

Maryland Labor Market Shows Moderate Improvement in October

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The Maryland labor report for October showed a moderate improvement in the state's labor market. Payroll employment rose by 3,100 for the month as gains in private payroll employment of 1,900 jobs were coupled with a sizable increase in government employment. Despite the overall increase in private employment, a number of sectors lost jobs for the month. The unemployment rate declined for the first time after four consecutive increases, by two-tenths to 7.2 percent. The latest results of our Maryland Survey of Business Activity suggested only very little, if any, improvement in the labor market in November, and the number of respondents indicating that they plan to add workers over the next six months remains well below levels seen earlier in the year.

Looking at the payroll employment numbers more closely, there were considerable differences in job growth across sectors. There were notable increases in employment in wholesale and retail trade, financial services, education, and government. Interestingly, the gain in government employment resulted from a large increase in state jobs and a moderate increase in local employment that offset a sizable decline in federal employment. However, partially offsetting the gains were declines in leisure and hospitality, construction, transportation and public utilities, professional and business services, and other services employment. Payroll employment increased 0.4 percent over the past 12 months, well below the national rate of 1.0 percent. However, the pace of private job creation picked up in the second half of the year. In the first six months of the year only 700 jobs were created while over the past four months 15,900 jobs were created—a 2.4 percent annualized increase.

The household survey also indicated that the labor market improved in October. The unemployment rate declined to 7.2 percent from 7.4 percent in September—its first decline in five months after reaching a post-recession low of 6.8 percent in April and May. The decline in the unemployment rate resulted from a decline in the number of unemployed by 3,000 job seekers and an increase in the labor force of 9,800 people. Overall, the labor market report for October was positive, suggesting stabilization and perhaps some underlying momentum in the state labor market. However, continued elevated claims for unemployment insurance, weaker results from our business activity survey, and anecdotal reports were consistent with the view that the labor market remained weak and improvement in the near term will continue to be slow.

Looking ahead, the latest results from the Maryland Business Survey suggest moderate growth in coming months, although expectations for growth over the next six months improved in October and November. The number of businesses expecting to expand their workforce over the next six months dropped notably in recent months while the number of businesses expecting to decrease their workforce has edged higher. In the November survey, 23 percent of respondents indicated that they anticipate hiring over the next six months—down from over one-third earlier this spring—while 15 percent of firms expect to shed workers over that period. It seems likely that while the economy continues to grow at a moderate and uneven pace with heightened uncertainty, job growth will also increase at an uneven and sluggish pace.

