News Release

March 6, 2020

Strong job gains put the labor market on solid footing as COVID-19 impact starts to materialize

Elizabeth Crofoot, Senior Economist, The Conference Board

The US economy added 273,000 jobs in February and the unemployment rate fell slightly to 3.5 percent. Previous months’ employment numbers were revised up significantly, reflecting a strong labor market heading into a period of increased uncertainty around the coronavirus outbreak.

Some of the strongest employment gains were seen in education and health services, leisure and hospitality, construction, and professional and business services—all sectors that could see impacts from a COVID-19 outbreak in the months ahead. While manufacturing employment rebounded, job losses in wholesale and retail trade and transportation and warehousing place these industries in a tenuous position heading into the outbreak.

While it’s too early to see the recent spread of the novel coronavirus to parts of the US reflected in the employment data, consumers could temporarily pull back on spending on restaurants, travel, and public events in the coming months. As revenues decline, we anticipate companies will first freeze hiring or reduce employee hours before resorting to layoffs.

Amid historically tight labor markets, and subsequent challenges around recruitment and retention, we expect employers will be especially hesitant to terminate skilled or recently trained workers. In contrast, lower skilled workers in high turnover industries most affected by COVID-19—such as food services—may be more vulnerable to job losses.

In addition, manufacturing, which was beginning to trend positively after facing slowing global economic growth and trade tensions, may face additional downside risks from disruptions to global supply chains that could negatively impact hours worked and job growth.

In the coming months, while slowing demand associated with the COVID-19 outbreak could temporarily relax further tightening of the labor market, falling revenues and labor hoarding could further squeeze corporate profits. For now, February’s strong job gains put the labor market on solid footing as the economic impact of the unexpected viral outbreak begins to materialize.

About The Conference Board
The Conference Board is the member-driven think tank that delivers trusted insights for what’s ahead. Founded in 1916, we are a non-partisan, not-for-profit entity holding 501 (c) (3) tax-exempt status in the United States. www.conference-board.org.

For more information:
Carol Courter
The Conference Board
(212) 339-0232
courter@conference-board.org