

Signs of growth emerging

though the job market continues to fluctuate



As economic 'green shoots' become more apparent and the labor market begins to improve, many job seekers will find an increasing number of opportunities for employment. In evaluating where these opportunities might be most plentiful, however, both supply and demand for labor must be considered.

Data from the Bureau of Labor Statistics' Business Employment Dynamics program provide insight into the supply and demand environments across Utah's industries through the enumeration of job gains and job losses. Job gains and losses help to unveil the potential for job opportunities because hiring activity (a partial representation of labor demand) and separations (addition to the labor supply) can be masked by simple changes in net employment.

During the high economic growth period of 2004-2006, net employment increased as job gains outpaced job losses, yet losses remained present in the economy. Likewise, during the Great Recession years of 2008 and

2009, losses exceeded gains, but gains did not disappear entirely.

Through analyzing job gain and loss fluctuations since the start date of the most recent recession (the fourth quarter of 2007), we can contextualize our current rebounding economic environment with regard to potential labor supply. Since that time, the job-loss-to-job-gain ratio on a statewide basis across all industries was 1.065, meaning that for every 100 job gains there were 106.5 losses during the period. As more jobs become available, then, it is expected that competition for those jobs will be relatively stiff since the loss-to-gain ratio suggests a potential over-supply of labor.

On an industry level, job-loss-to-job-gain ratios vary considerably, with correspondingly different implications for job competition within those industries. For example, the loss-to-gain ratio for the construction industry since the fourth quarter of 2007 is 1.284, compared to the 1.065 average across the economy. The construction industry experienced a particularly steep rise in job losses as well as a precipitous decline in job gains during the recession. With the most recent data illustrating an uptick in demand for labor in construction, the industry's loss-to-gain ratio supports the idea that competition for those jobs will be high.

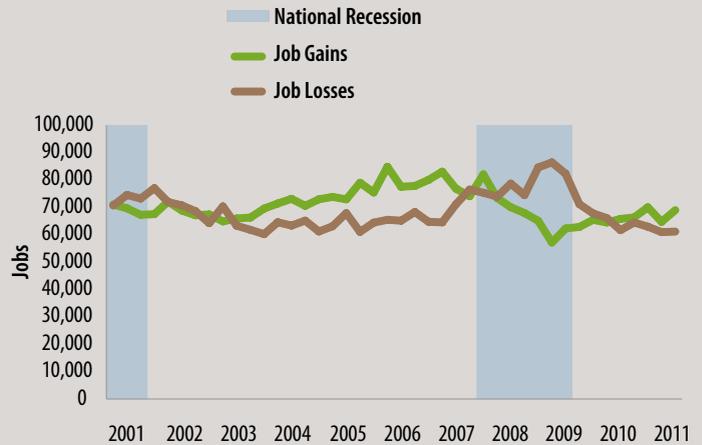
In contrast to the construction industry, job gains in the health services and education

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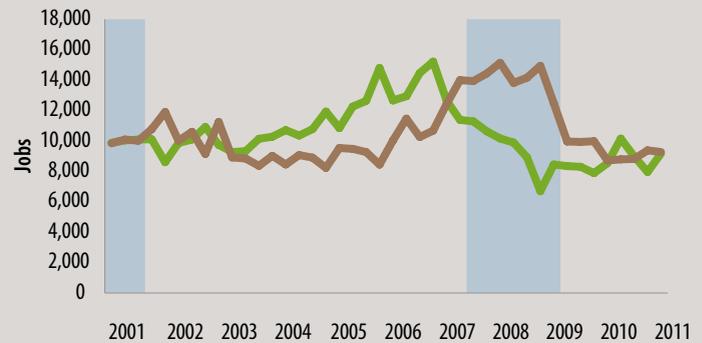
industry generally eclipsed job losses throughout the recessionary years, yielding a loss-to-gain ratio of 0.852. Along with this sub-average loss-to-gain ratio, losses and gains in the industry depict a distinct pattern of movement since 2001, with notable peaks in 2006 and 2007. The peaks in 2006 and 2007 are primarily attributable to new entrants into the industry, such as the Intermountain Health Care medical center in the city of Murray. When a new firm or worksite opens, some workers may leave their employer to join the new entrant. This phenomenon is captured as both a job gain and a job loss within the industry. Spikes in gains and losses aside, net employment continues to grow in health services and education. Competition for job opportunities in the industry should be comparatively lighter, especially in the health services sector.

As with most economic models, this analysis is a simplified version of reality and serves only as a proxy for labor supply. It is possible that the workers who lost their jobs during the reference period for this analysis have withdrawn from the labor force, migrated out of state, or re-trained in skill sets that allow them to job search in different industries. Nevertheless, these data indicate that as job openings accelerate in Utah, securing opportunities to work may be more challenging than normal, with opportunities varying significantly by industry. ●

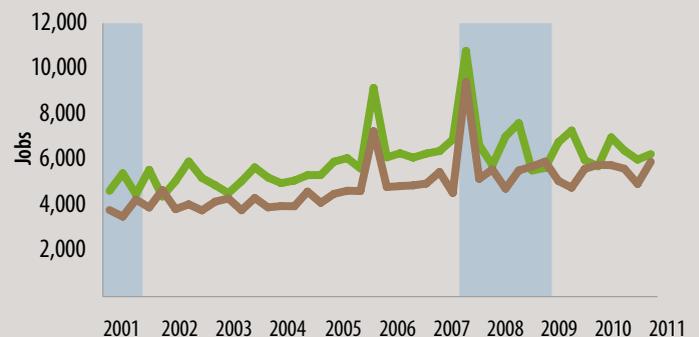
Utah Total Private-Sector Job Losses vs. Job Gains



Utah Construction Job Losses vs. Job Gains



Utah Private-Sector Education and Healthcare Job Losses vs. Job Gains



Source: U.S. Bureau of Labor Statistics, Business Employment Dynamics. 2012