THE LATEST ECONOMIC 411

EDC ECONOMIC DEVELOPMENT COLLABORATIVE

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Labor Market Report for November 2022

The California Labor Market Information Division (LMID) released its November 2022 report on Friday, showing a rise in the Ventura County unemployment rate, from 3.4% in October to 3.7% in November. While that's still an extremely low rate by any standard, the November increase is a bit unusual, given how we used to get a more substantial holiday boost in Retail hiring, and thereby a lowering of unemployment. That seasonal hiring of course has slowed in recent years, with the shift away from bricks and mortar Retail toward on-line purchasing. Ventura County did add 1,200 Retail jobs in November, but that's low compared to what had been more commonly more than 2,000 up until around 2014, when the slide became more noticeable.

Looking at the larger picture for November, hiring in the other industry sectors wasn't enough to compensate for the relatively slow holiday hiring in Retail, as we gained only a net 200 industry jobs. For the official November data, click here.

Continuing Challenges in Unraveling Labor Market Data: A theme that's emerged in these reports throughout 2022 is that we've seen lots of monthly data that defies easy interpretation—or at least defies any kind of ready or easy interpretation based on prior years' experience.

What's odd in the data this month is that it shows we had an increase by 1,200 in the ranks of the officially unemployed, even while we had a small yet positive net gain of 200 industry jobs. Our first thought is that the increased number of unemployed workers might be comprised of persons already not working, but who may now show up as unemployed in the data as they start actively looking for work (remember, if you're not working, but also not looking for work, you're officially categorized as "out of the labor force," neither employed nor unemployed). But that's not it, as we also had a drop by 1,500 in the total Labor Force—that is, in the total number of workers both employed and unemployed but looking for work. Or put another way, it's very odd that we simultaneously had more unemployed workers at the same time as we had a decrease in the total number of workers in the labor force and an increase, albeit small, in net new hires.

So what does it all mean? We're not entirely sure, because a lot of what actually happens in labor markets doesn't appear in the available roll-up data. But what we think is happening is that November's unusual mix of data points is attributable to a continuing and extraordinary volatility or churn in the labor market, with lots of workers both quitting and taking new jobs. With all of that change, it's likely that with the month end snapshot, the timing of reported data maybe just a bit off.

As we pointed out in last month's report, what's often most interesting is not our monthly net change in the total number of workers in the labor force, or new jobs created or lost, rather what most characterizes our current circumstance is how many workers are in motion, with changing interests in occupations and industry sector opportunities, behaving with both caution and uncertainty about whether to take jobs or wait for better opportunities. All that movement creates some chaos in the data.

Industry Highlights: As noted above, November delivered a net gain of only 200 jobs. There were very few large gains or losses, with a few of the highlights noted

below:

- Farm dropped 900 jobs in November, likely seasonal, but what's encouraging is the sector is up 1,200 year-over-year and down only 500 from November 2019.
- Construction also dropped 200 jobs, likely also seasonal or tied to weather impacts, but is also up nicely year-over-year, by 800, and also up 300 over its pre-pandemic level. Still, with our need for new housing, and with new opportunities emerging by infrastructure investment, more jobs in this sector would be more than welcome.
- Several sectors had no net change in November, including Manufacturing, Information, Professional & Business Services, Other Services and Government. What's interesting among these is that for the first month since moving toward recovery from COVID, Public Education added no new jobs in November. The sector is down by only 100 jobs, from 21,900 in November 2019 to 21,800 in November 2022. From this we might conclude that local education has stabilized in hiring, with little change expected ahead.
- Our other large gainers from prior months—Health Services and Leisure & Hospitality—both lost jobs in November, by 100 and 300 respectively. Given both sectors' recent strong trends for recovery, these relatively small declines are no immediate cause for concern. We are, however, more than a bit worried for the Health Services sector, rocked as it's been by pandemic, lots of retirements and a challenge for employers to attract and retain skilled workers.

Unemployment Rate in the Statewide Context: Though Ventura County's unemployment rate rose from 3.4% to 3.7%, our relative standing improved by one slot, from 20th to 19th among California's 58 counties.

Looking at our neighboring counties, all but Los Angeles County had a similar increase to Ventura's, that is, increased in November's unemployment rate by a few tenths of a percent. Santa Barbara remained in 10th, though up from 2.8% to 3.2%. San Luis Obispo held on to 5th, up from 2.5% to 2.8%. Los Angeles improved by a whopping 9 slots, from 42nd to 33rd, though still holding at 4.5%. Kern gained two slots, from 55th to 53rd, but increased from 6.3% to 6.8%.

Looking at the top rankings in the state, per usual, the Bay Area holding down the top slots: San Mateo 1st at 2.2%, San Francisco 2nd at 2.3%, Santa Clara 3rd at 2.4%, Marin 4th at 2.5%, San Luis Obispo and Sonoma tied for 5th at 2.8%, Sonoma 7th at 2.9%, Orange in 8th at 3.0%, Alameda 9th at 3.1% and Santa Barbara, El Dorado, Napa, Nevada and Sierra all tied for 10th at 3.2%.

Unemployment rates by county are variously displayed in the state's mapping resources. For the table display on November unemployment rates for all counties, go here.

Questions, comments, please let us know, bruce@edcollaborative.com.

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