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Business Next: Buffalo's new employment numbers will be issued on Thursday; is more bad news coming?

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Get ready for some more bad news. Maybe.

The New York State Labor Department is preparing to issue a new set of employment statistics for the Buffalo area. Thursday's release will tell us if Erie and Niagara counties continued to hemorrhage jobs in May, or if the local economy started to recover

from the Covid-19 shutdown.

It's unlikely that the upcoming report will be as terrible as last month's, which showed the Buffalo area **losing 23.3% of its private-sector jobs** between April 2019 and the same month this year.

Only two major U.S. metropolitan areas — Detroit and Grand Rapids — suffered bigger job losses over that span. **Buffalo's resulting unemployment rate of 19.2%** for April 2020 was the eighth-worst among all 106 American metros with at least 500,000 residents.

The report for May will be released in two parts. The local count of private-sector jobs will be issued on Thursday, along with the statewide unemployment rate. A second installment next Tuesday will contain the jobless rates for Buffalo and other metros across the state.

One local expert would not be surprised if the new report detects additional slippage across Western New York.

"There is a good chance we will see further payroll employment losses in May, mainly because (the local economy) hadn't yet reopened," says Julie Anna Golebiewski, an assistant professor of economics at Canisius College.

She points to the unpredictability of the region's initial unemployment claims, which declined fairly steadily in May, only to tick higher as the calendar flipped over to June.

"That may indicate that people who had been furloughed or were kept on the payroll had been let go," Golebiewski speculates. She

awaits the statistics for May to see if they provide evidence of such a trend.

Optimists hold out hope that the new numbers might exceed any negative expectations. They point to **May's national unemployment rate**, which was released on June 5. U.S. economists had generally agreed that May's number would be worse than April's 14.7%. But the new jobless rate actually was 13.3% — still horribly high, though not as dismal as the forecast.

The decline in the national rate “was not totally unexpected, but surprising,” concedes another Canisius economist, George Palumbo. Yet he cautions that the slight national improvement may not translate to the local level.

The chief problem in the Buffalo area is the composition of the local workforce, which skews toward certain industries that were especially exposed to the Covid-19 shutdown. The result was the sharp decline in private-sector employment in April.

“We have an industry mix that is heavy on people who do face-to-face business — retail, education, food and accommodations — and those were the industries that had to close down,” Palumbo says.

The leisure and hospitality sector, which includes restaurants, bars and hotels, was the primary victim in April. It lost 36,300 jobs locally, a shocking decline of 61%. Economists, analysts and laymen will be looking on Thursday to see if that particular sector rebounded in May — and if the local economy in general has gotten back on track.

Palumbo will be one of those interested observers, but he knows better than to make precise predictions of what the state's report will contain.

"The future, I never talk about," he says. "The present is dangerous enough."

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