



COVID-19 Impacts on Arkansas' Agricultural and Rural Economies

UPDATE:
***Employment Situation* Report for**
September

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On October 2, the U.S. Department of Labor’s Bureau of Labor Statistics (BLS) released the *Employment Situation* report for September 2020. The report documents the ongoing challenges facing the labor market as a result of the COVID-19 pandemic.

Job gains in September continued at a reasonably firm pace, with 661,000 total nonfarm payroll jobs added during the month. Under normal circumstances, this would be an astronomical rate of job growth. These are not, of course, normal circumstances.

September’s job growth was actually the slowest since the jobs recovery began in May. It was less than half of August’s employment gain of 1.489 million jobs. To be fair, the slowing pace of job recovery was expected: the massive spike in re-employment associated with widespread state re-openings has largely passed. The economy is now back to the mode of trying to manage more incremental growth as consumer behavior slowly inches back toward normal. The 661,000 jobs added was a bit to the low side of pre-report expectations but was not wholly unanticipated by the market.

On balance, unemployment remains fairly high in historic terms. Since May, the economy has added back 11.4 million jobs against the 22.2 million that were lost in March and April. The unemployment rate in September clocked in at 7.9%, edging down from August’s 8.4%. At this point, the unemployment rate is lower than it was coming out of the Great Recession in 2010. Figure 1 shows the unemployment rate (seasonally adjusted) since January 2005.

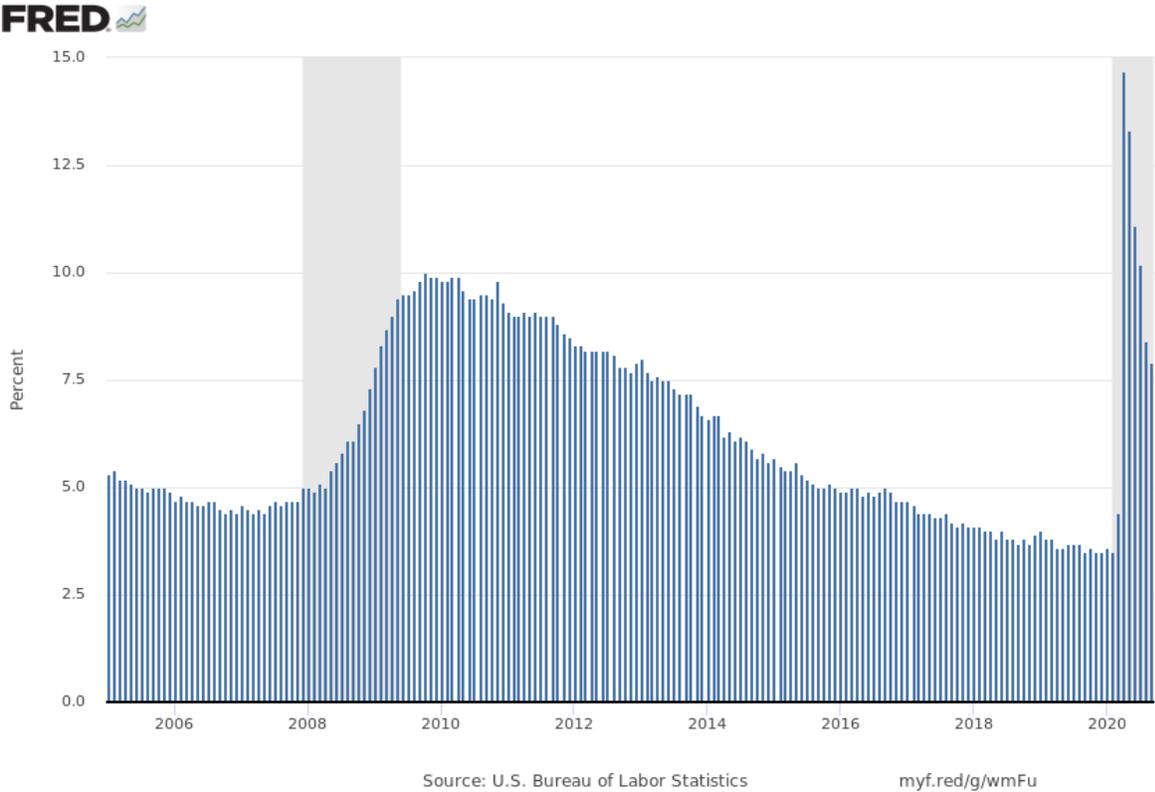


Figure 1. U.S. Unemployment Rate: Monthly, Seasonally Adjusted

The largest gains in employment in the September report were, not surprisingly, in the service-providing sector, reflecting the ongoing recovery in food service and travel- and leisure-related

industries. Total gains in the service-providing category amounted to 784,000 jobs. This compares with gains of 93,000 jobs in the goods-producing sector.

The biggest drag on employment in September was from the public sector. Government jobs declined by 216,000 in September. Much of this was expected by the market, as these losses included the anticipated termination of temporary census workers. These were part of the almost 34,000 federal jobs cut in September. The largest losses, though, were at the local level, with a net of 134,000 local government jobs cut. This included just over 231,000 local government jobs cut in education, partially offset by 96,400 local government jobs added in other areas.

Looking ahead, the job market has quite a bit of remaining ground to recover. As figure 1 shows, we are still quite a ways from the pre-COVID unemployment rate of just 3.5%. The proportion of the population that is working also remains well below pre-COVID levels. Figure 2 show the Employment-Population Ratio (i.e., number of employed persons as a percent of the total population).

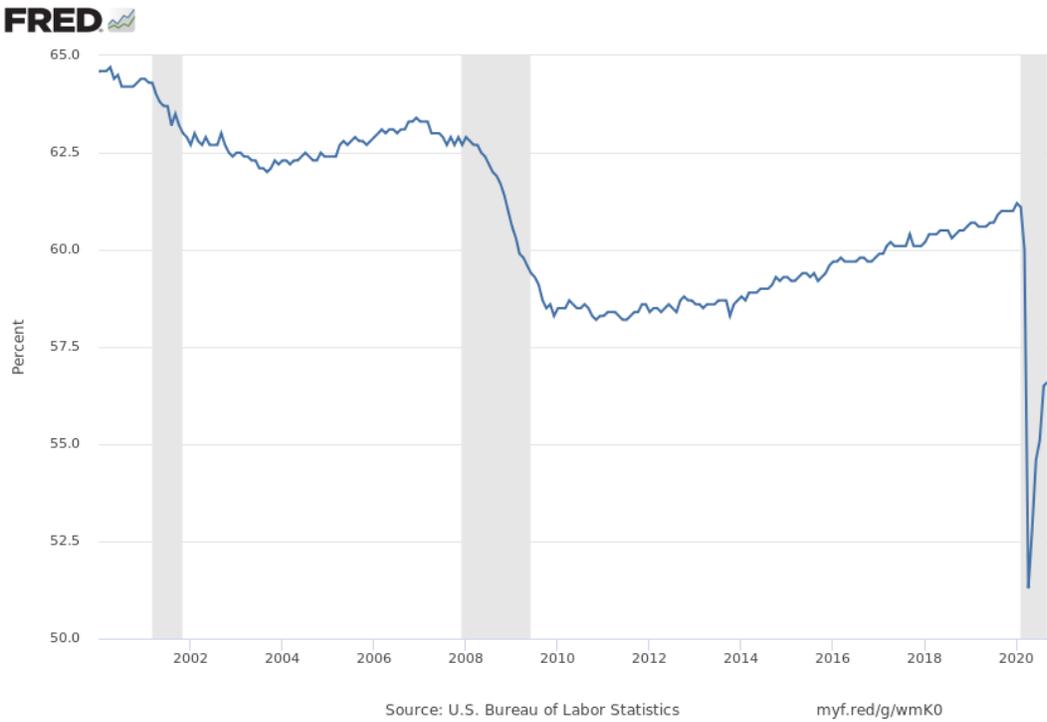


Figure 2. U.S. Employment-Population Ratio: Monthly, Seasonally Adjusted

As this figure shows, the labor market has only recovered about half of COVID-related losses in this metric. As with the unemployment rate, further gains will be harder to come by as the pace of COVID recovery slows. This will likely be the case until consumers regain the confidence to fully resume their normal, pre-COVID patterns of behavior.

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