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# Coronavirus Spread Could Halt Robust U.S. Job Gains

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*By Sarah Chaney* March 6, 2020

The spread of the novel coronavirus threatens to trigger a sharp pullback in U.S. hiring after the labor market showed signs of picking up earlier this year.

Services industries that help drive the U.S. economy—including air transportation, restaurants, entertainment and retail—would suffer the most from the spread of the virus, according to economic research firm Capital Economics.

Some of those sectors saw particularly strong job gains in February before cases of the infection began rising in the U.S., according to Friday's jobs report from the Labor Department. Leisure-and-hospitality companies added 51,000 jobs in February, and restaurants added 53,000 to payrolls.

"This forward momentum could help these industries weather this shock, but also raises the possibility that job growth may slow significantly if the impact of the virus hits these industries hard," said Nick Bunker, economist at job site Indeed.

Economists largely dismissed February's robust monthly job gain of 273,000 as a less important economic indicator than usual. Most companies reported February employee head-counts before concerns escalated that the epidemic would hit U.S. economic growth.

The extent of likely economic harm from the epidemic isn't yet known, with damage largely contingent on how long it lasts and how widely it spreads.
The U.S. economy gained an average of 243,000 jobs a month from December through February, up from average monthly job growth of 178,000 in 2019.

The March employment report will test the endurance of the labor market, the major channel through which the virus could slow the U.S. economy. Fewer job opportunities for workers could dampen consumer spending, the economy's main engine and—at least until this point—its chief reservoir of strength.

Some companies have expressed concern in recent days about the business impact of the virus and the global economic slowdown. United Airlines Holdings Inc. announced a hiring freeze through the end of June as the spread of the virus depressed bookings. Hyatt Hotels Corp. also froze hiring at some properties as the growing coronavirus outbreak reduces demand for travel. While virus-related uncertainty could lead employers to hold back on adding workers in future months, many employers are reluctant to cut workers. Jobless claims, a proxy for company layoffs, declined to 216,000 last week, a historically low level.

"The decision not to commence layoffs makes perfect sense given how difficult it has been in recent years to find qualified workers," said **Bernard Baumohl, chief global economist at The Economic Outlook Group,** in a note.

Microsoft Corp. said it would continue to pay its hourly workers, including those in its large West Coast campuses who staff its cafes and drive its shuttles, despite "reduced service needs."

The jobless rate has clocked in at either 3.5% or 3.6% for the past six months, marking the lowest level of joblessness since 1969.

Gigi Schweikert, president of child-care franchise Lightbridge Academy, said the virus isn't impeding hiring plans. The 1,600-employee company is looking to add nearly 400 teachers and directors this year as franchises expand near growing populations of dual-income earners.

"It's still extremely difficult to hire," she said. "With the unemployment rate as low as it is, there are fewer candidates who are available for the positions."