

Labor Market Provided Mixed Signals for Virginia in November

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Virginia's unemployment rate declined for the third straight month, according to the seasonally adjusted figures from the November labor market report. The unemployment rate stood at 6.2 percent for the state in November, down from 6.4 percent last month. In terms of job growth, business establishments reported a decline of 3,800 jobs for the month, after adjusting for seasonal variation. In addition, the employment numbers were revised downward for October by an additional 2,600 jobs. Nonetheless, since the recent trough in employment in August, Virginia added nearly 11,000 jobs, so it is important to place this month's job loss in perspective.

In contrast to many other states, increases in government employment contributed significantly to overall job gains for Virginia. In fact, the private sector lost 5,700 jobs in November, while the government sector added 1,900 jobs, mostly attributed to hiring by local government. Over the past year, Virginia added a total of 16,900 jobs, achieving a scant 0.5 percent gain compared to the stronger 1.2 percent growth for the nation. Notably, job gains for the government sector outpaced job growth in the private sector over the past year, although this is a fairly recent reversal in trend that is unlikely to continue.

Declines in employment were dispersed across many sectors of Virginia's economy, including reliable growth areas such as professional and business services (-1,900 jobs) and education and health services (-1,500 jobs). By far, the greatest decline in jobs occurred in the leisure and hospitality sector, which lost 4,400 jobs in November. Losses also hit the manufacturing, construction, and information sectors. On the positive side, declines in the private sector were partially offset by the net addition of 3,800 jobs in November in the trade, transportation, and utilities sector, with a healthy share attributable to the retail sector. When viewed over the past year, most private industry sectors grew, led by education and health services, professional and business services, and trade, transportation, and utilities, which generated a combined 13,200 net new jobs.

News from the household survey was generally more positive, as the unemployment rate continued its downward trend for the third consecutive month, reaching a seasonally adjusted rate of 6.2 percent in November. The labor force continued to grow in November, though at a softer pace than in September and October, while at the same time the number of unemployed dropped sharply for the month. Meanwhile, a sizable drop in initial claims for unemployment insurance provided further hope for some firming in the labor market.

Though November's data offered a mix of positive and negative news, the trend since summer's end has been generally more favorable and has helped to wipe away some of the losses experienced in the June to August period. A recently released briefing from Virginia's Secretary of Finance, Ric Brown, reported strong growth in payroll withholding taxes through November as a main source of revenue growth for the state. This suggests that job growth may be somewhat stronger than the current reports would indicate.

