



COVID-19 Impacts on Arkansas' Agricultural and Rural Economies

UPDATE: **October *Employment Situation* Report**

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October Employment Situation Report

On November 6, the U.S. Department of Labor's Bureau of Labor Statistics (BLS) released the *Employment Situation* report for October 2020. The report documents an important aspect of the ongoing recovery from this year's COVID-related economic shocks: the return to work of millions of displaced and laid-off workers across virtually all sectors of the economy.

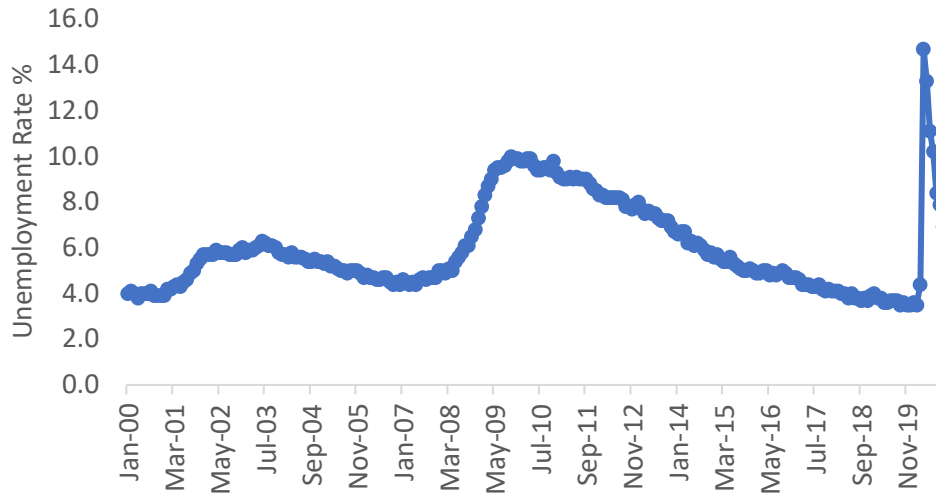
While gains in employment slowed a bit in October compared to the prior month, the pace of gains was better than the market anticipated. Total non-farm payrolls expanded by 638,000 jobs in October, down only slightly from September's 672,000. Actually, gain in total private employment were slightly higher in October than in September, with nearly every major sector posting employment gains. The largest gains were, once again, in the services sector. Employment in this sector grew by 783,000 jobs in October, down from 795,000 in September. Food service jobs increased by almost 200,000 – the largest gain of any individual sector reported by BLS. This confirms the ongoing recovery in this particularly hard-hit sector of the economy; but food service employment remains about 2 million jobs below last year's level.

Job gains in the goods-producing sector were actually higher in October than in either September or August, largely on the strength of gains in the construction sector. Government employment continued to contract in October, declining by 268,000 jobs and partially offsetting the relatively strong growth in private sector jobs. Government employment contracted at every level: federal, state, and local.

Since May, BLS has included a number of supplemental questions in their household survey that provide additional insight into the employment-related impacts of the pandemic. These supplemental data indicate steady improvement in the current employment situation. For example, the number of people who reported being prevented from looking for work by the pandemic fell from 4.5 million in September to 3.6 million in October. Likewise, the number of people who indicated that they had lost work (either lost jobs or lost hours) over past month because their employer had closed or lost business due to the pandemic declined from 19.4 million to 15.1 million.

In terms of the unemployment rate, the report for October was particularly positive. Last month's national unemployment rate was 7.9%, and expectations were for a further decline of just a couple of tenths of a percent. The unemployment rate actually declined by a full percentage point in October and now stands at 6.9%. As figure 1 shows, the unemployment rate remains high relative to its pre-pandemic level (a remarkably low 3.5% in February 2020), but it is down sharply from the post-war record levels posted during the pandemic lockdowns.

The unemployment rate only includes workers who are actively in the labor force (i.e., looking for work). On that point, the labor force participation rate increased by another three-tenths of a percentage point in October, rising from 61.4% to 61.7%. Labor force participation remains well off of pre-pandemic levels: a year ago, the labor force participation rate was 63.3%. Still, to post a relatively sharp drop in the unemployment rate against a modest up-tick in the labor force participation rate should be considered a very positive result.



Data Source: St. Louis Federal Reserve Bank, FRED Economic Data

Figure 1. Monthly Unemployment Rate: January 2000 – October 2020

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