Washington State Employment Security Department
Labor Market and Economic Analysis

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Northwest Washington Labor Market Review

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Executive Summary

US and Global Economic Overview & Outlook

There has been a tug-of-war in the economic data over the past few months as well on government policy proposals. This means there is more uncertainty in how the economy will unfold over the coming months. The following summarize what is happening on some bigger picture issues.

European Union

- There is still much work to be done to stabilize the fiscal outlook for the member countries. The piecemeal, step-by-step approach with the new European Financial Stability Fund (EFSF) for lending and 'voluntary' haircuts for bank owners of Greek debt is not a convincing the markets nor most independent economists. It has even been suggested that Eurozone debt should be issued in Chinese renminbi, a solution that has proven been to be very dangerous for other countries that issued sovereign debt in foreign currencies as depreciation of the domestic currency can make this debt more expensive to pay back.

- The only successful endgame that seems to be a plausible way to resolve the problems is for the European Central Bank (ECB) print all the money it takes to buy the sovereign debt that is questionable, much like the US Federal Reserve bought troubled credit issues during the height of the US banking financial crisis. This basically means that inflation would increase in the Eurozone and its currency would depreciate and exports and regional stock markets would surge. However distasteful for some, money printing inflation is a tried and true way for countries to deal with debt levels that are unsustainable.

- The fiscal spending side of the Eurozone is another danger sign for global demand in the short run. Cutting central government budgets decreases global demand through ripple effects. Government layoffs are also causing social strains an evidenced by Greece and the UK.

China

- State micro-management of a capitalist economy almost seems like an oxymoron. While China has successfully used Japan's and Korea's early development models to transition its economy, this has never been done with a country as large as China and the consequences may be difficult to manage. China's mercantilist policy of keeping their exchange rate low helps exports, but a consequence is that China must exchange all those dollars and Euros from Chinese exporters to renminbi, fueling domestic inflation and causing social unrest.

- The property market appears to be topping out with anecdotal evidence that some properties prices have fallen 30 percent recently.

- How this all plays out and the timeframe are uncertain, but the risk and size of unintended consequences in China and the rest of the world are likely to be substantial. If China has a hard landing, this would lower prices of energy, timber and industrial materials substantially in the short run. So to some extent, this is beneficial for other economies by reducing pricing pressures, but it is a powerful hit to economies that are dependent on resource exports like Canada, Australia and some Latin American countries.

USA

Another large dose of uncertainty comes from the debate on future tax and spending policy of the federal government. Leaving aside the income distribution debate, federal spending policy could be a big drag on the economy in the short term if substantial spending cuts are forced though by the super-committee or an alternative by the full Congress. Since substantial fiscal stimulus does not seem probable given the gridlock, the only short term stimulus policy alternative is money printing through FED purchases of debt securities such as longer term government bonds. FED purchases of government debt is monetization of the debt and is a last resort 'solution' to the deficits and debt by increasing inflation. Interest paid from the US Treasury to the FED on holdings of government debt gets rebated back to the US Treasury each year. Here are some other highlights of the US economy and outlook:

- Third quarter preliminary real GDP grew by 2.5 percent, but this is where the economy has been in the June-September quarter. During the third quarter the monthly data was coming in on the weak side, so it is possible there will be some giveback on this 2.5 percent growth estimate during subsequent revisions.
- The ISM manufacturing report released on October 3 noted: "The PMI registered 51.6 percent, an increase of 1 percentage point from August, indicating expansion in the manufacturing sector for the 26th consecutive month, at a slightly higher rate."
- The Western Washington ISM for September shows more strength than the national survey, so our particular conditions in WW may be due to more strength from aerospace.
- So manufacturing continues to be bright spots for the national and state economies.
- The National Federation of Small Businesses survey data for September was a modest positive, ending six straight months of declines. The biggest problem as seen by small businesses is weak sales and this is translating into the owner's weak sales expectations for the future, so this gives no support for substantial increased hiring in the near future.
- Recent consumer sentiment and expectations are now at levels last seen in the very early 1980s.
- Remember the "Misery Index" from the early 1980s that was one of Ronald Reagan's 1980 campaign talking points? This index is a simple addition of the unemployment and inflation rates and is now back at levels last seen in the early 1980s.
- The Economic Cycle Research Institute (ECRI) has announced that their short and long leading indicators are pointing to an unavoidable recession in the US with precise timing and severity unknown. The Conference Board's leading index is not showing much weakness, but their coincident indicator is showing a slowdown in the monthly data.

Washington State: The state lost 18,400 jobs on a seasonally basis from August. State government employment is likely to decrease further as fiscal stress forces more cutbacks.

NW Washington: Whatcom and Skagit Counties are doing reasonably well in a difficult economic environment. Over the year, both are still growing private jobs. Island and San Juan Counties are both seeing a continued slide in jobs since the recession began locally in 2008.

Review of National Labor Markets

For the National Employment Situation Report for September 2011 (BLS) please use the following link: http://stats.bls.gov/news.release/pdf/empsit.pdf The following is a summary of the changes in seasonally adjusted nonfarm employment as stated in the BLS report:

- *Total nonfarm payroll employment edged up by 103,000 in September. Since April, payroll employment has increased by an average of 72,000 per month, compared with an average of 161,000 for the prior 7 months. In September, job gains occurred in professional and business services, health care, and construction. Government employment continued to trend down. (See table B-1.)*
- *Employment in professional and business services increased by 48,000 over the month and has grown by 897,000 since a recent low in September 2009. Employment in temporary help services edged up in September; this industry has added 53,000 jobs over the past 3 months. In September, employment growth continued in computer systems design and in management and technical consulting services.*
- *Health care employment continued to expand in September, with an increase of 44,000. Within the industry, job gains occurred in ambulatory health care services (+26,000) and in hospitals (+13,000).*
- *Construction employment increased by 26,000 over the month, after showing little movement since February. The over-the-month gain was due to employment increases in the nonresidential construction industries, which includes heavy and civil construction. Mining employment continued to trend up in September.*
- *Employment in information was up by 34,000 over the month due to the return of about 45,000 telecommunications workers to payrolls after an August strike.*
- *Manufacturing employment changed little in September (-13,000) and has been essentially flat for the past 2 months.*
- *Within retail trade, employment declined in electronic and appliance stores (-9,000) in September.Employment in wholesale trade, transportation and warehousing, financial activities, and leisure and hospitality changed little.*
- *Government employment continued to trend down over the month (-34,000). The U.S. Postal Service continued to lose jobs (-5,000). Local government employment declined by 35,000 and has fallen by 535,000 since September 2008.*
- *The average workweek for all employees on private nonfarm payrolls edged up by 0.1 hour over the month to 34.3 hours following a decrease of 0.1 hour in August. The manufacturing workweek edged down by 0.1 hour in September to 40.2 hours. Factory overtime increased by 0.1 hour to 3.2 hours. The average workweek for production and nonsupervisory employees on private nonfarm payrolls edged up by 0.1 hour to 33.6 hours in September. (See tables B-2 and B-7.)*
- *In September, average hourly earnings for all employees on private nonfarm payrolls increased by 4 cents, or 0.2 percent, to $23.12. This increase followed a decline of 4 cents in August. Over the past 12 months, average hourly earnings have increased by 1.9 percent. In September, average hourly earnings*

of private-sector production and nonsupervisory employees increased by 3 cents, or 0.2 percent, to $19.52. (See tables B-3 and B-8.)

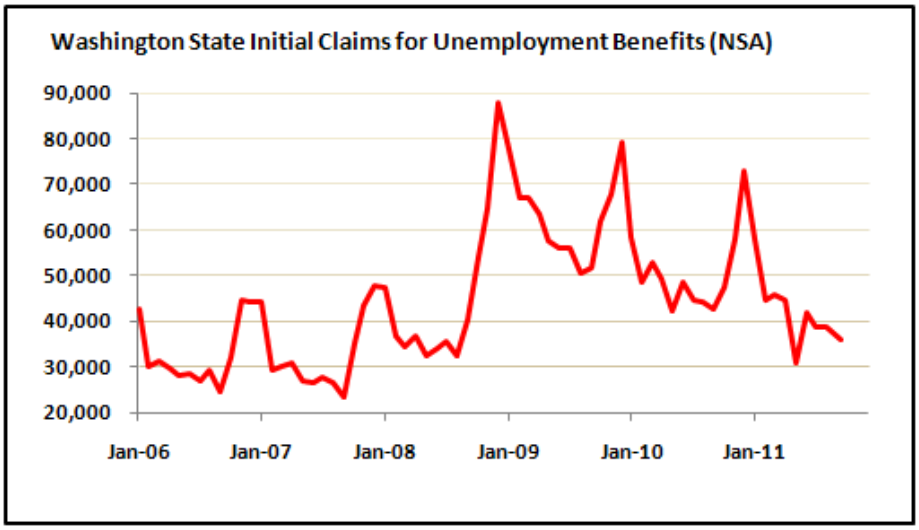
- *The change in total nonfarm payroll employment for July was revised from +85,000 to +127,000, and the change for August was revised from 0 to +57,000.*

Review of State Labor Market

For the Washington State Employment Situation Report for September 2011 please use the following link: http://www.workforceexplorer.com/admin/uploadedPublications/11453_ESR_Oct_19_11.pdf The month over month changes in ***seasonally adjusted*** employment noted were:

Based on a BLS survey of businesses, Washington state lost an estimated 18,400 jobs over the month:

- *September's estimated job losses are the first for the state since August 2010.*
- *The manufacturing sector had the largest growth over the month, adding an estimated 800 jobs overall. The aerospace industry continued to be the driving force behind job growth in manufacturing (up an estimated 1,000 jobs).*
- *Government lost more jobs than any other sector, down an estimated 10,800. Government losses were primarily caused by the loss of an estimated 6,100 jobs in local education and an estimated 4,700 jobs in state education.*
- *Leisure and hospitality also had large job losses, largely due to a decrease of an estimated 3,700 jobs in the food services and drinking places industry.*
- *The information sector was down an estimated 1,100 jobs with losses almost evenly split between software publishers and other information industries. (For more detail on state jobs by industry, see the appendix of this review.)*



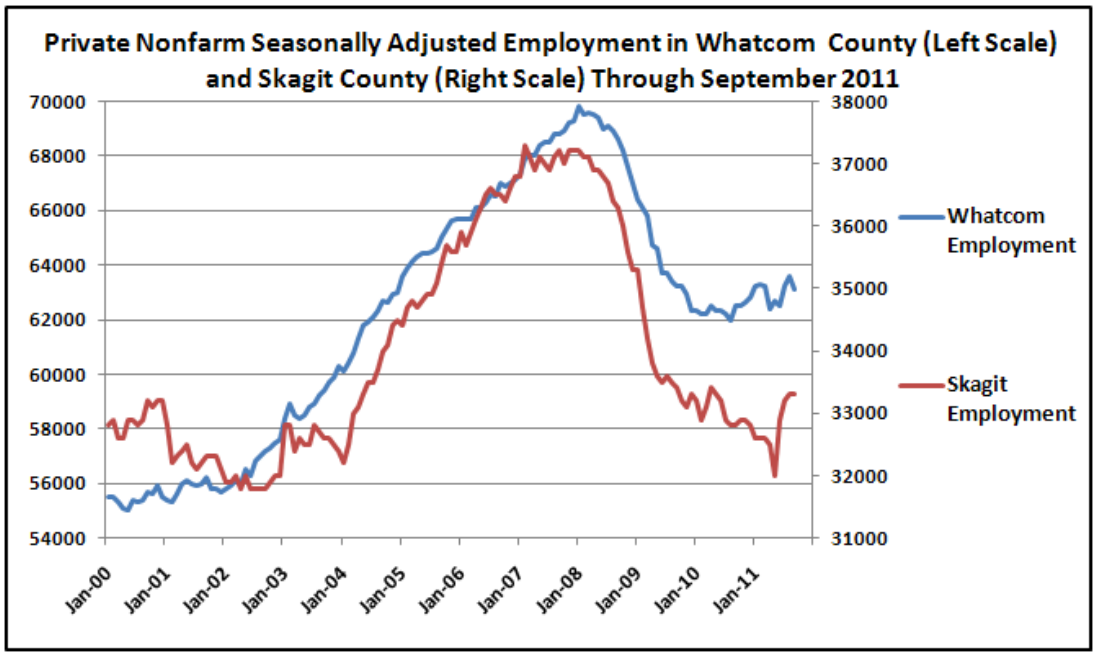
Statewide Initial Claims, All Industries. The chart on initial claims (IC) for UI regular benefits for the state shows that labor markets are still at a heightened level of difficulty compared to the summer of 2007 (before the recession began). The good news is that the December seasonal spikes in IC have been trending lower as well as the seasonal summer lows in IC. This is somewhat similar to the pattern for the four-county area in northwest Washington. There is usually a seasonal dropoff in IC during May, and this year it was particularly strong. There is usually a strong upward spike in IC for June, and this was stronger than usual. The June spikes are theorized to come from several sources: the end of employment for temporary state employees that were contracted on a fiscal year basis and seasonal employees resulting from educational institutions cutting back on non-educational employment for the summer as well as educational employees not under full year contracts. August or September are usually the lowest month for claims statewide.

Summary Tables for Unemployment and Employment Statistics

Table 1			
Unemployment Rates (Not Seasonally Adjusted)			
Area	Sep-11	Aug-11	Sep-10
USA (U-3)	8.8	9.1	9.2
USA (U-6)*	16.1	16.2	16.7
Washington	8.5	9.0	8.9
CD-2 (est.)	8.8	9.0	9.4
NW WDA	8.4	8.7	8.3
Whatcom	8.1	8.3	8.0
Skagit	9.2	9.4	9.2
Island	8.8	9.2	8.7
San Juan	5.8	5.6	5.6
Snohomish	9.0	9.1	10.1
*U-6 rate counts discouraged and other workers.			

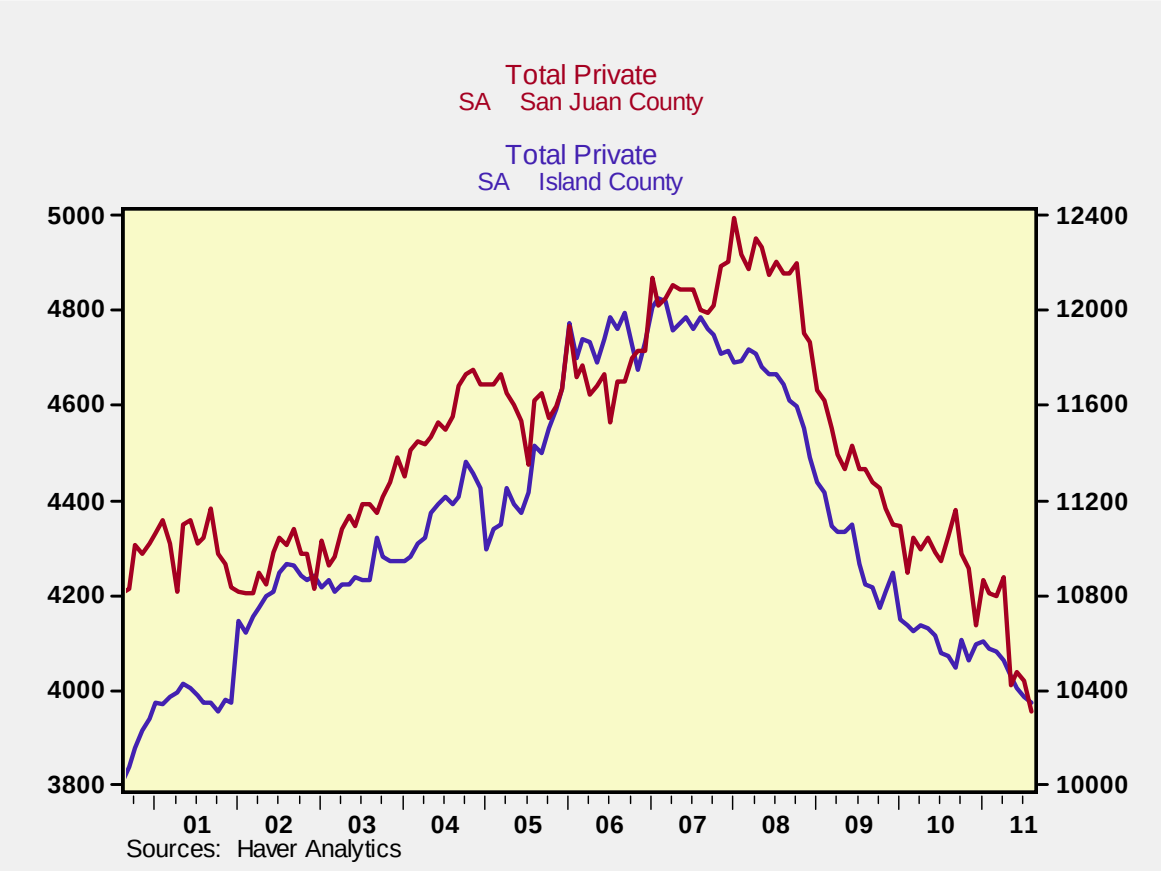
Table 2: Employment Growth Rate Comparison of Select Industry Sectors														
September 2011 Nonseasonally Adjusted Data for All Areas (Preliminary)														
	USA		Washington		NW Counties		Whatcom		Skagit		Island		San Juan	
NAICS Industry	Y/Y %	M/M %	Y/Y %	M/M %	Y/Y %	M/M %	Y/Y %	M/M %	Y/Y %	M/M %	Y/Y %	M/M %	Y/Y %	M/M %
Total Nonfarm 1/	1.1%	0.4%	1.0%	0.3%	-0.9%	-0.6%	-1.3%	-0.3%	0.9%	-0.4%	-2.2%	-0.4%	-6.0%	-6.7%
Total Private	1.7%	-0.4%	2.0%	-0.2%	0.5%	-0.8%	0.9%	-0.5%	1.2%	-0.6%	-1.5%	-0.6%	-6.9%	-7.5%
Goods Producing	1.8%	-0.4%	2.9%	0.2%	-0.4%	-0.5%	2.1%	0.0%	-2.4%	-1.2%	-8.3%	-2.0%	-8.6%	0.0%
Mining, Log. & Construct.	1.8%	2.9%	-0.5%	-1.1%	-5.5%	-1.8%	-1.7%	-1.7%	-9.4%	-3.3%	-15.4%	-1.3%	-8.2%	3.1%
Manufacturing	1.7%	-0.3%	4.9%	0.9%	3.5%	0.4%	5.0%	1.2%	2.0%	0.0%	1.5%	-2.9%	-10.0%	-10.0%
Service Providing	1.0%	0.5%	0.7%	0.3%	0.7%	-0.6%	-2.0%	-0.3%	1.7%	-0.3%	-1.5%	-0.2%	-5.5%	-7.8%
Private Service Providing	1.6%	-0.3%	1.8%	-0.3%	0.7%	-0.9%	0.6%	-0.6%	2.4%	-0.4%	-0.3%	-0.3%	-6.5%	-9.0%
Government	-1.5%	4.3%	-3.0%	2.3%	-5.7%	0.2%	-10.3%	0.7%	0.0%	0.0%	-4.0%	0.0%	-2.0%	-3.0%

NW WDA Seasonally adjusted Private Nonfarm Employment



Rather than looking at the 12 month rolling moving averages of nonseasonally adjusted data, this month I will use seasonally adjusted data for each of the four counties in the NW WDA. Looking at the monthly seasonally adjusted data in these graphs, it is easier to see the recent trends. The first graph compares the two NW MSAs. The recent low for Skagit County was in May 2011, while Whatcom County had a 'double bottom' around that time. Employment growth seems to have stalled somewhat for both counties (as well as the state with the September data), but that is preliminary data and we need to see some revised data and a few more months before any conclusions may be drawn.

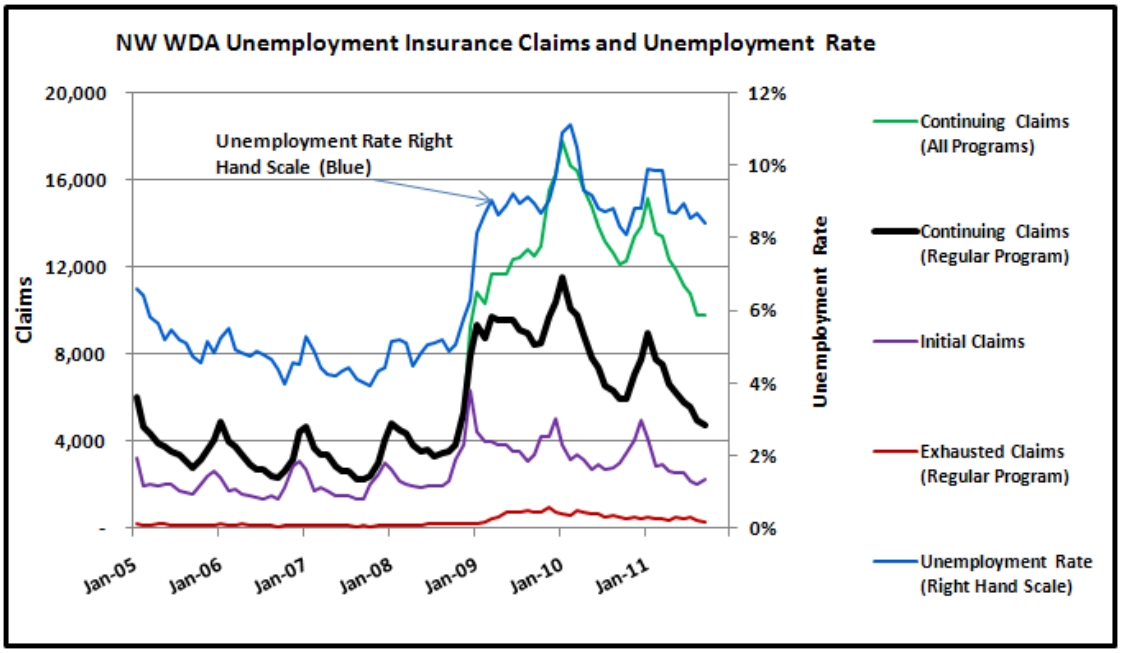
The following chart has seasonally adjusted nonfarm private data for Island (blue line and right-hand scale) and San Juan Counties (red line & left hand scale) through August 2011. It is clear that these two counties overall private labor markets are still in downtrends and both counties may still be in recessions if income, sales and production are in similar trends.



Review of the NW WDA Claims and Unemployment Rates

The following graph shows the state of unemployment claims and the unemployment for the four county region (all data nonseasonally adjusted). Please note the following:

- The September 2011 unemployment rate of 8.4 percent did not decline to last September's 8.3 percent for several reasons. A temporary and technical reason was that state education employment was measured in different reporting weeks in each year, creating significant and artificially decreased employment. The are some other employment losses by place of residence (Whatcom and Skagit Counties) that will probably be revised downward as they are not showing up as lost jobs either by place of work, or in initial claims over the year. The bottom line is that the WDA unemployment rate for September will most likely be revised downward next month.
- There is considerable strength in Whatcom and Skagit counties in payroll employment, which swamps the tougher conditions in the smaller counties of Island and San Juan.
- WDA3 continuing claims have dropped compared to last September. The factors causing the decline are likely due to a combination of factors: people deciding to take jobs even if it is not their ideal job and workers have expiring benefits.



Whatcom County

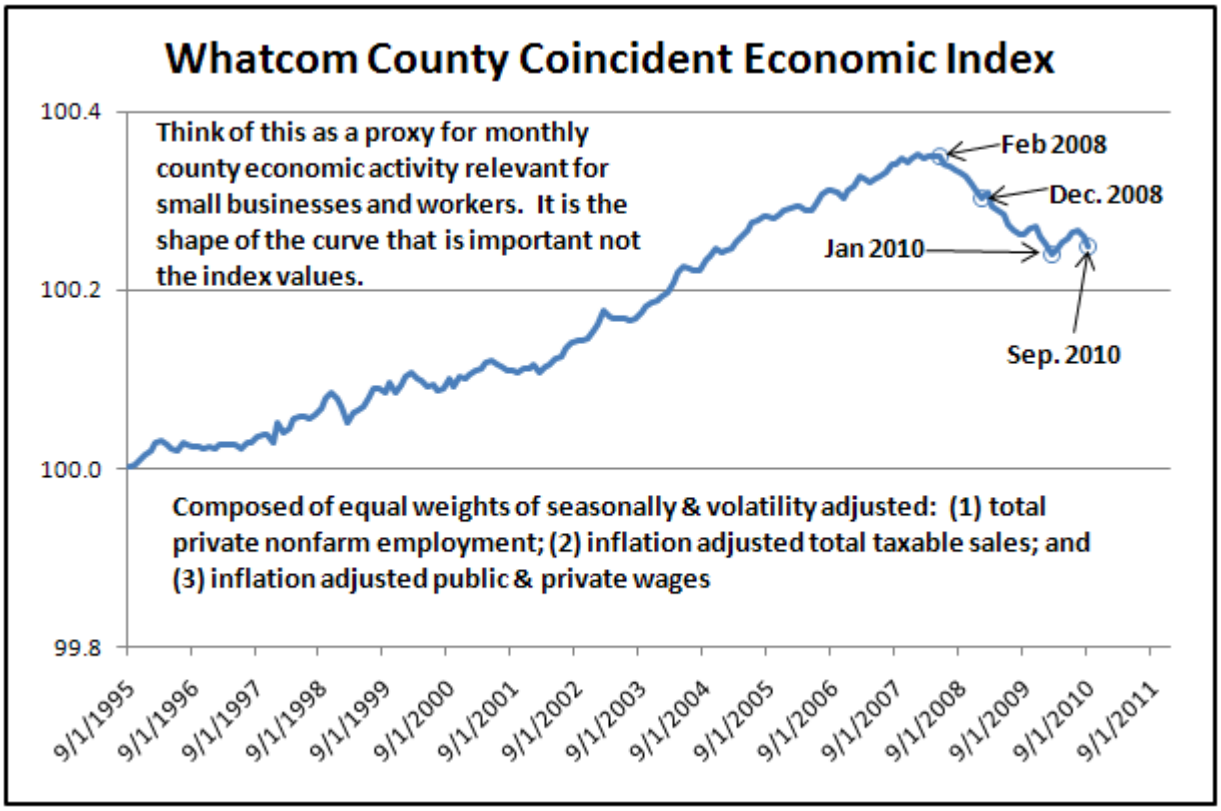
Data: https://fortress.wa.gov/esd/lmea/countydashboard/Summary.aspx?area=53_04_000073

Whatcom County Employment by Place of Work Survey (Non-Seasonally Adjusted)					
NAICS Industry Titles	Sep-11	Year over Year		Month over Month	
		Job Change	Percent	Job Change	Percent
Total-Nonfarm	78,000	(1,000)	-1.3%	(200)	-0.3%
Total Private	64,100	600	0.9%	(300)	-0.5%
Goods-Producing	14,300	300	2.1%	0	0.0%
Mining, Logging, and Construction	5,900	(100)	-1.7%	(100)	-1.7%
Manufacturing	8,400	400	5.0%	100	1.2%
Total Service Providing	63,700	(1,300)	-2.0%	(200)	-0.3%
Private Service Providing	49,800	300	0.6%	(300)	-0.6%
Trade, Transportation, & Utilities	15,200	300	2.0%	(100)	-0.7%
Wholesale Trade, Transport, Warehousing and Utilities	5,100	100	2.0%	(100)	-1.9%
Retail Trade	10,100	200	2.0%	0	0.0%
Financial Activities	2,800	0	0.0%	0	0.0%
Professional & Business Svces	6,800	100	1.5%	0	0.0%
Leisure & Hospitality	9,300	(400)	-4.1%	(300)	-3.1%
Residual Private Services	15,700	300	1.9%	100	0.6%
Government Service Providing	13,900	(1,600)	-10.3%	100	0.7%
Federal Government	1,400	0	0.0%	0	0.0%
State Government	3,600	(1,700)	-32.1%	100	2.9%
Local Government	8,900	100	1.1%	0	0.0%

Whatcom County Coincident Economic Index (CEI)

A coincident economic index traditionally combines employment, sales, income, and production into an index number to judge the current state of growth in an economy. By combining these four components into one index number, it is easier to judge turning points than looking at four separate data series. The problem with creating an index like this at the county level is that less perfect measures of the traditional four components are available at the county level. The CEI uses total private nonfarm

employment, the inflation adjusted sales tax base for the county and inflation adjusted total wages for the county. The CEI has only been estimated through September 2010 due to data limitations on wages. The index also needs to be normalized to a more reasonable growth rate than depicted in the graph below. By the end of this year, this and other NW county CEIs should be available on a monthly basis.



Unemployment Rates

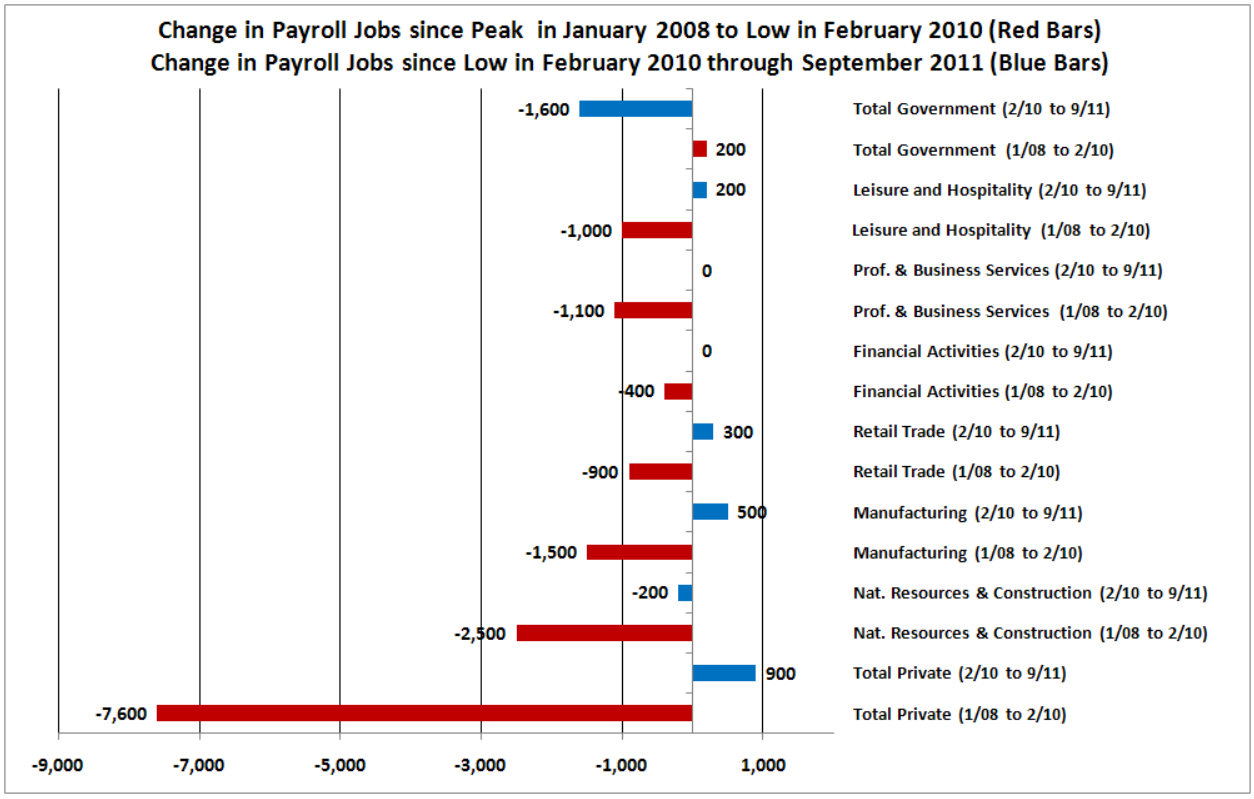
The nonseasonally adjusted unemployment rate in Whatcom County fell from a revised 8.3 percent in August 2011 (preliminary August was 8.6 percent) to 8.1 percent preliminary in September (see table 1 above or detailed table 3 in the appendix). The 21 year average for the August to September change in the number of employed by residents of Whatcom County is a decrease of about 2,100. The preliminary estimated change for this September is a decline of 4,460. Over the year, this September's change is a decline of 3,700. These changes in the number of employed residents in Whatcom County diverge pretty sharply from the payroll numbers explained below. It would seem highly likely that the October revision for this September's unemployment rate will be on the down side.

Payroll Employment

The reported number of state government workers came in with an astonishing drop of 1,600 positions over the year (a decline of about 32 percent). The good news is that the reported drop is due to changes in the timing of when the numbers of state college employees were collected between this and last September. The large increase in state college employment comes in September after the seasonal summer lows. Expect either a revision to September state government employment or a large September to October increase when the October data comes out.

Whatcom County private payroll employment grew at a fairly respectable pace over the year (600 jobs for a gain of 0.9 percent). Leisure and hospitality employment fell 400 jobs over the year which may due to some recent weakening of the Canadian dollar or a sampling error. Over the year construction was slightly off by 100 jobs. Manufacturing is continuing to show good strength, pacing Washington State with about a five percent increase for both. Table 2 (above) shows that this growth is twice as fast as for the US.

Whatcom County Seasonally Adjusted Job Changes by Industry over the Recent Business Cycle



Note the following about the Whatcom County job loss/gain bar chart:

- US Recession was from 12/07 through 6/09
- Seasonally adjusted Whatcom total private nonfarm data was used to determine job peak and trough dates for all sectors
- Jobs Peak in Whatcom for Total Nonfarm was also in January 2008
- Jobs low in Whatcom was in January 2010
- Not all sectors/industries peak or trough at same time
- Note that government jobs (especially state government) were counter cyclical, gaining during the recession and falling in the recovery (due to fiscal budget cuts).

Skagit County

Data: https://fortress.wa.gov/esd/lmea/countydashboard/Summary.aspx?area=53_04_000057

Skagit County Employment by Place of Work Survey (Non-Seasonally Adjusted)					
NAICS Industry Titles	Sep-11	Year over Year		Month over Month	
		Job Change	Percent	Job Change	Percent
Total Nonfarm	44,600	400	0.9%	(200)	-0.4%
Total Private	34,000	400	1.2%	(200)	-0.6%
Goods Producing	8,000	(200)	-2.4%	(100)	-1.3%
Mining, Logging, and Construction	2,900	(300)	-9.4%	(100)	-3.4%
Manufacturing	5,100	100	2.0%	0	0.0%
Total Service Providing	36,600	600	1.7%	(100)	-0.3%
Private Services Providing	26,000	600	2.4%	(100)	-0.4%
Trade, Transportation, Warehousing, and Utilities	9,400	100	1.1%	0	0.0%
Wholesale Trade, Transport, Warehousing, and Utilities	2,600	0	0.0%	0	0.0%
Retail Trade	6,800	100	1.5%	0	0.0%
Leisure and Hospitality	4,400	(200)	-4.3%	(200)	-4.5%
Residual Private Services	12,200	700	6.1%	100	0.8%
Government Service Providing	10,600	0	0.0%	0	0.0%
Federal Government	400	(100)	-20.0%	(100)	-25.0%
State Government	1,400	(100)	-6.7%	200	14.3%
Local Government	8,800	200	2.3%	(100)	-1.1%

Unemployment Rates

The nonseasonally adjusted unemployment rate in Skagit County fell from a revised 9.4 percent in August 2011 (9.7 percent preliminary) to 9.2 percent in September (see table 1 above or detailed table 3 in the appendix). The 21 year average change in the number of employed residents in Skagit County is a decline of about 1,400, while this year's decline is about 1,260. The average decline for the unemployed over the month is about 370, so this is near the norm as well. Over the past several years, the lowest September unemployment rate was 4.1 percent in 2007. Obviously, the labor market in Skagit County has some ways to go to get fully healed.

Payroll Employment

Looking at the nonseasonally adjusted Skagit County Payroll Employment by Place of Work table (first table in Skagit heading) reveals a lack of seasonal growth (month over month) in every category except state government and residual private services. This is to be expected as the seasonal high in Skagit County total nonfarm employment comes in June and employment falls to its seasonal low in January of each year. Different industries may have different seasonal peaks. For example, retail employment peaked in December during the mid-2000s, but now is peaking in the October-November time frame.

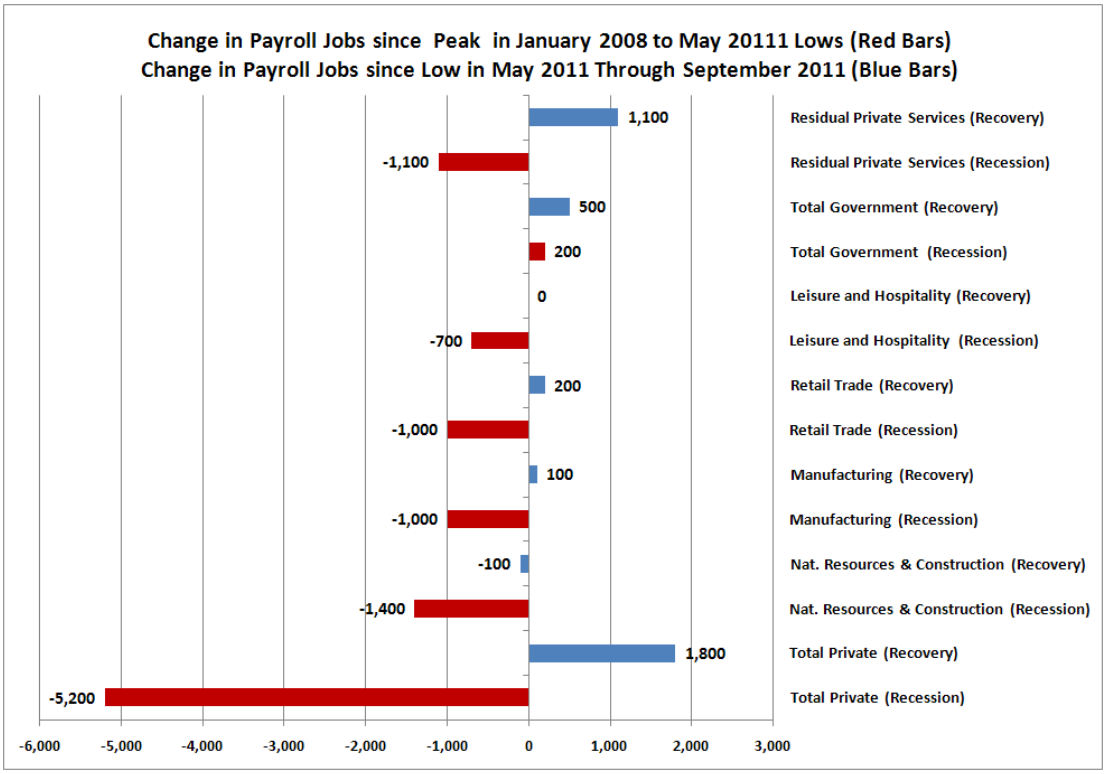
Over the year, the increase in jobs (nonseasonally adjusted) is mostly encouraging. There is a gain of 600 private services jobs and drilling down into the detail, 700 jobs were created in the aggregation of industries called residual private services. Residual private services make up about 35 percent of private nonfarm payrolls. The breakdown of this sector can be seen in the following table.

Composition of Residual Services Industry Employment in Skagit County	
Industry	**Share**
Ambulatory Health Care Services	19.8%
Other Services, Except Public Administration	16.4%
Nursing & Residential Care Facilities	11.7%
Finance & Insurance	11.7%
Professional & Technical Services	10.2%
Administrative & Waste Services	7.8%
Social Assistance	7.7%
Arts, Entertainment & Recreation	4.9%
Real Estate & Rental & Leasing	3.9%
Information	2.8%
Educational Services, Private	2.4%
Management Of Companies & Enterprises	0.8%
Total	100.0%

The seasonally adjusted private nonfarm employment graph in an earlier section of this report shows the dramatic turnaround in employment since the bottom in May 2011. The growth from this year's seasonally adjusted May lows (most industries were lower in May 2011 than September 2010) is therefore more substantial as seen in the seasonally adjusted data. However the recent momentum seems to be waning. The growth in total jobs (seasonally adjusted) through September from the May 2011 low is about 4 percent (1,300 jobs). Seasonally adjusted changes by sector are in the table below and the bar chart below that.

Skagit County Change From May low to September (Seasonally Adjusted)		
	% Change	**Jobs change**
Total Nonfarm	**4.2%**	**1800**
Total Private	**4.1%**	**1300**
Goods Producing	**0.0%**	**0**
Mining, Logging, and Construction	**-3.6%**	**-100**
Manufacturing	**2.0%**	**100**
Total Service Providing	**5.1%**	**1800**
Private Services Providing	**5.3%**	**1300**
Trade, Transportation, Warehousing, and Utilities	**2.2%**	**200**
Retail Trade	**3.0%**	**200**
Leisure and Hospitality	**0.0%**	**0**
Government Service Providing	**4.6%**	**500**
Federal Government	**0.0%**	**0**
State Government	**14.3%**	**200**
Local Government	**3.3%**	**300**
Wholesale Trade, Transport, Warehousing, and Utilities	**0.0%**	**0**
Residual Private Services	**10.0%**	**1100**

Skagit County Seasonally Adjusted Job Changes by Industry over the Recent Business Cycle



Note the following about the graph above:

- US Recession was from 12/07 through 6/09
- Seasonally adjusted Skagit total nonfarm data was used to determine job peak and trough dates for all sectors.
- Jobs low in Skagit County was in May 2011
- Not all sectors/industries peak or trough at same time

Island County

Data: https://fortress.wa.gov/esd/lmea/countydashboard/Summary.aspx?area=53_04_000029

Island County Employment by Place of Work Survey (Non-Seasonally Adjusted)					
NAICS Industry Titles	Sep-11	Year over Year		Month over Month	
		Job Change	Percent	Job Change	Percent
Total Nonfarm	14,870	(340)	-2.2%	(70)	-0.5%
Total Private	10,540	(160)	-1.5%	(80)	-0.8%
Goods Producing	1,440	(130)	-8.3%	(30)	-2.0%
Natural Resources, Mining, and Construction	770	(140)	-15.4%	(10)	-1.3%
Manufacturing	670	10	1.5%	(20)	-2.9%
Total Service Providing	13,430	(210)	-1.5%	(40)	-0.3%
Private Service Providing	9,100	(30)	-0.3%	(50)	-0.5%
Trade, Transportation, Warehousing, and Utilities	2,410	(150)	-5.9%	(60)	-2.4%
Wholesale Trade	140	10	7.7%	0	0.0%
Retail Trade	2,000	(130)	-6.1%	(50)	-2.4%
Transportation, Warehousing, and Utilities	270	(30)	-10.0%	(10)	-3.6%
Information and Financial Activities	770	0	0.0%	0	0.0%
Residual Private Services	5,920	120	-4.0%	10	0.2%
Total Government Service Providing	4,330	(180)	-4.0%	10	0.2%

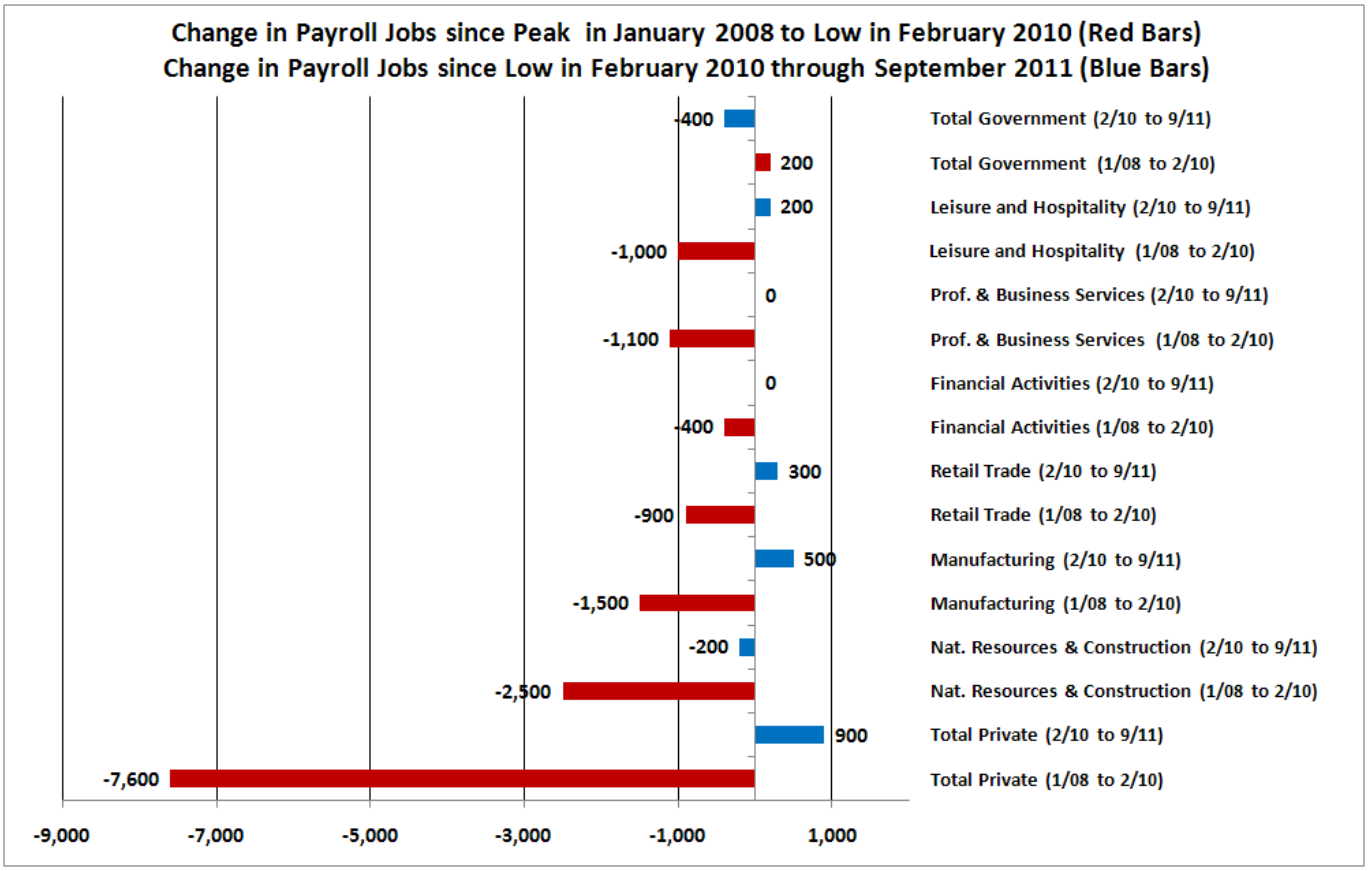
Unemployment Rates

The Island County unemployment rate (seasonally unadjusted) fell from a revised 9.2 percent in August (9.4 percent preliminary in August) to 8.8 percent in September (see table 1 above or detailed table 3 in the appendix). The 21 year average change in employed residents in Island County over the August to September period is a decline of about 150 employed persons. This year's August to September change is a loss of about 700 persons. This year's change is not consistent with a loss of 70 payroll jobs as seen in the above table, so it seems likely that the unemployment rate for September this year could be revised downwards. Note that unemployment data is by place of residence, not where the jobs those residents have jobs. Most Island County residents (outside of active military) have jobs outside of the county.

Payroll Employment

The September snapshot for jobs in Island County in the above table has a lot of red ink, showing job losses, which looks very similar to the August report. Looking at the seasonally adjusted total nonfarm private employment near the beginning of this report, the downward trend since 2007 has been dramatic. The relief valve for the residents of Island County has been commuting to neighboring counties. For the changes by industry over the recent business cycle see the next bar chart.

Island County Nonseasonally Adjusted Job Changes by Industry over the Recent Business Cycle



US Recession was from 12/07 through 6/09

- Nonseasonally adjusted Island total private nonfarm data was used to determine job peak (July 2008) and trough dates for all sectors

- Since the chart contains nonseasonally adjusted data, typical seasonal trends are somewhat mixed within business cycle trends
- Since seasonally adjusted employment by sector is unavailable for Island County, this is the best guide to determining job losses and gains over the business cycle
- Jobs Peak in Island County for Total Nonfarm was in June 2008 (near a seasonal high)
- Jobs low in Island County was in January 2011 (typical seasonal low)
- Not all sectors peak or trough at the same time
- Note that government jobs (especially state government) were counter cyclical, gaining during the recession and falling in the recovery (due to fiscal budget cuts).
- Total Government Employment for September 2011 has been changed to August due to anomalies of reporting weeks.

San Juan County

Data: https://fortress.wa.gov/esd/lmea/countydashboard/Summary.aspx?area=53_04_000055

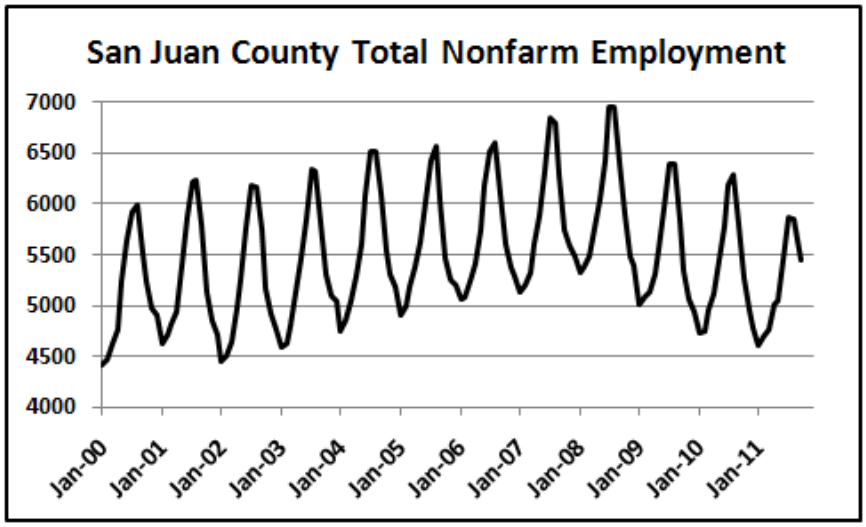
San Juan County Employment by Place of Work Survey (Non-Seasonally Adjusted)					
NAICS Industry Titles	Sep-11	Year over Year		Month over Month	
		Job Change	Percent	Job Change	Percent
Total Nonfarm	5,450	(350)	-6.0%	(400)	-6.8%
Total Private	4,470	(330)	-6.9%	(410)	-8.4%
Goods Producing	850	(80)	-8.6%	(10)	-1.2%
Natural Resources, Mining, and Construction	670	(60)	-8.2%	10	1.5%
Manufacturing	180	(20)	-10.0%	(20)	-10.0%
Service Providing (Total)	4,600	(270)	-5.5%	(390)	-7.8%
Service Providing (Private)	3,620	(250)	-6.5%	(400)	-10.0%
Trade, Transportation, and Utilities	950	(90)	-8.7%	(40)	-4.0%
Information and Financial Activities	270	0	0.0%	0	0.0%
Residual Private Services	2,400	(160)	-6.3%	(360)	-13.0%
Government Service Providing	980	(20)	-2.0%	10	1.0%

Unemployment Rates

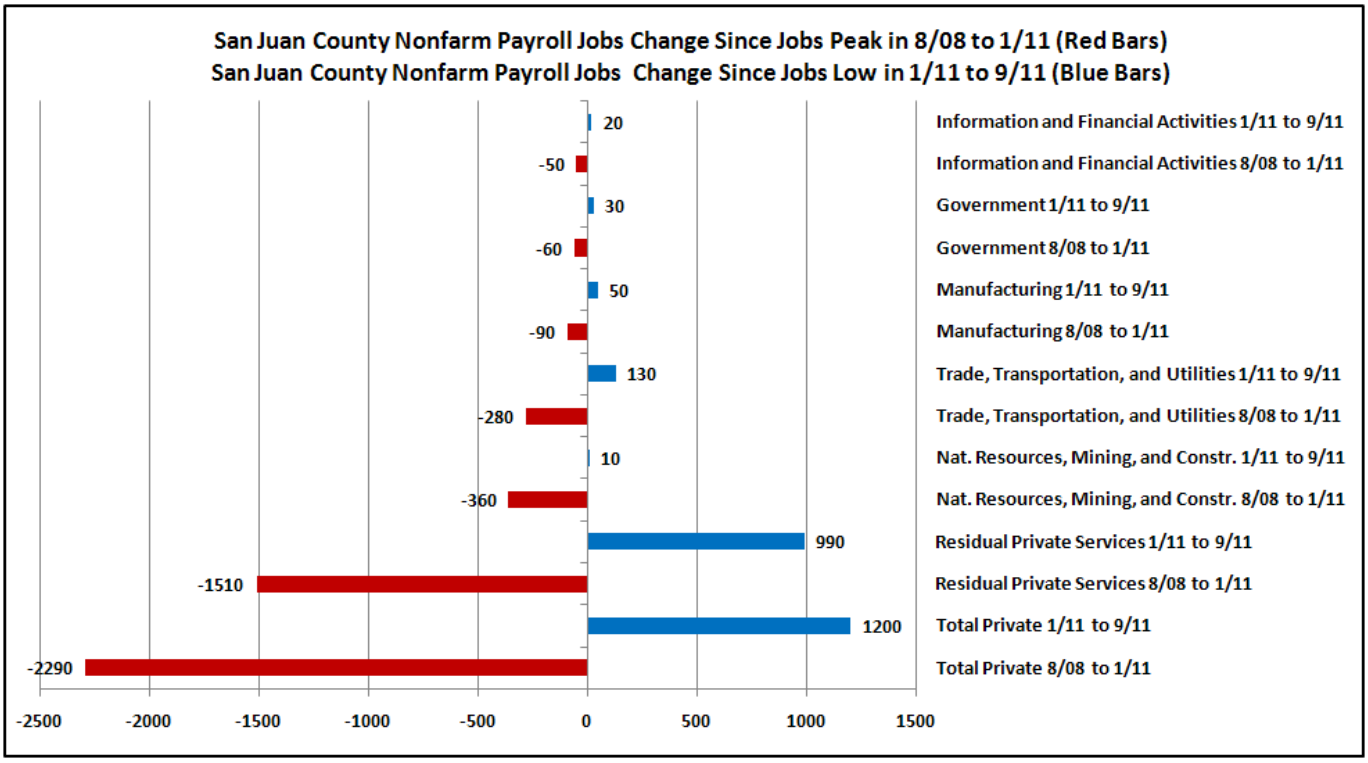
The San Juan County unemployment rate (seasonally unadjusted) rose from a revised 5.6 percent in August (5.7 percent preliminary in August) to 5.8 percent in September (see table 1 above or detailed table 3 in the appendix). The 21 year average change in employed residents in Island County over the August to September period is a decline of about 621 employed persons. This year's August to September change is a loss of about 750 persons. This year's change is not totally consistent with a loss of 400 payroll jobs as seen in the above table, so it seems possible, but unlikely that the unemployment rate for September this year could be revised downwards.

Payroll Employment

The changes in employment over the year by industry are not as steep as reported for August, but what is more troubling is that the typical peak July employment was considerably below the July 2010 peak by 320 jobs. The graph below shows how year over year declines have gotten larger. For more perspective on job changes over the business cycle see the bar chart below.



San Juan County Nonseasonally Adjusted Job Changes by Industry over the Recent Business Cycle



Note the following about the above bar chart:

- US Recession was from 12/07 through 6/09
- Nonseasonally adjusted San Juan County total private nonfarm data was used to determine job peak (July 2008) and trough dates for all sectors
- Jobs Peak in San Juan County for total nonfarm was in June 2008
- Jobs low in San Juan County was in January 2011
- Not all sectors peak or trough at same tme
- Due to the large seasonal fluctuations from January job lows to July Peaks, any recovery since January may just be seasonal gains.
- Note that government jobs (especially state government) could be counter cyclical; gaining during the recession and falling in the recovery (due to fiscal budget cuts).

Appendix

Table 3 Unemployment Rates and Labor Force Composition: All Data is Not Seasonally Adjusted (NSA)												
	September 2011 NSA Preliminary				August 2011 NSA Revised				September 2010 NSA Revised			
	L-Force	Employ	Unemploy	URate	L-Force	Employ	Unemploy	URate	L-Force	Employ	Unemploy	URate
USA (1,000s)	**154,022**	**140,502**	**13,520**	**8.8**	**154,344**	**140,335**	**14,008**	**9.1**	**153,854**	**139,715**	**14,140**	**9.2**
M/M change	-322	167	-488	-0.3								
Y/Y Change	168	787	-620	-0.4								
Y/Y % Change	0.1%	0.6%	-4.4%									
Washington	**3,489,710**	**3,194,560**	**295,150**	**8.5**	**3,485,730**	**3,173,700**	**312,030**	**9.0**	**3,530,970**	**3,216,910**	**314,060**	**8.9**
M/M change	3,980	20,860	-16,880	-0.5								
Y/Y Change	-41,260	-22,350	-18,910	-0.4								
Y/Y % Change	-1.2%	-0.7%	-6.0%									
CD-2 Est.	**580,650**	**529,680**	**50,970**	**8.8**	**581,200**	**529,160**	**52,040**	**9.0**	**583,270**	**528,160**	**55,110**	**9.4**
M/M change	-550	520	-1,070	-0.2								
Y/Y Change	-2,620	1,520	-4,140	-0.7								
Y/Y % Change	-0.4%	0.3%	-7.5%									
NW WDA (3)	**196,840**	**180,260**	**16,580**	**8.4**	**205,210**	**187,440**	**17,770**	**8.7**	**204,170**	**187,180**	**16,990**	**8.3**
M/M change	-8,370	-7,180	-1,190	-0.2								
Y/Y Change	-7,330	-6,920	-410	0.1								
Y/Y % Change	-3.6%	-3.7%	-2.4%									
Whatcom	**100,260**	**92,150**	**8,110**	**8.1**	**105,380**	**96,610**	**8,770**	**8.3**	**104,150**	**95,850**	**8,300**	**8.0**
M/M change	-5,120	-4,460	-660	-0.2								
Y/Y Change	-3,890	-3,700	-190	0.1								
Y/Y % Change	-3.7%	-3.9%	-2.3%									
Skagit	**57,620**	**52,340**	**5,280**	**9.2**	**59,180**	**53,600**	**5,580**	**9.4**	**58,790**	**53,390**	**5,400**	**9.2**
M/M change	-1,560	-1,260	-300	-0.2								
Y/Y Change	-1,170	-1,050	-120	0.0								
Y/Y % Change	-2.0%	-2.0%	-2.2%									
Island	**30,920**	**28,200**	**2,720**	**8.8**	**31,840**	**28,910**	**2,930**	**9.2**	**32,370**	**29,570**	**2,800**	**8.7**
M/M change	-920	-710	-210	-0.4								
Y/Y Change	-1,450	-1,370	-80	0.1								
Y/Y % Change	-4.5%	-4.6%	-2.9%									
San Juan	**8,040**	**7,570**	**470**	**5.8**	**8,810**	**8,320**	**490**	**5.6**	**8,860**	**8,370**	**490**	**5.6**
M/M change	-770	-750	-20	0.2								
Y/Y Change	-820	-800	-20	0.2								
Y/Y % Change	-9.3%	-9.6%	-4.1%									
Snohomish	**383,810**	**349,420**	**34,390**	**9.0**	**375,990**	**341,720**	**34,270**	**9.1**	**379,100**	**340,980**	**38,120**	**10.1**
M/M change	7,820	7,700	120	-0.1								
Y/Y Change	4,710	8,440	-3,730	-1.1								
Y/Y % Change	1.2%	2.5%	-9.8%									