



# Southwest Washington

## Labor Market News

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**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

“If I had a hammer...”

*Pete Seeger, 1919 - 2014*

### State of the Nation

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

All four major indicators improved in December (see attached graphs in the U.S. Economic Indicators file), although the jobs report was weak. Three of the four are above their pre-employment peak. The first estimate for fourth quarter 2013 GDP will be released January 30<sup>th</sup>.

- Manufacturing, wholesale, and retail sales (last data point in October) jumped by 0.7 percent, the biggest gain since May, and topped its pre-recession peak by 0.2 percent (but remained 4.5 percent below peak when adjusted for population growth).
- Personal income (excluding transfer payments like Social Security) had a small increase in November following a small loss in October. This indicator was 3.7 percent above its pre-recession peak (-1 percent when adjusted for population growth), but the gain has gone almost entirely to the top 1 percent of households.
- Industrial production followed a big November with a middling December, expanding by 0.3 percent and moving 0.9 percent above its pre-recession peak (but still 3.7 percent below after adjustment for population growth).
- The preliminary December estimate for nonfarm employment showed weak job growth of only 74,000 jobs, well below the average of 200,000 net new jobs in the previous four months. Employment was still 1.2 million below the January 2008 peak (-0.9 percent). Add in the roughly 120,000 jobs per month that the nation needs to keep up with population growth, and we're only 9.1 million jobs short.

| December 2013 Unemployment Rates               |           |           |           |
|--|-----------|-----------|-----------|
|  | Dec. 2013 | Nov. 2013 | Dec. 2012 |
| <b>Seasonally Adjusted:</b>                    |           |           |           |
| U.S.   | 6.7       | 7.0       | 7.9       |
| U.S. U-6                                       | 13.1      | 13.1      | 14.4      |
| Washington                                     | 6.6       | 6.8       | 7.5       |
| Oregon   | 7.0       | 7.3       | 8.3       |
| Portland Metro                                 | 6.6       | 6.8       | 7.7       |
| <b>Unadjusted:</b>                             |           |           |           |
| U.S.   | 6.5       | 6.6       | 7.6       |
| Washington                                     | 6.5       | 6.4       | 7.6       |
| Oregon   | 6.9       | 6.7       | 8.2       |
| Clark  | 7.4*      | 8.2       | 8.3       |
| Cowlitz  | 9.2       | 9.0       | 10.2      |
| Wahkiakum                                      | 10.4      | 9.5       | 12.1      |
| Portland Metro                                 | 6.2       | 6.3       | 7.4       |
| *See text. Data will likely be revised upward. |           |           |           |

### State of the States—and PDX

- Washington state's labor market was looking a little better with the release of December data. First, November's preliminary loss of 6,000 jobs was reduced to only 1,500. Second, December came in at +4,800 jobs, the first positive number in several months. That put the state within 1.2 percent of its pre-recession peak. The unemployment rate dropped two tenths of a point to 6.6 percent, due mostly to a drop in the labor force.

- Oregon closed out the year on a positive note. The state gained 4,400 jobs, the fifth straight month of solid job creation. Over-the-year job growth came to 37,700 jobs, or 2.3 percent. Oregon was 2.9 percent short of its pre-recession peak, not adjusted for population growth. The official unemployment rate fell to 7.0 percent.
- The Portland Metro area snapped out of a three-month swoon, adding 1,800 jobs over the month. Employment has grown by 1.5 percent over the year; construction was the only industry showing much expansion. Payrolls were 1.3 percent below the pre-recession peak, not adjusted for population growth. Unemployment continued its steady decline, falling two tenths of a point to 6.6 percent.

## Regional Roundup

Taxable sales data for the third quarter of 2013 were generally positive. Sales at retail outlets rose by 3.4 percent in Clark County and 4.1 percent in Cowlitz County after adjustment for inflation and seasonality (see charts in the attached SW Economic Indicators 2 file). Auto sales did well in both counties, and other segments at best showed a healthy increase and at worst small declines. Single-family housing permits topped 1,500 in Clark through November, the most since 2007 but only half of the 1992-2005 average. Multi-family units were headed for their biggest year since 1997, with over 1,000 units.

## Clark County

December was another good month for Clark County's labor market:

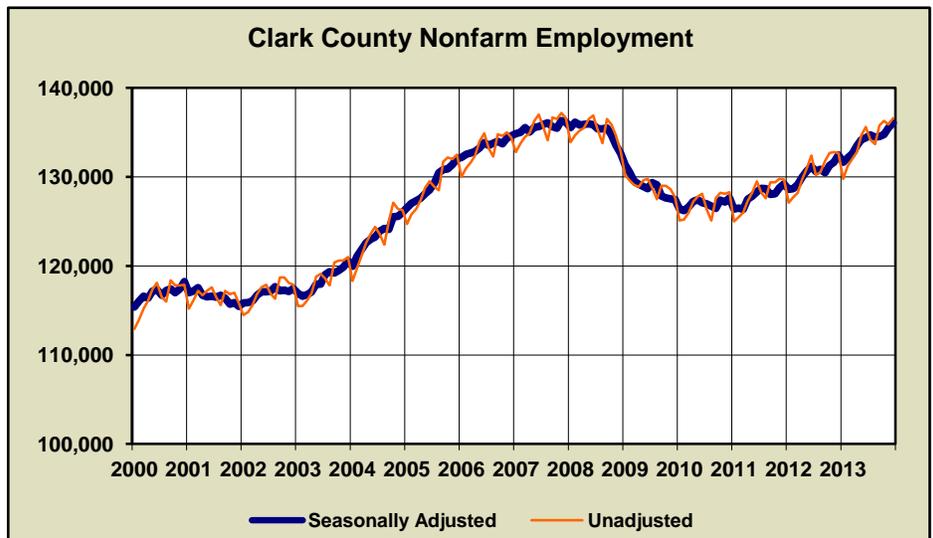
- On a seasonally-adjusted basis, nonfarm employment rose by 600 jobs.
- Unadjusted employment gained 700 jobs, including 400 in retail trade and 200 in professional services.

Over the year:

- Job growth over the year was 3,900, or 2.9 percent.

On the plus side:

- Transportation, trade and utilities was at +1,100 jobs over the year, including +900 in retail trade.
- Professional & business services has grown by 800 jobs, split evenly between professional services and corporate offices.
- Construction expanded by 700 jobs, an 8 percent growth rate over the year.
- Leisure & hospitality rose by 500 jobs, mostly in fast-food restaurants.
- Financial services added 400 jobs, a 6 percent growth rate.



Since nonfarm employment peaked in February, 2008, almost six years ago:

- The county has recovered 9,900 of the 10,000 jobs lost in the Great Recession.
- While the total job count was almost the same, there have been big changes at the industry level. The county has 3,000 fewer construction jobs, 900 fewer manufacturing jobs, 300 fewer real estate, rental & leasing jobs, and 300 fewer transportation jobs. Health care has added 1,900 jobs, corporate offices 900 jobs, and other services 700 jobs.

The preliminary November unemployment rate of 7.0 percent was revised upward by 1.2 points to 8.2 percent. We'll see what happens to December's preliminary rate of 7.4 percent. Initial unemployment claims jumped sharply on a seasonally-adjusted basis; this indicator bears watching to see if the county is approaching a low for this business cycle. Continued claims has a much smaller upward blip. For over 1,300 county residents (and perhaps as many as 2,000, if residents claiming in Oregon are included), it was the last month of receiving extended unemployment benefits; these claimants will likely drop out of the labor force, and thus lower the unemployment rate.

## Cowlitz County

The [big news](#) in Cowlitz County: the announcement that Northwest Innovation Works will build factories to process methanol for export to China. Phase one involves building plants at Kalama and Clatskanie (on the Oregon side of the river not far from Longview), each employing 120 workers when operational. Phase two would bring a second plant at each site, doubling the workforce. Up to 2,000 construction jobs would be created in building the plants, with construction starting next year and the plants going operational in 2017.

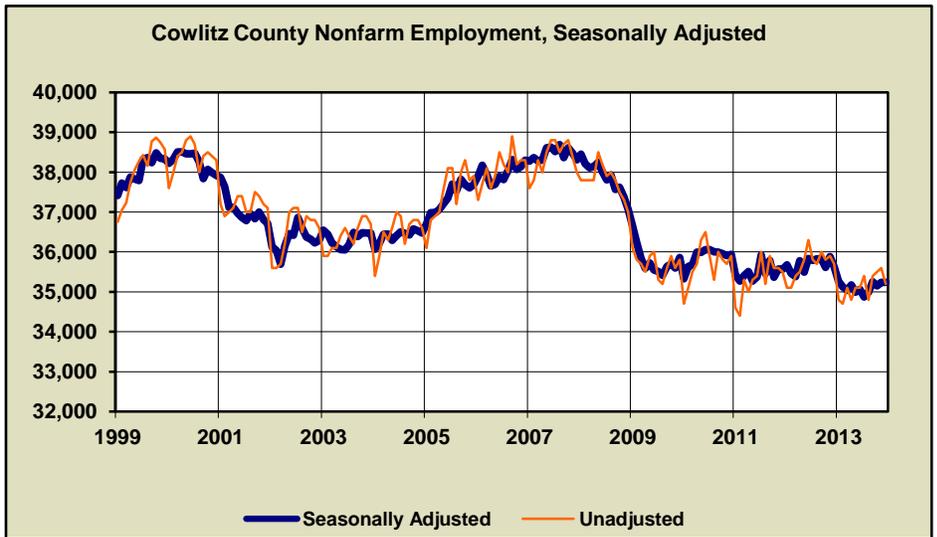
According to [The Daily News](#), Northwest Innovation Works is a new firm that is “wholly owned by Clean Energy Technology Company, a joint venture of the China Academy of Sciences (a government ministry) and BP, the global oil giant formerly called British Petroleum.” The company plans to chemically convert natural gas into liquid methane and ship it to China. Currently, Chinese manufacturers process coal to create methanol, in a process with much higher greenhouse gas emissions.

Also [worthy of mention](#): Sportsman’s Warehouse will open a store at the Three Rivers Mall. In addition, Regal Cinema will demolish the former Sears store at the mall and build a new theater.

Cowlitz County’s labor market was little changed in December on a seasonally-adjusted basis. According to estimates prepared by the U.S. Bureau of Labor Statistics, the county had 35,200 nonfarm jobs; the county has lost 500 jobs in the past year. Most of the damage was done in January 2013, with employment fairly stable since then.

Unadjusted employment fell by 400 jobs over the month, with most of the decline in government (state government -200, local government -100). Other industries were little changed. Compared with December 2012, the county had 100 fewer manufacturing jobs, 100 fewer jobs in the service sector, and 300 fewer in government.

Unemployment was estimated at 9.2 percent, not appreciably different from November’s 9.0 percent. In the past year, employment and unemployment have both declined, as workers have dropped out of the labor force. Both initial unemployment claims and continued claims rose slightly over the month after seasonal adjustment. Almost 500 county residents received their last month of extended benefits.



## Wahkiakum County

Wahkiakum County’s labor market continued to be stable as the year came to an end. Seasonally-adjusted employment remained at 700 jobs, as it has for four years. Unadjusted employment was estimated at 680 jobs, 20 fewer than November but 10 more than last December. There was little change at the industry level over the month or year. Employment remained nearly 200 jobs below the pre-recession peak of 880 jobs.

Unemployment was estimated at 10.3 percent, almost two points lower than the 12.1 percent from a year earlier. Continued unemployment claims increased sharply for the second consecutive month on a seasonally-adjusted basis, returning to the average (40 claims) for the 2011-13 period. There were 30 initial claims, also about average.

