

Maryland Labor Market Showed Continued Improvement Through the End of 2011

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The Maryland labor report for December indicated continued improvement in the state's labor market. Payroll employment rose by 3,100 jobs while the unemployment rate declined by two-tenths to 6.7 percent. Leading the increase in payroll employment in December was an increase in government employment that was partially offset by a modest decline in private sector employment. The unemployment rate declined for a third consecutive month and is currently at its lowest level since early 2009. The latest results of our Maryland Survey of Business Activity continue to suggest weak labor market conditions, however, with few respondents indicating that they added workers in January. However, the number of respondents indicating that they plan to add workers over the next six months has improved in recent months, suggesting greater improvements in the labor market in the first half of 2012.

Looking at the payroll employment numbers more closely, the increase in December employment resulted from increases in state and local government employment that offset a net decline in private sector employment. Within the private sector, a number of sectors lost jobs, although only a few sectors experienced sizeable losses—natural resources, mining, and construction; wholesale trade; professional, scientific, and technical services; and administration, waste management, and remediation services. The losses in these four sectors totaled 5,600 jobs. Similarly, there were a number of sectors which gained jobs in December but the largest gains were in a few sectors—local and state government, accommodation and food services, health care, and education. In 2011, Maryland gained 25,200 jobs (with 22,000 of those jobs in the private sector), an increase in total employment of 1.0 percent for the year. Notably, most of the improvement in the labor market occurred in the second half of the year as 24,500 jobs were created from July through December.

The household survey indicated that the labor market improved in December. The unemployment rate declined to 6.7 percent from 6.9 percent last month, its third consecutive decline. The unemployment rate is now at its lowest level since February 2009. The decline in the unemployment rate resulted from a decrease in the number of unemployed by 4,900 workers and an increase in the labor force of 3,200 workers. Overall, the labor market report for December was positive and continued a string of positive reports in recent months, suggesting stabilization and some underlying momentum in the state labor market. However, continued elevated claims for unemployment insurance, weaker results from our Maryland Survey of Business Activity, 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 suggested an improvement in expectations for future growth, with more respondents anticipating hiring in the first half of 2012. In the January survey, over 50 percent of respondents anticipate greater business activity over the next with close to one-third indicating that they anticipate hiring over that period. However, despite improvements in the labor market, 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 likely increase at an uneven and sluggish pace.

