

Virginia Continued Modest Job Growth, with Steady Unemployment Rate in May

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Virginia's employers increased hiring in May for a net gain of 4,600 jobs on a seasonally adjusted basis, while the job gains for April were revised to double their originally reported value. With the May numbers and revisions to the earlier data, the state has averaged 4,000 jobs per month for the first five months of 2012. This pace of growth nearly matched the pace for the same period in 2011. Despite the continued job growth, the unemployment rate held steady at 5.6 percent for a third consecutive month, as reported in the monthly household survey.

The private sector gain of 4,900 jobs was dispersed across many sectors of the economy, with the largest gain for the month in professional and business services (4,900 jobs), and trade, transportation and utilities (2,200 jobs). The major sectors to decline in May were leisure and hospitality, education and health services, information, and government. In addition, most industry sectors were ahead of their employment levels from May 2011, with education and health services, and financial activities leading the other sectors in year-over-year growth, while information and manufacturing were below the prior year levels. With overall employment growth at 1.2 percent on a year-over-year basis, Virginia lagged the national rate of 1.4 percent, but managed to improve compared to the past several months.

Every major metropolitan area in the state added jobs over the past 12 months, while smaller metropolitan and rural areas experienced an overall decline. So far this calendar year through May 2012, the Virginia Beach metropolitan area averaged the highest monthly gain (900 jobs), with significant monthly gains for Lynchburg and Roanoke as well. Meanwhile, the Richmond metropolitan area registered the largest monthly decline (-580 jobs) and only two other metropolitan areas – Winchester and Northern Virginia – also lost jobs, on average, over the same period. It is interesting to note that Northern Virginia actually had an exceptionally large monthly gain for May with a 7,700 net increase in jobs. Although this was the largest one-month gain in Northern Virginia since March 2010, metropolitan job numbers are subject to swings from month to month, so it will be important to put this change in the context of future readings and potential revisions.

Virginia's unemployment rate remained at a relatively low 5.6 percent in May, where it has held steady for the past three months. On a positive note, the labor force grew during May, even as the unemployment rate remained unchanged, indicating that job seekers returned to the labor market with some degree of success in finding employment. However, initial claims for unemployment insurance remained elevated in May, suggesting some underlying weakness despite the mostly positive news.

On the whole, labor market conditions improved in Virginia based on the most recent monthly surveys, in contrast to the nation, where softer data came in for April and May. In the face of significant uncertainty regarding the extent of federal government spending cuts and the associated impact on employment, it is unclear if the recent improvement in labor market conditions will be sustained.

