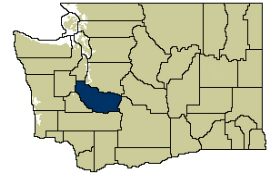




Tacoma MD (Pierce County)

Labor Area Summary

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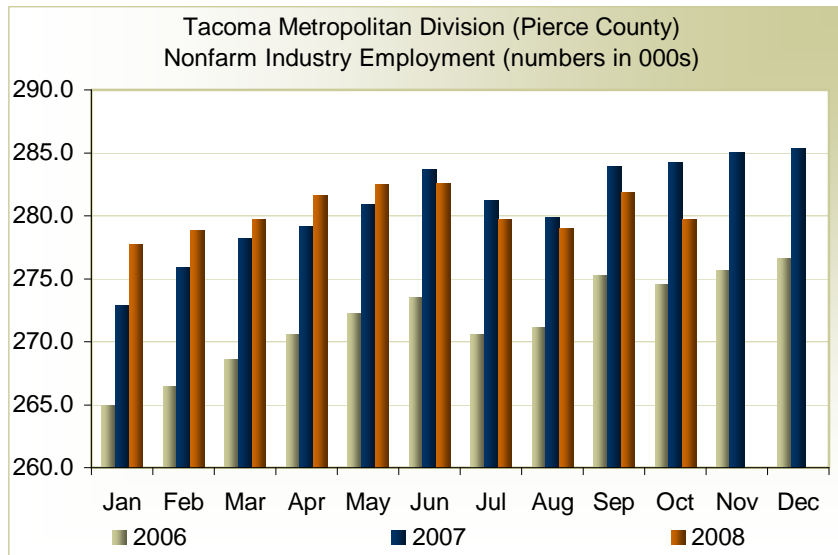
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Summary

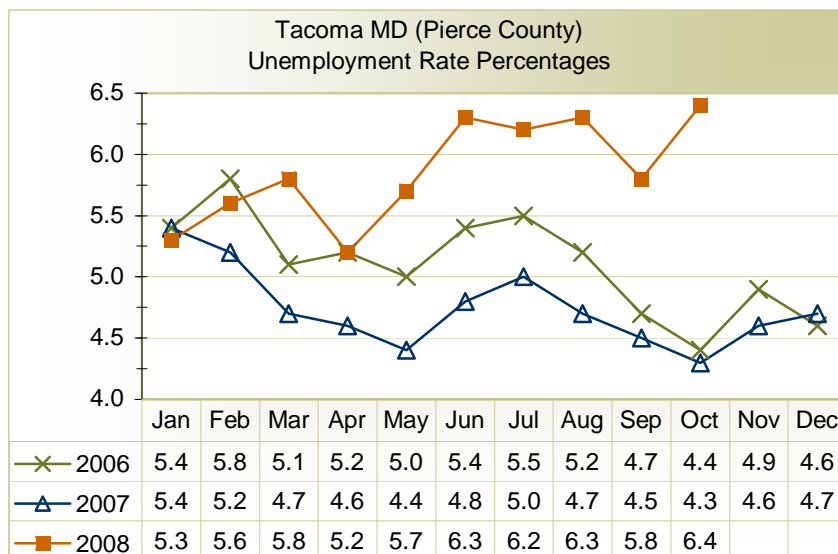
New emerging local economic information showed a further deterioration of local labor market conditions in October. Downward revisions to the year's monthly employment estimates resulted in job losses over the course of the year within the Tacoma Metropolitan Division (MD). Prior to that, last month's numbers had indicated that job growth since last September had ground to a halt. The new set of revisions trimmed September's preliminary employment estimate of 283,000 by 1,900 jobs. Combined with the loss of 400 more jobs this month, the October 2008 "real" level of nonfarm employment in Pierce County was 2,700 jobs lower than what was observed in October last year.

The qualification in the last statement refers to the added noise this month resulting from the Boeing strike. A total of 1,800 local workers were affected, and when accounted for within the industry establishment data, inflate the monthly loss to 2,200. Consequently, the October 2007 to October 2008 job loss figure of 4,500 also takes the striking workers into account. The strike, which was resolved November 1, should not affect the job count next month. As a result, the monthly data should normalize to a degree and will show a rebound in payroll employment with the release of the November data.

The monthly job loss number reflects weakening local labor market conditions. Last year at this time, the Tacoma MD posted a modest-but-positive job gain of 300 compared to the 400 real job losses this month. Generally, it is not uncommon for the area to see weaker employment levels in October, especially when compared to the strong employment gains the area makes in September each year. The usually weaker October follows a strong September when the Puyallup Fair swings into action to support the local employment situation. The culmination of the fair shows up in the labor market through a reduction in payroll employment in leisure and hospitality services. Together with seasonal declines in food-related services, this industry sector lost 2,700 jobs this month. Another 800 jobs were pared from construction payrolls, due somewhat to seasonal slowdowns within the industry, and due also to general weakness in this area. Private sector employment gains of 800 in educational and health services and 200 in trade, transportation and utilities countered some of the private sector weakness. A bounce back of 700 new jobs in professional and business services was another welcome surprise. The government sector added 1,600 jobs to October payrolls to weigh against the 2,000 net real jobs lost in the private sector. Increased hiring in local government educational services was the primary factor behind the strong public sector showing.



The downward revision to the employment numbers that magnified the weakening labor market conditions were reflected in the rising unemployment rate in the Tacoma MD. The unemployment rate jumped to 6.4 percent this month from last month's 5.8 percent revised rate. The increase was a significant departure from the seasonal pattern of the last two years, when the unemployment rate in October had declined from September. The October 2008 local unemployment rate moved the seasonal trend toward higher unemployment rates overall that will continue tracking upward throughout 2009. State and local jobless claims data are aligning fairly closely with national data and thus lend support to the rising unemployment trend and payroll employment data. For the state, the unemployment rate also rose by six-tenths of a percentage point to 5.8 percent, not seasonally adjusted. The seasonally adjusted state rate also rose past six-tenths of a percent this month. The national unemployment rate climbed to 6.5 percent in October to reach a 14 year high. Claims for unemployment insurance have begun increasing more rapidly, a clear warning that the labor market is deteriorating quickly. Increasing layoffs and reduced hiring by businesses have been pushing the level of claims higher. In recent days, Washington Mutual's new owner, JPMorgan Chase has warned that Seattle job cuts are imminent. Boeing has warned that job cuts in the upcoming year appear more likely. Microsoft has warned that growth in the size of their workforce will be "much slower." Russell Investments in Tacoma has indicated it is considering reducing the size of its local workforce. Given the growing pessimism businesses are having concerning the near-term economic outlook, rising claims and unemployment should continue for some time.



The economic malaise that is affecting every region of the economy is beginning to hit home with a greater fury. There appears to be no way for the state and local economy to dodge the direct and indirect effects the growing recessionary forces impart. Every regional economy has weakened in the third quarter this year, and will continue to do so throughout the fourth quarter. The negative impacts are broadly felt because the effects of the housing fallout and now the financial credit crisis are widespread and are hitting most industries in nearly every area of the country. Restructuring in financial services will result in more job losses in financial services industries. Tighter credit is weighing upon business expansion and construction. Declining retail sales will continue as consumer lending standards tighten and labor markets weaken. More auto dealers are expected to go under as weaker consumer spending cuts into auto production and sales. Travel and tourism is falling and will reduce employment in leisure and hospitality industries, not only on the domestic side, but also because a global recession and a stronger dollar have reduced the flow of foreign visitors. The global slowdown will also reduce the benefit regions like the Pacific Northwest have been receiving from rising global trade.

The economic outlook has darkened considerably in recent weeks. It would seem that the recent relative strength the local and regional economies had been enjoying is quickly eroding away. As the economic damage across national and international sectors mounts, it is becoming evermore difficult for the state and the region to escape the tide of recession. The degree to which local areas feel the fallout is still very much dependent upon the course of action policymakers pursue, including the new Congress and president. The presidential transition makes it especially hard to address the economic challenges in a timely manner. It could be such that major economic decisions will be made only after the inauguration. Time is not a luxury the economy can afford.

Summary Table

Labor Market Information for the Tacoma Metropolitan Division (Pierce County) Not Seasonally Adjusted/*Updated with ***QCEW Data: June 2008						
	Change					
(Employment statistics in whole numbers)	Prelim	Revised	Revised	Sep-08	Oct-07	Oct-07
Employment by Place of Residence	Oct-08	Sep-08	Oct-07	Oct-08	Oct-08	Oct-08%
Civilian Labor Force	403,390	398,770	391,750	4,620	11,640	3.0%
Resident Employment	377,500	375,780	374,730	1,720	2,770	0.7%
Unemployment	25,890	22,990	17,020	2,900	8,870	52.1%
Unemployment Rate	6.4	5.8	4.3	0.6	2.1	
Employment by Place of Work (**NAICS Industry Titles, numbers in thousands)						
Total Nonfarm 1/	279.7	281.9	284.2	-2.2	-4.5	-1.6%
Total Private	222.5	226.3	228.6	-3.8	-6.1	-2.7%
Goods Producing	41.4	44.1	46.9	-2.7	-5.5	-11.7%
Natural Resources and Mining	0.4	0.4	0.4	0.0	0.0	0.0%
Construction	23.0	23.8	25.6	-0.8	-2.6	-10.2%
Specialty Trade Contractors	14.2	14.8	16.2	-0.6	-2.0	-12.3%
Manufacturing	18.0	19.9	20.9	-1.9	-2.9	-13.9%
Services Providing	238.3	237.8	237.3	0.5	1.0	0.4%
Trade, Transportation, and Utilities	56.5	56.3	56.5	0.2	0.0	0.0%
Wholesale Trade	11.5	11.6	11.4	-0.1	0.1	0.9%
Retail Trade	33.5	33.3	33.4	0.2	0.1	0.3%
Food and Beverage Stores	5.5	5.5	5.5	0.0	0.0	0.0%
General Merchandise Stores	7.2	7.1	7.4	0.1	-0.2	-2.7%
Transportation, Warehousing, and Utilities	11.5	11.4	11.7	0.1	-0.2	-1.7%
Information	3.7	3.7	3.6	0.0	0.1	2.8%
Financial Activities	12.9	13.0	13.6	-0.1	-0.7	-5.1%
Professional and Business Services	25.6	24.9	26.0	0.7	-0.4	-1.5%
Admin, Support, Waste Mgmt., & Remediation	13.9	14.2	15.8	-0.3	-1.9	-12.0%
Administrative and Support Services	12.4	12.7	14.5	-0.3	-2.1	-14.5%
Educational and Health Services	42.0	41.2	41.5	0.8	0.5	1.2%
Ambulatory Health Care Services	13.5	13.5	13.4	0.0	0.1	0.7%
Hospitals	9.5	9.6	9.2	-0.1	0.3	3.3%
Leisure and Hospitality	27.4	30.1	27.5	-2.7	-0.1	-0.4%
Food Services and Drinking Places	22.3	22.8	22.5	-0.5	-0.2	-0.9%
Other Services	13.0	13.0	13.0	0.0	0.0	0.0%
Government	57.2	55.6	55.6	1.6	1.6	2.9%
Federal Government	10.9	10.8	10.2	0.1	0.7	6.9%
State Government	12.0	12.0	11.7	0.0	0.3	2.6%
State Government Educational Services	3.9	3.8	3.8	0.1	0.1	2.6%
Local Government	34.3	32.8	33.7	1.5	0.6	1.8%
Local Government Educational Services	18.7	17.5	18.3	1.2	0.4	2.2%
Workers in Labor/Management Disputes	1.8	0.0	0.0	1.8	1.8	0.0
<p>1/ Excludes proprietors, self-employed, members of the armed services, workers in private households, and agriculture. Includes all full- and part-time wage and salary workers receiving pay during the pay period including the 12th of the month. *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 2nd quarter 2008) and estimates employment from that point to present.</p> <p>2/ Workers excluded due to involvement in labor/management dispute.</p> <p>**North American Industry Classification System. ***QCEW = Quarterly Census of Employment and Wages</p>						