



Missouri's Employment Growth Slowed in October, but the Details Show Sectors of Strength

November 23, 2021

The Latest Data – Missouri added 3,500 jobs in October. This figure is lower than expected given that we saw a particularly strong month nationally with 531,000 jobs. Missouri's unemployment rate fell to 3.7%, well below the national rate of 4.6%.

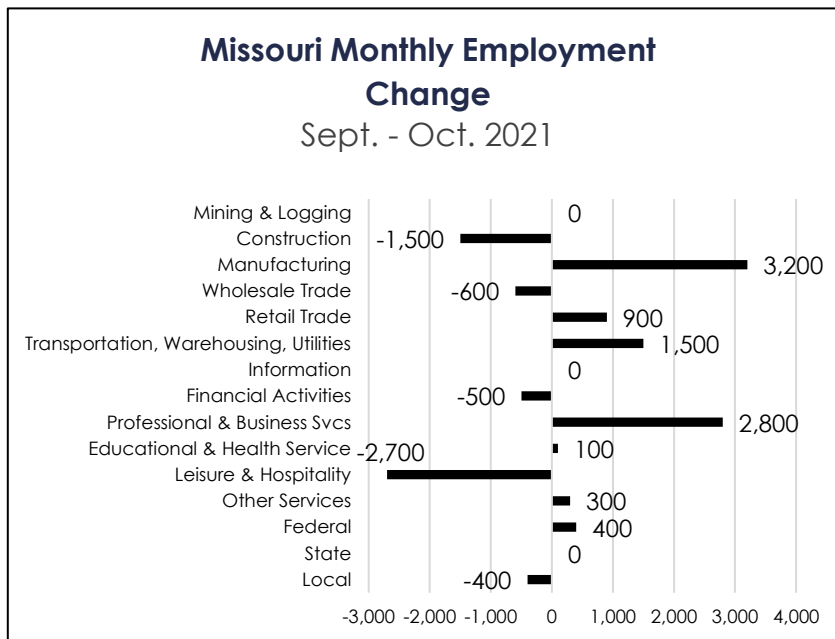


Chart 1 (Source: MERIC, Bureau of Labor Statistics)

While the overall growth number for October was less than inspiring, the details show some good signs. Missouri's overall employment figure was dampened primarily due to sizable losses in leisure/hospitality (-2,700) and construction jobs (-1,500). We saw strong October gains in manufacturing (+3,200) and professional/business services (+2,800).

Furthermore, in terms of getting back to pre-pandemic employment levels, Missouri has been successful in recovering all, or most of the jobs lost in some key industries (Chart 2).

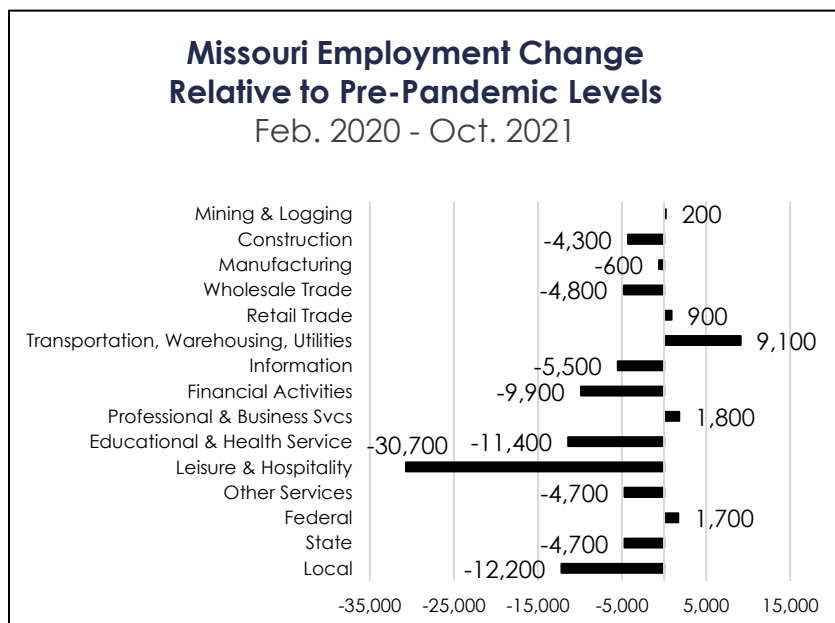


Chart 2 (Source: MERIC, Bureau of Labor Statistics)

For starters, transportation and warehousing employment is up by 9,100 from pre-pandemic levels (February 2020). This reflects both Missouri's role as a transportation hub, and the overall growth we have seen in this industry as more consumers look to have items delivered to their homes and businesses seek to shorten their supply chains.

Professional and business services employment is also above pre-pandemic levels. This diverse sector includes computer system design, engineering, and administrative services.

Missouri's manufacturing sector is nearly back to pre-covid levels, down just 600 jobs. Missouri manufacturers recovered these jobs despite facing supply chain gaps and computer chip shortages.

Inflation remains the biggest threat to the ongoing recovery. [Overall inflation is up 6.2% for the year ending in October](#) (based on the Consumer Price Index). This is the biggest increase in prices consumers have faced since 1990. Inflation is a concern for many reasons. First, it eats away at consumer spending power. We have seen increases in employee wages over the past year, but much of that increase is effectively lost in higher prices. Second, inflation can spiral upwards as the higher costs of goods leads to higher wages which can lead to higher costs of goods, etc. And finally, with inflation becoming more substantial and longer lasting than they hoped, the Federal Reserve Bank is under more pressure to take action against it. Typically they would seek to slow the economy by raising interest rates, but these are not typical times. The economy has recovered strongly from the pandemic, but we are still recovering in many respects. The Fed will need to walk a tightrope in the coming months to address inflation without clamping down on economic growth too much.

On the positive side, [retail sales were up in October](#) suggesting that consumers are taking the price hikes in stride so far.

In summary. Missouri's economic recovery has been strong but uneven. Facing issues like inflation, [labor shortages](#), and supply chain disruption, some industries are still trying to reach pre-pandemic levels while others are already expanding beyond those levels. When the economy recovers from a recession, it doesn't return to its exact pre-recession state. Businesses adjust and we enter a "new economy". We may be seeing the first signs of this now. Clearly, businesses are rethinking their supply chain and that has already had a positive impact on transportation and warehousing. Other business decisions will have impacts on other sectors. Will [business travel resume](#)? How will the [demand for commercial office space](#) change post-pandemic?

Fortunately for us, Missouri has a diverse economy. We are well positioned to take advantage of the changes in transportation and warehousing. Our manufactured goods remain in high demand. But we will also need to adapt to the changing economy in order to maintain growth.

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