

Economy at a Glance

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Construction left out of June's U.S. big jobs advance

June was an excellent month for overall net jobs creation in the U.S., according to the Bureau of Labor Statistics (BLS). Total employment in the nation rose by +850,000 positions.

The construction sector, however, was left out of the bonanza. Staffing among the 'hard hat' contingent contracted by -7,000 jobs. The major plus and minus employment shifts within construction occurred with residential specialty contractors (i.e., sub-contractors), +13,000 jobs; nonresidential specialty contractors, -15,000 jobs; and heavy and civil general contractors, -11,000 jobs.

The U.S. seasonally adjusted (SA) unemployment rate economy-wide now stands at 5.9% compared with 11.1% in June of last year. Not seasonally adjusted (NSA) 'U' is currently 6.1% versus 11.2% a year ago. Construction's NSA unemployment rate is presently 7.5%, whereas it had been 10.1% 12 months ago.

June marks the first month in a while that year-over-year compensation rates in construction weren't markedly different than for all jobs. Throughout last year, the y/y earnings of construction workers trailed 'all jobs' pay checks, sometimes by considerable margins.

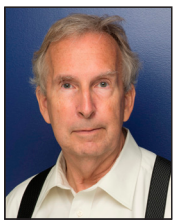
In June, however, while year-over-year 'all jobs' earnings were +3.6% hourly and +3.9% weekly, workers in construction were receiving close to the same, +3.9% hourly and +3.4% weekly.

Where did the big jumps in jobs in June occur? Manufacturing added +15,000; retail trade, +67,000; 'professional and business services', +72,000; education, +39,000; and 'social assistance', +32,000.

Government employment climbed by +188,000, mostly at the local level, +124,000, although the states also signed on more staff, +69,000. The federal government cut personnel, -5,000.

One sector accounted for 40% of total jobs climb

I've left the best news for deep into this report, though. The jobs count in the 'leisure and hospitality' sector in the



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latest month soared by +343,000, accounting for 40% of the nation's +850,000 total jobs expansion.

The 'leisure and hospitality' NSA unemployment rate has corrected to 10.9%, nearly two-thirds lower than June 2020's 28.8%.

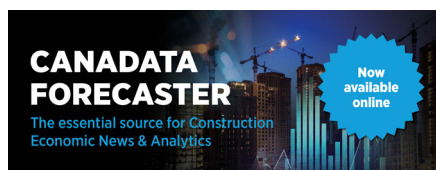
The sector that suffered the most as the result of holds being placed on sporting events, concerts and the like, with stay-at-home directives in place during the pandemic, is back off life support.

The +343,000 jobs figure for 'leisure and hospitality' in June came mainly in 'accommodation and food services', +269,000. In turn, the 'accommodation and food services' employment increase was made up of +75,000 jobs in hotels/motels and +194,000 in bars and restaurants.

Returning to construction to close this article, Table 1 shows the latest (May 2021) put-in-place capital spending figures calculated and published by the Census Bureau.

What's most astonishing is the difference between how residential construction is performing versus nonresidential. The former has generated a +23.4% increase in dollar volume year to date in 2021 compared with January-May of 2020. Nonresidential work, however, has pulled back by -8.6%.

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Table 1: Census Bureau's Latest Put-in-Place Construction Spending Numbers – May 2021

	YTD NSA (Jan-May 21/Jan-May 20)	Y/Y SA (May 21/May 20)	M/M SA (May 21/Apr 21)
Total	4.6%	7.5%	-0.3%
Residential	23.4%	28.2%	0.2%
Nonresidential	-8.6%	-7.1%	-0.7%
Lodging	-27.3%	-23.3%	-2.9%
Office	-12.1%	-8.5%	0.0%
Commercial	-6.3%	-3.1%	-0.6%
Health Care	-2.9%	-1.5%	-0.7%
Educational	-10.9%	-15.1%	-2.0%
Religious	-14.9%	-14.7%	-1.7%
Public Safety	-26.9%	-39.6%	0.9%
Amuse & Recreation	-13.5%	-7.5%	-0.1%
Transportation	-6.6%	-8.7%	0.0%
Communication	-4.0%	-4.7%	-0.5%
Power	-6.9%	-0.7%	-1.5%
Highway/Street	-6.1%	-4.2%	1.4%
Sewage Disposal	2.4%	5.0%	-1.4%
Water Supply	-2.3%	-0.3%	2.1%
Conservation	-18.9%	-19.4%	1.5%
Manufacturing	-5.4%	-3.3%	-2.7%

The difference in the paths being taken by upbeat residential, +23.4% ytd, and backsliding nonresidential, -8.6% ytd, is quite remarkable. Only one nonresidential sub-category has managed a year-to-date gain, 'sewage disposal', +2.4%.

NSA is not seasonally adjusted / SA is seasonally adjusted.

Data source: Census Bureau/Table: ConstructConnect — CanaData.