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Fitch: 21 U.S. States Saw Job Losses in December

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Fitch Ratings-New York-24 February 2021: State employment improved marginally for most states in December; however, Fitch Ratings' latest U.S. States Labor Markets Tracker shows 21 states, mainly in the Northeast and West regions, saw month-over-month employment declines.

For six states, the December official unemployment rate improved while the Fitch-adjusted rate actually weakened, given further declines in those states' labor forces (Ohio, Georgia, Hawaii, Mississippi, Minnesota, Montana, and Pennsylvania). Furthermore, states like Minnesota, Oklahoma, Massachusetts, Delaware, New York, Oregon, New Hampshire, Illinois, California, New Mexico, North Dakota and Hawaii, have recovered less than 50% of the jobs lost at the peak of the pandemic.

"States with a larger percentage of those who dropped out of the labor force may suffer greater volatility in their unemployment rates as individuals seek employment after a period of not actively seeking work," said Senior Director Olu Sonola. Among those states are Iowa and Vermont, which have Fitch Ratings-adjusted unemployment rates more than 5 percentage points (pp) higher than their respective official unemployment rates.

Additionally, 41 states had a Fitch-adjusted unemployment rate higher than their own state official unemployment rate for December. The gap between the two measures is widest for the state of Iowa, where the labor force has declined by 7.6% since February 2020.

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

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