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Fitch: Negligible Omicron Effect on Job Loss Recovery as Most U.S. States See Solid Growth

Fitch Ratings-New York-17 February 2022: Most states reported solid employment growth in December 2021 despite the emergence of Omicron, with the state median jobs recovery rate hitting 80 percent, according to Fitch Ratings.

“Notable effects from Omicron on U.S. employment statistics have not yet been observed,” said Olu Sonola, Head of U.S. Regional Economics. “Montana achieved full recovery in December 2021, joining Utah, Idaho, Texas and Arizona.”

California and New York both experienced a 2.0 percentage point recovery rate increase, reaching 72 percent and 63 percent, respectively. Iowa, West Virginia and Montana led continuing employment recoveries, increasing by 6.6 percentage points, 5.5 percentage points and 5.0 percentage points, respectively. South Dakota and North Dakota reflected the most significant employment recovery decelerations, declining from 85 to 82 percent and from 64 to 62 percent, respectively.

Employment recovery in Maine and Vermont has remained largely stagnant, ranging between 70 and 75 percent since June 2021. This contrasts with a median recovery rate gain of approximately 14 percentage points over the six-month timeframe.

The median Fitch Ratings-adjusted unemployment rate, which reclassifies those who have left the labor force as unemployed, declined marginally to 5.5 percent in December, from 5.8 percent in November. This rate remains above the current median state official unemployment rate of 3.9 percent, which declined from 4.2 percent in November.

Notable Fitch-adjusted unemployment rate increases between July 2021 and December 2021 include New Hampshire (from 5.4 to 6.0 percent) and Nevada (from 9.0 to 9.5 percent), largely due to a decline in the labor force in the two states. Only Vermont had a Fitch-adjusted unemployment rate that was more than five percentage points above the official unemployment rate.

For more information, a special report titled “U.S. States Labor Markets Tracker” is available at www.fitchratings.com.

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