

Improvement in District of Columbia Labor Market Continues in November

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Labor market conditions continued to improve in the District of Columbia in November, according to the latest labor market report. The District of Columbia gained 2,400 jobs for the month with increases in most sectors. Private payrolls rose by an even greater amount, up 3,400 for the month. In the household survey, the unemployment rate declined for a second consecutive month, falling from 11.0 percent to 10.6 percent. The unemployment rate declined by eight-tenths of a percent over the past two months, although it remained above its most recent peak. Still, with positive gains in private payroll employment in five out of the last six months and declines in unemployment in recent months, the incoming statistics suggest stabilization and some underlying momentum in the D.C. labor market.

Looking at the payroll numbers more closely, the November increase in employment was fairly broad-based with most sectors registering a modest increase in employment. There were more notable increases in professional and business services, education, and other services. With the exception of federal government employment, which fell by 1,000, only a few sectors lost jobs in November and those losses were very modest. Over the past 12 months, total employment edged higher by just 0.3 percent. However, private job growth was 1.0 percent over the past 12 months due to gains in the second half of the year. Private payrolls increased by 5,600 from July through November—a 2.9 percent annualized increase. This is a significant improvement over the first half of the year where private payrolls rose by just 700 jobs. While the growth in the second half of the year was relatively broad, professional and business services, other services, and leisure and hospitality showed the greatest improvement.

The results of the household survey were positive for a second consecutive month. The unemployment rate declined four-tenths to 10.6 percent in November. For a second consecutive month, workers entering the labor force were more successful in finding employment as the labor force increased and the number of unemployed declined. Over the past two months the labor force increased by 1,900 while the number of unemployed declined by 1,100—resulting in a decrease in the unemployment rate of six-tenths of a percent. Still, at 10.6 percent the unemployment rate was higher than its previous peak of 10.4 percent in December 2009.

Looking ahead, conditions in the labor market will depend on how the economy rebounds from the slowdown in 2011. Individual income rose 12.5 percent while general sales taxes edged lower by 0.9 percent in fiscal year 2011 according to the Office of the Chief Financial Officer. Both are expected to increase in 2012, with income rising by 11.4 percent and general sales taxes gaining 5.2 percent. In recent months, collections for sales and withholding taxes increased and were strong in October, suggesting stabilization in the broader economy and a pickup of growth in the end of the year. However, whether that turnaround will translate into significant gains in the labor market is not yet clear. The recent gains in private payroll employment and decline the unemployment rate are positive signs.

