State and Local Labor Market Weakness Continues in Dec. 2021, Trend Likely to Persist Into Beginning of 2022

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- Overall nonfarm payrolls rose by only +199k, a significant miss relative to the market expectation of +450k.
- Weakness in the state and local government labor market continued in December 2021. For a fifth straight month the change in state and local government jobs was negative, they were -10k in December.
- COVID-19 and Omicron variant spread is even worse to begin 2022 compared to 2021. This means state and local labor market weakness could persist into 2022.
- State and local governments are still almost 1 million workers shy of their pre-COVID peak.
- We still believe the $650 billion of fiscal policy Washington lawmakers approved for public finance entities in 2021 is enough to keep state and local government credit stabilized.

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