

# Modest Improvement in Maryland Labor Market According to the Latest Report

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The Maryland labor report for March indicated continued improvement in the state's labor market. Payroll employment rose by a modest 1,500 jobs as a decline in government payrolls offset gains in the private sector. However, the increase in private payroll employment was fairly narrow, focused in a few sectors while many sectors lost jobs for the month. At the same time, in the household survey, the unemployment rate edged higher by one-tenth to 6.6 percent despite an increase in the number of employed in the survey. The latest results of our Maryland Survey of Business Activity were positive as a significant number of respondents indicated that they expanded their workforce and added hours to the workweek in April.

Looking at the payroll numbers more closely, private employment grew as a result of sizeable increases in a few sectors. Within the leisure and hospitality sector, accommodation and food service employment rose by 3,900 jobs. The trade, transportation, and utilities sector gained 2,700 jobs largely due to increases in retail and wholesale trade while professional and business services employment increased by 3,400 largely due to increases in administration, waste management, and remediation services jobs. There were moderate declines in construction, manufacturing, information, finance, insurance and real estate, education and health, and other services. Government jobs declined, largely due to a sizeable drop in state employment, although local and federal government jobs edged lower for the month. The year-over-year change in total payroll employment in March picked up by a tenth from February to 2.0 percent—five tenths above the national rate of 1.5 percent. Private payroll employment growth over the last year was slightly higher at 2.3 percent, also higher than the national rate of 1.9 percent.

The household survey indicated that the labor market was softer in March for a second consecutive month. The unemployment rate edged higher by one-tenth to 6.6 percent, the first increase since reaching 7.2 percent in July 2011. The labor force increased for the month but as was the case in February, there was not enough hiring to meet the increase. As a result the number of unemployed increased for a second consecutive month. The number of employed workers in the household survey increased in eight out of the last nine months; however those increases were more modest in February than in March. Overall, despite the softer household survey results, the modest improvement in payroll employment in March indicated improvement in the labor market, albeit at a moderate pace.

Looking ahead, the latest results from the Maryland Survey of Business activity suggested improvement in the labor market in April as well as stronger conditions in coming quarters. In the April survey roughly one-third of respondents indicated that they expanded their workforce for the month while 15 percent increased the average workweek. In addition, close to 45 percent of respondents indicated that they anticipate hiring over the next six months. Still, with expectations for moderate growth in 2012, the strength of the recovery in the labor market remains unclear. While recent employment gains and decline in the unemployment rate are positive developments, sluggish growth in the economy may restrain the pace of job growth in the near term and may keep the unemployment rate from continuing on its recent downward trend.

