

# Disappointing Labor Market Report Indicates Weak Maryland Labor Market in April

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The Maryland labor report for April disappointed as both surveys indicated deterioration in labor market conditions for the month. Payroll employment declined by 6,000 jobs—the largest one-month decline since early 2009, excluding the February 2010 loss due to winter storms. In addition, revisions to the March payroll now indicate a modest decline in employment of 600 instead of a gain of 1,500 jobs. The decline in April payrolls was almost entirely due to losses in the private sector as government employment was flat for the month. At the same time, in the household survey, the unemployment rate edged higher by one-tenth for a second consecutive month to 6.7 percent. The latest results of our Maryland Survey of Business Activity were positive, however, 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, the drop in private employment was fairly broad based across sectors, although several sectors posted large declines. Employment in leisure and hospitality, professional and business services, and other services fell by 3,900, 2,200, and 1,100 jobs, respectively. There were more moderate declines in construction and education and very modest declines in trade, transportation, and utilities and finance. Offsetting these declines were sizeable increases in health care and manufacturing employment along with slight increases in information and government. Within the leisure and hospitality sector, accommodation and food service employment rose by 3,900 jobs. Government jobs edged slightly higher due to increases at the state and federal level that offset a sizeable drop in local government employment. The year-over-year change in total payroll employment in April dropped back to 1.6 percent—two tenths above the national rate of 1.4 percent. Private payroll employment growth over the last year was slightly higher at 1.9 percent, equaling the national rate.

The household survey indicated that the labor market was softer in April for a third consecutive month. The unemployment rate edged higher by one-tenth for a consecutive month to 6.7 percent, the first consecutive increase since late 2009. The labor force increased for the month, but there was not enough hiring to meet the increase. As a result, the number of unemployed increased for a third consecutive month. In addition, the number of employed in the survey fell for the second time in four months. Overall, both surveys indicated weakness in the labor market in the past two months and a pause from the steady improvement over the past year.

Looking ahead, the latest results from the Maryland Business Survey suggested improvement in the labor market in April as well as stronger conditions in coming quarters. In the April survey, roughly 30 percent 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. Moderate growth in the economy may restrain the pace of job growth and keep the unemployment rate from declining significantly in the near term.

