

U.S. April Jobs Report Was Full of Records -- the Bad Kind

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Reade Pickert



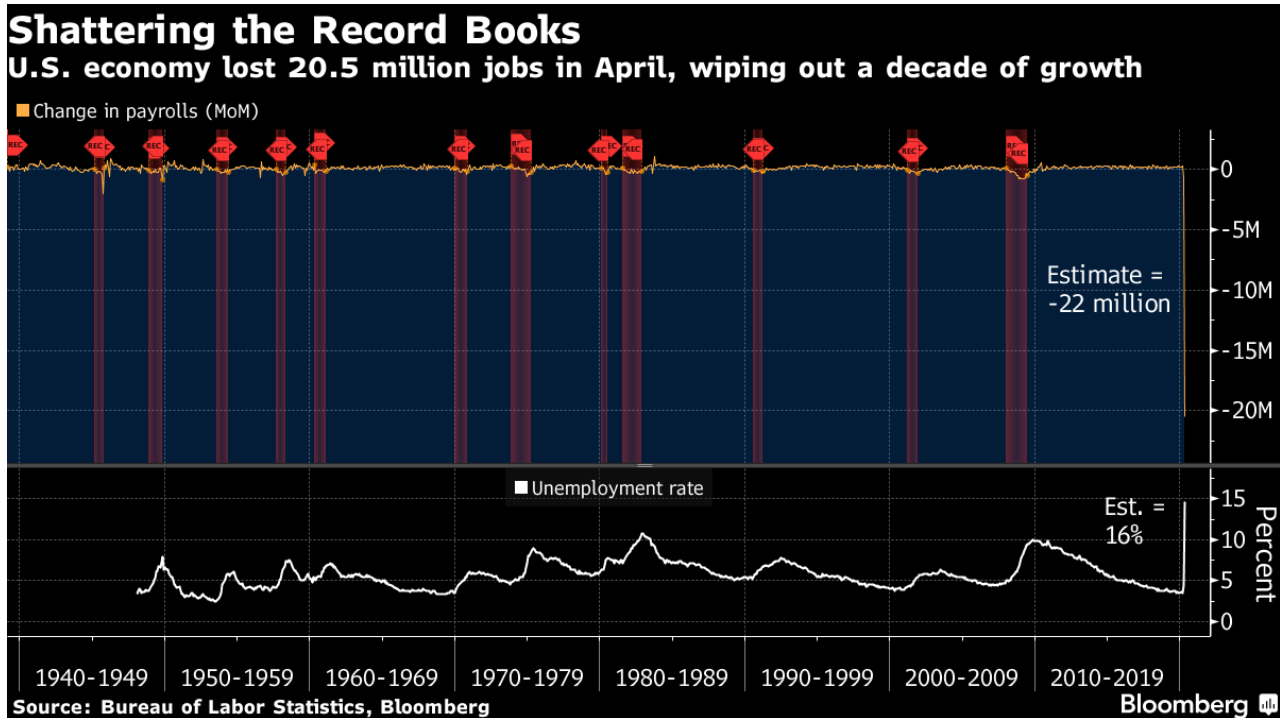
A pedestrian wearing a protective mask passes a closed store in Chicago, Illinois, on May 7.

Photographer: Christopher Dilts/Bloomberg

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The April jobs report was one for the record books -- for all the worst reasons.

Employers in the U.S. shed 20.5 million jobs, 10 times the previous record decline in 1945, when the nation demobilized as World War II ended. The unemployment rate jumped to 14.7%, the highest in government records dating back to the 1940s. [Data](#) from the National Bureau of Economic Research show it's the worst since the Great Depression era.



But the records don't end there:

Industry Plunges

Employment in a number of industries plunged by the most ever. Payrolls in leisure and hospitality, which includes the restaurant and hotel workers who have been hit particularly hard by the shutdowns, slumped by a record 7.7 million, or 46.8%. Retail trade, professional and business services, transportation and warehousing, education and health services, and government also suffered unprecedented declines in employment.

Enormous Losses

Job losses spanned industries, often dropping by record amounts

Source: U.S. Labor Department

Underemployment Rate

The underemployment rate, technically known as the U-6 rate, soared to an all-time high of 22.8% in data back to 1994, reflecting the scores of people who quit looking for a job because they're discouraged about their prospects and those working part-time but desiring a full workweek.

The Unraveling

More working part-time for economic reasons boosts broadest U.S. jobless rate

■ U-6 unemployment rate (SA)



Average Hourly Earnings

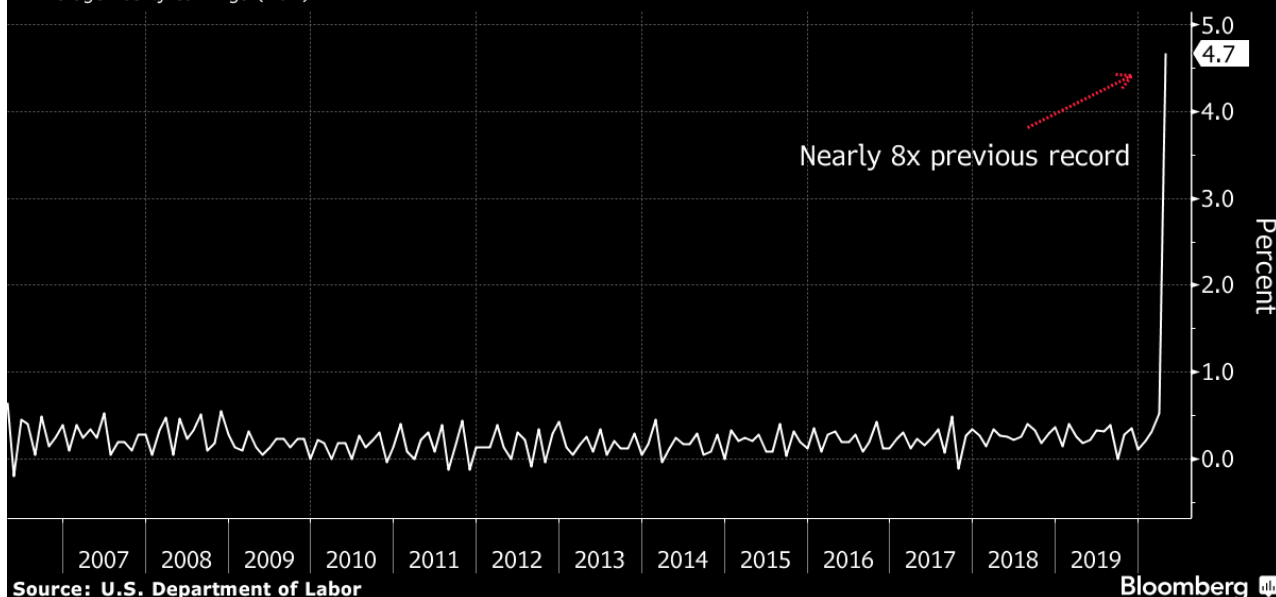
Average hourly earnings jumped 4.7% from the prior month, dwarfing the previous record gain of 0.6%, according to data back to 2006. However, the number is deceptive. The figure is calculated by dividing total payroll by total hours worked, but changes in the composition of jobs included in the calculation can impact the figure. That's what happened in April.

Since job losses were particularly extreme within low-wage industries such as leisure and hospitality, a greater share of workers were thus employed in higher-paying sectors last month, skewing the figure upward.

Math Problem

Average hourly earnings soared amid huge job losses in low-wage sectors

■ Average hourly earnings (MoM)



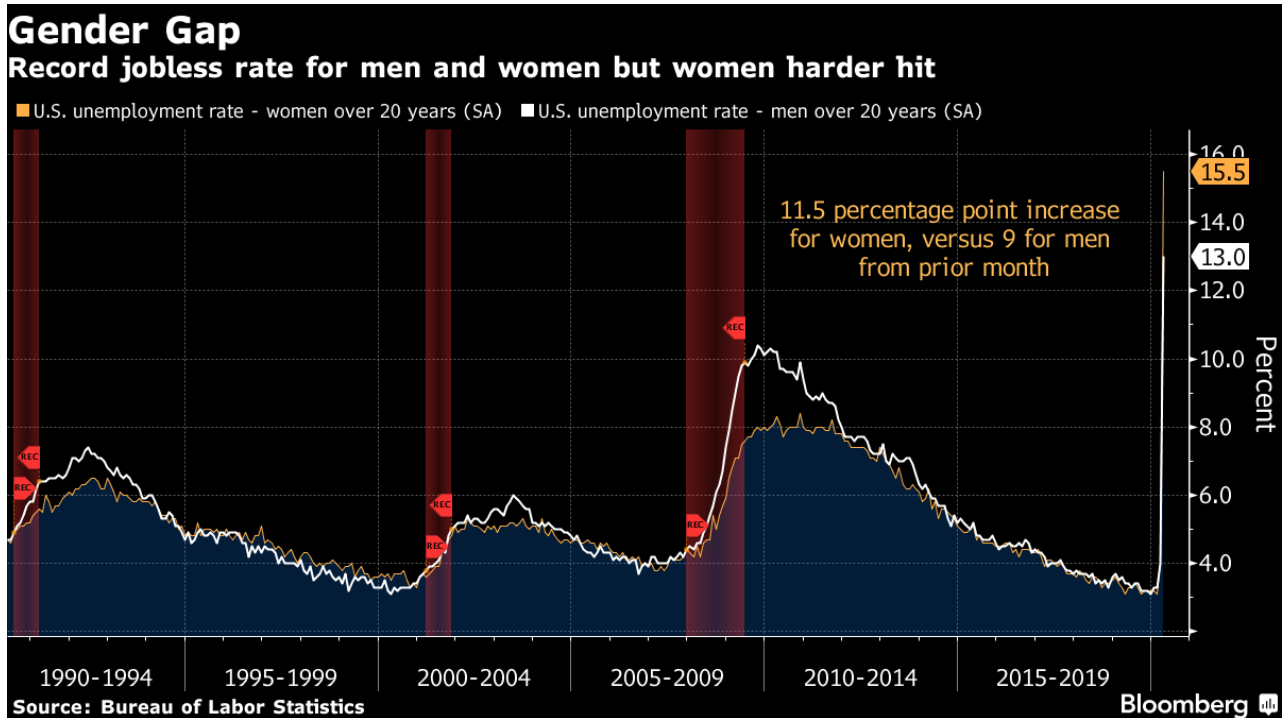
Hispanic and Latino Workers

The unemployment rate for Hispanics and Latinos also surged to a record 18.9%. While the jobless rate for whites also hit an all-time high of 14.2%, minority workers -- including blacks and Asians -- registered higher unemployment rates than their white counterparts.



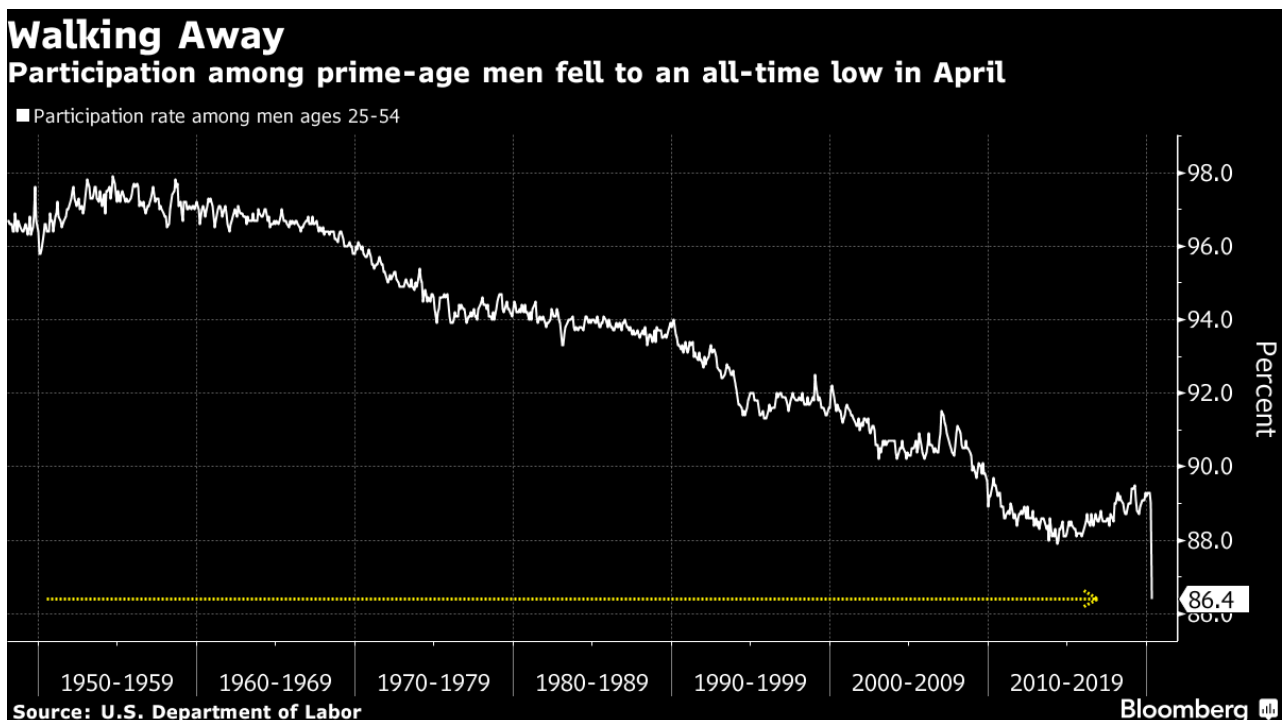
Women

The unemployment rates for adult women and men also hit all-time highs in April at 15.5% and 13%, respectively. The difference in rates, however, is the widest in records back to 1948, a disparity explained in part by the types of jobs that were cut. Service-sector jobs like restaurants, hotels, retail and health care are traditionally dominated by women.



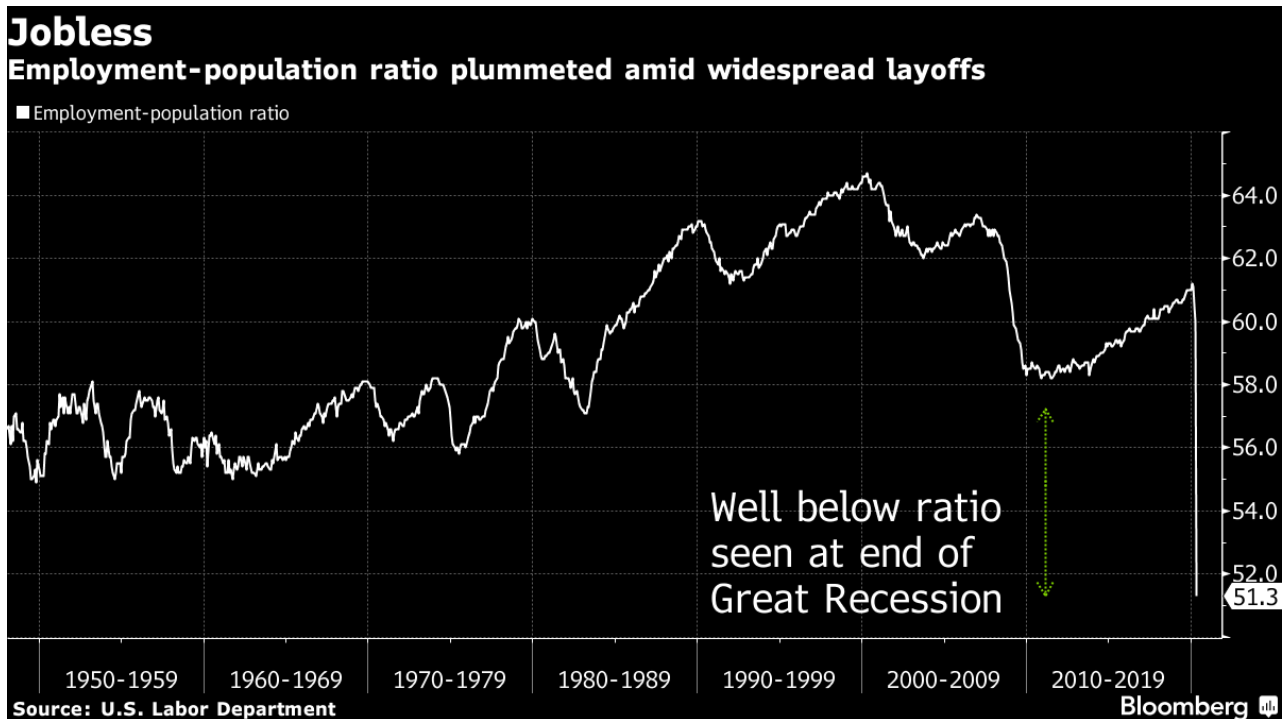
Prime-Age Participation

Even as the unemployment rate soared, the prime-age men and women who dropped out of the labor force went uncounted in that figure. The participation rate among men ages 25 to 54 fell to a record low of 86.4% from 89%, while the rate among women in the same age group dropped by the most on record, as the prime-age workforce declined by 3.36 million people.



Employment-Population Ratio

The employment-population ratio, which represents the number of employed as a share of the civilian non-institutional population, also dropped by the most ever to an all-time low of 51.3%. Because this number is looking at those employed as a share of the population instead of the labor force, it also reflects people who dropped out of the labor force as a result of the pandemic.



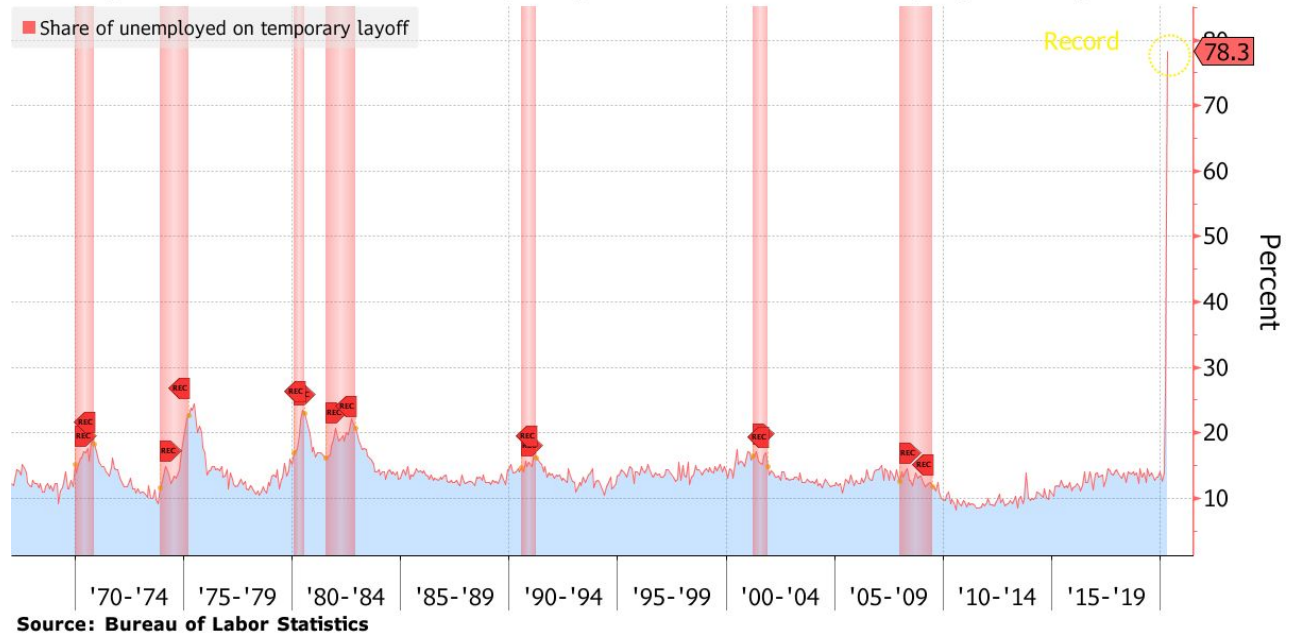
Temporary Layoff

The share of unemployed people on temporary layoff soared to 78.3%, the highest ever, from 26.5% a month earlier. That means furloughed workers accounted for about four out of every five unemployed Americans, and that most of the job losses so far aren't permanent.

The more workers remain attached to their employers, the greater chance they will return to their jobs when the nation reopens. If workers can do that instead of having to go through the process of looking for a new job -- or possibly needing to retrain -- the labor market has the potential to recover faster.

Workers in the Wings

Furloughed U.S. workers made up large share of total unemployed in April



— With assistance by Vince Golle, and Sophie Caronello