Virginia Employment Monthly

Virginia Employment Commission

September 2023

Virginia's August Unemployment Rate and Labor Force Participation Rate Hold Steady, Employment Increases by 7,348 to 4,488,510

- Virginia's seasonally adjusted **unemployment rate** in August remained unchanged at **2.5 percent,** which is 0.3 percentage points below the rate from a year ago. According to household survey data in August, the **labor force** increased by 3,966 to **4,601,469** as the number of unemployed residents decreased by 3,382 to 112,959. The number of employed residents increased by 7,348 to 4,488,510. Virginia's seasonally adjusted unemployment rate is 1.3 percentage points below the national rate, which increased by 0.3 percentage points to 3.8 percent.

- The Commonwealth's **labor force participation rate** remained unchanged at **66.7 percent** in August.

- Virginia's **nonagricultural employment**, from the monthly establishment survey increased by 6,700 to **4,156,800**. July's preliminary estimate of employment, after revision, increased by 3,000 to 4,150,100.

- Of the 11 industry sectors, five experienced over-the-month job gains, and six experienced a decline. The largest job gain occurred in Government (+4,200) to 741,400. The second largest job gain occurred in Trade, Transportation, and Utilities (+2,200) to 668,200. The third largest job gain occurred in Education and Health Services (+2,000) to 579,400.

- The largest job loss occurred in Construction (-1,400) to 212,100.

- Seasonally adjusted total nonfarm employment data is produced for ten metropolitan areas. In August, two experienced over-the-month job gains, two remained unchanged, and six experienced a decline. The largest job gain occurred in Northern Virginia (+4,500) to 1,577,200. The second largest job gain occurred in Roanoke (+300) to 165,200.

- The largest job loss occurred in Virginia Beach-Norfolk-Newport News (-2,900) to 791,300.

Virginia Employment - August 2023

(seasonally adjusted)

United States Unemployment Rate (August 2022 - August 2023 percentage point)	**3.8%** (0.1)
Virginia Unemployment Rate (August 2022 - August 2023 percentage point)	**2.5%** (-0.3)
Civilian Labor Force (August 2022 - August 2023 percent change)	**4,601,469** (3.8%)
Labor Force Participation Rate (August 2022 - August 2023 percentage point)	**66.7%** (1.9)
Total Nonfarm Employment (August 2022 - August 2023 percent change)	**4,156,800** (1.6%)
Number of Establishments, 1st Quarter 2023 (1st Quarter 2022 - 1st Quarter 2023 percent change)	**310,666** (6.8%)
Average Weekly Wage, 1st Quarter 2023 (1st Quarter 2022 - 1st Quarter 2023 percent change)	**$1,478** (8.3%)

July 2023 Unemployment Rates by MSA

(Percent - not seasonally adjusted)

(July 2022 - July 2023 percentage point)

Blacksburg-Christiansburg-Radford MSA	**2.9 (-0.3)**
Bristol MSA (VA part)	**2.9 (-0.4)**
Charlottesville MSA	**2.5 (-0.5)**
Harrisonburg MSA	**2.8 (-0.5)**
Lynchburg MSA	**3.2 (-0.3)**
Northern VA MSA (VA part)	**2.3 (-0.3)**
Richmond MSA	**2.8 (-0.3)**
Roanoke MSA	**2.7 (-0.3)**
Staunton-Waynesboro MSA	**2.5 (-0.4)**
Virginia Beach-Norfolk-Newport News, Virginia/NC MSA (VA part)	**2.8 (-0.5)**
Winchester, Virginia/WV MSA (VA part)	**2.4 (-0.2)**

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Trust Fund Data - August 2023

Financial Data

- Trust Fund Balance (millions) $1,541.7
- Tax Revenue (Monthly) (millions) $4.0

Benefits Data

- Benefits Paid (Monthly) (millions) $22.5
- Average Weekly Benefit $338.46
- Initial Claims (YTD) 13,464

Initial and Continued Claims

Initial Claims:

- There were 13,931 initial claims in August 2023.
- Initial claims increased by 20.1% over-the-month and decreased by 50.8% over-the-year.
- Year-to-date initial claims were 15.0% lower in August 2023 compared to the same period in 2022.

Continued Claims:

- There were 70,658 continued claims in August 2023.
- This was a 10.5% decrease over-the-month and a 9.1% decrease over-the-year.
- Year-to-date continued claims were 27.3% higher than during the same period in 2022.

Note: Claims counts include interstate and intrastate.

Monthly Claims Data

	Initial Claims	Continued Claims	Recipients	Final Payments
August 2023	13,931	70,658	12,658	1,399
July 2023	11,601	78,914	15,619	1,276
August 2022	28,304	77,703	12,846	4,724

Virginia Unemployment Insurance Weekly Initial Claims at 1,487

The number of initial claims decreased in the latest filing week to 1,487 and remained at typical pre-Pandemic volumes experienced in 2019.

For the filing week ending September 16, the figure for seasonally unadjusted initial claims in Virginia was 1,487, which was a decrease of 631 claimants from the previous week. Continued weeks claimed totaled 13,286, which was 259 claims higher than the previous week and an increase of 39.9% from the 9,494 continued claims from the comparable week last year. An industry was reported for ninety-four percent of claimants. Of those, over half (53 percent) of continued claims were from professional, scientific, and technical services (2,006), administrative and support and waste management (1,792), manufacturing (1,538), and health care and social assistance (1,204). Eligibility for benefits is determined on a weekly basis, and so not all weekly claims filed result in a benefit payment. This is because the initial claims numbers represent claim applications; claims are then reviewed for eligibility and legitimacy.

In the week ending September 16, the advance U.S. figure for seasonally adjusted initial claims was 201,000, a decrease of 20,000 from the previous week's revised level. The previous week's level was revised up by 1,000 from 220,000 to 221,000. The advance number of actual initial claims under state programs, unadjusted, totaled 175,661 in the week ending September 16, an increase of 67 (or 0.04 percent) from the previous week. There were 168,701 initial claims in the comparable week in 2022.

Looking at preliminary data, most U.S. states reported increases on a seasonally unadjusted basis. New York's preliminary weekly change (+1,458) was the largest increase. Georgia's preliminary weekly change (+1,357) was the second largest increase. South Carolina's preliminary weekly change (+1,016) was the third largest increase. Texas's preliminary weekly change (+844) was the fourth largest increase. Virginia had the third largest decrease (-638).

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An Analysis of Hard and Soft Landings from the Federal Reserve's Interest Rate Hikes

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The Federal Reserve, as the central bank of the United States, plays a crucial role in shaping the nation's monetary policy to achieve stable economic growth, low inflation, and maximum employment. One of the primary tools at its disposal is the manipulation of interest rates. When the economy shows signs of overheating and inflationary pressures, the Federal Reserve may increase interest rates to cool down economic activity and prevent runaway inflation. Conversely, when the economy faces a slowdown or recession, the central bank may lower interest rates to stimulate borrowing and spending. There are two possible outcomes of interest rate hikes: hard landings and soft landings, each with its own implications on the economy.

A hard landing occurs when the Federal Reserve aggressively raises interest rates to curb inflation or address an overheated economy, but these actions typically result in a rapid and severe economic slowdown. It often leads to a significant decrease in consumer spending, investment, and overall economic activity. The abruptness and severity of a hard landing can result in a recession or even a prolonged economic downturn, impacting various sectors of the economy and causing job losses.

An example of a hard landing occurred during the early 1980s when the Federal Reserve, under Chairman Paul Volcker, tightened monetary policy dramatically to combat the soaring inflation rates of the 1970s. The interest rate hikes were forceful and swift, which led to a recession with high unemployment rates and falling GDP growth. Businesses faced difficulty accessing credit due to higher borrowing costs, and consumers scaled back spending, leading to a contraction in economic activity.

Hard landings can have severe consequences for financial markets. As investors fear a prolonged downturn, stock markets may experience sharp declines. The housing market may also suffer, as higher interest rates increase mortgage costs, reducing demand for homes and potentially leading to a housing market correction.

A soft landing, on the other hand, refers to a successful monetary policy adjustment in which the Federal Reserve raises interest rates to curb inflation or tame an overheated economy, and the economy subsequently slows down at a manageable and sustainable rate. It allows for a gradual cooling of economic activity while avoiding a severe recession.

The mid-1990s provide an example of a soft landing. The Federal Reserve, led by Chairman Alan Greenspan, implemented a series of interest rate hikes to prevent an inflationary surge amid a booming economy. The central bank skillfully calibrated these rate increases, which eventually led to a gradual deceleration in economic growth without causing a major economic downturn. The result was a period of sustained economic expansion and low inflation.

Soft landings generally have a more positive impact on financial markets compared to hard landings. The gradual and predictable nature of interest rate increases can allow investors to adjust their strategies accordingly, thus avoiding panic-selling and market volatility. Financial institutions also experience less strain as borrowing costs rise more slowly, giving businesses and consumers time to adapt.

The most significant distinction between hard and soft landings is the economic impact they have. Hard landings, characterized by sudden and aggressive rate hikes, lead to sharp economic contractions, rising unemployment, and increased financial market volatility. In contrast, soft landings, achieved through gradual and measured rate increases, facilitate a controlled slowdown and often result in a more stable and sustainable economic environment.

During hard landings, businesses may react to the abrupt economic downturn by reducing their workforce, leading to significant job losses and an increase in unemployment rates. On the other hand, soft landings aim to minimize disruptions in the job market by providing businesses with the time to adjust their strategies, thereby limiting unemployment and maintaining economic stability.

On March 16, 2022, the Federal Reserve began raising interest rates to combat rapidly rising inflation. At the time, the Consumer Price Index increased to 8.5 percent year-over-year. The inflation rate rose to a height of 9.1 percent in June of 2022. The Federal Reserve raised interest rates eight times since March of 2022. Many economists were predicting a recession towards the end of 2022 to the beginning of 2023. A few said, at the time, that the United States was currently in a recession. Yet, employment continued to increase, and often exceeded job creation predictions.

Increasing employment during a time of high inflation and interest rate hikes is not what usually happens. In the first quarter of 2022, Real GDP decreased 1.6 percent. This only heightened the expectations for a recession. However, instead of further contractions of the economy, GDP began to grow. Yes, GDP in the second quarter of 2022 was negative 0.6 percent, but after that, the economy began sustaining positive economic growth.

The US economy was in a strange place. Interest rates were continuing to increase to fight stubborn inflation numbers while employment, wages, and GDP grew. In June of 2023, a year from the 9.1 percent inflation rate peak, inflation had come down to 3.0 percent, but has recently increased to 3.67 percent. Now, many economists believe that a soft landing is likely, yet uncertainty remains.

Both hard and soft landings are intended to address inflationary pressures; however, the approach differs significantly. Hard landings may result in an immediate reduction in inflation but can lead to the risk of deflation and prolonged economic weakness. In contrast, soft landings strike a balance between controlling inflation and promoting sustainable economic growth.

Hard landings erode consumer and business confidence due to the sudden and severe economic downturn. This can lead to reduced spending and investment, exacerbating the economic contraction. Soft landings, with their gradual approach, allow for a more stable economic environment, which helps maintain confidence and encourages continued economic activity.

Both historical examples and economic theory demonstrate the potential consequences of each approach. A hard landing may offer short-term relief from inflation, but risks causing more significant long-term damage to the economy, whereas a soft landing strives to strike a balance between inflation control and sustainable economic growth. The Federal Reserve's ability to enact monetary policy remains crucial in ensuring economic stability and prosperity.

Upcoming Events

Orange County Job Fair at the Train Depot

September 27, 2023 - Valley / Roanoke

Train Depot Job Fair Sept 27, 2023

4:30 to 6:30 p.m.

122 East Main Street

Learn more about this event

Virginia Department of Corrections will be Hiring Corrections Officers in Farmville!

If you are thinking about a career change and want to make a difference in other's lives, please join us, 10 a.m. to 4 p.m., at the Farmville Train Station any of the following dates:

- **Thursday, September 28th**
- **Wednesday, October 11th**
- **Thursday, October 26th**
- **Monday, November 27th**
- **Tuesday, December 14th**
- **Wednesday, December 27th**

Bring your resume, we will be conducting same day interviews!

Learn more about this event

Virginia Department of Corrections Central Region Career Expo will be at DoubleTree by Hilton Hotel Richmond – Midlothian

Tuesday, October 10, 2023/Statewide

If you are thinking about a career change and want to make a difference in other's lives!

Bring your resume, we will be conducting same day inter-views.

9 a.m. to 6 p.m.

Learn more about this event

Lincare is hiring a Customer Service Lead to manage a team in Lynchburg and serve as the first line for questions and assisting with projects, payors, and training. Applicants should have a high school diploma or GED. Apply at: https://recruiting.adp.com/srccar/public/nghome.guid?c=1165551&d=ExternalCareerSi-te&prc=RMPOD3&r=5000974169906#/

For more Info on Upcoming Job Fairs, Visit the Job fair page at

https://www.vec.virginia.gov/job-fairs

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