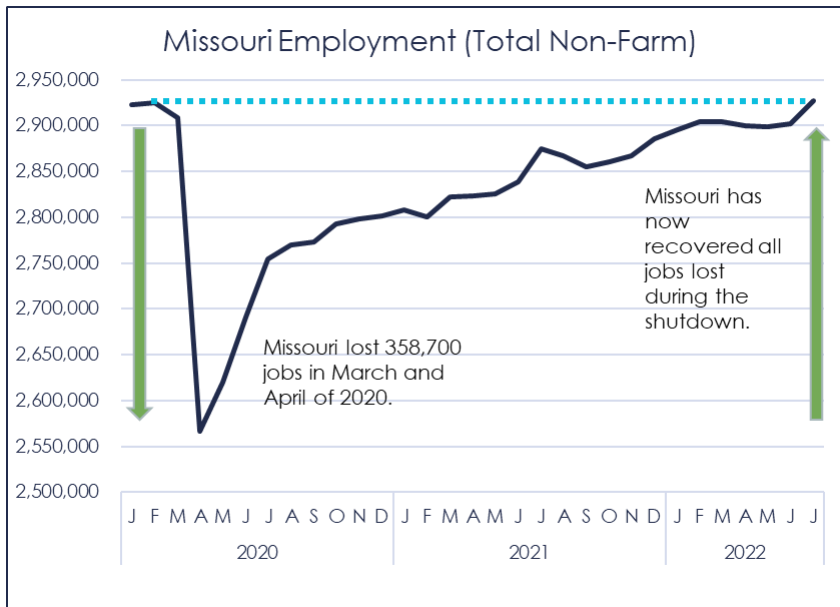




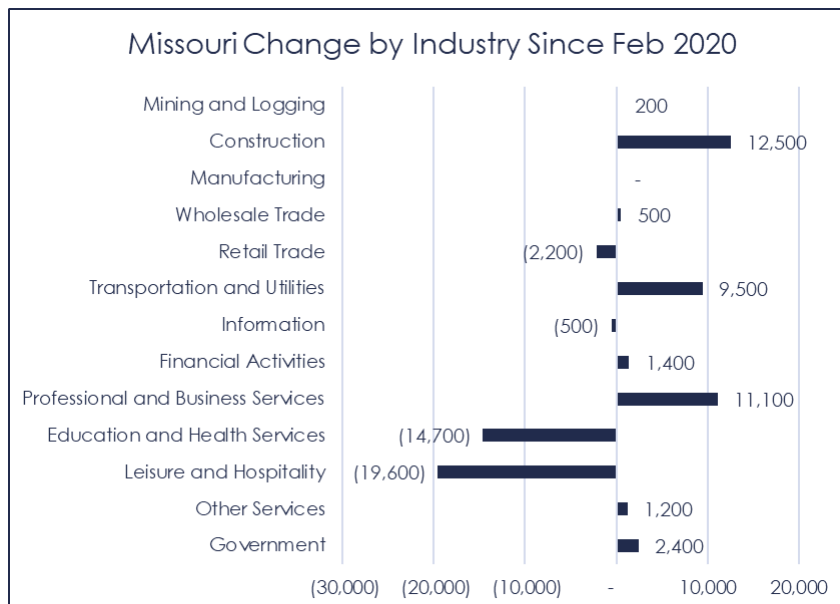
Missouri Employment Surges in July

September 7, 2022

Latest Numbers — Missouri [added 24,800 jobs in July](#), the largest monthly increase since July 2021. More significant, this increase means Missouri is now one of 18 states that have recovered all the jobs lost during the pandemic shutdown in March and April of 2020. These strong employment numbers mirror the national trend: the U.S. also saw employment return to pre-pandemic levels in July and followed with solid growth in August. Though aggregate employment has recovered, this recovery has been uneven across Missouri's industries, changing our economic makeup quite a bit.



Source: MERIC, Bureau of Labor Statistics



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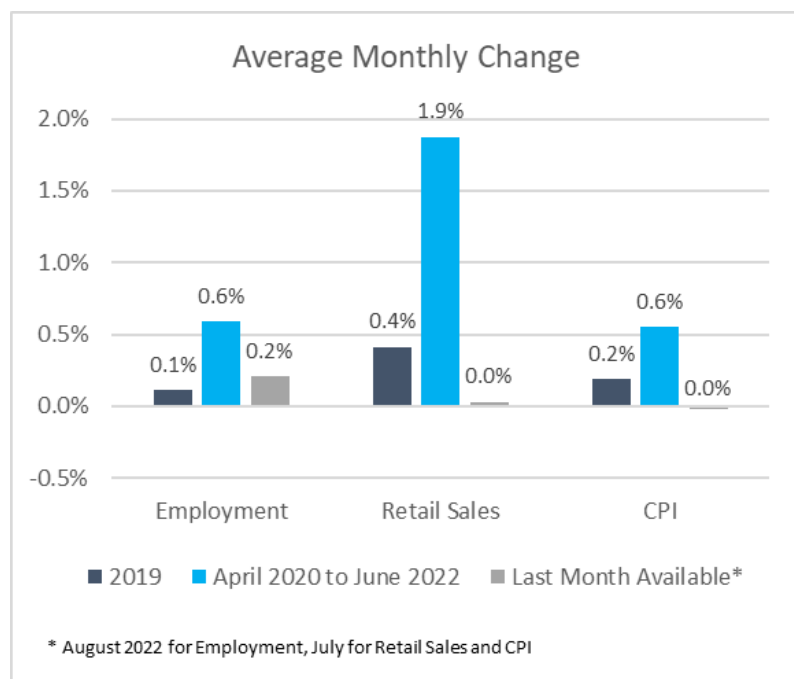
Missouri saw employment soar past pre-pandemic levels in construction (+ 12,500 jobs), professional-business services (+11,000), and transportation (+9,500). In contrast, employment in the leisure-hospitality and education-health industries remain far below pre-pandemic levels.

Missouri's unemployment rate fell in July to 2.5%, the lowest level ever recorded in the 46 years state unemployment rates have been tracked by the federal government.

The sharp employment increase contributed to the low unemployment rate, but so too did a shrinking labor force. Over the last 3 months, 35,000 people have left Missouri's labor force. People leave the labor force for a variety of expected reasons, such as like retirement, to return to school or to care for others, but the recent downward trend is certainly worth watching. A growing labor force is necessary for Missouri businesses to continue to grow.

Big Picture — At the national level, the year-over-year inflation rate fell from 9.1% to a still very high 8.5%. Declining gasoline prices were the biggest factor in the drop. The average cost of gasoline in Missouri has fallen by about a dollar per gallon in the last 2 months. Unfortunately, at the same time, prices for food and shelter rose, so Missouri consumers saw little actual relief.

High inflation and a still-hot employment market means the Federal Reserve (Fed) will likely stay aggressive with interest rate hikes when they meet in September. The Fed's previous rate hikes have been effective in [cooling the housing market](#). Existing home sales fell for the 7th consecutive month in July, as higher mortgage rates and still-high home prices force would-be homebuyers to the sidelines.



Source: Bureau of Labor Statistics, U. S Census Bureau, St. Louis Federal Reserve Bank FRED

The recovery from the Covid recession has seen growth beyond pre-pandemic trend in employment, retail sales and inflation (CPI). The most recent data for each of these variables suggest an economic drift back to normal (employment grew .2% for the month of August while retail sales and inflation were flat in July).

We will hope to see inflation rates come down more significantly over the next few months with the Fed's ultimate target inflation rate at around 2.0% to 2.5% annually. We are starting to see some moderation in national employment growth and in retail. If these large pieces of the economy manage to steadily return to more

normal levels, the Federal Reserve might just pull off "soft landing" (lowering inflation while not triggering a large recession) that they seek.

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