

Revised Estimates Suggest Troubled Economy

Greg Grootendorst, Chief Economist, and James Clary, Senior Economist



Special Report 23, 03/21/2014

Friday, March 21st saw the release of monthly employment estimates for the Nation's Metropolitan Areas. This most recent data suggests that Hampton Roads lost 4,100 jobs between December-13 and January-14 (seasonally adjusted), resulting in the largest one month decline in regional employment since April 2009. Additionally, this employment report included the annual benchmark revision, which indicated that regional employment in December-13 was 10,400 less than previously estimated, a decline of 1.3%.

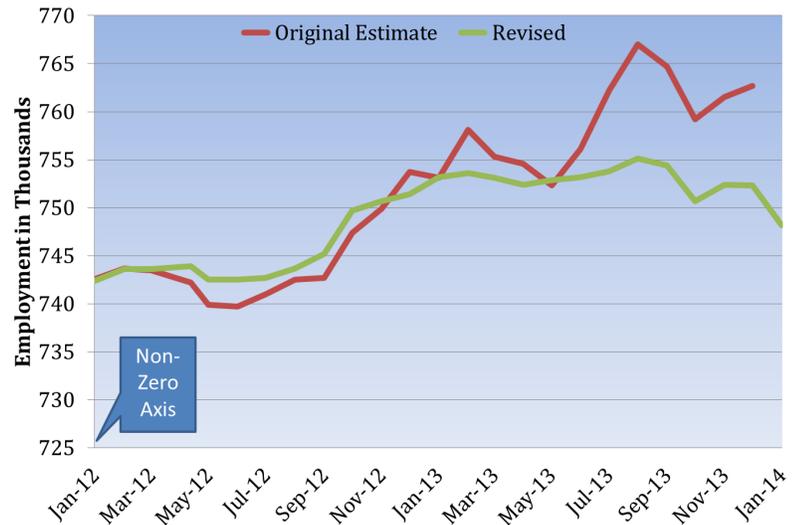
Each year, the Bureau of Labor Statistics revises estimates from the monthly establishment survey which provides employment estimates for Metropolitan Areas across the country to adjust for errors. The survey used to estimate employment includes over one-third of all jobs, but while the overall level of error at the national level is relatively low, the error at the regional level can be high. This year had an exceptionally high level of error for Hampton Roads, which changes the economic narrative for the region.

Hampton Roads' reference metropolitan areas have also experienced significant revisions, from a 33,000 increase in the employment estimate of Sacramento (+4.0%) to a decrease of 21,600 in Pittsburgh (a 1.8% decline). Hampton Roads had the third largest negative revision for regions having populations of 1 to 3 million, trailing only Pittsburgh and Tampa.

Individual industry employment estimates were also revised for the region, and while the total employment estimate was lowered, some industry employment estimates increased. One of these was retail trade, whose employment was revised upward by 3,200 in December to a total employment of 90,500. Scientific and technical services also experienced a significant upward revision. Industries that experienced a negative revision include construction (-5,100), finance & insurance (-2,800), and local government employment (-2,200).

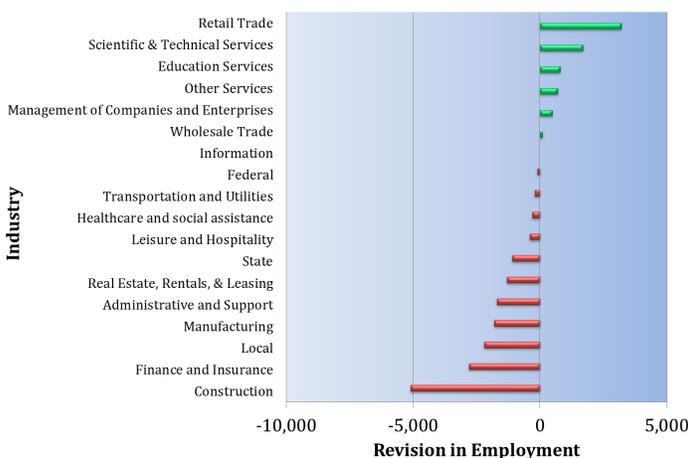
While it is not uncommon for underlying numbers to be revised, this revision also impacted regional estimates because it indicated that growth that the region had appeared to experience beginning in June failed to materialize. Initially, the Hampton Roads economy appeared to have started the same recovery path as the U.S. and Virginia, but the revised data indicates that the recovery has stalled in both Virginia and Hampton Roads.

Hampton Roads Employment Revision



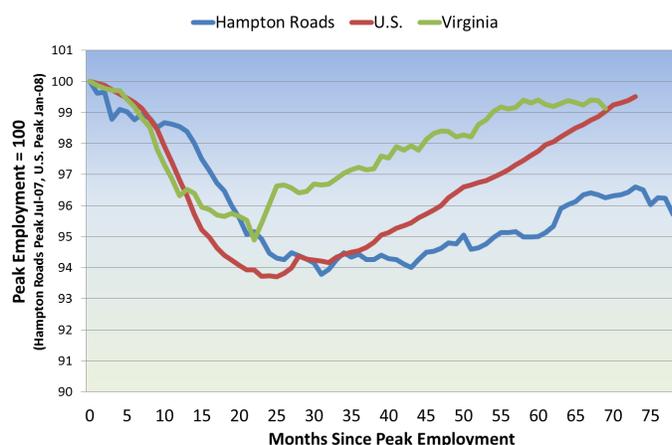
Source: Bureau of Labor Statistics, HRPDC

Employment Revision by Industry



Source: Bureau of Labor Statistics, HRPDC

Indexed Employment- Seasonally Adjusted Peak Employment = 100



Source: Bureau of Labor Statistics, HRPDC

Kenneth Wright, Chair • Clyde Haulman, Vice-Chair • James McReynolds, Treasurer • Dwight Farmer, Exec. Dir./Secretary

