

West Virginia's Unemployment Rate Held Steady in October Amidst Solid Gains in Employment

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Employment in West Virginia rebounded in October from its modest decline a month earlier, but the gains were not sufficient to reduce the unemployment rate. Total nonfarm employment in the state rose 0.3 percent in October on a month-over-month basis—the largest monthly increase since June of this year. After moving virtually sideways for three months, the gain in jobs in October was good enough to raise employment to its highest level of the recovery to date. The labor market still has a long way to go, however, before returning to pre-recession levels. Indeed, October's employment level was little more than 60 percent of the way back to its peak level of 764,000 jobs attained in September 2009. And, while the unemployment rate has been on a downward trend, the sideways movement over the last year left the unemployment rate—at 8.2 percent—at over double its pre-recession low.

October's employment gains were concentrated in the private sector. Among the biggest job winners in October was the leisure and hospitality industry, which alone accounted for nearly half of the 2,800 private sector jobs added that month. The trade, transportation and utilities industry accounted for another third of the job gains and might have been a direct beneficiary of the uptick in leisure and hospitality activity. The only other major industry to gain employment was professional and business services, whose monthly growth rate was still less than half the 0.7 percent growth rate enjoyed by the trade, transportation and utilities industry—which, in turn, was less than half the jump in leisure and hospitality. Both manufacturing and financial services employment was unchanged over the month, while health and education and other services industries lost employment.

The government sector was another source of job losses in October, giving back nearly half of the 1,400 jobs gained in September. Most of the losses occurred at the state level, where much of the previous month's gains were. However, the 400 jobs lost at the state in October were relatively minor compared to the 2,100 jobs gained the previous month. And federal employment was remarkably stable over the last six months. Local government employment was also unchanged in October. However, for a sector that accounts for over half of all government employment, local government jobs were fairly volatile over the last year, although they too have tended to drift sideways on an underlying trend basis over the last year.

Government job losses no doubt prevented the solid private sector job gains from lowering the state's unemployment rate. However, an equally important factor was another solid month of labor force increases, which added nearly 1,000 people to the workforce and kept the number of unemployed workers virtually unchanged for the month. While the labor force was over 4,000 below its near-term peak of 783,000 six months earlier, it should be noted that the labor force has been on a downward trend for at least the last five years. Otherwise, the 1.5 percentage point decline in the state's unemployment rate from its recession peak would be much less.

