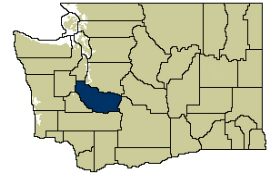




Tacoma MD (Pierce County) Labor Area Summary Volume 2009, Number 4

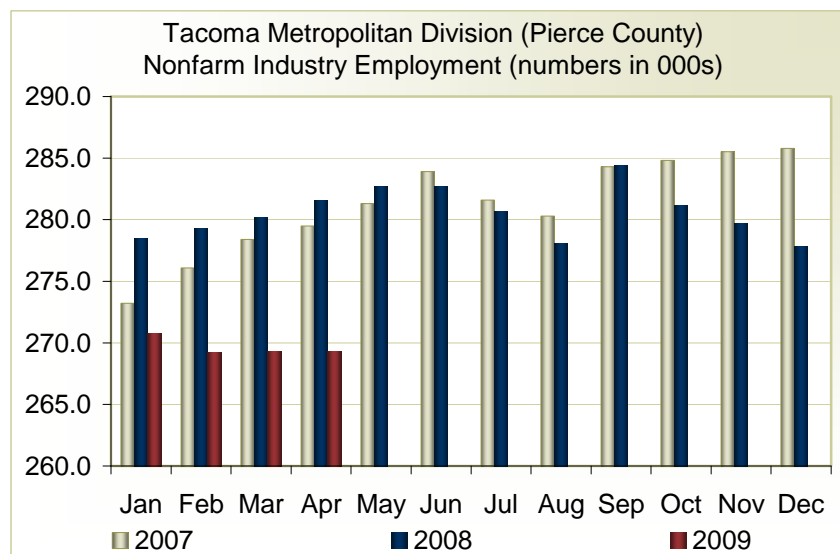


Paul Turek, Regional Labor Economist
1305 Tacoma Avenue South #201, Tacoma, WA 98402
Voice: (253) 593-7336; FAX: (253) 593-7377
pturek@esd.wa.gov; www.workforceexplorer.com

Summary

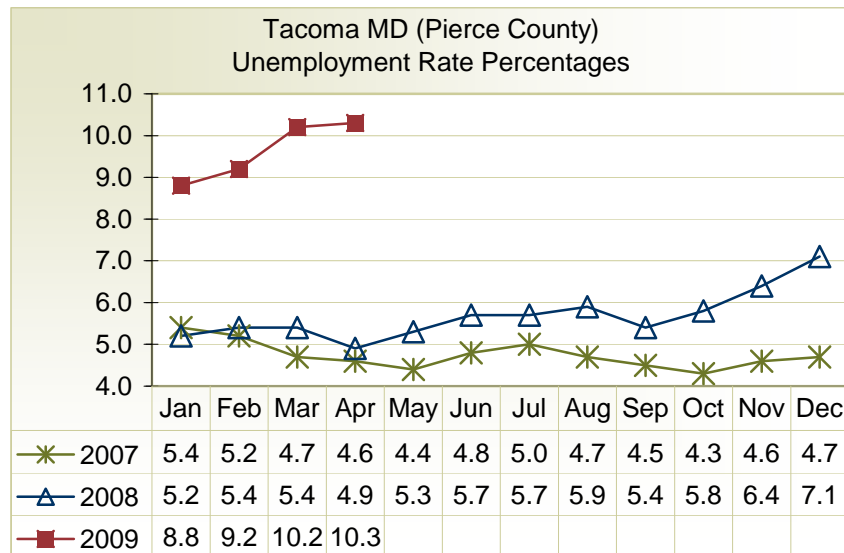
Employment conditions continued to deteriorate in April within the Tacoma Metropolitan Division (MD). The crisis in the labor market is still deepening, although it may be possible to extract some slivers of optimism from other related economic reports. When juxtaposed together, the resulting analysis can almost take on the aura of a good news-bad news comedy routine. However, the state of the current labor market is certainly no laughing matter, and the monthly local report is a sobering reminder of the severity with which recessionary forces have impacted the labor market.

Quarterly revisions of the monthly Tacoma MD nonfarm wage and salary employment numbers confirm some of the fears that emerged out of the March Labor Area Summary. At that time, the resident labor force report, which serves to track the local area unemployment rate, had been painting a more dismal picture of the local labor economy than was the employment number, or ‘jobs’ report. The unemployment rate has been steadily rising at a rapid rate over the past several months, even as preliminary March employment numbers were rising. The downward revisions made to the job numbers, together with a more subdued unemployment report this month, has created a more harmonic balance between the reports. The revisions lowered the March preliminary employment level by 1,900 jobs. Extended across the first quarter, they show that employment from February to March grew by a scant 100 jobs, rather than the 800 initially reported. As noted last month, employment from February to March has not fallen during the period dating back to 1990. Further revisions could break this trend and it will be interesting to watch this play out.



The April employment report shows the local job market as being little changed or flat, with no significant numbers of jobs added or lost over the month. On the whole, the public sector added a total of 100 jobs, while the private sector lost 100 jobs. The lack of job creation this month makes for a stark comparison with last year at this time when 1,400 jobs were added locally. Since April of last year, the Tacoma MD has lost 12,300 jobs. By comparison, the highest job-loss figure at any point during the 2001 recession was 3,400 jobs.

The bad news on the local jobs front has now caught up with the bad news in the local unemployment report. The unemployment rate for the county rose again, but only slightly. The rate now stands at 10.3 percent for April, up from a revised March rate of 10.2 percent. The area unemployment rate had risen by an average of more than a percentage point per month over the last three months. The breather the rate took this month helps to even out the increase over time.



Good News, Bad News

A good news-bad news report would be similar to an analysis by a two-handed economist: on one hand there is good news, on the other hand, bad. The major question has traditionally been to ask which news should be reported first. Some liberties will be taken with this. There has been no shortage of bad news of late when it comes to the economy and the labor market. Current economic conditions are terrible while the crisis in the labor market continues to deepen. The good news is that there is no more bad news. More accurately, the bad news that has surfaced this month through several key economic reports does not appear to be as bad as it has been just recently, suggesting the worst may be over.

The bad news emanating from the advance U.S. GDP report is that real gross domestic product, a measure of economic growth, fell during the first quarter by 6.1 percent annualized. This followed a decline of 6.3 percent in the fourth quarter of 2008. The 6.1 percent annualized decline over the past six months has been the steepest two-quarter drop in real GDP since 1958. The good news in this report is twofold. First, consumer spending increased in the first quarter of 2009 after two big declines in the second half of 2008. Consumers are still nervous, and continue to buy cautiously, but are steadily picking up their purchases. Second, businesses pared down inventories significantly during the first quarter and are getting rid of excess goods. This means that as demand picks up, firms will need to increase production to keep up. Given this, the economy is expected to contract over the next quarter or two, but at a slower rate. Combined with some other positive outcomes, the pieces are in place for the recession to end by the end of 2009.

On the jobs front, the bad news is that both the nation and the state continued to shed jobs. The good news this month is that the job losses were smaller compared with previous months. The seasonally-adjusted employment level for Washington fell by a scant 200 jobs in April. The nation, on the other hand, shed 539,000 seasonally-adjusted jobs in April. While still very large, national job losses were the smallest since last October. If the recovery is to take hold this year, the job losses will need to continue to moderate. If the losses do not fall below 500,000 by late summer, it will be difficult to declare that a recovery is imminent and the recession might then extend into 2010.

A good harbinger of whether job reductions are abating is the initial claims reports for unemployment benefits. Nationally, claims have been running near 650,000 per week from March through early April. They have been stabilizing below this mark in recent weeks, but still remain in excess of 600,000 per week, seasonally adjusted. Once again, claims will need to fall below 600,000 in the coming weeks, and perhaps below 500,000 by September, for the recovery to take hold this year. On the home front, state claims have been displaying a similar pattern with respect to national claims.

The Labor Department's Job Openings and Labor Turnover Survey (JOLTS) released monthly, tallies how many jobs employers are trying to fill each month, as well as how many people are hired, fired and quit. The good news is that the separations level from employment has been stabilizing consistent with the claims data. Also, there are 2.7 million jobs available throughout the country. The bad news is that this is the lowest number of openings since the series began and, on average, there exists five unemployed people for each available job. That compares to 1.7 for each job in December 2007 when the recession began, according to the Economic Policy Institute. Overall, there are 5.7 million fewer total jobs available than when the recession began according to the Labor Department. While net job losses are abating, the national labor market looks to be far from an actual turnaround. Hiring will need to pick up for a full recovery to be felt and this might not happen for another year.

The recession may be gradually moderating, but the data from the aforementioned reports are a reminder of how difficult the recovery will be. Normally, it would be appropriate to look toward the housing and vehicle industries to power a recovery. Given that the housing market is flooded with vacant homes, and vehicle demand is "spent-up," gains from these industries in coming months look to be small. It does not appear that global markets will be of help any time soon. The credit crunch that has befallen the economy is being addressed incrementally and will take time to work out. Some things may be looking up, but it appears like it will be a long, tough march up the recovery road.

Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: December 2008						
	Change					
	Prelim Apr-09	Revised Mar-09	Revised Apr-08	Mar-09 Apr-09	Apr-08 Apr-09	Apr-08 Apr-09%
Employment by Place of Residence						
Civilian Labor Force	401,740	405,200	391,930	-3,460	9,810	2.5%
Resident Employment	360,170	363,880	372,690	-3,710	-12,520	-3.4%
Unemployment	41,570	41,320	19,240	250	22,330	116.1%
Unemployment Rate	10.3	10.2	4.9	0.1	5.4	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm 1/	269.3	269.3	281.6	0.0	-12.3	-4.4%
Total Private	210.3	210.4	224.3	-0.1	-14.0	-6.2%
Goods Producing	36.9	37.0	44.2	-0.1	-7.3	-16.5%
Mining and Logging	0.3	0.4	0.4	-0.1	-0.1	-25.0%
Construction	19.6	19.5	23.7	0.1	-4.1	-17.3%
Specialty Trade Contractors	12.7	12.8	15.1	-0.1	-2.4	-15.9%
Manufacturing	17.0	17.1	20.1	-0.1	-3.1	-15.4%
Services Providing	232.4	232.3	237.4	0.1	-5.0	-2.1%
Trade, Transportation, and Utilities	51.9	52.1	55.2	-0.2	-3.3	-6.0%
Wholesale Trade	10.7	10.7	11.4	0.0	-0.7	-6.1%
Retail Trade	30.6	30.8	32.6	-0.2	-2.0	-6.1%
Food and Beverage Stores	5.2	5.2	5.5	0.0	-0.3	-5.5%
General Merchandise Stores	7.5	7.7	7.3	-0.2	0.2	2.7%
Transportation, Warehousing, and Utilities	10.6	10.6	11.2	0.0	-0.6	-5.4%
Information	3.2	3.2	3.7	0.0	-0.5	-13.5%
Financial Activities	12.7	12.7	13.3	0.0	-0.6	-4.5%
Professional and Business Services	22.8	23.2	25.1	-0.4	-2.3	-9.2%
Admin, Support, Waste Mgmt., & Remediation	12.9	12.8	14.4	0.1	-1.5	-10.4%
Administrative and Support Services	11.0	11.1	13.0	-0.1	-2.0	-15.4%
Educational and Health Services	43.3	43.1	41.8	0.2	1.5	3.6%
Ambulatory Health Care Services	14.0	13.9	13.5	0.1	0.5	3.7%
Hospitals	11.5	11.5	9.3	0.0	2.2	23.7%
Leisure and Hospitality	26.7	26.4	28.0	0.3	-1.3	-4.6%
Food Services and Drinking Places	21.0	21.1	22.2	-0.1	-1.2	-5.4%
Other Services	12.8	12.7	13.0	0.1	-0.2	-1.5%
Government	59.0	58.9	57.3	0.1	1.7	3.0%
Federal Government	11.4	11.3	10.6	0.1	0.8	7.5%
State Government	12.1	12.2	12.1	-0.1	0.0	0.0%
State Government Educational Services	4.0	4.1	4.0	-0.1	0.0	0.0%
Local Government	35.5	35.4	34.6	0.1	0.9	2.6%
Local Government Educational Services	19.4	19.3	18.8	0.1	0.6	3.2%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0
<p>1/ Excludes proprietors, self-employed, members of armed forces, and private household employees. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. Columns may not add due to rounding. *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 4th quarter 2008) and estimates employment from that point to present.</p> <p>**North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages</p>						