Georgia’s Economy Took A Huge Hit From April’s Shutdown

The shutdown of Georgia’s economy to contain the spread of COVID-19 led to a massive 492,100-job loss in April. Over 40% of that loss was in the leisure & hospitality sector. Activity has turned positive more recently.

Shut Downs Took a Heavy Toll on Georgia’s Economy

Georgia’s latest employment data provide a blunt assessment of how the widespread shutdowns impacted Georgia’s economy. Nonfarm employment fell 492,100 jobs in April, marking a 10.7% plunge. Job losses were evident across nearly every major industry category but were by far the heaviest in customer-facing industries, such as restaurants, hotels, amusement attractions and retailers. Employment in the leisure & hospitality sector plummeted 41.9% in April, wiping out 206,700 jobs and accounting for 42% of all job losses in the state. Retailers eliminated 23,500 jobs during the month. Other sectors reporting massive job losses include administrative support services, which lost 47,400 jobs, and health care & social assistance, which eliminated 43,000 jobs.

The more cyclical parts of Georgia’s economy also saw employment fall sharply. Manufacturers eliminated 39,600 jobs, while construction firms cut 11,400 jobs. Job losses were somewhat less severe in industries where a large proportion of workers can work remotely, such as financial services and professional & technical services, but both still fell by more than 5% during the month. Even the public sector, which is typically more resilient in tough economic times, posted a major job loss, losing 15,600 jobs. The bulk of that loss was in local government, likely reflecting losses in public education.

As horrific as April’s job losses were, we expect to see additional losses in the May data, which will be reported a month from now. The monthly employment figures provide a snapshot of employment conditions for the middle of the month. The April data largely reflect job losses implemented between the middle of March, when shutdowns first began, to mid-April, when much of the economy was shut down. Layoffs continued to increase in Georgia through the end of April, but have slowed more recently.

The earlier spike in unemployment claims helps explain April’s large jump in the unemployment rate, which rose 7.3 percentage points to 11.9%. The Georgia Department of Labor reported that unemployment claims surged by 1,041,401 in April to 1,353,921. The bulk of that increase came from displaced workers at hotels and restaurants, retail trade, and health care and social assistance. The latest Advance State Claims data show weekly initial unemployment claims fell by 66,224 in the week ended May 16. That was by far the largest drop of any state during that week and accounts for more than one-third of the 182,265 drop seen nationwide.

Given the long time lags in compiling and reporting economic data, we have been searching for more timely economic measures. One promising time series is the mobility data generated by Apple, which is sourced from phones, watches and other mobile devices. The data show a clear improvement in the number of people driving and walking in the Atlanta area and the driving data for Georgia closely mirror the Atlanta data. This improvement suggests that activity is rebounding a bit from the shutdowns and that improvement should be evident in the June jobs data we receive this summer.

Source: U.S. Department of Labor, Apple and Wells Fargo Securities