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Fitch: Job Recovery Stalling for Northeast & Midwest U.S. Metros

Fitch Ratings-New York-28 January 2021: Job recoveries in major Northeastern and Midwestern metropolitan statistical areas (MSAs) lost ground between October and November, according to Fitch Ratings' latest U.S. Metro Labor Markets Tracker.

Job recoveries in Northeastern MSAs have ranged between 55% and 56% since September. Restrictions imposed on restaurants and other non-essential businesses in many Northeastern states could be at least partially responsible for the flat performance during the fall. New York City, in particular, lags the national and Northeast recoveries in recovering just 50% of the jobs lost early in the pandemic. As for the Midwest, Chicago, the country's third-largest MSA by population, has struggled to build momentum. Chicago's jobs recovery has grown by only 2pps since August and employment declined between October and November. Also notable among the Midwest's stagnation is the dip in Indianapolis' recovery rate.

'Recovery rates are likely to remain little changed or decline in the coming months given softening macroeconomic data and high-frequency data, pointing to continued declines in small business hours worked and less mobility across the regions,' said Fitch Senior Director Olu Sonola.

This stagnation comes as the median jobs recovery rate (the share of employment regained from pandemic losses) among major metropolitan statistical areas (MSAs, or metros) improved between October and November 2020, rising to 58% from 55%. The median Fitch-adjusted monthly unemployment rate for major metros, which reclassifies those who had left the labor force since the onset of the pandemic and have re-entered as unemployed persons, was 8.2% in major MSAs during October — notably higher than the median official unemployment rate of 6.3% for major MSAs.

Fitch's latest "U.S. Metro Labor Markets Tracker" is available at 'www.fitchratings.com'.