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 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.

Source: U.S. Department of Labor and Wells Fargo Securities