



# The U.S., MD & DE Labor Markets Since COVID-19

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*Adam Scavette*  
*Regional Economist*



*The views and opinions expressed herein are those of the author. They do not represent an official position of the Federal Reserve Bank of Richmond or the Federal Reserve System.*

- **Where are we?**

- Tightest Labor Market in 50 years
- Maryland's labor market is particularly tight, and the state has seen slower job growth than Delaware and the U.S.
- Elevated Inflation Rate but trending down

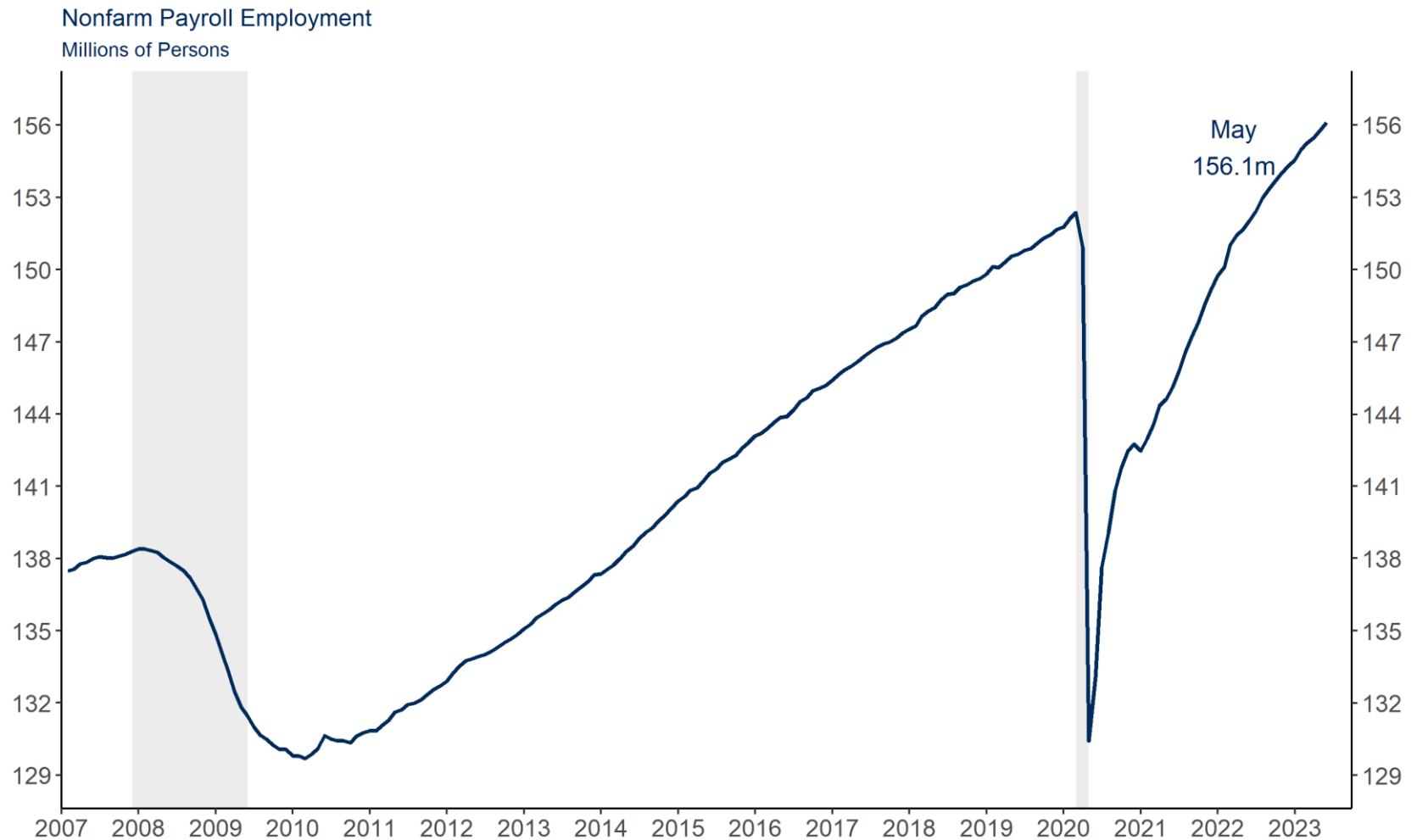
- **How did we get here?**

- Demand surged in Covid – we stayed home and shopped online, fueled by fiscal support (\$6 trillion) and easy monetary policy
- But supply wasn't there – labor was short, supply chains disrupted
- Global commodity prices made things worse

- **Where are we headed?**

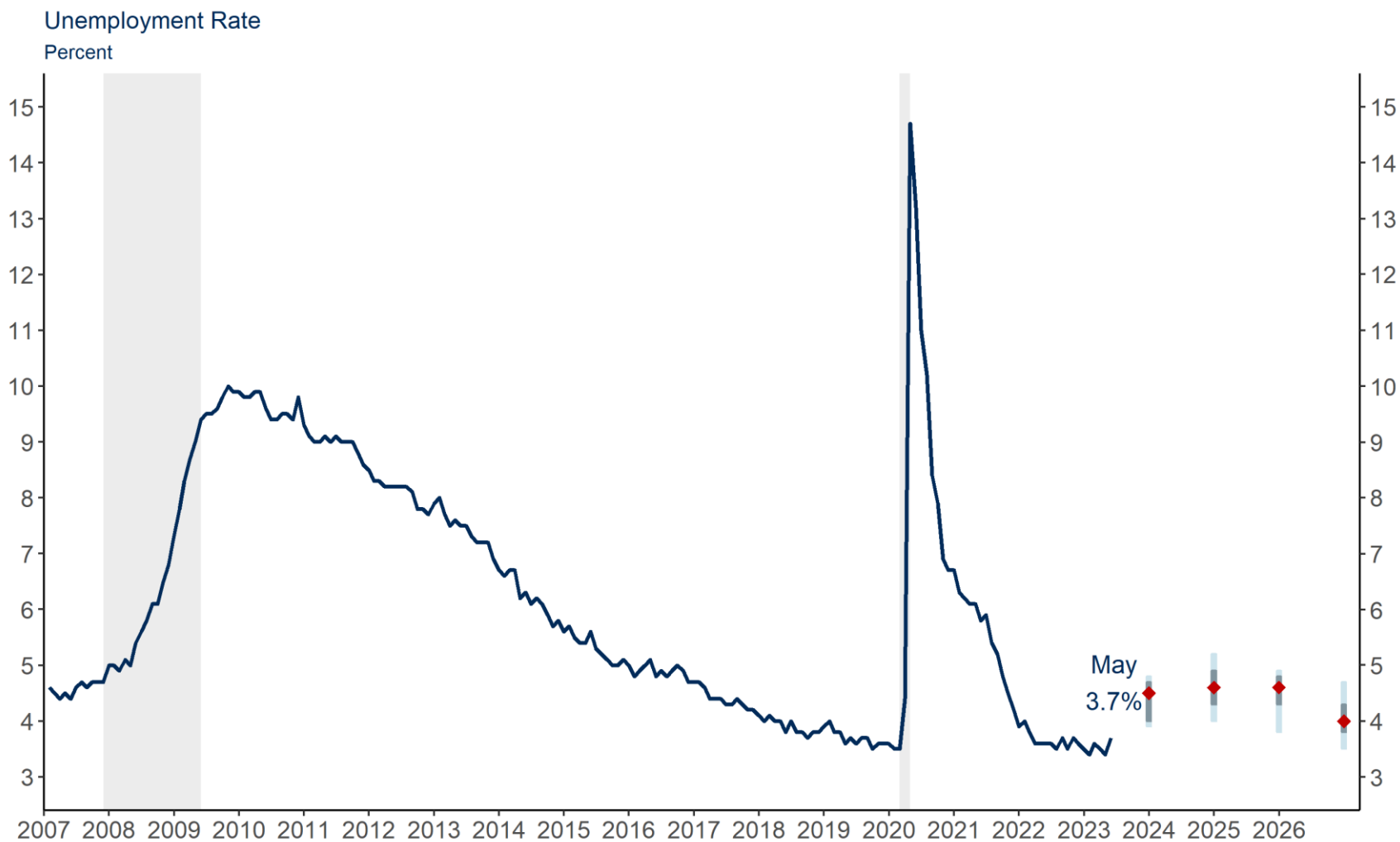
- There is still excess demand for labor (over 4m workers)
- Increased immigration over the past year is easing pressure in labor market

# We are now close to the pre-COVID trajectory of employment



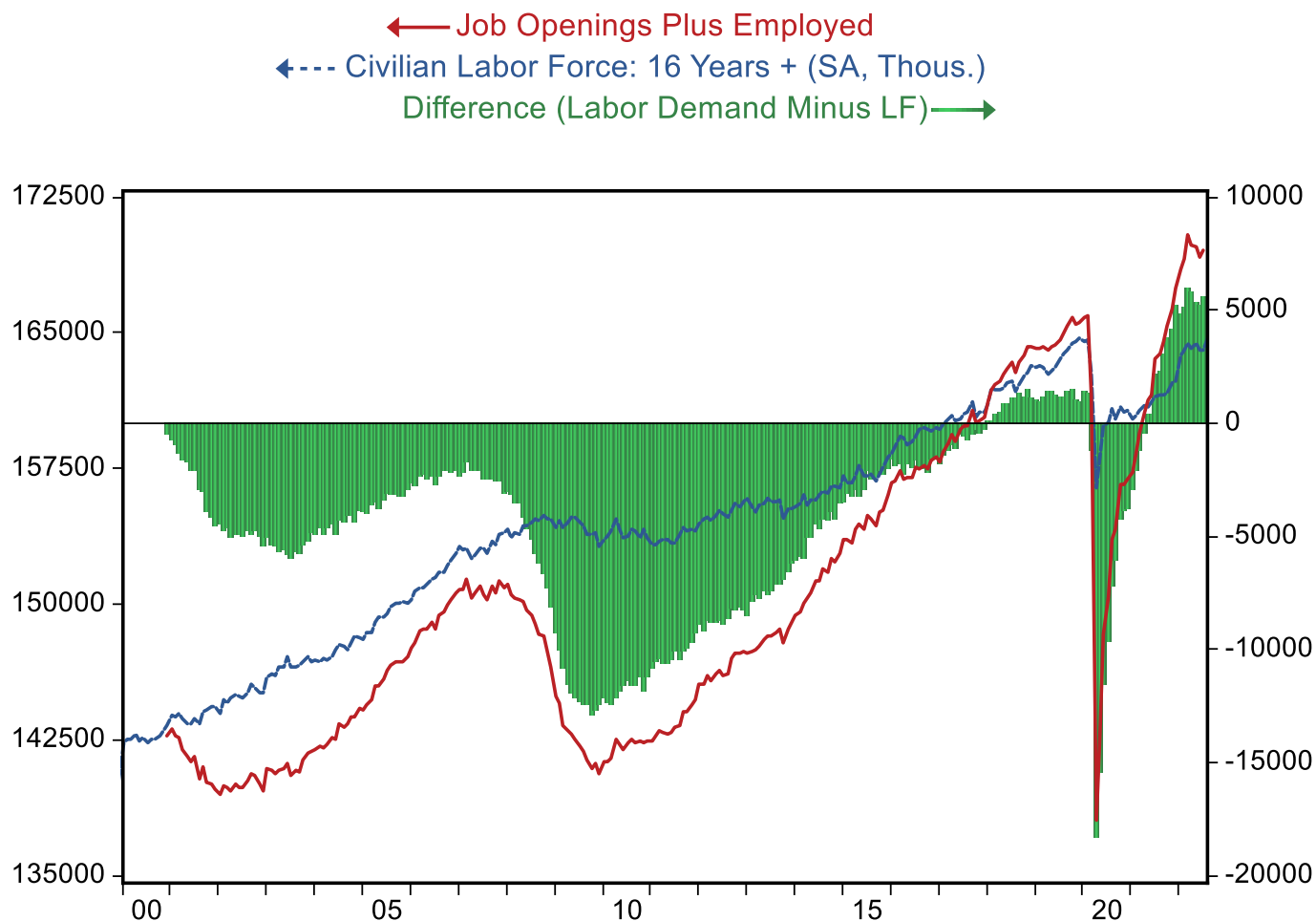
Source: Bureau of Labor Statistics/Haver Analytics

# Unemployment near 50 year lows



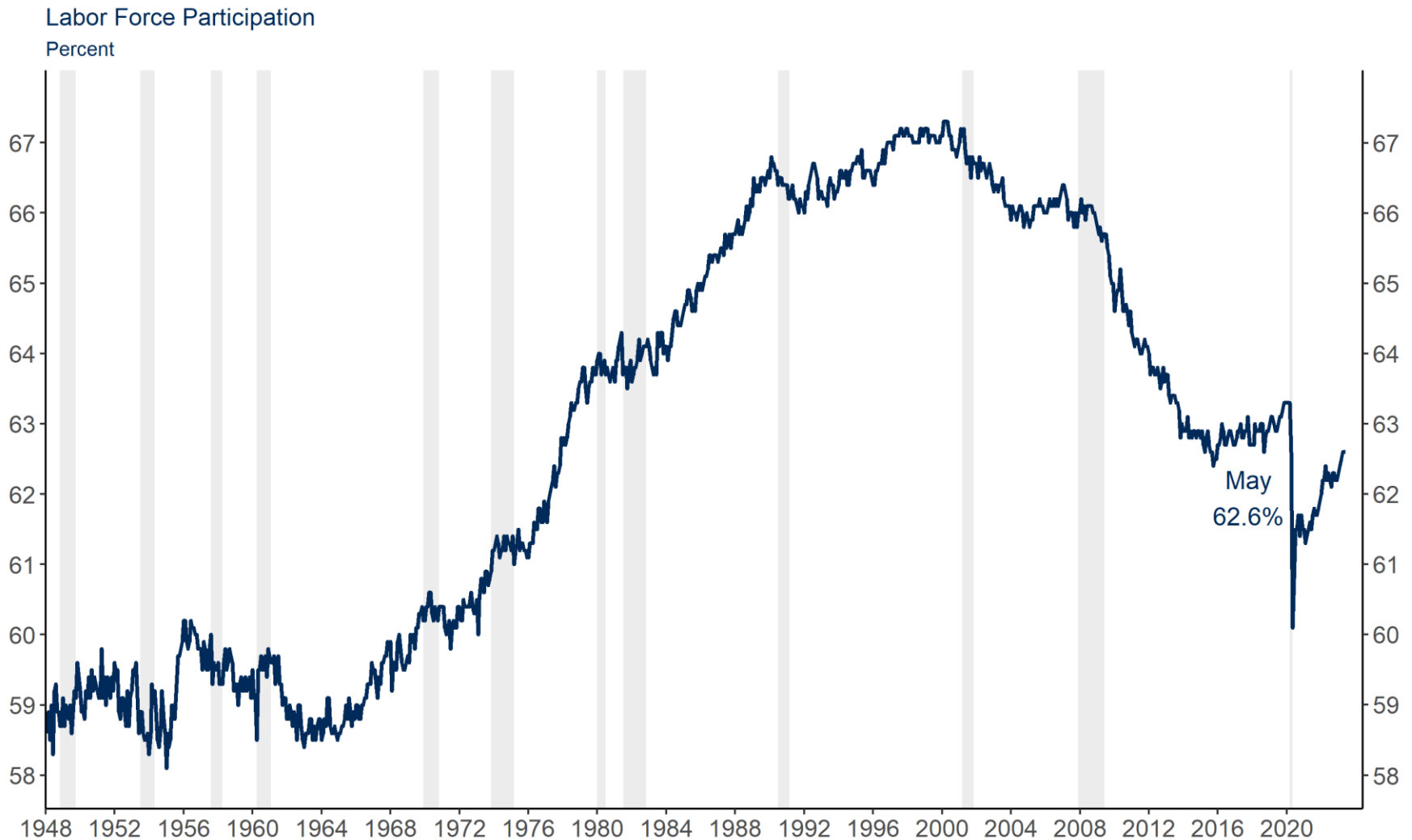
Source: Bureau of Labor Statistics/Haver Analytics

## 4.4M Gap Between LF and Worker Demand



Source: Bureau of Labor Statistics/Haver Analytics

# Tight labor reason 1: People left the labor force in droves



Source: Bureau of Labor Statistics/Haver Analytics

# Where Are the Missing Workers?

- Relative to pre-Covid period, there are 2.4 million workers missing, a gap in the LFPR of 0.9%
- 40% (~ 1 million) can be attributed to pre-pandemic trends: aging population vs. longer-working educated workforce
- 60% (~ 1.4 million) to Covid-related causes
  - Minimal impact of cash payments to households
  - Minimal impact of Covid fears
  - 50% of the remainder due to long Covid
  - ~ 700,000 due to below trend participation of older, white workers

# However, Immigration has rebounded

**The working-age immigrant population is now roughly back on pre-pandemic trend**



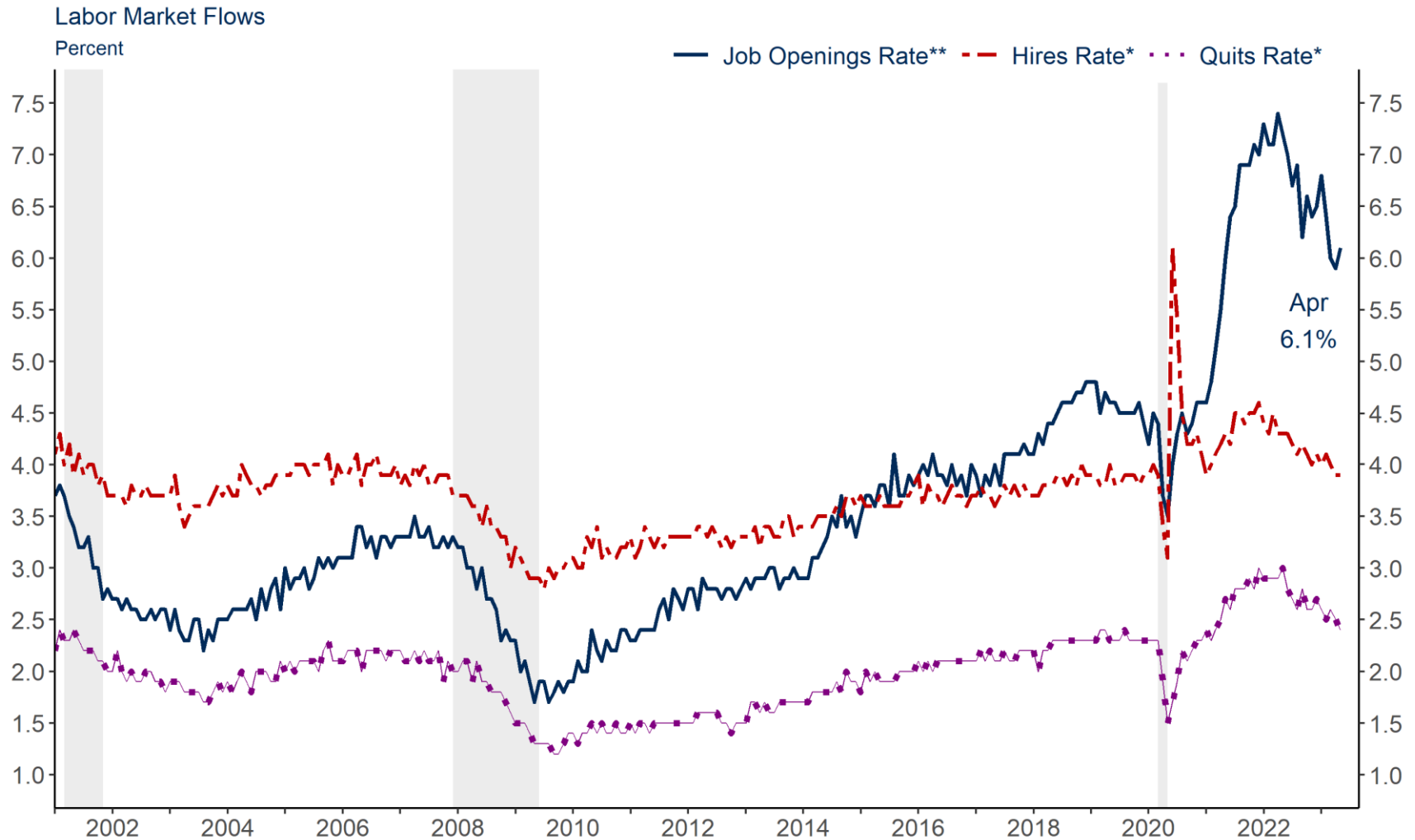
Source: Bureau of Labor Statistics, Haver Analytics, Apollo Chief Economist Torsten Sioek

THE WASHINGTON POST

Source: Bureau of Labor Statistics/Haver Analytics, Washington Post

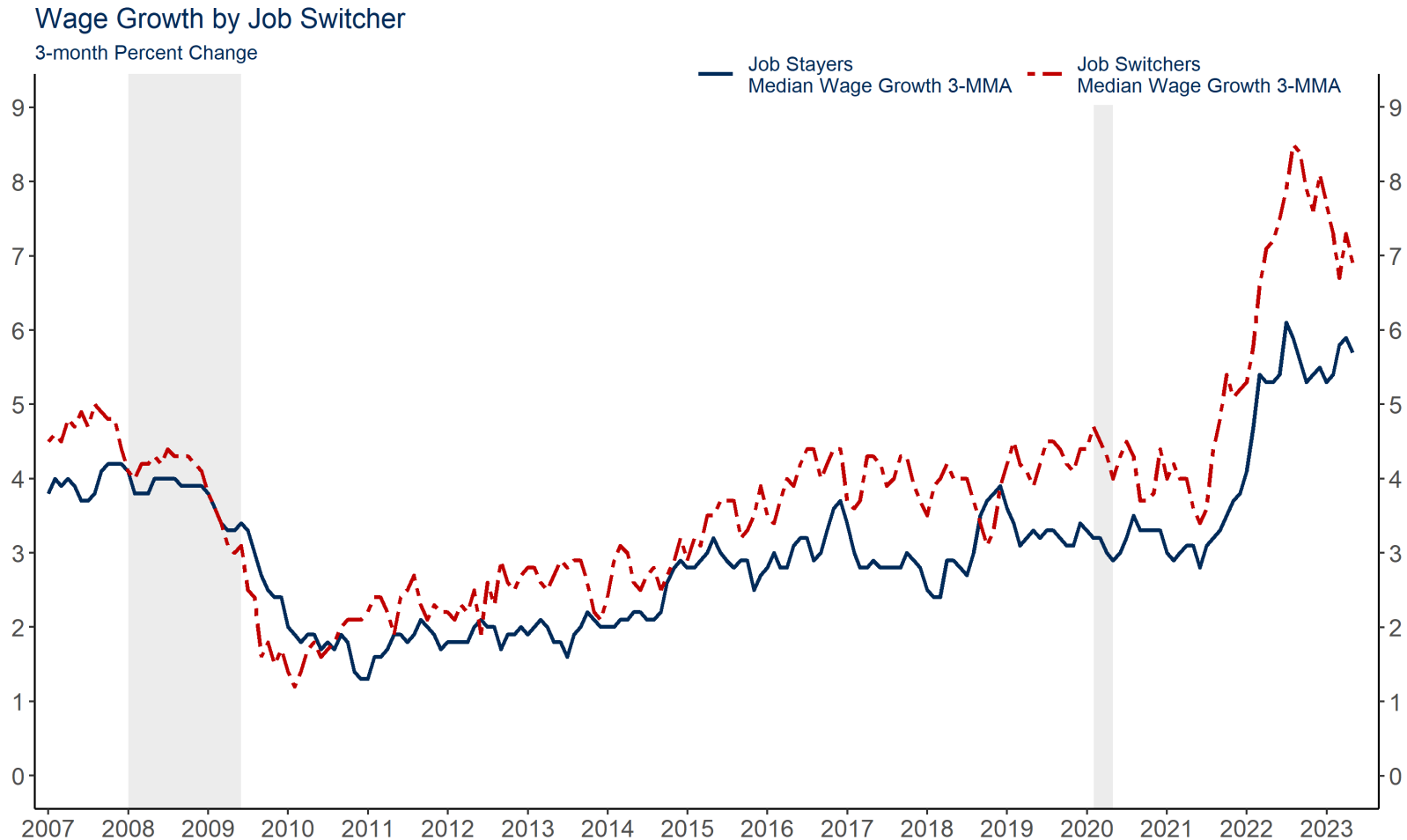


# Tight Labor Reason 2: Massive labor re-sorting



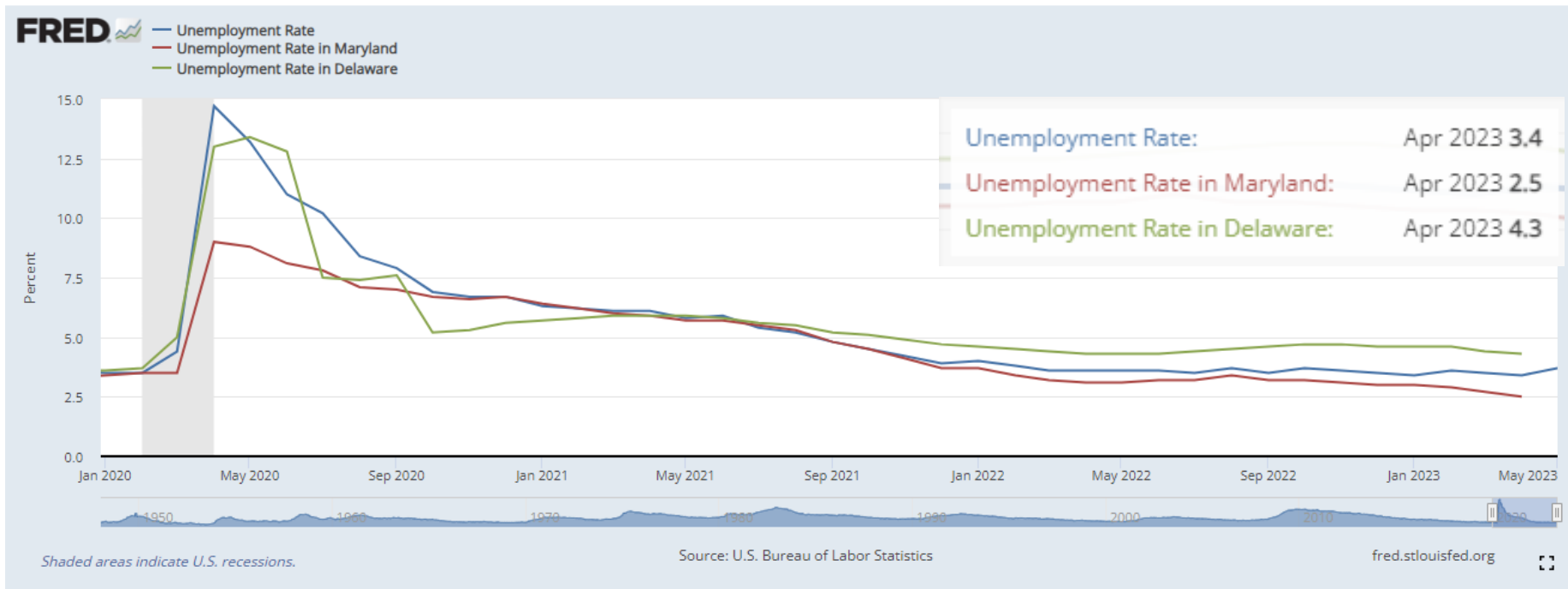
Source: Bureau of Labor Statistics/Haver Analytics

# ... Leading many to switch jobs



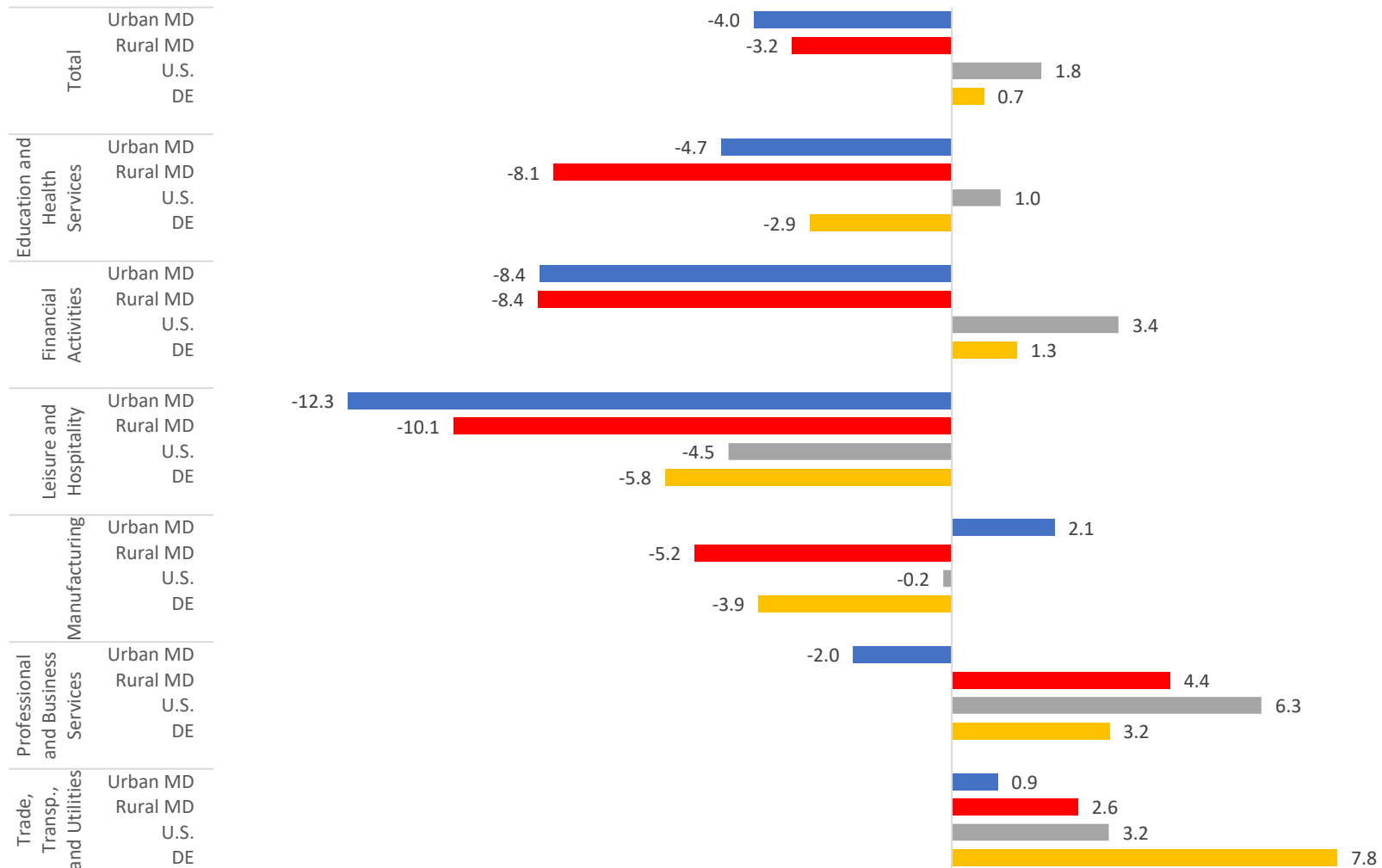
Source: Federal Reserve Bank of Atlanta

# However, MD has lower unemployment rate than U.S.



Source: Bureau of Labor Statistics/FRED

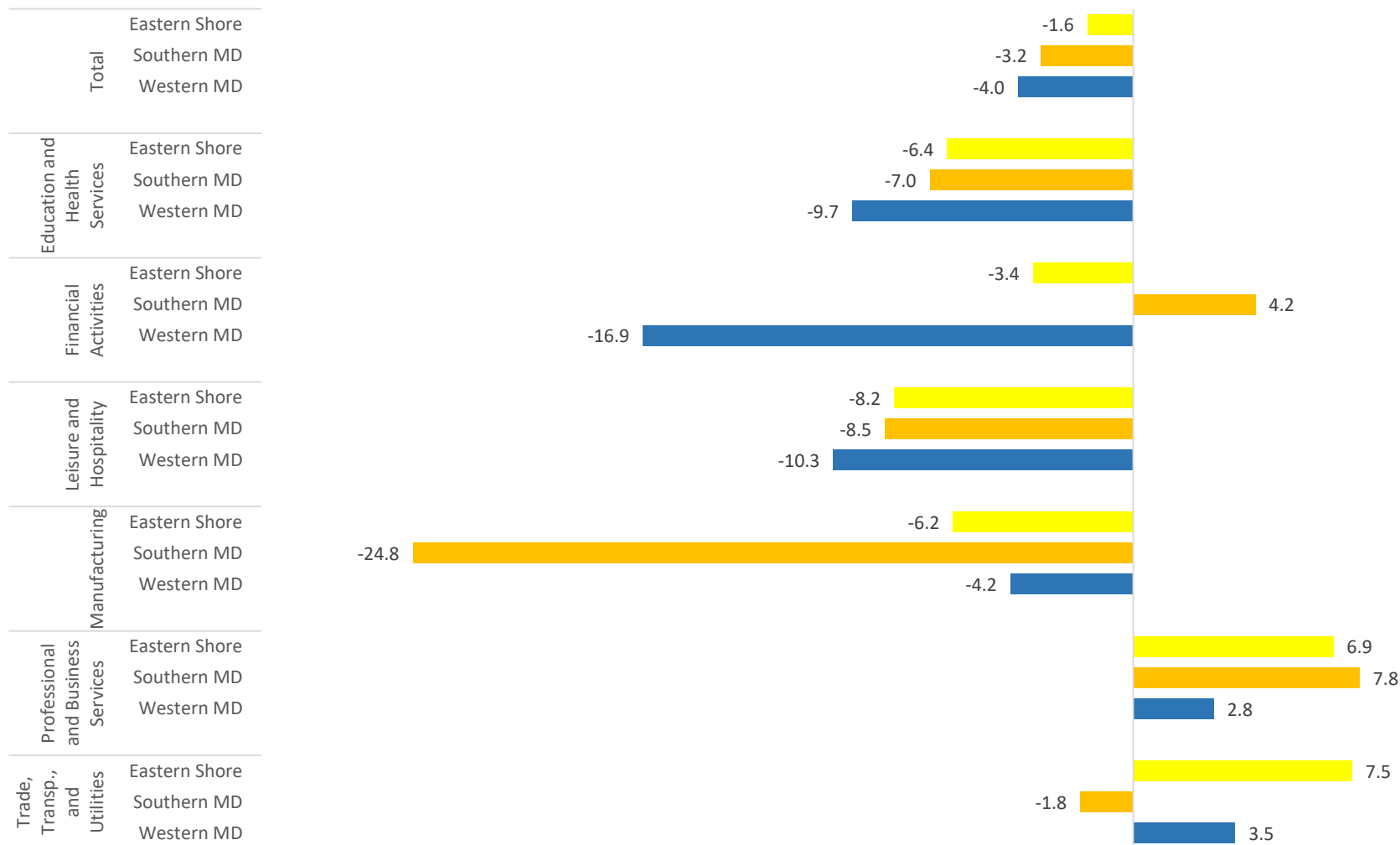
# Employment has not fallen as much in Rural MD since 2019



*Note: Indicates changes in annual employment from 2019 to 2022. Urban counties are Anne Arundel, Baltimore City, Baltimore County, Howard, Montgomery, and Prince George's.*

*Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics/Haver Analytics*

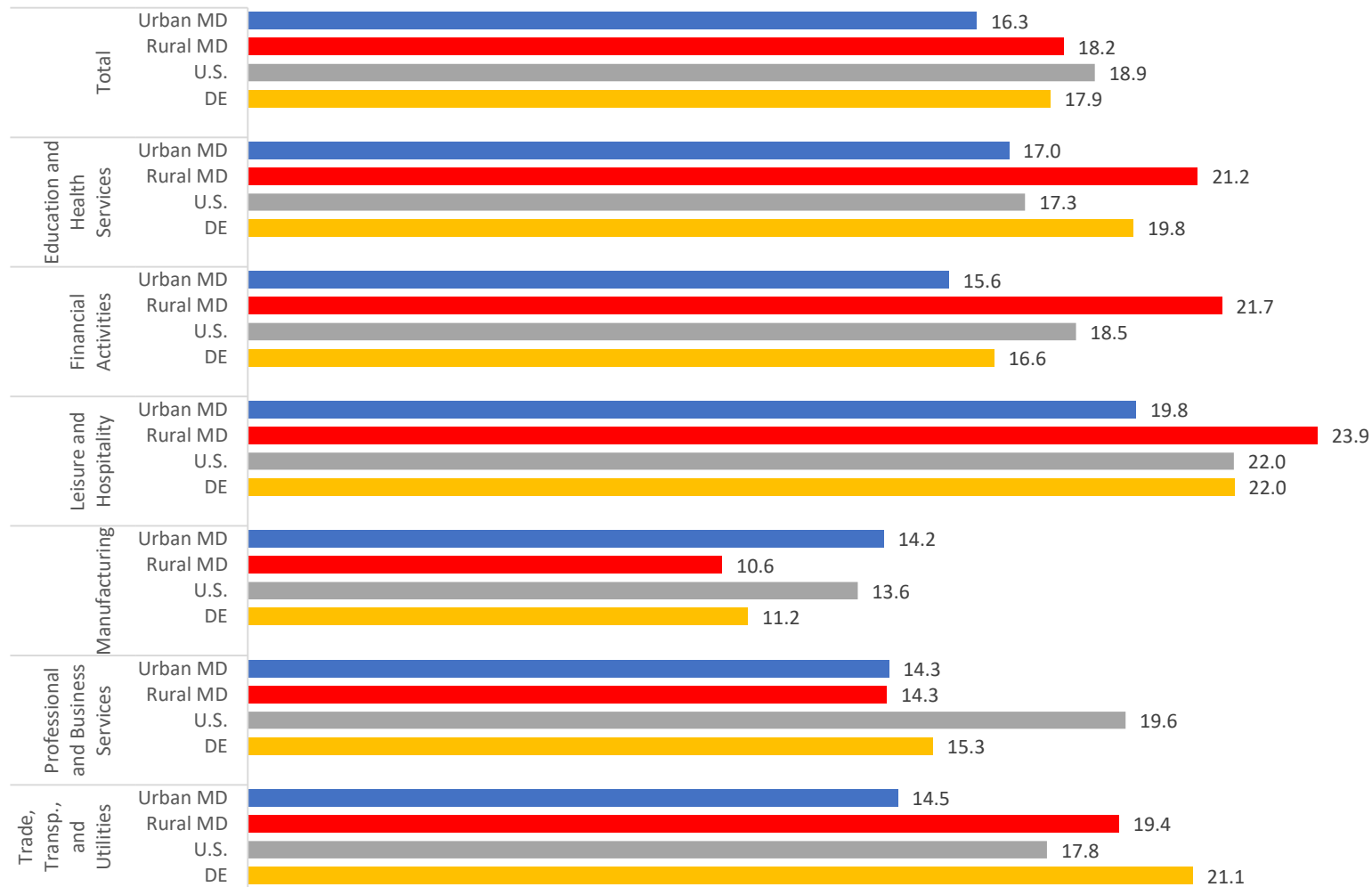
# Eastern Shore has seen best job growth across Rural MD regions since 2019



Note: Indicates changes in annual employment from 2019 to 2022. Western MD includes: Allegany, Carroll, Frederick, Garrett, and Washington. Southern MD includes: Calvert, Charles, and St. Mary's. Eastern Shore includes Caroline, Cecil, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, Worcester,

Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics/Haver Analytics

# Wages have increased fastest in Rural MD



*Note: Indicates changes in annual average weekly wages from 2019 to 2022. Urban counties are Anne Arundel, Baltimore City, Baltimore County, Howard, Montgomery, and Prince George's.*

*Source: Quarterly Census of Employment and Wages, Bureau of Labor Statistics/Haver Analytics*

## • Takeaways

- Labor market is very tight (especially in Maryland)
- Retirements/reduced immigration reduced labor supply in 2020-2022 putting pressure on wages and inflation (especially services)
- There is evidence of a normalization in labor market as fewer people are switching jobs
- Maryland has added jobs at slower pace than Delaware and the nation
- Rural MD has lost fewer jobs than Urban MD since 2019 and experienced faster wage growth

# Thank you!

Questions/comments welcome:  
[Adam.Scavette@rich.frb.org](mailto:Adam.Scavette@rich.frb.org)