

News Release

April 3, 2020

Only A Taste of What's to Come

Comment on U.S. Bureau of Labor Statistics Employment Situation Report Gad Levanon, Vice President, Labor Markets, The Conference Board

The March jobs report shows a staggering loss of 701,000 jobs, which is one of the biggest monthly losses in history. Unfortunately, this drop reflects just a fraction of the deterioration in labor market conditions during that month. March's jobs report mostly omits developments that took place in the second half of the month. The 10 million people who filed for unemployment benefits in the last two weeks of March were mostly not included in the March unemployment count. The unemployment rate jumped to 4.4 percent in March, a first step toward a 15 percent rate in May.

While the report does not fully capture current labor market conditions, it did provide several interesting nuggets of information:

- Almost 60 percent of the entire job loss came from one industry: Food services and drinking places.
- Some industries that were expected to weather the storm are in fact likely to shed many jobs due to social distancing. For example, 61,000 jobs were lost in the Health care and social assistance sector.
- Average hourly earnings posted a significant jump, but for the wrong reasons. As was the case in the Great Recession, large layoffs of mostly low paid workers raised the average pay.
- The increase in the number of part-time workers for economic reasons, those who preferred a full-time job but had to settle for a part-time one, was larger than the increase in the number of the unemployed. The increase in the unemployment rate would only partly reflect the growth in labor market slack.
- The increase in the unemployment rate was higher for occupations that typically do not require a bachelor's degree, the exact opposite of the pre-Covid-19 trends.

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