The Fourth District’s unemployment rate was 5.7% in July, up sharply from 5.1% a month earlier. Although the District is still below its recent peak of 6.5% in June 2003, the jump of 0.6 percentage point (pp) is its largest one-month increase on record. By comparison, the U.S. unemployment rate was 4.8% in July, up 0.2 pp from June. Over the month, the District’s employment fell 0.4%, the labor force increased 0.1%, and unemployment rose 11.5%.

Unemployment rates went up in all Fourth District states, substantially in some. Pennsylvania’s rate was nearly stable (up just 0.1 pp to 4.8%), but rates in West Virginia and Kentucky each rose 0.5 pp over the month, reaching 5.4% and 6.3%, respectively. Ohio’s unemployment rate, still more dramatically, leaped 0.7 pp to 5.8%.

Although local labor force data can be volatile and subject to revision, for Ohio, at least, there is other evidence to substantiate the unemployment increase shown in that data. First, Ohio unemployment claims jumped substantially in early July, which the U.S. Department of Labor attributed to “layoffs in the automobile and transportation equipment industries.” Second, the state’s Worker Adjustment Retraining Notification system, which lists employers that plan to lay off 50 workers or more, showed many such layoffs scheduled for late June and early July. Finally, the counties posting the steepest unemployment increases have large assembly plants or auto parts suppliers. In Ohio, the surge in the unemployment rate does seem to result from recent layoffs and spillover in the auto industry.