
Transmission of material in this statement is embargoed until
8:30 a.m. (ET) February 5, 2021.

Statement of

William W. Beach
Commissioner
Bureau of Labor Statistics

Friday, February 5, 2021

The unemployment rate fell by 0.4 percentage point to 6.3 percent in January, and nonfarm payroll employment changed little (+49,000). The labor market continued to be impacted by the coronavirus (COVID-19) pandemic and efforts to contain it. Notable job gains in professional and business services and in both public and private education were offset by losses in leisure and hospitality, in retail trade, in health care, and in transportation and warehousing.

Substantial job losses related to the coronavirus pandemic first occurred in March (-1.7 million) and April (-20.7 million) of 2020. As economic activity resumed, employment increased by 12.6 million from May through November but declined again in December (-227,000) following a surge in the number of coronavirus cases. In January, nonfarm employment changed little (+49,000) and was below its February 2020 level by 9.9 million, or 6.5 percent.

The response rate for the establishment survey was slightly below average in January. The rate for the household survey, while slightly below normal due to pandemic-related issues, was much higher than earlier in the pandemic. The impact of the pandemic on the household and establishment surveys is detailed in the January Employment Situation news release and accompanying materials (available on the BLS website at www.bls.gov/news.release/archives/empsit_02052021.htm).

Taking a closer look at the January payroll data, employment in professional and business services increased by 97,000 over the month, led by a gain of 81,000 in temporary help services. Smaller job gains occurred in management and consulting services (+16,000), computer systems design (+11,000), and scientific research services (+10,000). These gains were partially offset by losses in services to buildings and dwellings (-14,000) and in advertising (-6,000). Employment in professional and business services has risen by 1.6 million since a recent low in April but remains 825,000 below its February level.

In January, employment increased in local government education (+49,000), state government education (+36,000), and private education (+34,000). In both public and private education, pandemic-related employment declines in 2020 distorted the normal seasonal buildup and layoff patterns. This

likely contributed to the job gains in January (after seasonal adjustment).

Wholesale trade continued to add jobs in January (+14,000). Since April, employment in the industry has risen by 146,000. However, it is 263,000 lower than it was in February.

In January, mining added 9,000 jobs, mostly in support activities for mining (+8,000). Mining employment is down by 133,000 since a recent peak in January 2019, though employment in the industry showed little change for several months prior to the uptick in January.

Leisure and hospitality lost 61,000 jobs in January, following a large loss of 536,000 jobs in December. Employment in accommodation edged down in January (-18,000). After declining by 402,000 in December, employment in food services and drinking places changed little in January (-19,000). Employment in leisure and hospitality fell by 8.2 million during March and April, increased by 4.9 million from May to November, and then declined by 597,000 over the past 2 months.

In January, retail trade lost 38,000 jobs, following a gain of 135,000 jobs in December. Over the month, job losses occurred in general merchandising stores (-38,000), electronics and appliance stores (-29,000), and nonstore retailers (-15,000). By contrast, employment rose in food and beverage stores (+15,000), clothing and accessories stores (+15,000), and health and

personal care stores (+14,000). Since February, employment in retail trade is down by 383,000.

Health care employment declined by 30,000 over the month. Nursing care facilities (-19,000) and community care facilities for the elderly (-7,000) continued to lose jobs in January. Employment also declined in home health care services (-13,000). Health care employment is 542,000 lower than its February level.

In January, transportation and warehousing lost 28,000 jobs, including a loss of 17,000 in warehousing and storage. Couriers and messengers lost 14,000 jobs in January and 31,000 jobs in December, following an unusually large job gain in November (+72,000). Employment in air transportation increased by 15,000 in January but is down by 105,000 since February.

Employment in manufacturing changed little in January (-10,000), with a decline of 17,000 in durable goods industries. Manufacturing employment has increased by 803,000 since April but is down by 582,000 since February, before the onset of the pandemic.

Construction employment changed little in January (-3,000), after increasing for 8 consecutive months. However, employment in the industry is down by 256,000 since February.

Employment in other major industries--including information, financial activities, and other services--showed little change over the month.

Average weekly hours for all private-sector workers increased by 0.3 hour in January to 35.0 hours. The average workweek for manufacturing increased by 0.3 hour to 40.4 hours.

Average hourly earnings of all employees on private nonfarm payrolls increased by 6 cents to \$29.96 in January, following an increase of 29 cents in December. One should continue to use caution when interpreting changes in average weekly hours and average hourly earnings during the pandemic, as large shifts in the industry composition of employment can complicate monthly comparisons.

Turning to the labor market indicators from the household survey, the unemployment rate fell by 0.4 percentage point to 6.3 percent in January, and the number of unemployed people declined to 10.1 million. Both measures have fallen from their recent peaks in April 2020 but remain well above their February 2020 levels (3.5 percent and 5.7 million, respectively).

Among the major worker groups, the unemployment rates decreased in January for adult men (6.0 percent), adult women (6.0 percent), Whites (5.7 percent), and Hispanics (8.6 percent). The jobless rates for teenagers (14.8 percent), Blacks (9.2 percent), and Asians (6.6 percent) showed little change.

Among the unemployed, the number of people on temporary layoff decreased to 2.7 million in January and is down considerably from the high of 18.0 million in April. At 3.5

million, the number of permanent job losers changed little in January but is up by 2.2 million since February. The number of reentrants--people who previously worked but were not in the labor force prior to beginning their job search--declined to 2.0 million in January.

By duration of unemployment, the number of people searching for work for less than 5 weeks decreased over the month to 2.3 million. The number of people searching for work for 27 weeks or more (often referred to as the long-term unemployed), at 4.0 million, was about unchanged over the month but is up by 2.9 million since February. In January, the long-term unemployed accounted for 39.5 percent of the unemployed.

Both the labor force participation rate and the employment-population ratio changed little over the month, at 61.4 percent and 57.5 percent, respectively. Since February, the participation rate is down by 1.9 percentage points, and the employment-population ratio is down by 3.6 percentage points.

In January, 6.0 million people were working part time for economic reasons (also referred to as involuntary part-time workers), little changed from the previous month. The number of people affected by this type of underemployment is 1.6 million higher than in February.

At 7.0 million, the number of people not in the labor force who currently want a job edged down in January. Among those who

were not in the labor force but wanted a job, the number of people marginally attached to the labor force declined to 1.9 million. (People who are marginally attached to the labor force had not actively looked for work in the 4 weeks prior to the survey but had looked for a job within the last 12 months.) The number of discouraged workers, a subset of the marginally attached who believed that no jobs were available for them, at 624,000, was essentially unchanged over the month.

Since March 2020, household survey interviewers have been instructed to classify employed people absent from work due to temporary, coronavirus-related business closures or cutbacks as unemployed on temporary layoff.

As in previous months, some workers affected by the pandemic who should have been classified as unemployed on temporary layoff in January were instead misclassified as employed but not at work. However, the share of responses that may have been misclassified was considerably smaller in recent months than at the onset of the pandemic.

For March through December, BLS published an estimate of what the unemployment rate would have been had misclassified workers been included among the unemployed. Repeating this same approach, the seasonally adjusted January unemployment rate would have been 0.6 percentage point higher than reported. However, this represents the upper bound of our estimate of

misclassification and probably overstates the size of the misclassification error. Additional information is available on the BLS website at www.bls.gov/covid19/employment-situation-covid19-faq-january-2021.htm.

Looking at supplemental pandemic-related measures from the household survey (these supplemental data are not seasonally adjusted), the share of employed people who teleworked in January because of the coronavirus pandemic edged down to 23.2 percent. These data refer to employed people who teleworked or worked at home for pay at some point in the last 4 weeks specifically because of the pandemic.

In January, the number of people who reported that they had been unable to work because their employer closed or lost business due to the pandemic--that is, they did not work at all or worked fewer hours at some point in the last 4 weeks due to the pandemic--decreased to 14.8 million. Among those who reported in January that they were unable to work because of pandemic-related closures or lost business, 12.7 percent received at least some pay from their employer for the hours not worked, little changed from December.

Among those not in the labor force in January, 4.7 million people were prevented from looking for work due to the pandemic, little changed from December. (To be counted as unemployed, by

definition, individuals must either be actively searching for work or on temporary layoff.)

Following our usual practice, there were routine annual adjustments to the data from our two surveys. The establishment survey data released today reflect the incorporation of annual benchmark revisions. Each year, we re-anchor our sample-based survey estimates to full universe counts of employment, primarily derived from the Quarterly Census of Employment and Wages, which counts jobs covered by the unemployment insurance tax system. Payroll employment for March 2020 was revised downward by 250,000 (on a not seasonally adjusted basis, -121,000 or -0.1 percent). Not seasonally adjusted, the average benchmark revision over the past 10 years was plus or minus 0.2 percent. (Additional information about the benchmark revision and its impact is contained in our news release and on our website at www.bls.gov/web/empst/cesbmart.htm.)

Household survey data for January reflect updated population estimates from the U.S. Census Bureau. Again this year, the impact of the new population controls on the unemployment rate and other ratios was negligible. (Further information can be found in our news release and on our website at www.bls.gov/web/empst/cps-pop-control-adjustments.pdf.)

In summary, the unemployment rate fell to 6.3 percent in January, and total nonfarm payroll employment changed little (+49,000).