

State of the Economy in the Mid-Atlantic States

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Key questions

- How does the current situation compare to the past?
- What industries and areas are suffering most?
- Are any industries or areas growing?
- Are our measures capturing all the problems?

Areas of analysis

- **Defining a recession**
- **Unemployment rates**
- **Job openings and labor turnover**
- **Employment change by area and industry**
- **Establishment dynamics**

Defining a recession

“Couldn’t we just define a recession so that we’re never in one?”

- Stephen Colbert

Traditional Definition

- Declining gross domestic product for two or more consecutive quarters.
- Frequently accurate, but too rigid of a definition to always be reliable.

Modern Definition

- **Recessions are determined by business peaks and troughs as defined by the National Bureau of Economic Research (NBER).**
- **A significant decline in economic activity spread across the economy, normally visible in:**
 - ▶ **Real Gross Domestic Product**
 - ▶ **Employment**
 - ▶ **Real income**
 - ▶ **Industrial production**
 - ▶ **Wholesale and retail sales**

United States Recessions Since 1968

Dates	Duration
December 1969 – November 1970	11 months
November 1973 – March 1975	16 months
January 1980 – July 1980	6 months
July 1981 – November 1982	16 months
July 1990 – March 1991	8 months
March 2001 – November 2001	8 months
December 2007 – ?	TBD

SOURCE: National Bureau of Economic Research
(NBER)

Gross Domestic Product

- Defined as “the output of goods and services produced by labor and property located in the United States.”
- Issued quarterly by the Bureau of Economic Analysis.
- All recessions since 1968 have also included positive growth quarters, but the net change in GDP between the beginning and the end of the recession has always been negative except for the 2001 recession.

Gross Domestic Product in past recessions (billions of 2002 dollars)

Recession	Beginning GDP	Ending GDP	Percent change
1969-70	\$3,784.2	\$3,760.0	-0.6
1973-75	4,373.3	4,268.6	-2.4
1980	5,221.3	5,107.4	-2.2
1981-82	5,307.5	5,177.1	-2.5
1990-91	7,130.8	7,040.8	-1.3
2001	9,875.6	9,910.0	+0.3

SOURCE: Bureau of Economic Analysis (BEA)

Industrial Production

- A seasonally-adjusted index released by the Federal Reserve.
- “Measures the real output of the manufacturing, mining, and electric and gas utilities industries.”
- Considered a “Coincidental Indicator” by the Conference Board.

Industrial production in past recessions

Recession	Peak IP	Trough IP	Percent change
1969-70	43.75	40.69	-7.0
1973-75	51.37	44.67	-13.0
1980	58.12	54.29	-6.6
1981-82	57.83	52.40	-9.4
1990-91	70.40	67.47	-4.2
2001	104.26	97.84	-6.2

SOURCE: Federal Reserve

Employment levels (from the CES)

- Data comes from establishments and measures nonfarm payrolls.
- Released with the Employment Situation on the first Friday of the month.
- The Conference Board also classifies this as a Coincidental Indicator.

Employment levels in past recessions

Recession	Peak (in thousands)	Trough (in thousands)	Net change	Percent change
1969-70	71,453	70,409	-1,044	-1.5
1973-75	78,634	76,463	-2,171	-2.8
1980	90,991	89,832	-1,762	-1.9
1981-82	91,594	88,756	-2,838	-3.1
1990-91	109,817	108,196	-1,621	-1.5
2001	132,530	130,901*	-1,629	-1.2

*Following the 2001 recession, employment continued to decline to a low of 129,822 in August 2003.

SOURCE: CES (*data are seasonally adjusted*)

Unemployment Rate

- A decidedly lagging indicator.
- Usually increases through a recession.
- Peak unemployment rates are usually after the business cycle trough.
- Increasing unemployment rates are not necessarily indicative of a declining economy.

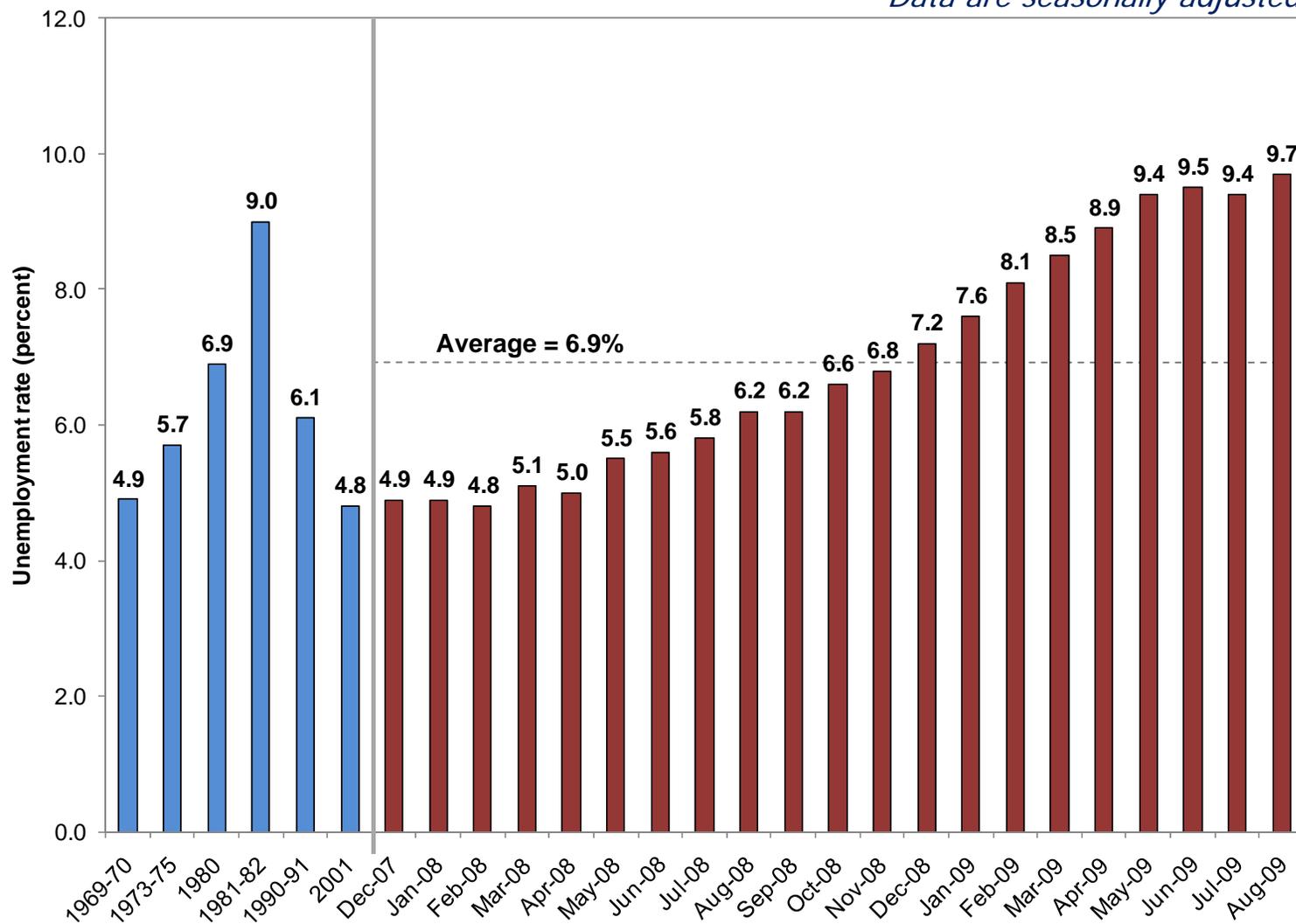
Unemployment rates in past recessions

Recession	Average unemployment rate	Post-recession peak
1969-70	4.9	6.1
1973-75	5.7	9.0
1980	6.9	7.7
1981-82	9.0	10.8
1990-91	6.1	7.4
2001	4.8	5.9

SOURCE: Current Population Survey (CPS) *(data are seasonally adjusted)*

Unemployment rates in current recession compared to past recessions

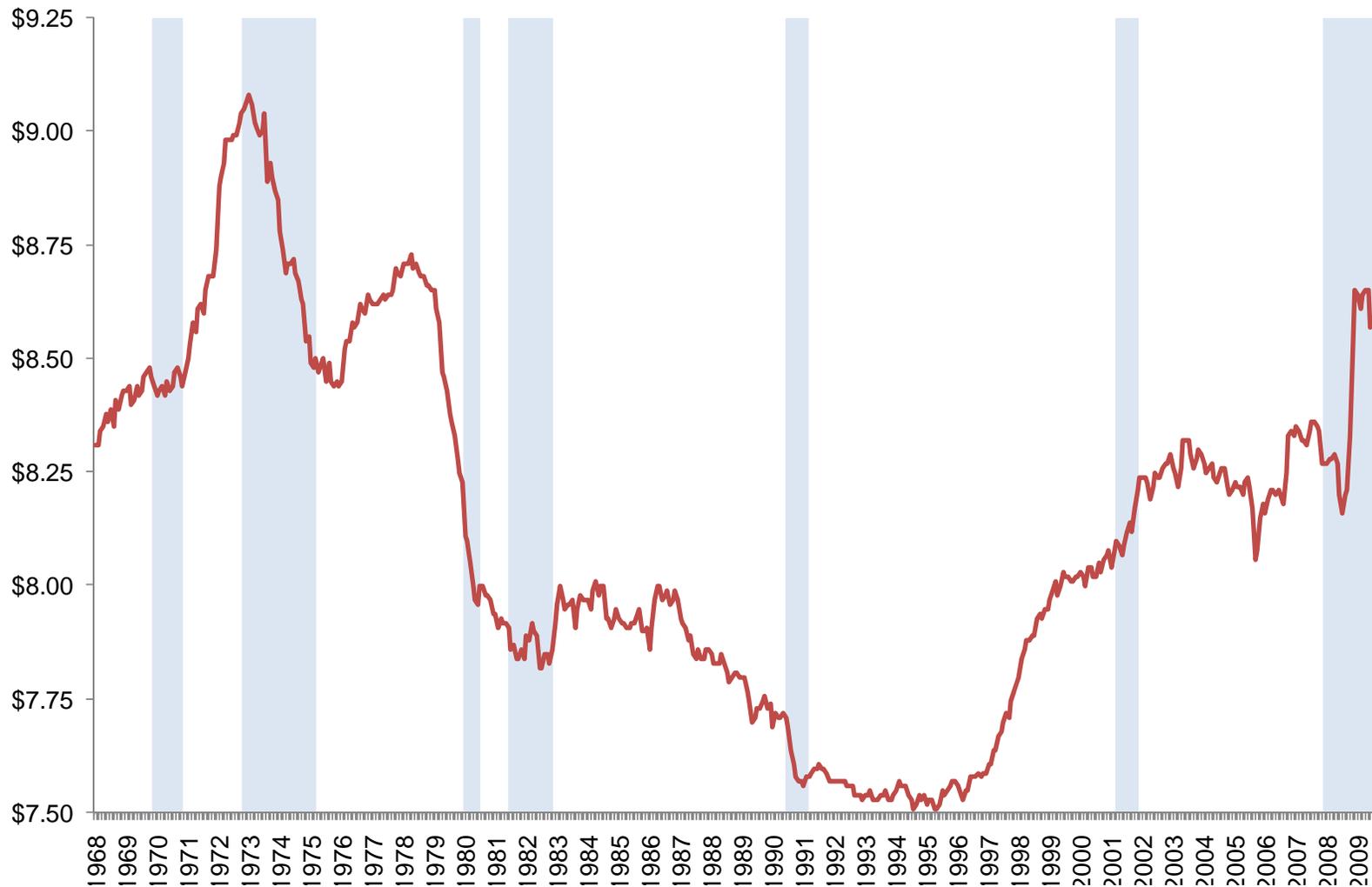
Data are seasonally adjusted



Real Wages

- Include production and nonsupervisory workers.
- Published as constant wages in 1982 dollars.
- Nominal wages deflated by CPI-W.
- Median since 1968 is \$8.04.
- Real wages have been as high as \$9.08 per hour (January 1973) and as low as \$7.51 (reported multiple times in 1994 and 1995).

Real wages in private industry, 1968-2009



SOURCE: CES (data are seasonally adjusted)

Real wages in past recessions

Recession	Beginning hourly wage	Ending hourly wage	Net change	Average annual CPI increase
1969-70	\$8.44	\$8.47	+0.4%	5.9%
1973-75	8.87	8.40	-4.2%	10.7%
1980	8.11	8.00	-1.4%	14.2%
1981-82	7.86	7.86	0.0%	7.8%
1990-91	7.69	7.58	-1.4%	5.7%
2001	8.10	8.21	+1.4%	2.7%

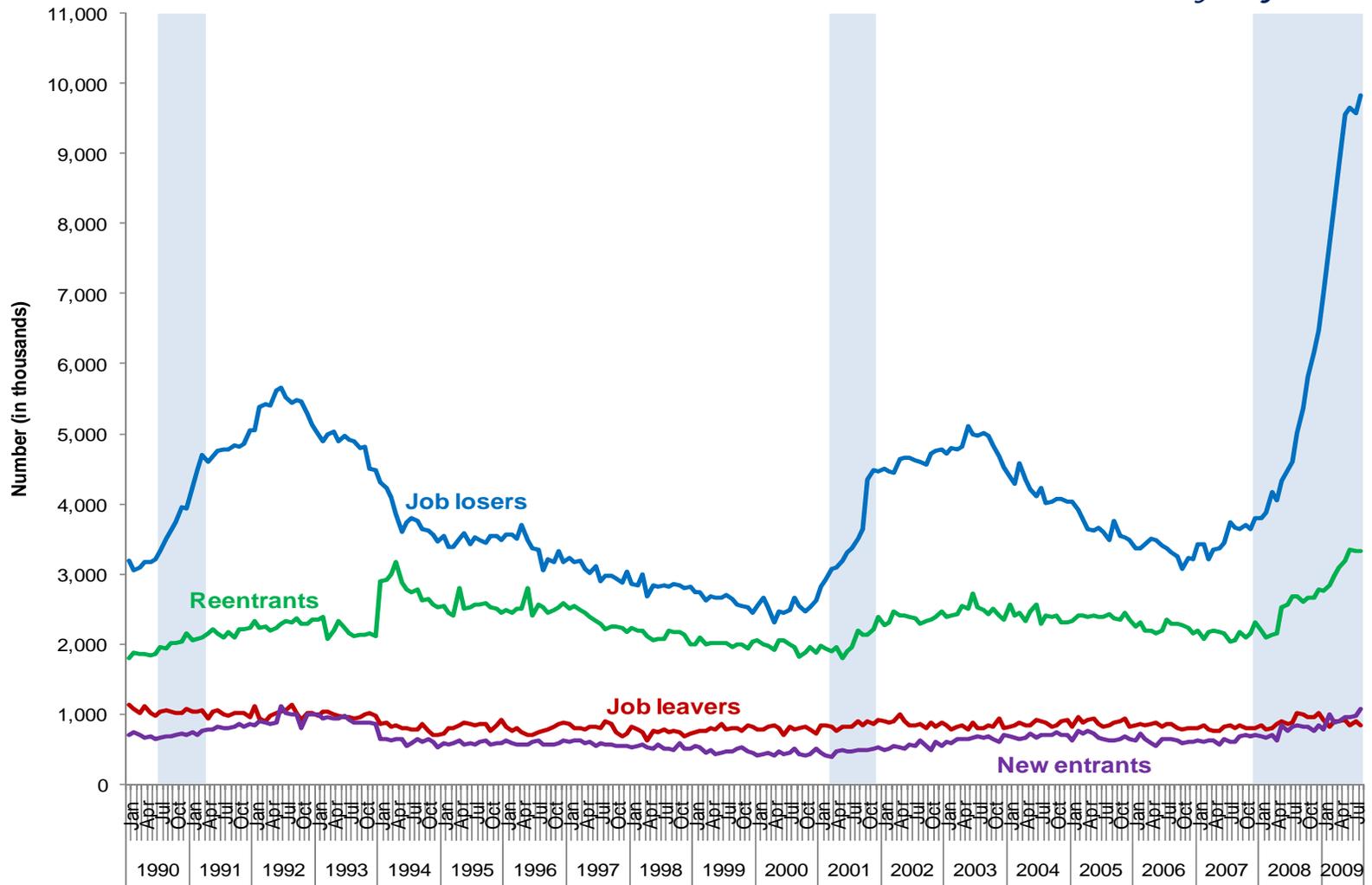
SOURCE: Current Population Survey (CPS) *(data are seasonally adjusted)*

Unemployment rates

- **The Current Population Survey (CPS) is a monthly survey of households conducted by the Bureau of Census for the Bureau of Labor Statistics.**
- **The CPS provides data on the labor force, employment, unemployment and persons not in the labor force.**
- **The Local Area Unemployment Statistics (LAUS) program produces data for Census regions and divisions, States, counties, metropolitan areas, and many cities, by place of residence.**

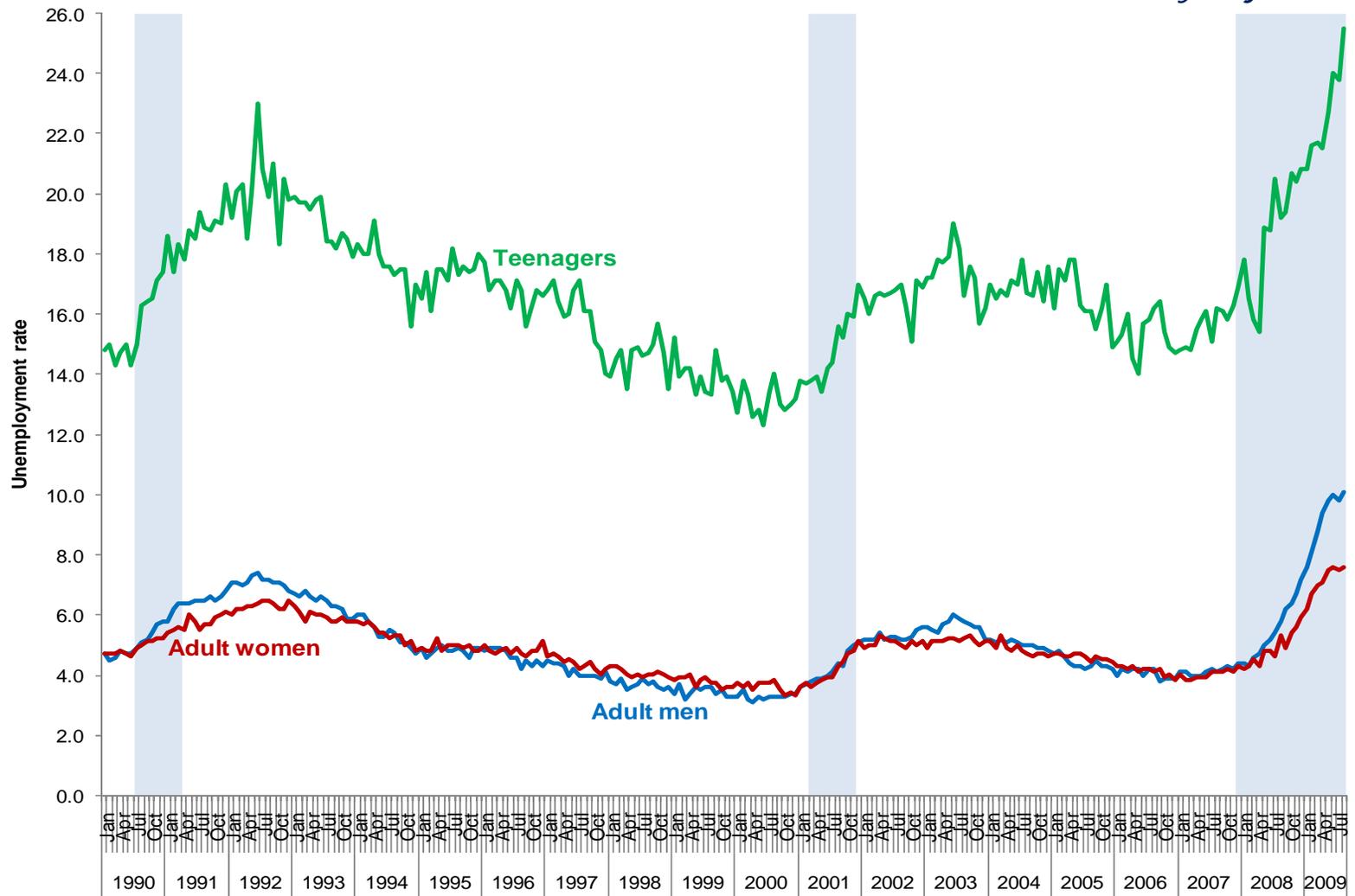
Unemployed persons by reasons for unemployment, 1990-2009

Data are seasonally adjusted



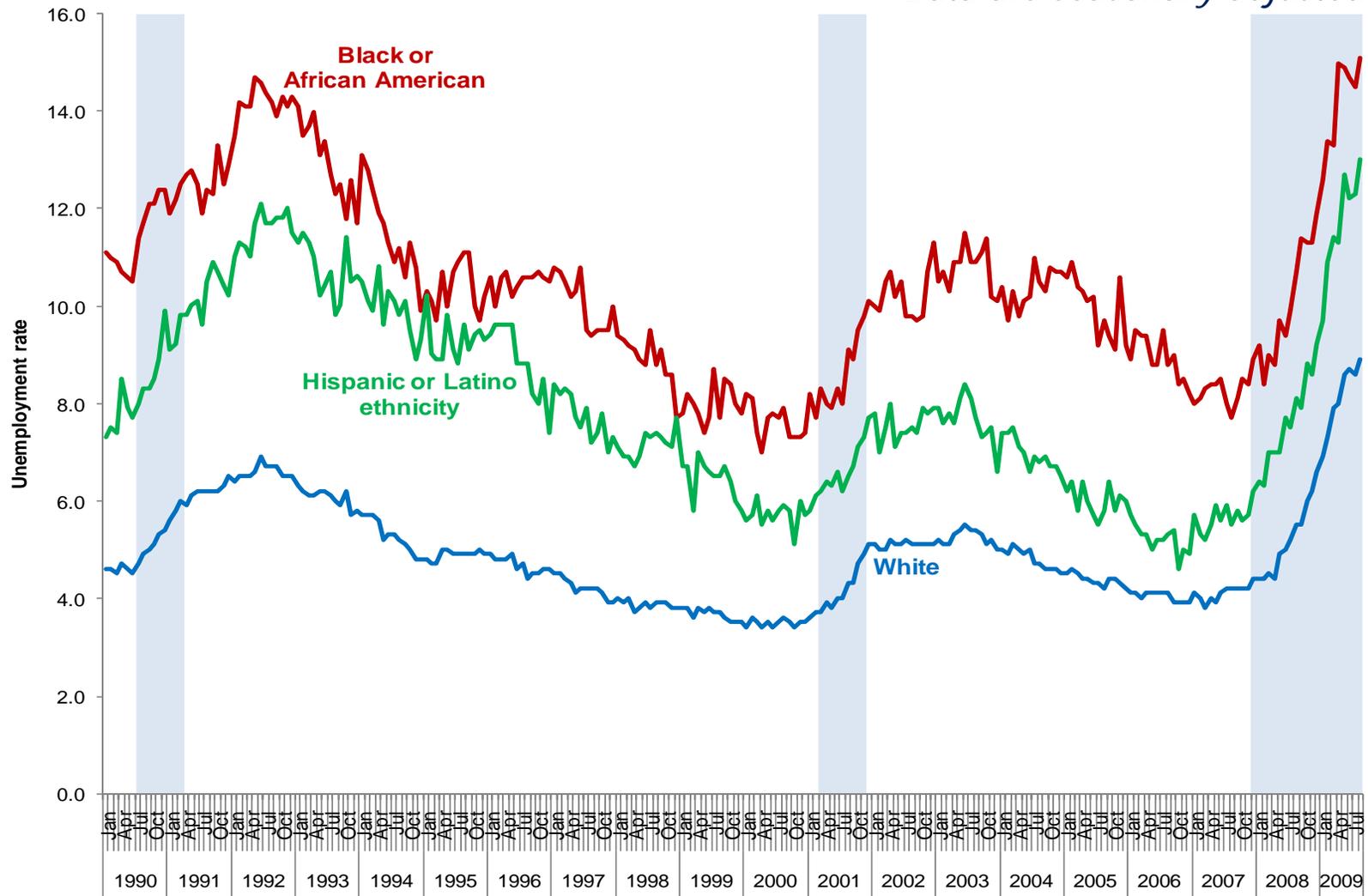
Civilian unemployment rates for major age-sex groups, 1990-2009

Data are seasonally adjusted



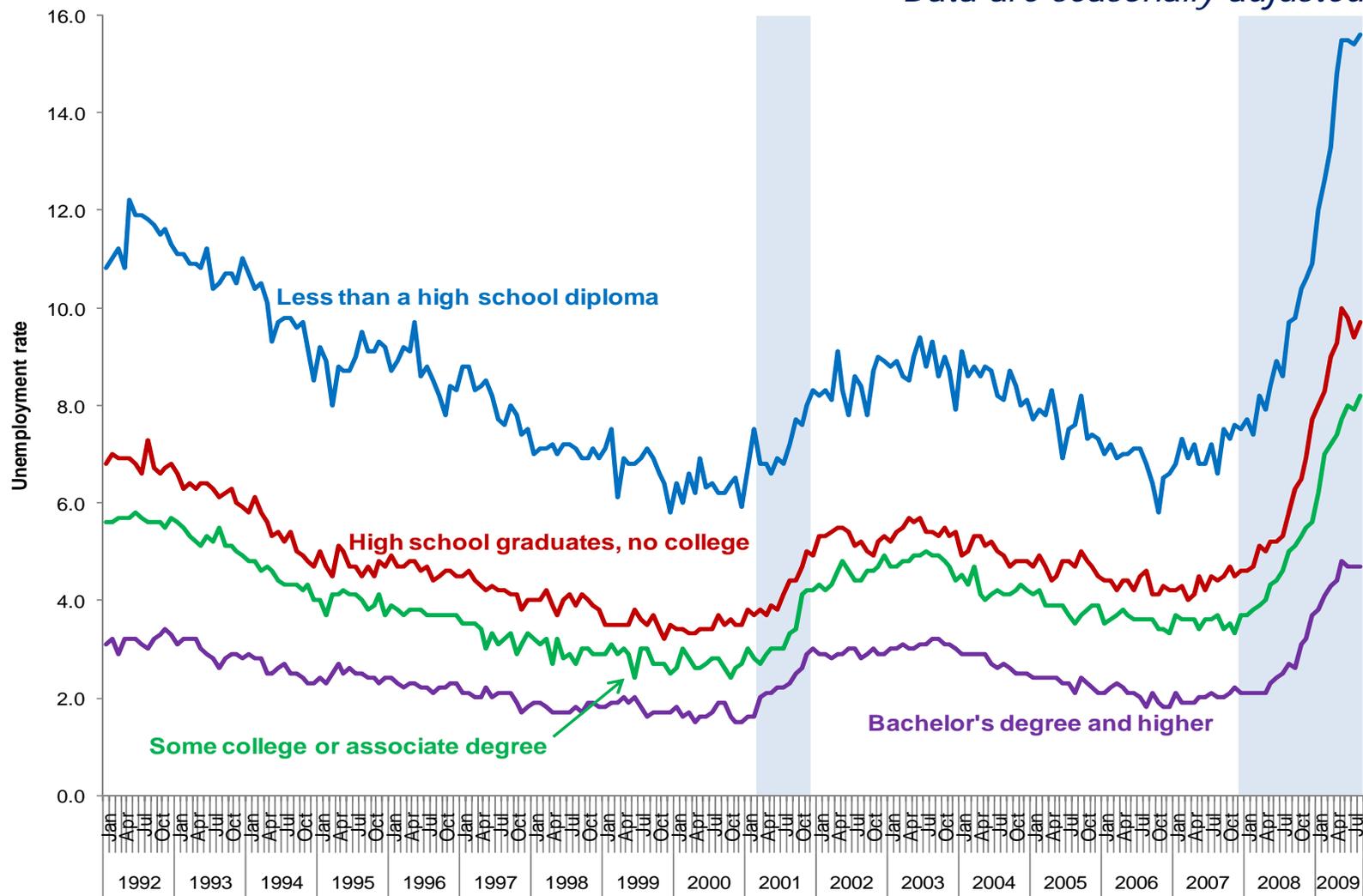
Unemployment rates by race and ethnicity, 1990-2009

Data are seasonally adjusted



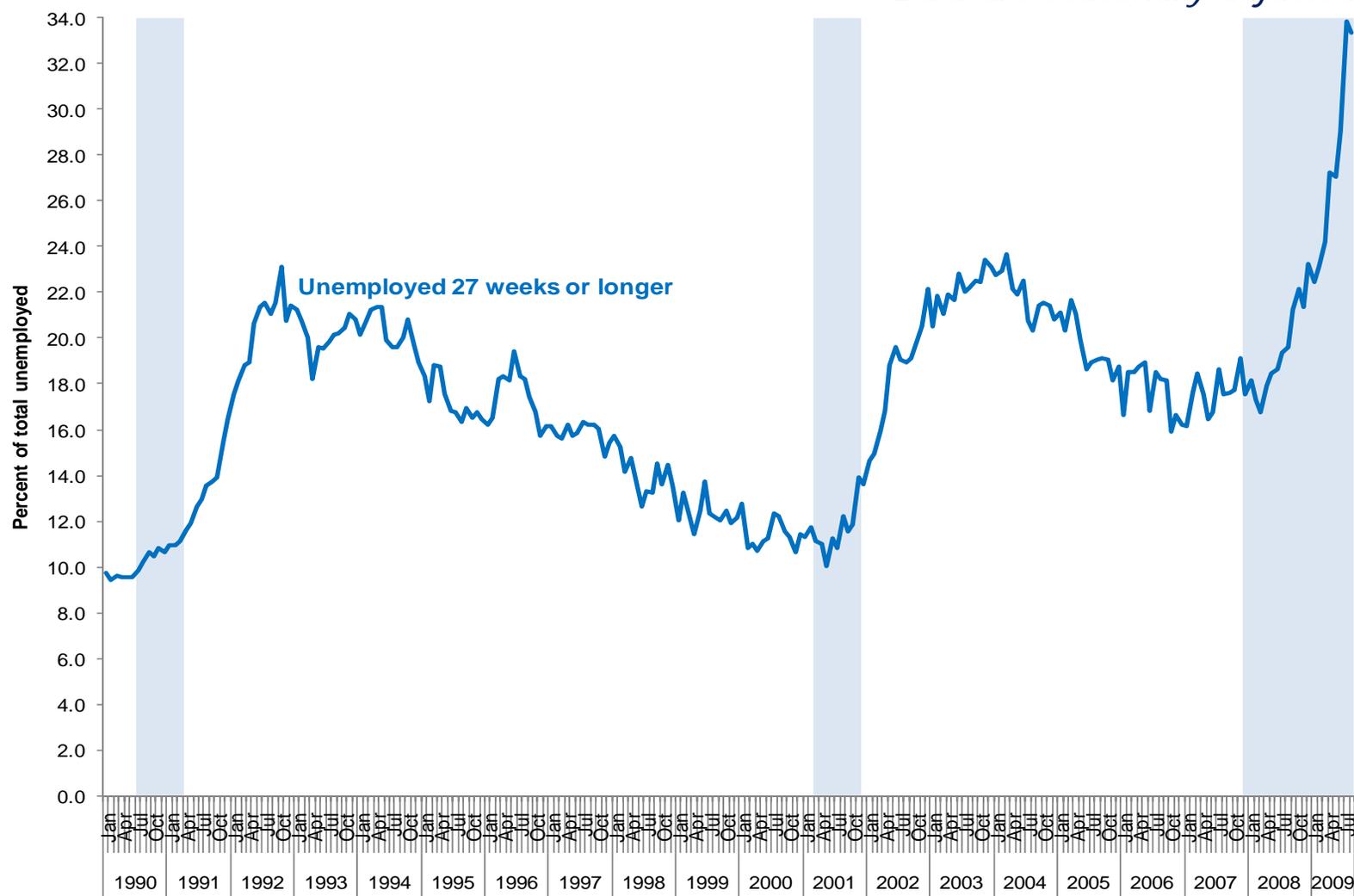
Unemployment rates for persons 25 years and older by educational attainment, 1992-2009

Data are seasonally adjusted



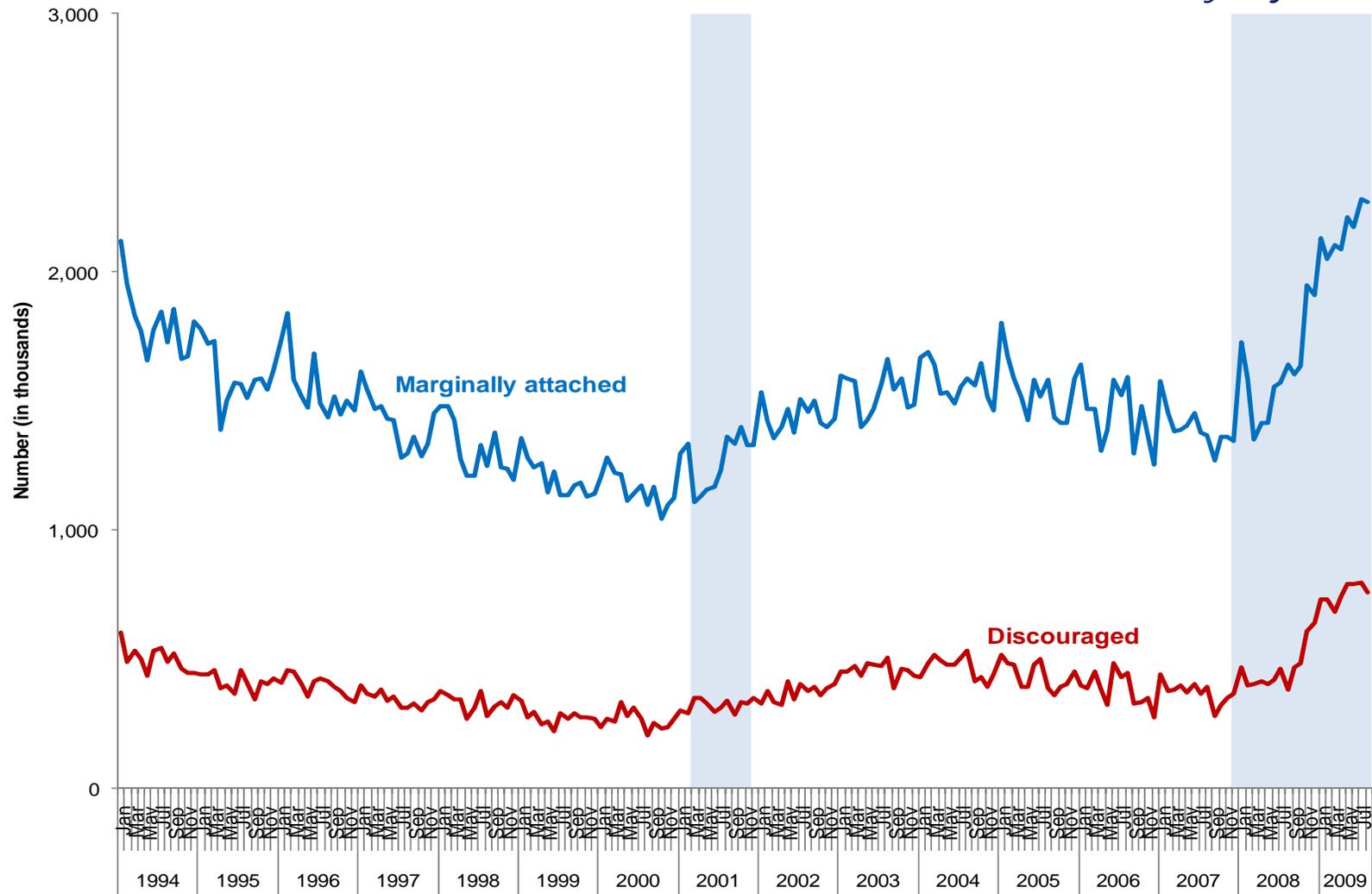
Long-term unemployed as a percent of total unemployed, 1990-2009

Data are seasonally adjusted



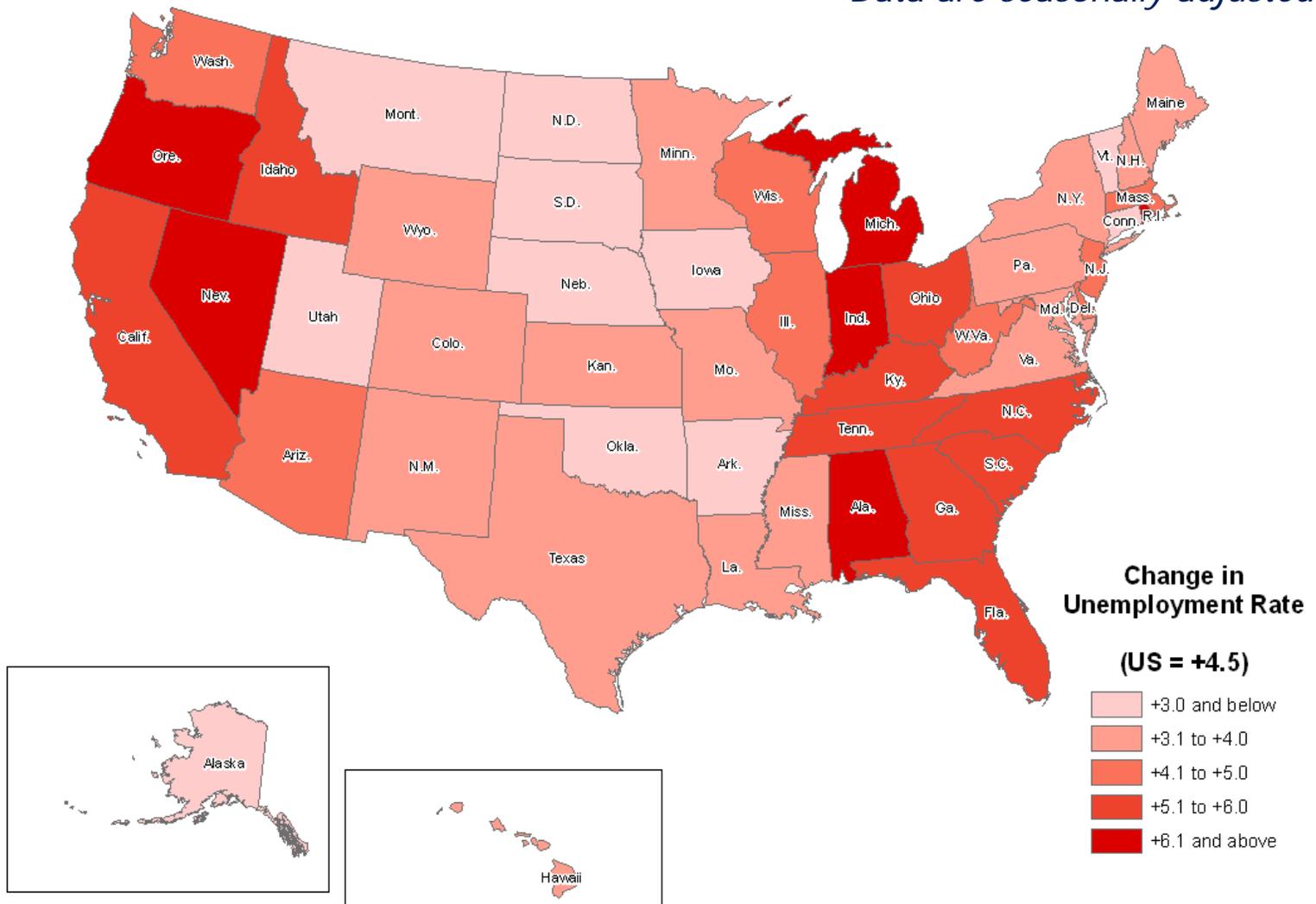
Persons not in the labor force, selected indicators, 1994-2009

Data are seasonally adjusted



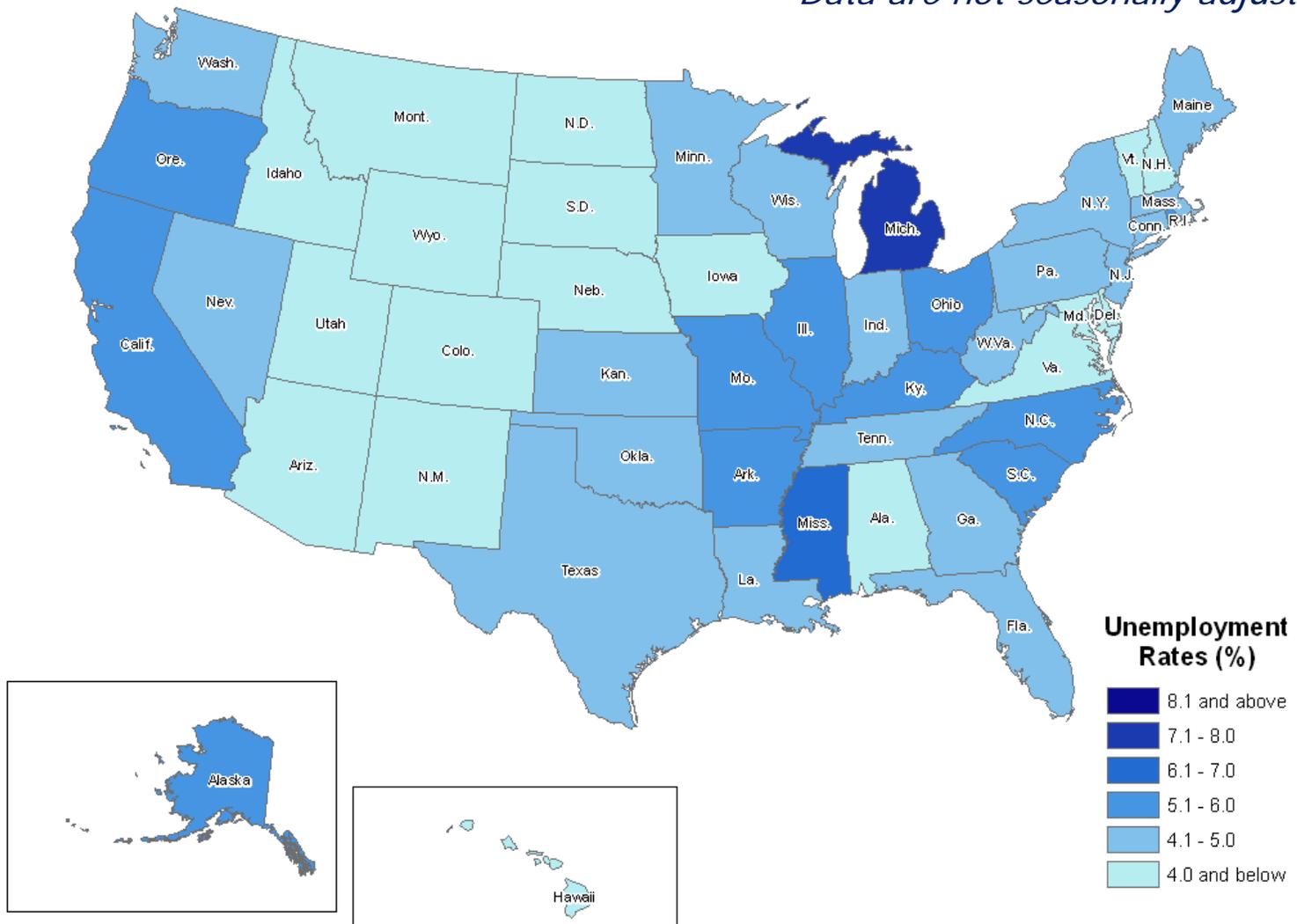
Change in unemployment rates by state: December 2007 to July 2009

Data are seasonally adjusted



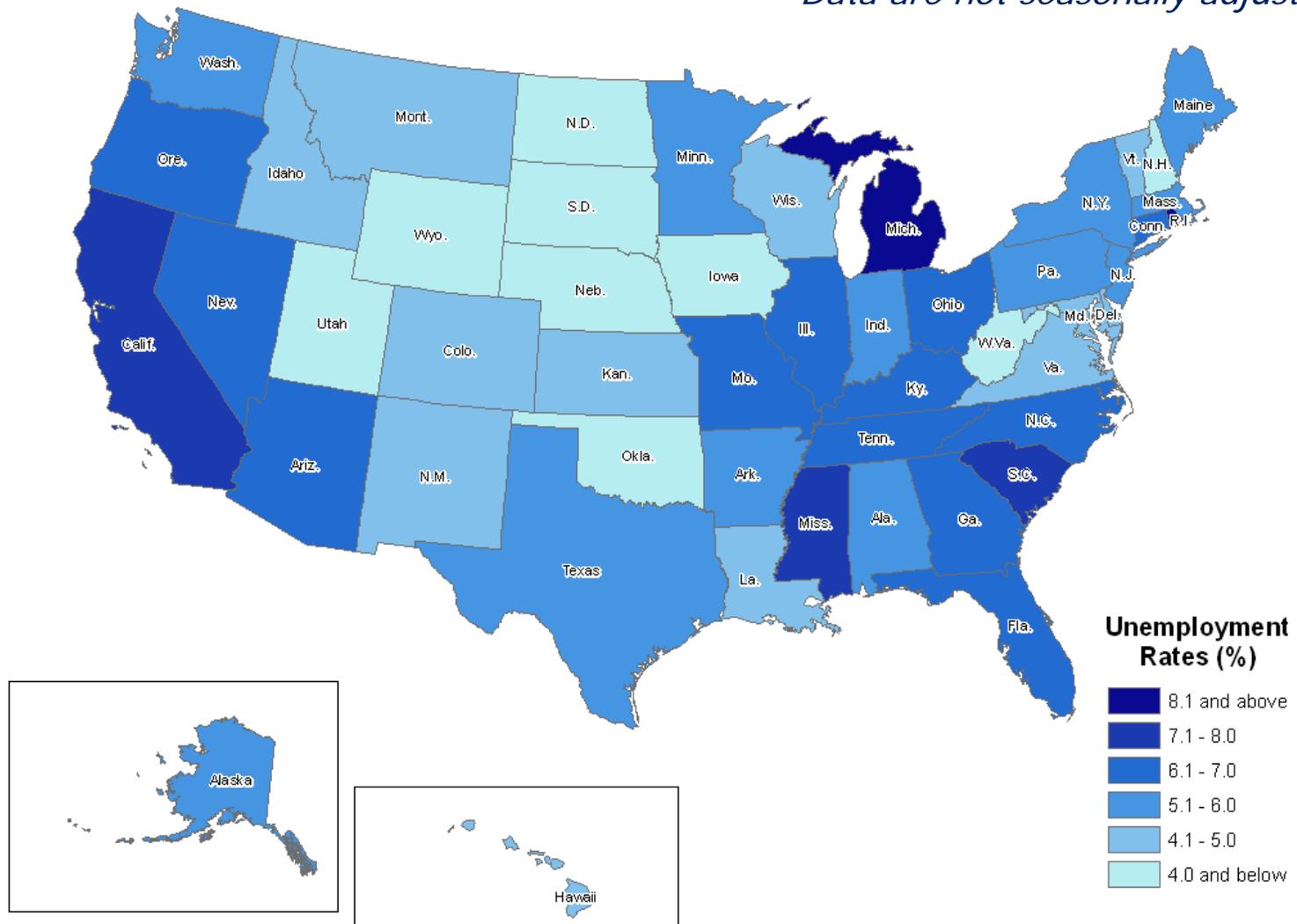
Unemployment rates by state: July 2007

Data are not seasonally adjusted



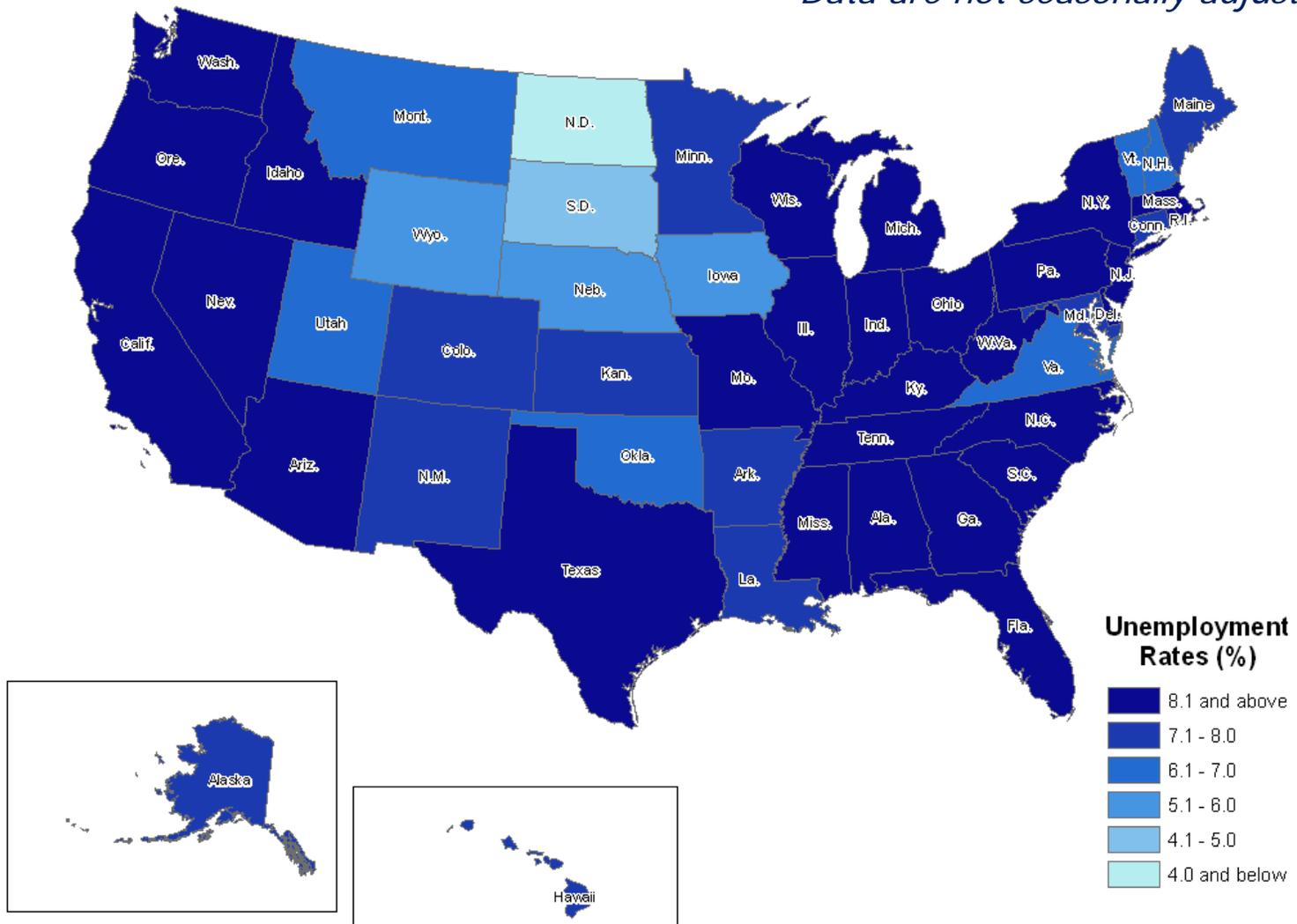
Unemployment rates by state: July 2008

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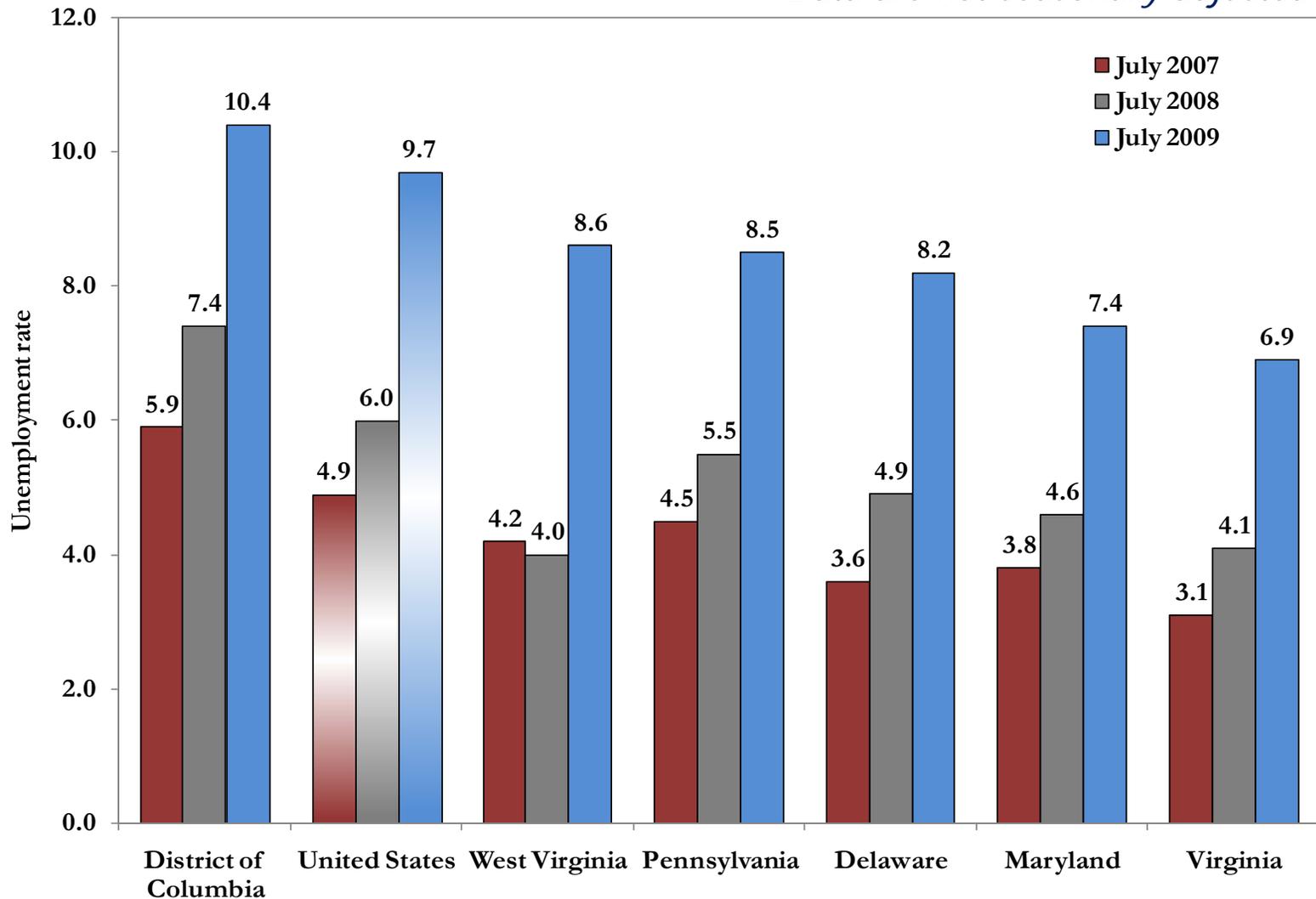
Unemployment rates by state: July 2009

Data are not seasonally adjusted



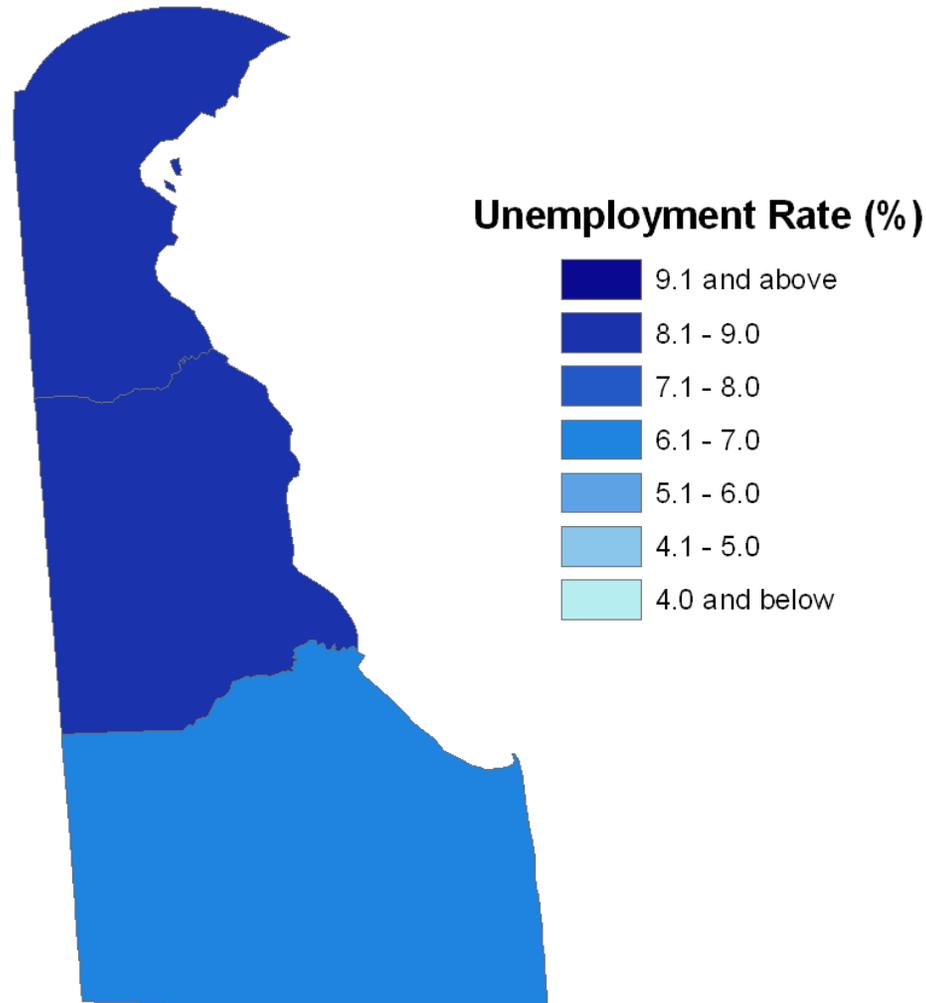
Unemployment rates in the United States and selected states: July 2007, 2008, and 2009

Data are not seasonally adjusted



Unemployment rates by county in Delaware: July 2009

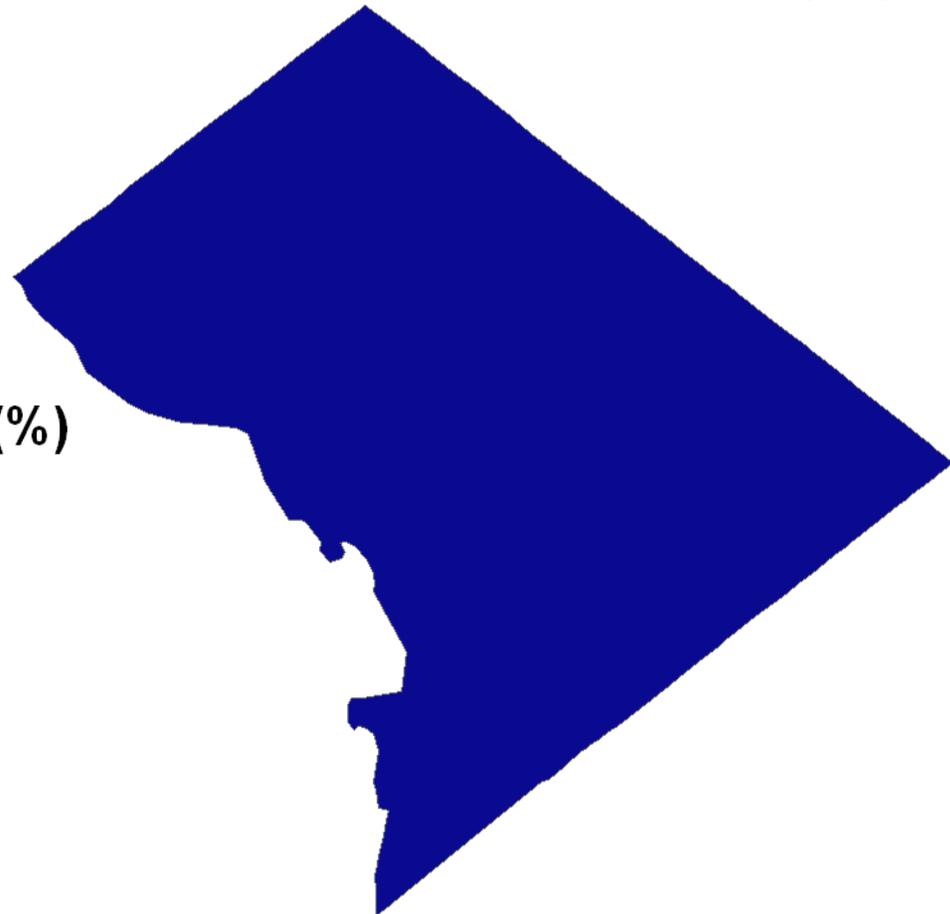
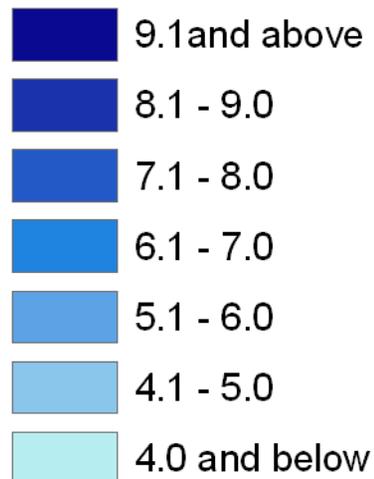
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Unemployment rates by county in the District of Columbia: July 2009

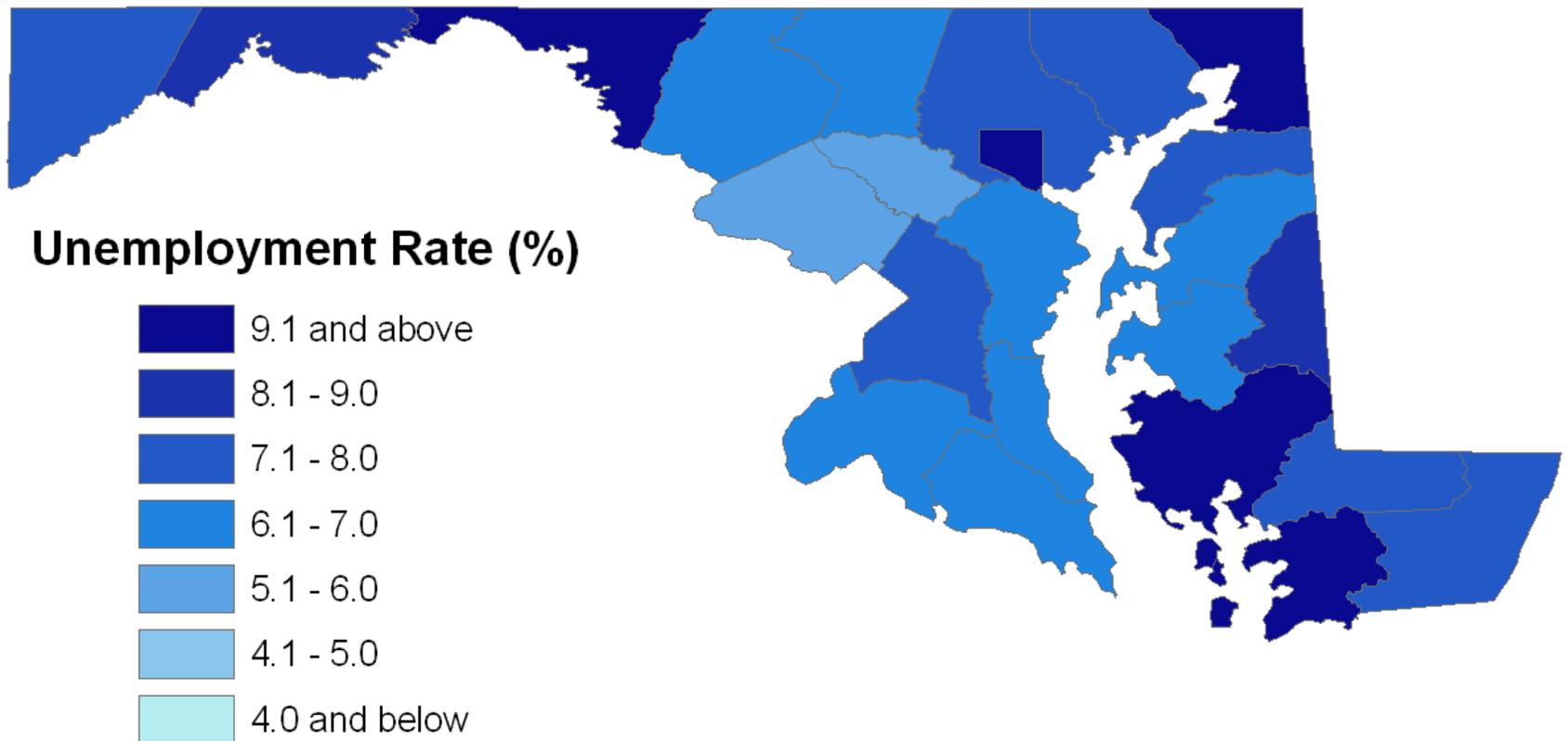
Data are not seasonally adjusted

Unemployment Rate (%)



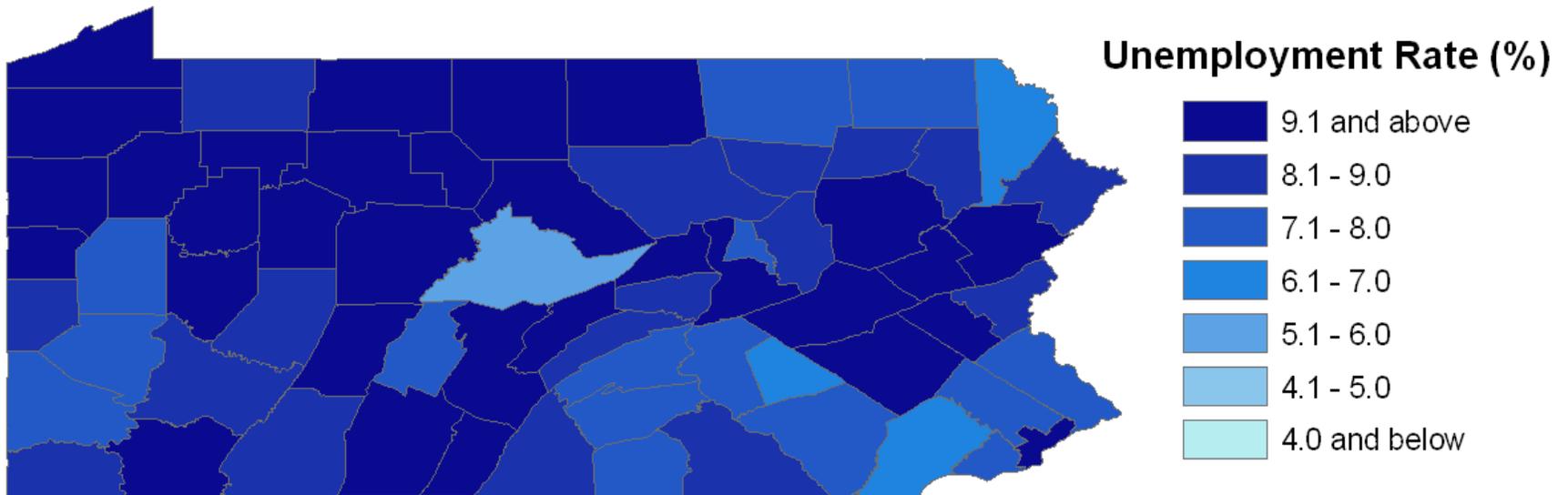
Unemployment rates by county in Maryland: July 2009

Data are not seasonally adjusted



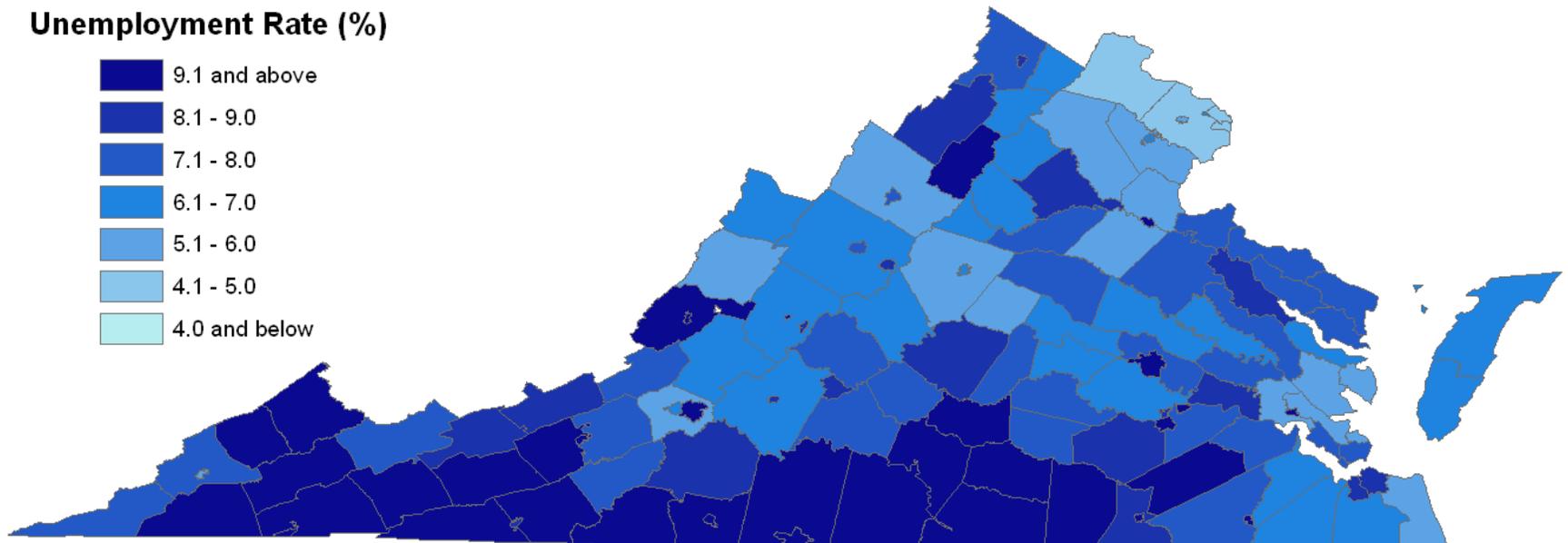
Unemployment rates by county in Pennsylvania: July 2009

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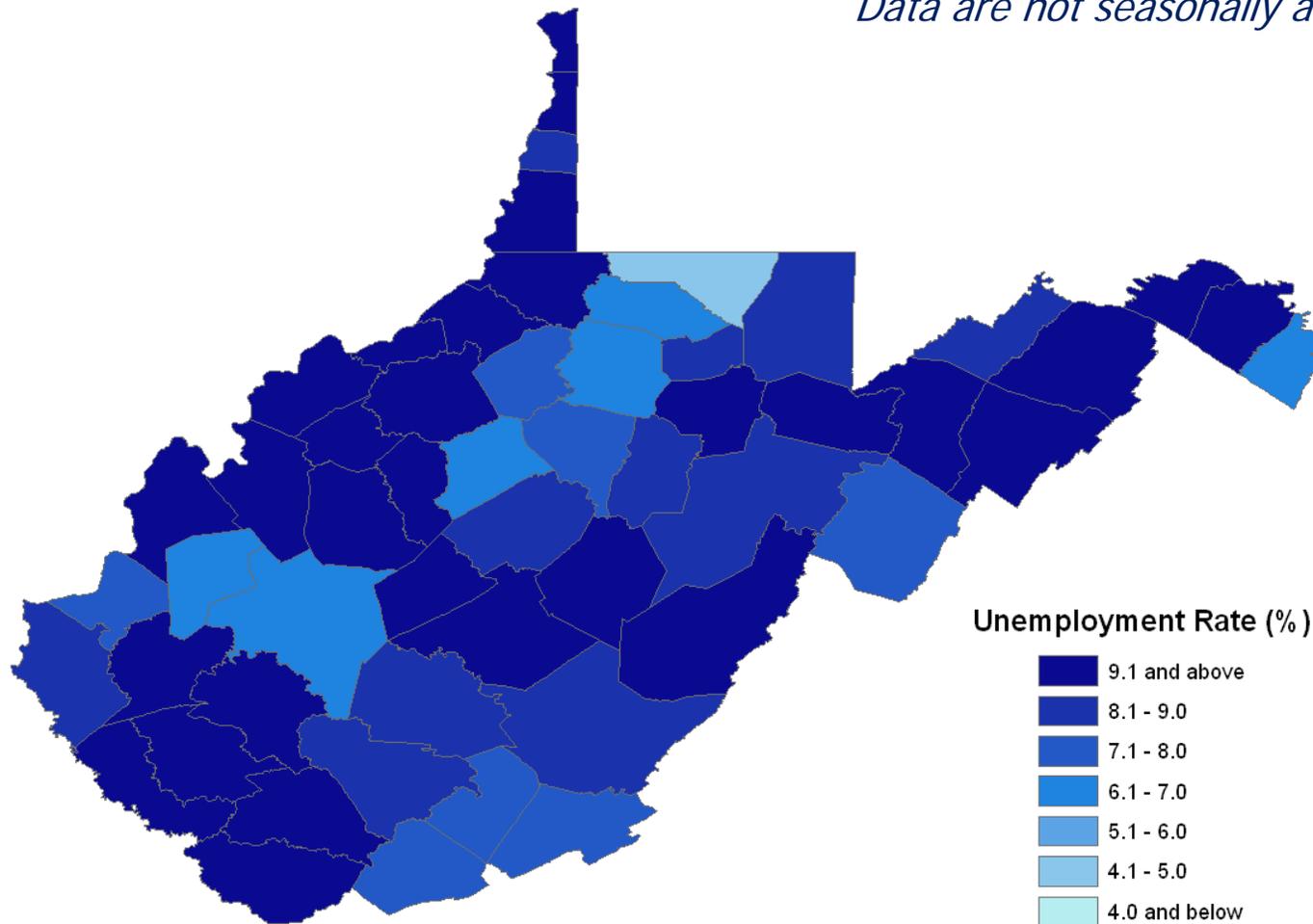
Unemployment rates by county in Virginia: July 2009

Data are not seasonally adjusted



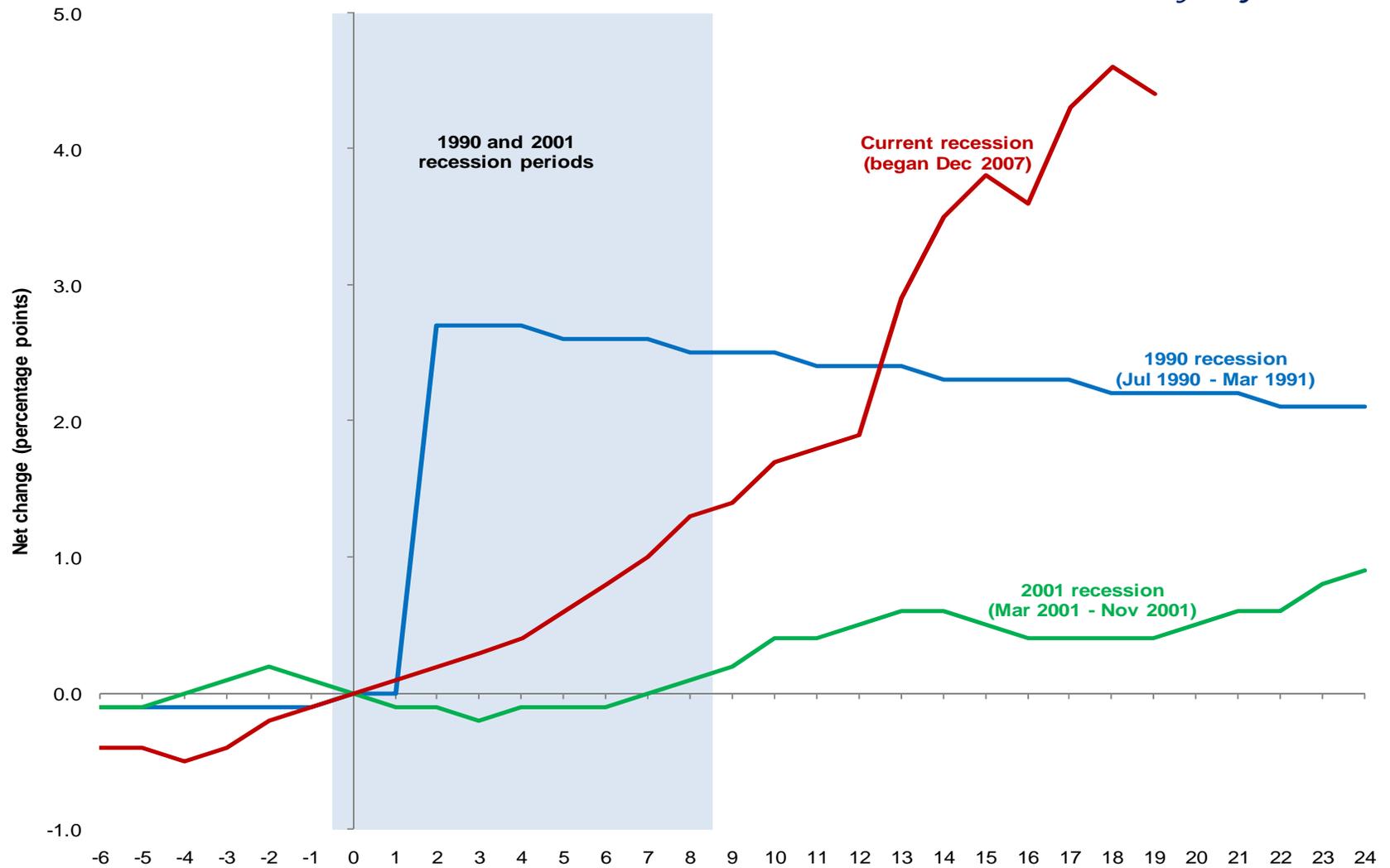
Unemployment rates by county in West Virginia: July 2009

Data are not seasonally adjusted



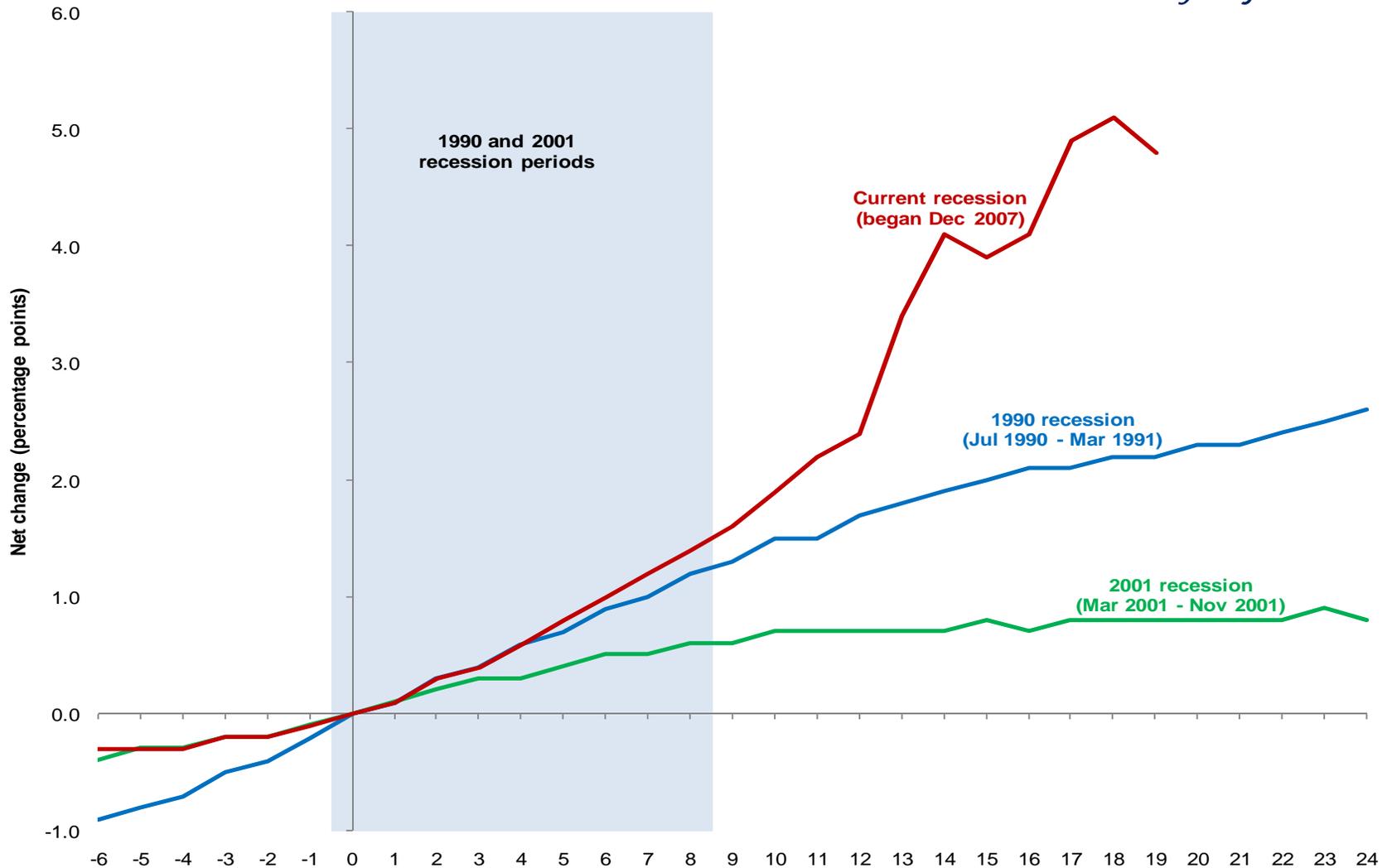
Change in unemployment rate in Delaware, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



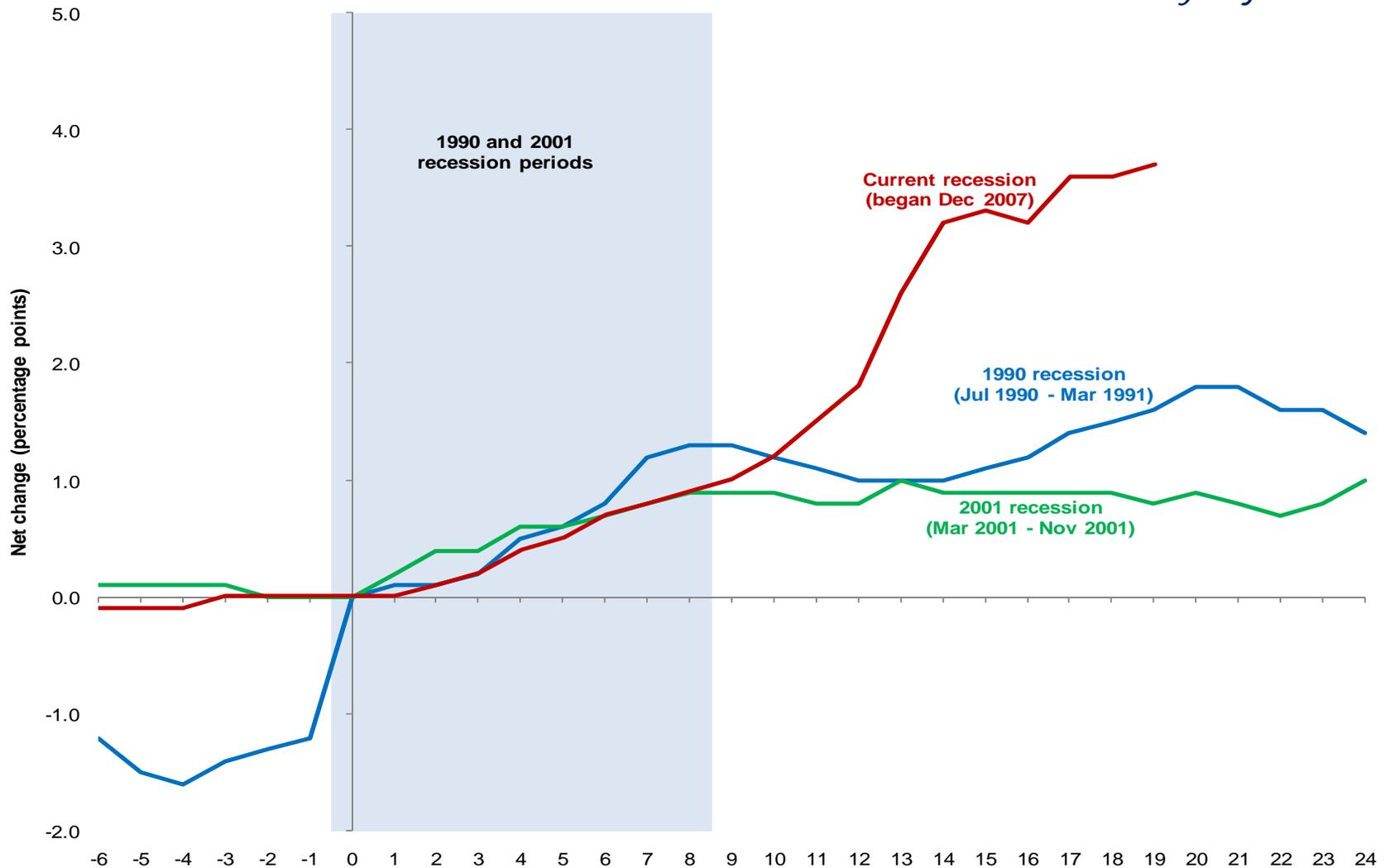
Change in unemployment rate in the District of Columbia, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



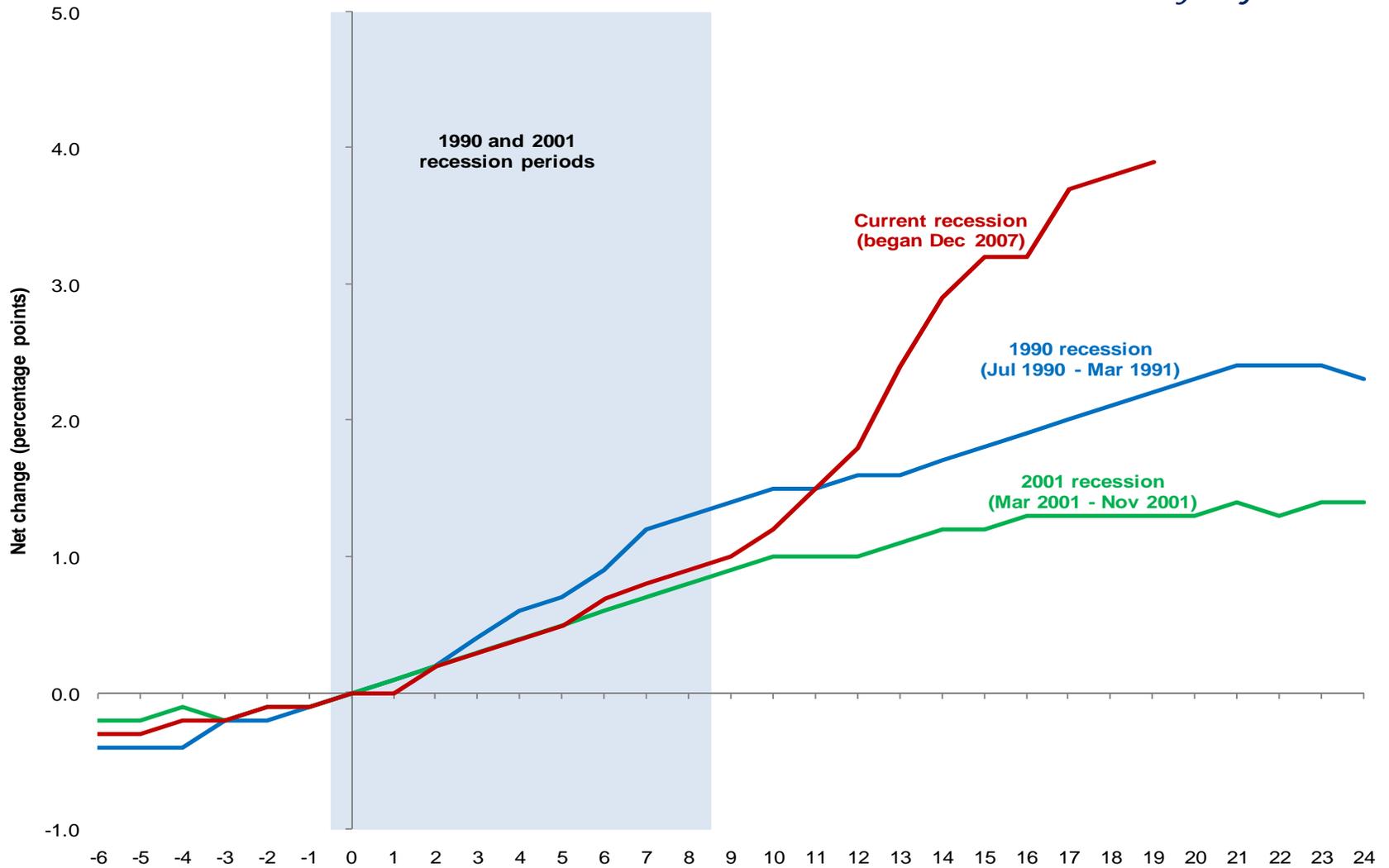
Change in unemployment rate in Maryland, current vs. 1990-91 and 2001 recessions

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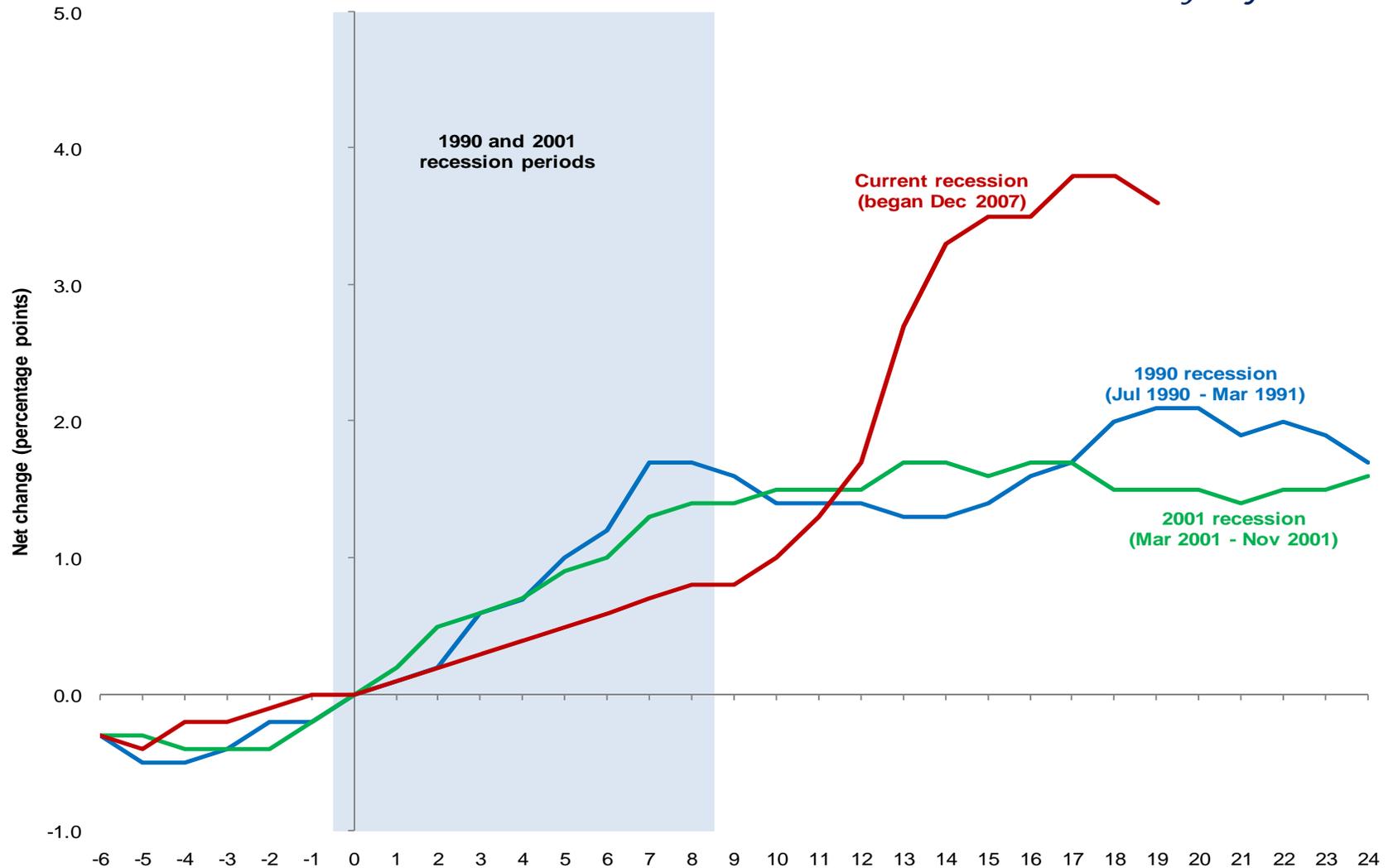
Change in unemployment rate in Pennsylvania, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



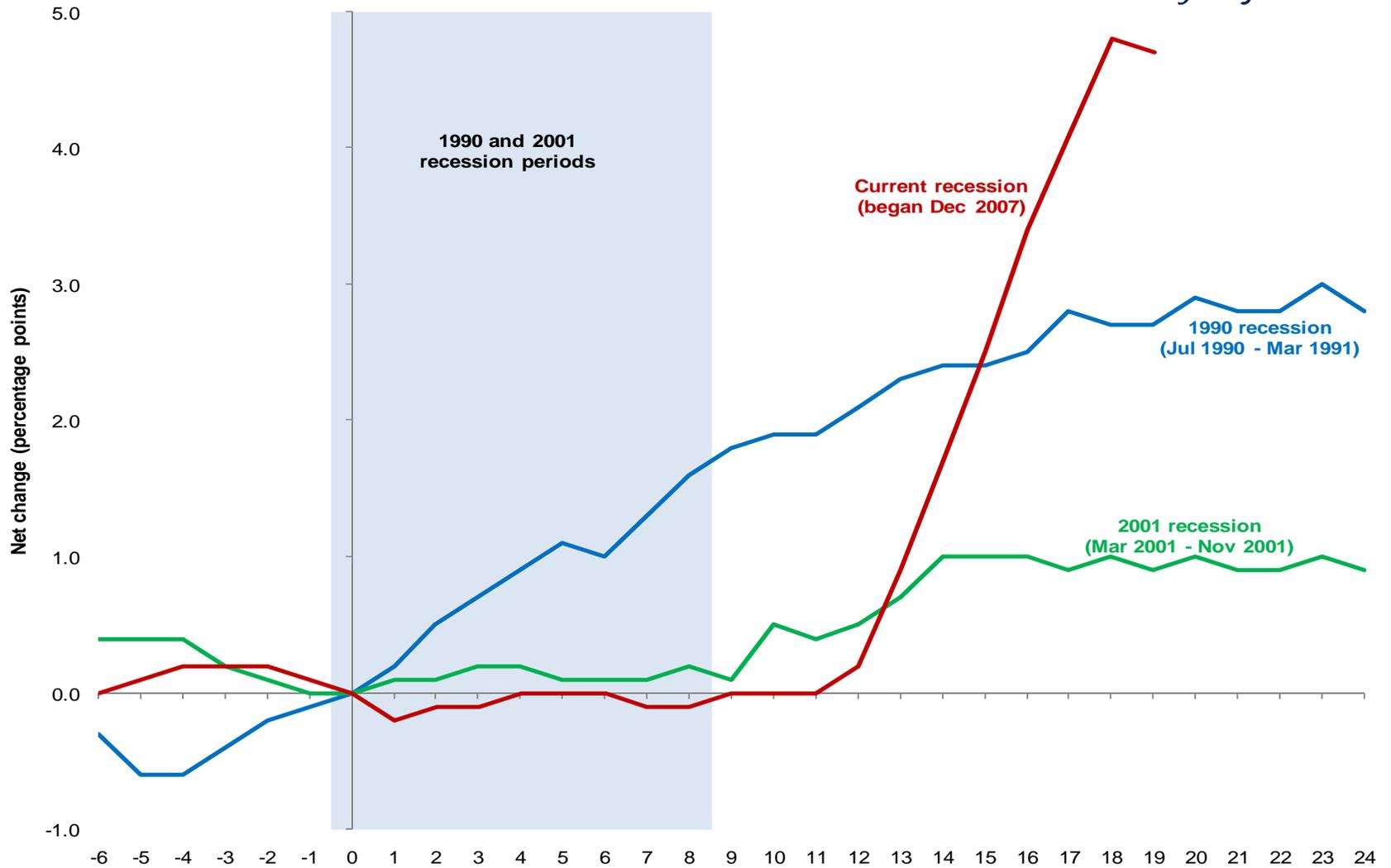
Change in unemployment rate in Virginia, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



Change in unemployment rate in West Virginia, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted

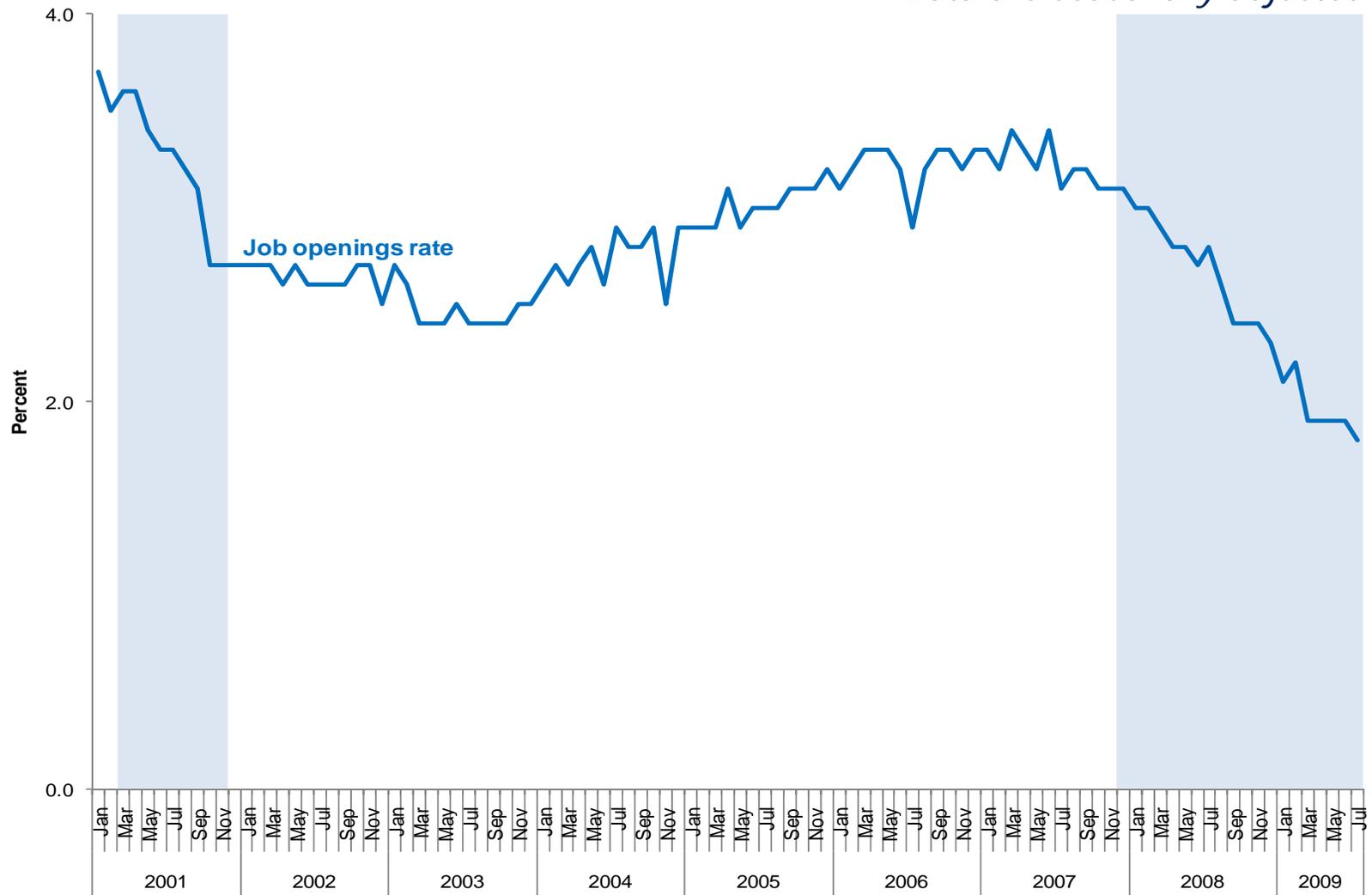


Job openings and labor turnover

- The Job Openings and Labor Turnover Survey (JOLTS) collects data on total employment, job openings, hires, quits, layoffs & discharges, and other separations.
- The availability of unfilled jobs—the job openings rate—is an important measure of the tightness of job markets, parallel to existing measures of unemployment.

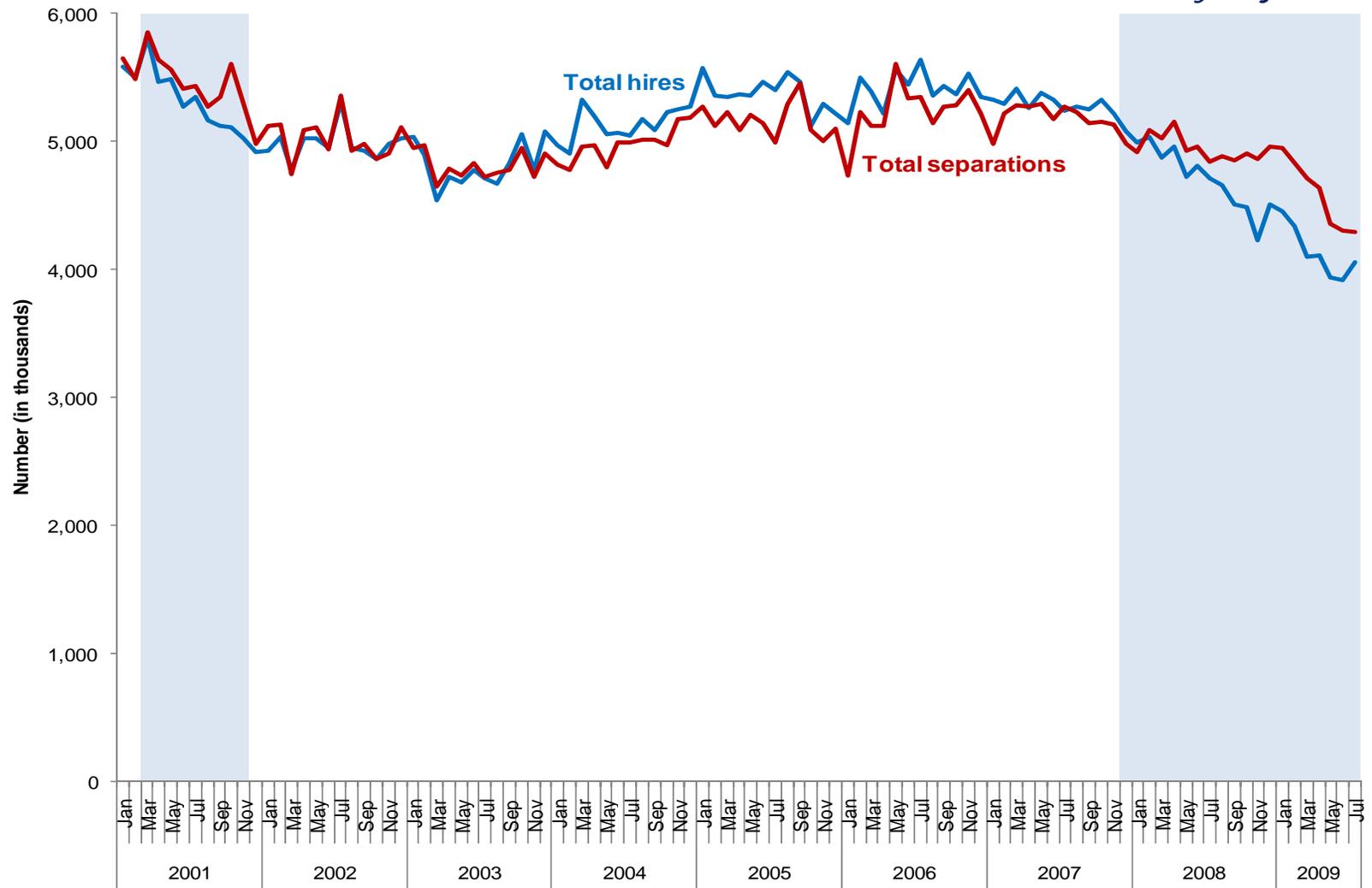
The job openings rate, total nonfarm, 2001-2009

Data are seasonally adjusted



Hires and separations, total nonfarm, 2001-2009

Data are seasonally adjusted

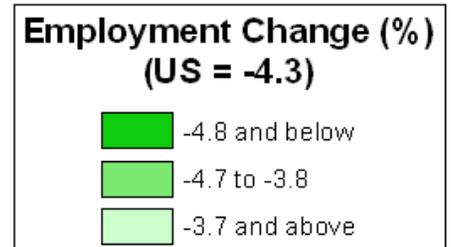
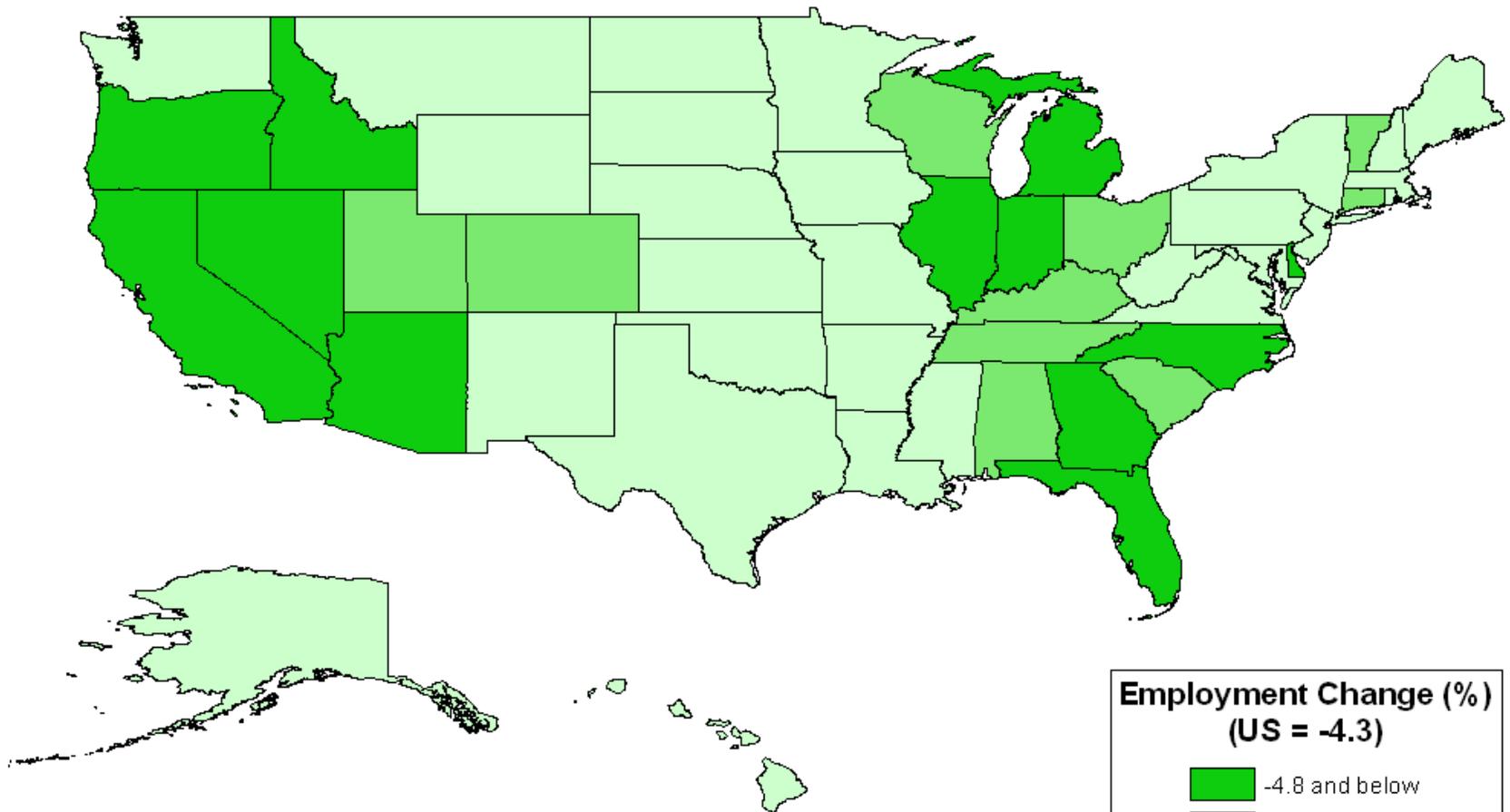


Employment change by area and industry

- **Current Employment Statistics (CES) estimates are among the most current economic information available to analyze changing economic conditions.**
- **CES estimates are heavily used in both the private and public sector.**

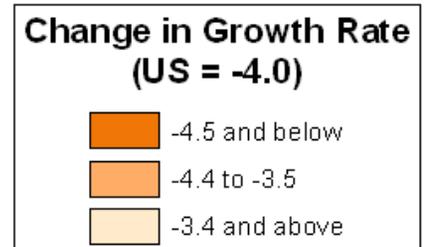
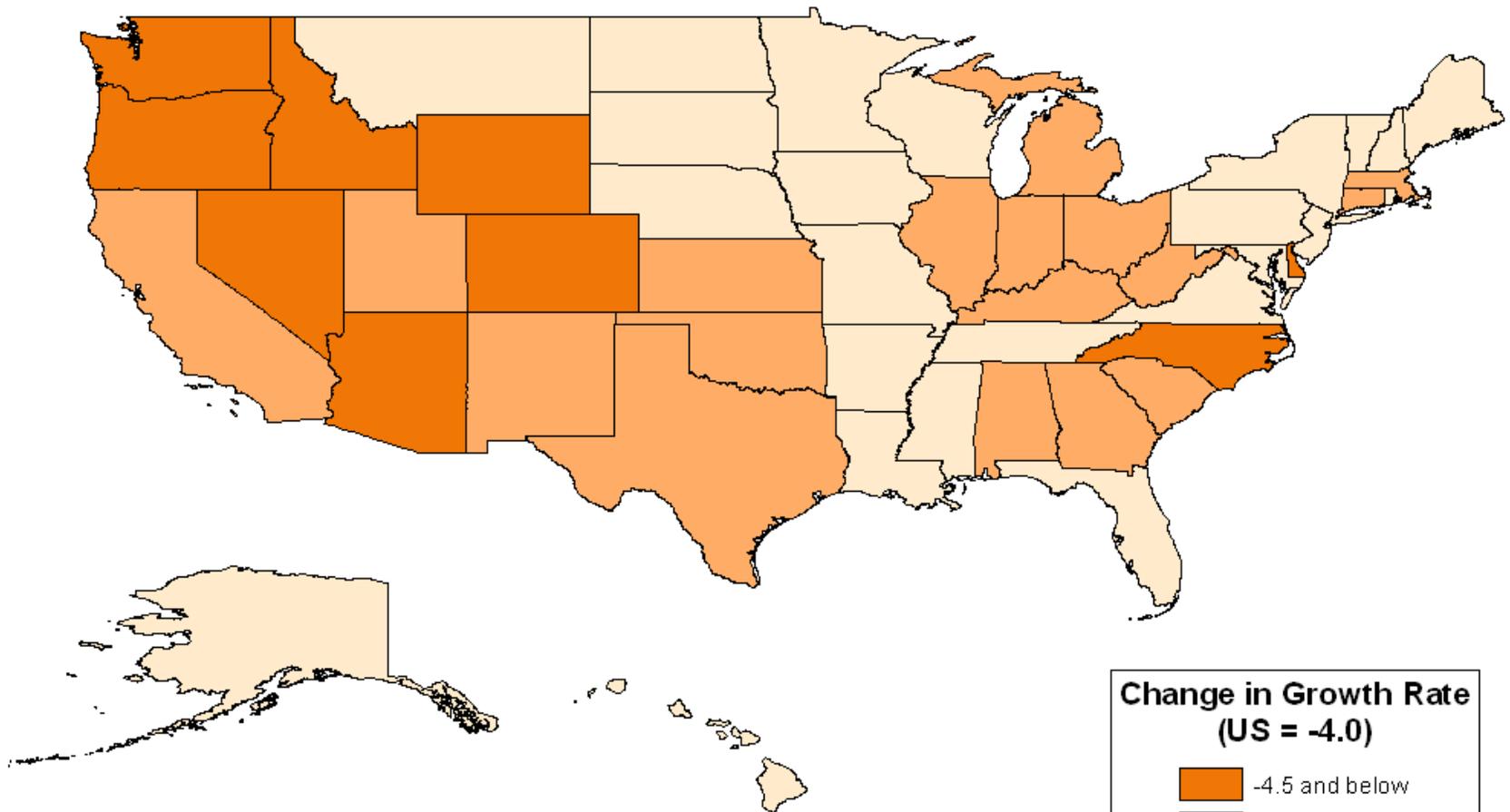
Percent change in total nonfarm employment by state, July 2008-2009

Data are not seasonally adjusted



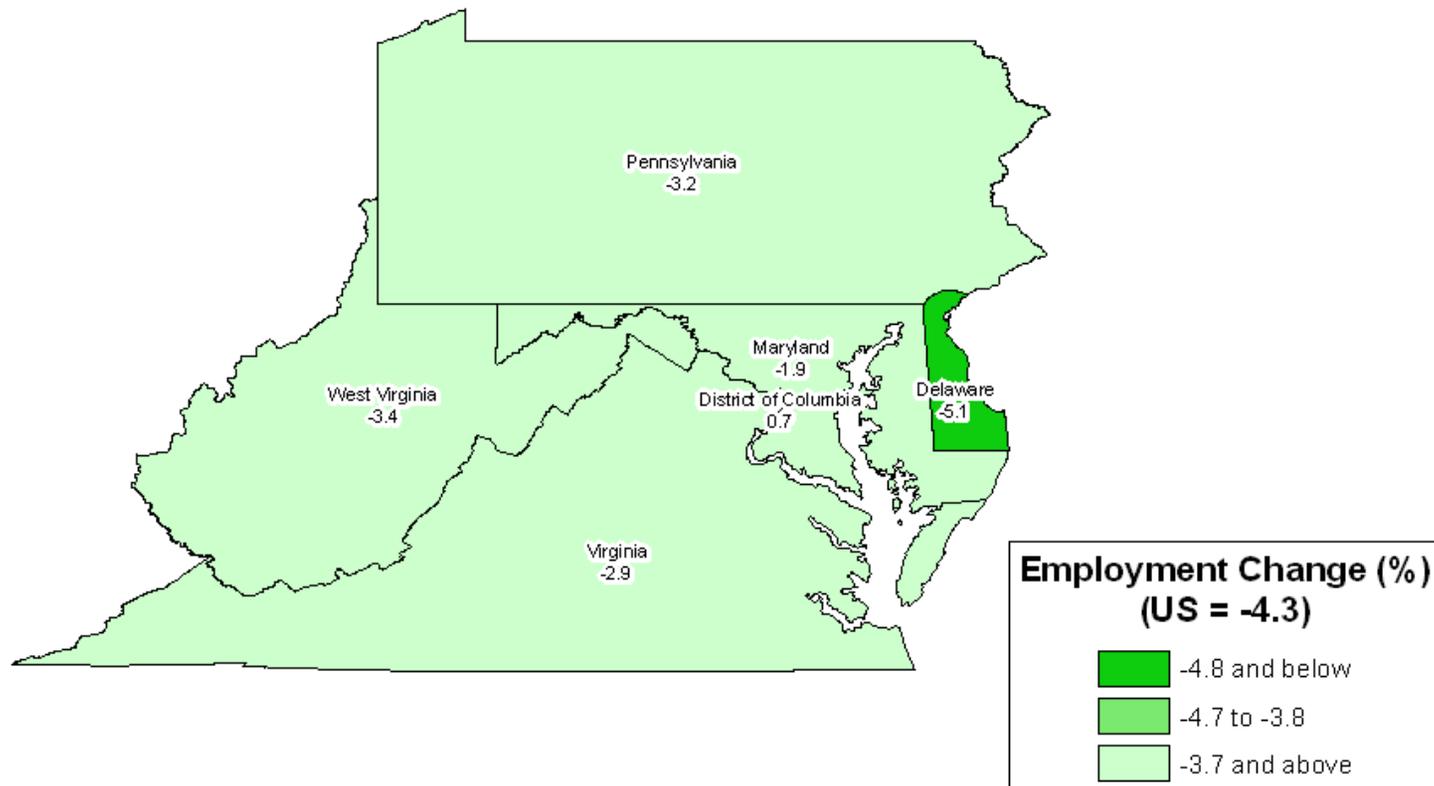
Change in total nonfarm employment growth rates by state, July 2008-2009

Data are not seasonally adjusted



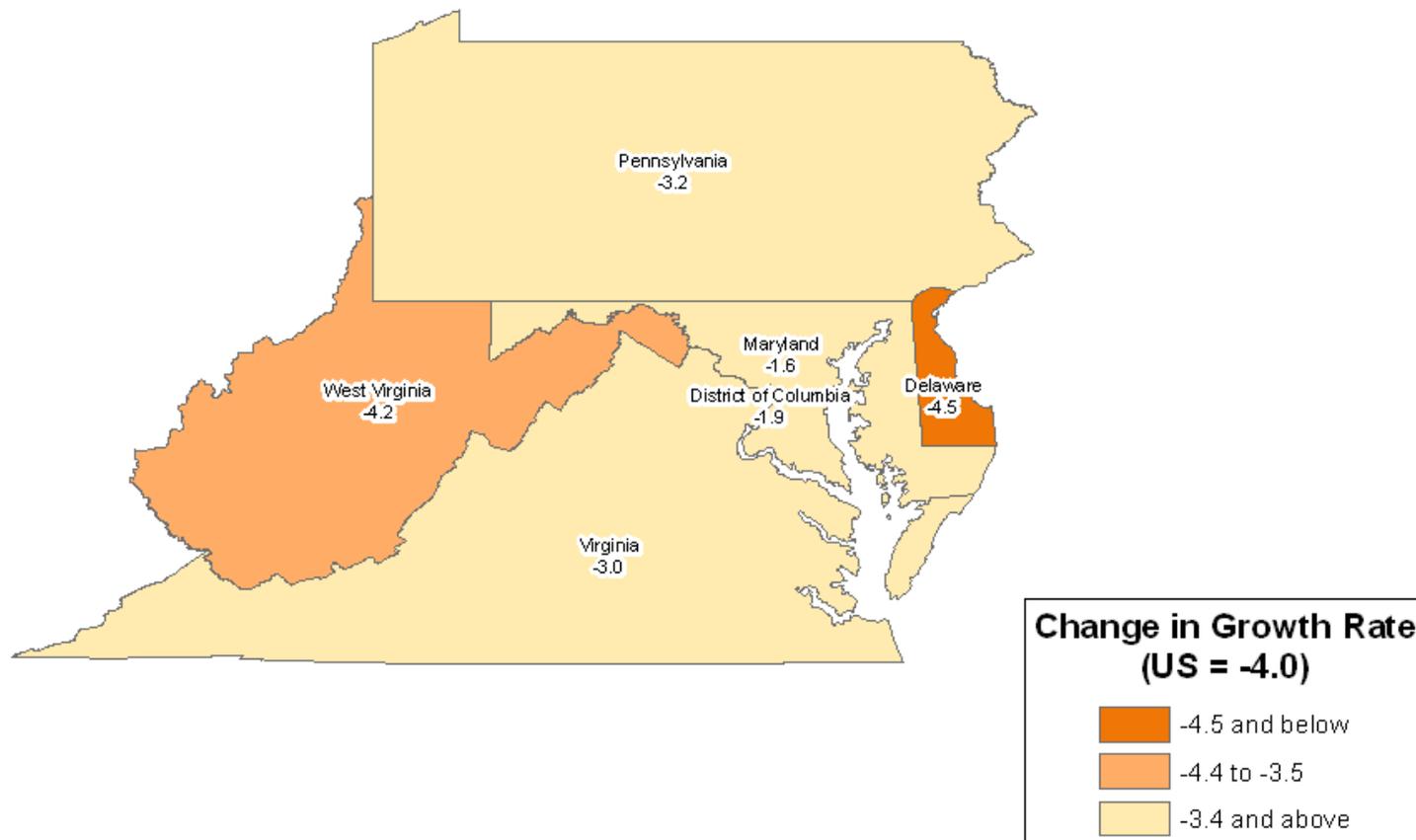
Percent change in total nonfarm employment in Mid-Atlantic states, July 2008-2009

Data are not seasonally adjusted



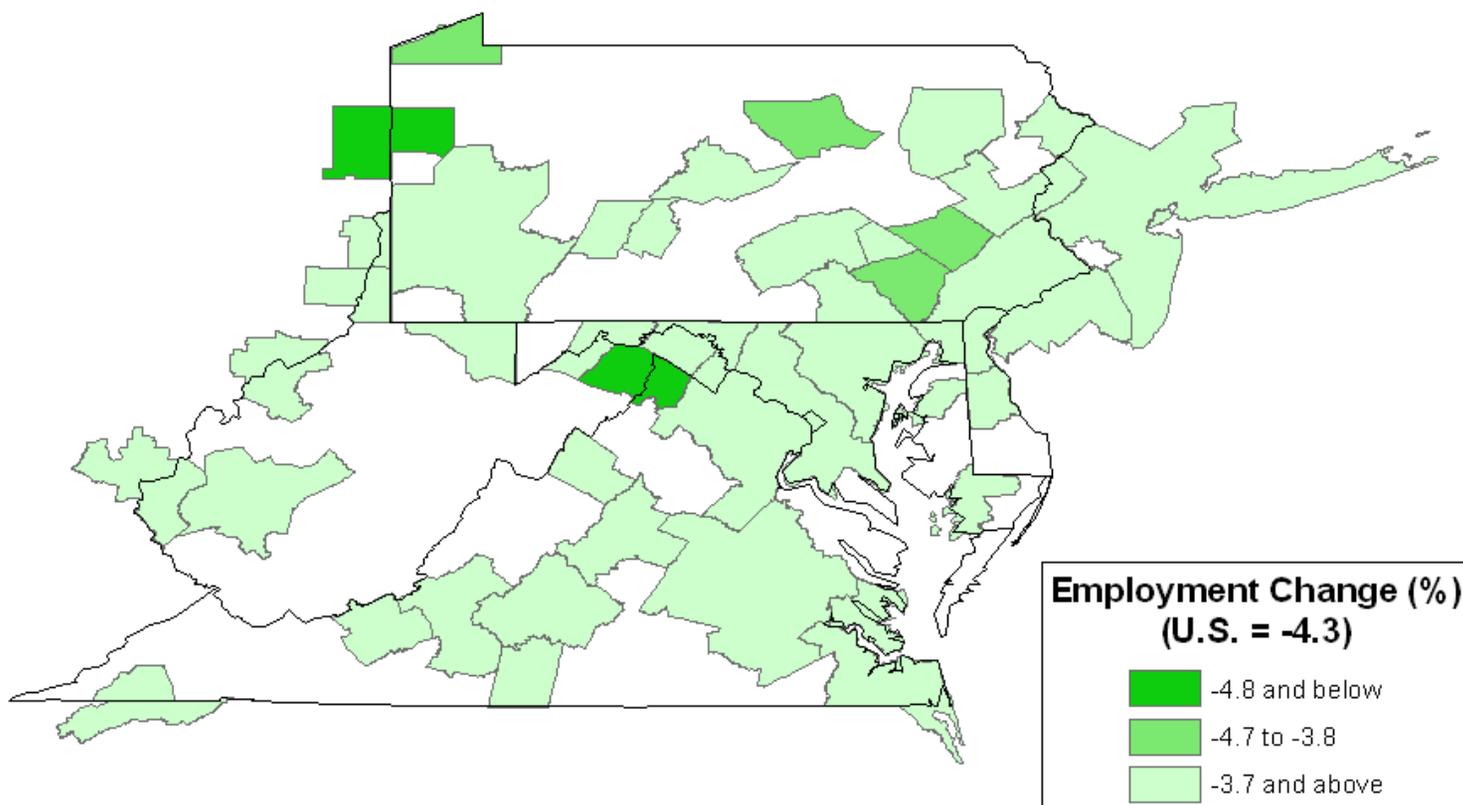
Change in total nonfarm employment growth rates in Mid-Atlantic states, July 2008-2009

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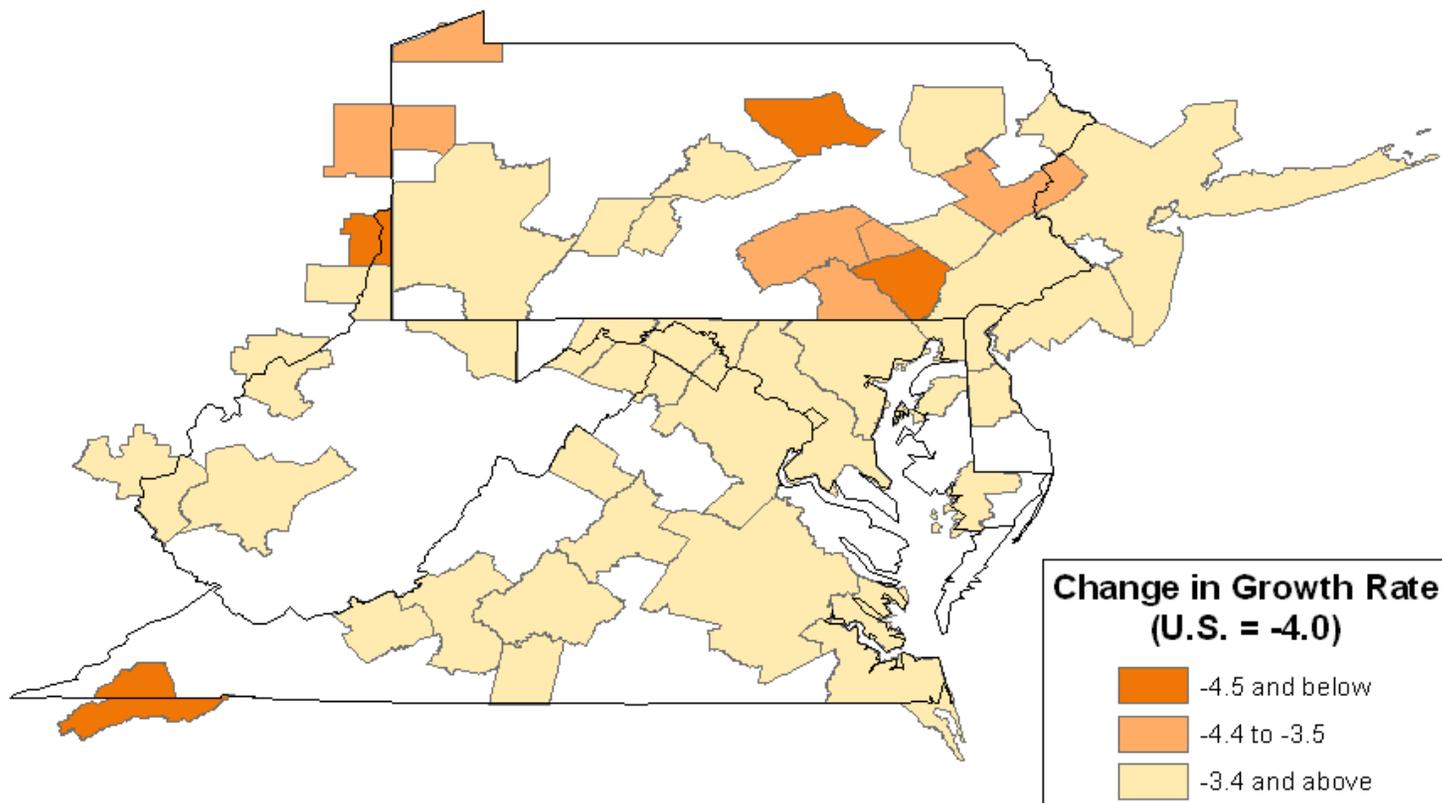
Percent change in total nonfarm employment in Mid-Atlantic metropolitan areas, July 2008-2009

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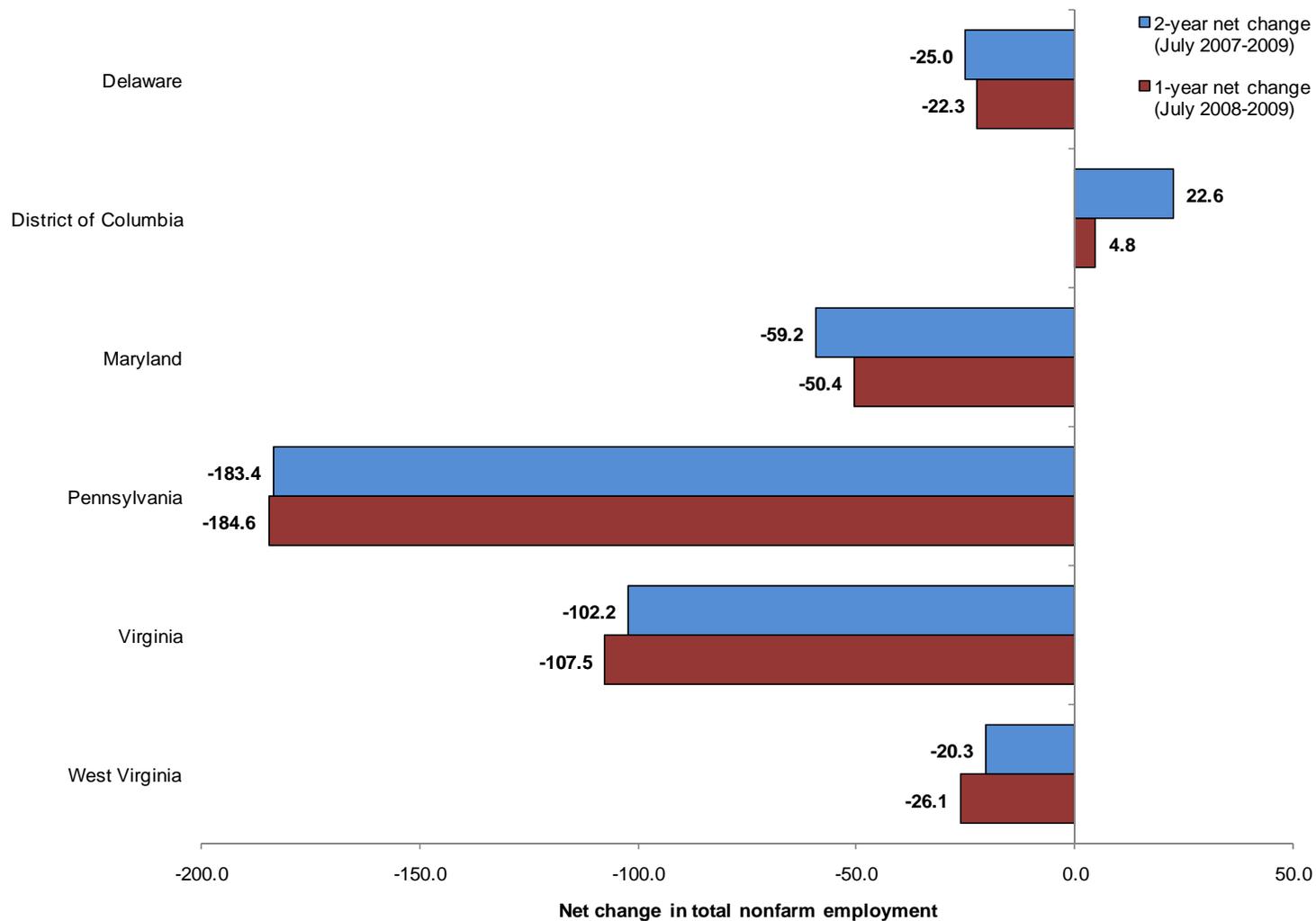
Change in total nonfarm employment growth rates in Mid-Atlantic metropolitan areas, July 2008-2009

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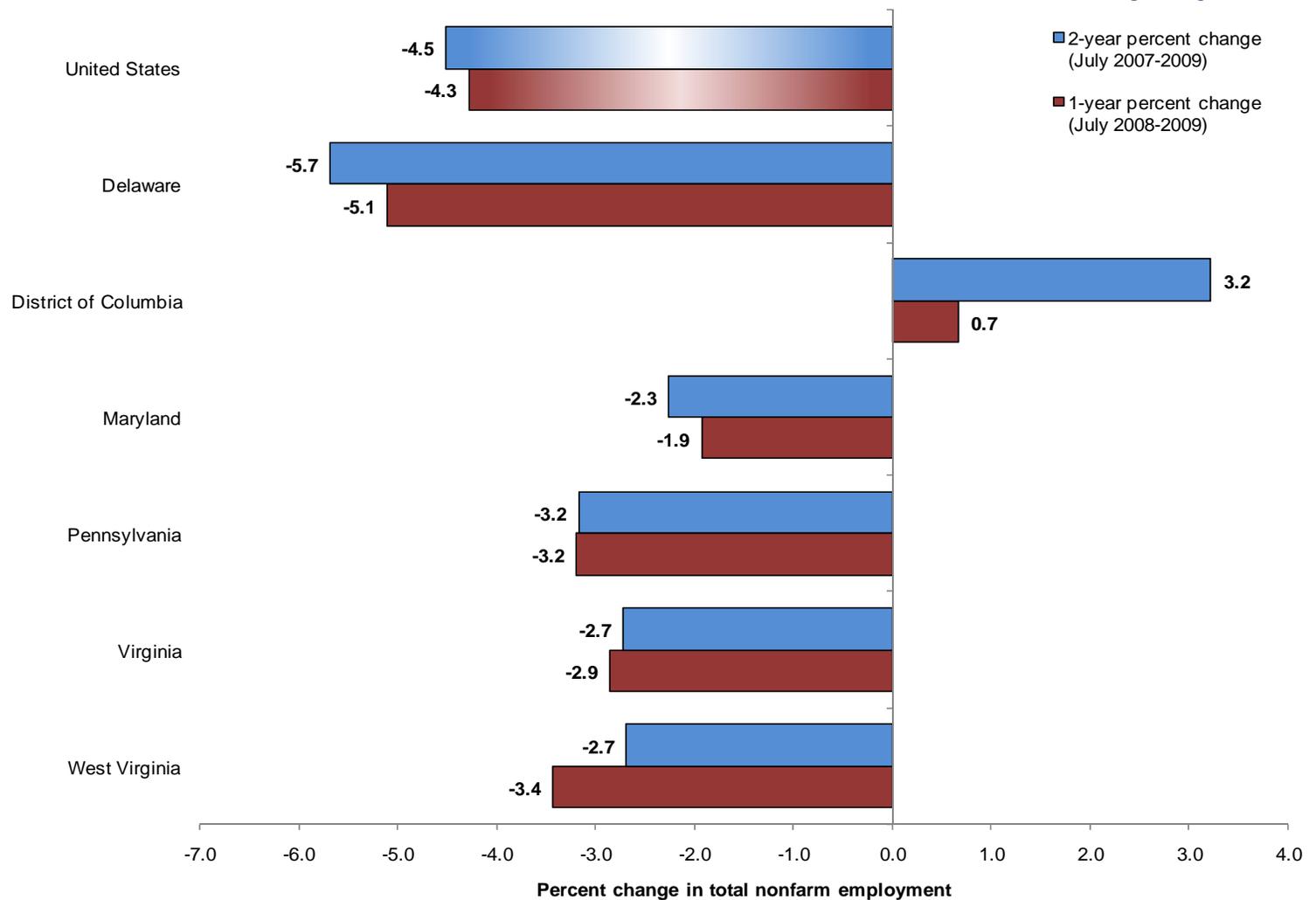
Net change in total nonfarm employment in selected states

Data are not seasonally adjusted



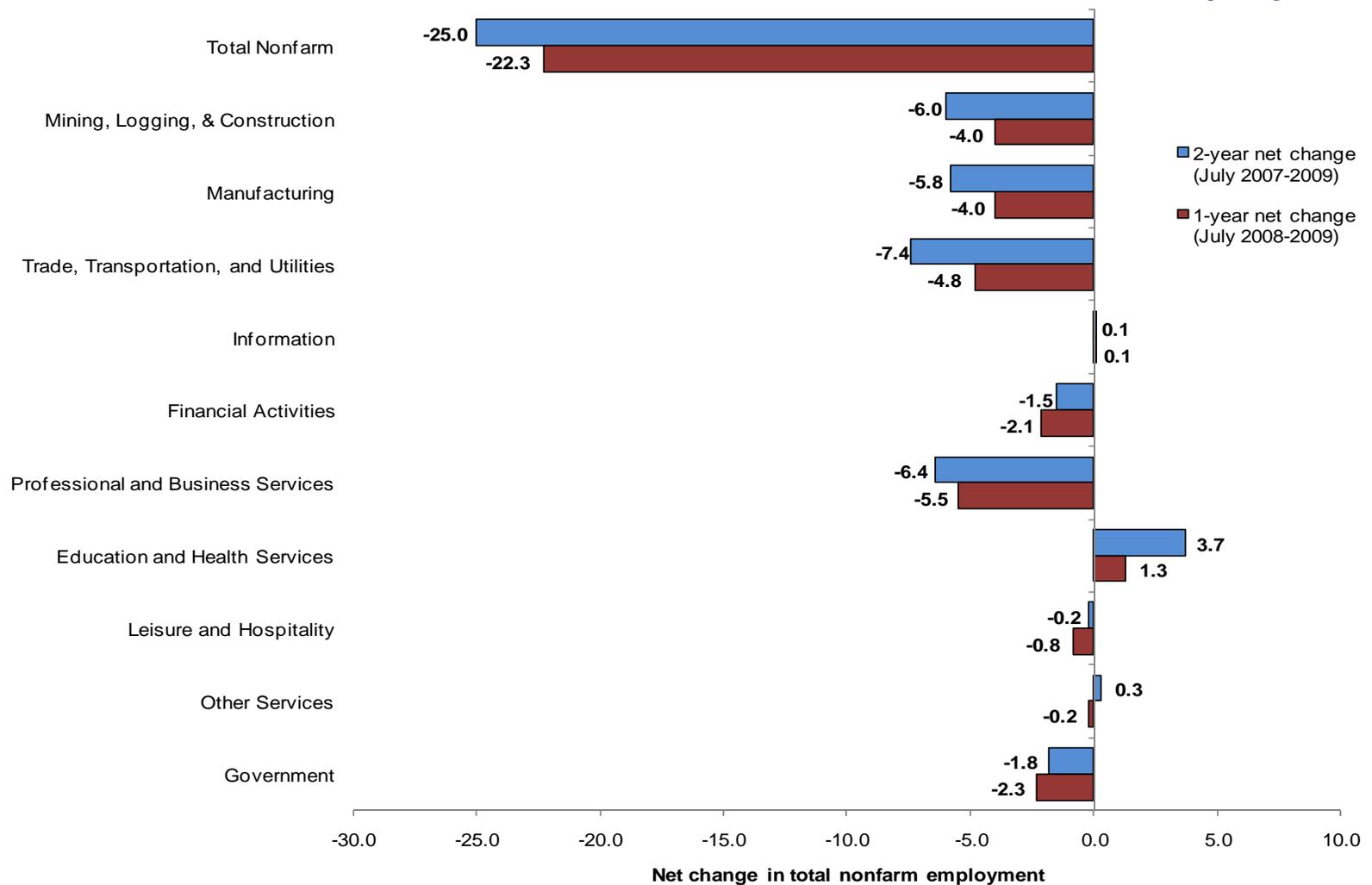
Percent change in total nonfarm employment in the United States and selected states

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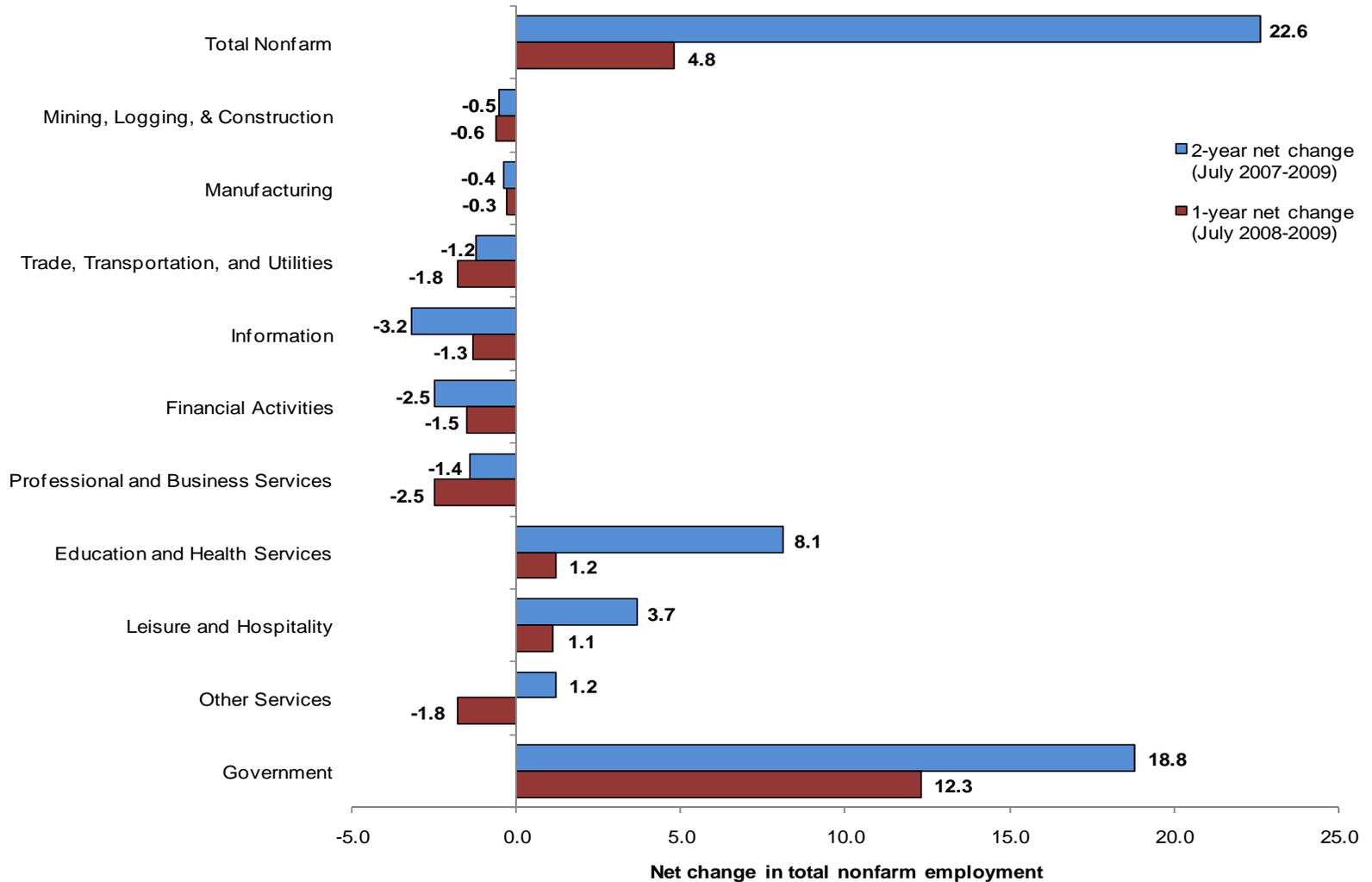
Net change in employment by major industry supersector in Delaware

Data are not seasonally adjusted



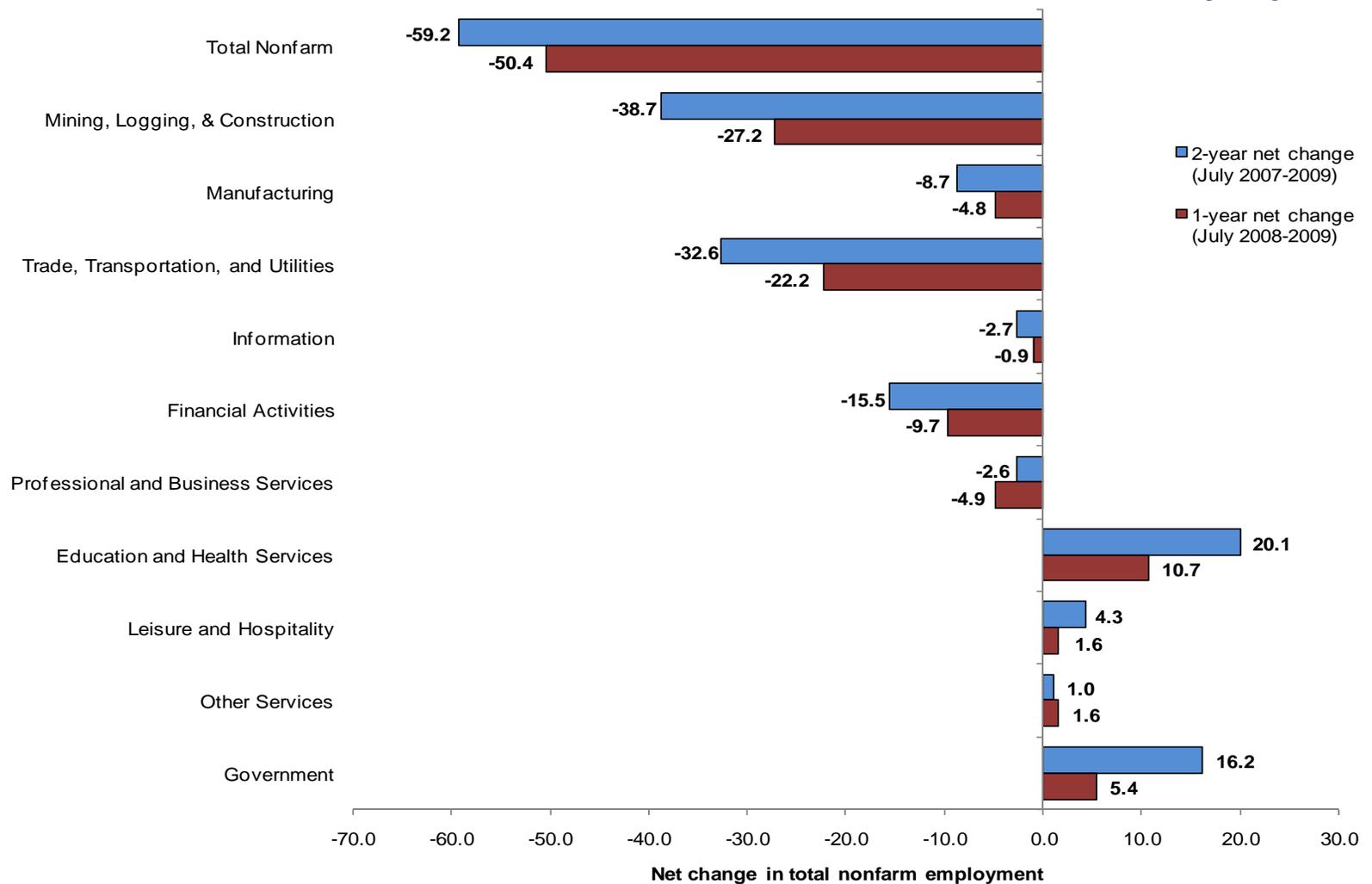
Net change in employment by major industry supersector in the District of Columbia

Data are not seasonally adjusted



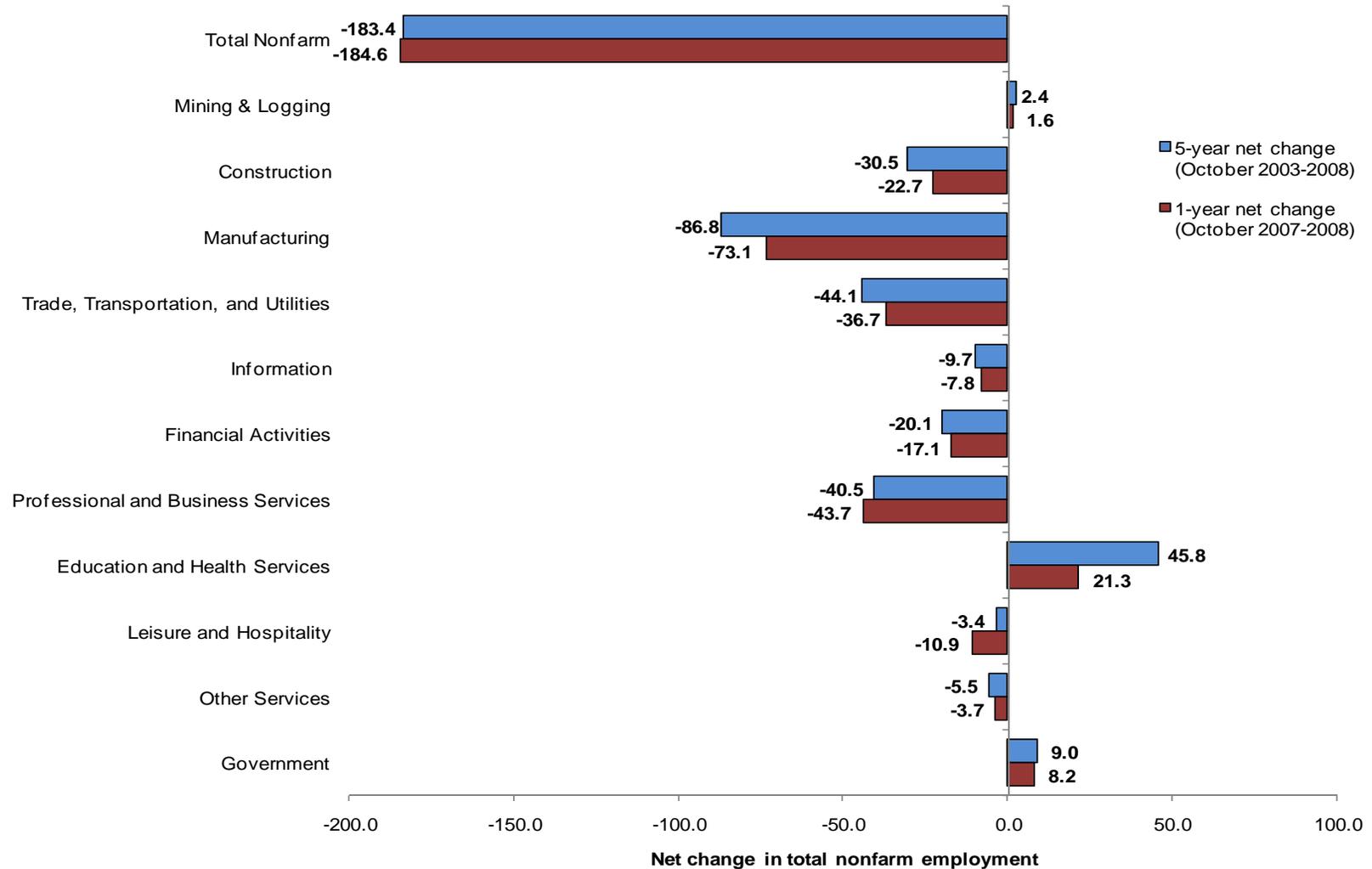
Net change in employment by major industry supersector in Maryland

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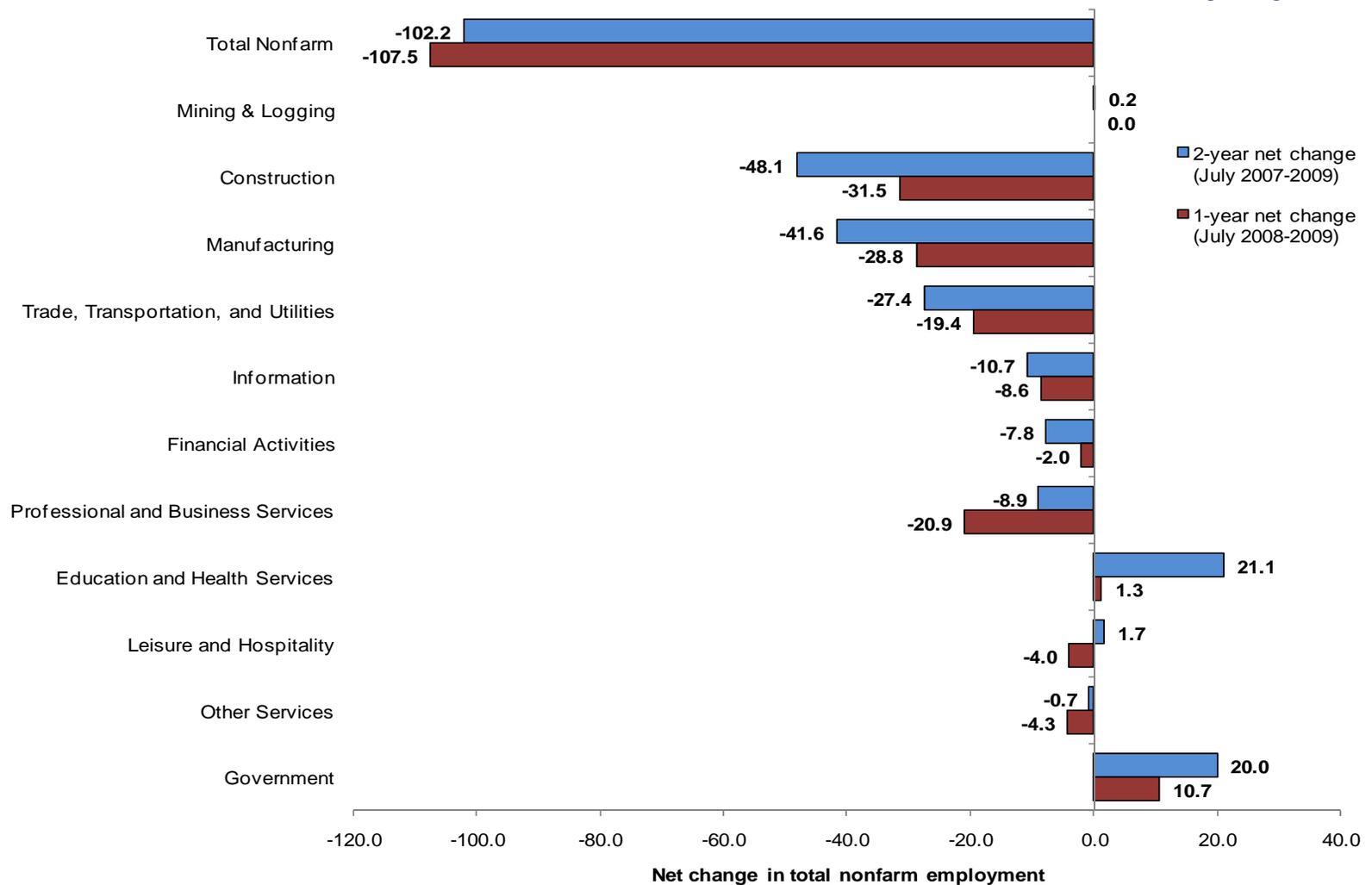
Net change in employment by major industry supersector in Pennsylvania

Data are not seasonally adjusted



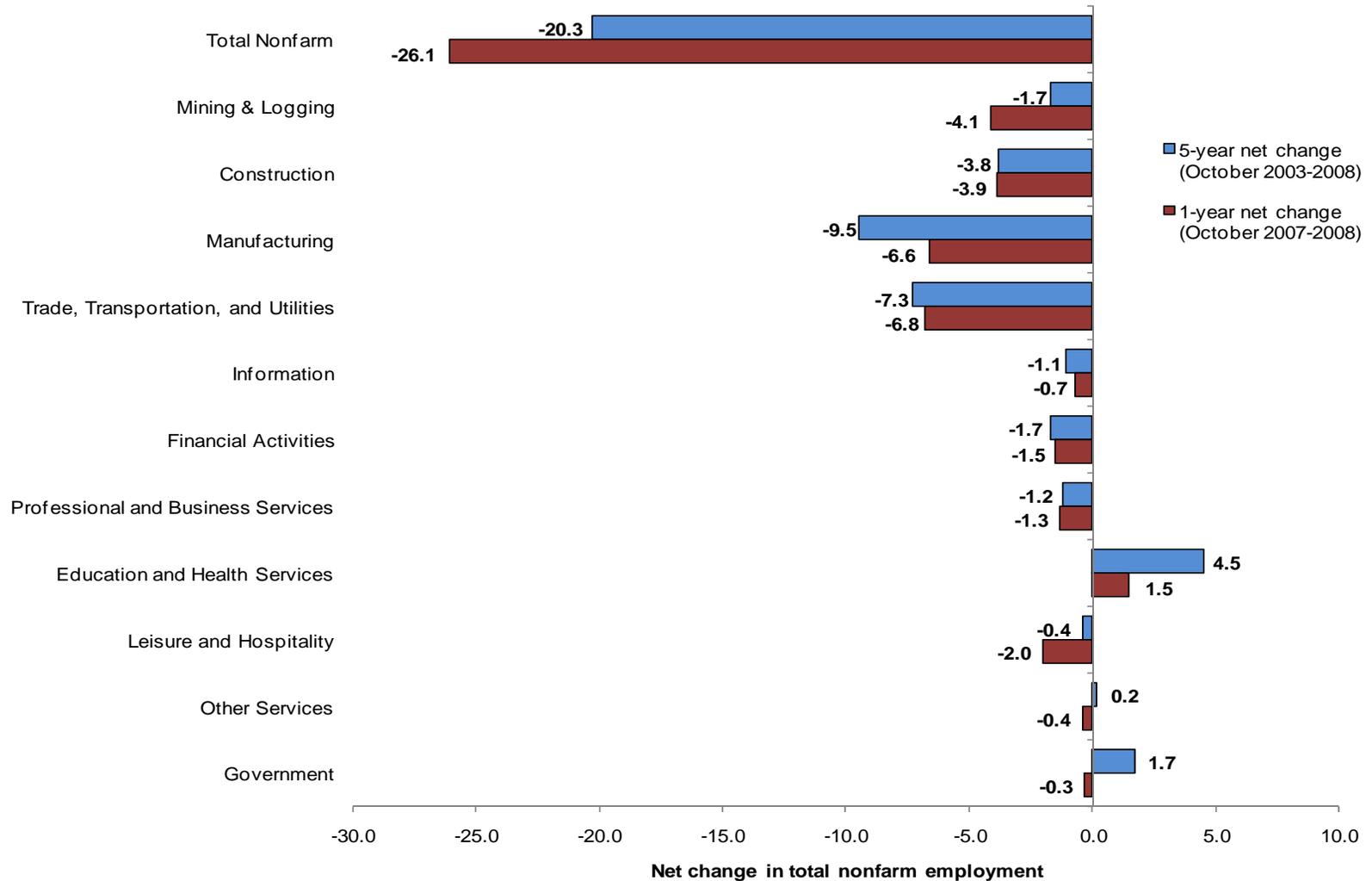
Net change in employment by major industry supersector in Virginia

Data are not seasonally adjusted



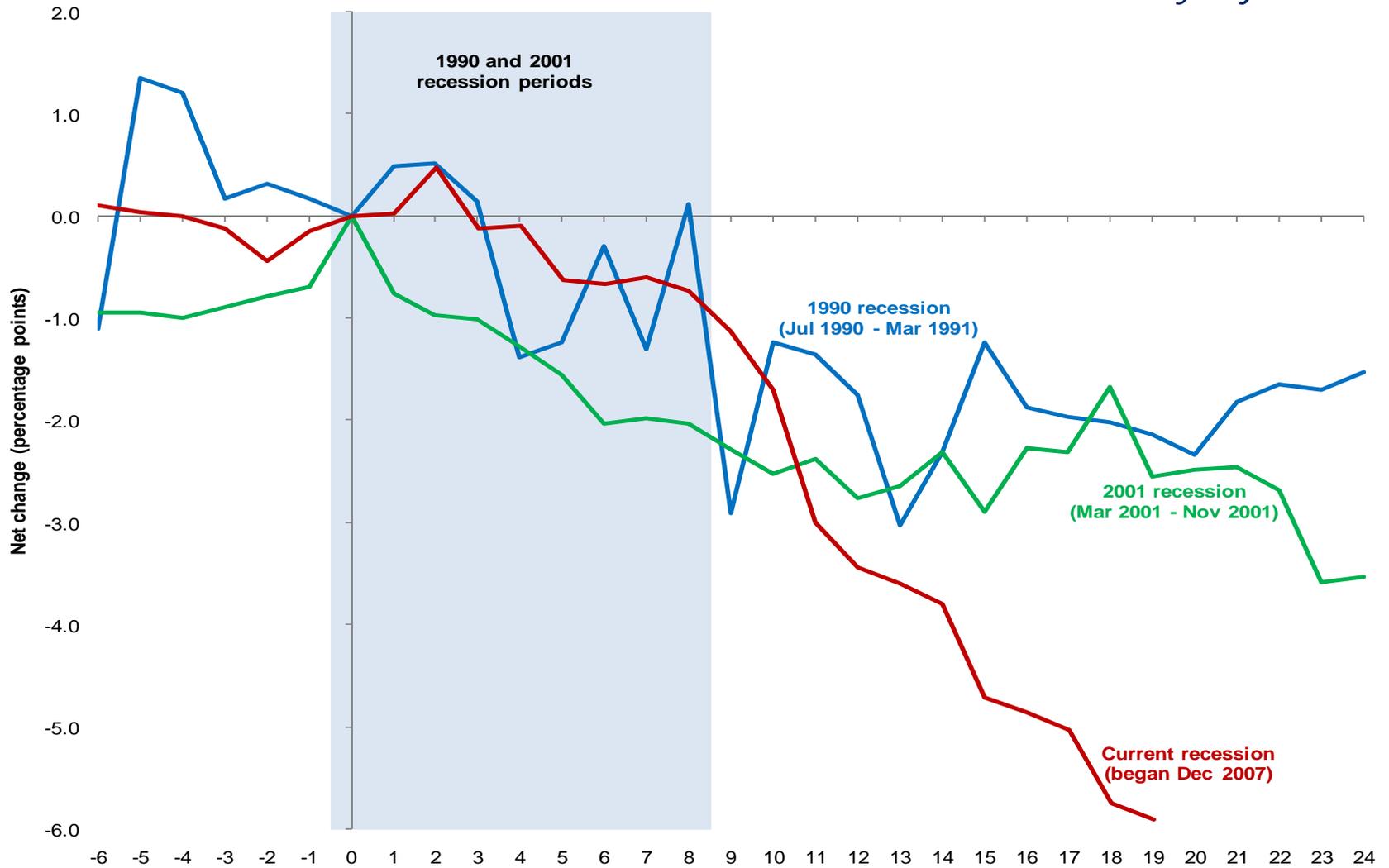
Net change in employment by major industry supersector in West Virginia

Data are not seasonally adjusted



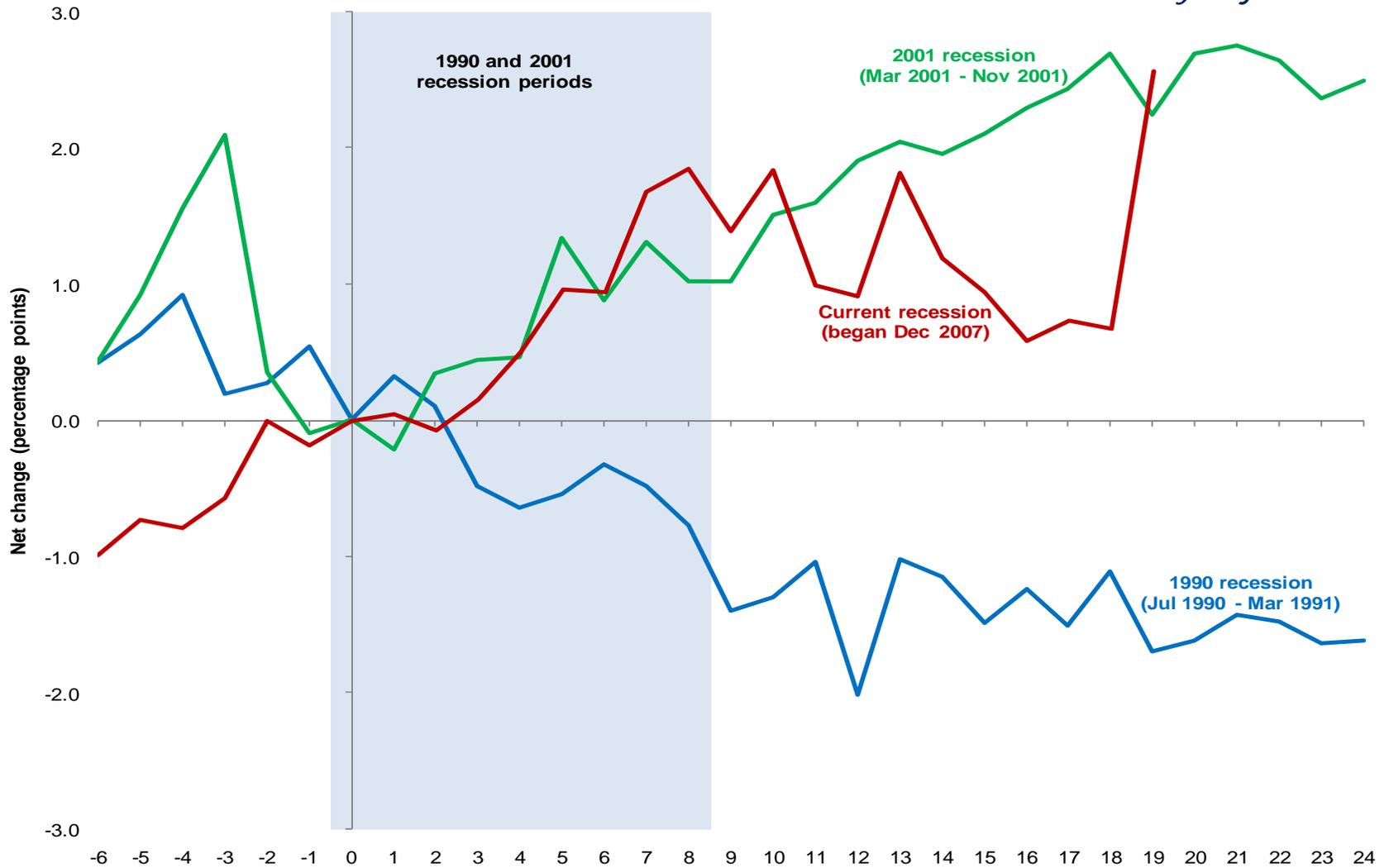
Percent change in total nonfarm employment in Delaware, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



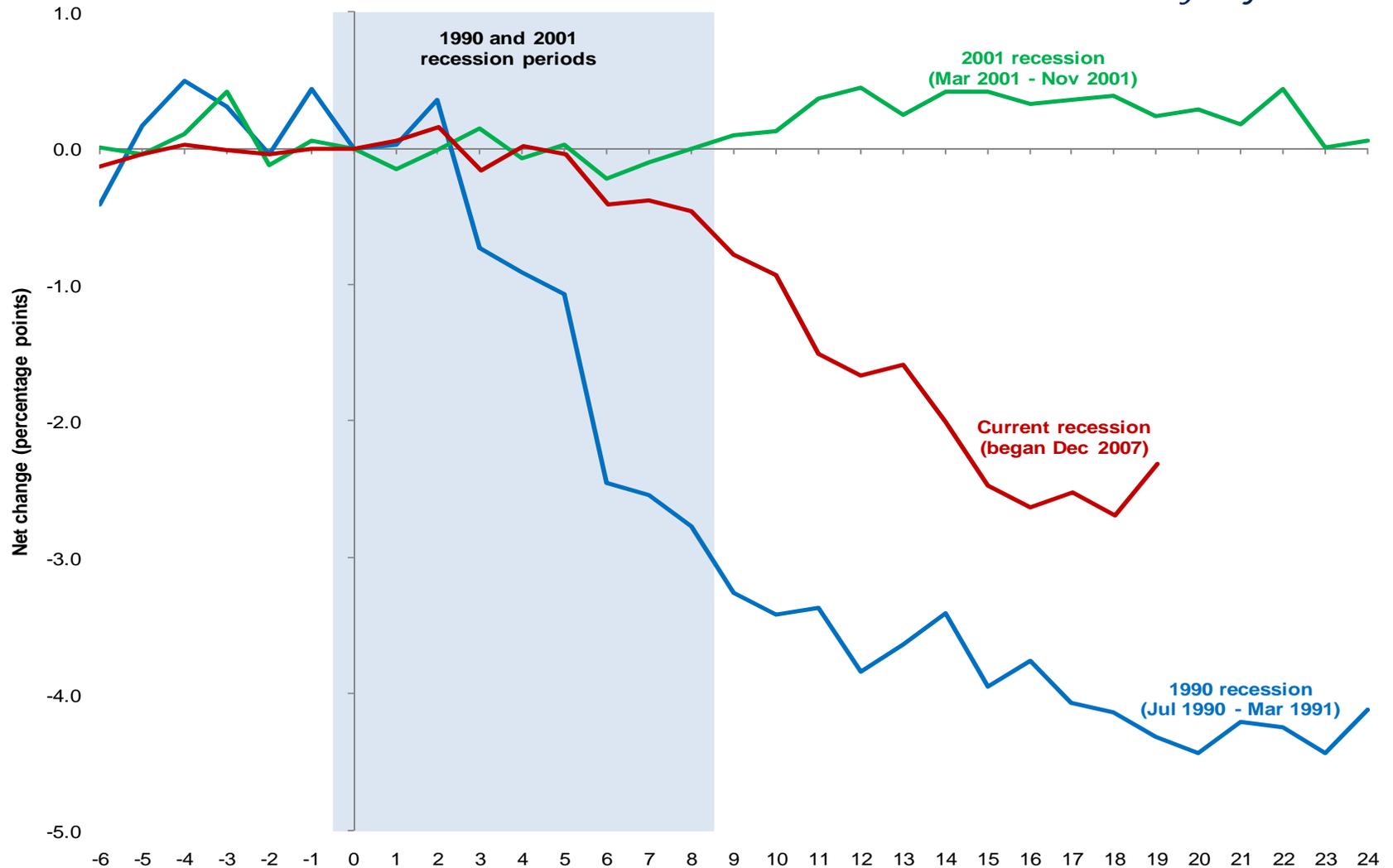
Percent change in total nonfarm employment in the District of Columbia, current vs. 1990-91 and 2001 recessions

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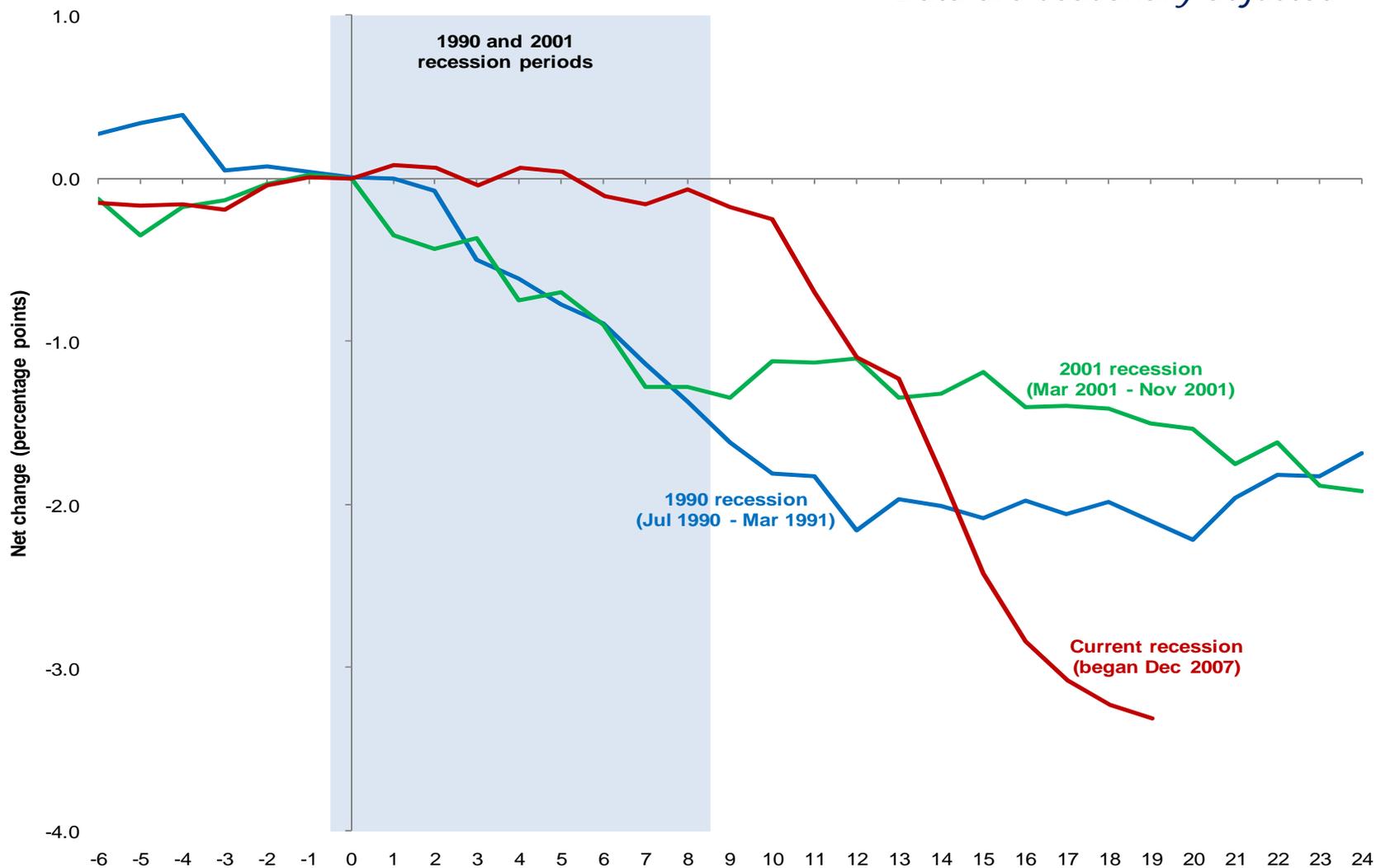
Percent change in total nonfarm employment in Maryland, current vs. 1990-91 and 2001 recessions

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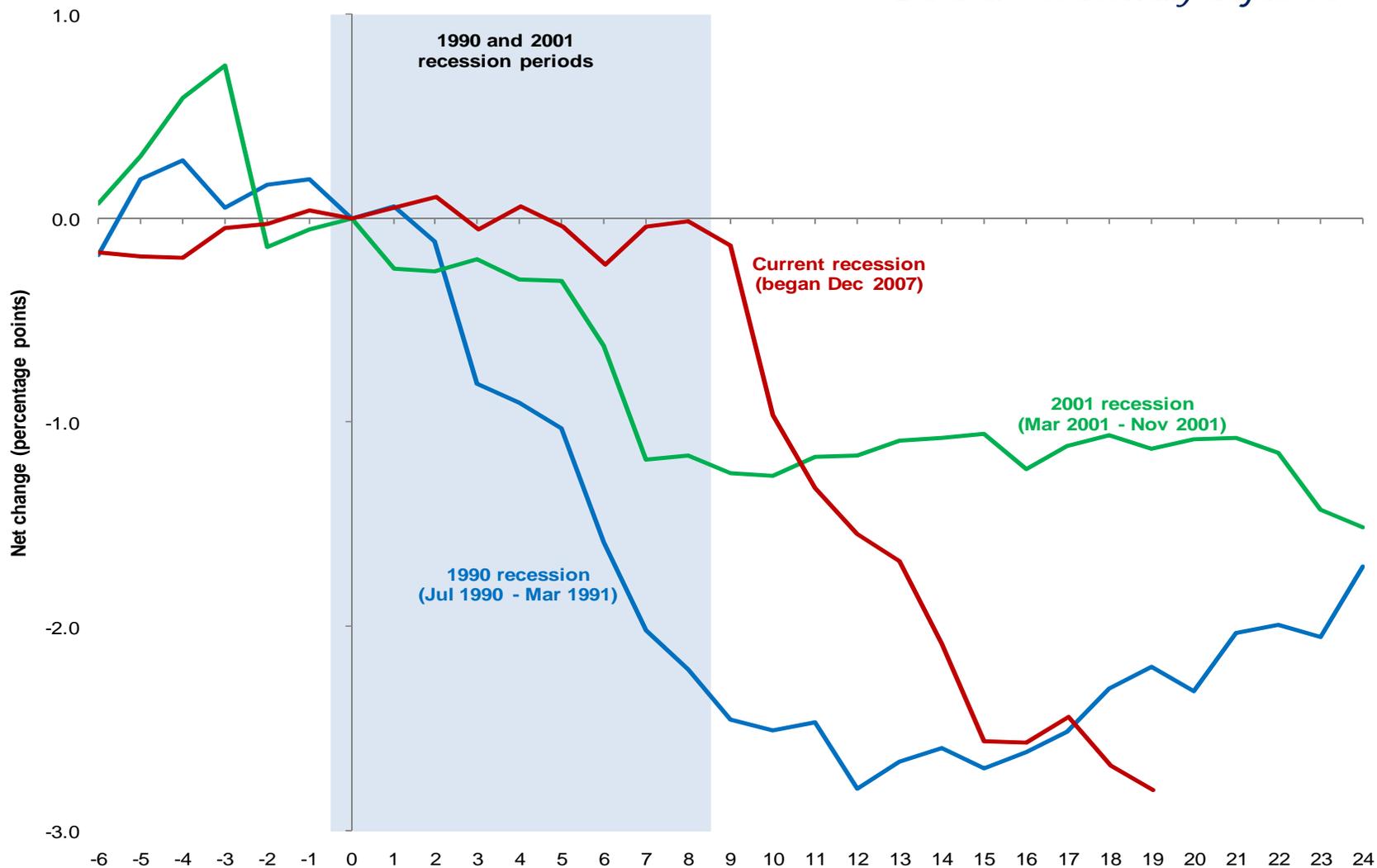
Percent change in total nonfarm employment in Pennsylvania, current vs. 1990-91 and 2001 recessions

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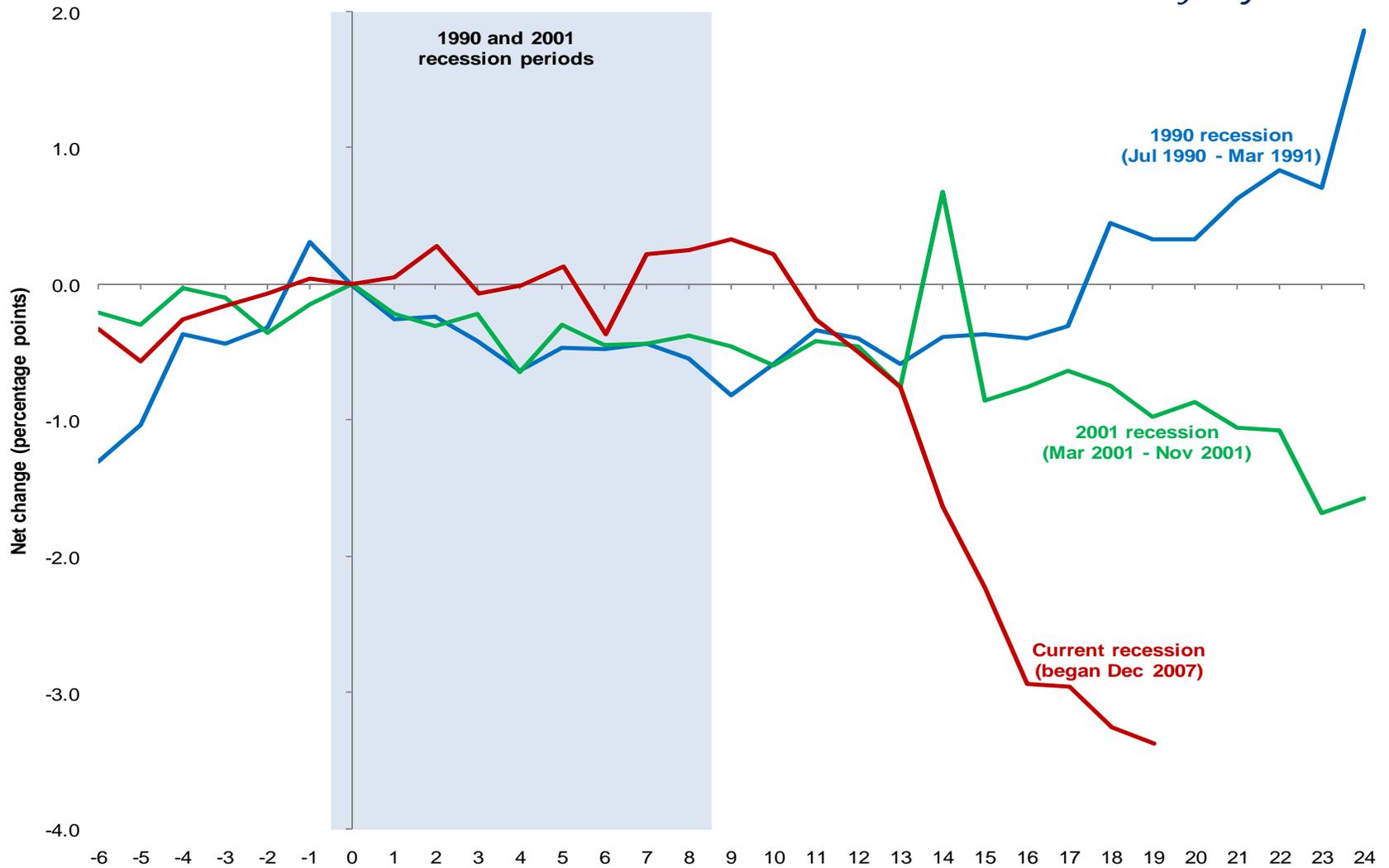
Percent change in total nonfarm employment in Virginia, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



Percent change in total nonfarm employment in West Virginia, current vs. 1990-91 and 2001 recessions

Data are seasonally adjusted



Establishment dynamics

- **Business Employment Dynamics (BED) are quarterly statistics on gross job gains and gross job losses.**
- **BED data tracks changes in employment at the establishment level due to opening, expanding, closing, and contracting businesses.**
- **These statistics help to provide a picture of the dynamics underlying aggregate net employment growth.**

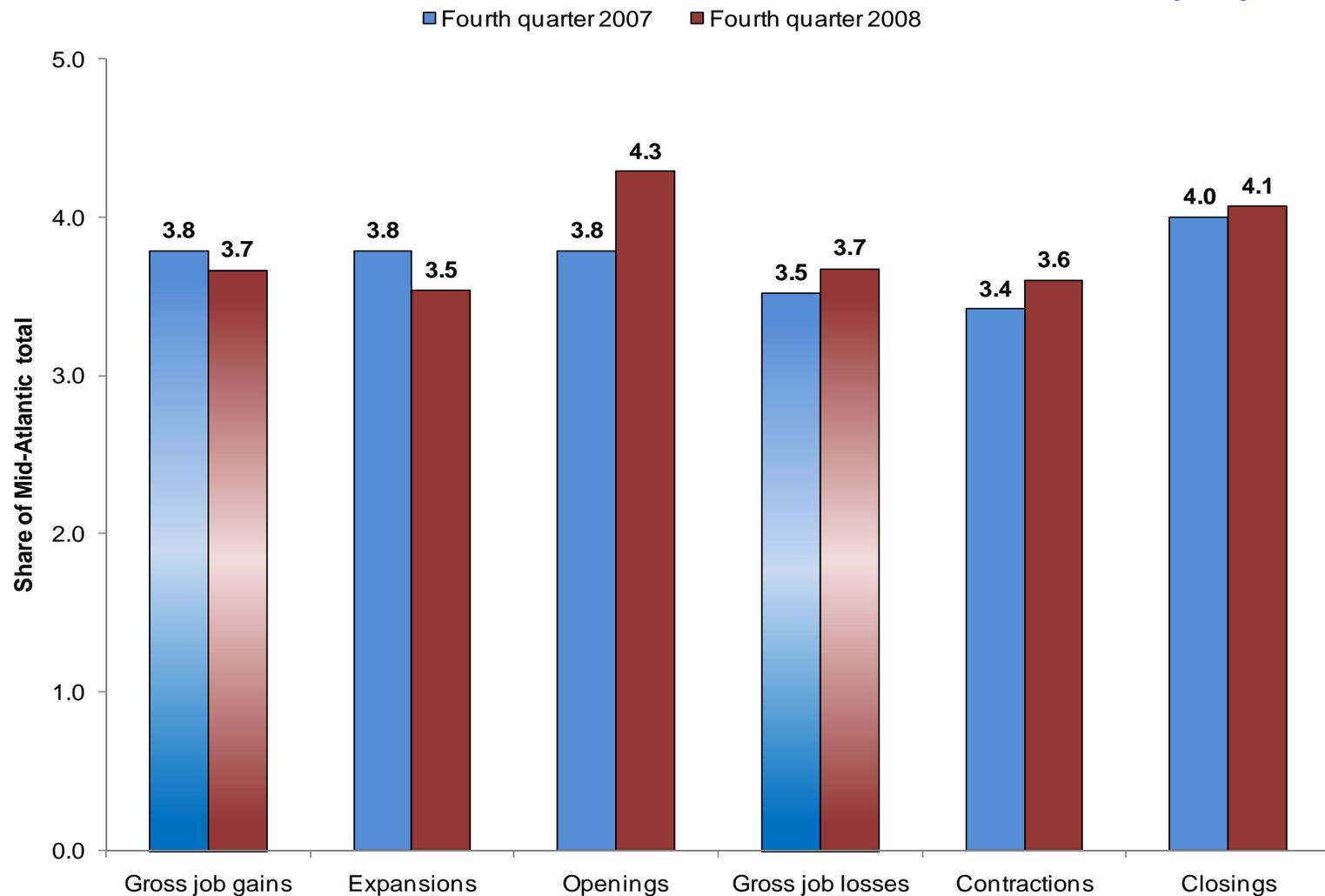
Employment changes by reason in the Mid-Atlantic states, fourth quarter 2008

Data are not seasonally adjusted

Area	Employment net change	Gross job gains			Gross job losses		
		Total	Expansions	Openings	Total	Contractions	Closings
Delaware	-4,673	23,380	18,744	4,636	28,053	22,993	5,060
District of Columbia	-3,628	25,093	20,068	5,025	28,721	24,276	4,445
Maryland	-27,487	126,536	101,967	24,569	154,023	126,048	27,975
Pennsylvania	-50,532	254,324	218,542	35,782	304,856	257,778	47,078
Virginia	-34,974	171,933	139,329	32,604	206,907	173,489	33,418
West Virginia	-3,989	36,101	30,641	5,460	40,090	33,692	6,398

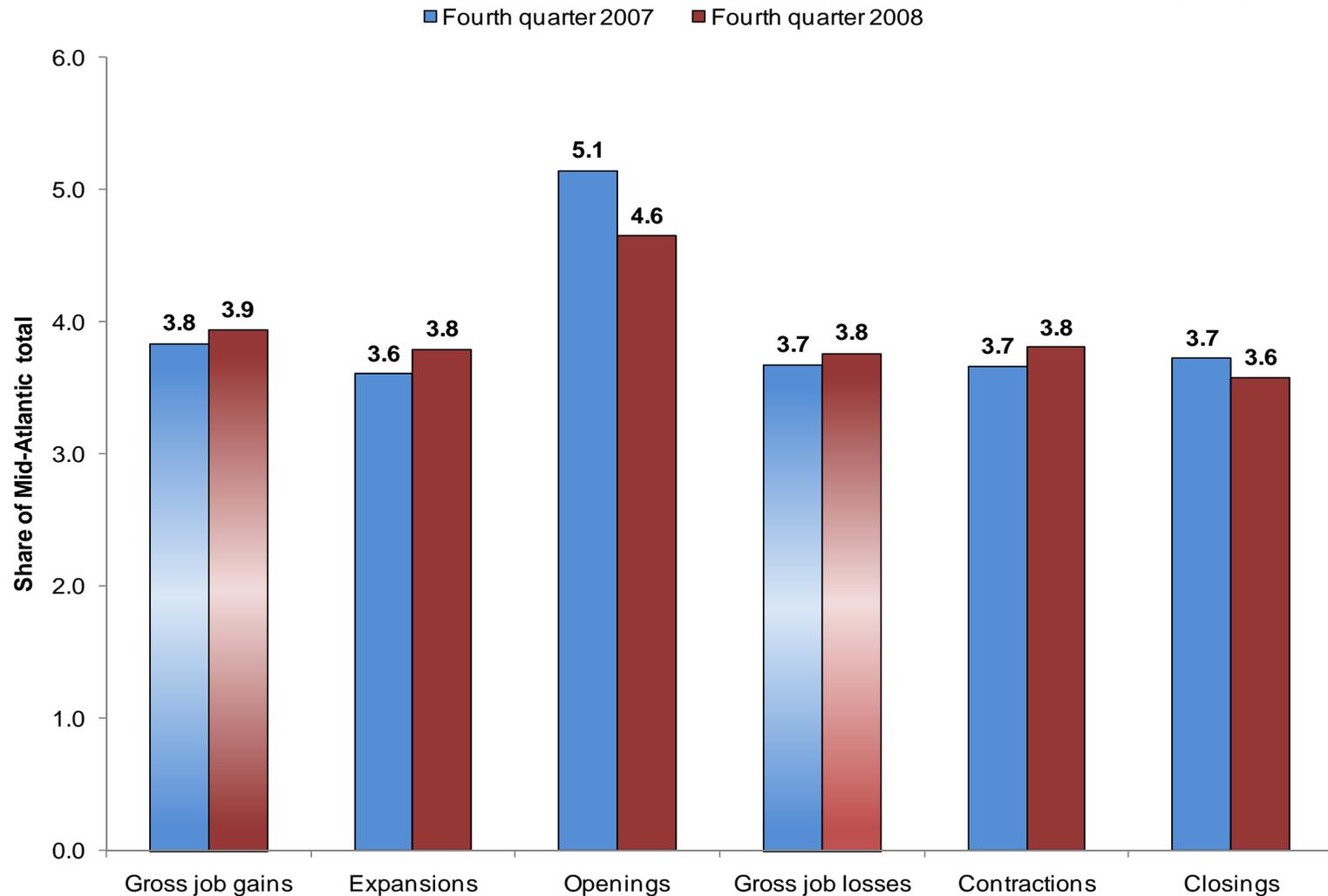
Percent of total quarterly Mid-Atlantic employment changes in Delaware

Data are not seasonally adjusted



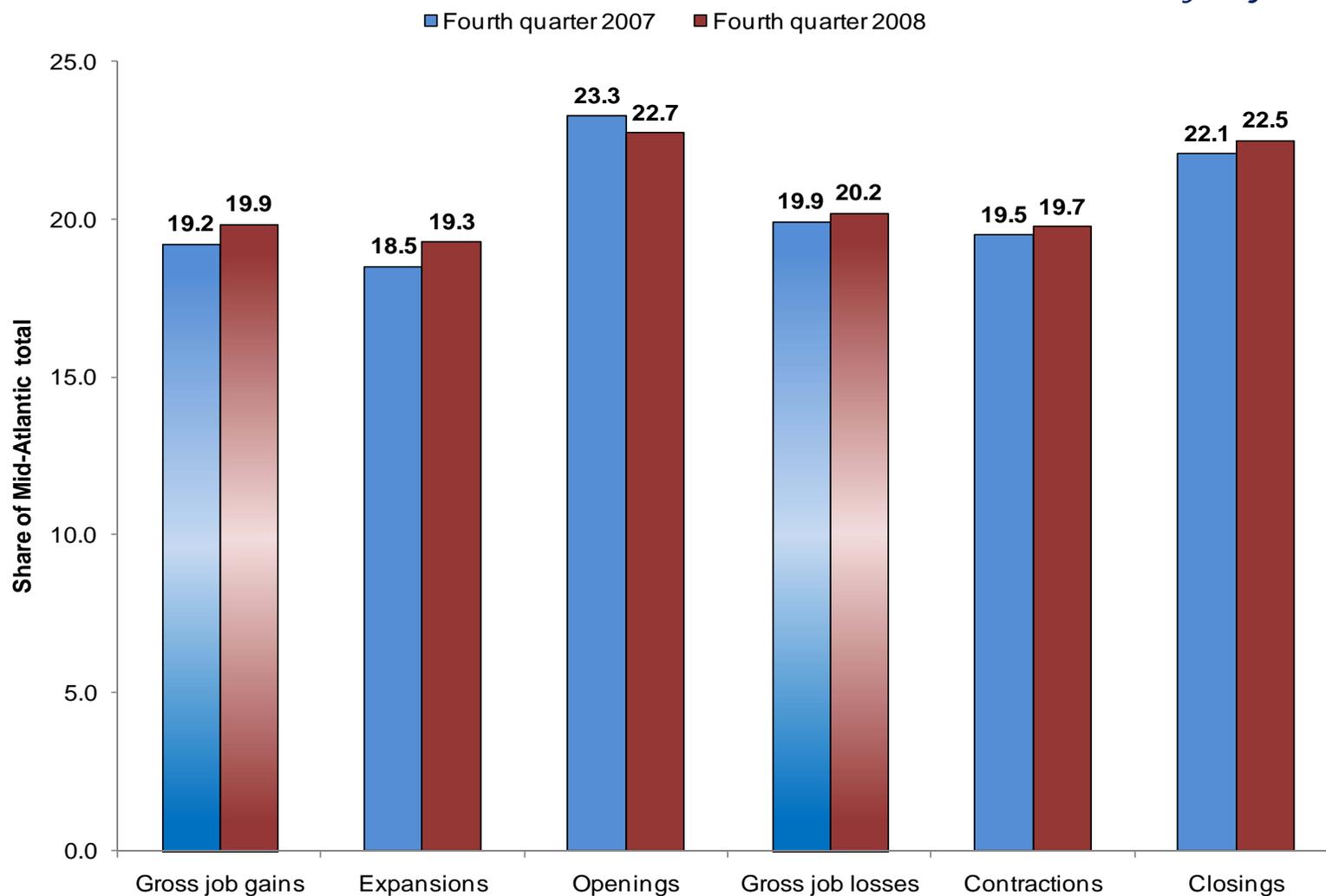
Percent of total quarterly Mid-Atlantic employment changes in District of Columbia

Data are not seasonally adjusted



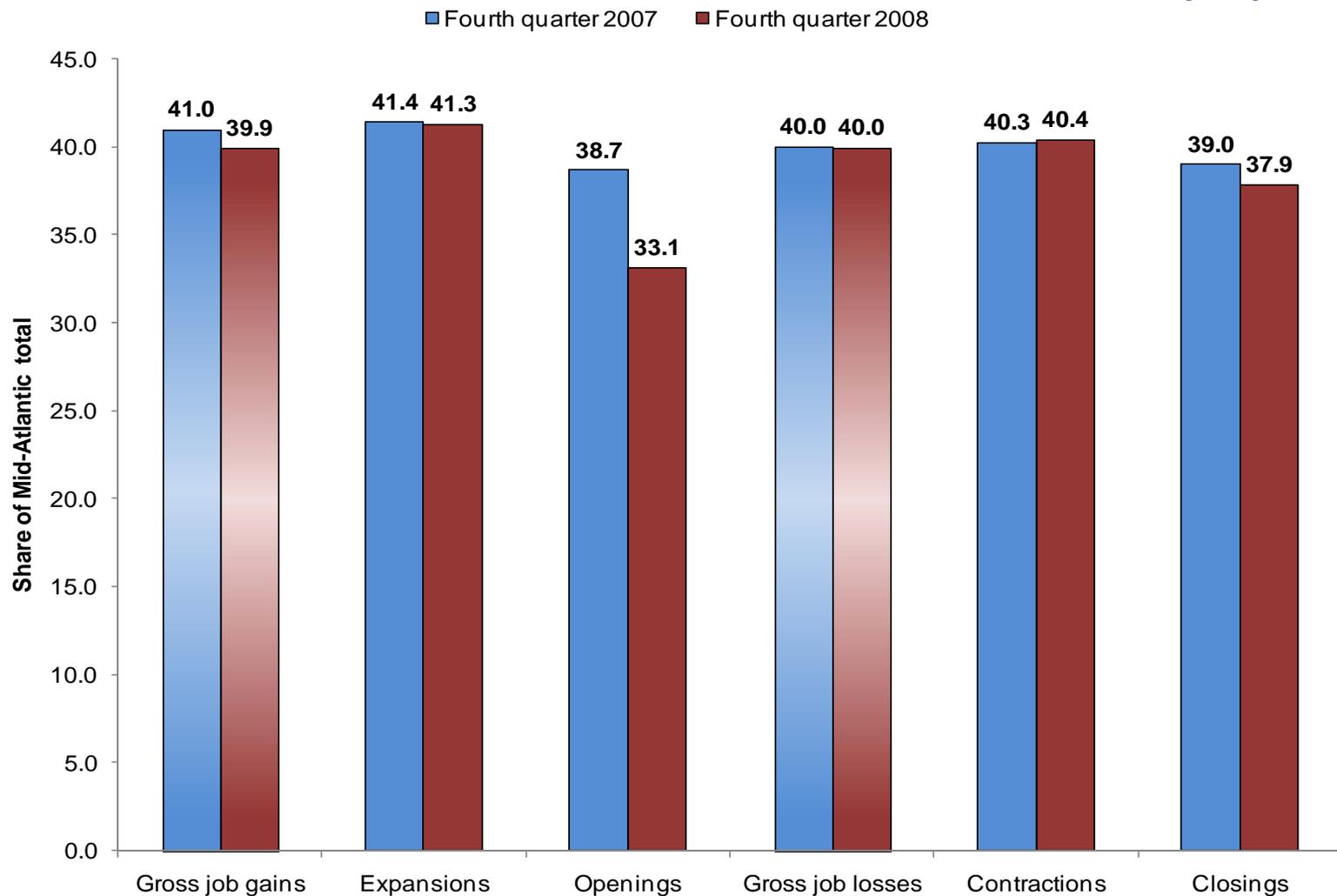
Percent of total quarterly Mid-Atlantic employment changes in Maryland

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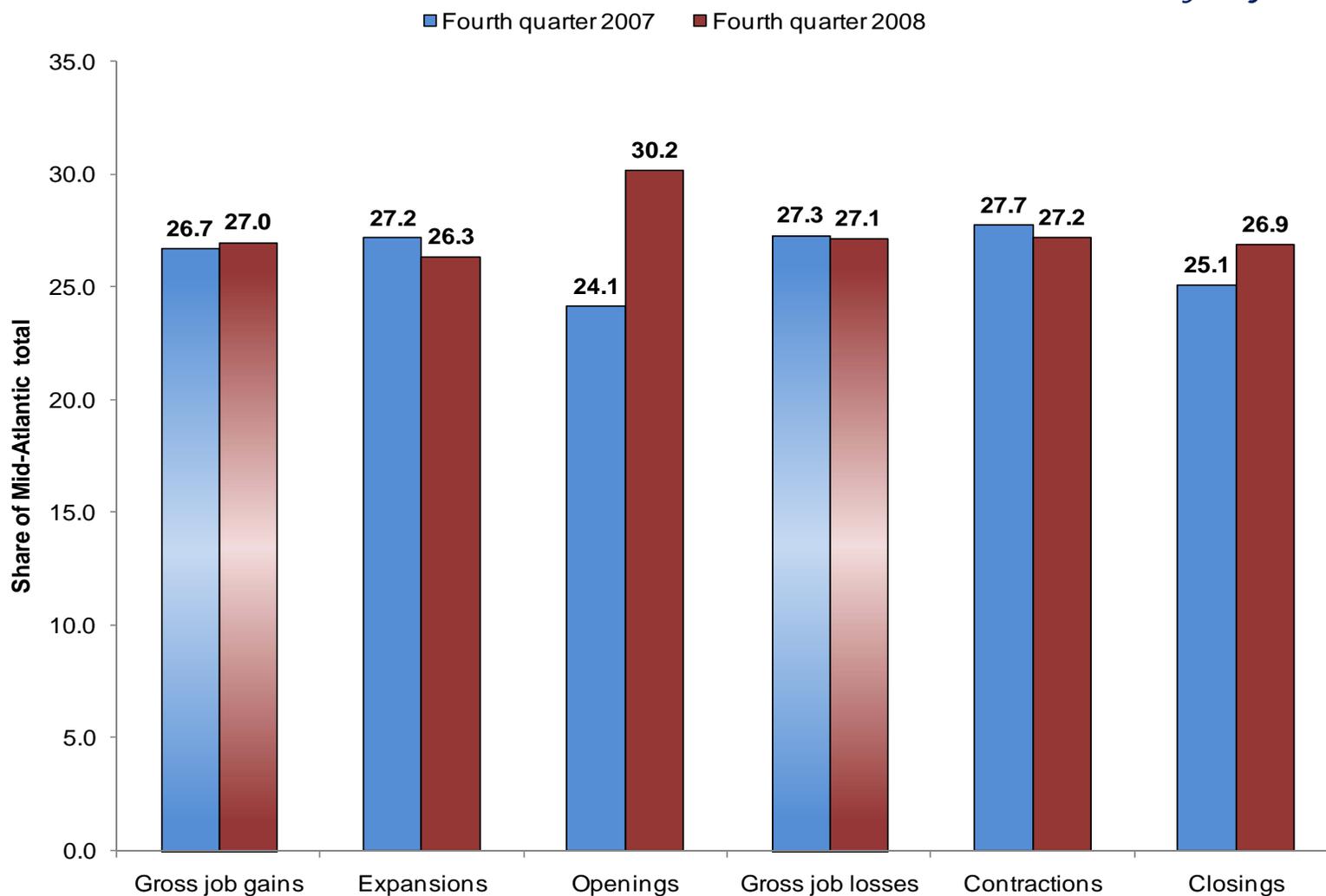
Percent of total quarterly Mid-Atlantic employment changes in Pennsylvania

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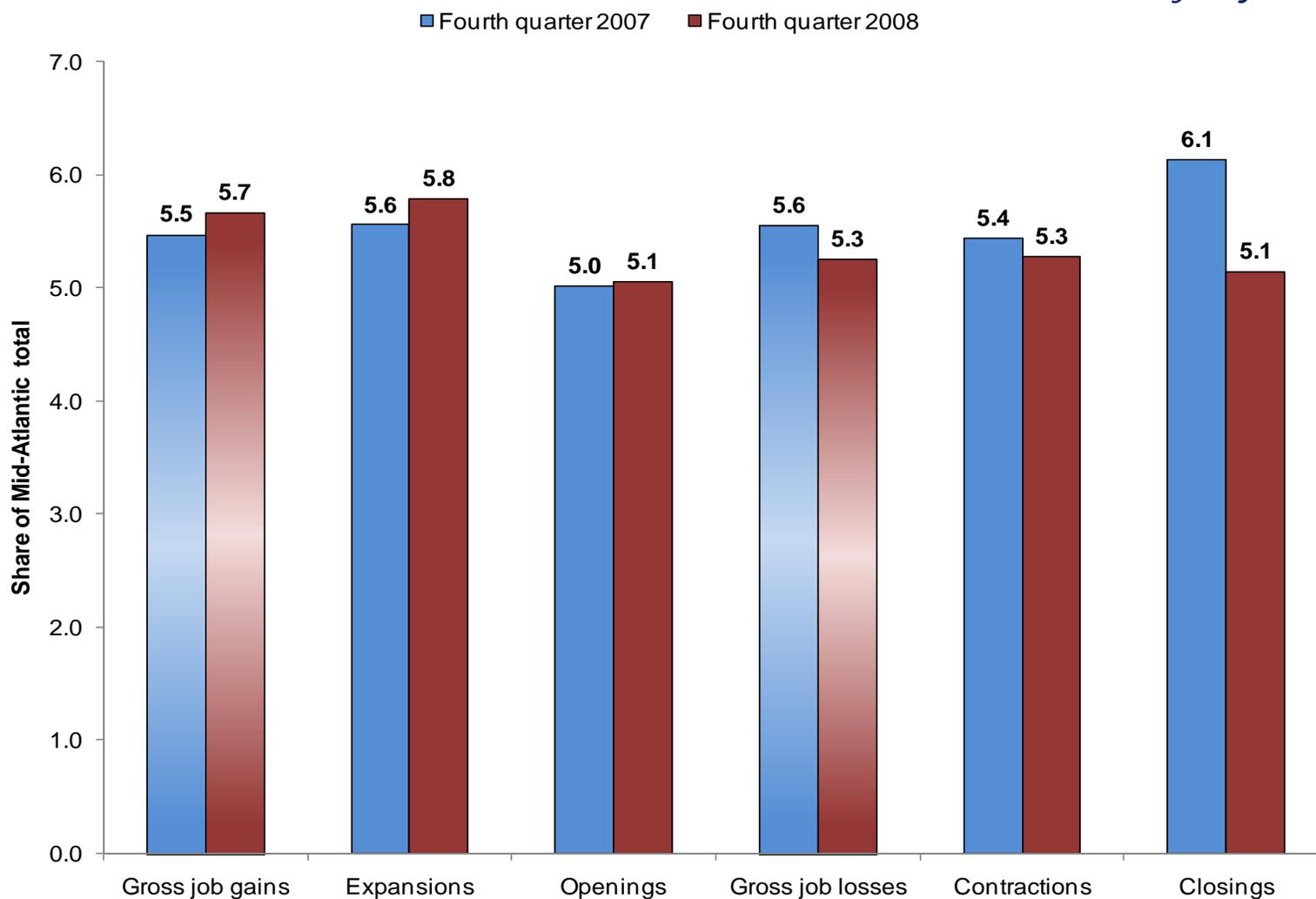
Percent of total quarterly Mid-Atlantic employment changes in Virginia

Data are not seasonally adjusted



Percent of total quarterly Mid-Atlantic employment changes in West Virginia

Data are not seasonally adjusted



Mid-Atlantic Information Office

- Economic Analysis & Information
215-597-DATA (597-3282)
- Mid-Atlantic Information Office Web site
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