



Economic Perspectives

Employment Down Again In January Nation's Unemployment Rate Now 7.6%

February 5, 2009

The U.S. Bureau of Labor Statistics reported this morning that the nation's economy lost another 598,000 jobs in January bringing the recession total to 3.6 million. About half of those losses occurred in the last three months under scoring the seriousness of the current recession. At the same time, December job losses were revised to 577,000 — up some 53,000 from last month's advance estimate of 524,000. Job losses for all of 2008 were also revised to show roughly 400,000 more losses than originally reported throughout the year. With the revisions, the economy has shed about 3.5 million jobs since January 2008 — the largest decline since 1939 when the government began tracking the numbers.

At the same time, the nation's unemployment rate rose to 7.6% from 7.2% last month prior to revision. That is the highest rate since 1992. In absolute numbers, 11.6 million persons are now unemployed. That number has increased by 4.1 million over the last 12 months and the unemployment rate has risen 2.7 percentage points during that time.

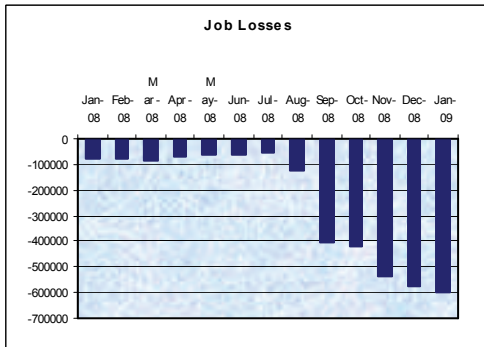
About 2.1 million persons were marginally attached to the labor force in January. This category represents those who are available, want work and had searched for employment in the preceding 12 months. The category total is up about 400,000 from 12 months earlier. These persons are not counted as unemployed because they had not sought work in the last four weeks. Among the marginally attached were 734,000 discouraged workers up 270,000 from 12 months earlier. Discouraged workers are those not currently looking for work because they believe no jobs are available for them. The number of persons working part time because full time work was not available was essentially unchanged since January at 7.8 Million. This category has risen by 3.1 million in the last 12 months.

By employment type, manufacturing fell 207,000 in January — the largest 12 month decline since October 1982. Most of the loss (157,000) was in durable goods manufacturing (goods expected to last three years or more). This is in reaction to consumer spending pull back in purchases of furniture, appliances and other so-called big ticket items. Manufacturing loss in non-durable goods (consumables) fell by 50,000.

Employment in retail trade fell by 45,000 in January. Since its peak in November 2007, 592,000 jobs have been lost. Transportation and warehousing lost 44,000 jobs in January and 202,000 since the start of the recession in December 2007. Employment in financial activities declined by 42,000 in January. The total losses are about 388,000 since the peak in December 2006. By far, the greatest losses have been in the last six months since the financial crisis began in September 2008.

Health care increased by 19,000 jobs in January but even that category is down from the average of 30,000 jobs added per month in 2008.

Normally in a recession, job losses are somewhat contained by either category or geography or both. That has not happened this time. Thus far in the current recession, losses have been wide spread and virtually no sector or geography is immune. Widespread losses like this clearly under-score the breadth, depth and overall seriousness of the current recession. We expect job losses to continue to mount throughout most of 2009 with losses stabilizing late in the year or in early 2010. The nation's unemployment rate will likely reach 9.0% before stabilizing in 2010.



SOURCE: Bureau of Labor Statistics

NOTE: Florida and local market statistics lag the national numbers by about one month. The next Florida report will be released on March 6, 2009 at 10:00 AM.



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