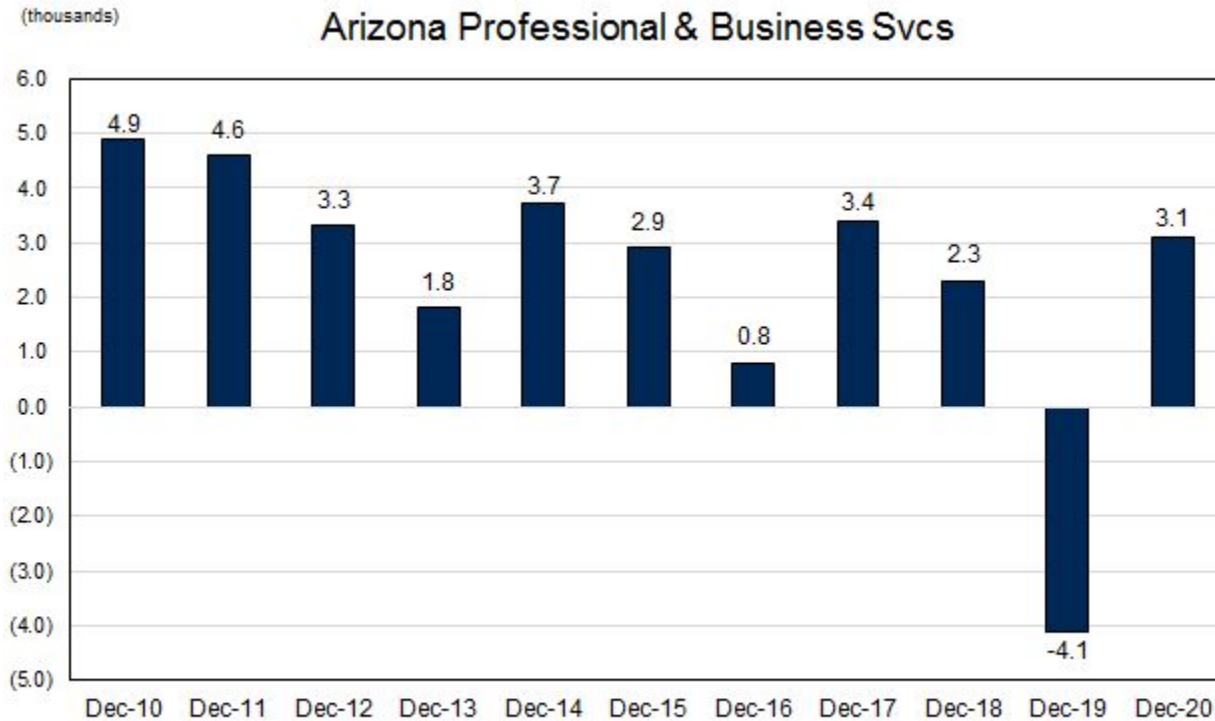
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

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



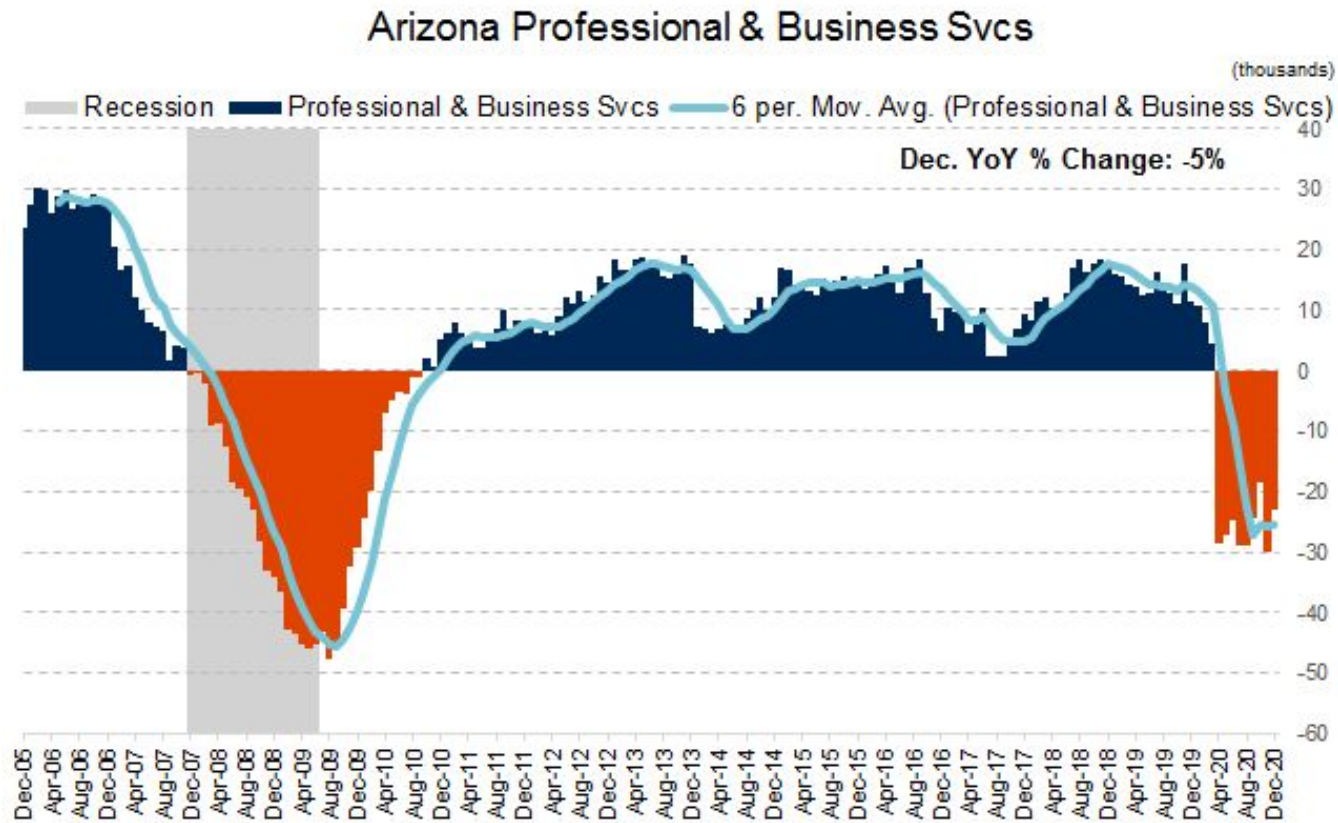
Historic 10-Year Average ('10-'19): 2,400 Jobs or 0.6%

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 Professional, Scientific and Technical Services (2,100 jobs or 1.3%)
- Job gains were recorded in Employment Services (1,600 jobs or 1.5%)
- Job losses were recorded in Services to Buildings and Dwellings (-1,500 jobs or -3.3%)

Year-Over-Year Employment Change



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

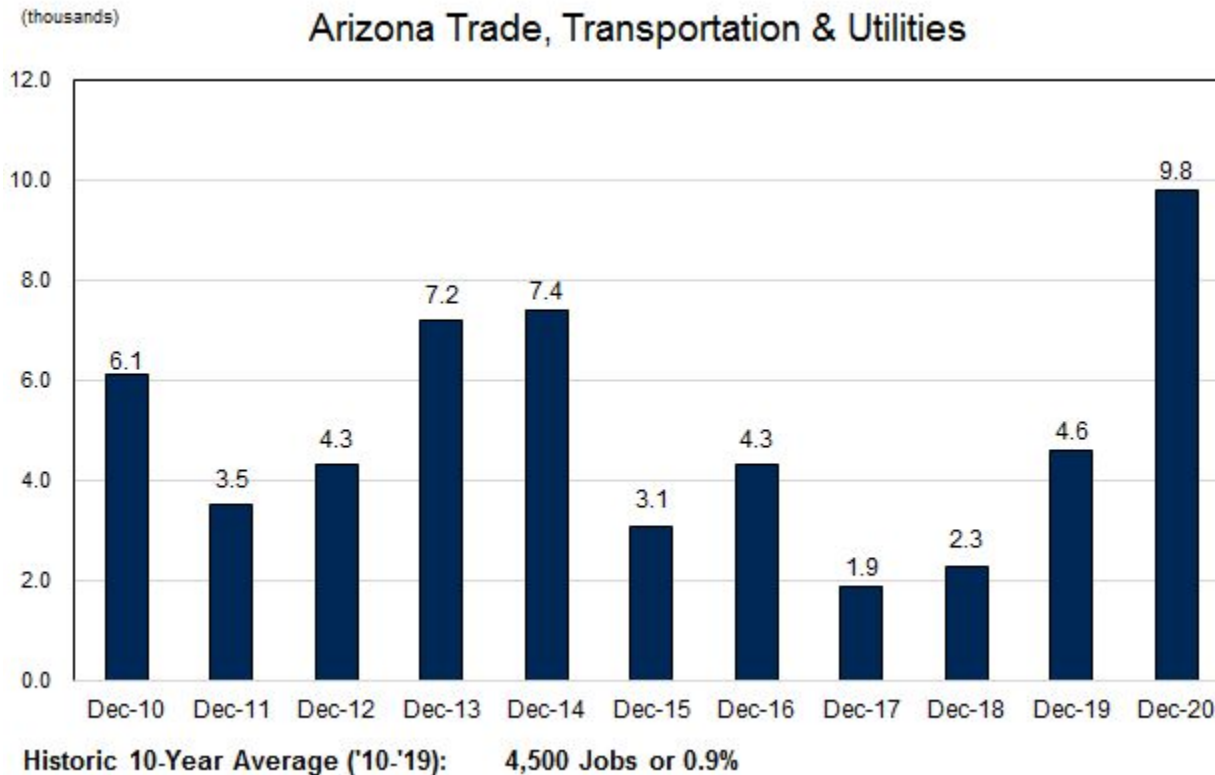
Notable Losses:

- Employment Services lost 11,100 jobs (-9.5%)
- Business Support Services lost 5,700 jobs (-13.7%)

Notable Gains:

- Services to Buildings and Dwellings gained 800 jobs (1.8%)
- Professional, Scientific and Technical Services gained 600 jobs (0.4%)

Month-Over-Month Employment Change

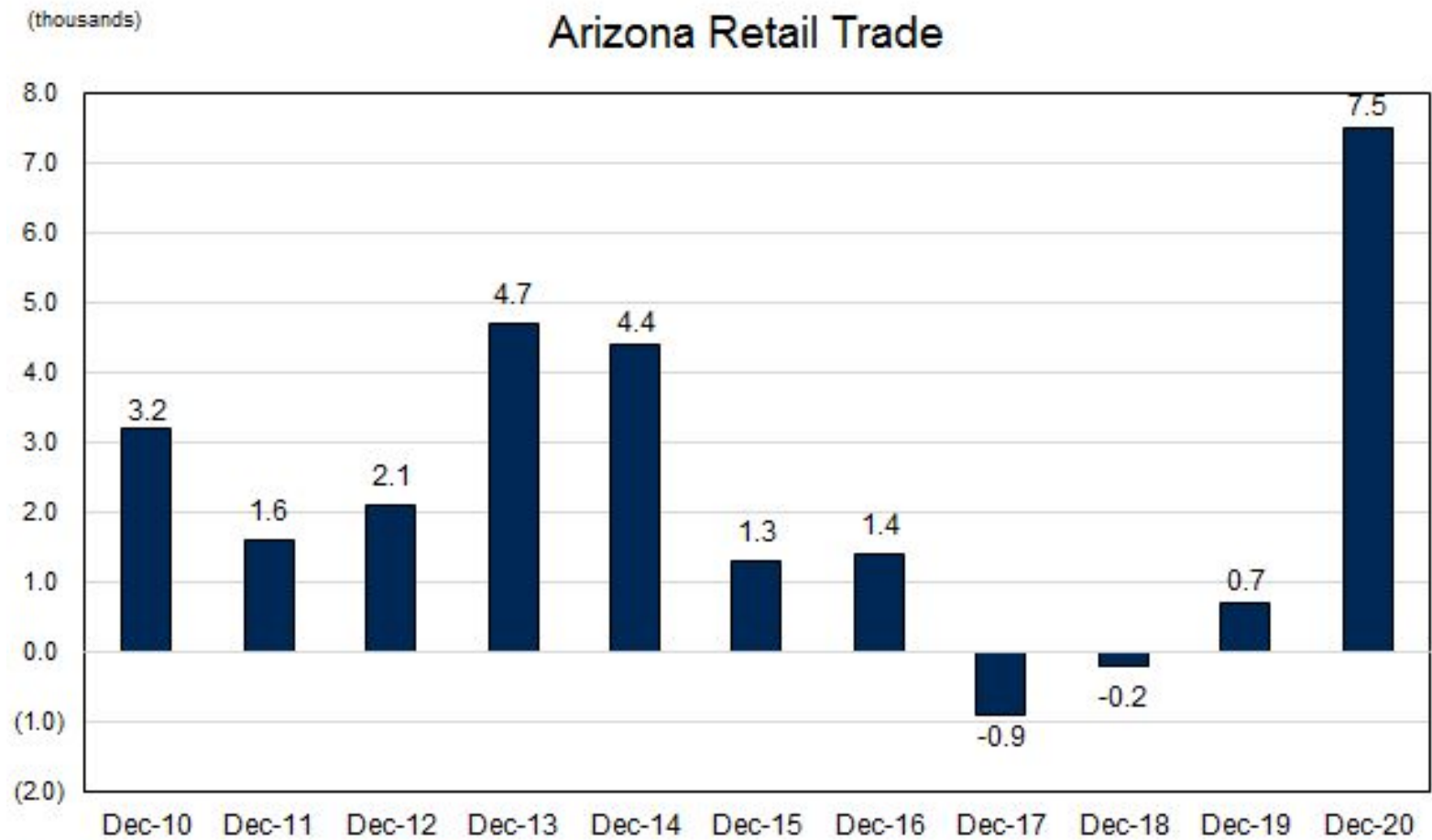


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Highlights:

- Retail Trade recorded a gain of 7,500 jobs or 2.2%
 - General Merchandise gained 2,400 jobs
 - Department Stores gained 1,100 jobs
- Transportation and Warehousing recorded a gain of 2,300 jobs or 1.8%

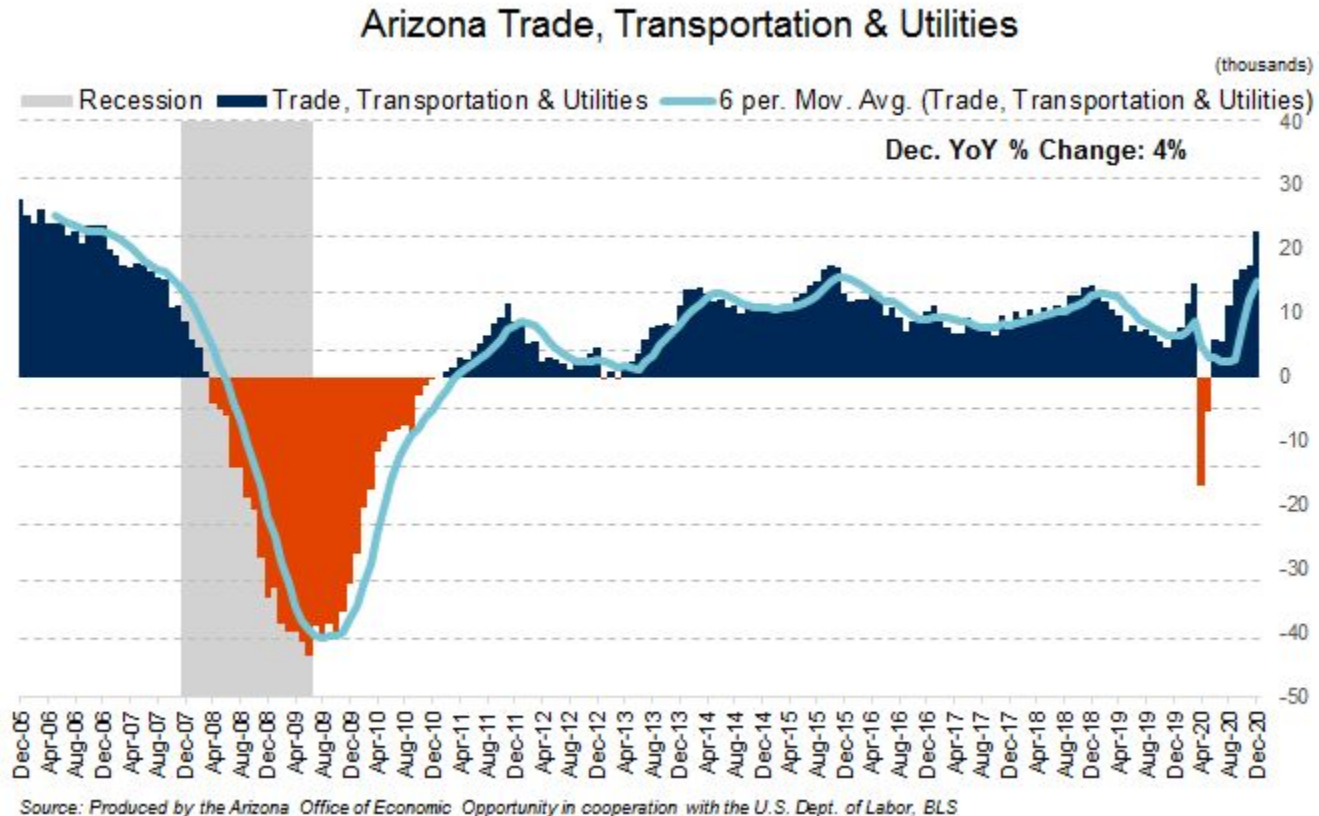
Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): 1,800 Jobs or 0.6%

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

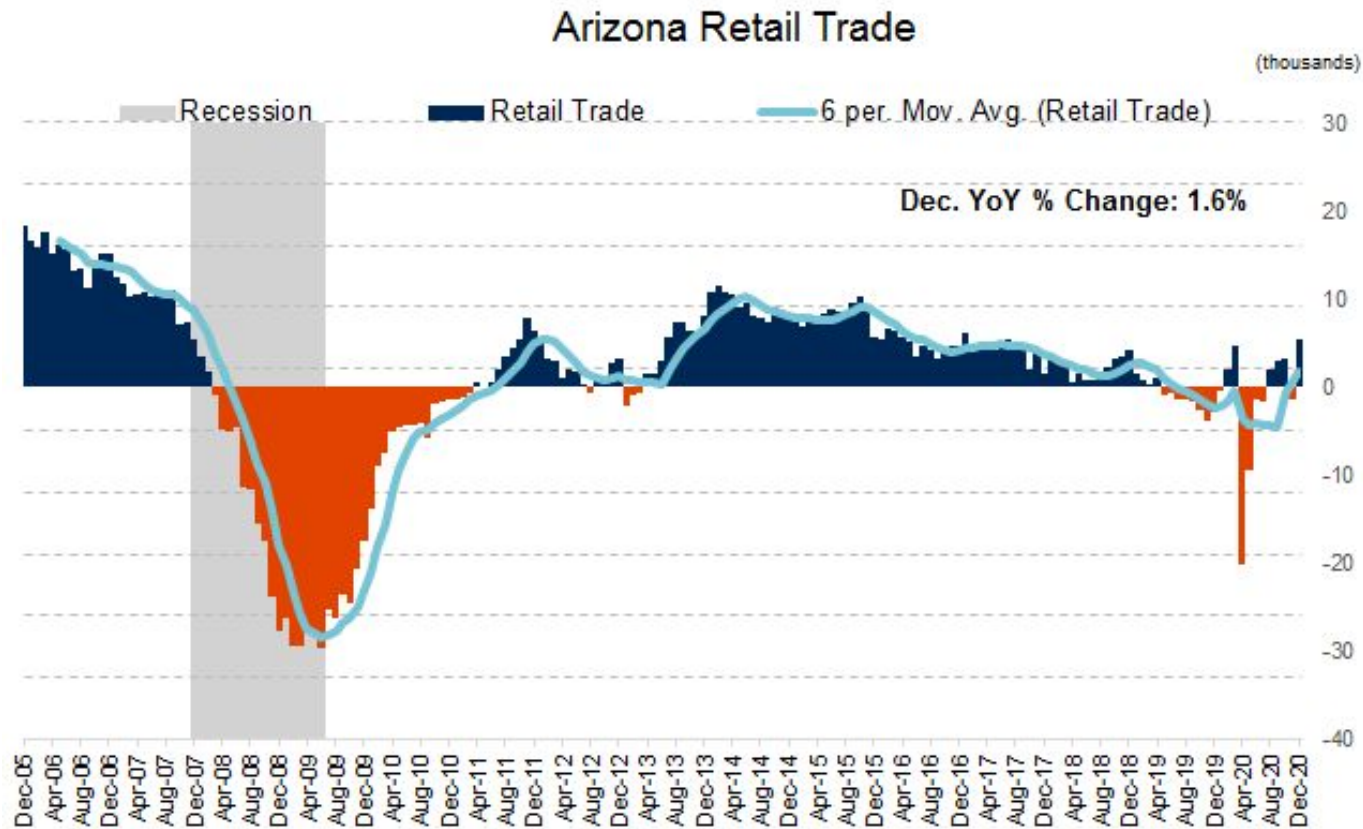
Year-Over-Year Employment Change



Notable Gains:

- Transportation and Warehousing recorded a gain of 15,400 jobs (13.5%)
- Retail Trade gained 5,400 jobs (1.6%)
- Wholesale Trade recorded a gain of 1,600 jobs (1.6%)

Year-Over-Year Employment Change



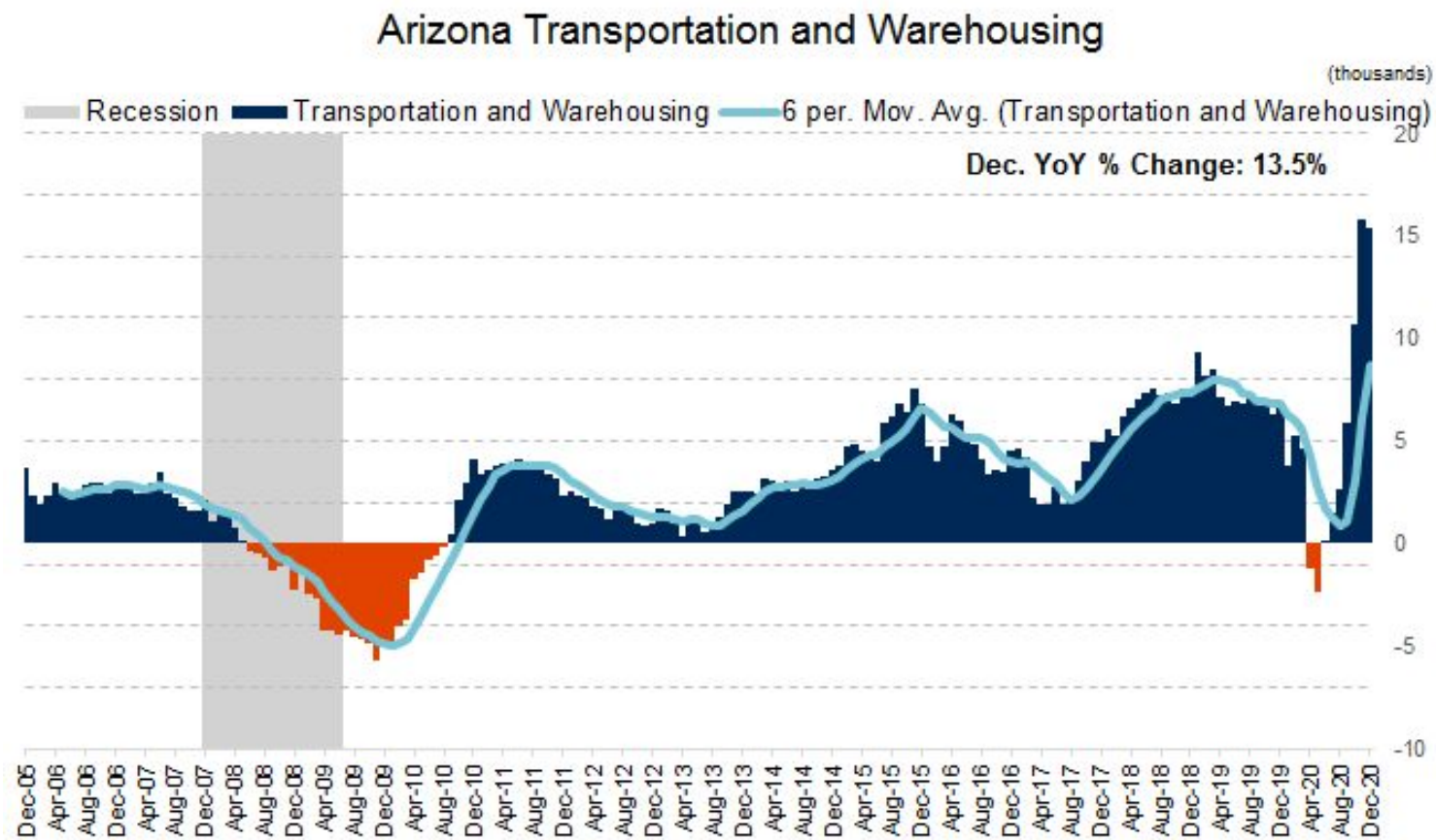
Notable Gains:

- General Merchandise recorded a gain of 5,300 jobs (7.6%)
- Food and Beverage recorded a gain of 2,600 jobs (4.3%)
- Building Material, Garden Supply gained 2,200 jobs (8.3%)

Notable Losses:

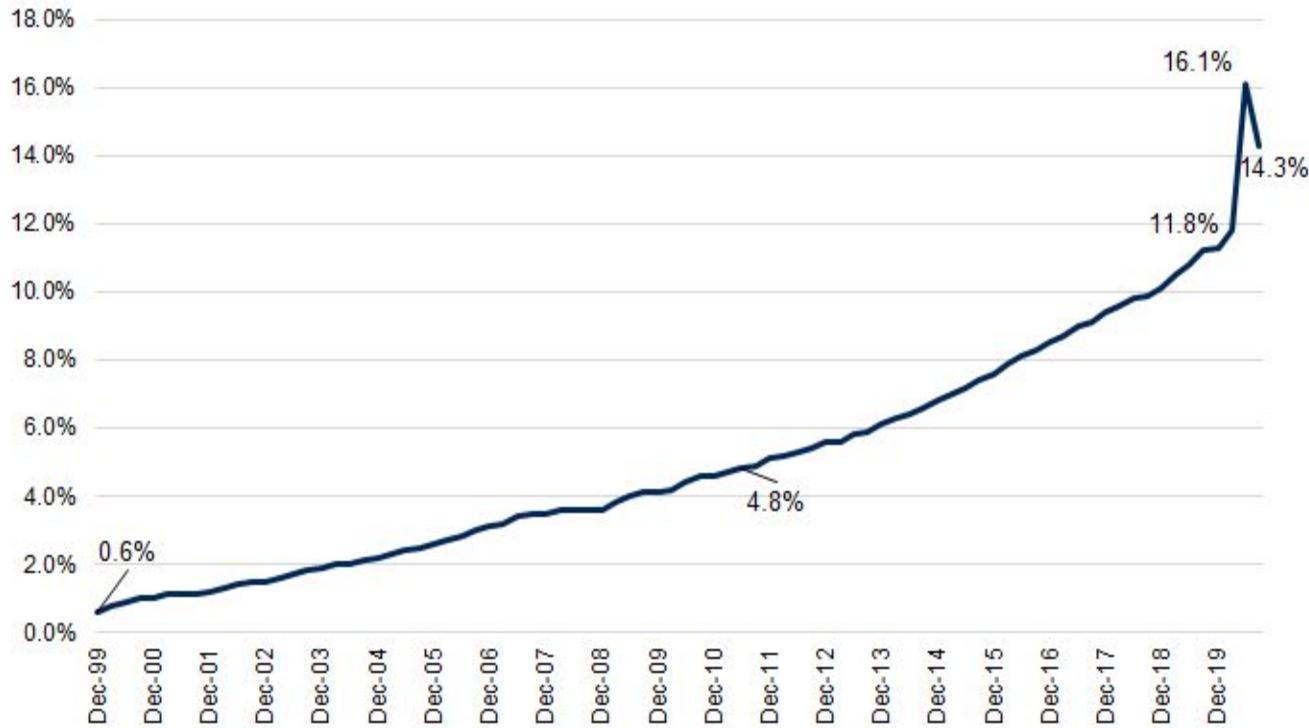
- Clothing and Accessories recorded a loss of 5,000 jobs (-21.3%)
- Furniture and Home Furnishings lost 3,100 jobs (-29.5%)

Year-Over-Year Employment Change



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

U.S. E-Commerce Retail Sales as a Percent of Total Sales

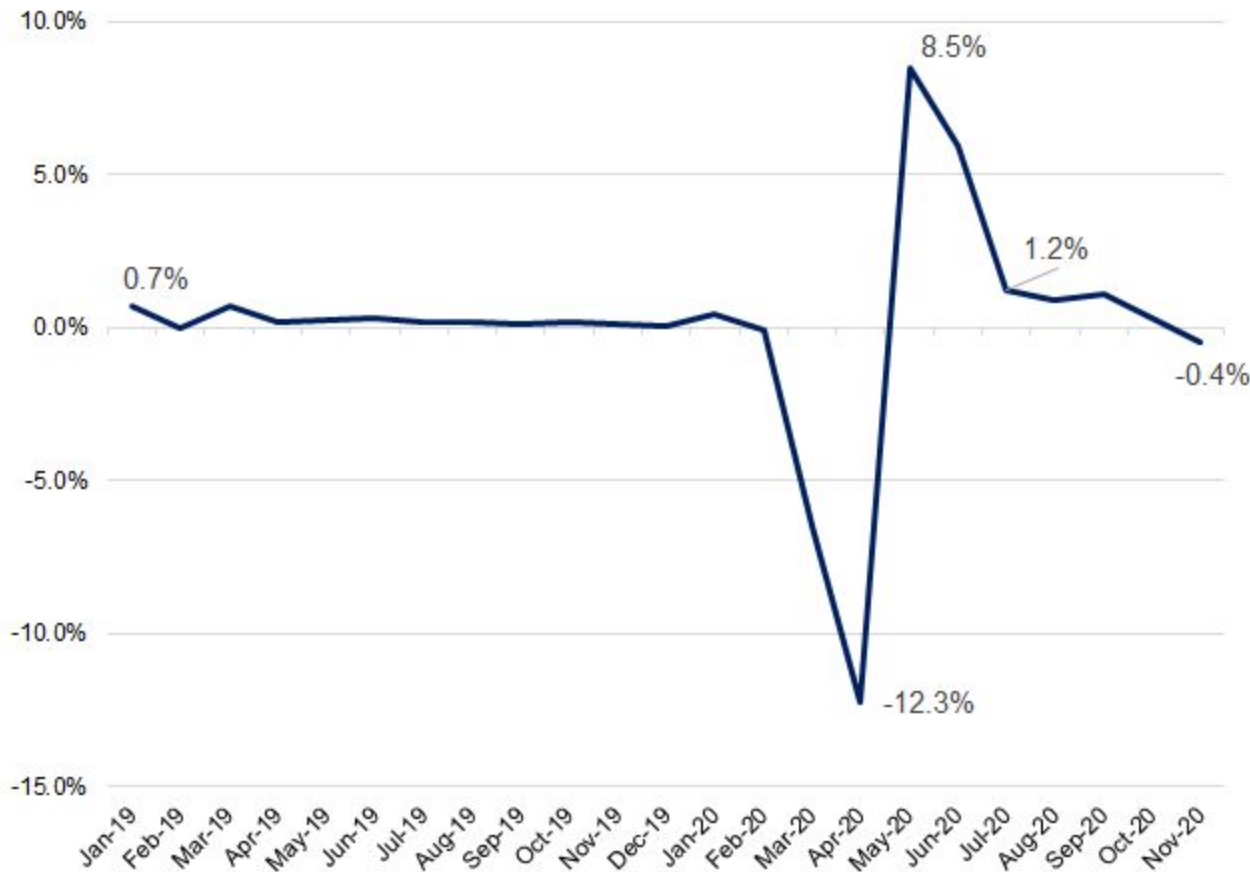


Source: U.S. Census Bureau

Highlight:

- U.S. e-commerce sales as a percent of total sales declined from 16.1% in Q2 2020 to 14.3% in Q3 2020
- From Q3 2019 to Q3 2020, e-commerce sales as a percent of total sales increased from 11.2% to 14.3%

U.S. Personal Consumption Expenditures Month-Over-Month Percent Change



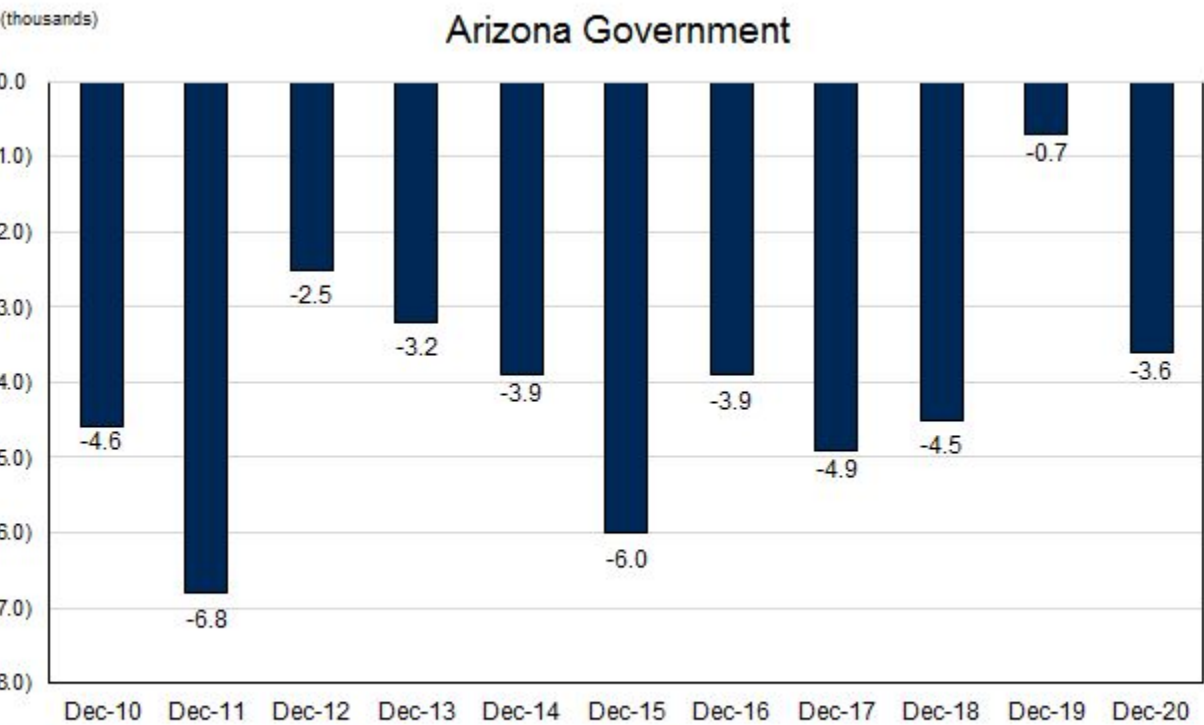
Source: Bureau of Economic Analysis

Highlights:

Personal consumption expenditure growth decreased by -0.4% from Oct. '20 to Nov. '20

- The largest increases were recorded in the following categories:
 - Recreation Services (1.4%)
 - Gross Output of Nonprofit Institutions (1.2%)
 - Food and Beverages Purchased for Off-premises Consumption (0.9%)
 - Health Care (0.8%)
- The largest decreases were recorded in the following categories:
 - Clothing and Footwear (-4.8%)
 - Food Services and Accommodations (-4.1%)
 - Motor Vehicles and Parts (-3.4%)
 - Transportation Services (-2.3%)

Month-Over-Month Employment Change



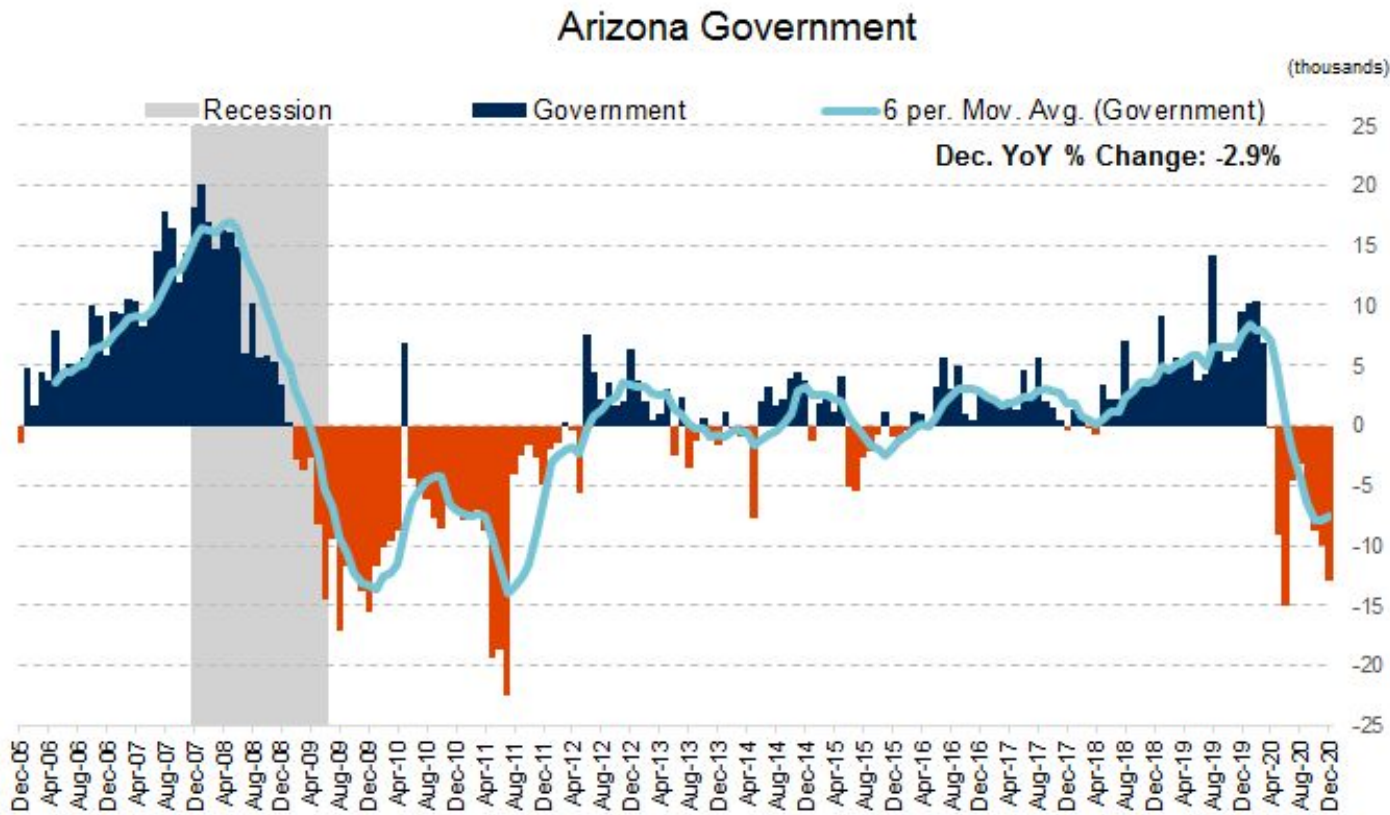
Historic 10-Year Average ('10-'19): -4,100 Jobs or -1.0%

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

Highlights:

- Federal Government recorded a gain of 100 jobs or 0.2%
- Local Government Education recorded a loss of -1,700 jobs or -1.2%
- State Government Education recorded a loss of -1,300 jobs or -2.2%

Year-Over-Year Employment Change

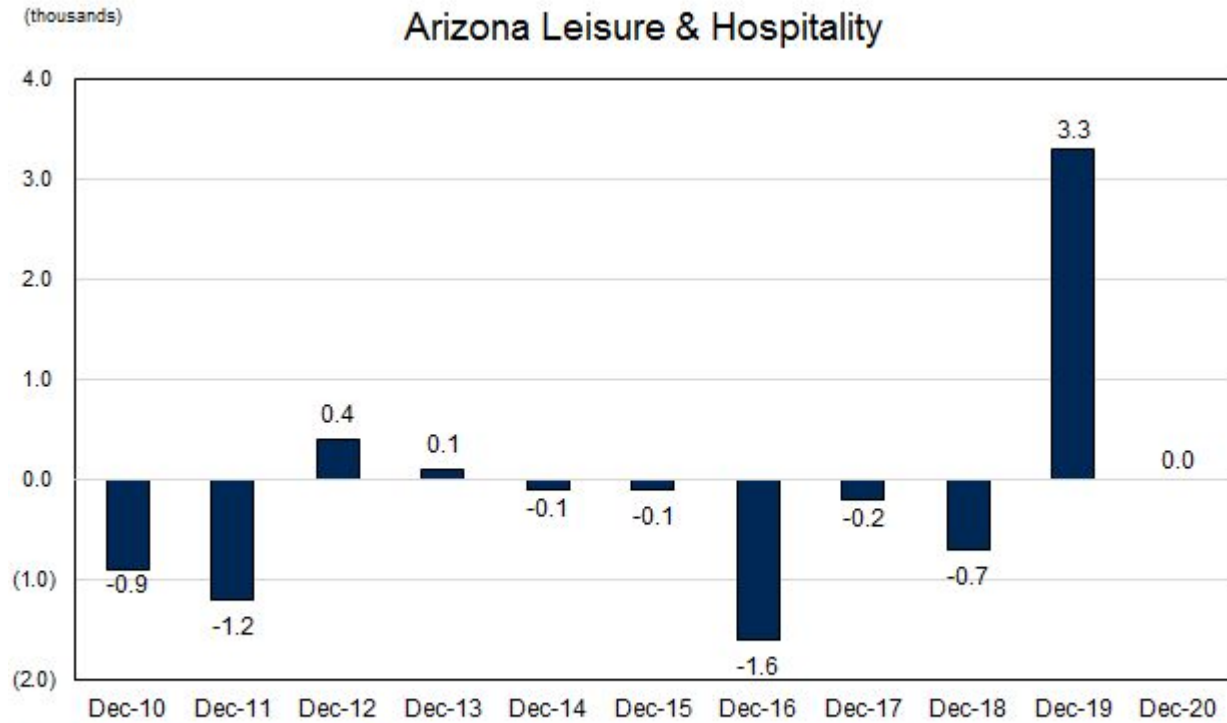


Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Notable Losses:

- Local Government Education recorded a loss of -7,600 jobs (-5.1%)
- State Government Education recorded a loss of 2,700 jobs (-4.5%)

Month-Over-Month Employment Change



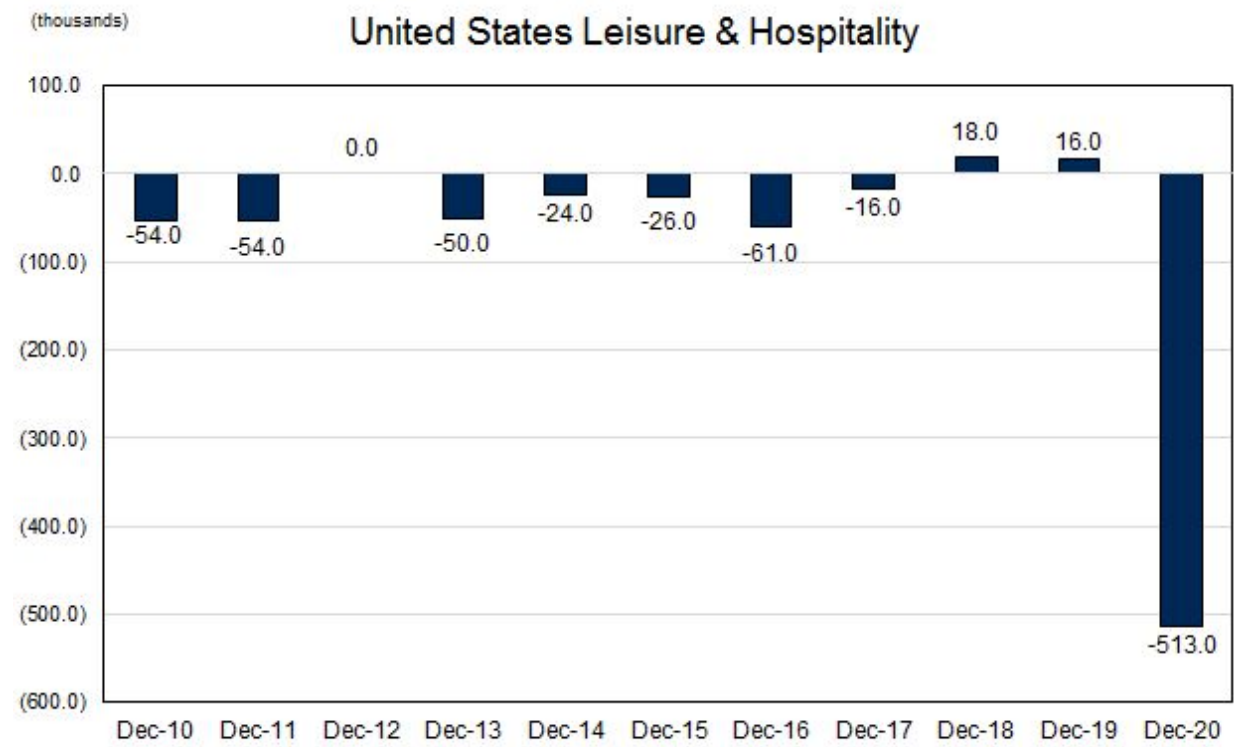
Historic 10-Year Average ('10-'19): -100 Jobs or 0.0%

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

Highlights:

- Accommodations gained 700 jobs or 2.2%
- Arts, Entertainment and Recreation gained 200 jobs or 0.6%
- Food Services and Drinking Places lost 900 jobs or -0.4%
 - Losses reported in Drinking Places, and Limited and Full Service Restaurants

Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): -25,100 Jobs or -0.2%

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

Highlights:

- Accommodations lost 28,600 jobs or -2.1%
- Arts, Entertainment and Recreation lost 92,200 jobs or -5.5%
- Food Services and Drinking Places lost 392,700 jobs or -3.9%

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:

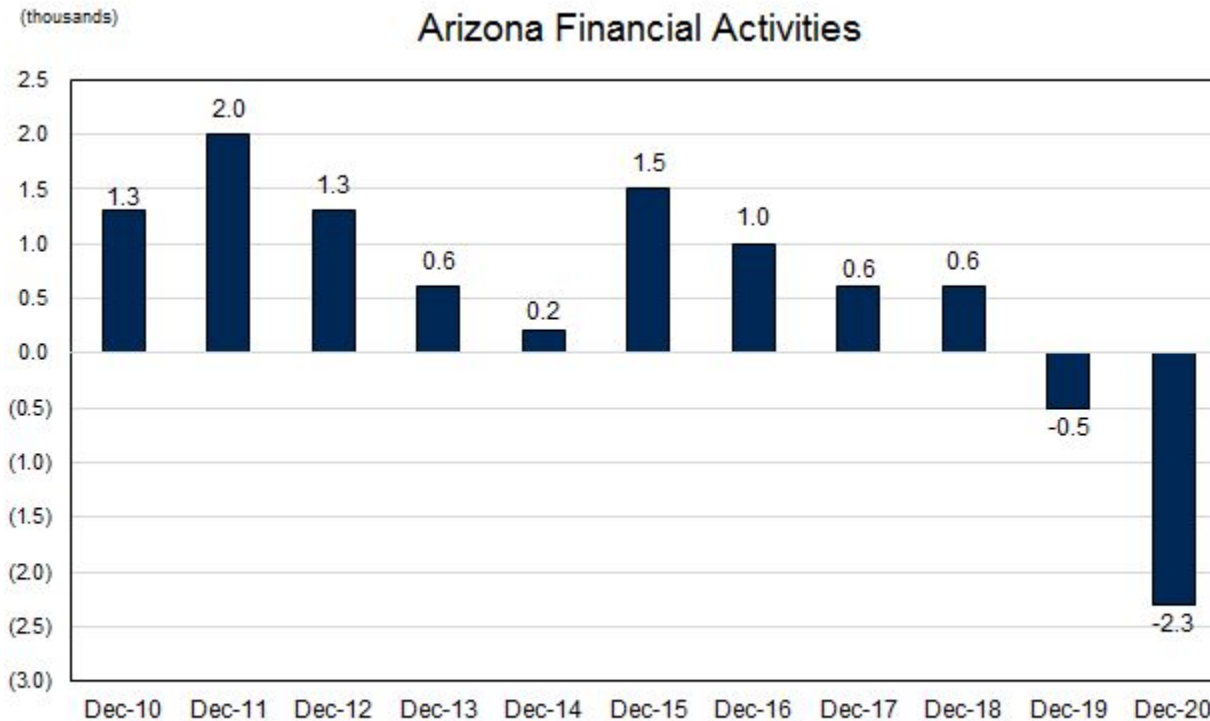
- Food Services and Drinking Places recorded a loss of 19,400 jobs (-8.0%)
- Accommodations recorded a loss of 13,000 jobs (-28.3%)
- Arts, Entertainment, and Recreation recorded a loss of 12,400 jobs (-26.4%)

U.S. Leisure and Hospitality employment declined by 22.7% YoY in December 2020

Year-Over-Year Employment Change



Month-Over-Month Employment Change



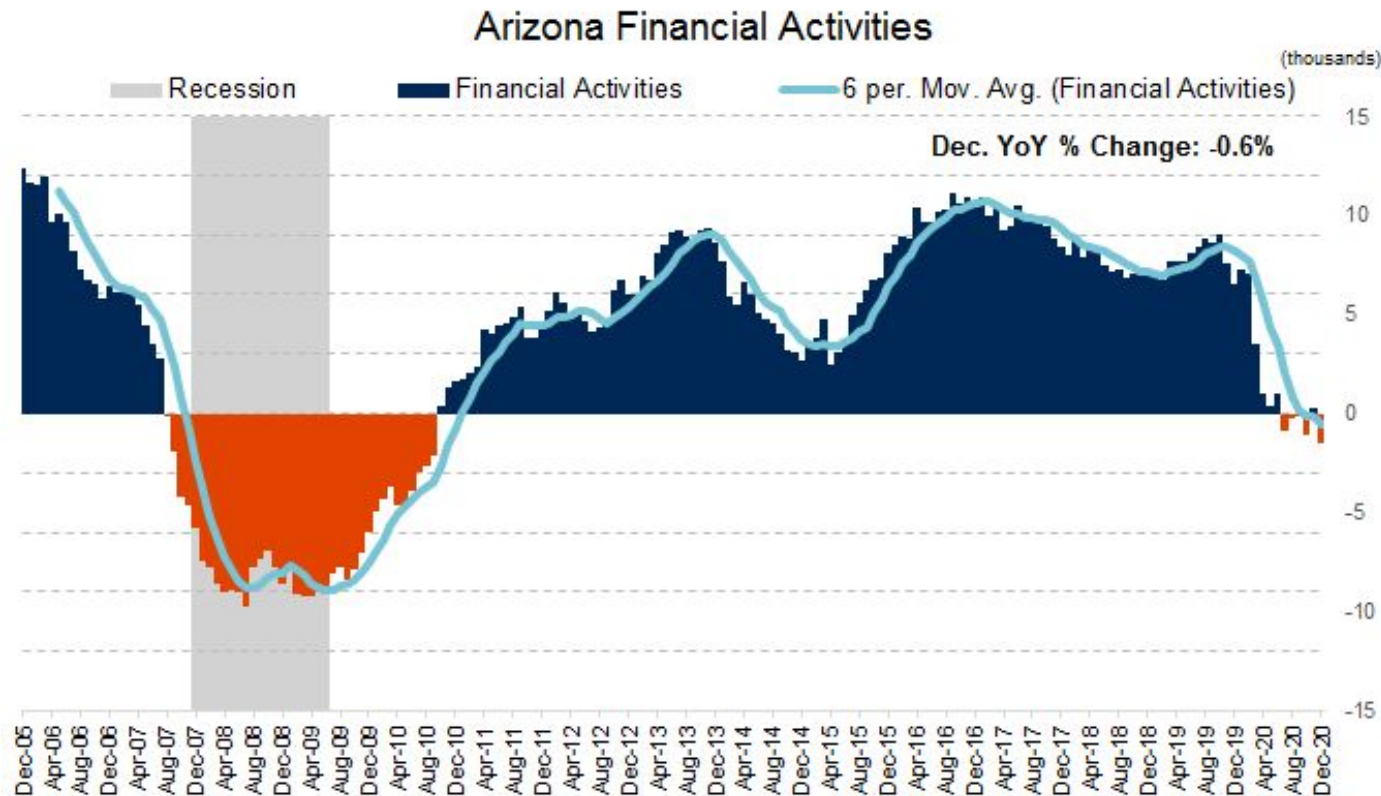
Historic 10-Year Average ('10-'19): 900 Jobs or 0.5%

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

Highlights:

- Insurance Carriers recorded a loss of 1,200 jobs
- Real Estate, Rental, and Leasing recorded a loss of 600 jobs or -1.1%
 - Losses recorded in Lessors of Self Storage Units and Offices of Real Estate Agents and Brokers
- Credit Intermediaries recorded a loss of 400 jobs

Year-Over-Year Employment Change



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

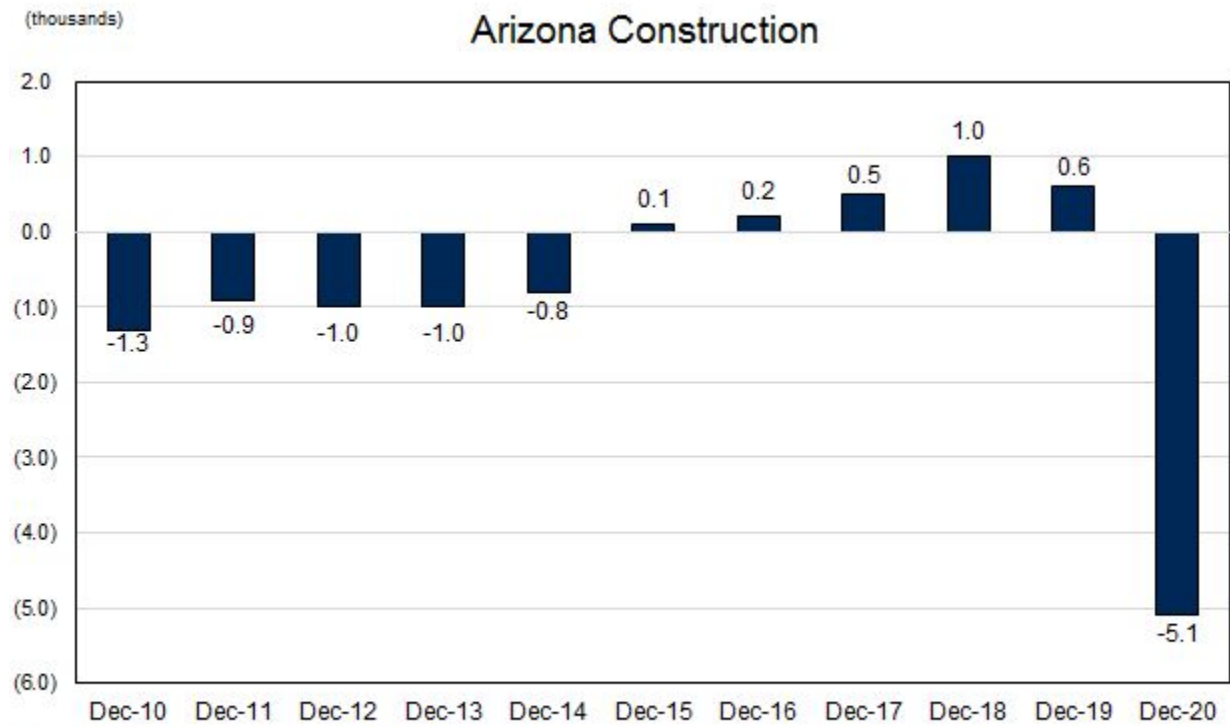
Notable Losses:

- Real Estate and Rental and Leasing recorded a loss of 2,500 jobs (-4.4%)
- Insurance Carriers recorded a loss of 1,100 jobs (-1.7%)

Notable Gain:

- Credit Intermediaries recorded a gain of 1,800 jobs (2.0%)

Month-Over-Month Employment Change



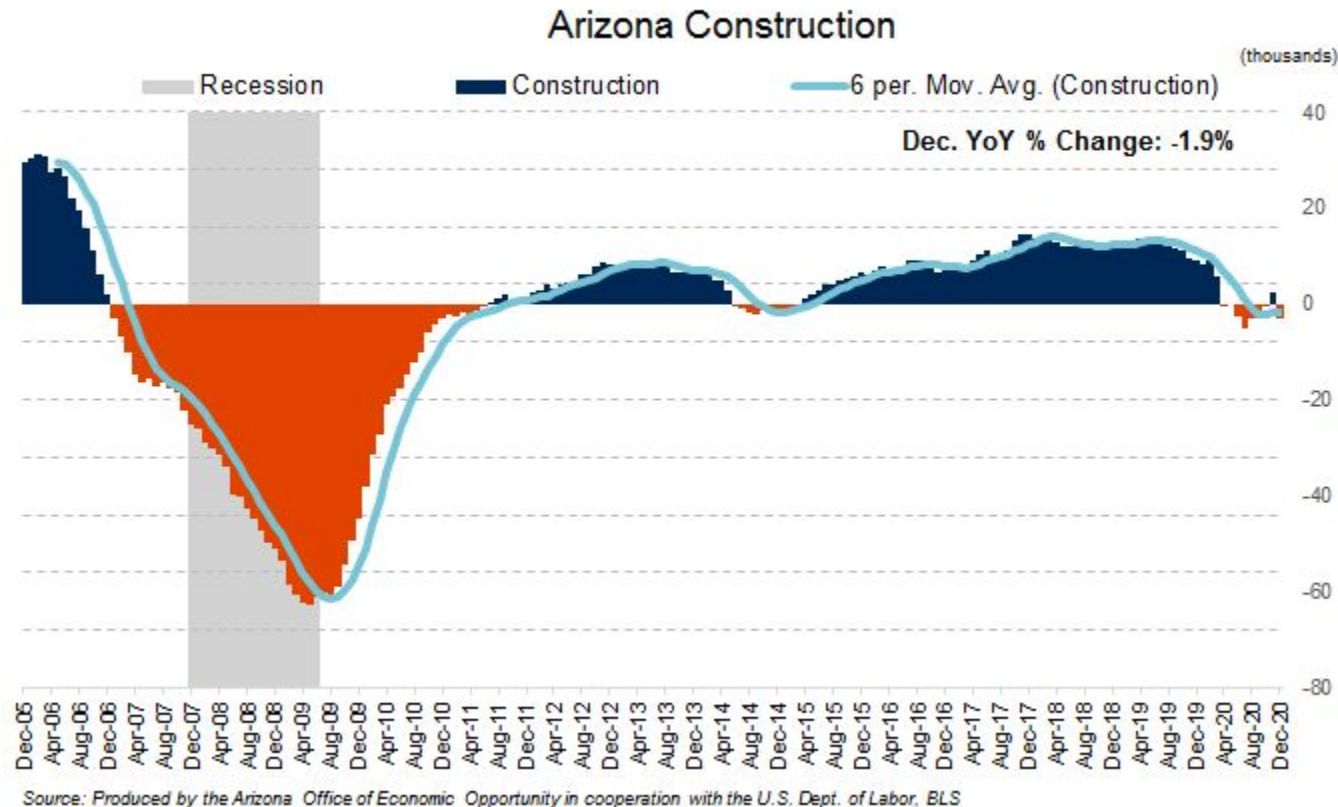
Historic 10-Year Average ('10-'19): -300 Jobs or -0.3%

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

Highlights:

- Specialty Trade Construction lost 2,700 jobs or -2.3%
- Construction of Buildings recorded a loss of 2,300 jobs or -6.4%
- Heavy and Civil Engineering recorded a loss of 100 jobs or -0.5%

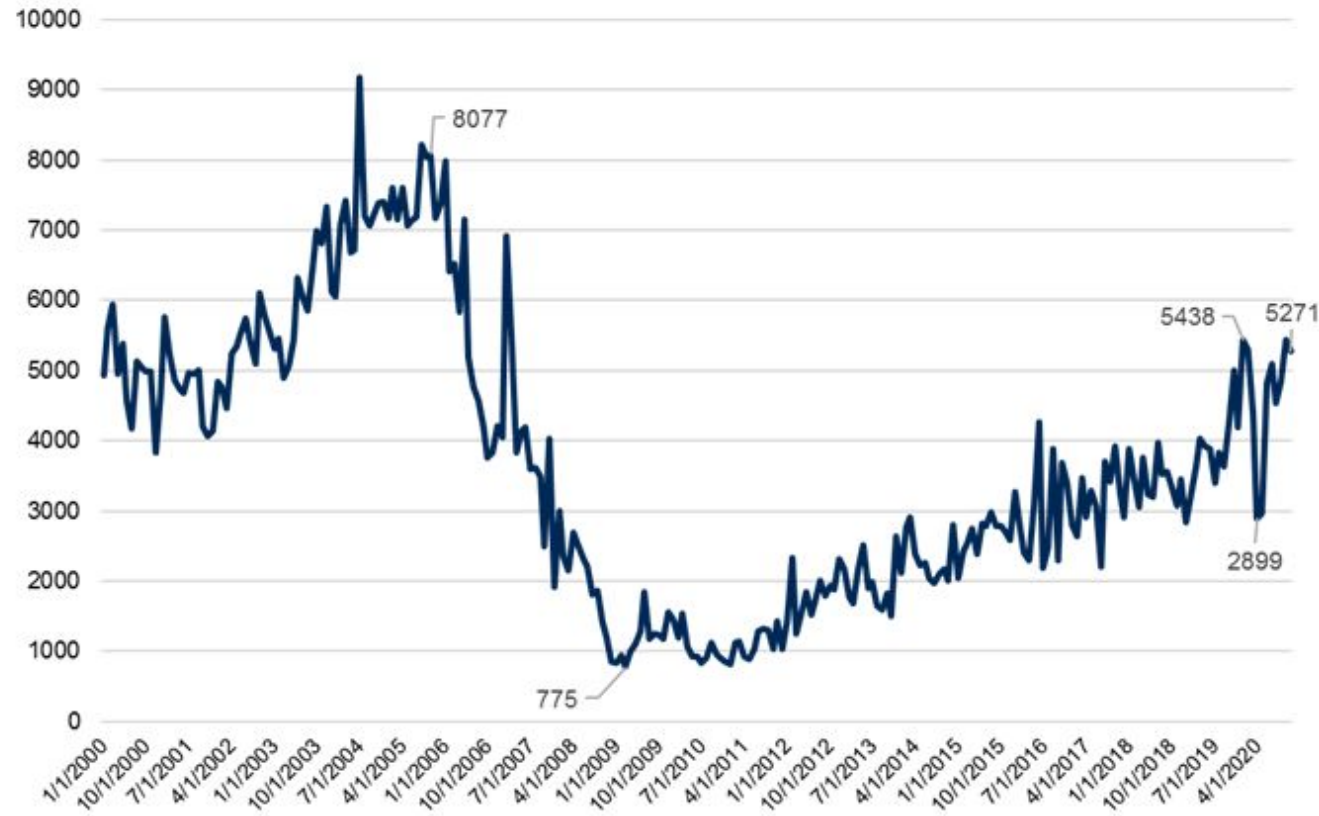
Year-Over-Year Employment Change



Notable Losses:

- Construction of Buildings lost 2,300 jobs (-6.4%)
- Specialty Trades lost 500 jobs (-0.4%)
- Heavy and Civil Construction lost 500 jobs (-2.4%)

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

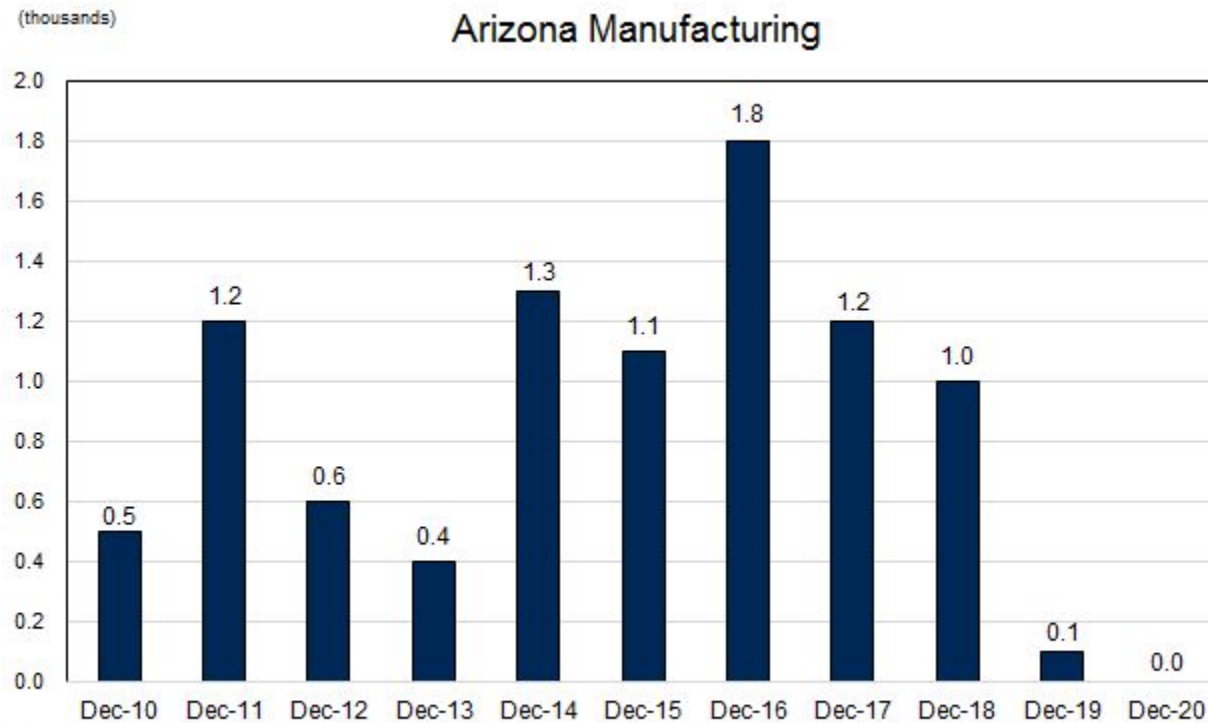


Source: U.S. Census Bureau

Notable Changes:

- 5,271 building permits were authorized in November 2020, up 266 (5.3%) permit authorizations from November 2019

Month-Over-Month Employment Change



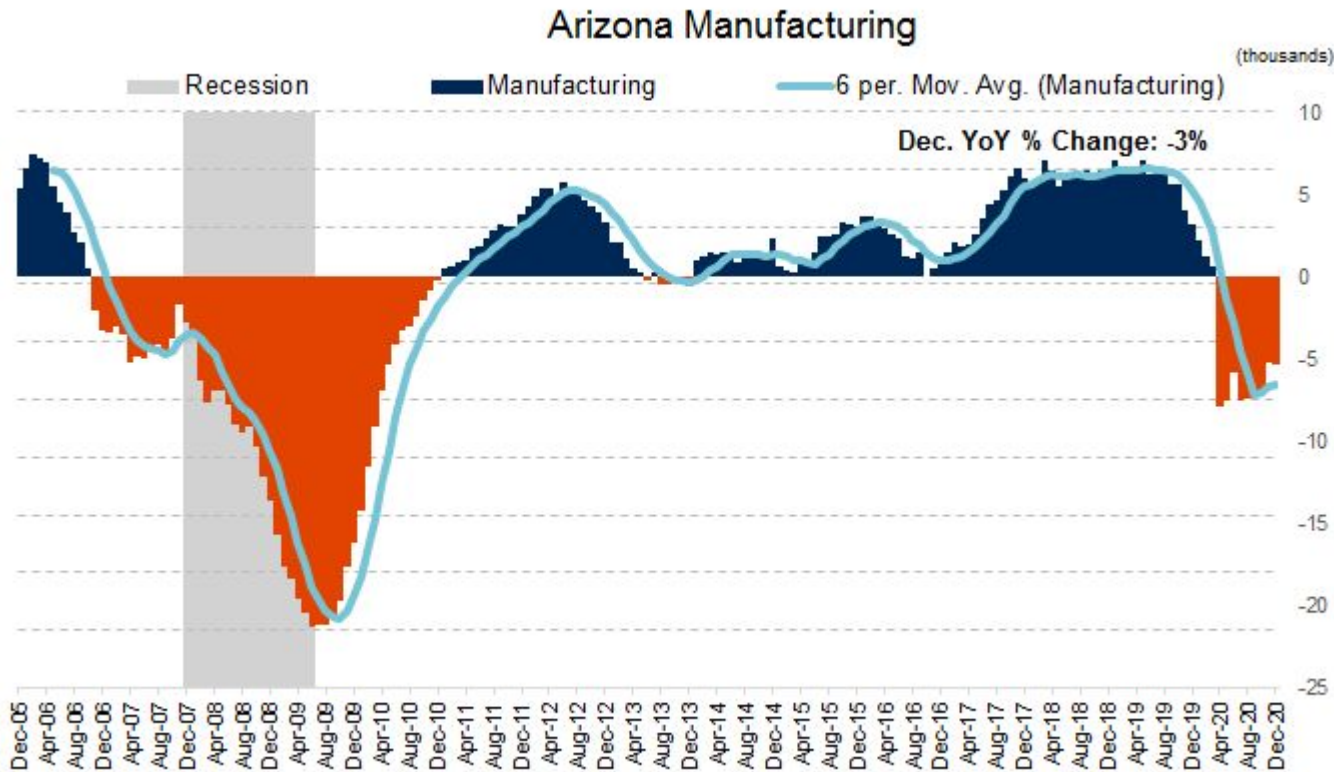
Historic 10-Year Average ('10-'19): 900 Jobs or 0.6%

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

Highlight:

- Durable Goods recorded a gain of 600 jobs
- Nondurable Goods recorded a loss of 600 jobs

Year-Over-Year Employment Change

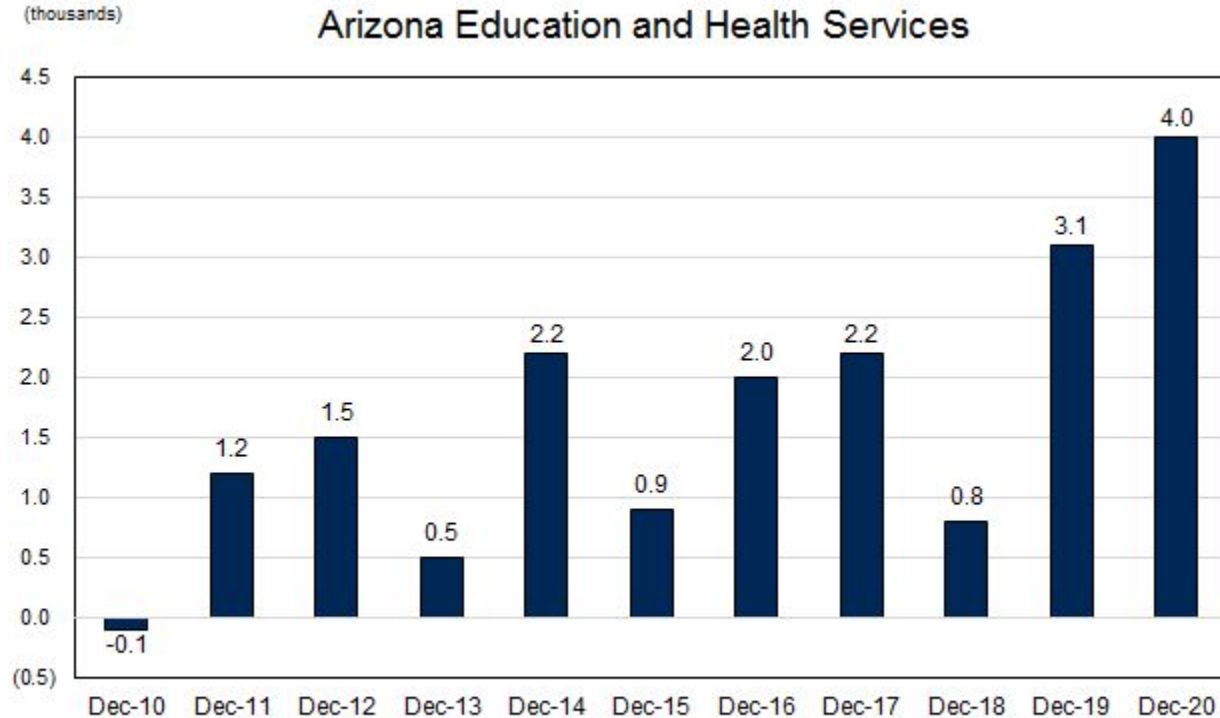


Notable Losses:

- Durable Goods lost 3,100 jobs (-2.3%)
 - Fabricated Metals lost 1,600 jobs (-7.7%)
 - Computer and Electronic Parts gained 1,300 jobs (3.8%)
 - Aerospace Products and Parts gained 300 jobs (1.0%)
- Nondurable Goods lost 2,300 jobs (-5.2%)

U.S. Manufacturing declined by 4.2% YoY in December 2020

Month-Over-Month Employment Change



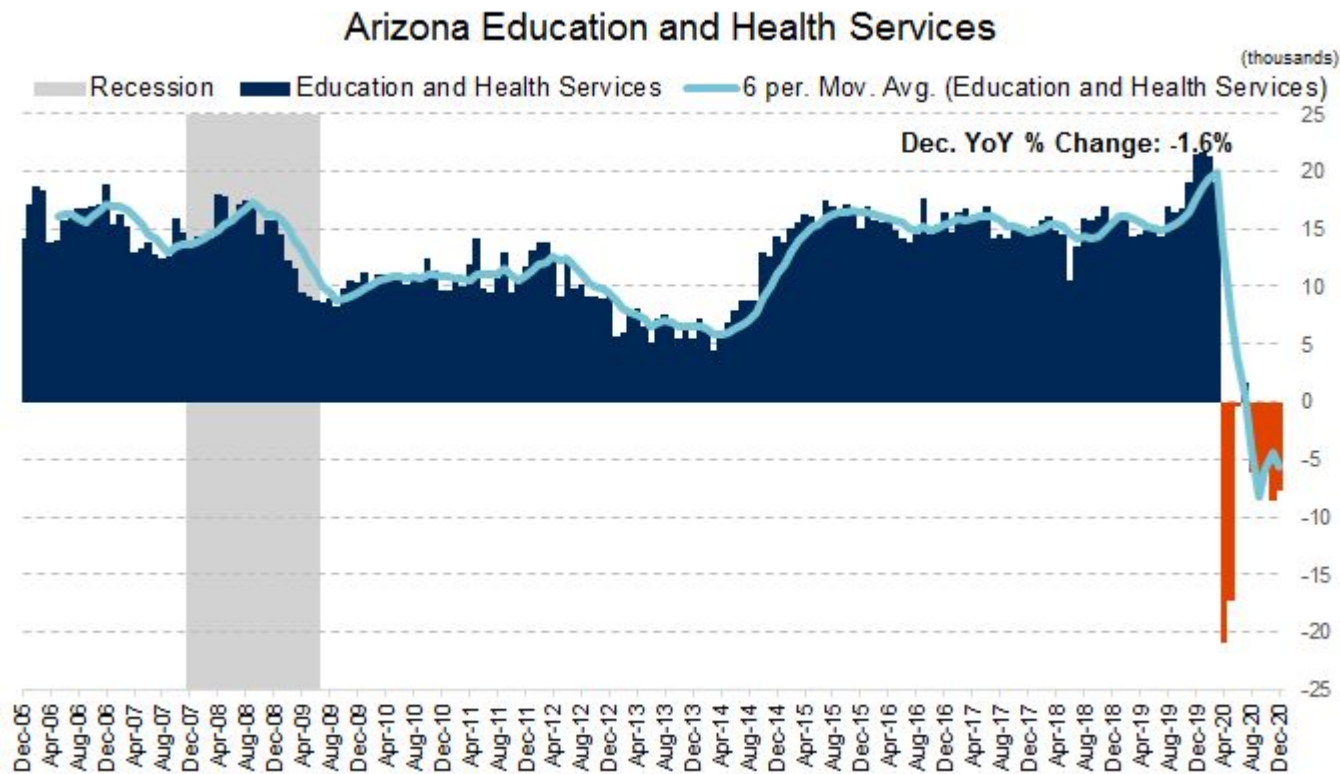
Historic 10-Year Average ('10-'19): 1,400 Jobs or 0.3%

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

Highlights:

- Educational Services gained 1,300 jobs (1.8%)
- Healthcare and Social Assistance gained 2,700 jobs (0.7%)
 - Ambulatory Healthcare Services gained 1,800 jobs (1.0%)
 - Social Assistance gained 400 jobs (0.7%)
 - Nursing and Residential Care Facilities gained 300 jobs (0.5%)

Year-Over-Year Employment Change



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

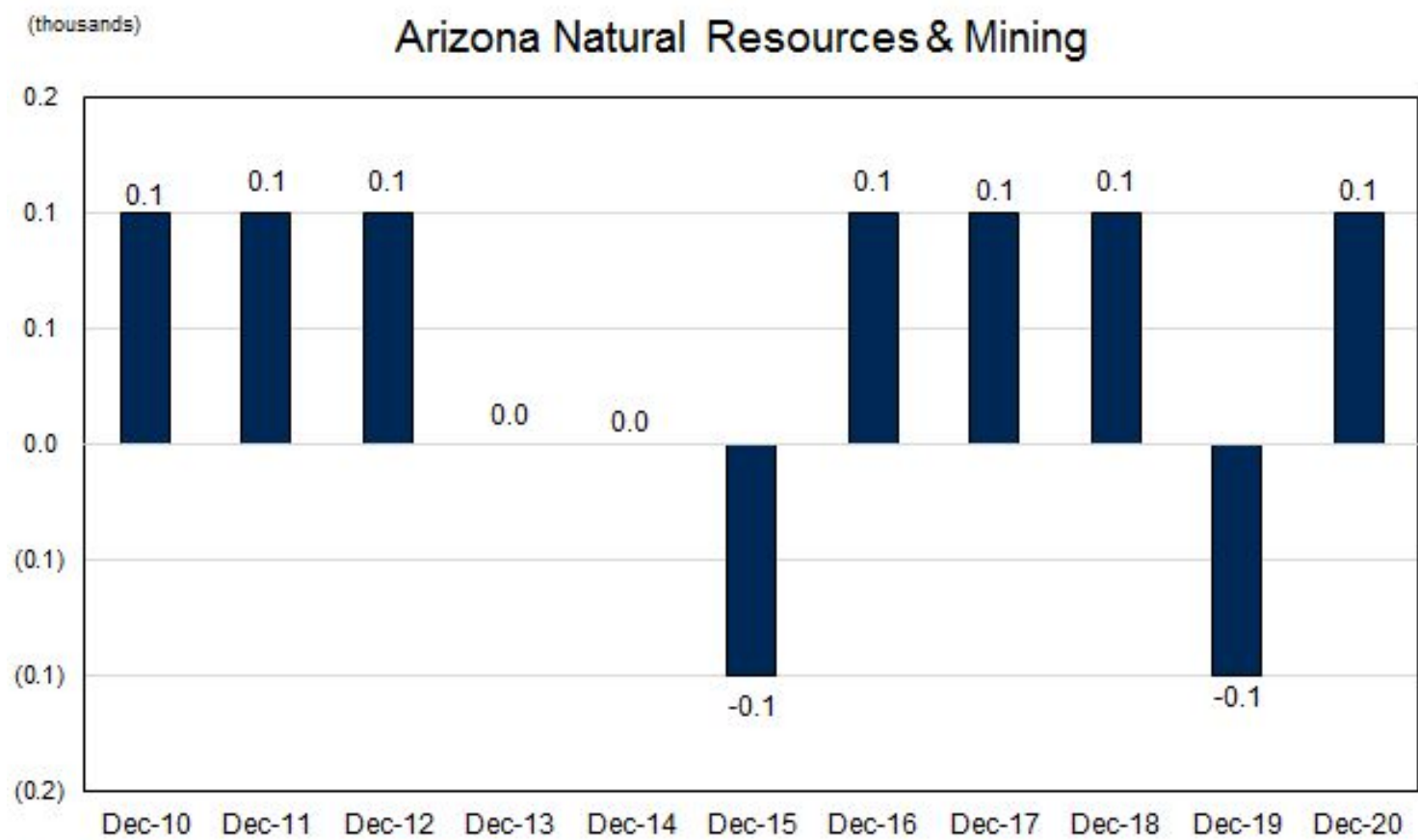
Notable Losses:

- Social Assistance lost 4,600 jobs (-7.0%)
- Nursing and Residential Care Facilities lost 1,900 jobs (-3.2%)
- Hospitals lost 1,600 jobs (-1.6%)
- Educational Services lost 1,500 jobs (-2.0%)

Notable Gain:

- Ambulatory Health Care Services gained 1,900 jobs (1.1%)

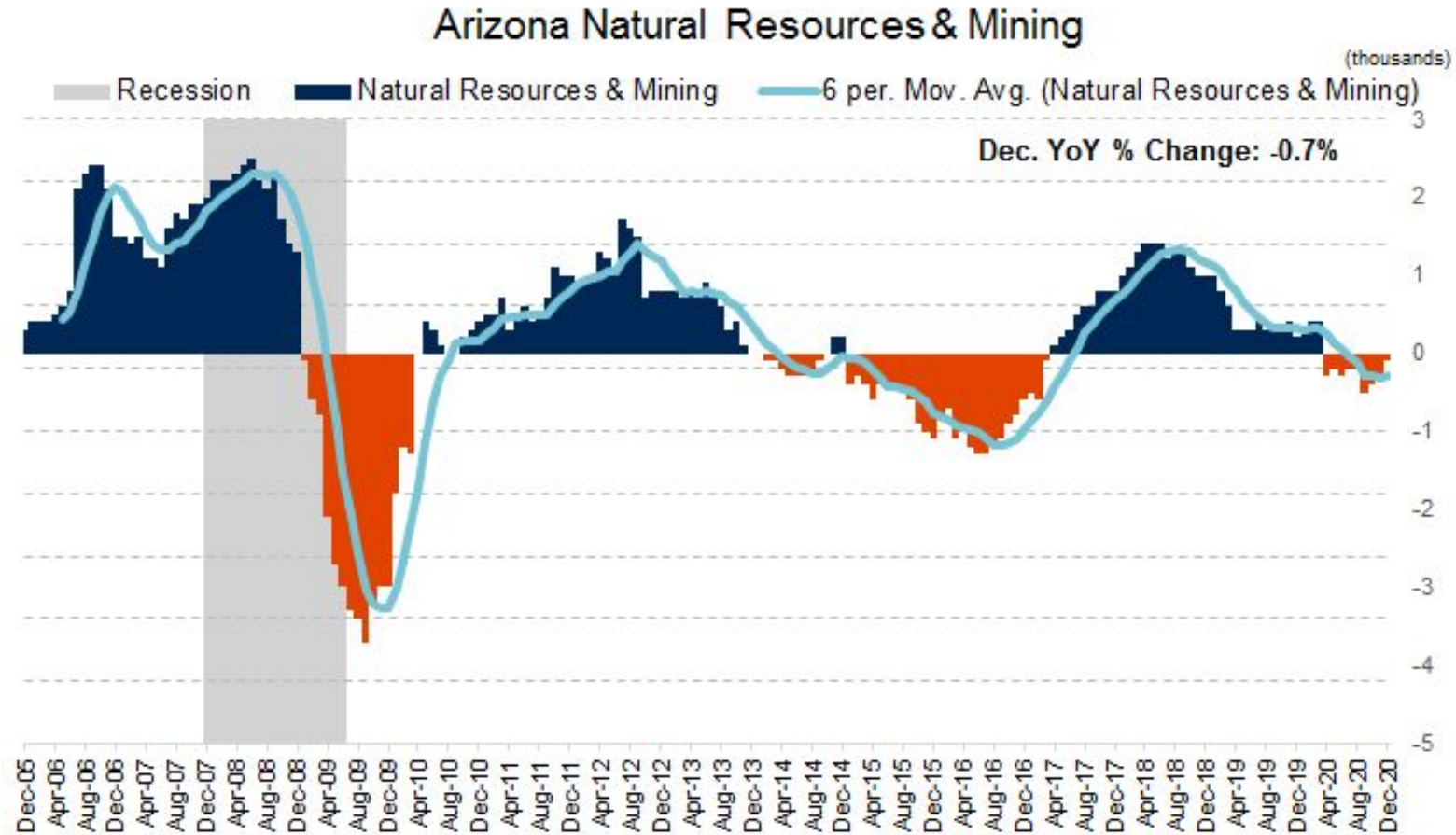
Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): 0 Jobs or 0.3%

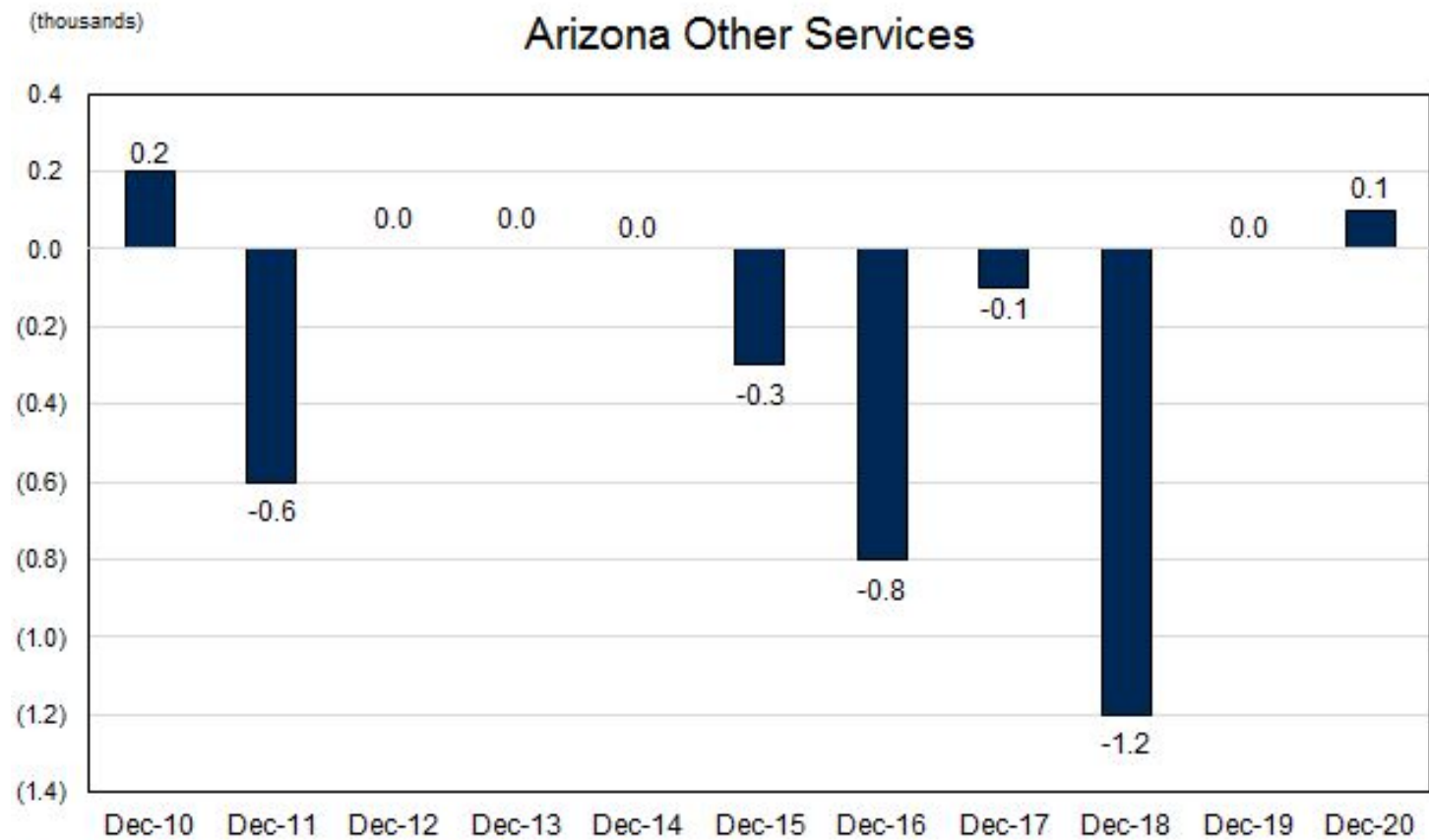
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Year-Over-Year Employment Change



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

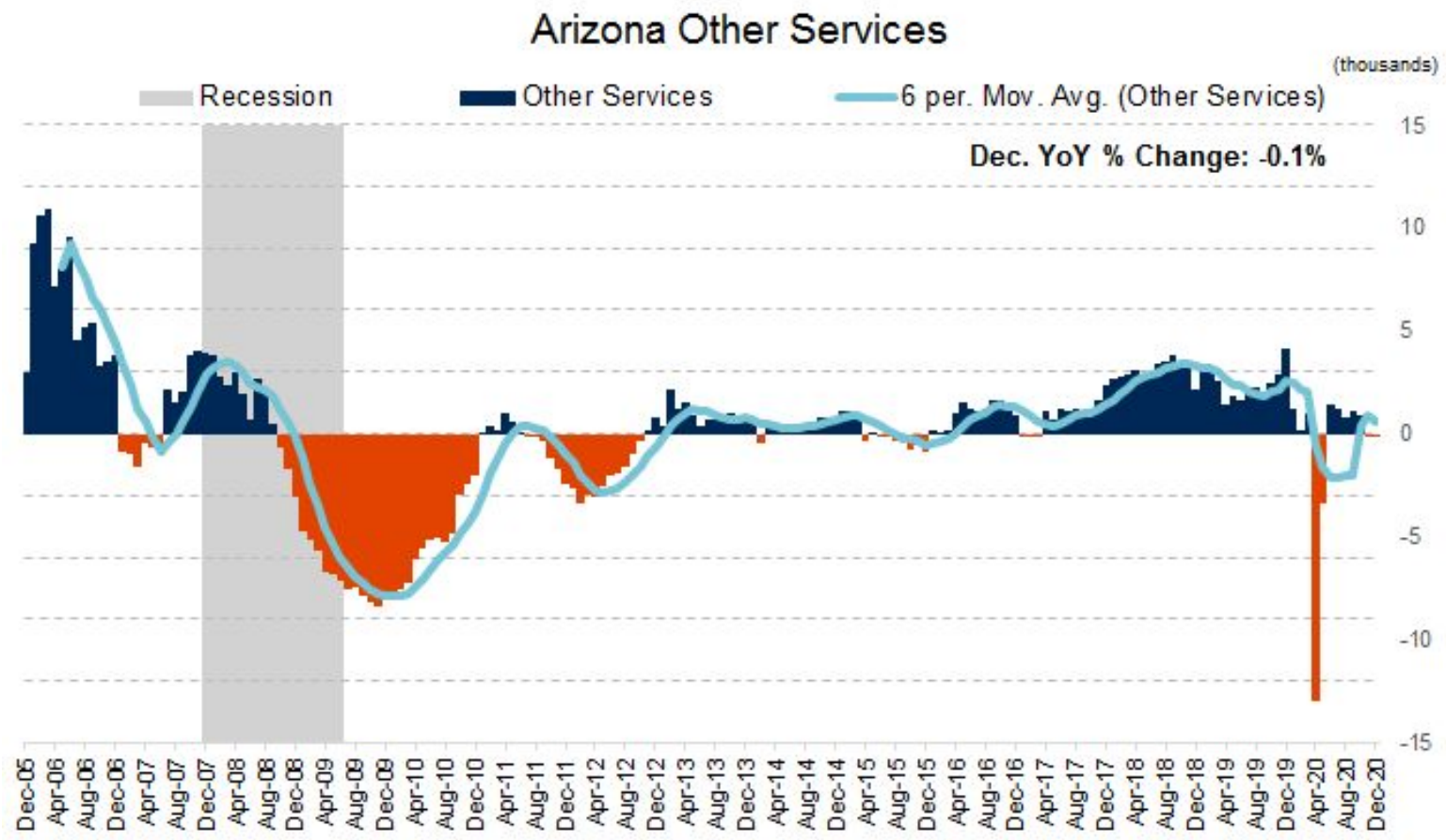
Month-Over-Month Employment Change



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

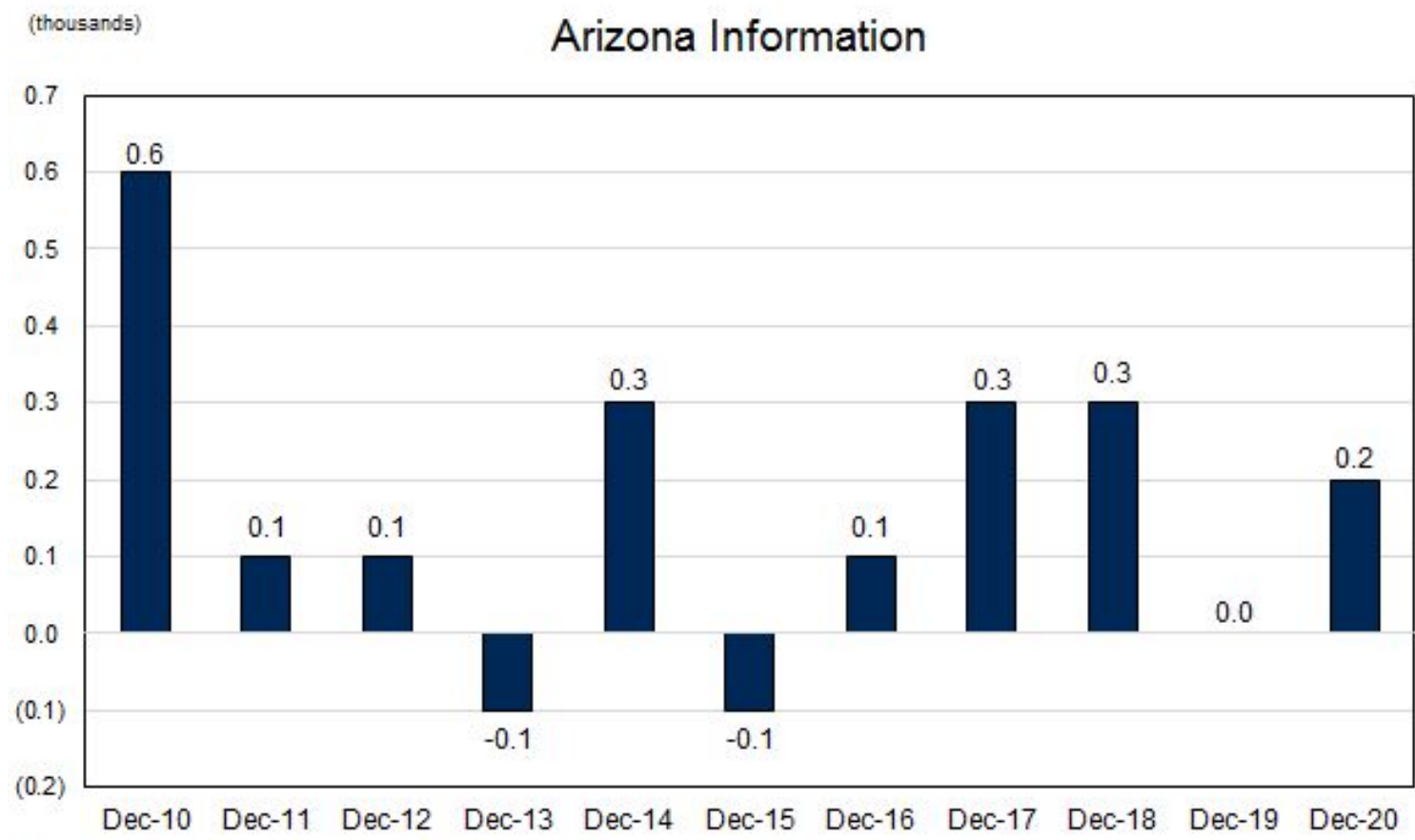
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Year-Over-Year Employment Change



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

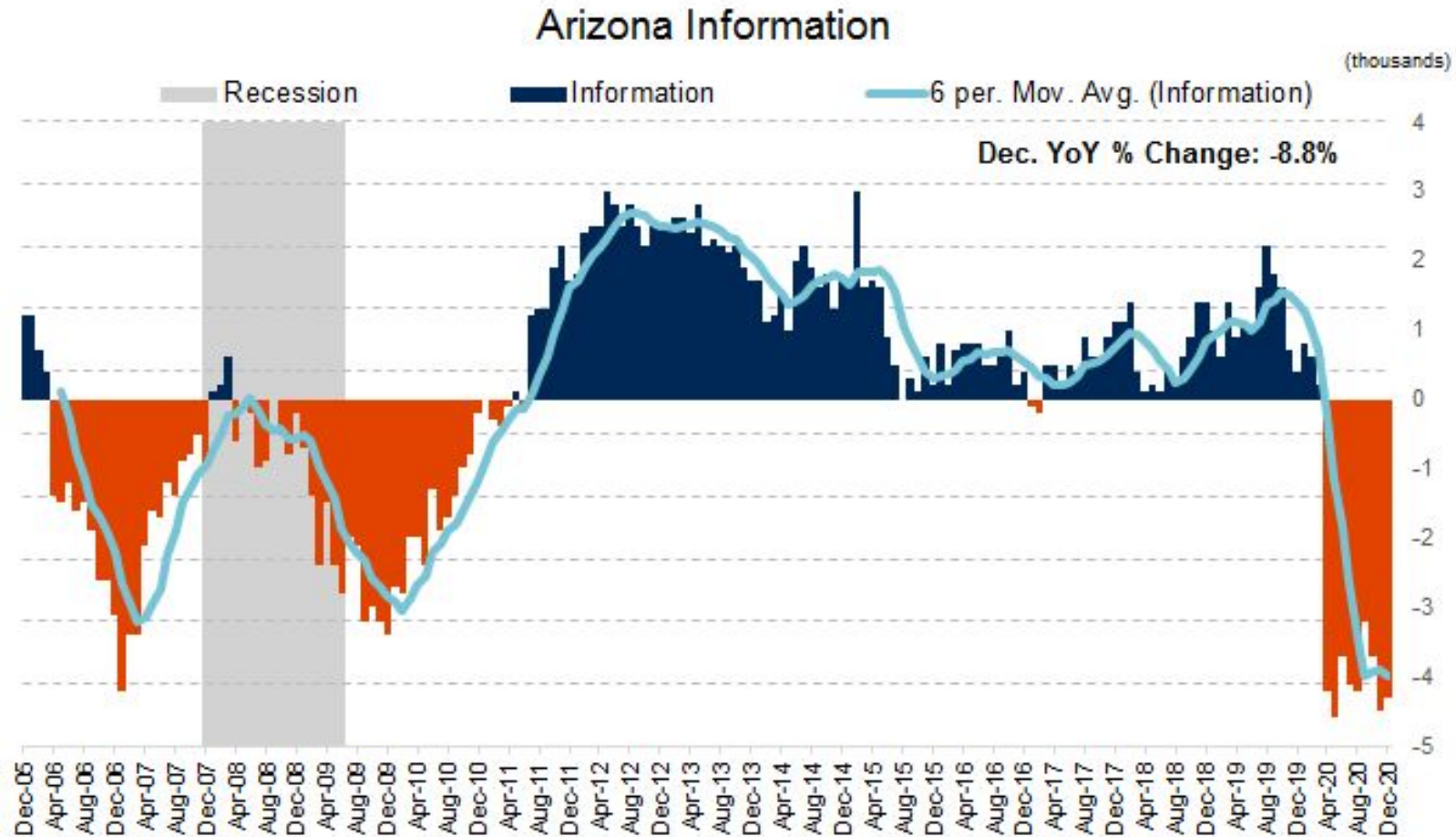
Month-Over-Month Employment Change



Historic 10-Year Average ('10-'19): 200 Jobs or 0.4%

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

Year-Over-Year Employment Change



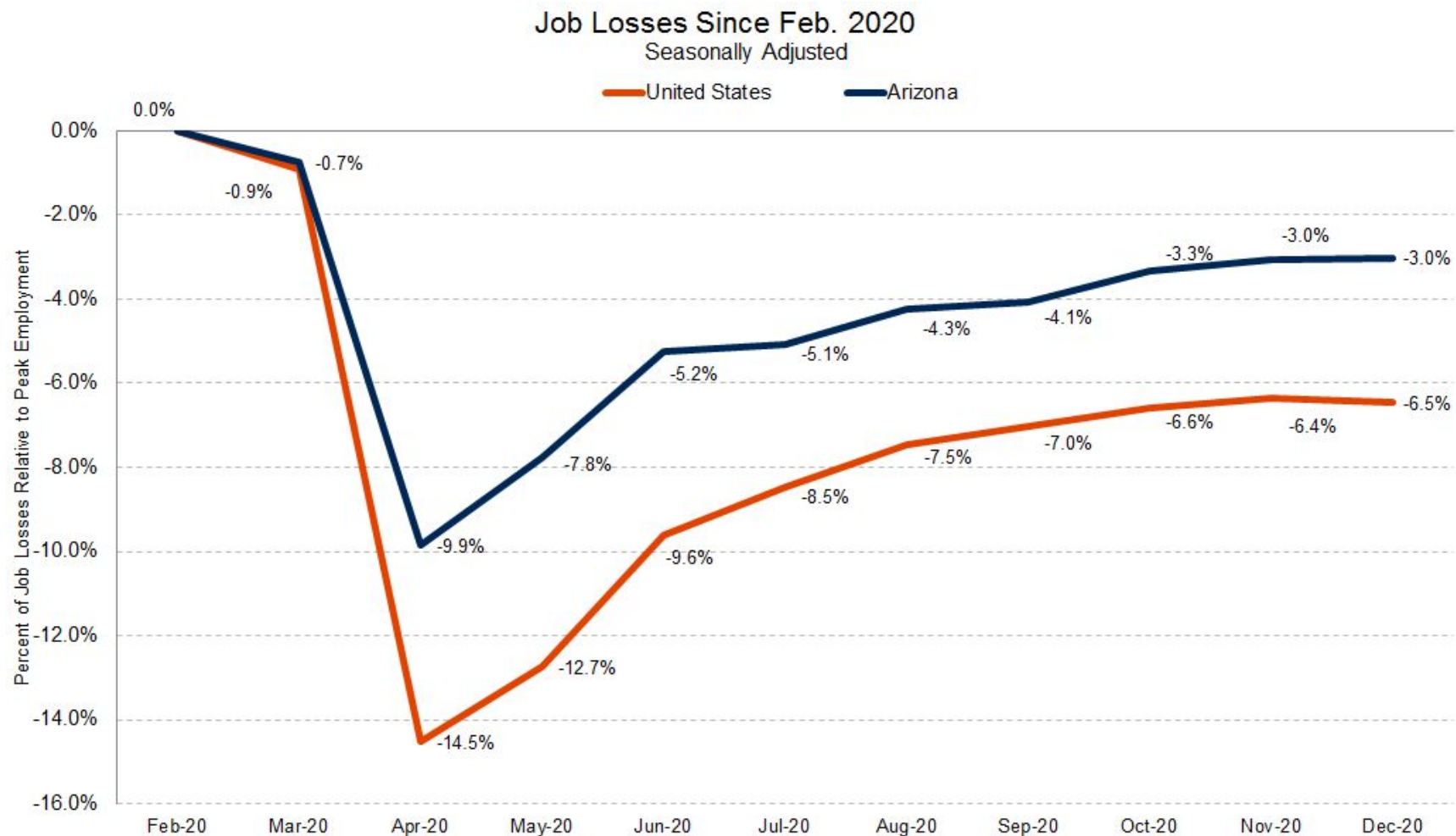
Source: Produced by the Arizona Office of Economic Opportunity in cooperation with the U.S. Dept. of Labor, BLS

Month-Over-Month Employment Change: Seasonally Adjusted



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

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 Dec. '20

Seasonally-Adjusted; In Thousands

Sector	Jobs Lost	Jobs Recovered	Percent Recovered
Construction	5.8	1.5	26%
Information	5.9	1.5	25%
Manufacturing	8.0	2.1	26%
Professional & Business Svcs	38.5	17.2	45%
Financial Activities	2.8	1.3	46%
Natural Resources & Mining	0.9	0.5	56%
Leisure & Hospitality	137.2	90.6	66%
Education and Health Services	41.6	31.5	76%
Other Services	13.9	14.1	101%
Trade, Transportation & Utilities	29.8	48.9	164%
Government	19.5	4.6	24%
Private Sector	282.9	207.7	73%
Total Nonfarm Employment	294.6	204.5	69%

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

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

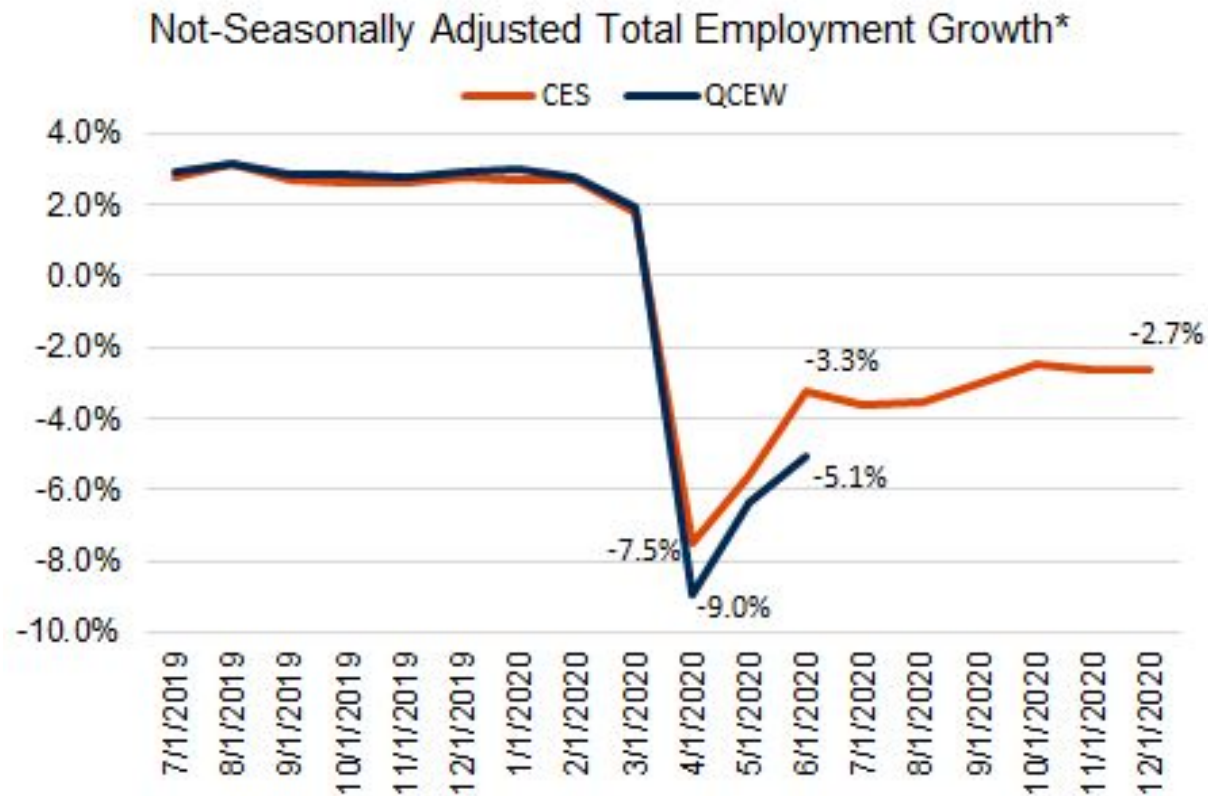
Seasonally-Adjusted; In Thousands

Sector	Jobs Lost	Jobs Recovered	Percent Recovered
Natural Resources & Mining	95.0	11.0	12%
Information	329.0	61.0	19%
Leisure & Hospitality	8,318.0	4,410.0	53%
Education and Health Services	2,781.0	1,487.0	53%
Manufacturing	1,363.0	820.0	60%
Professional & Business Svcs	2,296.0	1,438.0	63%
Financial Activities	279.0	177.0	63%
Other Services	1,370.0	917.0	67%
Trade, Transportation & Utilities	3,355.0	2,596.0	77%
Construction	1,083.0	857.0	79%
Government	1,480.0	136.0	9%
Private Sector	21,191.0	12,696.0	60%
Total Nonfarm Employment	22,160.0	12,321.0	56%

Upcoming Annual Benchmarking & Revisions

- Revisions are completed annually prior to the release of January data for all states
- CES Nonfarm employment estimates are benchmarked to QCEW estimates
- LAUS employment and unemployment estimates are revised to reflect new Census population controls, updated input data, and re-estimation
- Revisions primarily affect estimates produced in the last two calendar years, but occasionally minor revisions can affect estimates for the entire historical series

CES and QCEW Year-Over-Year Growth Comparison



- The QCEW employment series is reporting larger year-over-year job declines than the CES employment series from Apr. '20 through Jun. '20

Source: Arizona Office of Economic Opportunity

**Note that CES and QCEW employment estimates include slight differences in the types of employment measured, and are therefore not directly comparable. However, comparing the two data series can give us a better understanding of likely CES revisions to come.*

Report Summary

- Month-over-month, Arizona nonfarm employment increased by 6,300 jobs
 - Six of the eleven major sectors gained jobs
- Year-over-year, Arizona nonfarm employment declined by 2.7%, while U.S nonfarm employment declined by 6.0% YoY
- Year-over-year, ten major sectors lost jobs; one major sector gained jobs
- The Arizona unemployment rate decreased to 7.5% in December from 8.0% in November
- Month-over-month, the Arizona labor force increased by 5,315 individuals

Thank You Any Questions?

Upcoming Releases:

Feb. 18, 2021: Short-Term Employment Projections

Mar. 11, 2021: January Employment Report

Mar. 25, 2021: February Employment Report