



# Southwest Washington

## Labor Market News

Volume 2013, Number 6

**Scott Bailey, Regional Economist**

5411E. Mill Plain Boulevard, Suite 15, Vancouver WA 98661-7046

Voice: (360) 735-4995

[scott.bailey@esd.wa.gov](mailto:scott.bailey@esd.wa.gov), <https://fortress.wa.gov/esd/employmentdata>

## Monthly Review

“Nice work if you can get it...”

George & Ira Gershwin

**Product update:** County data tables (the mega-excel files) have been updated with new data for population, migration, employment by age and sex, industry and occupational projections, and retail sales. Let me know if you’d like an update.

## State of the Nation

### GDP and the four horses economic indicators of the Apocalypse:

Each of the four major indicators improved in their latest posting. April manufacturing, wholesale and retail sales rose, as did May personal income, along with industrial production and nonfarm employment in June. All are within 2 percent of their pre-meltdown peak—but if one adjusts for population growth (and one should), then one should mark down the results by five percentage points. So instead of nonfarm employment being 1.6 percent short of when we stood on the brink of the precipice back in January 2008, we’re actually 6.9 percent below where we need to be. Cheers!

The queen bee of indicators, GDP, is going through a massive series revision, to be released at the end of this month; it will be interesting to see how history will be re-written. The early estimates for the second quarter of the year were pretty bleak, around 1 percent growth (see [here](#) and [here](#)). Federal budget cuts due to the sequester are to blame (see [here](#) for an updated “Sequester Watch” and the impacts on everything from national defense to public defenders to Meals on Wheels and Head Start). The impulse to cut the budget deficit looks even more questionable now that [long-term projections of the budget deficit](#) have been revised substantially downward by a number of budget watchers.

**Shell game:** Who says big bankers don’t work hard? A recent story on the manipulation of aluminum prices by Goldman Sachs, et al, has given a whole new meaning to the financialization of the economy. From the [New York Times](#):

Using special exemptions granted by the Federal Reserve Bank and relaxed regulations approved by Congress, the banks have bought huge swaths of infrastructure used to store commodities and deliver them to consumers... The maneuvering in markets for oil, wheat, cotton, coffee and more have brought billions in profits to investment banks like Goldman, JPMorgan Chase and Morgan Stanley, while forcing consumers to pay more every time they fill up a gas tank, flick on a light switch, open a beer or buy a cellphone...

June 2013 Unemployment Rates			
	June 2013	May 2013	June 2012
<b>Seasonally Adjusted:</b>			
U.S.	7.6	7.6	8.2
U.S. U-6	14.3	13.8	14.8
Washington	6.8	6.8	8.4
Oregon	7.9	7.8	8.8
Portland Metro	7.3	7.4	8.3
<b>Unadjusted:</b>			
U.S.	7.8	7.3	8.4
Washington	7.0	6.6	8.3
Oregon	8.1	7.6	8.8
Clark	8.6	9.3	11.0
Cowlitz	10.6	10.2	10.9
Wahkiakum	11.6	11.5	11.6
Portland Metro	7.5	7.1	8.4
*See text. Data will likely be revised upward.			

The story of how this works begins in 27 industrial warehouses in the Detroit area where a Goldman subsidiary stores customers' aluminum. Each day, a fleet of trucks shuffles 1,500-pound bars of the metal among the warehouses. Two or three times a day, sometimes more, the drivers make the same circuits. They load in one warehouse. They unload in another. And then they do it again. The back-and-forth lengthens the storage time. And that adds many millions a year to the coffers of Goldman, which owns the warehouses and charges rent to store the metal. It also increases prices paid by manufacturers and consumers across the country...  
...the efforts by Goldman and other financial players has cost American consumers more than \$5 billion over the last three years, say former industry executives, analysts and consultants.

And it's not just aluminum. It's other metals, food, energy. Nice work if you can get it.

## State of the States—and PDX

In Washington, the labor force continued to increase, while the unemployment rate remained at 6.8 percent. The state added 9,800 jobs over the month—a very good number, pushing the growth rate to 2.5 percent. This condition of job growth with an expanding labor force could persist for some time, as people on the sidelines begin looking for work when they sense their prospects have moved from absolutely miserable to merely poor. Industries looking good: construction, retail trade, employment services, and leisure & hospitality. Every major sector has gained jobs over the past year. We'll see how the numbers hold up after quarterly benchmark revisions next month.

Oregon suffered its first job loss since last September, but it was relatively small at 1,000 jobs. There was a correspondingly small increase in the jobless rate. Job growth over the year was still pretty decent at 1.9 percent. The Portland Metro area continues to improve, adding 4,800 jobs over the month. Employment has grown by 2.7 percent over the year.

## Regional Roundup

Shoppers in southwest Washington were on a mission in the first quarter of the year. Yes, spending is always at a low point after the holidays, but after adjusting for the seasonal dip (and inflation), sales at retail outlets were up in both Clark and Cowlitz counties. In Clark there was a sharp increase which appeared to be across the board—auto sales, general merchandise stores, and other retail as well as construction and hotel/motel. The one exception was restaurants. In Cowlitz consumers were similarly generous, except that both lodging and restaurants saw no increase.

The longer-term trend: Clark had a smaller decline (-20 percent) in the recession, and has made more inroads (now 8 percent below peak spending), while Cowlitz had a larger decline (-23 percent) and has more ground to make up (now 17 percent below peak spending). A tough retail climate has slowly gotten better.

Check out the building permits graph for Clark County in the accompanying PDF file (Southwest Economic Indicators 2). In the first five months of this year, there were filings for more apartment units than for any *year* going back to 2003. Apartments have long followed a boom-and-bust pattern, and we may be firmly in the “overbuild” phase of the cycle. That would be good news for renters, not so good news for landlords.

## Clark County

June brought continued job growth in Clark County, but at a slower pace than the three prior months.

Over the month:

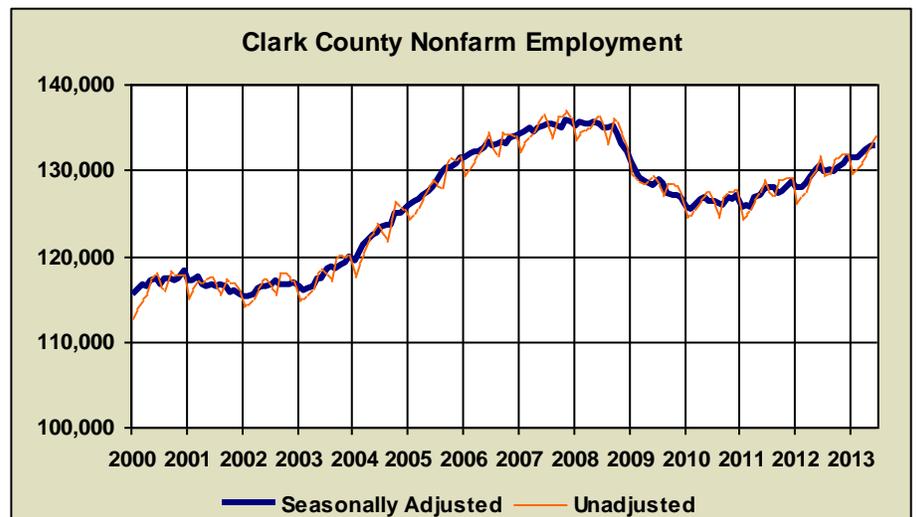
- On a seasonally-adjusted basis, nonfarm employment rose by 200 jobs in June, less than half the average gain for the previous three months.
- Unadjusted job counts were up by 1,000. Retail trade (+200) and leisure & hospitality (+200) both expanded above the seasonal norm, while there was normal seasonal hiring in construction (+200), manufacturing (+200), and professional & business services (+300). K-12 education had a bad hair month, dropping 200 jobs, when no change is typical for June.

Over the year:

- Job growth over the year was 2,700, or 2.1 percent, almost identical to last month.

What's hot, what's not:

- Construction, while a little slow over the past three months, has added 800 jobs over the year (+9.4 percent). Just like the good old days! Except at 9,300 jobs, it's about 4,000 jobs below its peak.
- Manufacturing was +600 jobs over the year, a very respectable 4.1 percent gain.
- Trade & transportation has heated up. While payrolls were up 500 jobs (around 2 percent) for wholesale trade, retail trade, and transportation & utilities, growth was above 6 percent over the past six months.
- Information, finance, real estate & leasing and professional services continued their snooze-fest, all with zero net new jobs over the year.
- Corporate offices continue to be hot, at +300 jobs since last June, a big 19 percent gain.
- Business services has woken up this spring, pushing growth over the year to 200 jobs or 2.8 percent.
- Private education services has remained close to 1,400 jobs for two years.
- Health care & social assistance has been flagging, losing 500 jobs over the past year, with social assistance getting the worst of the deal at -300.
- Leisure & hospitality, at +600 over the year, has been another positive (+4.6 percent), and "other services"—everything from dry cleaners to auto mechanics to tanning salons—was up 4 percent.
- Government was close to the break-even point, with federal jobs up 100, state government down 100, and local non-education services up 100.
- K-12 education hasn't moved an inch.



Next month, nonfarm employment for the first quarter will be revised

("benchmarked") based on tax returns from all employers. We'll see how accurate the preliminary estimates were.

In last month's newsletter, it was suggested that May's preliminary unemployment rate of 7.8 percent would be revised upward to 9.3 percent, and amazingly enough, that's exactly what happened. June's preliminary rate of 8.6 percent might end up a shade over 10 percent when revised next month. Initial unemployment claims have trickled up slightly since March, and continued claims rose for the second straight month, though by a small amount.

Every little bit helps: the state just announced a Community Economic Revitalization Board (CERB) grant to the Port of Camas-Washougal, to assist in the expansion of Foods in Season, which provides wild-foraged food to high-end restaurants around the globe. The grant, along with funding from the Port and the company's own investment, will lead to the creation of 10 jobs.

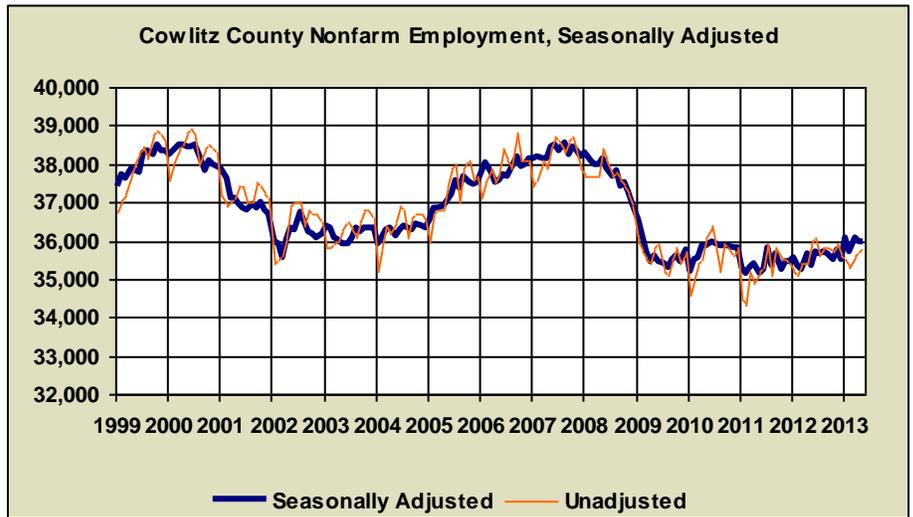
## Cowlitz County

Cowlitz County's labor market continued to drag in June, according to estimates prepared by the U.S. Bureau of Labor Statistics. Unemployment increased slightly while employment declined.

Nonfarm employment slipped by 100 jobs over the month, falling to 35,700. Small gains in construction and leisure & hospitality were overmatched by losses in government and private sector services.

Over the year, the county has lost 500 jobs (1.4 percent), with both retail trade and government shedding 200 workers.

Unemployment in June was estimated at 10.6 percent, four tenths of a point above May. While the unemployment rate has dropped a bit since last June, the decline was due entirely to people dropping out of the labor force. There was little change in either initial or continued unemployment claims.



## Wahkiakum County

Wahkiakum County's labor market deteriorated a bit more in June.

Nonfarm employment was estimated at 690 jobs, 20 jobs fewer than a year ago. Employment remained over 200 jobs below the pre-recession peak of 880 jobs.

Unemployment was estimated at 11.6 percent, the same as last June. May's rate was revised upward by a full point to 11.5 percent.

