

Pittsburgh Region Employment Update July Update August 2020

Key Findings

- While Southwestern Pennsylvania experienced a drop in the unemployment rate from a high of 17.0% in April to 12.5% in June (the most recent month available), it has largely been driven by a decrease in the regional labor force. Since January, the Southwestern Pennsylvania's labor force has shrunk by -4.8%, including a -2.9% drop in June. Conversely, the national labor force has fallen by -2.8% since the beginning of the year, but grew by 1.1% in June.
- While the four week average of continuing unemployment compensations (UC) filings in the region fell from 197,374 in May to 135,741 for the four week period ended August 15, the region's share of Pennsylvania claims continued to grow from 15.1% in April to 20.0%.
- Preliminary data from the US Bureau of Labor Statistics, showed the Pittsburgh MSA lost 105,300 jobs between July 2019 and July 2020. The 8.8% decrease was larger than 12 of the 15 benchmark regions.
- After shedding 202,300 jobs between February and April, 2020, the Pittsburgh MSA regained 107,500 of those jobs during the May through July period, or 53.1% of the lost jobs. Only four benchmark regions – Indianapolis, Cincinnati, Denver and Detroit – regained a higher percentage while only five benchmark regions – Boston, Detroit, Minneapolis, Philadelphia and Seattle – gained more jobs on an absolute basis.

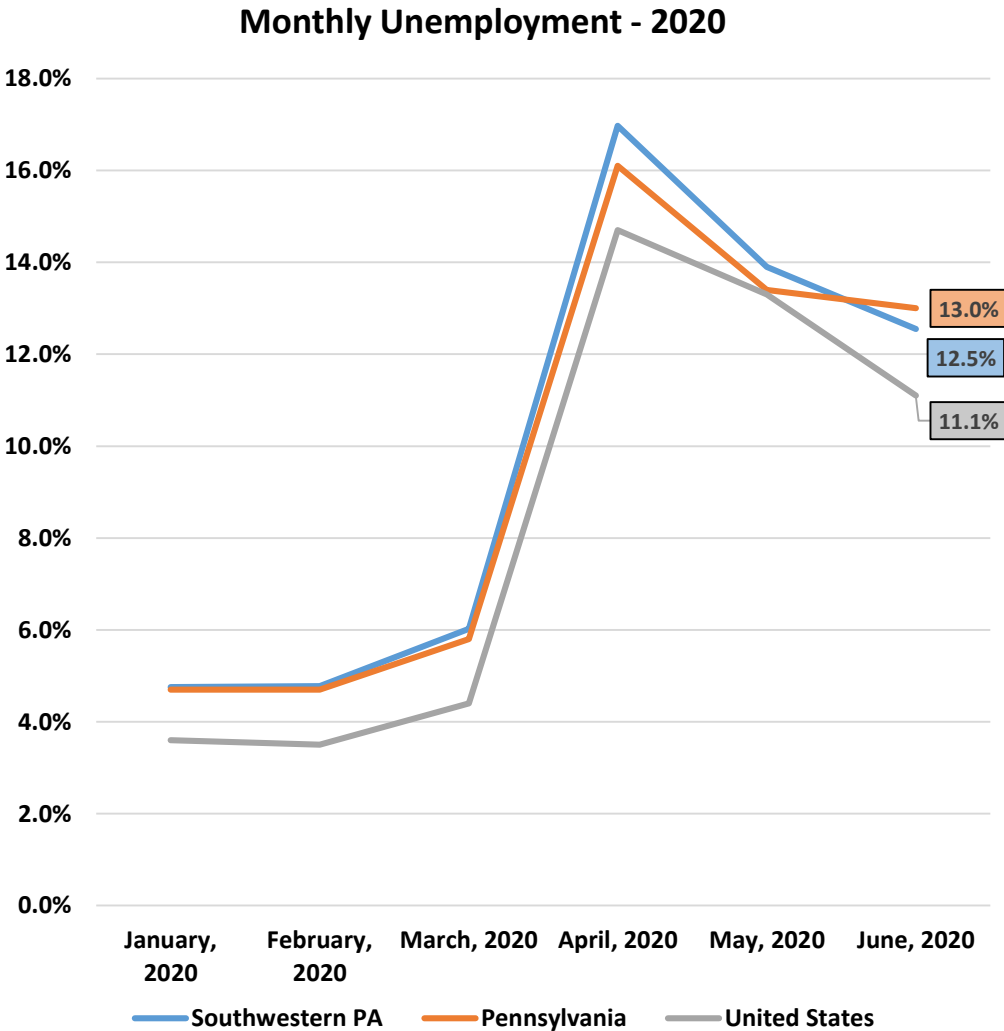
Key Findings (cont'd)

- The employment rebound between April and July is largely being driven by four industries - Leisure & Hospitality, Construction, Retail and Healthcare & Social Assistance. While they accounted for 91% of the jobs regained over that period, they represented just 67% of the jobs lost between February and April. Continued losses in Government and Educational Services are serving as a drag on the economy.
- The overall drop in employment in the Pittsburgh MSA between February and July (-8.0%) was comparable to the U.S. drop (-7.9%). However, Educational Services (-28.7%), Leisure and Hospitality (-26.0%), Transportation and Warehousing (-18.3%) and Mining and Logging (-13.4%) performed worse compared to the national averages.
- As of July, one-third of the employment shortfall since February is in Leisure and Hospitality, compared to one-fourth nationally. Educational Services and Transportation and Warehousing also account for a disproportionate share of the shortfall compared to the nation. Nationally, Government has significantly higher share of the jobs lost since February than in the Pittsburgh MSA.
- *There are a few causes of concern for the regional economy going forward as monthly employment growth largely halted during July in the two largest contributors to the region's previous employment rebound – Construction and Leisure and Hospitality. Construction is being hindered by declining activity in the region as reported by Dodge Data and Analytics, while the imposition of new restrictions on bars and restaurants in July halted the rebound in restaurant employment. With the start of school in August in September, Educational Service should experience a rebound. While an easing of restaurant restrictions later in the year could help regional employment slightly, it is likely that the rebound will slow in coming months. As state and municipal revenues continue to decline, Government employment will likely offset some of the gains.*

The unemployment rate in Southwestern Pennsylvania dropped at a faster pace than Pennsylvania in June (the most recent month available). The nation as a whole, however, dropped faster than the state or the region. Much of the decrease in Southwestern Pennsylvania’s unemployment rate was a result of the region’s labor force dropping 2.9% during the month. Since the beginning of the year, Southwestern Pennsylvania’s labor force has fallen by almost five percent, nearly twice the national rate.

UNEMPLOYMENT RATE						
	January, 2020	February, 2020	March, 2020	April, 2020	May, 2020	June, 2020
Southwestern PA	4.8%	4.8%	6.0%	17.0%	13.9%	12.5%
Pennsylvania	4.7%	4.7%	5.8%	16.1%	13.4%	13.0%
United States	3.6%	3.5%	4.4%	14.7%	13.3%	11.1%

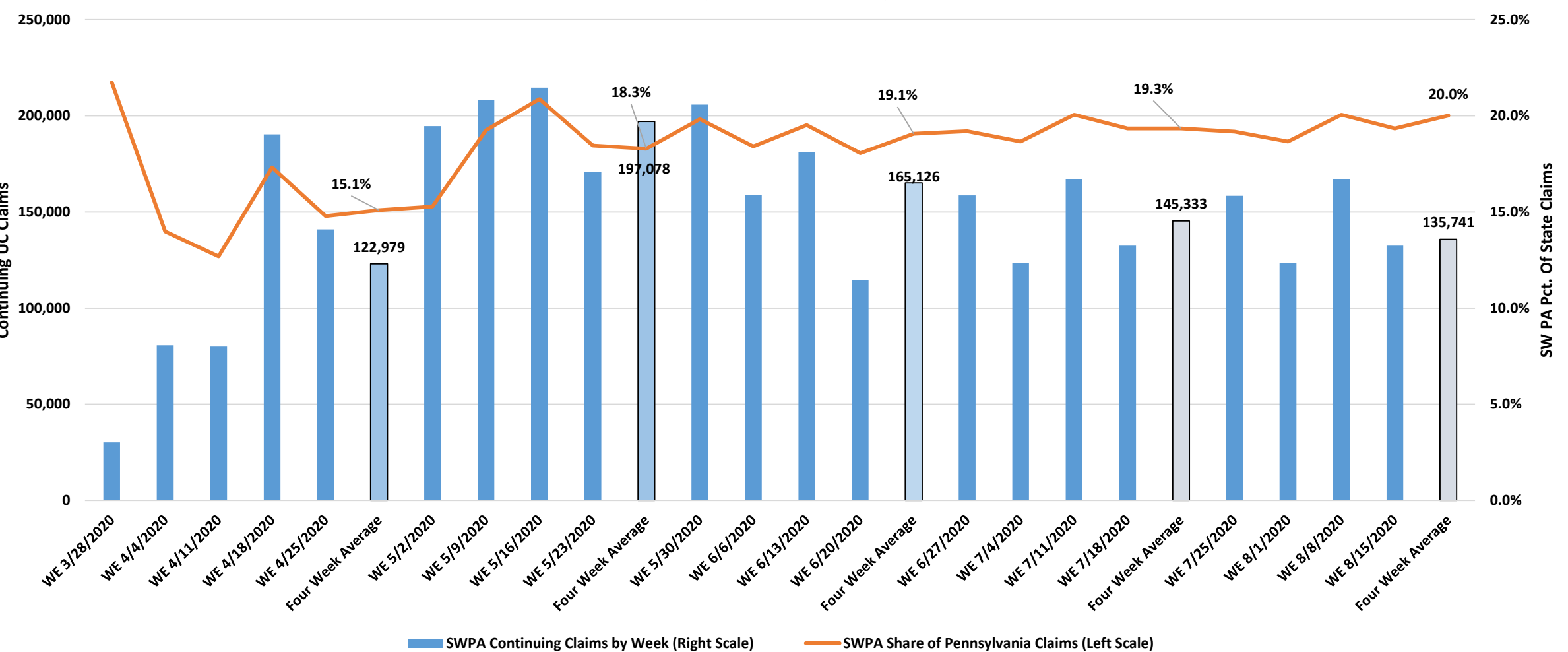
CHANGE IN LABOR FORCE FROM PREVIOUS MONTH						
	February, 2020	March, 2020	April, 2020	May, 2020	June, 2020	January to June 2020
Southwestern PA	0.3%	-0.9%	-2.7%	1.1%	-2.9%	-4.8%
Pennsylvania	0.1%	-0.2%	-1.5%	0.9%	-2.8%	-3.4%
United States	0.0%	-1.0%	-4.1%	1.1%	1.1%	-2.8%



Source: BLS Local Area Unemployment Statistics; PA Dept. of Labor and Industry

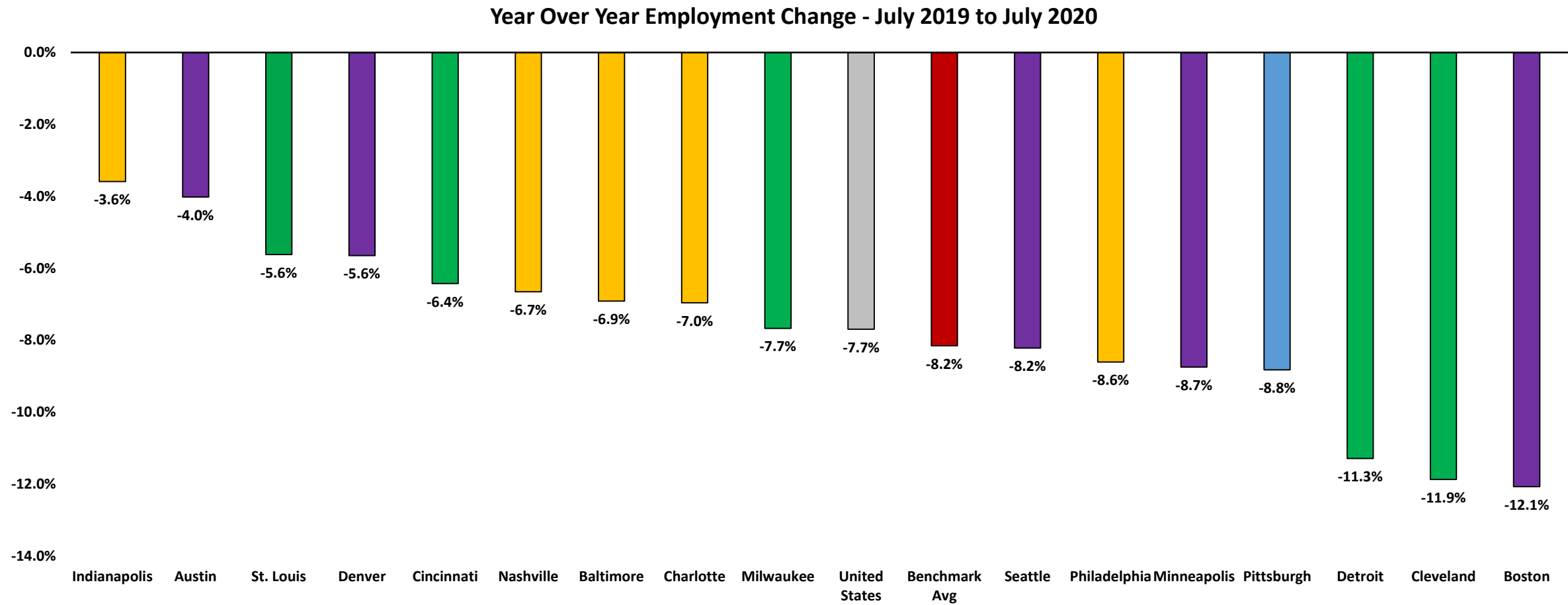
While the average weekly Continuing Unemployment Claims (UC) have fallen steadily from 197,374 in May to 135,741 in the four week period ended July 18, 2020, the region’s percentage of state claims has continued to increase from 15.1% in April to 20.0% in in July.

Southwestern Pennsylvania Continuing UC Claim Trends



Source: PA Dept. of Labor and Industry

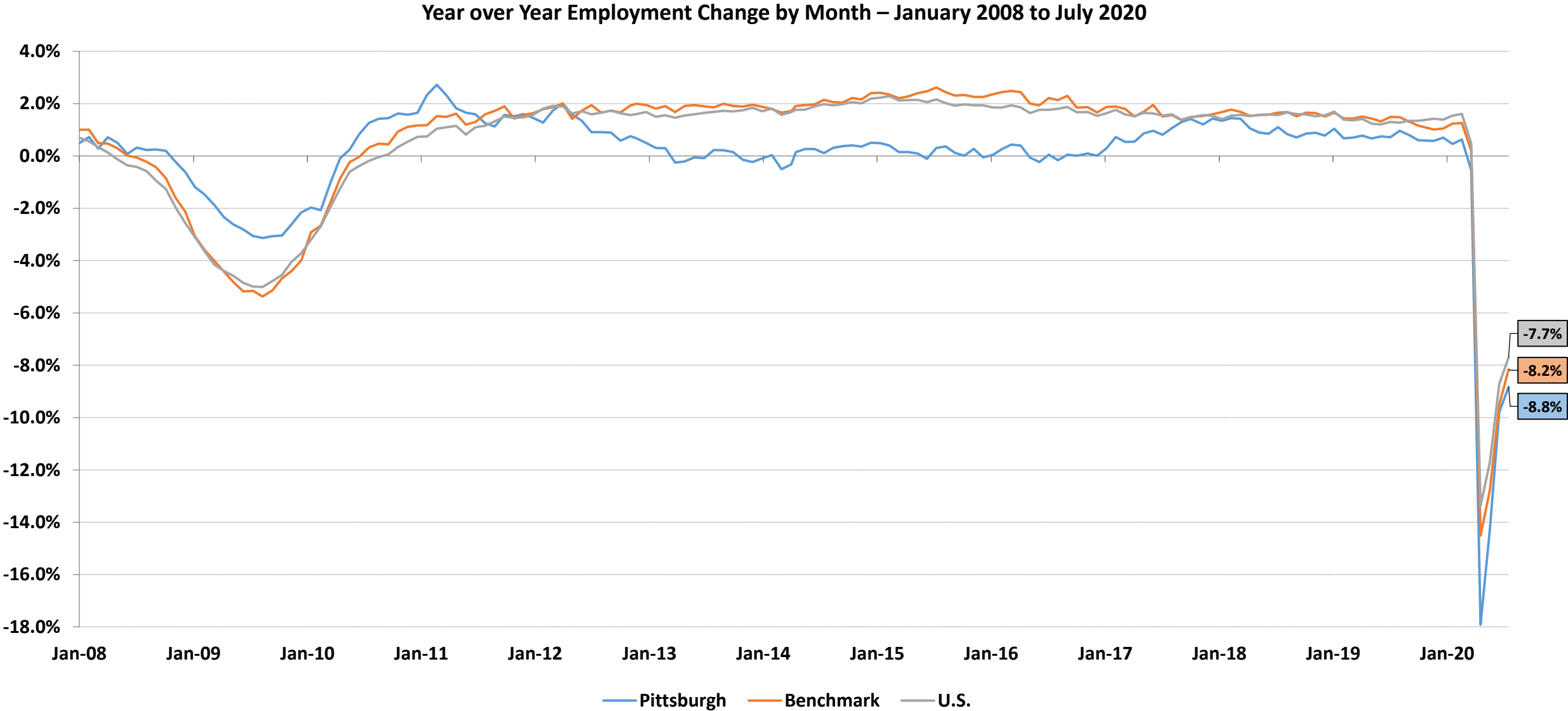
The Pittsburgh MSA had an 8.8% drop in employment between July 2019 and July 2020 as the region shed 105,300. The percentage decrease was larger than all benchmark regions but Detroit, Cleveland, and Boston.



Green=Peer Markets
Purple=Aspirational Markets
Orange=Competitive Markets

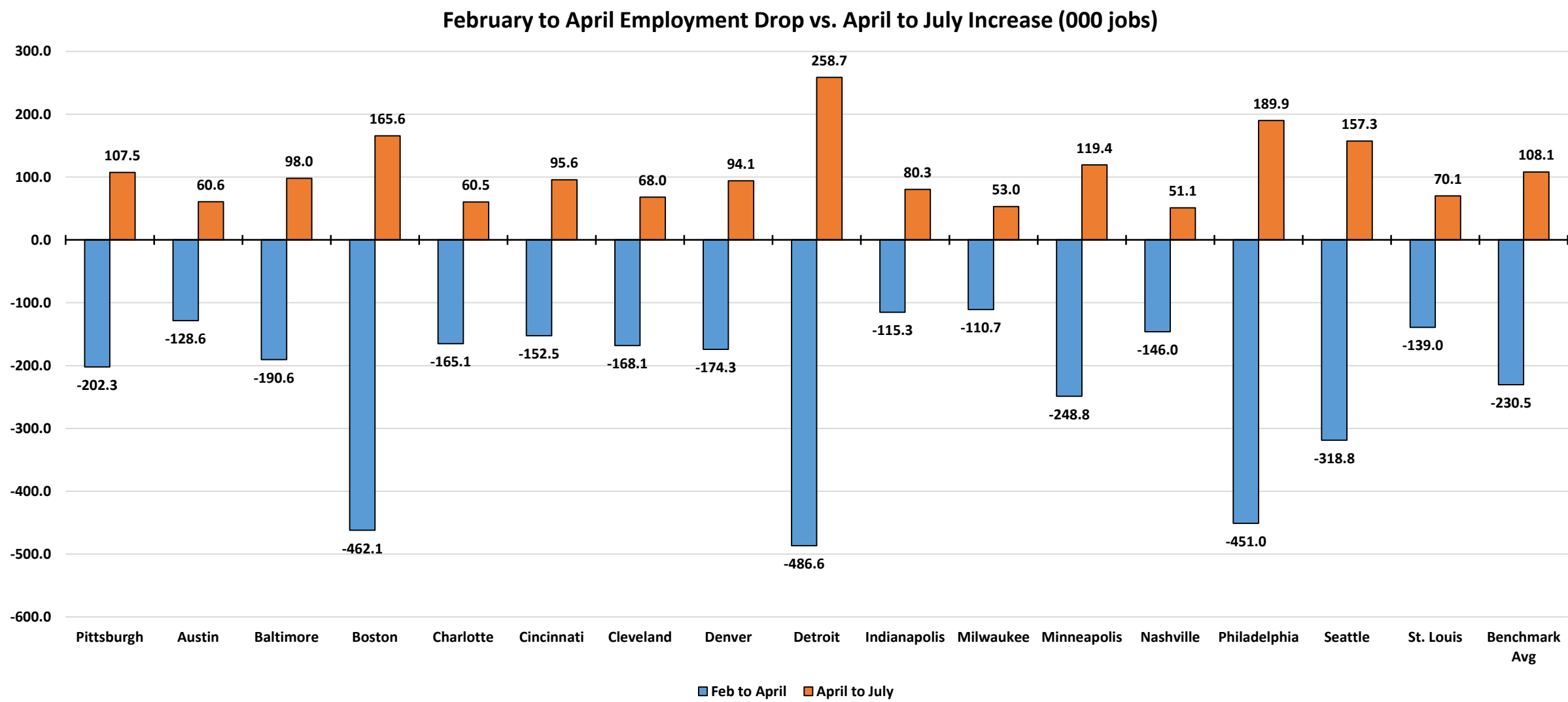
Source: BLS Current Employment Statistics, June 2020, preliminary

While the Pittsburgh MSA experienced an April employment drop that was 4.5 percentage points worse than the nation, that gap narrowed to 2.6 percentage points in May, 1.1 percentage point in June. The gap remained the same in in July.



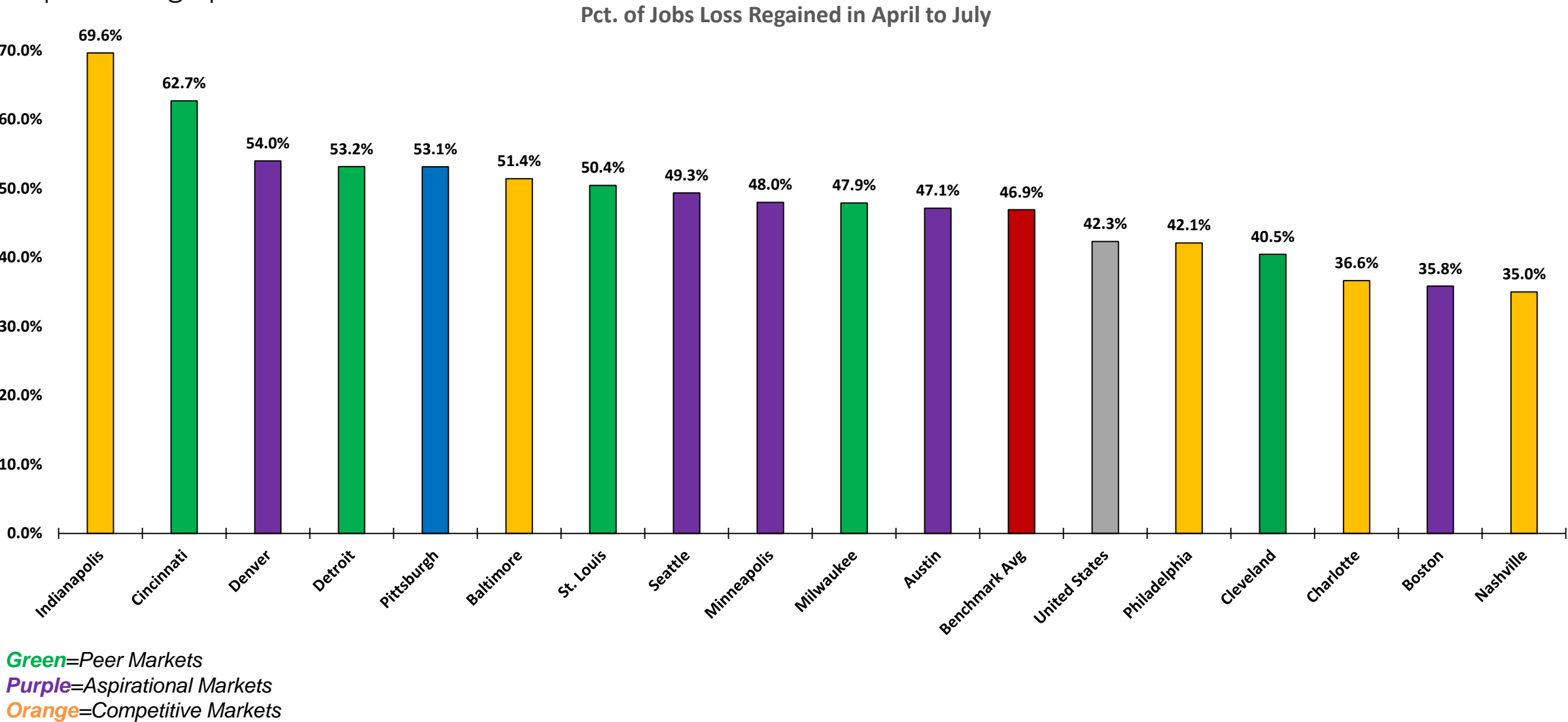
Source: BLS Current Employment Statistics

After shedding 202,300 jobs between February and April, the Pittsburgh MSA regained 107,500 of those jobs through July. Only five benchmark regions gained more jobs, although they were also the five that lost more jobs during the February to April period.



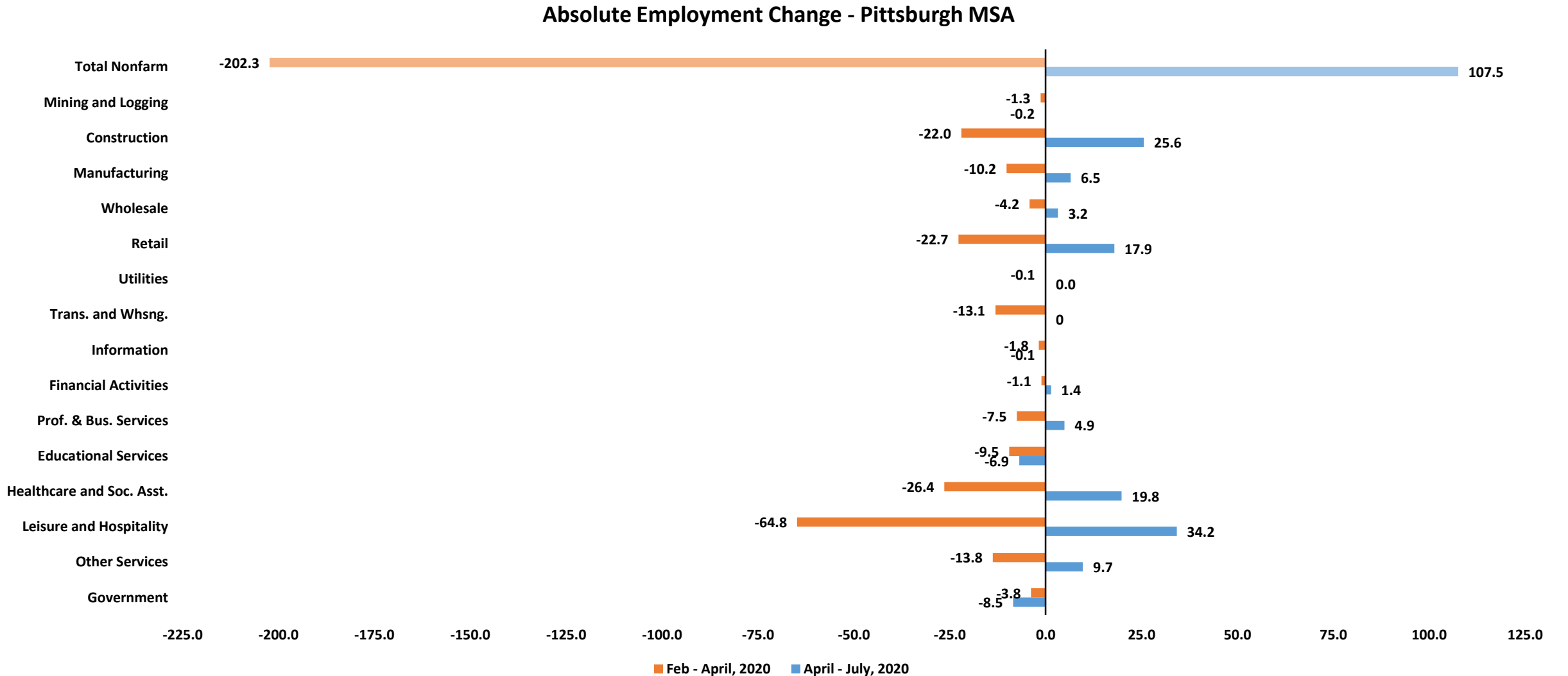
Source: BLS Current Employment Statistics

The 107,500 person increase in employment between April and July 2020 meant that the Pittsburgh MSA regained 53.1% of the jobs lost since February 2020. Only Indianapolis, Cincinnati, Denver and Detroit registered a larger increase among the benchmark regions. The percentage regained, exceeded the nation by more than 10 percentage points.



Source: BLS Current Employment Statistics

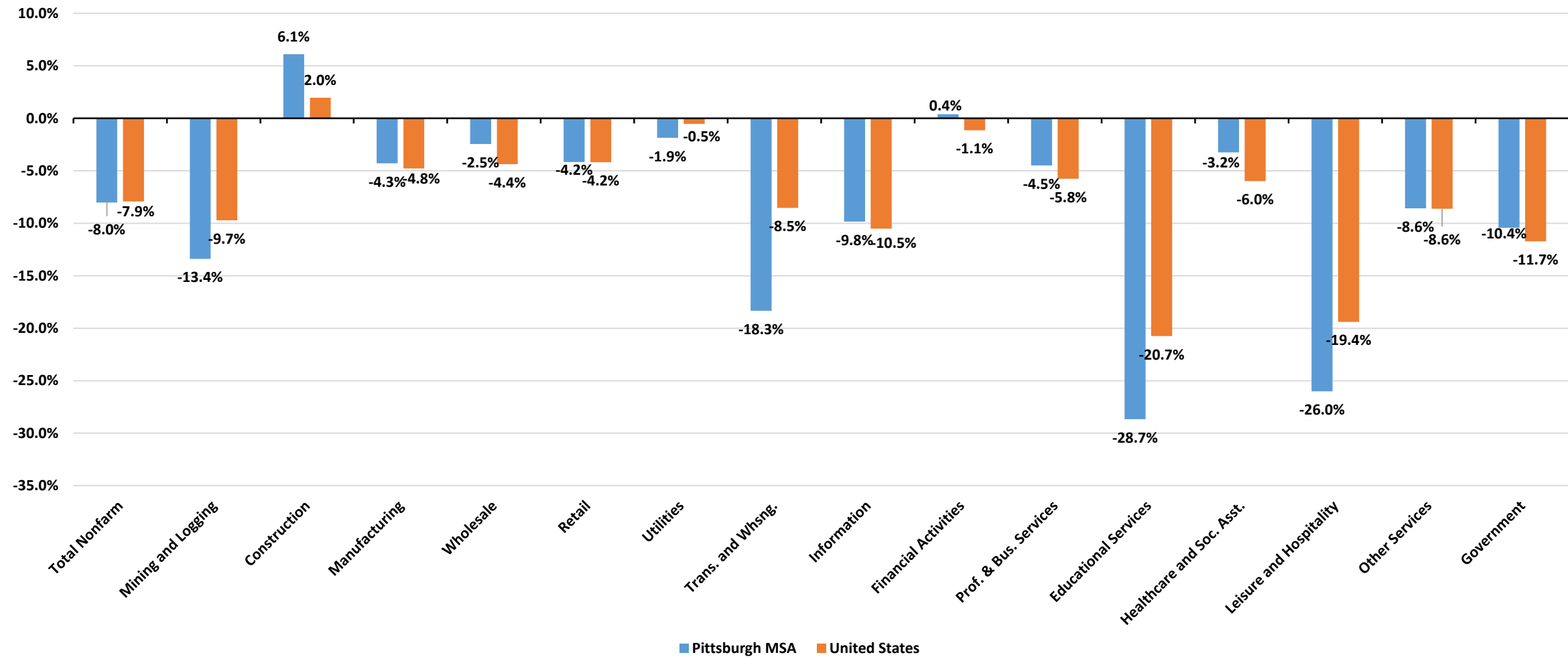
The 107,500 job rebound between April and July is largely being driven by four industries - Leisure & Hospitality, Construction, Healthcare & Social Assistance and Retail. While they accounted for 91% of the jobs regained over that period, they represented just 67% of the jobs lost between February and April. Continued losses in Government and Educational Services are serving as a drag on the economy.



Source: BLS Current Employment Statistics, July 2020, preliminary

The overall drop in employment in the Pittsburgh MSA between February and July (-8.0%) was comparable to the U.S. drop (-7.9%). However, Educational Services (-28.7%), Leisure and Hospitality (-26.0%), Transportation and Warehousing (-18.3%) and Mining and Logging (-13.4%) performed worse compared to the national averages. Construction, Wholesale Trade, Financial Activities and Healthcare and Social Assistance performed the best.

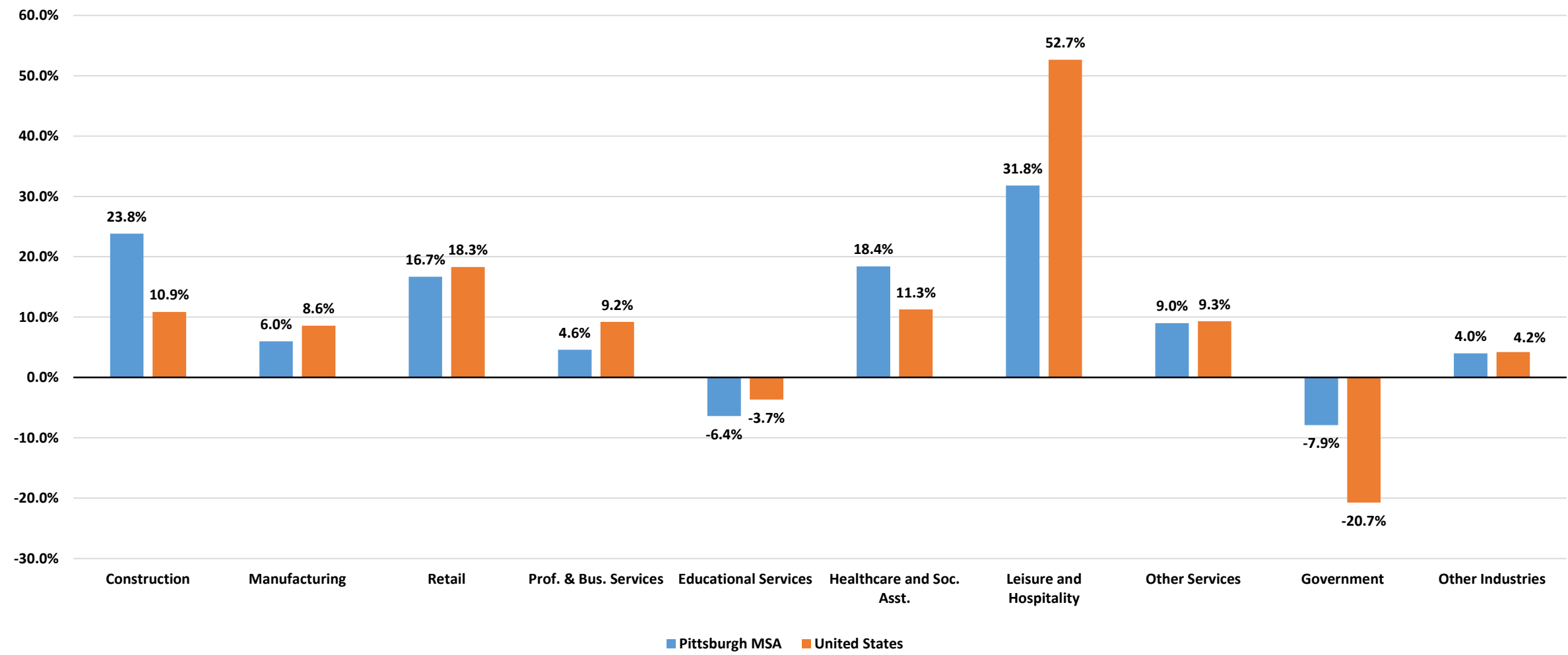
February to July Pct. Change in Employment



Source: BLS Current Employment Statistics

Nationally, the employment rebound has been driven by the Leisure and Hospitality and Retail industries, which account for 71% of jobs added since the April trough. In the Pittsburgh MSA, 91% of the rebound is attributable to four industries – Leisure and Hospitality, Construction, Healthcare and Social Assistance and Retail. Both Construction and Healthcare and Social Assistance represent a higher proportion of the rebound than the nation.

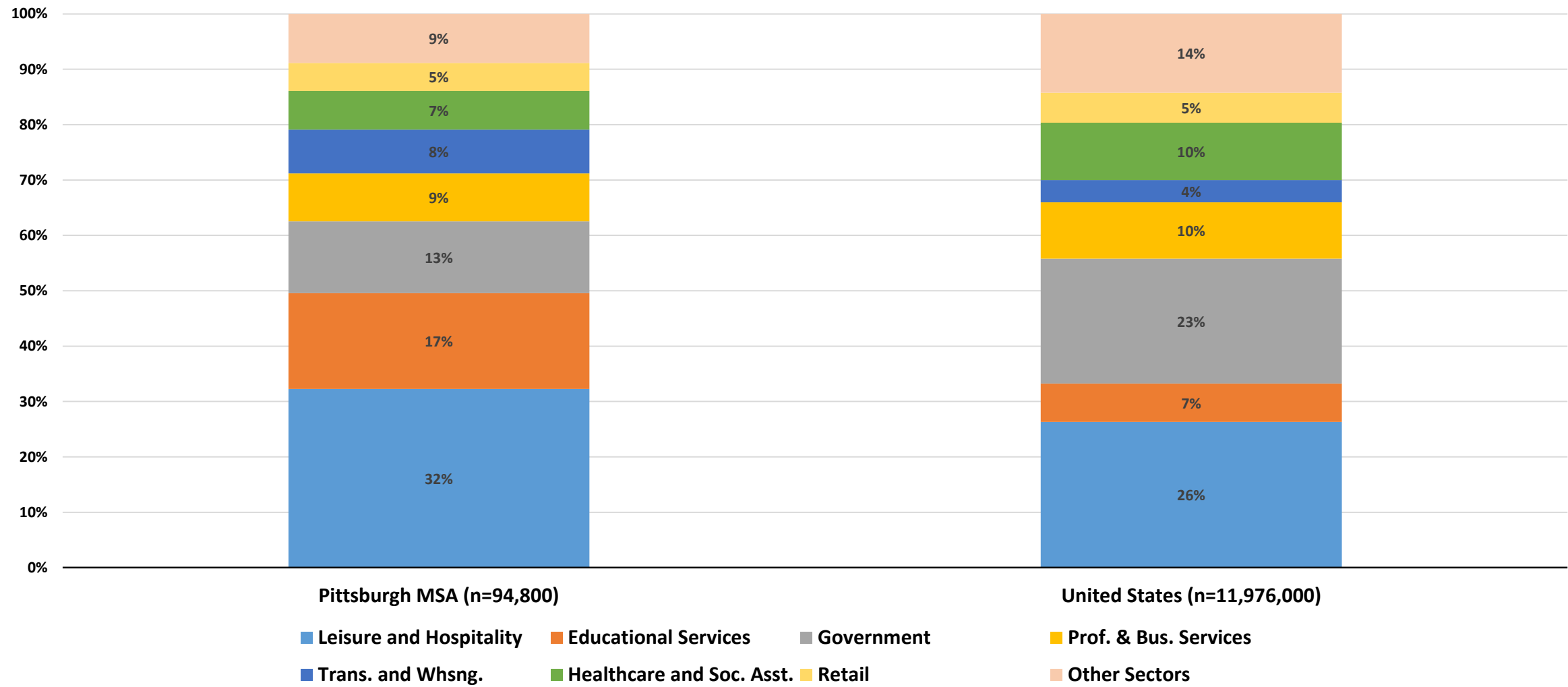
Contribution to April - July Employment Gain (pct. of total change)



Source: BLS Current Employment Statistics

As of July, one-third of the employment shortfall since February is in Leisure and Hospitality, compared to one-fourth nationally. Educational Services and Transportation and Warehousing also account for a disproportionate share of the shortfall compared to the nation. Nationally, Government has significantly higher share of the jobs lost since February than in the Pittsburgh MSA.

Current Employment Shortfall By Industry



Source: BLS Current Employment Statistics