

# Virginia's Labor Markets Showed Continued Signs of Weakening in September

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Virginia was among 25 states that lost jobs during the month of September, despite a modest gain of 103,000 jobs in the economy nationwide. Despite the decline in jobs, Virginia has maintained one of the lowest unemployment rates in the nation. The weakness in the labor market is undeniable, however, with declines occurring in the private sector as well as the public sector and occurring across a wide variety of industries.

During September, Virginia lost a seasonally adjusted 4,700 jobs, based on the most recent monthly survey of business establishments. However, the August employment numbers were revised upward so that the previously reported loss of 6,300 jobs was revised to a net loss of 1,300 jobs. The labor market started displaying signs of weakness in the second quarter of this year. Job losses since April mounted to a decline of 24,400, with significant losses in both the private and public sectors. Roughly one-third of the losses stem from reductions in public sector payrolls, mostly on the part of local government. Over the past 12 months through September, employers added a net 2,000 jobs, for a scant increase of 0.1 percent. Meanwhile, national employment grew by 1.1 percent for the same period.

Professional and business services, and the information sector experienced the greatest growth among industry sectors, together adding 7,800 jobs in September. The information sector growth, however, reflected the return of striking Verizon workers rather than an underlying positive trend for the sector. Two other sectors – natural resources, and mining and other services – added another 2,500 jobs for the month. On the negative side, leisure and hospitality, and the government sectors experienced the greatest losses, together accounting for a decline of 9,300 jobs. Losses in private education and health services; and trade, transportation and utilities were also sizable, with additional smaller declines in construction, manufacturing, and financial activities. Over the past 12 months, professional and business services continued to outpace growth in all other sectors, both in actual job growth and in percentage change.

Virginia's unemployment rate edged up for a third consecutive month, based on the September household survey, climbing to 6.5 percent from 6.3 percent in August. Still, despite the increase, Virginia had the 10<sup>th</sup> lowest unemployment rate among the states. The size of the labor force – those searching for work or already employed – grew at a 6 percent annual rate during September as the number of unemployed job searchers grew, placing upward pressure on the unemployment rate.

Virginia's employment barely grew compared to the same period last year. Indeed, the continued contraction in jobs over the past several months suggests that the unemployment rate could drift further upward in the months ahead. Despite Virginia's low unemployment rate relative to many other states, the lack of sufficient job growth reflects the ongoing caution of consumers and businesses.

