

ADP Payroll Data Shows July Slowdown in Hiring

The headline from today's [ADP payroll data](#) is that job growth was weak in July. Businesses added only 167,000 jobs last month. This is considerably lower compared to May and June when businesses added 3.3 and 4.3 million jobs respectively.

Payrolls Increased Slightly in July - A Large Gap Remains



The slowdown in hiring was expected. The economy has clearly slowed since June as the virus resurged, most notably in the Sun Belt and California. Still, forecasters were not expecting job growth to be as low as ADP found.

Silver lining: Digging into the report takes away some of the sting. In June, ADP revised up the job gains by almost 2 million (from 2.4 million to 4.3 million).

Our take: It is likely ADP will revise July's figure, too. But given the general slowdown of the economy, it is unlikely payrolls would see a similarly large upward revision. Even with large job gains in May and June, a large gap of almost 12 million jobs remains compared to February before COVID-19 struck. It will take much longer to fully fill that gap.

Next up: ADP is a leading indicator for the monthly jobs report from the Bureau of Labor Statistics (BLS) that comes out Friday. Last month, the BLS report showed jobs increased 4.8 million in June—double the initial ADP report. Hopefully there is a similarly large positive gap this month, but the economic pullback means July's BLS report will likely fall well short of June's impressive number.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce