

ECONOMIC NEWS

A Loss of 701,000 Jobs Ends a Near 10-Year Growth Streak for the U.S. Job Market

HIGHLIGHTS

- ▶ According to the establishment survey, there were 701,000 net layoffs in March, following a gain of 275,000 jobs in February. It is the worst monthly decline in employment since March 2009.
- ▶ Manufacturing lost 18,000 jobs while the construction industry shed 29,000.
- ▶ Private sector services saw net layoffs of 659,000, the worst performance since data began to be collected. Some 417,400 jobs were lost in the food services sector alone. The rest of the recreation industry experienced a drop of 41,600 jobs. Retailers laid off 46,200 workers, 16,300 of whom worked in clothing stores. The health care and education sector cut 76,000 jobs. There were 52,000 losses in professional services, primarily in temporary employment services.
- ▶ The unemployment rate jumped from 3.5% in February to 4.4% in March, its highest level since August 2017. The household survey posted a loss of 2,987,000 jobs, while the labour force shrank dramatically by 1,633,000 people.

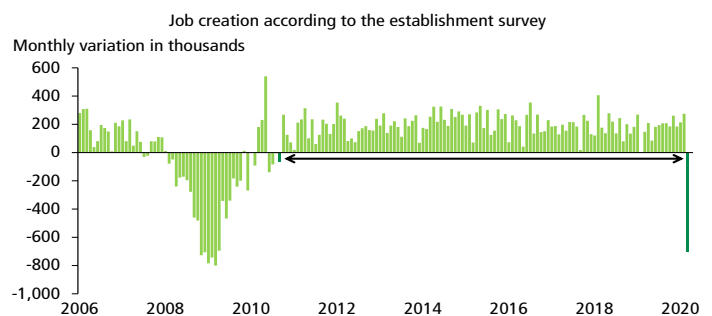
COMMENTS

It's now clear that COVID-19 is taking a painful toll on the job market. The impact was even greater than anticipated for March since the recent surge in new jobless claims occurred after the reference period for the employment survey. The consensus had forecast "only" 100,000 net layoffs.

Unsurprisingly, the recreation sector and, to a larger extent, the food services sector have been the worst hit by the crisis. Public health and isolation measures have resulted in the closure of numerous establishments. The effects are also being felt by retailers and in many other industries. In fact, just 36.0% of the

GRAPH

End of a long uninterrupted string of hires



258 sectors tracked recorded a rise in employment in March, the lowest level since October 2009.

The COVID-19 crisis has therefore ended the longest streak of job growth, with the last net layoffs dating back to September 2010. Some 22,130,000 jobs were created over the period.

IMPLICATIONS

Job losses were higher than anticipated in March, and April may be even more difficult as necessary isolation measures further impact economic activity. We can easily anticipate job losses being much greater in April and the jobless rate climbing to near 10%.

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