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Statement of

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Total nonfarm payroll employment increased by 638,000 in October, and the unemployment rate fell to 6.9 percent. These improvements reflect the continued resumption of economic activity that had been curtailed due to the coronavirus (COVID-19) pandemic and efforts to contain it.

In October, private nonfarm employment rose by 906,000. Employment rose in several private-sector industries, with the largest gains in leisure and hospitality, professional and business services, retail trade, and construction. By contrast, employment in government declined by 268,000.

Total nonfarm payroll employment has increased for 6 consecutive months but is down by 10.1 million (or 6.6 percent) since February, before the onset of the pandemic in the United States.

Although unemployment fell for the sixth month in a row in October, the unemployment rate and the number of unemployed

people are up by 3.4 percentage points and 5.3 million, respectively, since February.

The response rate for the establishment survey was above average for October. The rate for the household survey, while slightly below normal due to pandemic-related issues, was much higher than earlier in the pandemic. The impact of the pandemic on the household and establishment surveys is detailed in the October Employment Situation news release and accompanying materials (see www.bls.gov/news.release/archives/empisit_11062020.htm). For both surveys, we were able to obtain estimates that meet BLS standards for accuracy and reliability.

Taking a closer look at the October payroll data, employment in leisure and hospitality grew by 271,000, accounting for about two-fifths of the over-the-month growth in total nonfarm employment. While leisure and hospitality has added 4.8 million jobs since April, employment is 3.5 million lower than in February. Within the industry, employment rose over the month in food services and drinking places (+192,000); arts, entertainment, and recreation (+44,000); and accommodation (+34,000).

Employment in professional and business services increased by 208,000 in October, with about half of the gain occurring in temporary help services (+109,000). Other notable job gains

occurred in services to buildings and dwellings (+19,000), computer systems design (+16,000), management and technical consulting (+15,000), and investigation and security services (+12,000). Overall, employment in professional and business services is 1.1 million below its February level.

In October, retail trade added 104,000 jobs. Within the industry, job gains occurred in electronics and appliance stores (+31,000), motor vehicle and parts dealers (+23,000), furniture and home furnishings stores (+14,000), clothing and accessories stores (+13,000), general merchandise stores (+10,000), and nonstore retailers (+9,000). Since February, retail trade employment is down by 499,000.

Construction employment increased by 84,000 in October, but is down by 294,000 since February. About half of the October gain occurred in specialty trade contractors, with increases in both the nonresidential (+28,000) and residential (+18,000) components. Elsewhere in the industry, heavy and civil engineering construction (+19,000) and construction of buildings (+19,000) also added jobs.

In October, employment increased by 79,000 in health care and social assistance. Health care employment increased by 58,000, with the largest gains in hospitals (+16,000), offices of physicians (+14,000), offices of dentists (+11,000), and outpatient care centers (+10,000). Nursing and residential care

facilities lost 9,000 jobs over the month, and employment has declined by 238,000 since February. Social assistance added 21,000 jobs over the month.

In October, employment in transportation and warehousing rose by 63,000, with the largest gains occurring in warehousing and storage (+28,000), transit and ground passenger transportation (+25,000), and truck transportation (+10,000). These gains were partially offset by job losses in air transportation (-18,000). Overall, employment in transportation and warehousing is down by 271,000 since February.

Employment in other services increased by 47,000 in October, with gains in personal and laundry services (+27,000) and repair and maintenance (+18,000). Since February, employment in other services is down by 436,000.

Manufacturing added 38,000 jobs in October, with gains about evenly split between durable goods (+21,000) and nondurable goods (+17,000). Manufacturing employment is down by 621,000 since February.

Employment in financial activities increased by 31,000 in October. Over the month, job gains occurred in finance and insurance (+17,000) and in real estate (+10,000). Since February, financial activities employment is down by 129,000.

In October, employment in government declined by 268,000. Federal government employment was down by 138,000, reflecting a

loss of 147,000 temporary workers who had been hired for the 2020 Census. State and local government each lost 65,000 jobs, driven by employment declines in their education components.

Employment in other major industries--including mining, wholesale trade, and information--showed little change over the month.

Average weekly hours for all private-sector workers were unchanged in October at 34.8 hours. The average workweek for manufacturing rose by 0.3 hour in October to 40.5 hours. One should continue to be cautious when interpreting changes in the workweek at the total private level. In particular, large employment changes in industries with shorter- or longer-than-average workweeks can complicate monthly comparisons of average weekly hours.

Similarly, changes in average earnings in recent months must be interpreted with caution. Average hourly earnings of all employees on private nonfarm payrolls increased by 4 cents in October to \$29.50.

Turning to the labor market indicators from the household survey, the unemployment rate declined by 1.0 percentage point to 6.9 percent in October, and the number of unemployed people fell by 1.5 million to 11.1 million. Both measures have decreased for 6 consecutive months but are nearly twice their February levels.

The unemployment decrease in October was driven by a decline of 1.4 million among people on temporary layoff. The number of permanent job losers was about unchanged at 3.7 million in October but is up by 2.4 million since February.

Unemployment rates fell in October for adult men (6.7 percent), adult women (6.5 percent), teenagers (13.9 percent), Whites (6.0 percent), Blacks (10.8 percent), Asians (7.6 percent), and Hispanics (8.8 percent).

Among the unemployed, the number of people searching for work for 27 weeks or more (often referred to as the long-term unemployed) rose by 1.2 million in October to 3.6 million. The number of people who were jobless 15 to 26 weeks fell by 2.3 million to 2.6 million. The number of people who were unemployed for 5 to 14 weeks declined by 457,000 to 2.3 million. The number of people searching for work for less than 5 weeks was 2.5 million, little changed over the month.

The labor force participation rate increased by 0.3 percentage point to 61.7 percent in October but is 1.7 percentage points lower than in February. The employment-population ratio increased by 0.8 percentage point to 57.4 percent in October; the rate is 3.7 percentage points lower than in February.

In October, the number of people who usually work full time increased by 1.2 million to 123.6 million, and the number who usually work part time increased by 1.0 million to 26.2 million.

In October, the number of people at work part time for economic reasons increased by 383,000 to 6.7 million, reflecting an increase in the number of people whose hours were cut due to slack work or business conditions. (This group includes people who usually work full time and people who usually work part time.) The October increase in the number of people at work part time for economic reasons follows declines totaling 4.6 million over the prior 5 months. The number of workers affected by this type of underemployment was 2.4 million higher than its February level.

The number of people not in the labor force who currently want a job decreased by 539,000 in October to 6.7 million. This measure is 1.7 million higher than in February.

Among those who were not in the labor force but wanted a job, 2.0 million were considered marginally attached to the labor force in October, about unchanged over the month. (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, at 588,000 in October, was essentially unchanged over the month.

As has been the case since March, household survey interviewers were instructed in October to classify employed people 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 there still may be some workers affected by the pandemic who should have been classified as unemployed on temporary layoff. However, the share of responses that may have been misclassified was considerably smaller in recent months.

For March through September, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included among the unemployed. Repeating this same approach, the overall October unemployment rate would have been 0.3 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. Additional information is available online at www.bls.gov/covid19/employment-situation-covid19-faq-october-2020.htm.

Looking at the supplemental pandemic-related measures from the household survey (these supplemental data are not seasonally adjusted), 21.2 percent of employed people teleworked in October

because of the coronavirus pandemic, down from 22.7 percent in September. These data refer to employed people who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the coronavirus pandemic.

In October, 15.1 million people 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. This is down from 19.4 million people in September. Among those who reported in October that they were unable to work because of pandemic-related closures or lost business, 11.7 percent received at least some pay from their employer for the hours not worked, up from 10.3 percent in September.

About 3.6 million people not in the labor force in October were prevented from looking for work due to the pandemic. This is down from 4.5 million people in September. (To be counted as unemployed, by definition, individuals must either be actively looking for work or on temporary layoff.)

In summary, total nonfarm payroll employment increased by 638,000 in October, and the unemployment rate fell to 6.9 percent.