

US employers hire 1.4M in August as unemployment rate falls sharply

Economists surveyed by Refinitiv expected the report to show that unemployment dropped to 9.8%

The U.S. economy added 1.4 million jobs in August as the unemployment rate unexpectedly tumbled, indicating the nation's labor market is continuing a slow but steady recovery from the coronavirus pandemic.

The Labor Department's payroll report released Friday showed the jobless rate fell sharply to 8.4%, down from 10.2% in June and a peak of 14.7% in April. It marks the first time since March that unemployment has been below 10%.

Economists surveyed by Refinitiv expected the report to show that unemployment dropped to 9.8% and the economy added 1.4 million jobs. It's well below the combined 7.5 million jobs added in May and June before hiring cooled in July, with growth of just 1.9 million positions.

TRUMP'S UNEMPLOYMENT BENEFIT MAY ONLY LAST 3 WEEKS

"We are still moving in the right direction and the pace of the jobs recovery seems to have picked up, but it still looks like it will take a while – and likely a vaccine – before we get back close to where we were at the beginning of this year," said Tony Bedikian, head of global markets at Citizens Bank. "We continue to be optimistic that the economy has turned a corner and that we'll continue to see steady progress."

Still, joblessness remains historically high. The unemployment rate sat at 3.5% in February, a half-century low, before the crisis began.

Government hiring helped boost the figure, with employment increasing by 344,000 in August — accounting for one-fourth of the total gains. The increase stemmed largely from the federal government's addition of 238,000 temporary Census workers. Despite fears about budget shortfalls, local governments hired 95,000 employees last month.

Other notable gains came from retail, which added 249,000 new jobs, and

professional and business services, which brought on 197,000 workers. Leisure and hospitality, the hardest-hit sector during the pandemic, filled 174,000 positions, a majority of which stemmed from bars and restaurants.

JOB GROWTH OVER NEXT DECADE EXPECTED TO BE SLOWER THAN AFTER 2008 CRISIS

Education and health services jobs jumped by 147,000, and transportation rose by 78,000. Financial activities increased by 36,000, manufacturing rose by 29,000 and wholesale trade was up by 14,000.

The number of Americans on furlough also plunged: 24.2 million people who said they not working because their employer either closed or lost business as a result of COVID-19, down from 31.3 million in July.

Over the past four months, the economy has added back about half of the 22 million jobs it lost during the pandemic, data show. There are still 11.5 million more out-of-work Americans than in February.

WASHINGTON IMPASSE ON CORONAVIRUS RELIEF THREATENS US ECONOMY

The report comes amid a month-long deadlock between White House officials and Democratic leaders over another round of emergency relief for workers and businesses. Economists said the better-than-expected report should not reduce the urgency in Congress to approve more aid.

“With the national unemployment rate still elevated, and with New York and Los Angeles recently suffering through jobless rates above 16%, the urgency of passing another round of federal relief legislation hasn’t lifted in Washington,” said Mark Hamrick, a Bankrate.com senior economic analyst. “While some elected officials may be focused on the election now 60 days away, their responsibility to serve the broader part of the American people hasn’t been excused.”

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