Washington State
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Labor Market and Economic Analysis

LMEA

March 2009

Tacoma MD
(Pierce County)
Labor Area Summary
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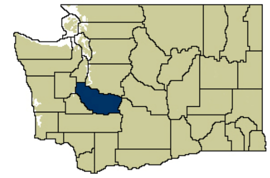

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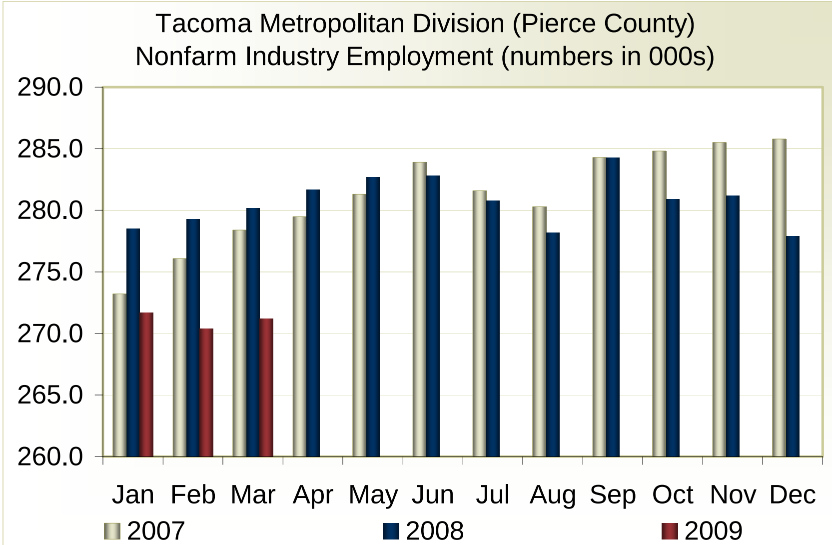
Summary

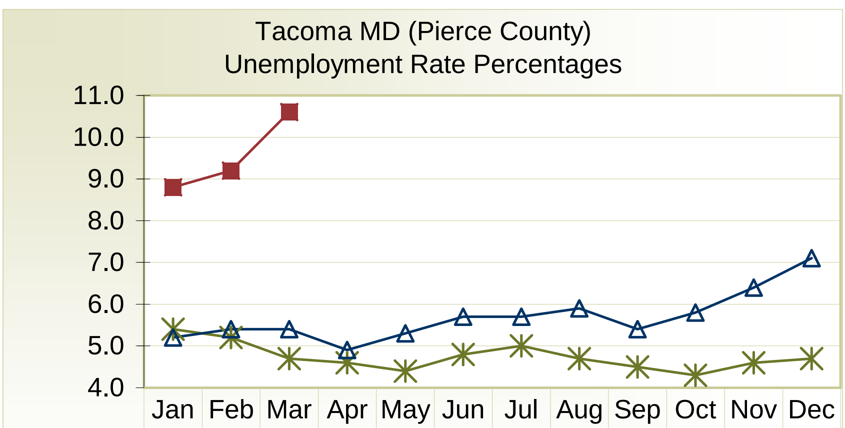
The March 2009 labor market report for the Tacoma Metropolitan Division (MD) appears to present a case of north and south data. The place of work report for nonfarm employment in the MD showed local employers adding 800 net jobs to the area. The resident labor force report on the other hand, showed the local employment status of local residents to be significantly contracting. While the two reports do not track the exact same thing, they are usually expected to move in tandem over time. On a monthly basis, a divergence can sometimes occur. The residential employment report can tend to be volatile on a monthly basis, but generally does capture the trend for employment prospects over the course of several months. The place of work, or “jobs” report, is generated from a sample of payroll reports provided by local firms, and is subject to statistical guidelines for estimating purposes. Over time, the sample is complemented with a full data report set to generate reliably accurate monthly employment numbers for the area.

What that means for the moment is that there is evidence indicating that the local labor market expanded just slightly this month in line with what is typically observed this time of year. Since 1990, local employment has always grown in March. This period also spans across two national recessions. The current recession, however, is far from typical in terms of its severity. It becomes more likely for employment to fall in March of this year, except there has not been enough evidence generated so far to support this likelihood. A few more months of additional data will provide a better answer in the form of revisions. Until then, the jobs figure represents a “best guess” for now, and gives a mixed and perhaps somewhat hopeful signal about the local labor market.

The private sector contributed 500 of the total new jobs added this month locally, while the remaining 300 jobs were added in the public sector in terms of government employment. Among private industries, the trade, transportation and utilities, educational and health services, and leisure and hospitality industry sectors each generated 300 additional jobs. The largest losses were in manufacturing, which gave up 400 jobs during the month. The March report does little to stem the contraction that has been occurring in the local labor market. Just about every industry is in retreat, and just about every group of workers is being affected. Since March last year, the MD has lost 9,000 jobs. Construction and manufacturing are the two narrowly-defined sectors that are bearing the brunt of the decline. The only industry that is still adding to private payrolls on net is healthcare, but it too is creating fewer jobs than it did in prior years.



The rapid ascent in the local unemployment rate in recent months underscores the severity of the recession. This month, the local unemployment rate climbed 1.4 percentage points to reach 10.6 percent. Since December last year, the area's unemployment rate has risen by 3.5 percentage points, and largely reflects the tough national economic conditions experienced in the first quarter this year. The state also saw its unemployment rate rise this month. The comparable not-seasonally adjusted state unemployment rate rose to 9.7 percent in March. The seasonally adjusted state unemployment rate for March registered 9.2 percent.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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	5.2	5.4	5.4	4.9	5.3	5.7	5.7	5.9	5.4	5.8	6.4	7.1
2009	8.8	9.2	10.6									

The Tacoma MD unemployment rate for March was the highest the rate has been since the middle of 1983. Although the recession that began in December 2007 is largely expected to wind down by the end of the year, the labor market is likely to remain frail until about the spring of 2010. Employers will exercise hiring caution until they are confident the economy has truly reached a sustained recovery. As a result, the unemployment rate will continue to rise and may reach 12.0 percent locally before it recedes.

Until that time, it appears we are all in this together. Not since the 1970s has there been a time when so many states and metropolitan areas have been in simultaneous economic decline. The relative strength the state and local economies enjoyed before last summer is now a thing of the past. Household balance sheets have taken on more debt load across most of the country and housing markets have corrected nearly everywhere. The continuing financial crisis has limited credit availability nationwide. A good illustration of this can also be seen in Oregon, where the seasonally-adjusted unemployment rate in the state surged above 12.0 percent in March, rivaling hard-hit Michigan.

Given the clouds that loom over the economy, one has to look hard to see an emerging recovery. Signs that the recession is no longer intensifying began to emerge this month in the form of firmer retail sales, capital goods orders, and mortgage purchase applications. It is still far too early to suggest the economy is stabilizing. However, the rate of decline appears to be starting to level off. A number of obstacles still need to be hurdled, and the recovery that will ensue is likely to be gradual and uneven. A lot continues to ride on the massive fiscal and monetary stimulus designed to lift the economy. Tax cuts included in the fiscal stimulus are now appearing in paychecks. While modest for individual households, they could provide a measureable boost to retailing as the spring months unfold. Credit markets, however, are not functioning properly and banks remain reluctant to lend. This could offset some of the benefits lower mortgage rates might have on refinancing and home sales. The Federal Reserve’s term asset-backed lending facility (TALF) program, aimed at improving consumer credit conditions, is off to a slow start. Private firms seem reluctant to participate in the program, due to concerns about changes in government policies that could affect potential borrowers. Out of the $200 billion committed to the program, subscriptions thus far have totaled just $6.4 billion, suggesting that a sizeable portion of the allocated funds may go untapped.

There are miles to go before the economy can rest. The path is paved with risks, but they are becoming a bit more balanced. It is taking some time for the monetary and fiscal stimulus to generate momentum, but at some point, presumably by the end of the year, it will take hold. When that happens, the morass confronting businesses and consumers should fade and job losses will diminish.

Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: September 2008						
				Change		
	Prelim	Revised	Revised	Feb-09	Mar-08	Mar-08
Employment by Place of Residence	Mar-09	Feb-09	Mar-08	Mar-09	Mar-09	Mar-09%
Civilian Labor Force	404,690	406,630	393,270	-1,940	11,420	2.9%
Resident Employment	361,860	369,130	371,950	-7,270	-10,090	-2.7%
Unemployment	42,830	37,500	21,330	5,330	21,500	100.8%
Unemployment Rate	10.6	9.2	5.4	1.4	5.2	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm **1/**	271.2	270.4	280.2	0.8	-9.0	-3.2%
Total Private	212.1	211.6	223.3	0.5	-11.2	-5.0%
Goods Producing	39.1	39.5	44.2	-0.4	-5.1	-11.5%
Mining and Logging	0.4	0.4	0.4	0.0	0.0	0.0%
Construction	20.5	20.5	23.7	0.0	-3.2	-13.5%
Specialty Trade Contractors	13.1	13.2	15.3	-0.1	-2.2	-14.4%
Manufacturing	18.2	18.6	20.1	-0.4	-1.9	-9.5%
Services Providing	232.1	230.9	236.0	1.2	-3.9	-1.7%
Trade, Transportation, and Utilities	51.8	51.5	55.3	0.3	-3.5	-6.3%
Wholesale Trade	10.8	10.8	11.4	0.0	-0.6	-5.3%
Retail Trade	30.6	30.4	32.6	0.2	-2.0	-6.1%
Food and Beverage Stores	5.3	5.4	5.5	-0.1	-0.2	-3.6%
General Merchandise Stores	7.2	7.1	7.2	0.1	0.0	0.0%
Transportation, Warehousing, and Utilities	10.4	10.3	11.3	0.1	-0.9	-8.0%
Information	3.1	3.2	3.7	-0.1	-0.6	-16.2%
Financial Activities	12.9	13.0	13.3	-0.1	-0.4	-3.0%
Professional and Business Services	23.1	23.0	24.8	0.1	-1.7	-6.9%
Admin, Support, Waste Mgmt., & Remediation	12.6	12.5	14.0	0.1	-1.4	-10.0%
Administrative and Support Services	10.5	10.5	12.6	0.0	-2.1	-16.7%
Educational and Health Services	42.0	41.7	41.6	0.3	0.4	1.0%
Ambulatory Health Care Services	13.1	13.1	13.4	0.0	-0.3	-2.2%
Hospitals	11.4	11.3	9.3	0.1	2.1	22.6%
Leisure and Hospitality	26.9	26.6	27.4	0.3	-0.5	-1.8%
Food Services and Drinking Places	22.1	22.0	21.9	0.1	0.2	0.9%
Other Services	13.2	13.1	13.0	0.1	0.2	1.5%
Government	59.1	58.8	56.9	0.3	2.2	3.9%
Federal Government	11.3	11.2	10.5	0.1	0.8	7.6%
State Government	12.2	12.2	11.9	0.0	0.3	2.5%
State Government Educational Services	4.1	4.1	4.0	0.0	0.1	2.5%
Local Government	35.6	35.4	34.5	0.2	1.1	3.2%
Local Government Educational Services	19.3	19.2	18.9	0.1	0.4	2.1%
Workers in Labor/Management Disputes	0.0	0.0	0.0	0.0	0.0	0.0

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 3rd quarter 2008) and estimates employment from that point to present. **North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages