

News Release

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May's Job Report Beat Expectations, Reflecting Reopening of Economy

**Comment on U.S. Bureau of Labor Statistics Employment Situation Report
Gad Levanon, Head of the Labor Markets Institute, The Conference Board**

May's job report was much more positive than expectations. Employment increased by 2.5 million, and the unemployment rate dropped to 13.3 percent from 14.7 in April. The unemployment rate does not fully reflect the size of the labor market slack, as many workers experienced a significant cut in weekly hours, and many of those who lost jobs have left the labor market all together.

The increase in the number of jobs simply reflects the opening of the economies in many states. Just to put things in perspective, the number of jobs in the US is still almost 20 million below the February level.

The increase in employment was across most industries, with the most notable exception being the government. The number of jobs in government dropped by 585,000 in May after a 963,000 drop in April. The decline in tax revenue in state and local governments is forcing them to shed workers.

The number of jobs is likely to sharply grow further in the next 2-3 months as states continue to relax social distancing restrictions. The big question is how willing consumers will be to spend on consumption categories that pose a contagion risk. They will probably spend less on categories that both pose a high contagion risk and could more easily be avoided for a while, such as entertainment and flights. A full recovery in employment is unlikely to occur in the next 12 months.

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