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**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE: November Employment Report**

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**December 7, 2020**

On December 4, the U.S. Bureau of Labor Statistics released the latest monthly *Employment Situation* report, covering employment figures for the month of November. Reports since May have shown employment increasing following the massive pandemic-related layoffs in March and April. The pace of job gains has steadily decreased, however. That trend continued in the most recent report, with non-farm payrolls growing in November, but only by a net of 245,000 new jobs. This compares to non-farm payroll growth in October of 610,000 new jobs. Cumulative growth in payrolls for May through November amounts to 12.3 million jobs, against 22.2 million jobs lost in March and April. Figure 1 shows the monthly change in total non-farm payroll employment.

Data Source: USDA Bureau of Labor Statistics through St. Louis Federal Reserve Bank, FRED Database

**Figure 1.** Monthly Change in Employment: Total Non-Farm Payroll, Seasonally Adjusted

The report fell well short of expectations, with most pre-report analysts looking for job growth in excess of 400,000 new jobs for November. The unemployment rate did continue to edge lower in November, dropping to 6.7%, a decline of two-tenths of a percentage point from the prior month. This was about in line with market expectations, despite the disappointing job growth. The reason the drop in the unemployment rate met expectations when job growth didn’t is that the labor force participation rate also dipped a bit in November. The official unemployment rate – known as U-3 in BLS parlance – is calculated on the basis of active labor force members who are not working: that is, those who are actively looking for work but not finding it. A drop in the number of people actively looking for work results in a drop in the labor force participation rate and (all else equal, as economists like to say) results in a lower unemployment rate.

BLS also reports more comprehensive assessments of unemployment. For example, the calculation of the U-6 unemployment rate includes “all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.” Here, “marginally attached” basically means people who would prefer to be working but are not actively looking for a job – sometimes referred to as discouraged workers. In November, U-6 ticked down by one-tenth of a percentage point based on November’s modest job gains, hitting 12.0%. For comparison, U-6 topped out in April at 22.8%. In general, during and subsequent to pandemic-related shutdowns, U-6 has responded more-or-less proportionally to the official U-3 unemployment rate. This suggests that workers have not generally become discouraged to the point of dropping out of the workforce in large numbers. The relatively small change in workforce participation in November does not reverse that trend, but it is an issue that will bear watching in coming months.

In terms of employment categories, private employment increased in November by 344,000 jobs. This was partially offset by a decline of 99,000 government jobs. Private sector gains in employment were relatively widespread, but there was one particularly notable exception. The retail trade sector posted a decline of 34,700 jobs in November.

Keep in mind that these data are seasonally-adjusted and so reflect deviations from normal seasonal expectations. Normally, November would witness a significant surge in retail sector jobs as that sector staffs up for the Christmas season. This month’s data suggest that retailers are not staffing up at the normal rate. Whether this means they are anticipating a disappointing sales season or just less in-person traffic is not clear. It is perhaps telling, though, that the transportation and warehousing sector added 145,000 jobs in November, over twice the rate of hiring from the prior month and by far the largest November gain in that sector going back to the beginning of that data set in 1972. This underscores the significant change in consumer shopping patterns that have resulted from the pandemic and suggests that these changes will carry though the Christmas shopping season – and, most likely, well beyond.

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