

Labor Market Conditions Remained Weak According to Latest Labor Market Report

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The latest labor report indicated that the Maryland labor market remained weak in May as both surveys indicated deterioration in conditions for the month. Payroll employment declined by 2,100 jobs—the fourth consecutive monthly decline. In addition, revisions to the April payroll estimate now indicate a larger decline in employment of 7,500 instead of 6,100 as originally reported. The decline in May payrolls was due to losses in the private sector as government employment was flat for the month. In the household survey the unemployment rate edged higher by one-tenth for a third consecutive month to 6.8 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 in May.

Looking at the payroll numbers more closely, the weakness in private employment was broad based across sectors. There were sizeable declines in leisure and hospitality, and trade, transportation, and utilities by 1,400 and 1,000 jobs, respectively. Health services and information declined slightly as well. Offsetting those losses were very modest increases in other sectors. Education, professional and business services, and finance and insurance services each edged higher by 200 jobs while construction rose by 100 for the month. Manufacturing employment was flat. As a result of the decline in payroll employment over the last four months the year-over-year change in total payroll employment continued to decline, dropping back to 1.4 percent—matching the national rate. In February, the 12-month change in payroll employment stood at 2.0 percent. Private payroll employment growth over the last year was slightly higher at 1.7 percent, one-tenth below the national rate.

The household survey indicated that the labor market was softer in May for a fourth consecutive month. The unemployment rate edged higher by one-tenth for a third consecutive month to 6.8 percent. For the first time since June 2011, the labor force decreased for the month. At the same time, the number of unemployed people increased for a fourth consecutive month while the number of employed fell for a second consecutive month. Overall, both surveys indicated weakness in the labor market in May which, taken with results over the past four months, suggested a notable pause from the steady improvement in the second half of 2011 and during the first two months of 2012.

The latest results from the Maryland Business Survey suggested improvement in the labor market in May as well as stronger conditions in coming quarters. In the May survey, roughly one-third of respondents indicated that they expanded their workforce for the month while 15 percent increased the average workweek. In addition, almost one-third of respondents indicated that they anticipate hiring over the next six months. Still, with expectations for moderate growth in 2012 and weakness in recent labor reports, 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.

