

ETI Trends

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Economic, Business, Social and Environmental Trends

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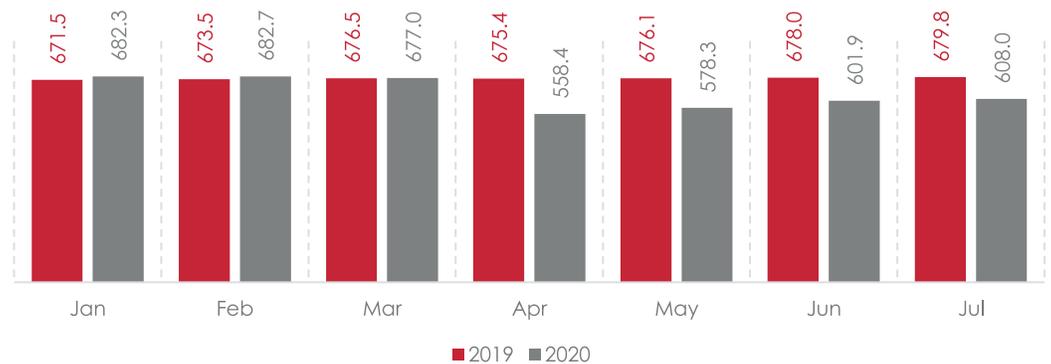
Employment in July

Recently, the BLS numbers for salaried, non-agricultural employment were highlighted in the media. First, it is necessary to establish that the numbers made public were not for total employment but for salaried, non-agricultural employment. This is a major difference. Likewise, the differences in total employment between July, 2019 and July, 2020 don't tell the whole story, so it's useful to segment the impacts by sector. Finally, there is an apparent disconnect between the BLS numbers and the claims for unemployment, which were in excess of 300,000 since late March.

The fact that the initial direct subsidies to individuals (\$600 weekly unemployment supplement and the \$1,200 + \$500 per dependent grant) have now ended, it is reasonable to assume that the retail sector will be impacted. Even if a new CARES package is adopted, its positive effects will not be felt for two or three months. This will obviously impact employment.

The numbers for nonfarm salaried employment made public indicate that private employment increased to 608,000, from 601,900 in June. The increase likely reflects the reopening of commercial activity rather than the creation of new jobs as such. Whether they are sustainable remains to be seen, particularly if the pandemic is not controlled.

Figure 1: Private Nonfarm Employment (2020, th's)



Some highlights of the employment situation are:

- Notwithstanding the increase in July, the positive trend registered after the decrease of 124,300 private jobs in April - with private employment rising by 19,900 and 23,600 in May and June respectively - slowed down sharply to 6,100 jobs. No significant changes to the lower job creation experienced in July as expected in August and September.
- Private salaried employment was below its 2019 level, by 71,800, and from February by 74,700. Overall, private salaried employment in the period January/July 2020 was lower by 48,781 from same period in 2019.
- Net loss of jobs in private salaried employment during March-July was 80,400. The increases in employment from May through July have not been enough to cancel the losses experienced in April.
- Employment in July increased over June in those sectors most affected initially by the pandemic: in retail trade (3,600), leisure and hospitality (1,400), and in professional and business services (1,200). The sectors that registered losses were construction (800), manufacturing (200), and government (10,400) (See Table 1).

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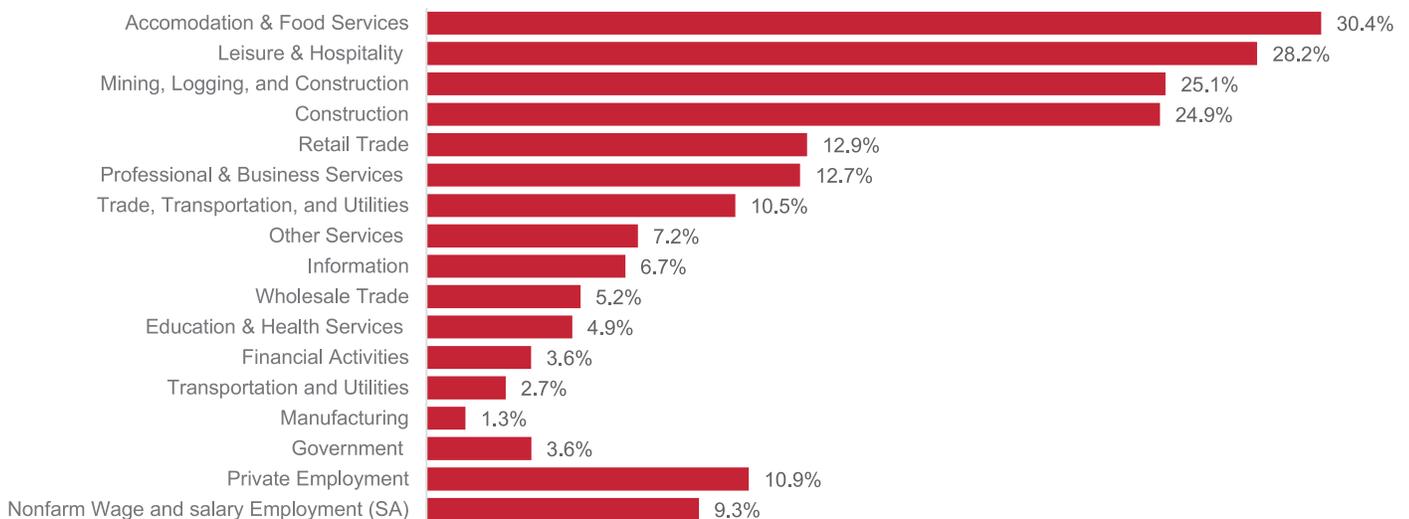
Table 1: Salaried Employment (July 2020, Thousands)

	2019	2020								
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Jul - Feb	Jul - Feb
Nonfarm Wage and salary Employment (SA)	882.2	884.7	885.0	884.9	765.4	780.7	803.1	803.1	-81.900	-9.3%
Mining, Logging, and Construction	26.4	26.6	26.3	25.9	15.2	18.6	20.5	19.7	-6.600	-25.1%
Construction	25.8	26.1	25.7	25.3	14.9	18.2	20.1	19.3	-6.400	-24.9%
Manufacturing	75.3	75.2	75.4	74.9	69.8	72.6	74.6	74.4	-1.000	-1.3%
Trade, Transportation, and Utilities	174.3	174.8	174.6	173.8	132.1	145.9	152.4	156.3	-18.300	-10.5%
Wholesale Trade	30.2	30.5	30.6	30.5	28.0	28.2	28.8	29.0	-1.600	-5.2%
Retail Trade	125.7	125.7	125.4	124.9	86.5	100	105.6	109.2	-16.200	-12.9%
Transportation and Utilities	18.4	18.6	18.6	18.4	17.6	17.7	18.0	18.1	-0.500	-2.7%
Information	16.5	16.5	16.3	16.3	15.6	15.1	15.1	15.2	-1.100	-6.7%
Financial Activities	44.6	45.1	45	44.8	43.6	43.3	43.7	43.4	-1.600	-3.6%
Professional & Business Services (3)	122.9	122.6	123.8	121.1	105.4	104.1	106.9	108.1	-15.700	-12.7%
Education & Health Services (3)	121.7	121.6	121.3	119.9	114.5	113	114.8	115.3	-6.000	-4.9%
Leisure & Hospitality (3)	80.9	81.7	81.9	82.3	46.9	49.1	57.4	58.8	-23.100	-28.2%
Accommodation & Food Services	76.8	77.5	77.7	78	42.9	45.3	52.9	54.1	-23.600	-30.4%
Other Services (3)	18.2	18.2	18.1	18	15.3	16.6	16.5	16.8	-1.300	-7.2%
Government (3)	201.4	202.4	202.3	207.9	207	202.4	201.2	195.1	-7.200	-3.6%
Private Employment	680.8	682.3	682.7	677.0	558.4	578.3	601.9	608.0	-74.700	-10.9%

Source: U.S. Bureau of Labor Statistics. NA - Not Available. Survey was not conducted due to the lockdown. (1) Number of persons, in thousands, seasonally adjusted. (2) In percent, seasonally adjusted. (3) Number of jobs, in thousands, seasonally adjusted. (p) Preliminary. (r) Revised.

- Compared to February, job losses continued to be high in some sectors: 30.4% in the accommodation and food services sectors, construction (25%), and retail trade (13%), among the sectors most affected by the pandemic. In the accommodation sector the percentage was probably much higher when separated from food services.
- When looking at the employment situation, one must not lose sight of the fact that since the onset of the contraction in 2007 and until July 2020, total salaried non-agricultural job losses in Puerto Rico have been 214,165, of which 49,757 correspond to the period January-July 2020. Over 50% of the jobs lost were in the private sector. Given the major loss of population and the economic contraction, regaining the jobs lost since 2007 will take years. (Figure 2).

Figure 2: Job Losses by Industry (July - February 2020)



Source: BLS (2020).