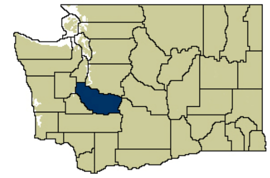
Washington State
Employment Security Department

Labor Market and Economic Analysis

November 2008



Tacoma MD
(Pierce County)
Labor Area Summary
Volume 2008, Number 11

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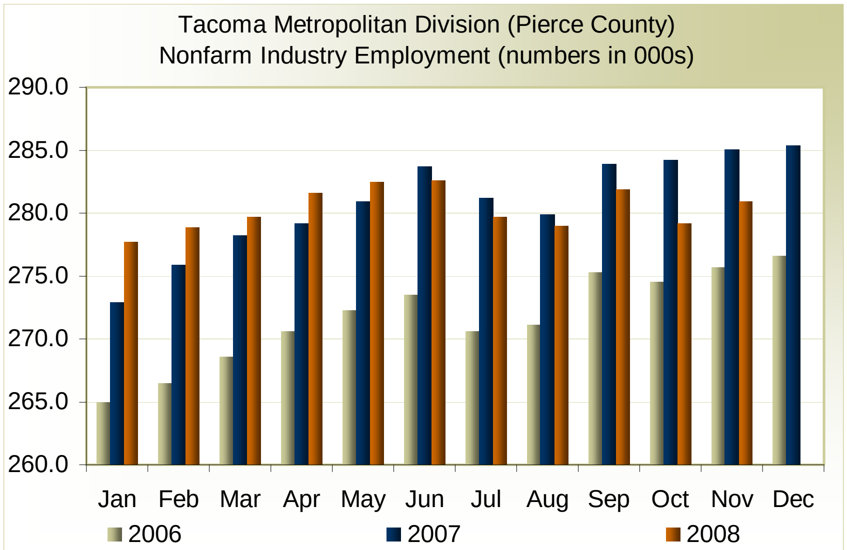
Summary

The return of 1,800 striking aerospace workers this November caused manufacturing employment to bounce higher, but the labor market gains this month were illusory. The number of nonfarm wage and salary jobs rose by 1,700 overall, but when the strikers are factored in, the net gain in employment can be translated into a monthly job loss of 100. Coupled with a downward revision to the September preliminary estimate by 500 jobs, the local area effectively wound up shedding a total of 600 jobs for the month. Last year at this time, the Tacoma Metropolitan Division (MD) labor market actually gained 900 new jobs. The contrast confirms the continuing deterioration in local labor market conditions, and when taken into consideration with other economic factors, makes the case that the national recession has found its way here.

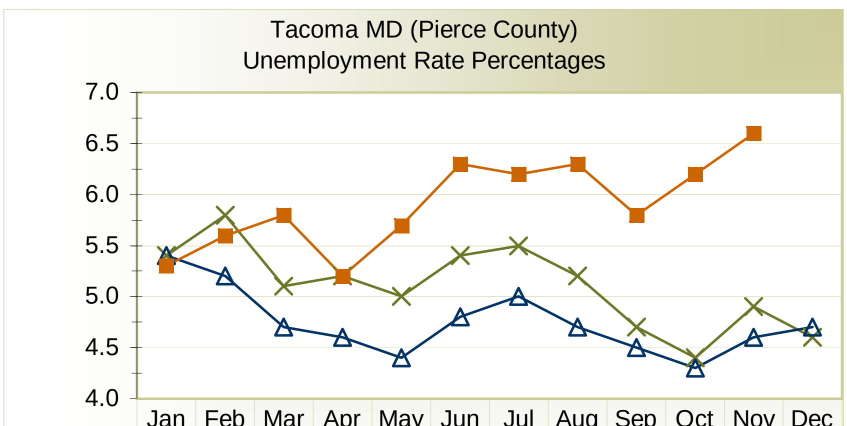
From November last year to November this year, the Tacoma MD has lost 4,200 jobs. Most of the job losses have come at the expense of the construction industry, which has reduced employment by 2,700 jobs. Difficulties in the financial industries due to financial problems have resulted in there being 700 fewer jobs. Since this industry tends to have a profound effect upon business support and expansion, the professional and business services industries consequently are now employing 1,600 fewer workers than last year. To put this into another perspective, the local area had just finished gaining 9,400 jobs over the course of the year in November 2007. Employment then had grown at a rate of 3.4 percent compared to the employment decline of 1.5 percent this year.

The turmoil in the local labor market together with local industrial production reports gives the area a recessionary feel. Industrial production continues to weaken as evidenced by the November report of the Western Washington chapter of the National Association of Purchasing Management (NAPM). Their index of economic activity fell 10.3 points in November to 47.9, an indication that the regional economy is now shrinking. Both new orders for goods and inventories were lower and forecasted to drop again in 90 days.

On a monthly basis, a few industry sectors were able to post gains in employment. The retail sector led the way in adding 800 jobs as local retailers began the annual hiring to prepare for the November-December holiday season. Another 200 jobs were added in transportation, warehousing and utilities, while educational and health industries contributed 300 more jobs. Among other private services industries, employers in professional and business services industries cut employment by 400 jobs, 700 jobs were pared in leisure and hospitality and other services employment was down by 100. The construction industry, which continued to weather the housing downturn, lost 600 seasonal jobs. The public sector added 500 jobs, mainly in state and local education services to offset the monthly weakness in other sectors.



The approach of the holidays normally prompts more job seekers to enter the labor force in search of employment this month. Weaker retail spending, which translates into weaker retail payrolls as stores hold off on seasonal hiring, shows up this month through the unemployment rate. Consequently, the local unemployment rate rose by four-tenths of one percent to 6.6 percent. The rate continued to move in an upward trend so that the 2008 trend line continues to distance itself form the lower rates evidenced by the 2007 trend line. At this time last year for instance, the local unemployment rate stood at 4.6 percent. As local labor markets are expected to worsen in accordance with the national economy, local unemployment rates will be expected to rise into 2010 and will probably approach the 9.0 percent mark, similar to what the area saw after the 2001 recession, before conditions improve. As mentioned in last month's report, the outlook has darkened rapidly over the last five weeks. As recently as this past summer, unemployment would have been expected to top out at about 6.5 percent in 2009. The continuing problems in financial markets has raised the stakes considerably.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2006	5.4	5.8	5.1	5.2	5.0	5.4	5.5	5.2	4.7	4.4	4.9	4.6
2007	5.4	5.2	4.7	4.6	4.4	4.8	5.0	4.7	4.5	4.3	4.6	4.7
2008	5.3	5.6	5.8	5.2	5.7	6.3	6.2	6.3	5.8	6.2	6.6	

Prior to this month, the proverbial wolf had been at the door of the economy. There had been many signs that he had already broken into the house, but the final conclusion was reserved until this month. To the surprise of few, the panel of the National Bureau of Economic Research, the unofficial arbiters of recession calls, ruled that the national economy entered into a recession in December 2007. This makes the downturn a year old, exceeding the ten-month average length of recessions since World War II. The fallout in financial markets provides the greatest explanation why this recession has quickly evolved from a fairly benign one into a severe one. While financial conditions have improved since October when the Treasury Department began taking equity stakes in financial institutions and the Federal Reserve began to pump in trillions of dollars in liquidity, conditions remain far from normal. The Fed continued its monetary easing this month, slashing the federal funds rate to near zero, and is ready to engage in more aggressive forms of quantitative easing. A large economic recovery package is also being promised by the incoming Obama administration, which, when added to monetary efforts, should keep the recession from worsening into a depression. It is important, however, to note that the impacts of policy changes are felt incrementally through time, so it will take awhile to see this through. The local area is moving through some tougher times, but it could be worse. If all goes well, the local labor market can start expanding again next year at this time.

Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: June 2008				Change		
(Employment statistics in whole numbers)	Prelim	Revised	Revised	Oct-08	Nov-07	Nov-07
Employment by Place of Residence	Nov-08	Oct-08	Nov-07	Nov-08	Nov-08	Nov-08%
Civilian Labor Force	409,360	403,340	399,770	6,020	9,590	2.4%
Resident Employment	382,170	378,240	381,220	3,930	950	0.2%
Unemployment	27,190	25,100	18,560	2,090	8,630	46.5%
Unemployment Rate	6.6	6.2	4.6	0.4	2.0	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm **1/**	280.9	279.2	285.1	1.7	-4.2	-1.5%
Total Private	223.1	221.9	229.0	1.2	-5.9	-2.6%
Goods Producing	42.7	41.6	46.2	1.1	-3.5	-7.6%
Natural Resources and Mining	0.4	0.4	0.4	0.0	0.0	0.0%
Construction	22.5	23.1	25.2	-0.6	-2.7	-10.7%
Specialty Trade Contractors	14.1	14.4	16.0	-0.3	-1.9	-11.9%
Manufacturing	19.8	18.1	20.6	1.7	-0.8	-3.9%
Services Providing	238.2	237.6	238.9	0.6	-0.7	-0.3%
Trade, Transportation, and Utilities	57.6	56.6	58.0	1.0	-0.4	-0.7%
Wholesale Trade	11.5	11.5	11.4	0.0	0.1	0.9%
Retail Trade	34.1	33.3	34.8	0.8	-0.7	-2.0%
Food and Beverage Stores	5.6	5.5	5.6	0.1	0.0	0.0%
General Merchandise Stores	7.5	7.2	8.2	0.3	-0.7	-8.5%
Transportation, Warehousing, and Utilities	12.0	11.8	11.8	0.2	0.2	1.7%
Information	3.7	3.7	3.7	0.0	0.0	0.0%
Financial Activities	12.8	12.8	13.5	0.0	-0.7	-5.2%
Professional and Business Services	24.2	24.6	25.8	-0.4	-1.6	-6.2%
Admin, Support, Waste Mgmt., & Remediation	13.2	14.0	15.5	-0.8	-2.3	-14.8%
Administrative and Support Services	11.7	12.3	14.1	-0.6	-2.4	-17.0%
Educational and Health Services	42.4	42.1	41.9	0.3	0.5	1.2%
Ambulatory Health Care Services	13.5	13.4	13.5	0.1	0.0	0.0%
Hospitals	9.6	9.5	9.3	0.1	0.3	3.2%
Leisure and Hospitality	26.8	27.5	26.9	-0.7	-0.1	-0.4%
Food Services and Drinking Places	22.2	22.5	22.0	-0.3	0.2	0.9%
Other Services	12.9	13.0	13.0	-0.1	-0.1	-0.8%
Government	57.8	57.3	56.1	0.5	1.7	3.0%
Federal Government	11.0	11.1	10.3	-0.1	0.7	6.8%
State Government	12.2	12.2	11.7	0.0	0.5	4.3%
State Government Educational Services	4.1	4.0	3.8	0.1	0.3	7.9%
Local Government	34.6	34.0	34.1	0.6	0.5	1.5%
Local Government Educational Services	19.4	18.7	18.7	0.7	0.7	3.7%
Workers in Labor/Management Disputes	0.0	1.8	0.0	-1.8	0.0	0.0%

1/ Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month.
*Prepared by the Labor Market and Economic Analysis Branch using a Quarterly Benchmark process. This process uses the most recent quarter from the Unemployment Insurance Tax Reports (currently 2nd quarter 2008) and estimates employment from that point to present. **2/** Workers excluded due to involvement in labor/management dispute.
**North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages