



Written by [Bob Adelman](#) on June 5, 2020

May's Jobs Report Shows Strong Economic Recovery Underway

[The jobs report](#) released by the Bureau of Labor Statistics (BLS) on Friday morning greatly exceeded forecasters' expectations. Most were expecting a loss of 8 million jobs in May. Instead the economy, now clearly rebounding, generated 2.5 million new jobs.

And the unemployment rate, widely expected to approach 20 percent, dropped to 13.3 percent.

The BLS's commentary was much more muted: "These improvements in the labor market reflected a limited resumption of economic activity that had been curtailed in March and April due to the coronavirus pandemic and [government] efforts to contain it."

The good news continued. Employment rose all across the board: Gains in employment were in leisure and hospitality, in construction, in education and in health services. Even better, employment in government "continued to drop sharply", according to the press release.

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Digging still deeper, in May the number of unemployed for less than five weeks dropped by more than 10 million. In manufacturing, forecasters predicted job losses of 440,000 in May. Instead that sector generated 225,000 new jobs, a swing (in one month) of more than 650,000 jobs.

Further, the number of people who usually work full-time increased by 2.2 million to 116.5 million, while those who usually work part-time rose by 1.6 million, to 20.7 million. And the number of those not in the labor force but wanting to work dropped by nearly a million.

Finally, the average work week actually increased in May by nearly a full hour, while overtime hours worked increased slightly as well.

The rebound was unexpected, as many commentators in the mainstream media were predicting much worse numbers. They suggested that, with the increase in unemployment benefits, many would stay home because it paid better than going to work. The report also put the lie to claims that the recovery would be very slow, with some suggesting a flat recovery through the end of the year.

Oil prices have jumped as well, recovering from just \$12 a barrel in late April for West Texas Intermediate (WTI) to \$39 a barrel following the release of the jobs report. With many developers showing breakeven on their most productive wells at \$20 a barrel or less, they are now poised for their own rebound. And that rebound is enhanced by reports that the OPEC+ agreement to keep 10 million barrels of oil off the world markets for at least another month bodes well for the recovery in the U.S. oil patch as well.





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In all, today's job's report was great news for those who expected the U.S. economy to rebound sharply from the government-imposed shutdown, and an embarrassment to those who were predicting a slow and spotty recovery.

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