

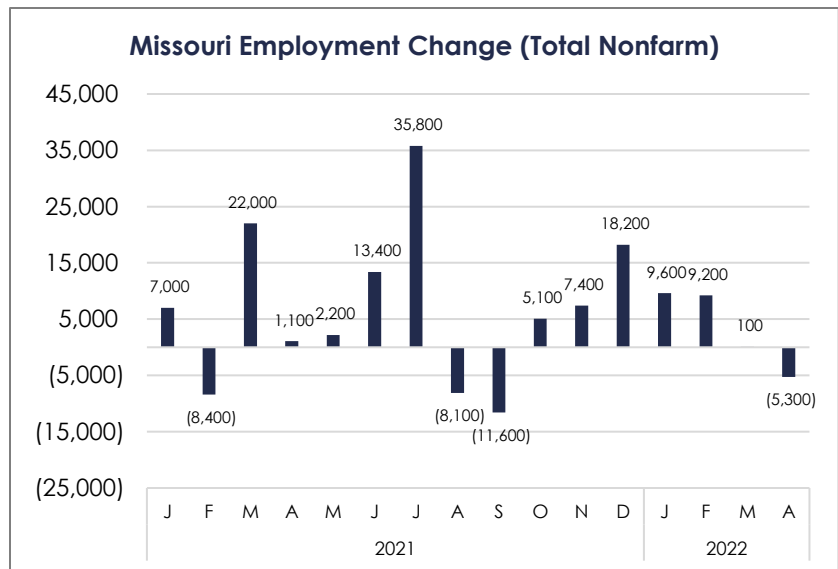


## Inflation Concerns Deepen

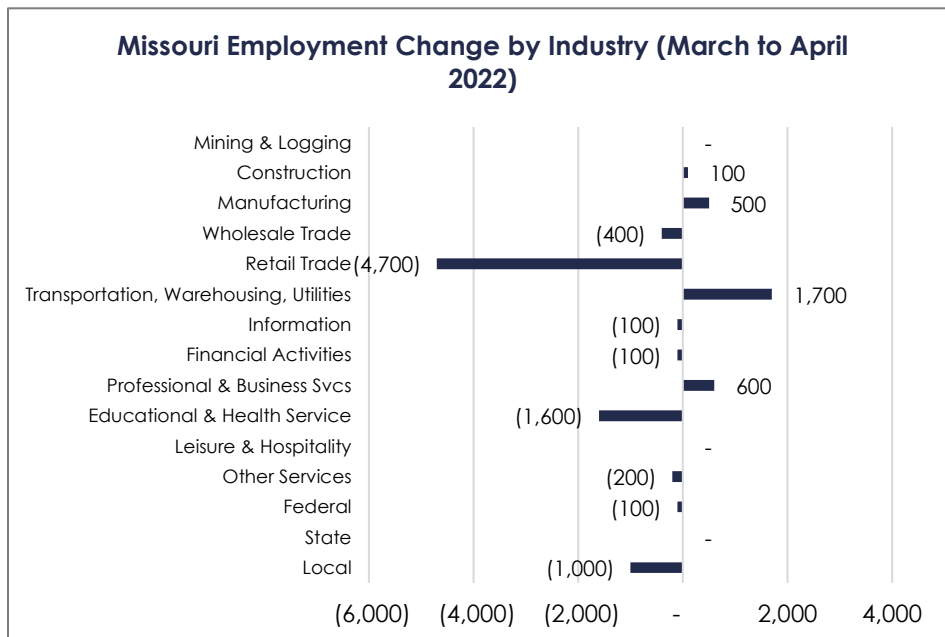
**Latest numbers** – Missouri saw employment fall by 5,300 in April. This is a significant reversal of five months of strong job growth from October 2021 to February 2022 and the tepid growth of 100 jobs in March<sup>1</sup>.

The loss might strike some as surprising, and seems to run counter to anecdotes of a tight labor market, both in Missouri and nationally. To make sense of this, there are a few things to consider.

First, job losses were largely concentrated in the retail trade sector, which lost 4,700 jobs in April. This matches the most recent national data (for May), which showed that retail was the only industry to lose jobs (down 60,700). Missouri also saw declines in education/health and local government employment.



Source: Bureau of Labor Statistics



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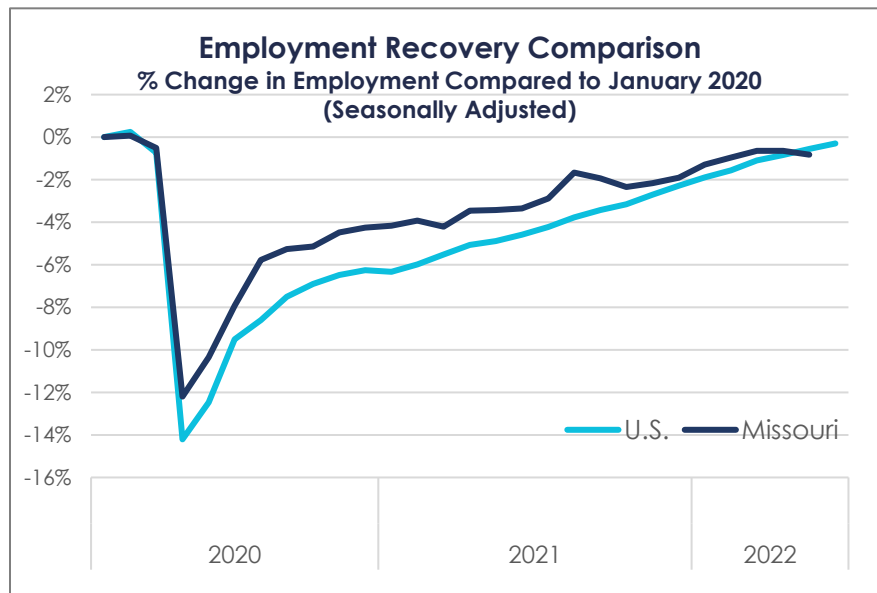
The other issue is more on the technical side. The rollercoaster ride of employment loss and gain we have experienced over the last 2 and a half years has made calculating monthly employment change difficult for the Bureau of Labor Statistics (BLS). We typically use employment data that is "seasonally adjusted" by the BLS to remove normal seasonal fluctuations in employment. These seasonal adjustments are based on trends in recent years; however, the last few

<sup>1</sup> The Missouri March employment data has been revised since its release and our last post. It was initially reported that 200 jobs were lost in March.

years have been anything but typical. Occasionally, this leads to results that are difficult to explain.

I do not believe we have seen the end of Missouri's job recovery. I will offer two pieces of evidence to support my position:

1. The non-seasonally adjusted data shows steady employment growth so far this year and 70,000 new jobs added in the year ending in April
2. Weekly unemployment claims remain very low, which suggests employers are still trying to maintain their current workforces.



Source: Bureau of Labor Statistics

Recall that Missouri started its employment recovery a bit earlier than the nation. We outpaced the nation in job recovery because we re-opened our economy sooner than some states. Our pace has slowed in recent months, but in the big picture, our recovery largely matches the national recovery.

Missouri's unemployment rate fell to 3.4% in April, below the U.S. rate of 3.6%. We also saw more people entering the labor force. Missouri's labor force is now above pre-pandemic levels at 3,091,734.

**Big picture** – While employment is important to keep an eye on, inflation remains the key topic in our economy. The Federal Reserve Bank's efforts to reign in inflation by raising interest rates appears to be working in some areas. The once white-hot [housing market has cooled](#) as higher prices and mortgage rates priced many potential buyers out of the market. But anyone who has filled up their gas tank lately will know that gas prices are continuing to soar. The [average cost per gallon in Missouri was \\$4.49 as of June 7](#), up from \$3.88 a month ago and \$2.75 a year ago. On Friday (June 10<sup>th</sup>) we will see the latest inflation figures for May. Economists do not expect to see much real improvement in those numbers.

With all the current challenges (inflation, supply chain concerns and the Ukraine war) we are starting to hear some [business leaders talk about economic troubles ahead](#). There are certainly valid concerns, but one key area that remains strong is consumer spending. Even with higher costs, [retail sales increased for the fourth consecutive month in April](#) and remain well above pre-pandemic levels. Consumer spending numbers bear close watching in the months ahead. It is hard to imagine an economic downturn with such strong consumer spending, however, if consumers begin to pull back due to higher prices or concerns over the economy's direction, we could see these more dire warnings become reality.

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