According to United States Department of Labor May Jobs Report, for the month of April, the unemployment rate (u-3) increased to 14.7 percent, while the “underemployment” rate (u-6) rose to 22.8 percent.

Although extremely high, 18 million of 23 million (or 78%) unemployed individuals reported that they are on “temporary layoff”.

Shaded areas indicate U.S. recessions
Source: U.S. Bureau of Labor Statistics
fred.stlouisfed.org
It is important to note that the unemployment rates could be higher, given that the Department of Labor (DOL) collects employment numbers up to the middle of each month. Also, there may have been some confusion by DOL interviewers who determine which workers are deemed unemployed. According to the DOL, “if the workers who were recorded as employed but absent from work due to other reasons? (over and above the number absent for other reasons in a typical April) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been almost 5 percentage points higher than reported.

Therefore, accounting for these factors many economists believe that the real unemployment rate could have climbed to over 20%.

Nonfarm payroll employment fell by 20.5 million, and employment fell sharply in all major industry sectors, with a particularly large decline in the leisure and hospitality sector.

Manufacturing employment fell by 1.3 million in April, with durable goods component, at -914,000, accounting for about two-thirds of the decline.

Specifically, within durable goods, large decreases occurred in motor vehicles and parts (-382,000), fabricated metal products (-109,000), and machinery (-80,000). Employment in nondurable goods industries decreased by 416,000, including declines in food manufacturing (-86,000), printing and related support activities (-79,000), and plastics and rubber products (-66,000).

Employment fell in transportation and warehousing in April (-584,000). Of the total, production and nonsupervisory workers (a good measure for rank and file workers) within this industry comprise the majority of the job loss at -566,100.

Transit and ground passenger transportation and air transportation lost 185,000 jobs and 141,000 jobs, respectively.
May 2020 Jobs Report – Employment & Unemployment

CANADA - LABOUR FORCE SURVEY, APRIL 2020

The unemployment rate in Canada rose to 13 percent in April 2020 from 7.8 percent in the previous month.

The April unemployment rate would be 17.8 percent, when adjusted to reflect those who were not counted as unemployed for reasons specific to the COVID-19 economic shutdown. The economy shed more than 1.99 million jobs due to both full-time work \((-1472\ thousand)\) and part-time employment \((-521.9\ thousand)\).

Employment in the manufacturing sector declined by -267.1 thousand jobs or 15.7 percent from March 2020. Employment in transportation in equipment, machinery and fabricated metal products decreased the most since February, hinting at bottlenecks in the supply chain and lower demand for some products while employment in food manufacturing was relatively stable.

Source: Organization for Economic Co-operation and Development
fred.stlouisfed.org
May 2020 Jobs Report – Employment & Unemployment

U.S. UNEMPLOYMENT RATE WITH 24 MONTH FORECAST

As expected, the unemployment rates rose dramatically both in the United States and Canada. Many forecasters believe that standard unemployment rate (U-3) will remain high (15% or higher in the U.S., for example) for the next several months. By the late fall or early winter, unemployment is expected to fall at a steady rate.

FIGURE 4

Source: IAMAW Strategic Resources Department analysis of the US BLS data

Forecast for U-6 unemployment rates shows that at its peak (May 2020 data), the rate surpasses April 2020 levels but decreases in the subsequent months.

FIGURE 5

Source: IAMAW Strategic Resources Department analysis of the US BLS data