U.S. Economy Continues To Recover

The U.S. economy continues to recover but the pace is slow and uneven. Some sectors have recovered over half of the jobs lost in the initial downturn; others have barely made a dent. Mining, which includes oil and gas, continues to contract. The same holds true for workers. While employment has rebounded to near pre-COVID-19 levels for high-wage, high-skill workers, they remain significantly lower for low-wage, low-skill workers. As of late July, employment rates for workers in the bottom wage quartile were down 11.1 percent. Rates for the middle age quartile were down 5.0 percent, and the top quartiles, 1.3 percent, according to Harvard University's Opportunity Insights Tracker. Employers added 661,000 jobs in September. That's well above the 200,000 per month average of the past 10 years. But job gains have begun to taper off, a worrisome sign that the recovery may stall. The nation remains 10.7 million jobs short of its pre-COVID level. In a recent *Wall Street Journal* survey, more than half the economists polled said they didn't expect the labor market to claw back the jobs lost until '23 or later. That's slower than economists forecasted six months ago. Initial claims for unemployment insurance (UI) remain stubbornly high, a sign that layoffs persist. In September, UI claims averaged 867,000 per week, an improvement from the August average of 1.0 million but still well above the darkest days of the Great Recession. Five months into the recovery, the layoffs many hoped would be temporary are now appearing to be permanent. The number of long-term unemployed (those jobless for 27 weeks or more) increased by 781,000 to 2.4 million in September. That's almost double the 1.3 million long-term unemployed in September of last year.

Industrial production, the combined output of all factories, mines and utilities in the U.S., rose just 0.4 percent in August, compared to a 3.5 percent increase in July and 6.5 percent in June, according to the Board of Governors of the Federal Reserve System. New orders for durable goods—products designed to last at least three years—rose 0.4 percent in August, compared with a 6.5 percent gain in July and 6.4 percent in June, according to the U.S. Census Bureau. The Institute for Supply Management's index of activity in the service sector registered 54.9 in September, down from 60.5 in August. A reading above 50 indicates that activity is increasing, while a reading below points to a decline. Total personal income—what households receive from salaries, investments and government aid—fell $543.5 billion (2.7 percent) in August, according to the U.S. Bureau of Economic Analysis (BEA). The bureau estimates that consumer spending rose 1.0 percent in August, down from 1.5 percent in July and 6.5 percent in June. The BEA also shows retail sales, a subset of consumer spending, rose 0.1 percent in August, compared to 0.5 percent in July and 6.9 percent in June. U.S. gross domestic product (GDP) fell 31.4 percent in Q2, according to the BEA. The bureau won't release Q3 estimates until the end of October, but the consensus among *The Wall Street Journal* economists is that GDP grew 28.5 percent in Q3. However, over the past few months the panel has revised downward its expectations for growth in Q4. The National Association for Business Economics conducts a similar outlook survey. In its latest report, 38 percent of respondents expect U.S. GDP to return to pre-pandemic in the second half of '21, 32 percent expect it to reach that level in the first half of '22, and 30 percent

believe GDP won't fully recover until the second half of '22 or later. This outlook is less optimistic for several reasons. Most federal pandemic assistance programs have wound down. It's unlikely that Congress will pass any new stimulus package prior to the November presidential elections. The benefit from store and restaurant re-openings has subsided. And both consumers and investors worry about a possible second wave of COVID infections.

Several indicators, however, counter the slower recovery narrative. The Institute for Supply Management's index of manufacturing activity registered 55.4 in September, notching a fifth consecutive month of growth. Existing home sales continued to climb in August, marking three consecutive months of gains, according to the National Association of Realtors. Single-family new home sales climbed 4.8 percent to a 1.0 million seasonally adjusted annual rate. That's the highest rate since 2006 and marked the fourth consecutive month of increasing sales, according to the National Association of Homebuilders. In September, vehicles sales hit a 16.3 million seasonally adjusted annual rate (SAAR), the first time sales have topped 16 million units since February, according to the National Automobile Dealers Association. U.S. consumer confidence posted its biggest gain in 17 years, according to The Conference Board. The University of Michigan's consumer sentiment index jumped from 74.1 in August to 78.9 in September, its highest point in six months. The index sits roughly 22 points from its pre-pandemic high.

Houston's Recovery Remains Uneven

Metro Houston added 5,300 jobs in August, according to the Texas Workforce Commission. In a booming economy, Houston might add 10,000 to 15,000 jobs in August. In a weak economy, between 3,000 and 5,000. Like the U.S. recovery, Houston's recovery remains uneven and appears to be slowing. Employment in the finance and insurance sector is higher now than prior to the pandemic. Record home sales, the surge in mortgage refinancing, and banks being inundated with Payroll Protection Plan applications has helped drive job growth. Administrative and support services has benefited from the need to clean workplaces more frequently and sanitize them afterwards. The hiring of temporary workers during the early stages of reopening has also created new jobs. Unable to spend on "experiences," (*i.e.,* movies, travel, performing arts,) consumers are spending more on "things," (*i.e.,* home improvements, furnishings). National data shows that sales of furniture, building materials, sports equipment, outdoor gear and groceries were up in August of this year compared to August of last year. Governor Greg Abbott's Executive Order allowing stores, malls and shops to reopen at 75 percent of their pre-COVID capacity has helped support retail's recovery. Professional, scientific and technical services includes accounting, engineering, IT consulting, law, marketing and public relations. Much of this work can performed remotely, so job losses were minimal during the pandemic. This may be the next sector to return to pre-COVID employment levels. Governor Abbott's orders reopening the Texas economy, plus consumers growing more comfortable dining out, has helped restaurants recoup over half the jobs lost in the March-April shutdown. This sector should see additional gains as a recent order by Governor Abbot allows bars to reopen at 50 percent of capacity, pending approval of the judges for the county in which they operate. However, the gains are likely to be minor as several Houston-area

judges have delayed or decided to withhold their approval. Health care and social assistance reported healthy job gains in May, June and July but saw losses in August. It's unclear what caused the reversal. A possible explanation could be additional daycare closures, a subsector of social services.
The other services sector includes personal care (barber shops, hair salons, nail salons), repair services (vehicles, appliances) and religious organizations. The sector has also benefited from Governor Abbott's orders allowing shops and salons to reopen. Arts, entertainment and recreation recouped jobs early in the summer but began to shed them as vacation season ended, summer camps shut down, and families shifted their focus from outdoor activities to school. Leasing activity has been either flat or down across all sectors of commercial real estate. A drop in both construction starts and oil and gas exploration has reduced the need for heavy equipment rentals. As a result, the sector struggles to recoup jobs lost early in the pandemic. Accommodations (*i.e.*, hotel/motels) continues to suffer from the lack of business travel. An uptick in leisure/weekend travel has not been enough to offset that loss. Employment will remain well below pre-COVID levels until corporate travel resumes. Educational services, which includes private education, tutoring and testing services, received a boost to employment from school re-openings. Job growth should pick up as the academic year progresses. Though single- and multi-family construction continues at a brisk pace, public works and heavy industrial projects has waned. Projects booked prior to the pandemic have kept many firms busy. As they work off their backlogs, additional layoffs are likely. The transportation and warehousing sector has yet to benefit from the reopening of the economy. Layoffs in aviation will continue if Congress can't reach an agreement on additional assistance for the industry. Improving container traffic at the ports of Houston will offset only a fraction of aviation's losses. Without an increase in oil exploration or associated manufacturing activity, wholesale trade and the jobs it supports will be slow to recover. Job losses in the government sector added 300 jobs in August. This small gain would have been a significant loss if not for the hiring of temporary employees to assist with the *2020 Census*. These jobs will disappear over the next three months. However, the pending loss will be more than offset by an increase in public education jobs as school districts and colleges ramp up for the fall semester. Nearly all the losses in manufacturing can be attributed to the downturn in oil and gas. Low oil prices, weak demand, and the collapse in drilling activity has forced the energy industry to restructure. The sector has lost 15,300 jobs, one in every five, since the beginning of the pandemic. Those losses are likely to continue.

How long before Houston recovers? There's no simple answer. Some sectors, like homebuilding, weren't affected by the pandemic. For others, like retail, the pandemic accelerated trends already underway. Consumers have grown increasingly dependent on shopping for their goods online. Retail employment may never return to its pre-pandemic level. Nor will energy rescue Houston as it did after the Great Recession. A shale drilling boom in the Eagle Ford drove job growth, office construction, retail sales and home building. Demand for crude remains weak. Oil prices are stuck below break-even costs for new wells. The credit markets, disenchanted with the low returns of the past six years, are reluctant to lend to the industry. And consumer and legislative actions mitigating climate change have forced firms to re-think their business models. Traditional energy will more likely be a drag than a catalyst on the economy. Increases in foreign trade will mitigate some of energy's decline. Despite anti-globalization rhetoric, many countries would struggle without imports of U.S. chemicals, plastics, and

industrial machinery. Houston has begun to gain traction with firms geared toward software, technology, innovation and alternative energy sources. However, significant contributions to Houston job growth are still a few years away. Bottom line, Houston's recovery will be closely linked to the U.S. recovery. As the nation's health improves, so will Houston's. The nation has endured three recessions over the past 30 years ('90-'91, '01-'02 and '08-'09). With each succeeding recession, the job losses have sunk deeper and the recovery taken longer than the previous. GDP, industrial production, retail sales and aggregate personal income will recover before employment. They always do. If it takes two to five years for the nation to recoup all jobs lost in the COVID pandemic, Houston should be prepared to follow the same course.

Jobless Claims in Texas Decline

Job growth this fall may be an indicator of what the recovery will look like as businesses across the state are allowed to increase capacity and holiday hiring begins. First time unemployment claims fell to 49,644 in Texas in the week ended September 12th, a drop of 15,647 from the previous week's number. This is the lowest number of claims since March, the beginning of the pandemic, and comes after consecutive weeks of rising claims. Nationally, first-time unemployment claims were at 860,000, a drop of 33,000 from the previous week. That number represents a modest downshift in the national claims because the previous week's numbers were stagnant. Claims hit a peak of 6.9 million in late March as the economy shut down to try to slow the spread of coronavirus. "It shows an improving labor market, but not a healthy labor market," said Patrick Jankowski, the Greater Houston Partnership's lead economist. Weekly state unemployment claims usually fall between 12,000 to 14,000 in a healthy economy, Jankowski said, though he acknowledged the latest number were an improvement from April, when there were about 315,000 first-time claims. It is possible fewer claims could be filed as more businesses reopen in the wake of Gov. Greg Abbott's announcement that businesses can increase capacities in regions where COVID hospitalizations are less than 15 percent of total hospitalizations. As a result of the order, businesses such as restaurants, retail stores, libraries and gyms will be able to increase their capacity to 75 percent from 50 percent.
The true test will be in the fall, Jankowski said. Generally, the economy experiences job growth in September, October and November in the run-up to the holidays. The number of claims then will indicate whether the Houston economy will continue to slowly inch its way to recovery. Public-facing businesses such as airlines, bars and restaurants, and retailers continue to struggle. The accommodation and food services industry reported about 200,000 fewer jobs this July than the year previous. About 4,400 claims were filed from former accommodation and food service employees in the week ending Sept. 5.

Jobless Rates in Northeast, West Are Highest in Nation

Large states in the Northeast and West logged some of the highest unemployment rates in the nation in August, while many of their Southern and Midwestern neighbors saw lower rates of joblessness despite significant coronavirus outbreaks over the summer. The jobless rate in more than half of states was below the national average of

8.4% in August, according to a Labor Department report. Many of those states—including Arizona, South Carolina and Texas—recorded a surge in new coronavirus cases during the summer, according to data compiled by Johns Hopkins University. Utah and South Dakota have seen recorded cases of Covid-19 move higher in recent weeks. Unemployment rates in regions across the nation moved down this summer after peaking in April, when the coronavirus first triggered widespread lockdowns across the nation. Still, jobless rates remained particularly high, on average, in the Northeast and West, and clocked in above 10% in 10 states in the U.S. In the Northeast, earlier virus outbreaks prompted businesses to close and consumers to take greater precautions. Last month, New York had an unemployment rate of 12.5%, Pennsylvania recorded an unemployment rate of 10.3% and New Jersey's unemployment rate was 10.9%. Adam Kamins, an economist with Moody's Analytics, said unemployment rates improved noticeably in the region, particularly in New York and Massachusetts. While the recession in those states is probably over, he said, "Once you're a state that's been particularly hard-hit, those effects linger economically." In a recent Brooklyn Chamber of Commerce survey, half of businesses reported revenues were down more than 50% compared with a year ago. "They just don't have the customer base and support. They're just not going to hire as many people," said Randy Peers, president of the Brooklyn Chamber of Commerce. "That's a concern, clearly." Still, many areas of pent-up demand were unleashed after some restrictions on New York businesses were lifted, Mr. Peers said. For instance, when barber shops and nail salons were allowed to reopen, demand for those services was strong, Mr. Peers said. Consumers flocked to outdoor dining once restaurants began filling up sidewalks and streets with tables, he added. New York's reopening helped pull down its unemployment rate to 12.5% from a pandemic high of 15.9% in July. Massachusetts, another Northeastern state, experienced the largest monthly drop in its jobless rate of any state last month. Unemployment rates are influenced by a range of factors that go well beyond the current rate of reported Covid-19 infections, said Aneta Markowska, chief financial economist at the investment bank Jefferies LLC. She said some of the states with the highest unemployment rates in August were Nevada, Hawaii and New York—all places that rely heavily on tourism. Population density is another factor that appears to be affecting state unemployment rates, Ms. Markowska said. "As people flee large cities, demand for services is declining further in those areas," she said, keeping unemployment levels up in places like New York City. States with large, higher-density cities, including California and Illinois, experienced elevated levels of unemployment in August. The jobless rate in both those states remained in the double digits last month.

The unemployment rate reflects the number of people who don't have jobs but are actively seeking employment, compared with the size of the state's labor force. It doesn't directly capture the number of people who have dropped out of the labor force because they aren't seeking work or are unable to work during the period the survey is conducted. For some states, a decline in unemployment rates was driven by people dropping out of the labor force. That was the case in Arizona, where the jobless rate fell to 5.9%, mostly because fewer people reported that they were actively looking for work.

"Unfortunately, that kind of decline in the unemployment rate does not signal an improvement in our labor market," said George Hammond, an economist at the University of Arizona. "In fact, it suggests that the state is still really struggling with the economic fallout from the pandemic." Some states' persistently high unemployment rates can be explained largely by their reliance on tourism and hospitality. Nevada,

whose economy is primarily centered around the casino business in Las Vegas, posted a 13.2% unemployment rate. Hawaii, which requires all out of state travelers to self-quarantine for 14 days after they arrive, recorded a jobless rate of 12.5% in August.
In Florida, where the unemployment rate fell 4 percentage points to 7.4%.

Oil Layoffs May Be Lost for Years

The U.S. oil and gas industry has lost 107,000 jobs during the coronavirus pandemic, and most may take years to return, according to a new report. The pandemic, which throttled demand for crude and petroleum products such as gasoline and jet fuel, led to the fastest rise in layoffs in the industry's history. About 107,000 oil, gas and petrochemical workers — or about 7 percent of the 1.5 million employed in the industry nationally — were laid off from March through August, according to a new report published this week by global consulting firm Deloitte. Texas, the nation's top oil-producing state, has borne the brunt of the industry's layoffs. Drilling and oilfield services companies operating in Texas employed 162,350 workers in June, about half of the 297,100 workers at the peak of employment in December 2014, according to the Texas Alliance of Energy Producers.
"Such large-scale layoffs, coupled with the heightening cyclically in employment, are challenging the industry's reputation as a reliable employer," Deloitte said in the report.
The oil and gas industry faces a long recovery over the next year and a half, Deloitte said, while crude prices could remain depressed for years as growing concerns about climate change push countries and companies to shift to renewable energy. This so called energy transition means jobs lost during the current oil bust will take longer to return — and some may never come back. Even if crude prices claw their way back to $45 per barrel, Deloitte estimates that 70 percent of oil and gas jobs lost during the pandemic may not return by the end of 2021. If crude falls to $35 a barrel, 97 percent of jobs may not return by the end of next year. In an optimistic scenario in which oil prices jump to pre-pandemic levels of $55 a barrel, a third of the jobs lost may not return next year.
After two oil busts in five years, the oil and gas industry will be challenged in its recruiting efforts to replace an aging workforce in the coming decades. The median age of oil and gas workers is 44, according to Deloitte. The report comes as oil and gas companies are laying off thousands of employees in the face of low oil prices and a weakening outlook for fossil fuel demand amid increasing climate change actions. Chevron this month plans to lay off 700 workers in Houston, and more layoffs are expected as a result of the California oil giant's acquisition of Houston based Noble Energy. Chevron this year announced plans to lay off 6,000 workers globally by the end of the year. Shell last month said it plans to cut up to 9,000 jobs over the next two years. BP plans to lay off 10,000 workers globally by the end of the year, and Exxon is undertaking a country-by- country review that may result in layoffs.

Two-Thirds Of Metros Shed Construction Jobs

Construction employment decreased in 241, or 67 percent, out of 358 metro areas between August 2019 and August 2020, according to an analysis of new government

data that the Associated General Contractors of America released today. Association officials urged Congress to pass new coronavirus relief measures before leaving town.
"Although residential construction is picking up in many areas, public and nonresidential construction are shrinking," said Ken Simonson, the association's chief economist. "Project cancellations are spreading, and fewer new projects are starting up. That combination makes further employment declines inevitable unless the federal government steps up support for infrastructure." Simonson noted that construction employment was stagnant in 29 metro areas and increased in only 88 areas (25 percent) over the past 12 months. Nineteen metros had all-time lows for August construction employment, while 33 areas had record highs for August, in data going back to 1990 for most areas. Houston-The Woodlands-Sugar Land, Texas lost the most construction jobs over 12 months (-22,800 jobs, -10 percent), followed by New York City (-21,700 jobs, -13 percent). Brockton-Bridgewater-Easton, Mass. had the largest percentage decline (-38 percent, -2,200 jobs), followed by Johnstown, Pa. (-34 percent, -1,000 jobs). Indianapolis-Carmel-Anderson, Ind. added the most construction jobs from August 2019 to August 2020 (4,800 jobs, 9 percent), followed by Baltimore-Columbia-Towson, Md. (4,300 jobs, 5 percent). Niles-Benton Harbor, Mich. had the highest percentage increase (16 percent, 400 jobs), followed by Fond du Lac, Wisc. (15 percent, 500 jobs) and Walla Walla, Wash. (15 percent, 100 jobs). Association officials urged Congressional leaders to not leave town until after the election without passing much-needed new coronavirus relief measures. In particular, the construction officials called on Congress to pass new liability protections for firms that are taking steps to protect workers from the coronavirus. They also urged Congressional leaders to boost investments in infrastructure and pass measures designed to preserve payrolls. "The coronavirus and efforts to mitigate its spread have left our economy deeply wounded, depressing demand for many types of commercial construction projects," said Stephen E. Sandherr, the association's chief executive officer. "Congress can end the downward economic slide and help create needed new construction jobs by passing measures to boost demand and protect honest employers."

Rate of Growth Slowed Again, but U.S. Added 661,000 Jobs in September

Job growth slowed further in September, as fading government support and the failure to contain the coronavirus threatened to short-circuit the once promising economic recovery. Employers brought back 661,000 jobs in September, the U.S. Labor Department said Friday. That's down from1.5 million in August and far below the 4.8 million jobs added in June. The unemployment rate fell to 7.9 percent, in part because nearly 700,000 people left the labor force. The monthly report, the last before the presidential election, is the latest sign that the recovery is losing steam. Government data released Thursday showed personal income fell in August and that consumer spending grew more slowly as supplemental unemployment benefits expired. Companies including Disney, Allstate and two major airlines recently announced large job cuts. "It's disturbing that we're seeing such a dramatic slowdown in employment gains as we head into the fall," said Diane Swonk, chief economist for the accounting firm Grant Thornton. "This is a red flag. We need aid now." Even with the recent slowdown, the economy has done better than many forecasters expected in the spring. It has regained just over half of the more than 22 million jobs lost in March and April, and the unemployment rate has fallen sharply since it reached a record high of

nearly 15 percent in April. But those early gains largely were a result of businesses' reopening and bringing back workers. By now, most businesses that can reopen have done so. A growing number of businesses are deciding to make permanent job cuts, or to shut down. The number of people reporting they had lost their jobs permanently, as opposed to being on temporary furlough, rose in September. Economists warn permanent losses could worsen if Congress doesn't provide more aid to households and businesses to replace the programs that expired over the summer. Prospects for a "Phase 4" spending package improved this week after appearing all but dead in September, but Democrats and Republicans in Washington have yet to reach a deal. If they don't, the recovery could slow further in October, said Aneta Markowska, chief economist for the investment bank Jefferies. "Everything depends on Phase 4 and whether we get that or not," she said. "There's no middle ground."

WSJ Survey: 43% of Economists Don't See U.S. Gaining Back Lost Jobs Until 2023

The U.S. labor market faces a protracted recovery amid the continued spread of the coronavirus and uncertainty over prospects for another stimulus package and the outcome of the presidential election, according to a new Wall Street Journal survey of economists. More than half of business and academic economists polled this month said they didn't expect the labor market to claw back until 2023 or later all the jobs lost as a result of coronavirus-related shutdowns. That is a slower timeline than economists predicted six months ago. Hiring gains slowed sharply heading into the fall as more layoffs turned permanent, adding to signs that the economy faces a long slog to fully recover from the coronavirus pandemic. "The slowing momentum in the labor market bodes poorly for the broader recovery and points to increasing scarring effects from the crisis," said Gregory Daco, chief U.S. economist at Oxford Economics. The U.S. had nearly 11 million fewer jobs in September than it did in February. Nearly 4 million of the jobs lost since the start of the pandemic were in the leisure and hospitality sector, according to the Labor Department. Economists say recovery in travel and hospitality has been slower than expected earlier in the pandemic because of continued high coronavirus infection rates. "The damage to service-sector employment will be long lasting, and many will face long durations of unemployment that will delay the return to February 2020 levels," said Joseph Brusuelas, chief economist at RSM US. Six months ago, in The Wall Street Journal's April survey of economists, more than half of respondents expected job losses to hit a trough in the second quarter of 2020. That proved to be the case: The labor market shed a seasonally adjusted 13.3 million jobs in the second quarter, the steepest quarterly decline in records dating to 1939. Economists in the April survey expected that on average, payrolls would recover to their February 2020 level in just over two years, by the third quarter of 2022. In this month's survey, just over a third of economists, 34.7%, broadly stuck with that timeline and said payrolls would recover in 2022. A larger share, 42.9%, now see the labor market recovering in 2023, and another 12.2% expect it will take even longer—with 2% expecting it will take until 2030. Economists in this month's survey cited a number of reasons for a slower labor-market recovery, notably a potential worsening of the Covid-19 crisis as the flu season approaches with no coronavirus vaccine, a lack of fresh fiscal stimulus measures and uncertainty surrounding the election. "If we get more aid and stimulus, we could mitigate virus-related losses and have a stronger recovery. If not, all bets are off and downside risks dominate," said Diane Swonk, chief economist at Grant

Thornton. Survey respondents this month viewed the coming presidential election as more fraught with uncertainty than usual. Eighty percent of economists said the current election process is introducing more uncertainty into financial markets compared with presidential elections of recent decades. Nearly three-quarters of economists, 73.2%, said it was creating more uncertainty than usual for the economy.

September 2020 Job Cut Total Is 186% Higher Than September 2019

Job cuts announced by U.S.-based employers jumped to 118,804 in September, up 2.6% from August's total of 115,762, according to a report released by global outplacement and business and executive coaching firm Challenger, Gray & Christmas, Inc. September's total is 186% higher than the 41,557 job cuts announced in September 2019. Last month's job cuts bring the yearly total so far to 2,082,262, up 348% from the 464,869 cuts at this time last year. The current year-to-date total already surpasses the record highest annual total – 1,956,876 cuts announced in 2001 – by 125,386 cuts. Challenger began tracking job cut announcements in January 1993. "We are setting new records for job cuts even though things have improved since the earliest days of the pandemic," said Andrew Challenger, Senior Vice President of Challenger, Gray & Christmas, Inc. "These are uncertain times for everyone, as many states are experiencing an uptick in the number of COVID-19 cases. It is clear we still have a long way to go before many industries can return to normal." Year to date, the reason cited for the most announced cuts is COVID-19, which has caused 1,091,923 cuts in 2020. In September, market conditions caused 45,213 of the announced cuts, followed by 33,713 job cuts due to demand downturn, and 11,562 cuts due to restructuring. COVID-19 is the reason for 8,529 cuts last month. The third quarter of 2020 saw 497,215 job cuts, down 59.8% from the 1,238,364 cuts announced in the second quarter. It is 271% higher than the 133,882 cuts announced in the third quarter of last year. After the second quarter of this year, it is the highest quarterly total since Q1 2019, when 562,510 job cuts were announced. The majority of cuts continue to come from Entertainment/Leisure companies, including bars, restaurants, hotels, and amusement parks, which announced 32,099 cuts in September, an 86% increase over the industry's 17,271 cuts announced in August, and a 2,691% increase over the 1,150 Entertainment/Leisure cuts tracked in September 2019. So far this year, these companies have announced 831,150 cuts, a 7,553% increase over the 10,861 cuts announced in the sector through September 2019. Aerospace/Defense announced the second-highest number of job cuts in September, with 18,971, bringing the year-to-date total to 74,867. That is 1,158% higher than the 5,953 cuts announced in that sector through the third quarter of last year. The Transportation sector followed with 16,628 cuts for the month, bringing the sector total through September to 148,199, 517% higher than the 24,034 announced through the same period in 2019. "We are beginning to see cuts spread to sectors outside Entertainment and Retail. Especially if another relief package fails to pass, employers are going to enter the fourth quarter hesitant to invest or spend," said Challenger. Retailers have announced the second-highest number of job cuts this year, with 176,976, 171% higher than the 65,358 cuts announced through the same period last year. But the Retail Industry also led in announced hiring plans in September, with 326,887 jobs, bringing the year-to-date total for the sector to 936,403 hires. Retailers so far have announced 378,200 seasonal hires. "Traditional retailers have faced unprecedented challenges because of COVID-19. With high unemployment and a

dwindling government stimulus, it is difficult to predict what the demands of the holiday season will be," said Challenger. "However, while retail sales in the second quarter were lower than a year earlier, online shopping has surged during the pandemic. Retailers with solid online infrastructures are bracing for high demand," he added. The Entertainment/Leisure industry announced 279,543 hiring plans in September. McDonald's announced 260,000 new jobs, as it plans to reopen more restaurants and increase capacity.

U.S. Unemployment Claims Remain Elevated Above 800,000

U.S. unemployment claims remained elevated above pre-pandemic highs the week of September 27th, as layoffs persist and the labor-market recovery flashes signs of slowdown. Unemployment claims fell slightly to 840,000. Weekly jobless claims are down sharply from a peak of near 7 million in March but have clocked in between 800,000 and 900,000 for more than a month. Claims remain above the pre-pandemic peak of 695,000 and are higher than in any previous recession for records tracing back to 1967. The number of people collecting unemployment benefits through regular state programs, which cover most workers, fell to 11 million in the week ended Sept. 26 from 12 million the prior week, according to the Labor Department. So called continuing claims declined throughout the summer, indicating many unemployed people are returning to work as the recovery continues. But some of the recent declines in continuing claims represent individuals who have exhausted the maximum duration of payments available through regular state programs and are now collecting money through a federal program that provides an extra 13 weeks of benefits. About two million people were receiving aid through this extended benefits program in the week ended Sept. 19, up from 1.8 million a week earlier. "It's more of the same, but it's also still jaw-dropping that we have that many new claims even now as we're six, seven months into this whole recession and recovery," said Eliza Forsythe, an economics professor at the University of Illinois. Large corporations announced job cuts last week, including American Airlines Group Inc., United Airlines Holdings Inc. and Walt Disney Co. Many of those workers will likely seek unemployment benefits in the coming weeks, but aren't yet reflected in the most recent claims data. The data was complicated by California pausing the processing of new claims for two weeks. The state will use this time to clear a backlog of unemployment filings and implement fraud prevention technology, the Labor Department said. As a result, this week's jobless claims report reflects California's level during the last week before the pause, the federal agency said. The labor market and economy more broadly appear to be slowing. Monthly job gains and job postings have cooled, and more layoffs are becoming permanent. Household income fell at the end of summer because of a drop in federal supplements to jobless benefits, and consumer spending is also growing more slowly. A federally funded extra $600 in weekly unemployment benefits expired at the end of July, and President Trump signed an executive order in August to fund an additional $300 in weekly benefits. States were authorized to tap $44 billion in disaster-relief funds to pay up to six weeks in supplemental benefits from the week ended Aug. 1. The White House and Congress continue to be at odds on how to provide a new round of economic stimulus. Mr. Trump earlier in the week halted negotiations with Democrats on a large coronavirus relief package until after the election. Mr. Trump has since said lawmakers should pass a series of bills, including airline assistance and funds

for direct checks and a small-business aid program, rather than one larger package. Millions of workers are receiving jobless benefits through a federal pandemic program for the self-employed, gig workers and others not typically eligible for unemployment aid. In the week ended Sept. 19, there were 11.4 million individuals seeking benefits through this program. Many economists are skeptical about the accuracy of the pandemic claims figures, though. The pandemic unemployment program has been subject to fraud, as it is more difficult for state labor departments to verify incomes of self-employed people and gig workers than regular employees.

Leaders Sound Out On How To Keep Employees Engaged

As the pandemic stretches on, high-ranking leaders are confronting how best to keep their people from burning out while propelling their businesses forward. Several executives who spoke at The Wall Street Journal CEO Council Summit, including Microsoft CEO Satya Nadella and co-founder Bill Gates, said wise leaders need to prepare for change and help workers stay engaged. "You've now got to make every part of an organization and every person's mind adapted to the idea that you're going to have to be constantly adjusting," said retired Army Gen. Stanley McChrystal, who was the top commander in Afghanistan and co-founded the McChrystal Group. Technology has allowed millions to keep working, even as many offices stay closed and business travel is hampered, but the ability of teams to fully collaborate and build momentum is curtailed, said Simon Sinek, the executive coach who wrote books "The Infinite Game" and "Leaders Eat Last." "The thing to do is not pretend that the old system just forced into the new system is going to work," Mr. Sinek said. Gen. McChrystal said many companies experienced a surge of relief after the initial successful transition to remote work. Now firms are contending with the isolation that many workers feel and the need to empower them to get their jobs done well. "Many of the things we do in the workplace are nonverbal," he said. "We've got to find ways to fill that void now—what's not happening. We've got to remember that we're all separated, and many people feel very, very alone." In the military, Gen. McChrystal said leaders put a plan together and subordinates want tasks assigned to them. "They'd like to be told, 'Do this this way. Achieve this.' And sometimes you have to look at them and say, 'Do whatever it takes to achieve this outcome. I can't tell you what that's going to be.'" He sees parallels between his time in Afghanistan and the pandemic. "I found that because conditions across the big country were so different in villages and remote valleys, I had to change our guidance," he said, adding that he would tell those under his command, 'If you get on the ground and find that the order that we gave you is wrong, execute the order we should have given you.'" Mr. Sinek said leaders of companies faring the best through the pandemic and maintaining morale have cultivated the outlook of a whole new company. "They're pretending that they're start-ups. No matter how much success they've had in the past, no matter how big they are, they're saying 'OK, this is day one, we have a product, we have a service, this is the marketplace, how are we going to build a company around what we want to sell?'"
The pandemic has spotlighted the lack of leadership in many organizations, Mr. Sinek said. "Crisis is the great revealer," he said, adding that an often overlooked aspect to leadership is the ability to humble oneself. "Humility is being open to the ideas of others."

Companies adapting most successfully are bringing workers at the front lines together with decision makers, Mr. Sinek said. "The most successful pivots are happening when we include the rank and file." To better deal with future crisis, companies should aim to cultivate rising leaders with active listening skills, empathy, the ability to give and receive feedback and to have difficult conversations, he said. While many executives have effectively harnessed technology to connect their workforce, Mr. Sinek said truly effective leaders have also doubled down on their humanity. "Many of them picked up the phone and called up their people and asked, 'How are you?' In other words, they were human. That's just called good leadership. That should have been happening prior to the pandemic, and I hope that habit lasts after the pandemic," he said. Advances in technology, such as Microsoft Teams, have allowed companies to keep operating effectively while workforces are remote, but finding new ways to replicate how workers interacted in groups when they were in person is essential, said Mr. Nadella. Video meetings tend to be transactional, so leaders need to be cognizant of recreating the conditions that occur before and after meetings when off-the-cuff conversations while walking down a hallway, for instance, can result in inspired ideas, he said. Mr. Nadella also warned that hours of consecutive video meetings trigger burnout. "Thirty minutes into your first video meeting in the morning, because of the concentration one needs to have on video, you're fatigued," he said. Mr. Nadella emphasized the need for regular breaks to replicate the physical and mental transition that occurs when an employee leaves a meeting to help preserve cognitive function. "When people say you're working from home, it feels sometimes like you're sleeping at work. And so the real challenge is, if that is the case, how do you have the transition?" he said. "In some sense it requires even more attention personally to your schedule so that you really do book in those moments of transition." Mr. Gates, co-chair of the Bill & Melinda Gates Foundation, talked about lessons in leadership he learned from his father, who died recently. Chief among them: lead by example. Mr. Gates cited his father's civic activism as inspiration for his own philanthropy and said he is hoping that corporate managers will lead by example on the vaccine. "I hope in the trust network of people, various companies' leaders can have credibility on this, particularly in the health sector. Because we're not going to get that strong of [leadership] from government this time around," he said. "The health sector, even local doctors, will need to be a voice of reason."

Women Are Considering Leaving the Workforce or Downshifting Their Careers

Today, McKinsey & Company and LeanIn.Org released the annual Women in the Workplace report, the largest study of its kind. After six years of slow but measurable progress in the representation of women in corporate America, 1 in 4 women are now considering leaving the workforce or downshifting their careers due to Covid-19. In a single year, this would wipe out all of the hard-earned gains we've seen for women in management—and unwind years of progress toward gender diversity. The report is based on data and insights from 317 companies employing more than 12 million people, along with survey responses from more than 40,000 individual employees. It urges companies to act immediately to avert this potential crisis and includes recommendations for addressing the feelings of burnout and being "always on" for work that many employees are grappling with right now. "If we had a panic button, we'd be hitting it," said Sheryl Sandberg, COO of Facebook and co-founder of LeanIn.Org.

"Leaders must act fast or risk losing millions of women from the workforce and setting gender diversity back years." Kevin Sneader, global managing partner at McKinsey & Company, agrees. "This crisis for women is not going away, but the solutions are within reach," said Sneader. "Companies need to adapt their strategies to more fully support women's lives amidst a new world of work." Covid-19 has been hugely disruptive for all employees. The new report also highlights the effects of the pandemic on women, including the distinct challenges for mothers, women in senior leadership, and Black women. Working mothers are deeply concerned about how Covid-19 will impact their careers. They are more than three times as likely as fathers to be managing most of their family's housework and caregiving during the pandemic—and twice as likely to worry that their performance will be judged negatively due to their caregiving responsibilities. They are also far more likely to feel uncomfortable sharing work-life challenges with colleagues—or that they've got children at home. Senior-level women are juggling huge demands both at work and at home. Senior-level women are more likely than women at other levels to be mothers. Senior-level women are also more likely to be in dual career couples than senior-level men, which means they are trying to balance work and home without the extra support that a partner who doesn't work often provides. And they are almost twice as likely as women at other levels to often be the only or one of the only women in the room, which often comes with heightened scrutiny, such as needing to provide additional evidence of their competence. Likely because of these factors, senior-level women are more likely than senior-level men to feel "always on" and under pressure to work more. They are also 1.5 times as likely to think about leaving the workforce or downshifting their careers—and almost 3 in 4 cite burnout as a primary reason. Companies can't afford to lose women leaders. Compared to men at the same level, senior-level women are more likely to mentor or sponsor women of color and are more likely to be allies to women of color—for example, 60 percent of senior-level women say they publicly acknowledge the work of women of color, compared to only 44 percent of senior-level men. Women in leadership are also more likely to enlist their peers to support racial equality and take a public stand in support of it. Black women were already having a distinct—and by and large worse—experience at work. Compared to women of other races and ethnicities, Black women face more systemic barriers, receive less support from managers, and experience more acute discrimination. Now, the difficult events of 2020 are disproportionately impacting Black women. They are more than twice as likely as women overall to say that the death of a loved one has been one of their biggest challenges during the Covid-19 pandemic. And incidents of racial violence across the U.S. have exacted a heavy emotional toll on all Black employees. On top of this, for many Black women, work isn't a supportive place. Compared to other employees, Black women feel more excluded at work and are less likely to say they can bring their whole selves to work. Nothing about 2020 is business as usual. Companies need to take bold action to make work more sustainable and inclusive for women—and especially women of color. The Women in the Workplace report provides specific, concrete steps companies can take, including embracing flexible working norms, guarding against bias in performance reviews, communicating openly and empathetically with employees, and providing training to help managers and colleagues show up as allies. The report also points to long-term opportunities. If companies set better norms for remote work—and build on the programs they are putting in place to help employees weather this crisis—they can lay the building blocks for a better workplace.

- The State of the Corporate Pipeline - We have made slow but steady progress in women's representation over the past six years. This was most pronounced in senior management: Between 2015 and the beginning of 2020, the share of women grew from 23 to 28 percent in SVP roles—and from 17 to 21 percent in the C-suite. Women remained dramatically underrepresented—particularly women of color—but the numbers were slowly improving. However, the "broken rung" is still holding women back. For the sixth year in a row, women continued to lose ground at the first step up to manager. For every 100 men promoted to manager, only 85 women were promoted—and this gap was even larger for some women: Only 58 Black women and 71 Latinas were promoted.
- The Impact of Covid-19 - The Covid-19 crisis could erase all the gains women have made in management and senior leadership since the beginning of this study. One in four women are considering downshifting their careers or leaving the workforce because of Covid-19. This is a sharp departure from past years—in the six years of this research, women have been leaving their jobs at similar rates as men. For mothers, Covid-19 has made balancing work and home even more challenging. Mothers are more than three times as likely as fathers to be responsible for most of their family's housework and childcare during Covid-19. On top of this, mothers are more than twice as likely as fathers to worry that their performance is being judged negatively because of their caregiving responsibilities. Black and Latina mothers are juggling even more. They are more likely than white working mothers to have a partner that works full-time outside the home and to handle all of their family's housework and caregiving. Senior-level women are under enormous pressure. Senior-level women are more likely than men at the same level to feel burned out, under pressure to work more, and "always on." Several factors are contributing to this dynamic: Senior-level women are more likely than women at other levels to be mothers, more likely than senior-level men to have partners who work full-time, and nearly twice as likely as women overall to be the only or one of the only women in the room at work. Senior-level women have a meaningful impact on company culture. Compared to senior-level men, they are much more active allies to women of color. They are more likely than senior-level men to mentor or sponsor women of color, suggesting that the loss of senior-level women could impact the whole pipeline for years to come. Black women are having a worse experience and receiving less support. In addition to the heightened pressures Black women who are mothers and senior leaders are experiencing, they are dealing with distinct issues because of their race. And for many, work isn't a supportive place: Fewer than 1 in 3 Black women report their manager has checked in on them in light of recent racial violence, and a similar number say their manager has fostered an inclusive culture on their team. Plus, Black women are far less likely than white colleagues to say they have strong allies at work. All of this is having an impact on Black women. Compared to other employees, Black women feel more excluded at work and are less likely to say they can bring their whole selves to work.
- How Companies are Supporting Employees - In many ways, companies are stepping up to support employees. Companies have taken several steps to support employees during the Covid-19 crisis. Many are sharing valuable information with employees, including updates on the company's financial situation and details about paid leave policies, and have expanded services related to mental health, such as counseling and enrichment programs. And

almost all companies are providing tools and resources to help employees work remotely. However, many companies have not adjusted the expectations that may be responsible for burnout. Less than a third of companies have adjusted their performance review criteria to account for the challenges of Covid-19, and only about half have updated employees on productivity expectations during the pandemic. That means many employees—especially those who are parents and caregivers—are facing the choice between falling short of pre-pandemic expectations that may now be unrealistic or pushing themselves to keep up an unsustainable pace.

- The Future of Work - The Covid-19 crisis has prompted companies to rethink fundamental beliefs about remote work. Ninety-three percent of companies now say more jobs can be performed remotely, 67 percent predict a significant share of their employees will work remotely a year from now, and 70 percent think remote work will allow them to increase diversity in hiring. Employees see benefits of remote work, too—77 percent say they want to continue to work from home more often than they did before Covid-19.

Korn Ferry Survey on Returning to the Office

As employers across the globe consider options for bringing workers back to the office, a new Korn Ferry survey shows that even though professionals are not afraid of returning, many will choose to stay at home. Nearly three-quarters (72 percent) of respondents say they are not afraid of returning to the office and 74 percent feel their colleagues will follow safety guidelines (wearing masks, social distancing). However, 53 percent say it is either only somewhat likely or not likely that they will return when the offices re-open. The majority of respondents (58 percent) say they are more productive when working virtually, even if there are distractions such as a spouse and children at home. "A vast majority of professionals have spent the last several months working from home, and for many, the new routine has in fact made them more productive," said Sarah Jensen Clayton, Senior Client Partner and Lead, North America Culture & Change. "But it's still incumbent upon employers to create new, virtual ways to maintain organizational culture and employee engagement." According to the survey, employers recognize that a virtual work environment or a hybrid approach of working from home and the office may be the new long-term norm. Only 14 percent say returning to the office every day will be mandatory. While a little more than half (57 percent) of the professionals surveyed say they are most looking forward to camaraderie with colleagues if they do go back to the office, 23 percent say they are not looking forward to any part of returning. "Regardless if the decision is to allow employees to continue working virtually or bring them back to the office, now is the time for employers to re-evaluate the employee experience," said Clayton. "COVID has dramatically changed employees' expectations and the future of work is being defined now."

Sources: Littler; Houston Chronicle; Greater Houston Partnership; Wall Street Journal; Associated General Contractors of America; Challenger, Gray, & Christmas; Korn Ferry; PRNewswire.com