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Fitch: Differences in US States' Employment Recovery Persist; HI, NY, MA Lag

Fitch Ratings-New York-06 October 2020: The vast majority of US states experienced continued improvement in employment recovery in August, although the pace of recovery was slower than it was in July, and a few states have seen declines in recoveries, Fitch Ratings says. The median employment recovery, or gain in non-farm payrolls since the April trough, improved to 51% in August from 45% in July.

Those states in the lower left quadrant in the chart below experienced the steepest declines in employment in the first three months of the pandemic and have seen lower overall employment recovery in the following three months. Of those states where job losses at the height of the pandemic exceeded the state median of 13%, most have seen total employment recoveries of 45% or more. The pace of recovery is slowing somewhat with a median increase in employment recovery in August of 7 percentage points (pp) from the prior month versus 8pp in July.

Of those states with severe peak-to-trough job losses close to 20%, Hawaii, New York and Massachusetts are the only states with recoveries still below 40%. Put another way, these states have the largest gap between February and August employment levels. New York was the epicenter of the pandemic in the spring and bore considerable economic consequences as a result. Massachusetts has been significantly affected by job losses in the leisure and hospitality (L&H) and education and health services sectors.

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