

November Labor Report Indicates Continued Improvement in Maryland Labor Market

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The Maryland labor report for November indicated continued improvement in the state's labor market. Payroll employment rose by 2,000 for the month as a sizeable increase in private employment was partially offset by declines in government payrolls. In addition, the October payroll employment numbers were revised sharply higher. The unemployment rate declined for a second consecutive month by three-tenths to 6.9 percent. On the other hand, the latest results of our Maryland Survey of Business Activity suggested weak labor market conditions in December. Although the number of respondents indicating that they plan to add workers over the next six months has improved in recent months, it remains well below levels seen earlier in the year.

Looking at the payroll employment numbers more closely, the revision to the October report was notable. In last month's report, payroll employment rose by 3,100 jobs in October. With the revised figures, payroll employment rose by 7,400 in October with 4,700 of those jobs created in the private sector. The increase in November employment was relatively broad-based across industries with private payroll employment increasing by 4,300 jobs. There were notable increases in retail trade; other services; professional, scientific, and technical services; and natural resources, mining, and construction. Partially offsetting those gains were sizeable declines in administration, waste management and remediation services, state government, wholesale trade, and manufacturing. The November increase marked a third consecutive increase in monthly payroll employment, the first time this has occurred since the peak in payroll employment at the onset of the recession in February 2008. In addition, total payroll employment increased by 20,900 jobs over the past five months – a 2.0 percent annualized increase – after increasing by just 700 jobs in the first half of the year.

The household survey also indicated that the labor market improved in November. The unemployment rate declined to 6.9 percent from 7.2 percent in November—its second consecutive decline. The decline in the unemployment rate resulted from a decrease in the number of unemployed by 9,500 workers and an increase in the labor force of 5,700 workers. Overall, the labor market report for November was positive and, along with other improvements in recent months, it suggested stabilization and 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 are consistent with the view that the labor market remains weak and improvement in the near term may continue to be slow.

Looking ahead, the latest results from the Maryland Survey of Business Activity suggested moderate growth in coming quarters. However, expectations improved in the December survey – close to 30 percent of respondents indicated that they anticipate hiring over the next six months while less than 10 percent of firms expect to shed workers over that period. Despite improvements in the labor market in the second half of this year, it seems likely that while the economy continues to grow at a moderate and uneven pace with heightened uncertainty, job growth in the near term will also increase at an uneven and sluggish pace.

