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ADP Employment Report, July 2009



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The July ADP employment report showed slightly greater than expected job declines, although job losses were more moderate than in previous months. Revised June figures show slightly fewer job losses than originally reported. The report, the best since last year October, confirms that the peak rate in decline occurred in March 2009 according to ADP. If taken literally, the report suggests we could see continuing improvement in the Bureau of Labor Statistics nonfarm payroll report due on Friday, but the two measures often diverge on a monthly basis.

- ADP data showed a decline of 371,000 private sector jobs in July, compared with a mean forecast for a 350,000 decline. (Fewer than half as many forecasters estimate the ADP jobs figure as estimate the BLS payroll number.) Job losses for June were revised downward from -473,000 to -463,000. Thus, job losses in the previous month were marginally smaller than had been estimated earlier.
- Assuming government payrolls expand by 3,000 (the average monthly increase over the past year), the current ADP report implies an estimated 368,000 decline in total nonfarm payroll employment. This is worse than consensus expectations, but substantially better than the previous month's BLS numbers..

Source: ADP and Macroeconomic Advisers, LLC

The data continue to suggest a gradual moderation in job losses. We expect payroll declines to moderate to about 300,000 per month or fewer in the third quarter and to 100,000 or fewer in the fourth, but the decline should still continue until the end of this year. ■

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