Payrolls Continue to Recover in Texas

Total payrolls rose by 31,400 in July. A jump in government hiring masked a contraction in private payrolls, yet a moderation in COVID-19 case growth should help get hiring back on track. The jobless rate fell to 8.0%.

A Modest Gain for the Lone Star Economy
- Total nonfarm payrolls rose by 31,400 during the month. That said, the gain was flattered by a 43,700 jump in government payrolls. Total private payrolls actually declined by 12,300. The summer surge in COVID-19 cases and disarray in the energy industry likely weighed heavily on hiring. Leisure and hospitality payrolls fell by 210K, while mining/logging (including energy extraction), construction and manufacturing also contracted.

COVID-19 Appears to Be Subsiding
- Professional services (+16.4K) and private education/healthcare and social service (+10.3K) posted sizable gains. The jobless rate fell to 8.0% during July, down from 8.4% in June.
- Private sector payrolls should bounce back. Jobless claims, which spiked during July's survey week, have since trended lower. New COVID-19 cases have begun to subside as well, which should boost economic engagement and help hiring get back on track.

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