

West Virginia's Unemployment Rate Declined in November, After a Second Month of Job Gains

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West Virginia's labor market in November posted its second straight month of solid job increases. Gains continued to be somewhat unevenly distributed, but most of the major private-sector industries (and most metropolitan areas) participated in the statewide gains in employment. Government job growth was essentially flat. Perhaps even more encouraging was the fairly sharp drop in the state's unemployment rate of 0.3 percentage point to 7.9 percent—the first time that the rate has been below 8 percent since May 2009. So, on balance, West Virginia's economic recovery may be picking up a little momentum after moving virtually sideways through the middle part of the year, which is welcome news as the critical holiday selling season approaches.

The job gains in November were far from the biggest of the year to date and may not seem worth much comment, except when placed next to the summer months. Bear in mind that the year started off with a bang. The state gained over 9,000 jobs over the first four months of this year, but employment then dropped sharply in May and gained little over the subsequent four months. However, the West Virginia economy added 1,800 jobs in October and 1,100 jobs in November. Firms in the state generated a total 10,500 jobs year to date, more than regaining all of the jobs lost over the late spring and summer swoon. If the market is far from robust, it appears to at least have shaken off the doldrums of the summer months and regained some of the promise that the early part of the year introduced.

While job growth moved forward, the distribution of those gains left room for caution. On the positive side, all of the jobs gains in November, as well as October, were in the private sector. However, not all industries were expanding. For example, while trade, transportation, utilities and other services contributed to November's improvement, nearly three quarters of the private sector jobs came from the hospitality and leisure industry. In contrast, manufacturing, finance, and business services firms on average lost jobs during the month. These were the same industries that contributed the bulk of the gains since the market slipped in May. And while most of the major private industries are now up for the year, health and education is the only industry—other than the three that have led the latest jobs gains—to have made a significant contribution year to date. Broader job gains might have created more confidence in the market's future.

That leaves the unemployment numbers to provide the final vote of confidence. Not only did the unemployment rate reverse an upward drift over the last three months, but the decline in the rate was about as large as any that has occurred so far this year. Moreover, with the labor force virtually unchanged from a month ago, all of that improvement could be attributed to declines in the number of unemployed workers. If the labor market continues to stabilize, we could expect to see continued reductions in both the unemployment rate and increases in the number of workers that are reabsorbed into the ranks of the employed. If that were to happen, it would be a joyful ending to an occasionally apprehensive year.

