



Economics Group

Mark Vitner, Senior Economist
mark.vitner@wellsfargo.com • (704) 410-3277
Charlie Dougherty, Economist
charles.dougherty@wellsfargo.com • (704) 410-6542

Florida Payrolls Continue to Recover in June

Employers added 296,000 jobs during the month. The jobless rate fell to 10.4%. The state economy continues on its long road to recovery but the pace of improvement may soon slow amid the resurgence of COVID-19.

Another Big Jobs Gain, but COVID-19 Remains a Threat

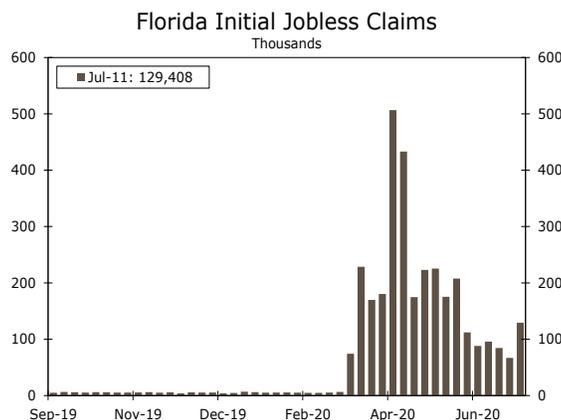
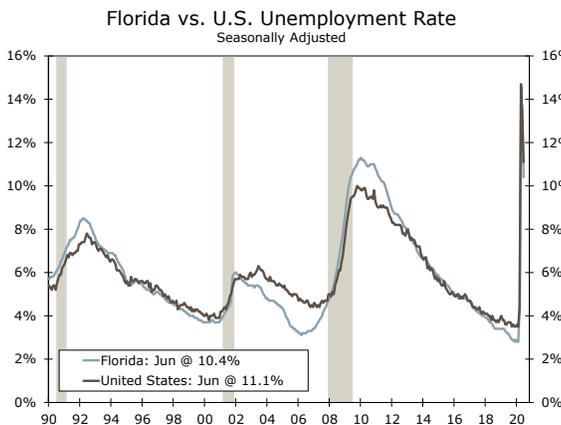
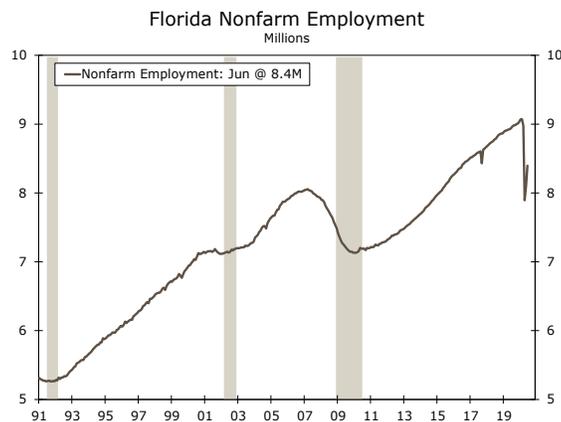
The Florida economy continues to dig out of the hole created by the ongoing COVID-19 crisis. Employers added 296,000 net new jobs during June, which is an upshift relative to the 207,400 jobs added in May. The unemployment rate also improved, falling to 10.4% from 13.7%. This all comes as welcome news considering how hard Florida’s tourism-dependent economy has been hit by the pandemic. That noted, employment remains more than 7% below the peak hit in February, meaning the state is still well short of recouping the nearly 1.2 million jobs lost in March and April.

The all-important leisure & hospitality industry once again led the way in terms of number of jobs added back. The industry added 170,300 new jobs, which follows an 82,400 gain in May. Still, the impact of the pandemic on the industry has been severe, and even with the monthly gain, leisure & hospitality employment remains at its lowest level since 2012.

Most other major industries also saw an improvement in payrolls. Retail trade posted a 47,000 gain. Healthcare & social assistance payrolls rose by 22,100. Professional & business services and financial services added 23,000 and 10,000 jobs, respectively. Manufacturing added 6,100 and transportation rose by 2,100, signs that demand for Florida-produced goods is improving. Information (-100) and educational services (-1,900) were the only major industries to report job losses for the month.

June’s big job gain is certainly another step in the right direction, yet the report reflects conditions in mid-June, when most of the state was in the second phase of re-opening. Since then, the public health situation has deteriorated, and the state has seen a spike in new COVID-19 cases, as well as an upturn in hospitalizations and deaths. In response, state and local officials have started taking some targeted measures, such as closing down bars and pausing the re-opening process. Even though most other businesses are permitted to remain open, fear of the coronavirus itself appears to be causing consumer activity to pull back somewhat, based on high frequency measures of consumer sentiment, OpenTable data and mobility data from Apple and Google.

There is also some early evidence that the recent improvement in the labor market may be beginning to stall out. For the week ending July 11, the advance estimate of initial jobless claims doubled to almost 130,000, the highest mark since late May. The jump in claims could be the result of persistent processing bottlenecks and delayed reporting from the long Fourth of July holiday weekend. The reversal, however, coincides with many bars and nightclubs shutting down, which was likely to push claims higher anyway. Payroll growth will likely remain in positive territory in coming months, but the pace of improvement will almost certainly slow. While the resurgence of COVID-19 has led to some new restrictions, there are still plenty of other industries re-opening and that should help sustain Florida’s nascent recovery.



Wells Fargo Securities Economics Group

| | | | |
|----------------------|--------------------------|----------------|-------------------------------------|
| Jay H. Bryson, Ph.D. | Chief Economist | (704) 410-3274 | jay.bryson@wellsfargo.com |
| Mark Vitner | Senior Economist | (704) 410-3277 | mark.vitner@wellsfargo.com |
| Sam Bullard | Senior Economist | (704) 410-3280 | sam.bullard@wellsfargo.com |
| Nick Bennenbroek | International Economist | (212) 214-5636 | nicholas.bennenbroek@wellsfargo.com |
| Tim Quinlan | Senior Economist | (704) 410-3283 | tim.quinlan@wellsfargo.com |
| Azhar Iqbal | Econometrician | (212) 214-2029 | azhar.iqbal@wellsfargo.com |
| Sarah House | Senior Economist | (704) 410-3282 | sarah.house@wellsfargo.com |
| Charlie Dougherty | Economist | (704) 410-6542 | charles.dougherty@wellsfargo.com |
| Michael Pugliese | Economist | (212) 214-5058 | michael.d.pugliese@wellsfargo.com |
| Brendan McKenna | International Economist | (212) 214-5637 | brendan.mckenna@wellsfargo.com |
| Shannon Seery | Economist | (704) 410-1681 | shannon.seery@wellsfargo.com |
| Jen Licis | Economic Analyst | (704) 410-1309 | jennifer.licis@wellsfargo.com |
| Hop Mathews | Economic Analyst | (704) 383-5312 | hop.mathews@wellsfargo.com |
| Coren Burton | Administrative Assistant | (704) 410-6010 | coren.burton@wellsfargo.com |

Wells Fargo Securities Economics Group publications are produced by Wells Fargo Securities, LLC, a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, and the Securities Investor Protection Corp. Wells Fargo Securities, LLC, distributes these publications directly and through subsidiaries including, but not limited to, Wells Fargo & Company, Wells Fargo Bank N.A., Wells Fargo Clearing Services, LLC, Wells Fargo Securities International Limited, Wells Fargo Securities Canada, Ltd., Wells Fargo Securities Asia Limited and Wells Fargo Securities (Japan) Co. Limited. Wells Fargo Securities, LLC. is registered with the Commodities Futures Trading Commission as a futures commission merchant and is a member in good standing of the National Futures Association. Wells Fargo Bank, N.A. is registered with the Commodities Futures Trading Commission as a swap dealer and is a member in good standing of the National Futures Association. Wells Fargo Securities, LLC. and Wells Fargo Bank, N.A. are generally engaged in the trading of futures and derivative products, any of which may be discussed within this publication. Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm which includes, but is not limited to investment banking revenue. The information and opinions herein are for general information use only. Wells Fargo Securities, LLC does not guarantee their accuracy or completeness, nor does Wells Fargo Securities, LLC assume any liability for any loss that may result from the reliance by any person upon any such information or opinions. Such information and opinions are subject to change without notice, are for general information only and are not intended as an offer or solicitation with respect to the purchase or sales of any security or as personalized investment advice. Wells Fargo Securities, LLC is a separate legal entity and distinct from affiliated banks and is a wholly owned subsidiary of Wells Fargo & Company © 2020 Wells Fargo Securities, LLC.

Important Information for Non-U.S. Recipients

For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Conduct Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL, an authorized person under the Act. WFSIL does not deal with retail clients as defined in the Directive 2014/65/EU ("MiFID2"). The FCA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE