



Written by [Bob Adelman](#) on November 6, 2020

Labor Department: October Job Gains Exceed Expectations Once Again

Hard on the heels of [Wednesday's report from ADP](#) showing the economy adding more than 400,000 jobs in October came [the announcement from the U.S. Labor Department](#): Job gains were closer to 640,000. Economists surveyed by Dow Jones were expecting just 530,000 new jobs in October.

When considering that this reflected the layoff of some 147,000 government census workers in October, the economy's rebound last month was, in one economist's words, "amazing." Michael Arone, chief investment strategist at State Street Global Advisors, said:



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The strength of this report is really amazing in the face of rising coronavirus cases. You would have expected that to start to show up in the data, particularly in places like leisure and hospitality, where the numbers are incredibly strong.

Indeed, according to the Bureau of Labor Statistics (BLS), employment in the leisure and hospitality sector increased by 271,000 in October, with gains in food services and drinking places of 192,000; in arts, entertainment, and recreation of 44,000; and accommodations of 34,000.

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Professional and business services added 208,000 jobs; retail trade added 104,000 jobs; construction added 84,000 jobs; healthcare added 79,000 jobs; transportation and warehousing added 63,000 jobs; manufacturing employment rose by 38,000 jobs; financial services grew by 31,000 jobs; and gains in finance, insurance, and real estate added another 27,000 jobs.

The robust recovery is also driving up the labor participation rate and dropping the unemployment rate an eye-popping one percent in a single month, to 6.9 percent. In April, the unemployment rate was nearly 15 percent.

For both ADP and the BLS, this is the sixth straight month of job growth. And it's likely to continue. Consumer and business owners' sentiment improved in September, which showed up in improved retail sales. Housing starts continue to climb, while the Federal Reserve declared that economic activity "continued to increase in all districts" tracked by the central bank.

So strong is the recovery that forecasters, who have consistently underestimated the strength of the rebound, will shortly be revising their year-over-year forecasts as well. Many initially suggested that for the full year the U.S. economy would shrink by between five and seven percent. Those estimates have been revised upward to a decline of three percent.



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Now, with these “amazing” new numbers it’s increasingly likely that the economy will be flat for the year, if not actually showing a small gain in output for the year.

That would truly be “amazing,” considering how much the economy declined in response to the COVID-inspired shutdowns.

Related article:

[ADP: More Than 400,000 New Jobs Created in October](#)



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