



Economics Group

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

Georgia's Economy Adds More Jobs Back in July

Employers added 43,800 jobs across Georgia in July, marking the third consecutive increase. Even with recent gains, nonfarm employment remains 4.1% below its year ago level. The unemployment rate was unchanged.

Georgia's Recovery Moderates As COVID-19 Cases Ratchet Up

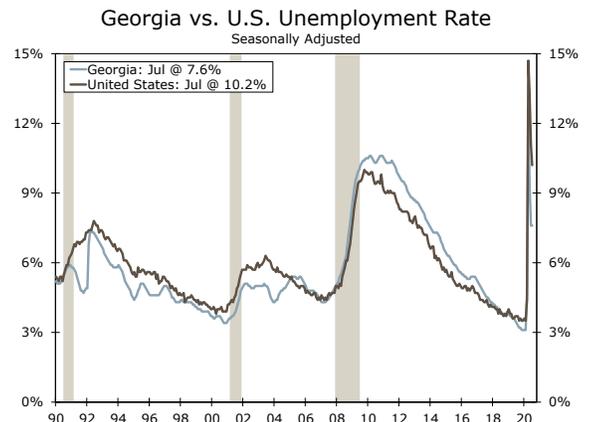
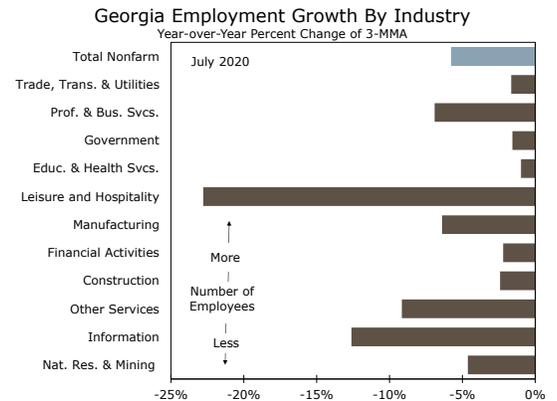
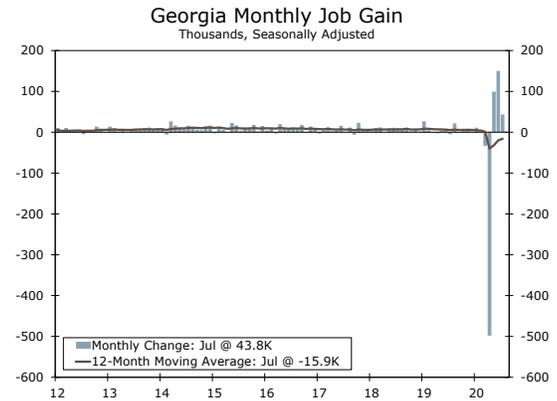
Georgia's economic recovery lost a little momentum during July, as the number of confirmed COVID-19 cases more than quadrupled between mid-June and mid-July. The spike in virus infections caused consumers to pull back from activities that require a great deal of social interaction. Businesses have also grown more cautious, as the timeline for putting COVID-19 behind us appears to have lengthened, even as a number of promising vaccines are progressing through the testing and review process.

While the pace of improvement has slowed, businesses are still only gradually re-opening, which has boosted hiring. Employers added 43,800 jobs in July, with roughly two-thirds of that gain coming from the hard hit leisure and hospitality sector (+16,500) and local governments (+11,700). The leisure and hospitality sector, which includes restaurants, bars, hotels, theme parks and other entertainment venues has accounted for the largest share of job losses since the economy shut down in early March. While hiring has bounced back somewhat in recent months, employment in this sector remains 15.5% below its year-ago level, reflecting a loss of 77,600 jobs. Most of that has been at restaurants. The latest mobility data from Google shows that visits to retail and recreation destinations began to level off in June and showed only modest improvement from the period covered by the July employment report—mid-June to mid-July. Visits to retail and recreation destination have actually weakened over the past month and are currently down 14% from their pre-pandemic level. The restaurant data, however, look slightly better.

The bounce back in local government payrolls appears to be a statistical blip. The abrupt end to in-person instruction at public schools around the state last year meant that many workers employed by school systems lost their jobs last spring rather than in the summer. With fewer layoffs at public schools than usual between mid-June and mid-July, the seasonally adjusted employment data posted a solid increase. The net result is that Georgia's labor market did not improve anywhere near what the headline increase suggests. Private payrolls rose just 0.8% in July, with businesses adding 29,800 jobs, and more than half of that was at restaurants and hotels.

Private education and healthcare also saw employment bounce back in July. Seasonal factors also likely exaggerated the bounce back in private education. Healthcare has legitimately bounced back, as medical and dental practices have re-opened and day care centers and various social services have come back online.

Other areas seeing notable gains during July include professional and business services, nondurable goods manufacturing and other services. Professional and business services picks up gains in Georgia's rapidly growing tech sector, which continues to attract investment from other parts of the country. A large proportion of workers in this sector can work remotely and employment has held up relatively well amidst the pandemic. Hiring in nondurable goods manufacturing likely reflects the recent strength in homebuilding, which is helping drive demand for carpets and other floor coverings. Northwest Georgia has seen a wave of capital projects announced in recent weeks, suggesting growth is likely to continue.



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

