

Employment Slowdown Deepens

A recent *Policy Brief* (Volume 13, Number 16) noted that total private employment growth in the Pittsburgh region had cooled considerably. The twelve month rise from January 2012 to January 2013 was only one percent, representing about a 10,000 job increase, and a continuation of the slowing trend that began in the second half of 2012. Unfortunately, preliminary jobs figures for February 2013 (the latest reported) show the employment gains cooling still further.

Total private employment registered a very modest pickup of only 5,600 jobs in February 2013 compared to the same month in 2012. While there is some good news in the fact that growth is still occurring, the bad news is this is the smallest twelve month increase since the Pittsburgh region emerged from the recession in June 2010 with a twelve month gain of 6,100 net new jobs. Not since June 2010 has the year over year increase in total private jobs been fewer than 10,000. Perhaps this is just a one-time monthly occurrence and not the start of a protracted weakening trend. But as was noted in the earlier *Policy Brief*, sluggishness in job growth appeared in the second half of 2012 and has shown progressive deceleration.

The recent weakening in the Pittsburgh job market as measured by the establishment survey is mirrored in the national jobs numbers for March. Nationally, the March job figure was very troubling with only 95,000 net private sector payroll jobs added compared to the February level.

Meanwhile, data from the national household survey (which provides labor force and unemployment figures) confirms the cooling down of payroll job gains. Seasonally adjusted data show the nation's labor force declining by 496,000 from February to March. This followed a January to February decline of 130,000. Clearly, hopes of finding a good job are waning rapidly and many people are choosing to leave the labor force and not bother looking for work. In contrast the labor force in the Pittsburgh MSA had been showing some strength with month to month increases throughout most of 2012. However the negative change from January to February marked the first drop in nearly a year (March to April 2012).

In Pittsburgh, manufacturing along with the trade, transportation, and utilities sector have turned noticeably weaker. Manufacturing, which had recorded year over year gains since

July 2010, lost another 500 jobs from its year ago level this February following a 200 decline from a year earlier in January. The trade, transportation, and utilities sector in February was 1,300 positions lower than a year ago after losing 1,100 this January. Perhaps the biggest surprise occurred with the leisure and hospitality sector shedding 2,600 jobs in February compared to a year ago. This sector has been one of the jobs producing stalwarts over the past couple of years. It could be the weakness in the two consumer oriented sectors reflecting a loss in consumer confidence as well as possibly showing the impact of the national tax hikes that occurred in January.

Fortunately, three sectors are providing some strength for the local jobs market; professional and business services, education and health, and mining and logging. Professional and business services had 4,000 more employees on February's payroll than a year earlier following January's increase of 3,700. The eds and meds sector had a February increase of 2,200, which was slightly less than January's increase of 3,400. Mining and logging, led by the development of natural gas in the Marcellus Shale formation, added another 900 people to payrolls in February besting January's year over year increase of 800.

Nonetheless, the takeaway in this story is the much smaller than expected increase in private sector jobs of just 5,600 persons from a year ago. As mentioned above this is the fewest new jobs in the area since the recovery from recession began in mid-2010. This recent weakness has also appeared in the national numbers. This latest sharp slowdown is worrisome to say the least. And the national labor force plunge is certainly not reassuring as to the underlying robustness of a recovery that would have to pick up speed to be deemed lackluster.

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