

ECONOMIC NEWS

More than 20 Million Jobs Lost in the United States and the Highest Jobless Rate since 1940

HIGHLIGHTS

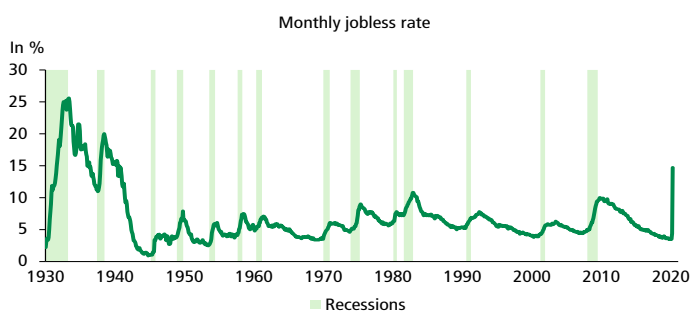
- ▶ The establishment survey shows that there were 20,500,000 net layoffs in April following March's 870,000 (revised from -701,000) jobs lost. This is the worst monthly drop in jobs since monthly figures were first compiled.
- ▶ Manufacturing lost 1,330,000 jobs while the construction industry shed 975,000.
- ▶ There were 17,165,000 net layoffs in private sector services. Some 5,491,400 jobs were lost in the food services sector alone. The rest of the recreation industry experienced a drop of 2,162,000 jobs. Retailing shed 2,106,900 jobs. The health care and education sector cut 2,544,000 jobs. Professional services lost 2,128,000 jobs.
- ▶ The jobless rate surged from 4.4% in March to 14.7% in April, the highest level since October 1940. The household survey posted a loss of 22,369,000 jobs, while the labour force shrank by 6,432,000 people. The participation rate dropped from 62.7% to 60.2%.

COMMENTS

The magnitude of the variations in employment and the jobless rate in April adequately characterizes the extraordinary situation the global economy, and the U.S. economy in particular, is going through right now. In just one month, the United States lost almost all of the 22,744,000 jobs created during the growth cycle of the 2010s. Furthermore, April's layoffs correspond to a 13.5% plunge in employment. A look back shows that, during the recession of 2008–2009, just over 8,700,000 jobs had been lost, dropping 6.3%. Prior to COVID-19, the worst monthly decline historically, i.e., the 800,000 jobs lost in March 2009, represented a decrease of "only" 0.6%. Another fact worth noting is that the proportion of sectors recording an increase in employment fell to 4.8% in April; the lowest rate historically was

GRAPH

A dizzying hike in the jobless rate



Sources: Bureau of Labor Statistics, National Bureau of Economic Research and Desjardins, Economic Studies

15.5% (April 2009). The primary purpose of these comparisons is to understand the impact the public health and lockdown measures are having on economic activity. Contrary to other recessions, job losses didn't increase incrementally; instead, they were casualties of the fight against the coronavirus. There is hope that most of these losses will be recouped in upcoming quarters. In fact, the household survey indicates that, among the jobs lost, 18,063,000 are "temporary layoffs."

IMPLICATIONS

Despite their magnitude, the drop in employment and the rise in the jobless rate are not far from forecasts. The change in jobless claims in recent weeks suggests other net layoffs in May. The situation beyond that will depend not only on how successful the fight against the coronavirus has been, but also on how successful the gradual easing of any lockdown will be.

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