

Unemployment Rate Rises in June, as West Virginia's Labor Market Continues to Weaken

By Bob Schnorbus, Regional Economics Manager (bob.schnorbus@rich.frb.org)

West Virginia's labor market lost 1,200 jobs in June, marking the fifth consecutive monthly loss (based on seasonally adjusted payroll employment). While not the largest monthly decline to date this year, the loss was significant and would have been larger if the public sector had not turned in one of its better monthly performances of the year (adding 400 jobs). The month's loss meant that over the first half of 2012, the state's labor market gave back virtually all of the job gains achieved during the second half of 2011. While the state still made substantial employment gains since the recession ended, adding over 60,000 jobs since 2009, the recent backpedalling added up to nearly 7,000 jobs lost between January and June of this year. And while both the private and public sectors have shared proportionately in that decline, the losses within each sector have not been so equitably shared.

For many of the major industries in the private sector, the job change in June did not follow the pattern that was in place since January. For example, of the main job creators in the private sector so far this year—professional and business services, education and health services, and (to a less extent) financial services—only professional and business services added jobs (600) in June, while financial services lost 200 jobs and health and education services employment was flat. The dip in financial services was consistent with a downward trend that was in place for some time until the more recent gains in the industry became a source of some encouragement for the state. The absence of job growth in health and education services was also disappointing, given its leadership role in job creation since 2009—including this year. On the other hand, the “other services” sector, which lost 500 jobs since January, was able to add 200 jobs in June. And manufacturing, which has lost jobs steadily since January (about 800), experience no further job loss in June.

Within the public sector, the pattern of job changes has been only slightly more predictable. For example, the state government, which tended to lose jobs over the first half of this year, moved another 900 jobs to the loss column in June. However, local governments, whose job changes were only marginally positive through May, added enough jobs in June (1,200) to more than offset the state government losses. Finally, the federal government was a bit of an upside surprise, adding 100 jobs during June, in contrast to a more typical pattern of monthly job losses earlier this year.

The distribution of job changes offers limited insight into the direction of the state's labor market in the months ahead. Without help either from those industries—private or public—that have been job creators or a reversal in those industries that have been in decline, the state's unemployment rate will continue to struggle. While the unemployment rate is still below the 7.8 percent rate at which it ended 2011, its reversal in direction over the last two months (rising to 7.0 percent in June) is disconcerting, especially since the recent patterns of job changes by industry offer few clues as to where job gains might soon emerge.

