Missouri Department of Economic Development
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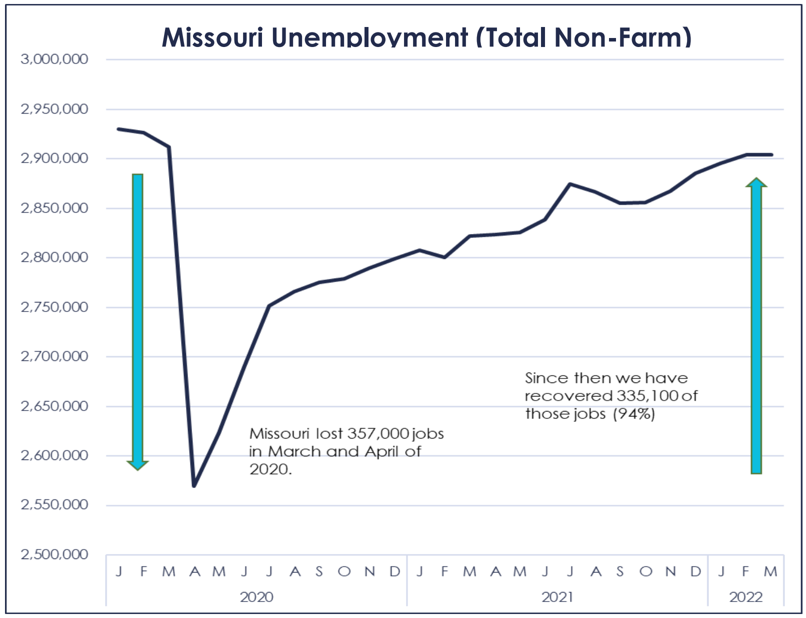
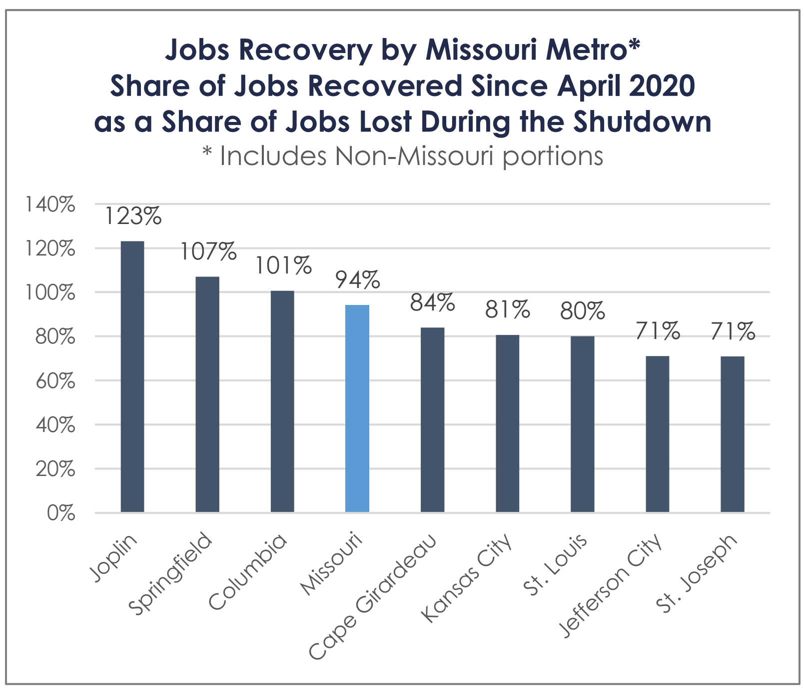
Missouri Job Numbers Slip as Global Economic Picture Gets Cloudier

Latest numbers – Missouri's employment recovery paused in April. After 5 consecutive months of job growth, Missouri saw a slight drop in employment (-200) in March. While this was a disappointing number, it is not too concerning. As the chart below shows, Missouri's employment numbers see small fluctuations from month to month, with the long-term trend still decidedly upward. We have recovered 94% of the jobs lost during the pandemic shutdown in the spring of 2000, matching the jobs recovery at the national level.



Source: MERIC, Bureau of Labor Statistics

However, job recovery has not been consistent throughout Missouri. The Bureau of Labor Statistics metro area employment trends show that job recovery is particularly strong in the Southwest region of the state. Both Joplin and Springfield have exceeded their pre-pandemic levels of employment. Strong growth in the transportation and warehousing industry is contributing heavily to this area's growth.



Source: Bureau of Labor Statistics

Columbia is also back to pre-pandemic employment levels.

The other metros of Missouri, however, have lagged the state in terms of employment recovery. While the St. Louis and Kansas City regions lag in terms of share of jobs recovered, it should be noted that as Missouri's largest metros, they lead the state in sheer number of jobs recovered. Since April 2020, the St. Louis metro has recovered 150,900 jobs while the Kansas City metro has recovered 112,100.

Big picture – As Missouri continues to recover, global economic issues will continue to play a major role. First of these is inflation, which is going to be a dampening economic factor for the immediate future. Overall prices were up 8.6% for the year ending in March, the highest rate since 1981. Many staple items like meat (+14%) and gasoline (+48.2%) have seen much higher price increases. All told, inflation is costing the average U.S. household an extra $300 a month.

Inflation will have an even broader effect on the economy because the Federal Reserve Bank is now in inflation-fighting mode. To combat inflation, the Fed has begun to raise interest rates to slow economic growth. This will affect auto loans, home mortgages and capital availability for economic development projects.

On top of dealing with inflation, we also received news that the U.S. economy shrank in the first quarter. The 1.4% decline marks the first drop in GDP growth since the second quarter of 2020. This number took economists by surprise, but there are a number of discrete, short-term reasons that likely led to this contraction, making it less concerning than it might seem. The drop is largely due to an increase in imports (which count as a negative when measuring U.S. economic production) and a sharp drop in inventories. The inventory drop in the first quarter of 2022 is really due to the sharp increase in inventories we saw in late 2021. As supply chain issues eased, businesses were saddled with months of backordered inventory. This influx of inventory meant that businesses had little need to order more, suppressing economic activity that would have otherwise occurred.

Other components of GDP like consumer spending and business investment remained strong, highlighting the uneven economic changes.

To say there is a lot going on in the economy right now would be an understatement. Rising inflation (and interest rates), war in Europe, new supply chain concerns and a slowing GDP growth are all headline issues that threaten economic growth. On the positive side, we still have a strong labor market and resilient consumers. Which way the economy goes from here will depend on several things. Here is what to keep an eye on in the coming months:

- **Employment** – Will we maintain a labor market where workers feel secure in their jobs or confident that they can find a new one if necessary? All signs currently point to yes as U.S. businesses posted a record number of job openings in March.

- **The consumer** – Consumer demand has been the key driver behind the current economic expansion despite dealing with higher prices and shortages. Consumer demand is well above the pre-pandemic trend. How long can this continue?

- **Inflation** – Consumer spending could get a boost if we begin to see some easing in inflation. There are some signs that inflation may be peaking, but that doesn't mean that prices will be retreating anytime soon.

- **New supply-chain issues** – Just as the global economy has started to untangle the supply chain, a new COVID outbreak in China could clog it again. U.S. businesses were able to grow their inventories late last year, so if China's new COVID outbreak (and the resulting lockdown) is short, we could get by without much negative impact. However, if the lockdown persists, goods could again become scarce, which would put additional upward pressure on prices.

- **Missouri's job recovery** – On a more local level, Missouri's employment growth during the recovery can be telling us something about Missouri's economic future. While some industries are slowly recovering the jobs they lost during the pandemic, other key sectors like construction, transportation and professional business services have surged well beyond pre-pandemic levels. This could mark a change in Missouri's industry makeup as we take a more substantial role in these growing sectors.

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