

Employers Continued to Add Jobs in Virginia, Yet Unemployment Rate Edged Up in July

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Virginia's labor market reports provided mixed signals, with a faster pace of job growth in July, but also an uptick in the unemployment rate. Obscuring the picture, a procedural change in the way private sector education job change is estimated resulted in an overstatement of the job gains (or understatement of loss) in that sector that will persist in the data through October. Nonetheless, Virginia employers added jobs at a faster pace in July, according to the most recent Bureau of Labor Statistics release. Excluding the education and health services sector altogether, employers added a seasonally adjusted 6,500 jobs in July, while the June job increase was revised downward by 1,600 jobs. So far this year, Virginia's monthly employment gains, excluding the recent private education anomaly, have nearly matched the average monthly gain in 2011, with 3,800 jobs added per month. In 2011, Virginia's employers added jobs at a pace of 3,900 per month. The unemployment rate, however, indicated some weakening in the job market this year relative to 2011, as the unemployment rate rose 0.3 percentage point in the past three months, following a seven-month downward trend that ended in March 2012.

Several industry sectors deserve mention for significant contributions to job growth in July. Virginia's employers in leisure and hospitality, financial activities, and professional and business services combined to add 9,800 jobs for the month. The government sector also added a small number of jobs (400), with all of this gain coming from federal government. On the negative side, the manufacturing and information sectors lost the greatest number of jobs and experienced the largest percent decline for the month of July. These sectors, in addition to construction, remained down in terms of the year-to-date job change as well. In contrast, the trade, transportation, and utilities sector gained jobs this year, even though the sector was down by 900 jobs for July, primarily driven by losses in warehousing and distribution.

Most of Virginia's metropolitan areas posted job gains in July, with the exception of Charlottesville, Harrisonburg, and Winchester. The Roanoke metro area experienced the largest monthly percentage increase, while Northern Virginia contributed a third of the total net job change in July. Winchester was the only metropolitan area in the state to experience a loss of jobs over the last 12 months, although the change was small. The non-metropolitan areas of the state accounted for 40 percent of the job gains for the month, but only 14 percent of the job growth over the past year.

While the news from the establishment survey was generally positive, a separate survey of households reported an uptick in the seasonally adjusted unemployment rate, from 5.7 percent in June to 5.9 percent in July. The statewide unemployment rate has not been this high since last December. The rising unemployment rate was driven by an increase in the number of unemployed as well as a decline in the labor force for the second consecutive month. The July decrease in the labor force was the largest since January 2007. The mixed signals from the data suggested some weakness in Virginia's labor market. However, the state's unemployment rate remained well below the national rate of 8.3 percent.

