

BUREAU OF LABOR STATISTICS

State of the Economy in the Mid-Atlantic States

by Gerald Perrins
Regional Economist



12/4/2008

Bureau of Labor Statistics, Mid-Atlantic Information Office, 215-597-3282



Areas of analysis

- ❖ **Employment in total nonfarm and supersectors**
- ❖ **Establishments by size classes**
- ❖ **Unemployment rates**
- ❖ **Compensation trends**
- ❖ **Average prices**
- ❖ **Defining a recession**

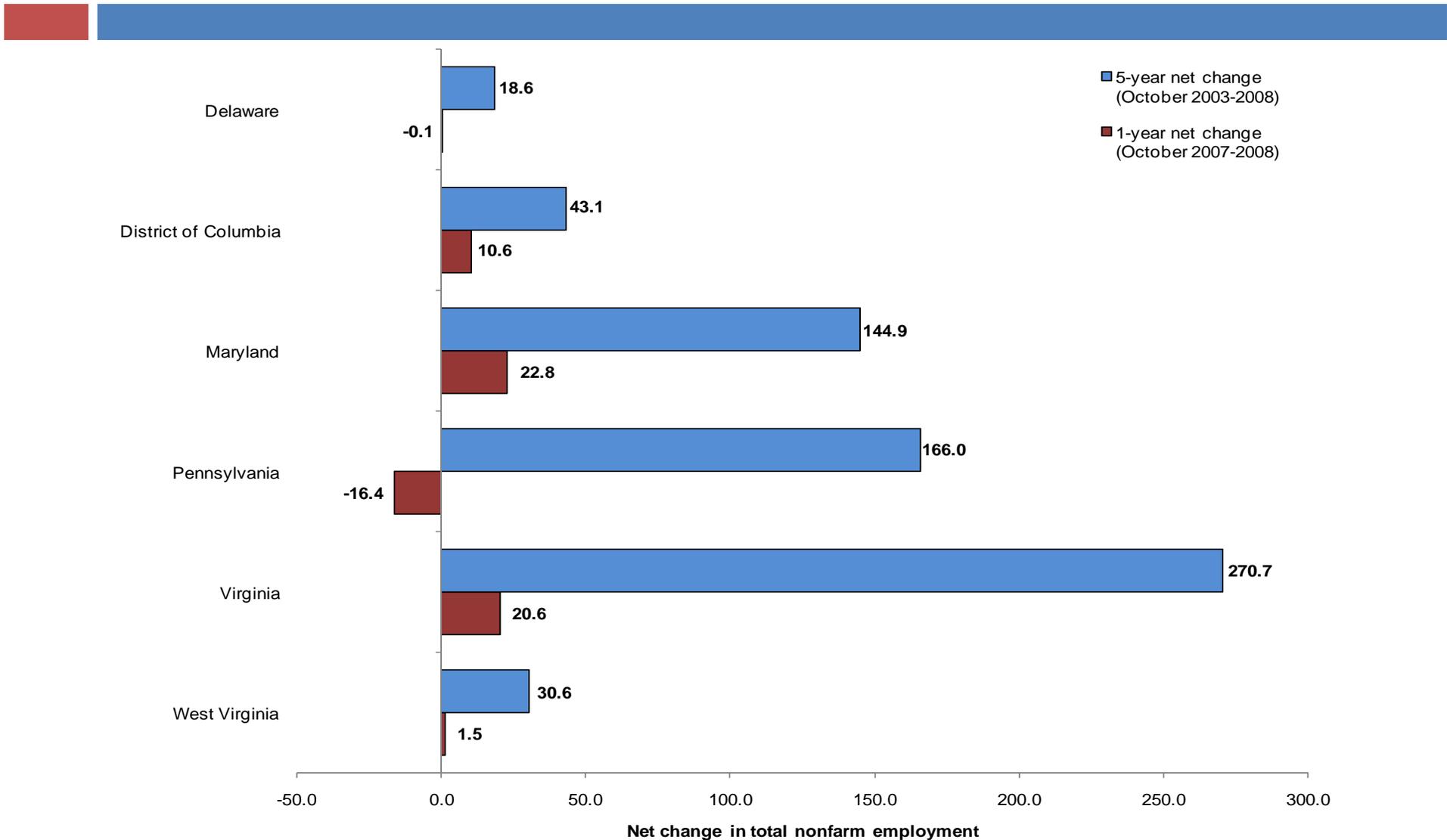


Employment in total nonfarm and supersectors

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

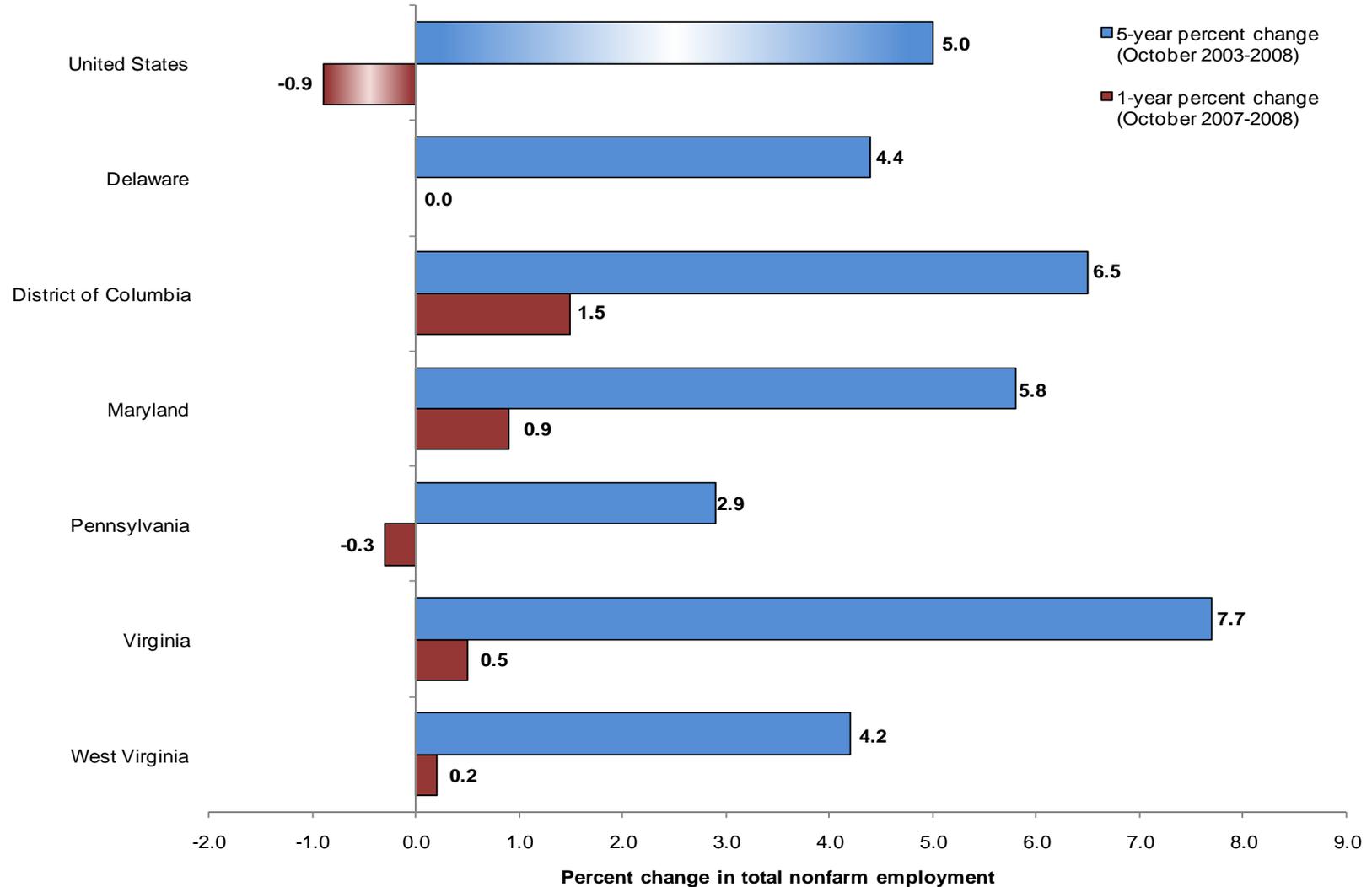


Net change in total nonfarm employment in selected states



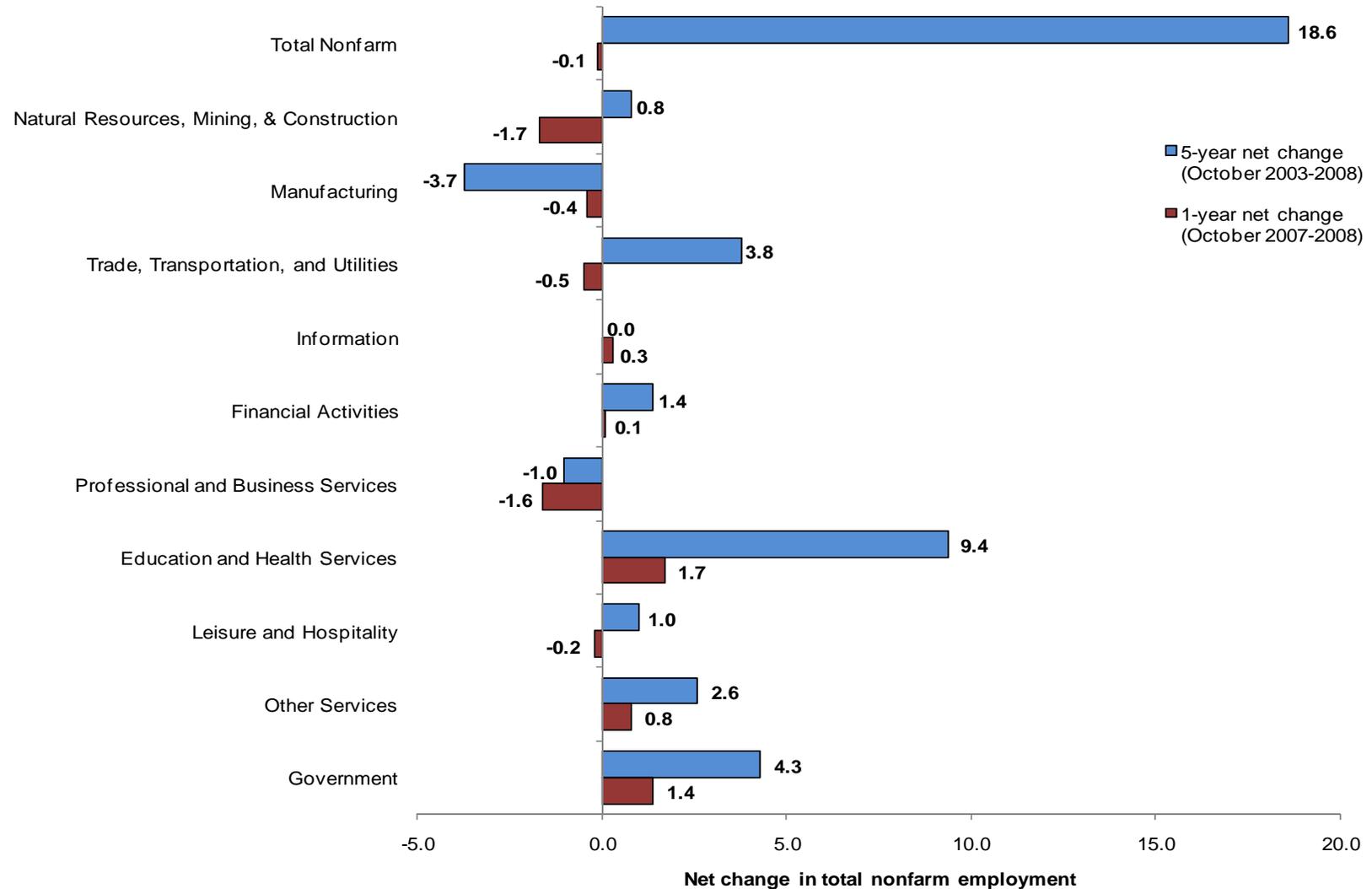


Percent change in total nonfarm employment in the United States and selected states



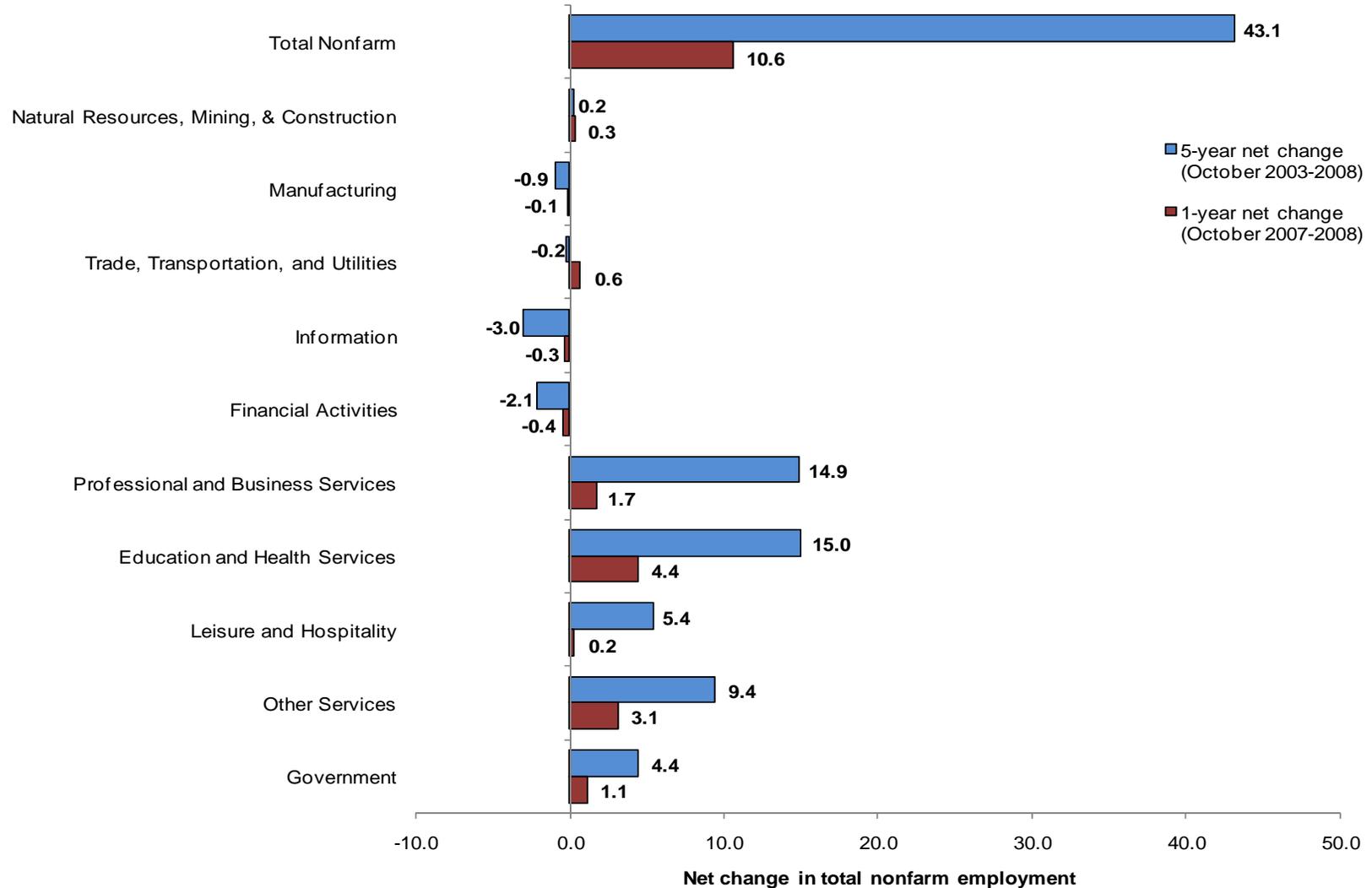


Net change in employment by major industry supersector in Delaware



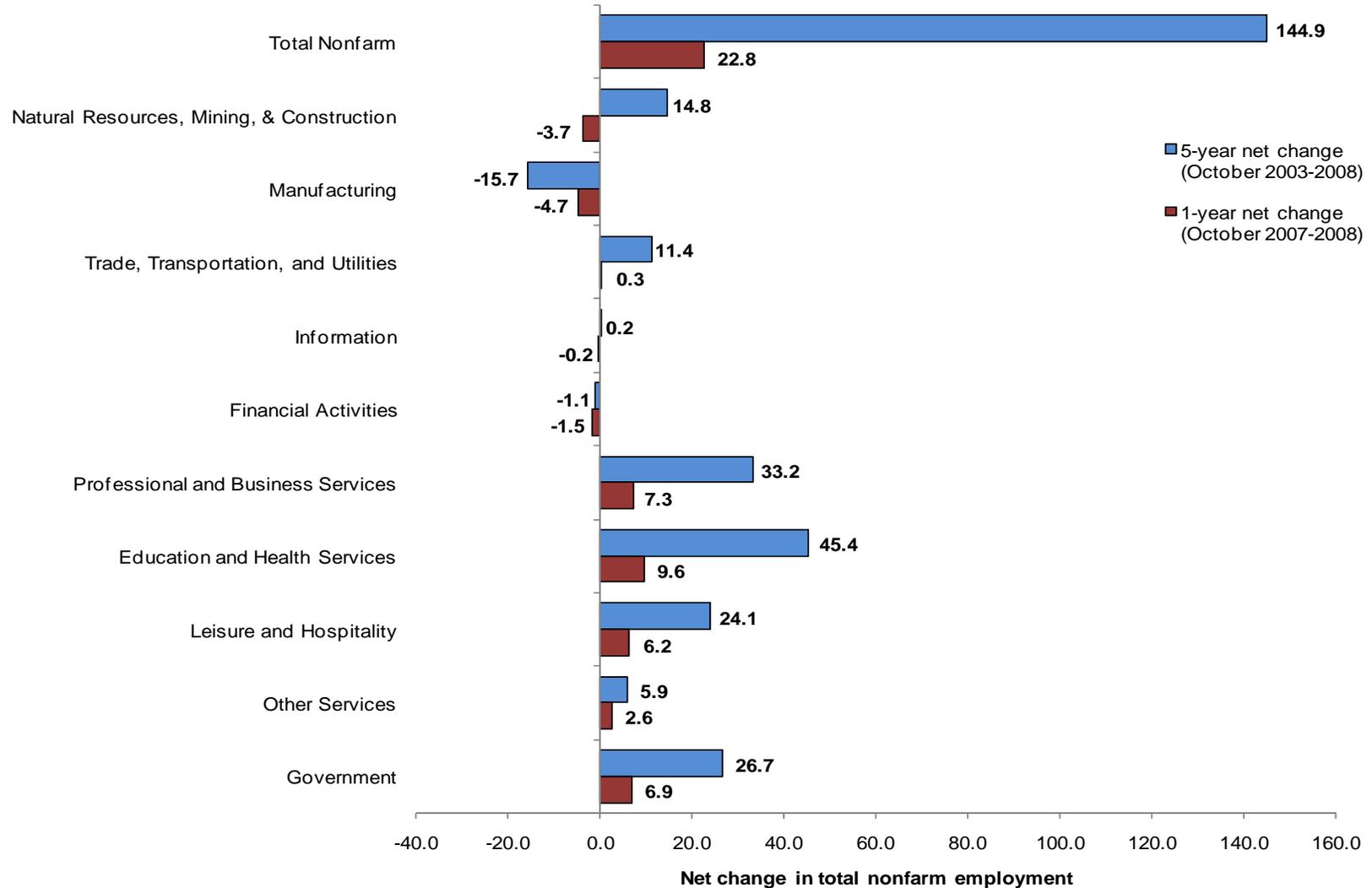


Net change in employment by major industry supersector in the District of Columbia



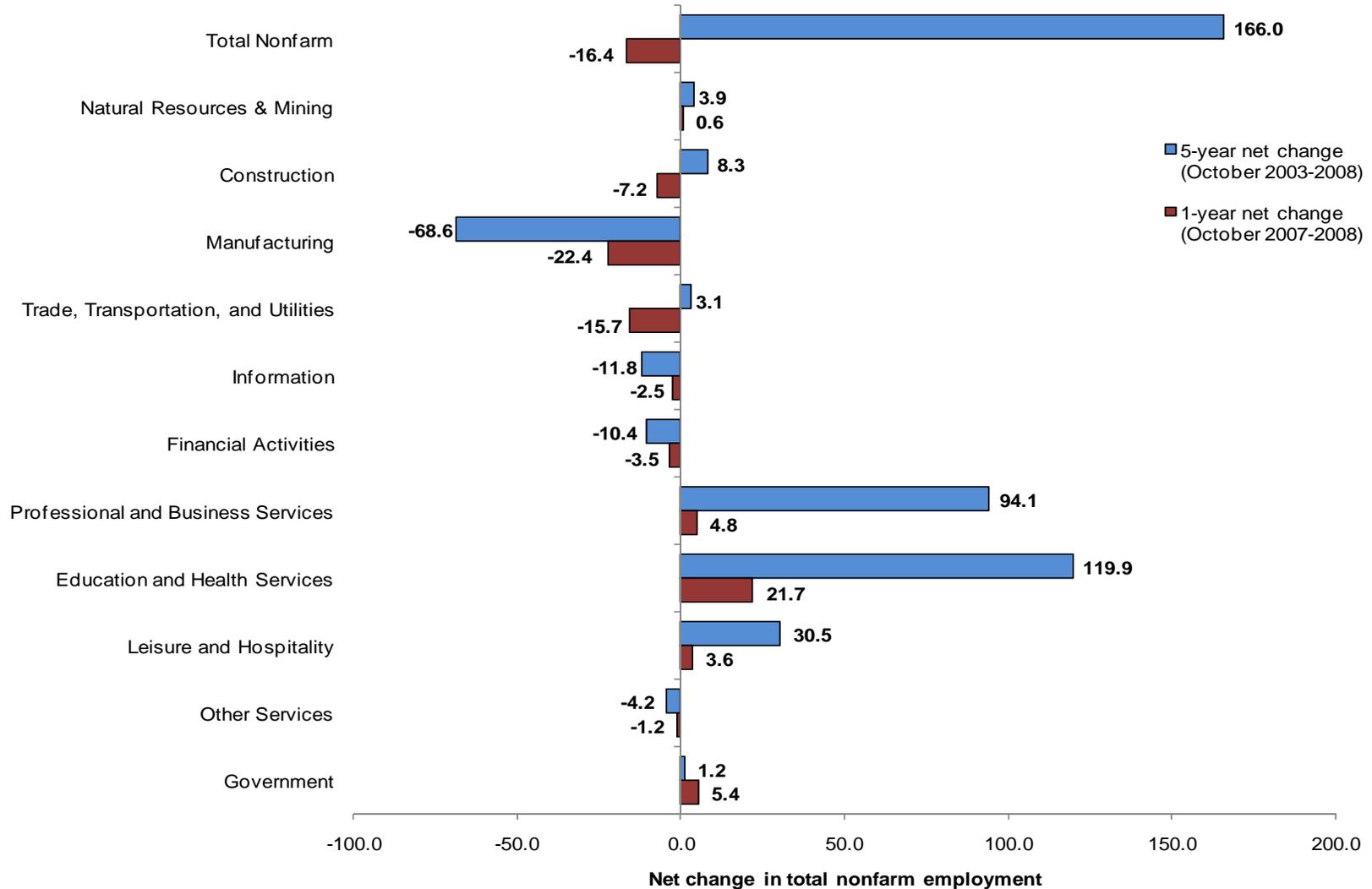


Net change in employment by major industry supersector in Maryland



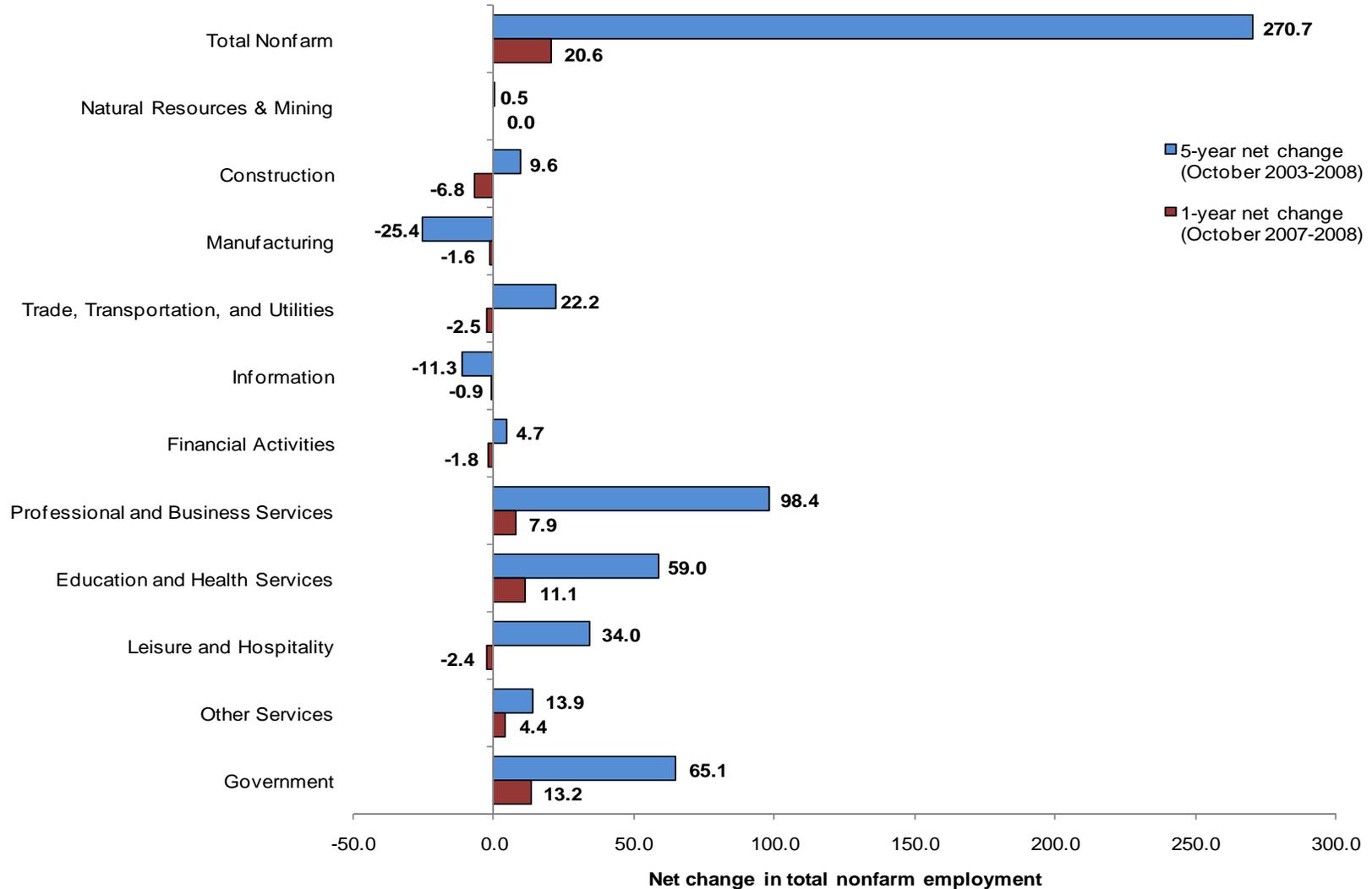


Net change in employment by major industry supersector in Pennsylvania



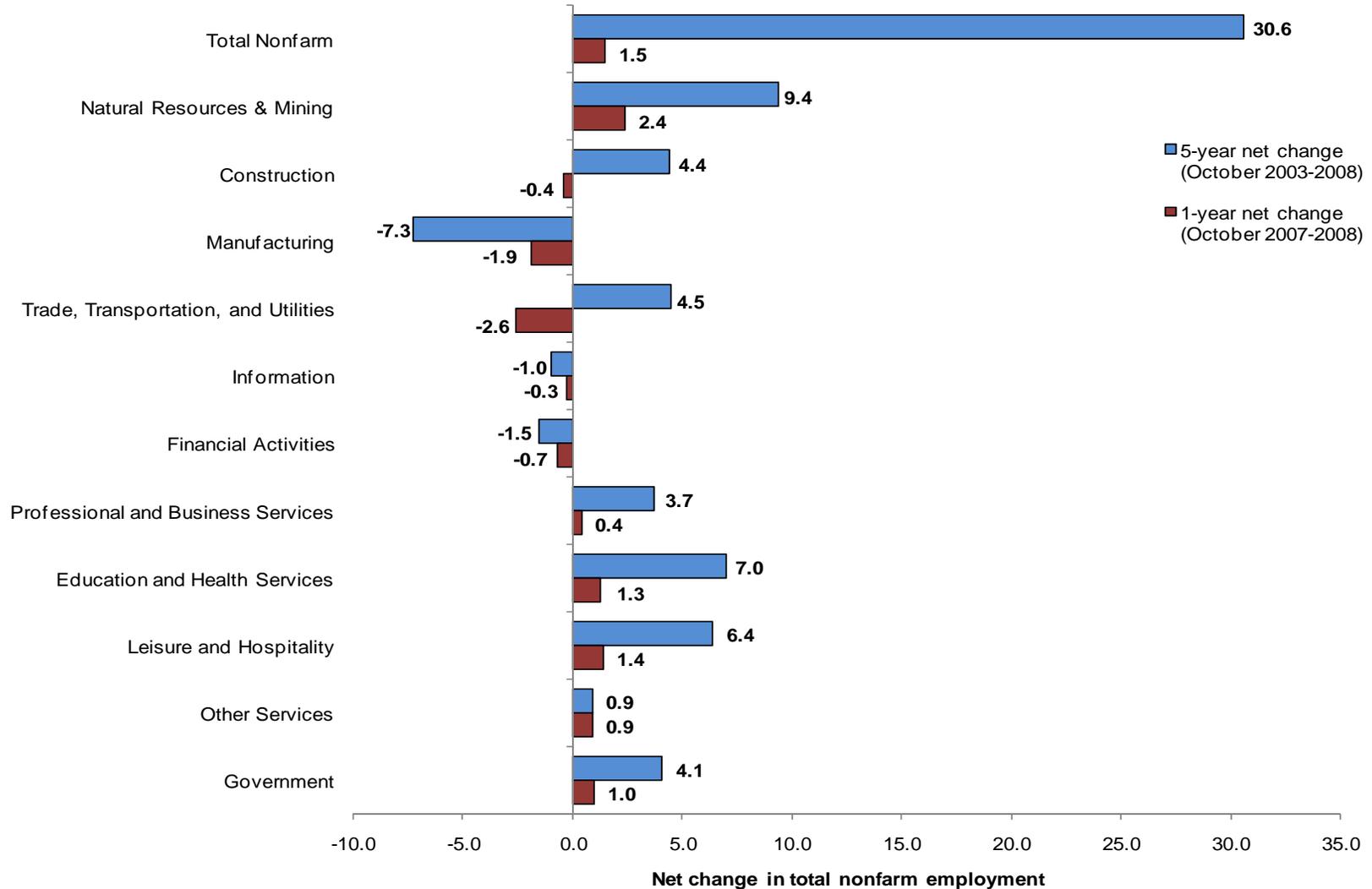


Net change in employment by major industry supersector in Virginia





Net change in employment by major industry supersector in West Virginia



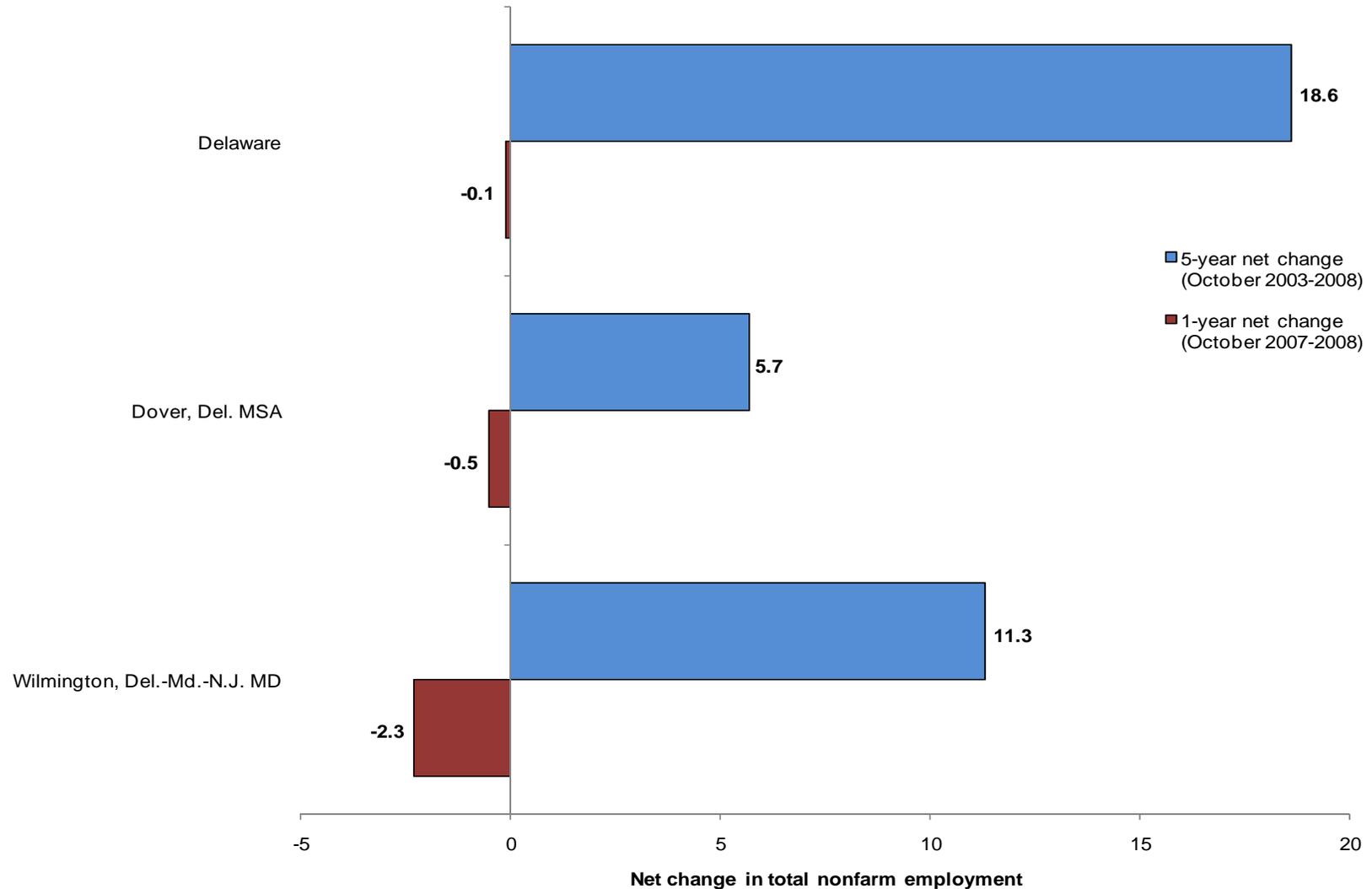


Sub-State Data

- ❖ **Where are the jobs located?**
- ❖ **Metropolitan Statistical Areas (MSAs) and Metropolitan Divisions (MDs) on a 1-year and 5-year time frame.**

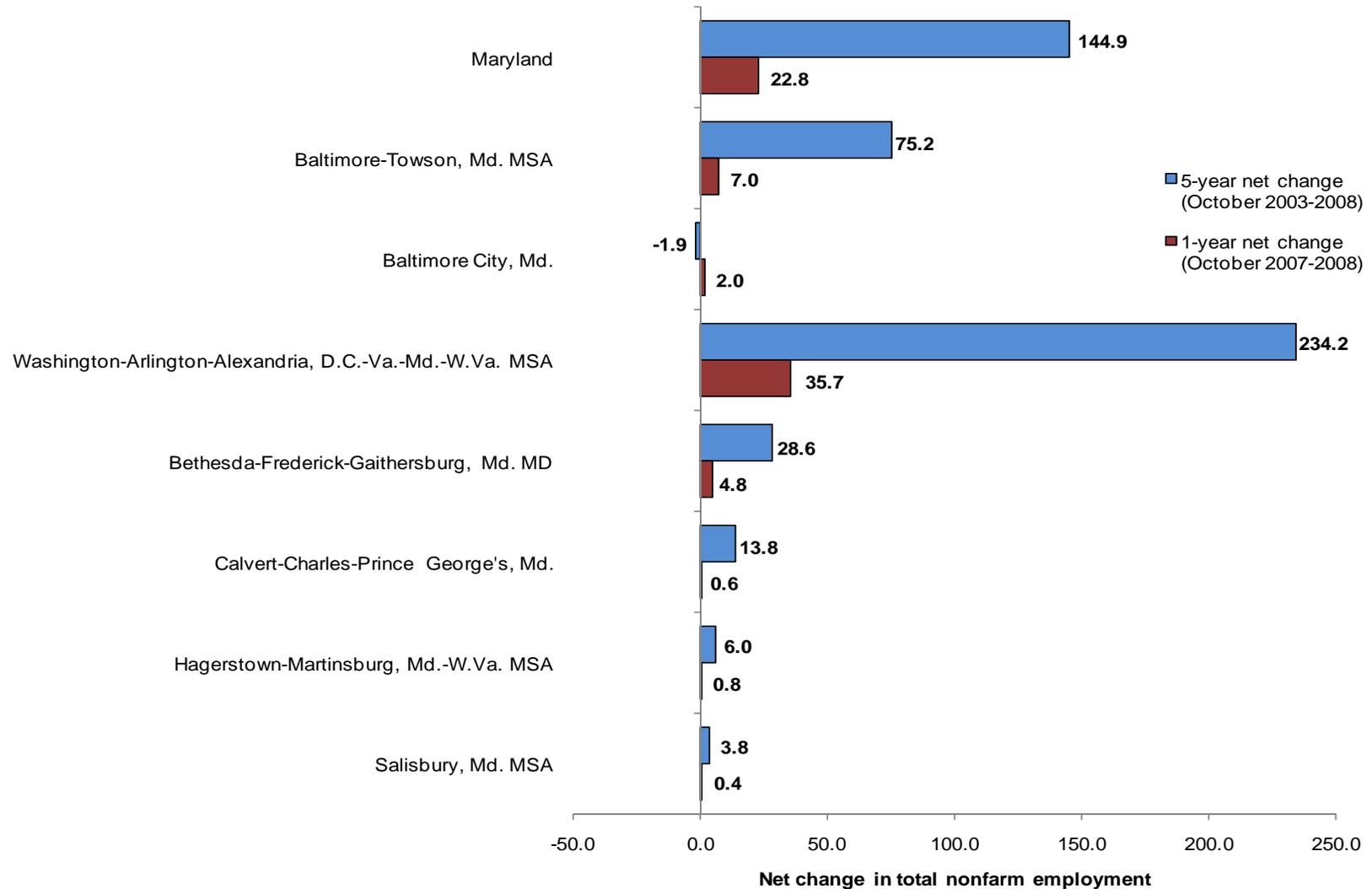


Net change in total nonfarm employment by metropolitan area in Delaware



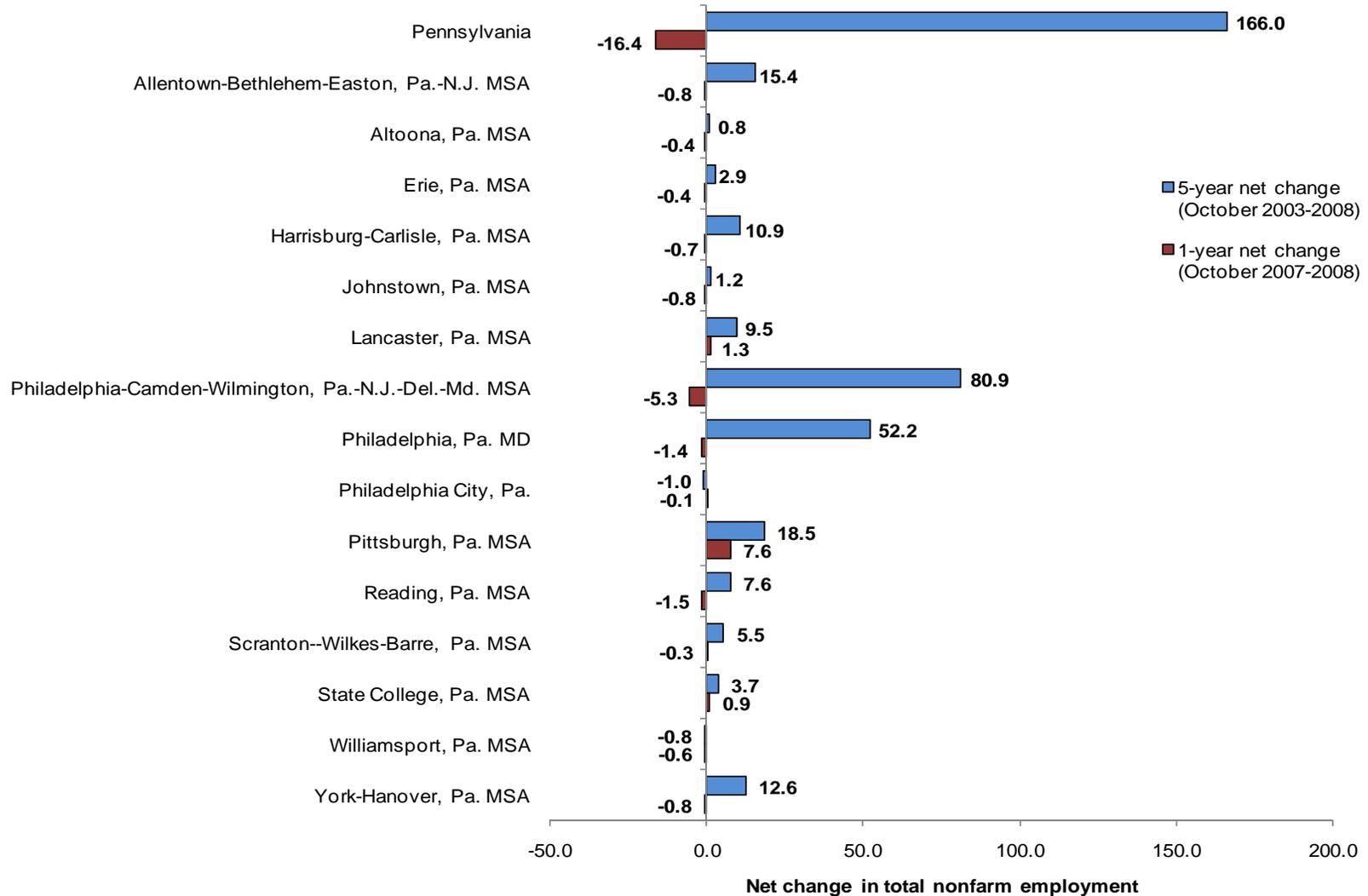


Net change in total nonfarm employment by metropolitan area in Maryland



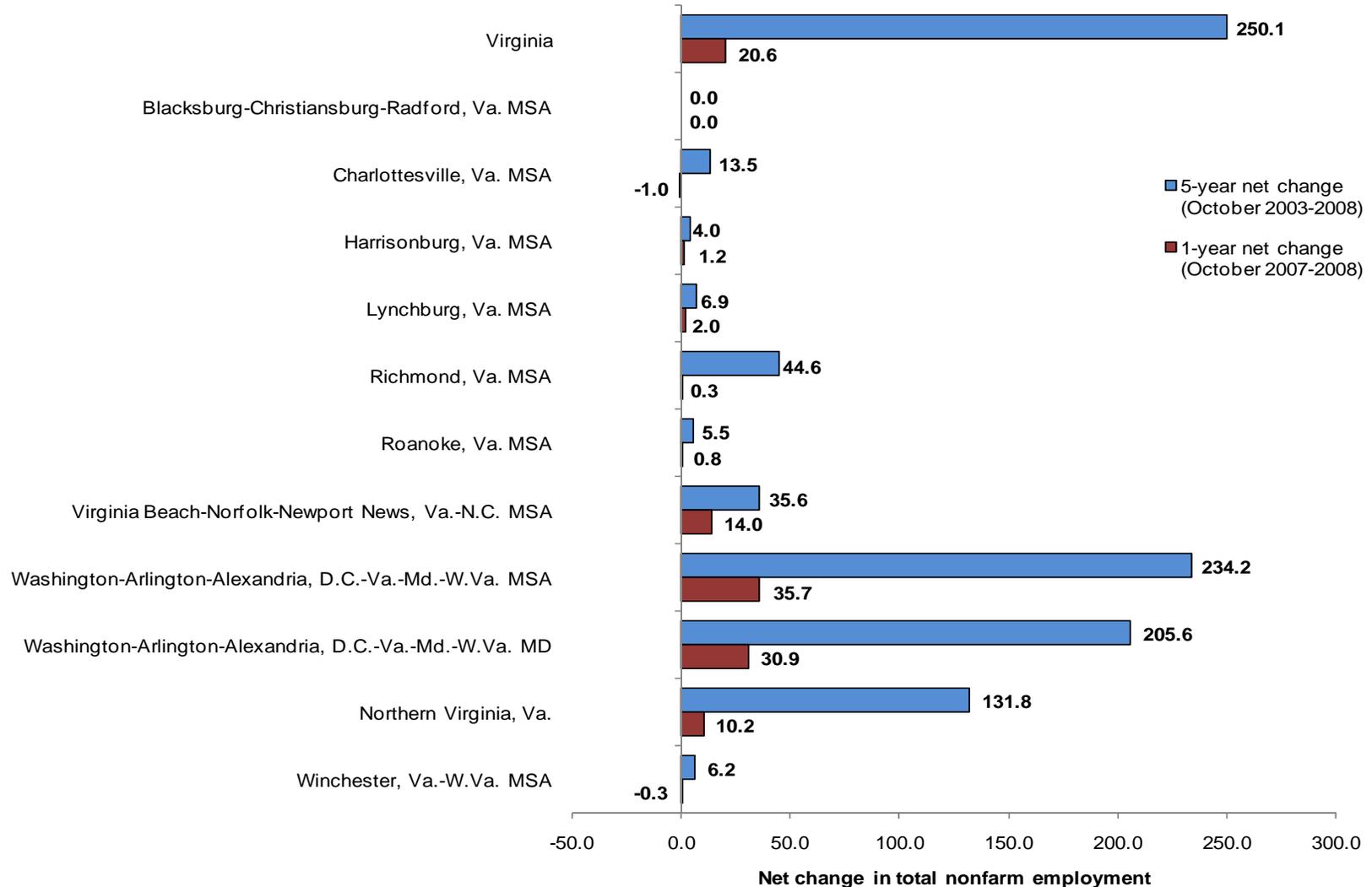


Net change in total nonfarm employment by metropolitan area in Pennsylvania



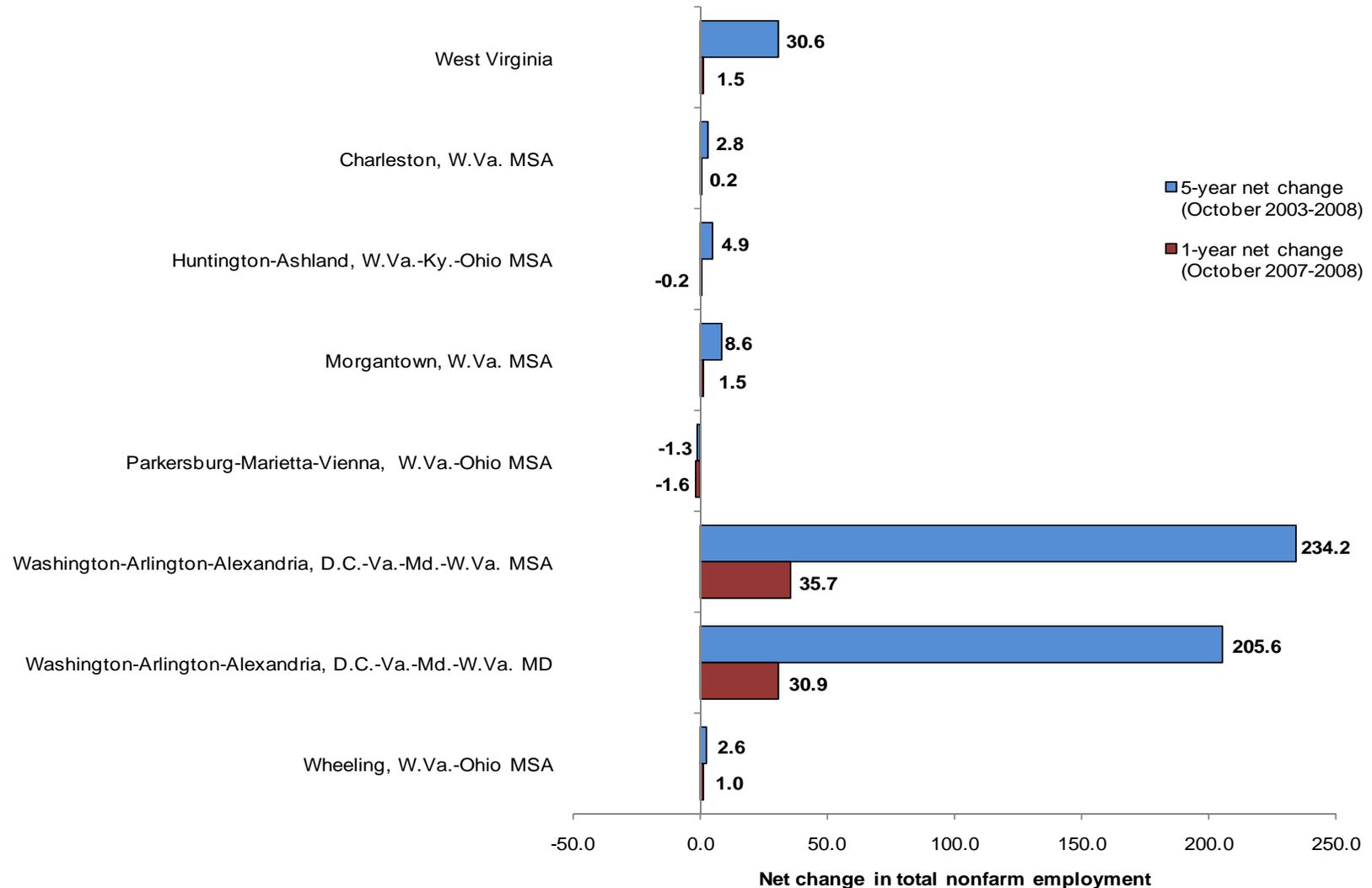


Net change in total nonfarm employment by metropolitan area in Virginia





Net change in total nonfarm employment by metropolitan area in West Virginia



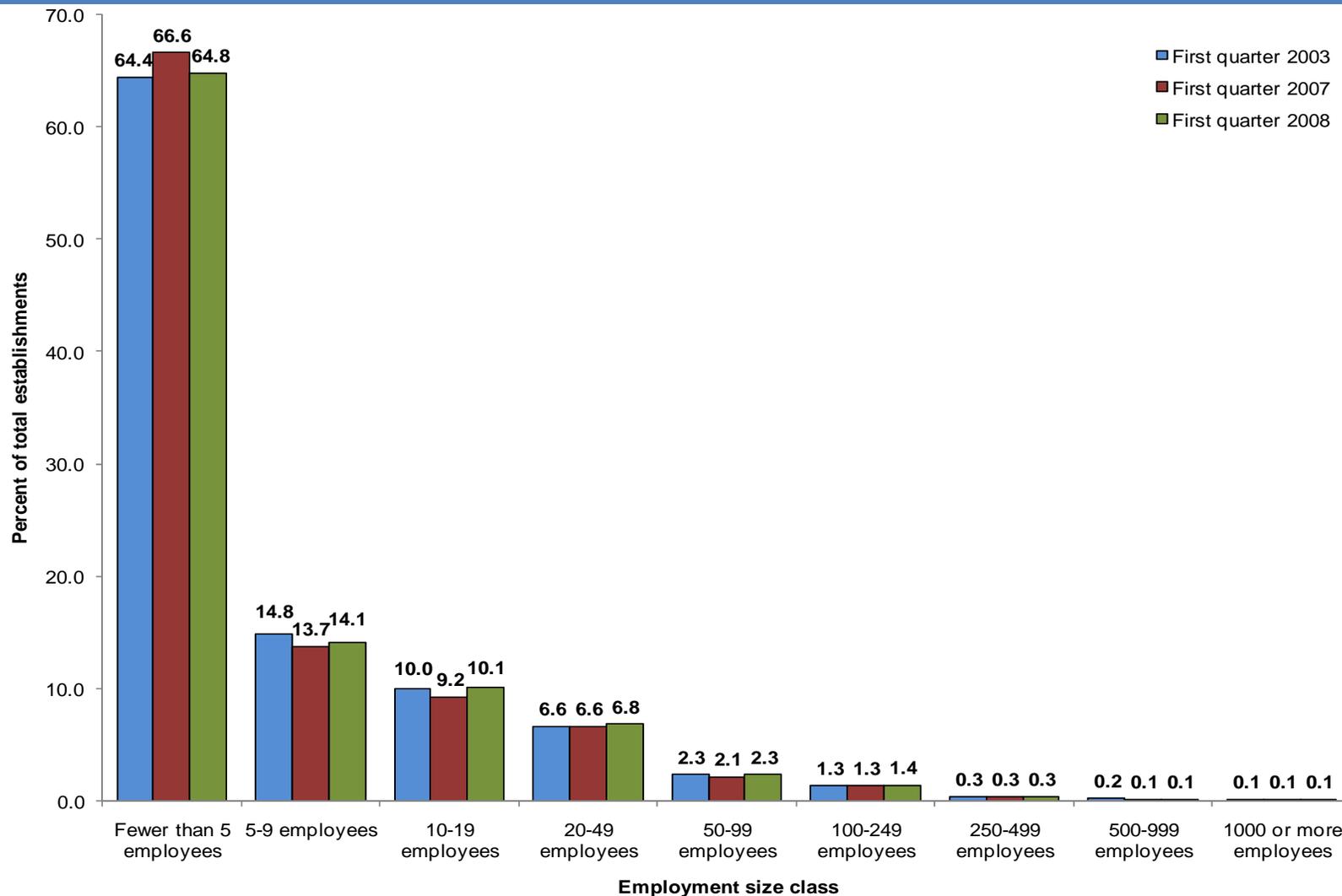


Establishments by size classes

- ❖ **The Quarterly Census of Employment and Wages (QCEW) program produces data on establishments, employment, and wage by size of establishment for the first quarter of each year.**
- ❖ **The size category of each establishment is determined by the March employment level.**
- ❖ **It is important to note that each establishment of a multi-establishment firm is tabulated separately into the appropriate size category.**

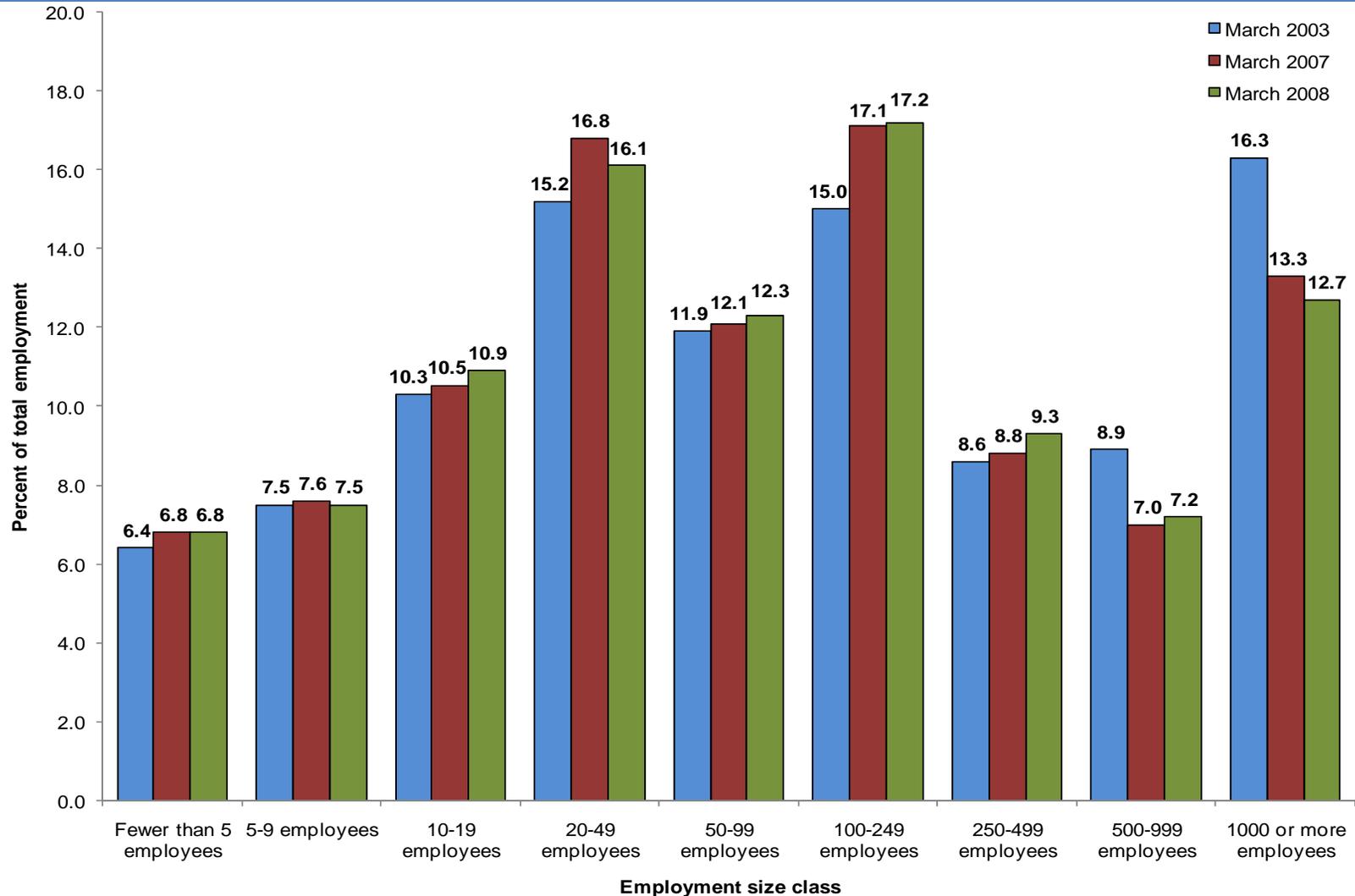


Percent distribution of private sector establishments by size in Delaware: first quarter 2003, 2007, and 2008



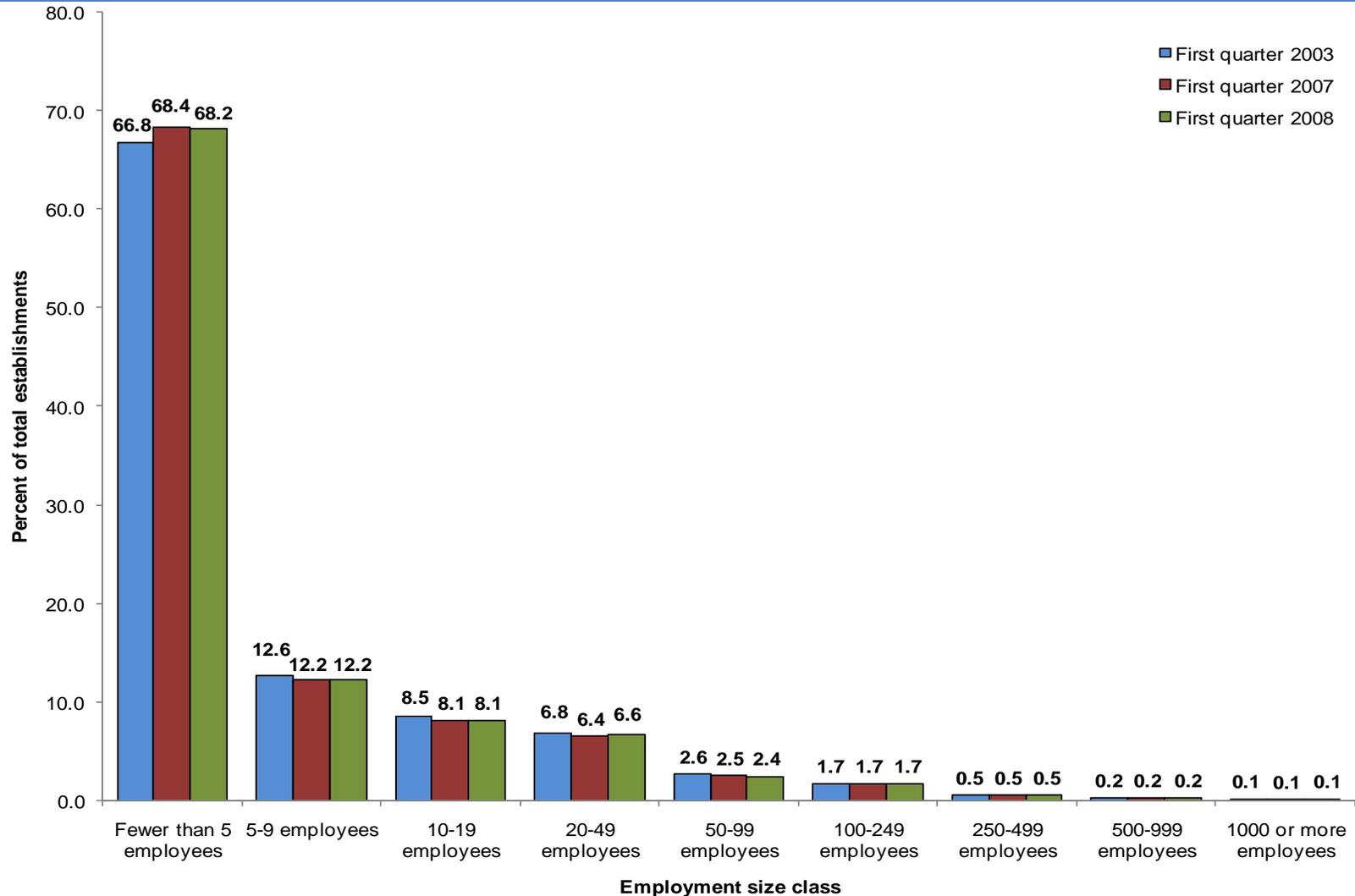


Percent distribution of private sector employment by size of establishment in Delaware: March 2003, 2007, and 2008



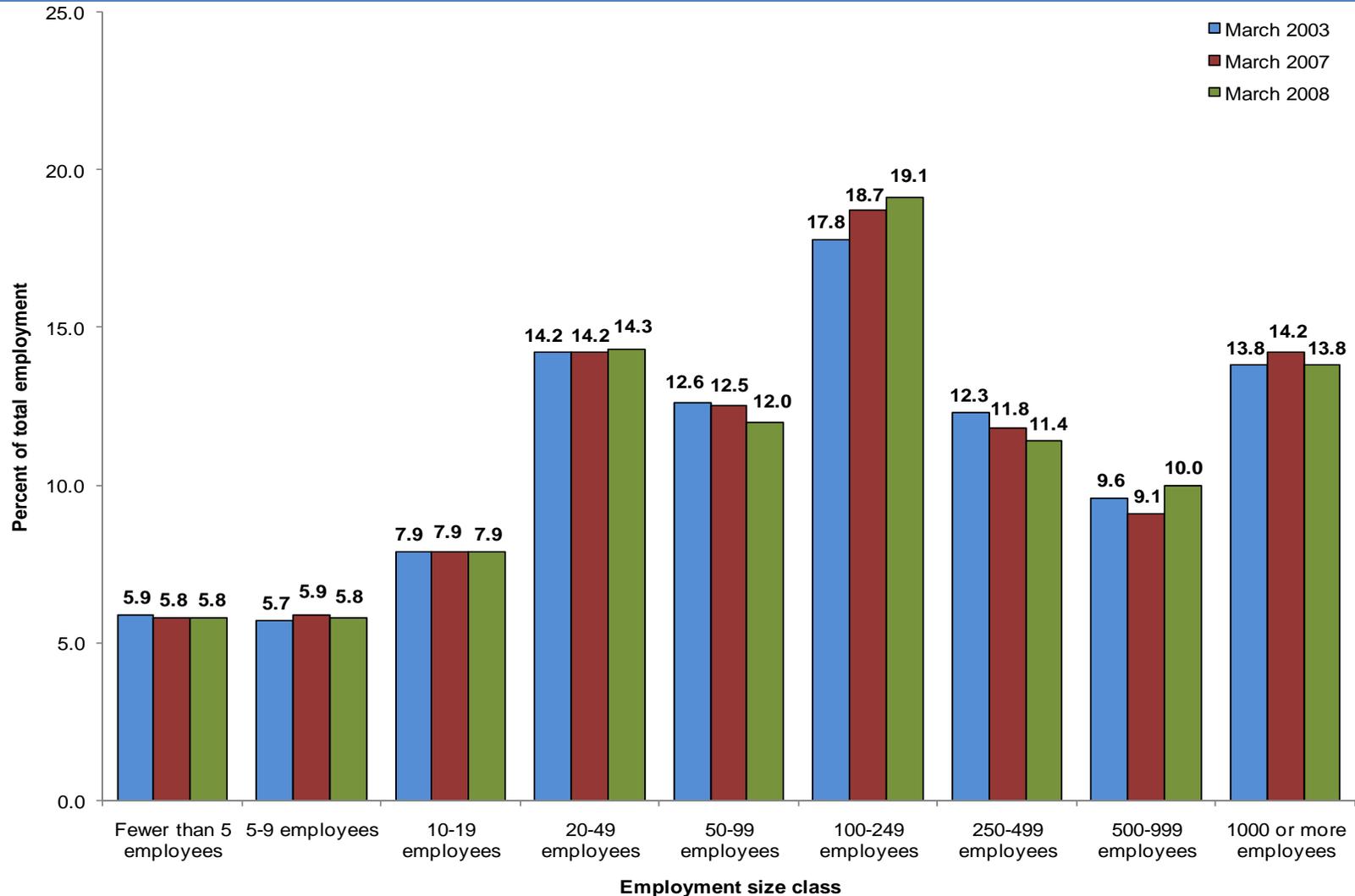


Percent distribution of private sector establishments by size in the District of Columbia: first quarter 2003, 2007, and 2008



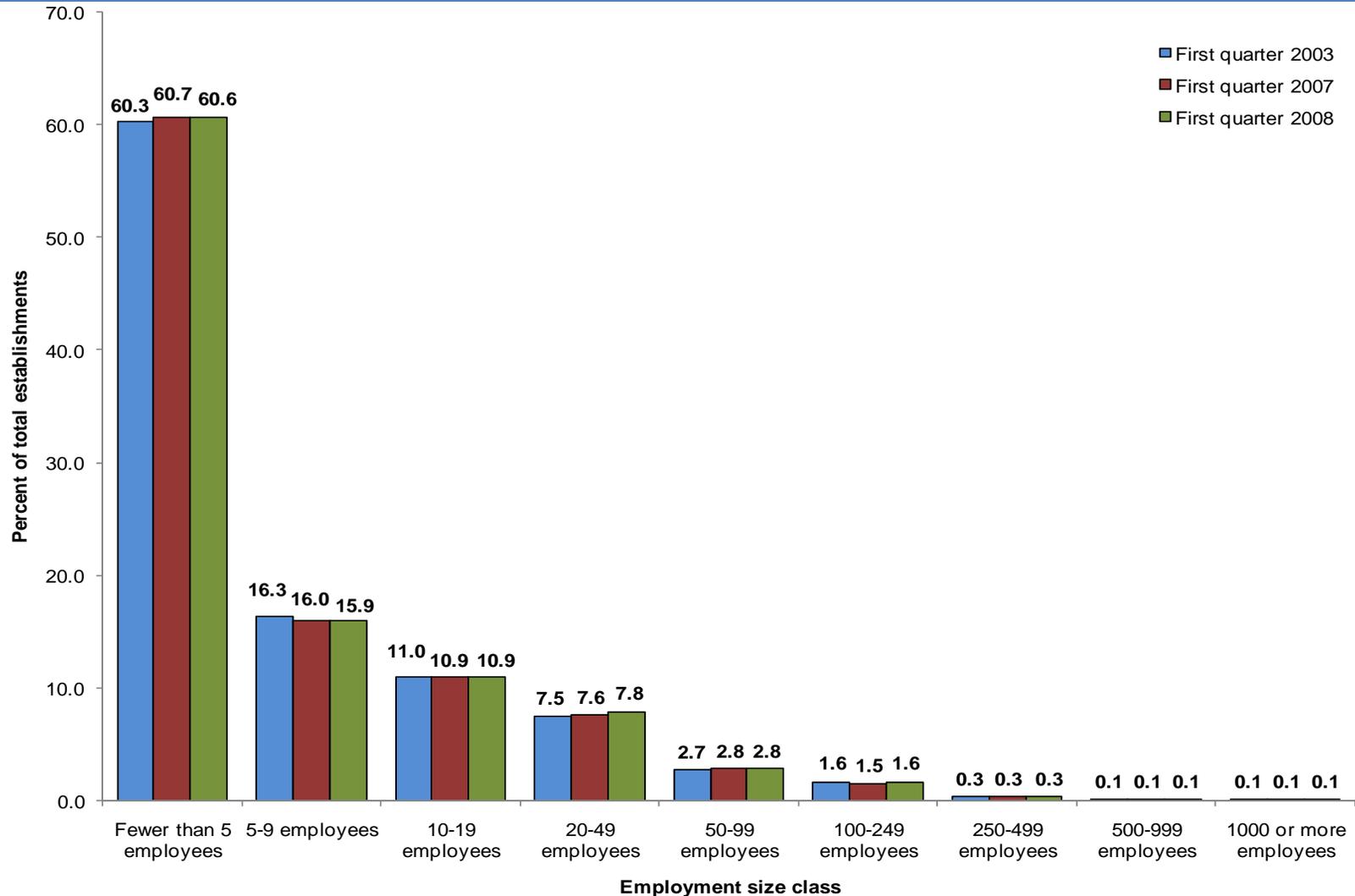


Percent distribution of private sector employment by size of establishment in the District of Columbia: March 2003, 2007, and 2008



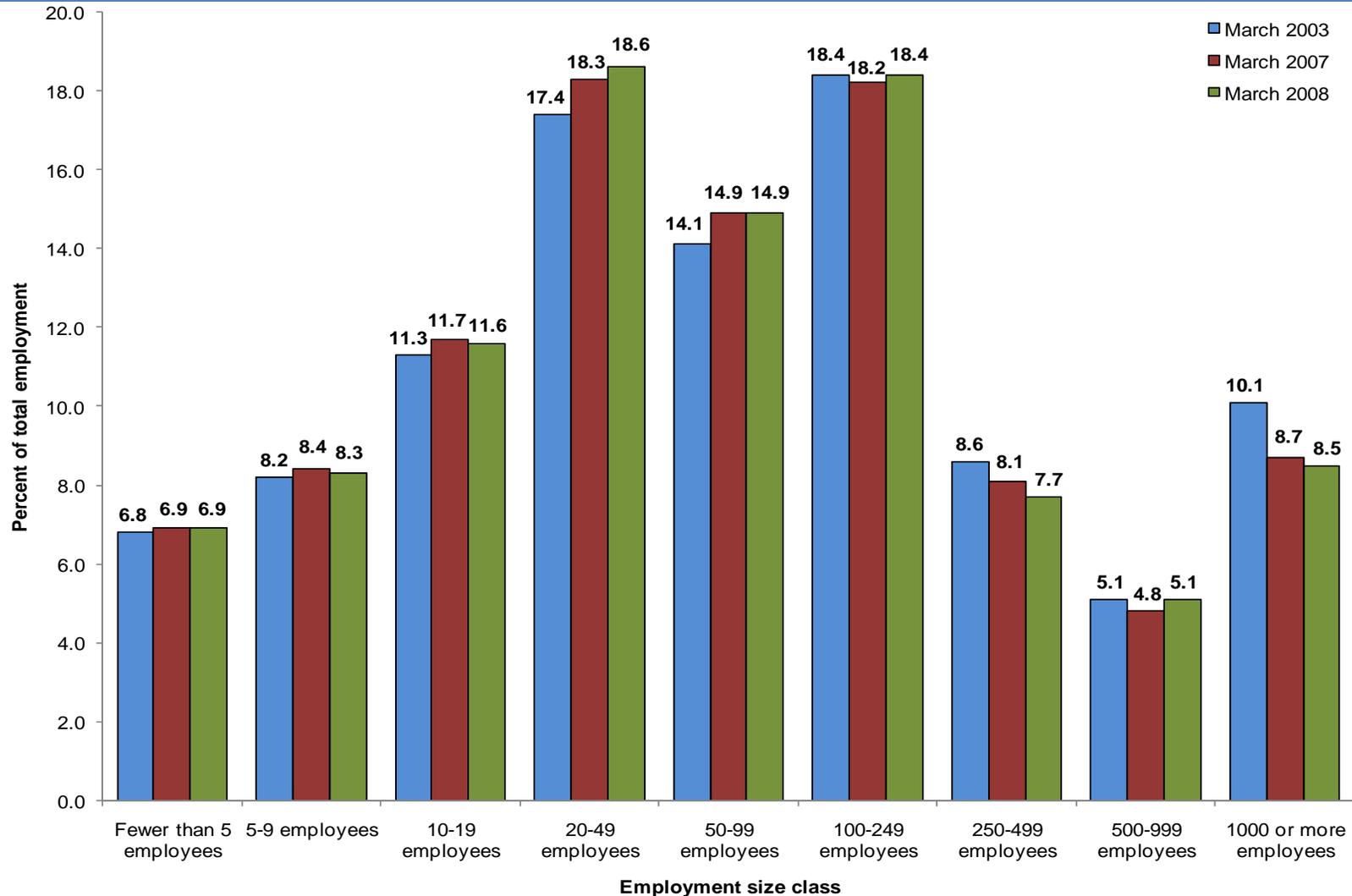


Percent distribution of private sector establishments by size in Maryland: first quarter 2003, 2007, and 2008



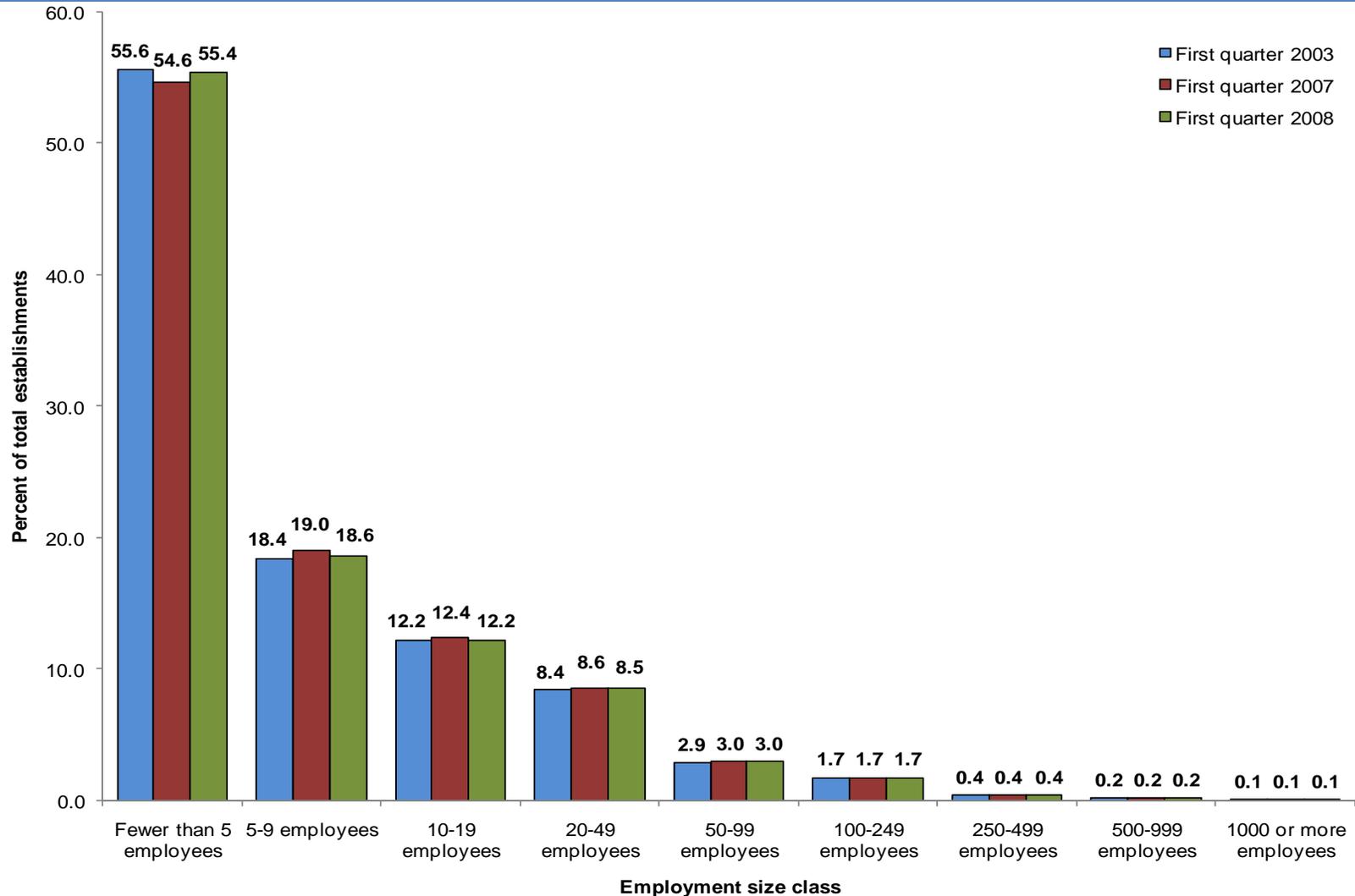


Percent distribution of private sector employment by size of establishment in Maryland: March 2003, 2007, and 2008



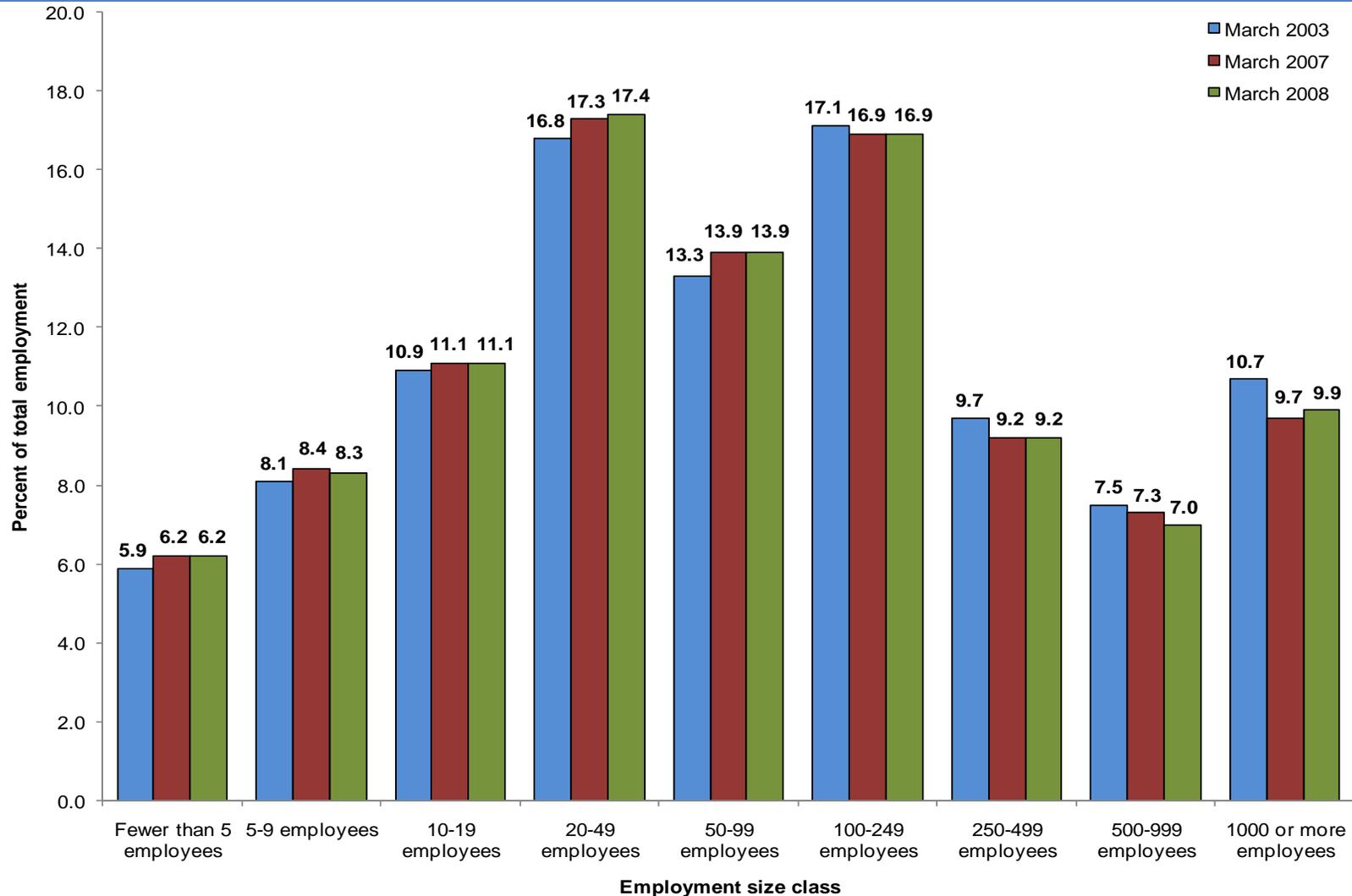


Percent distribution of private sector establishments by size in Pennsylvania: first quarter 2003, 2007, and 2008



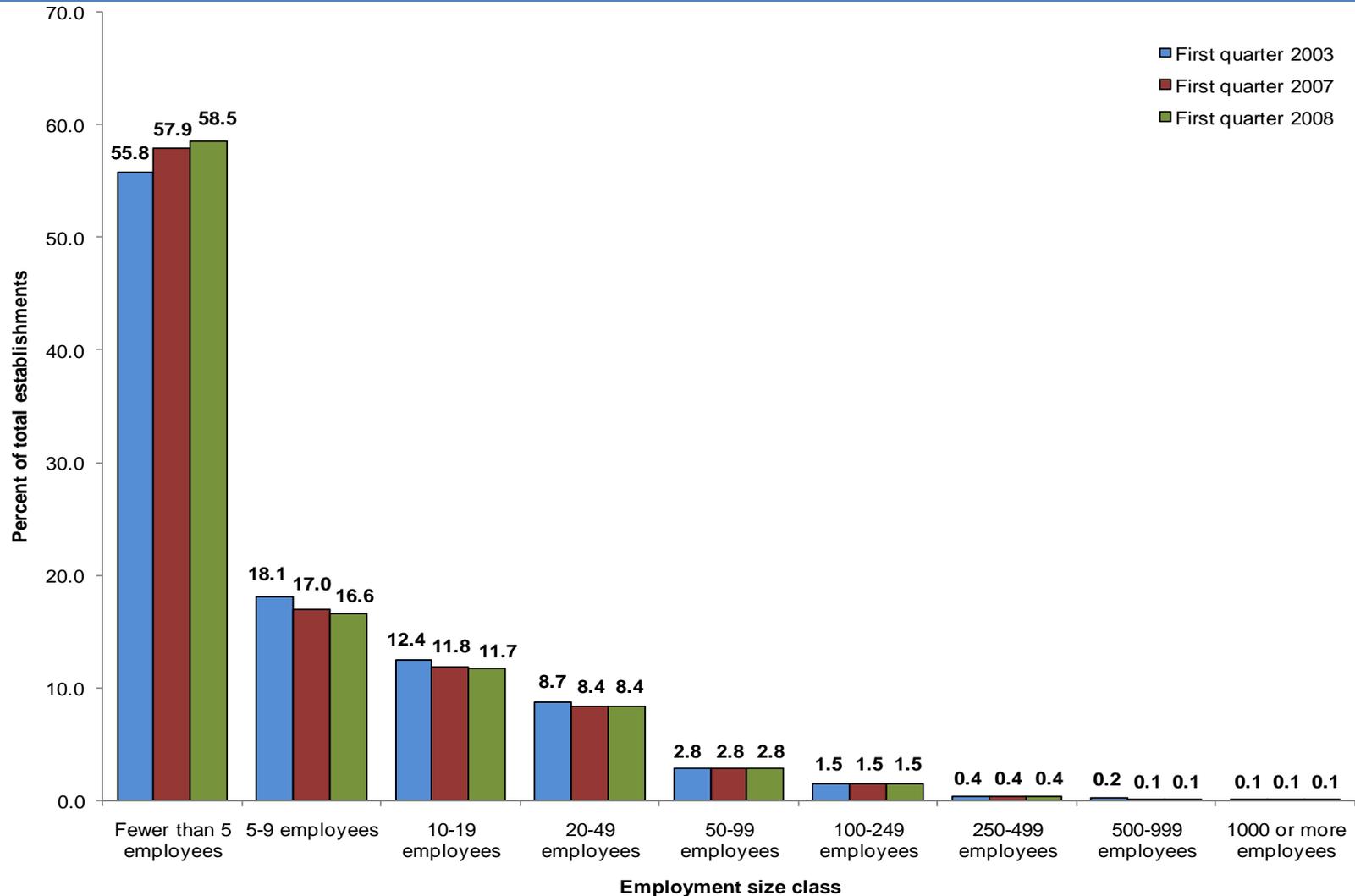


Percent distribution of private sector employment by size of establishment in Pennsylvania: March 2003, 2007, and 2008



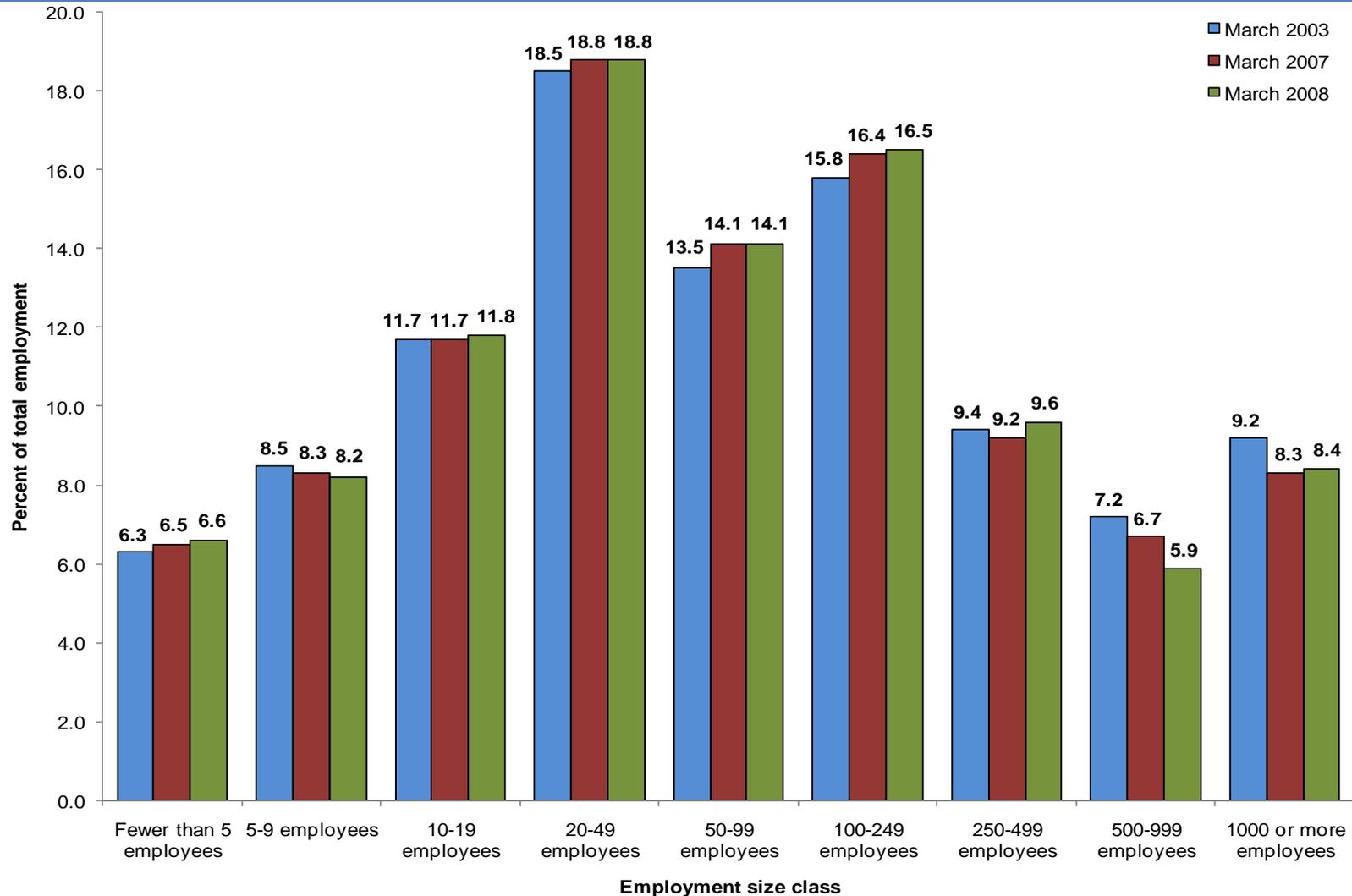


Percent distribution of private sector establishments by size in Virginia: first quarter 2003, 2007, and 2008



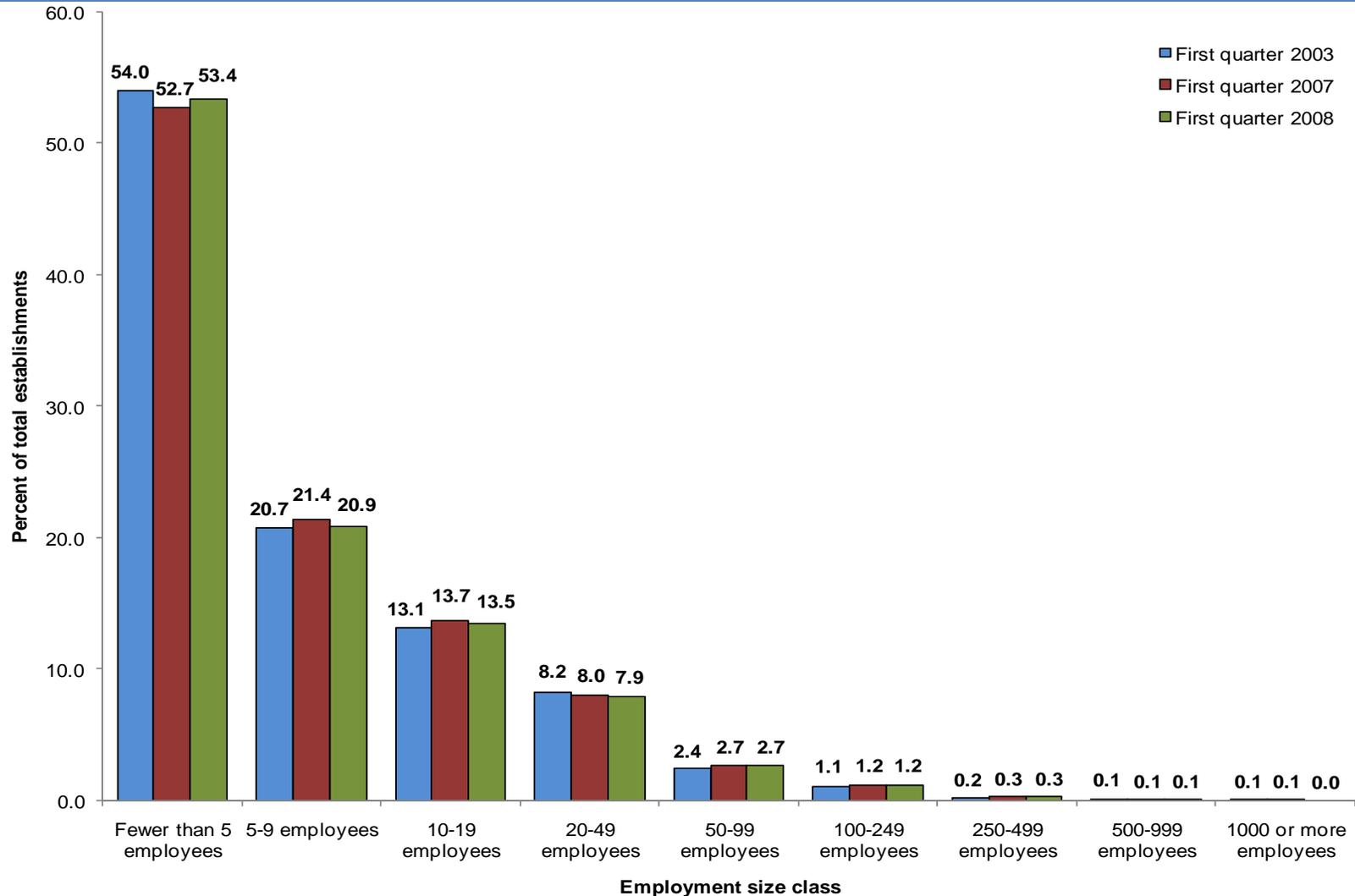


Percent distribution of private sector employment by size of establishment in Virginia: March 2003, 2007, and 2008



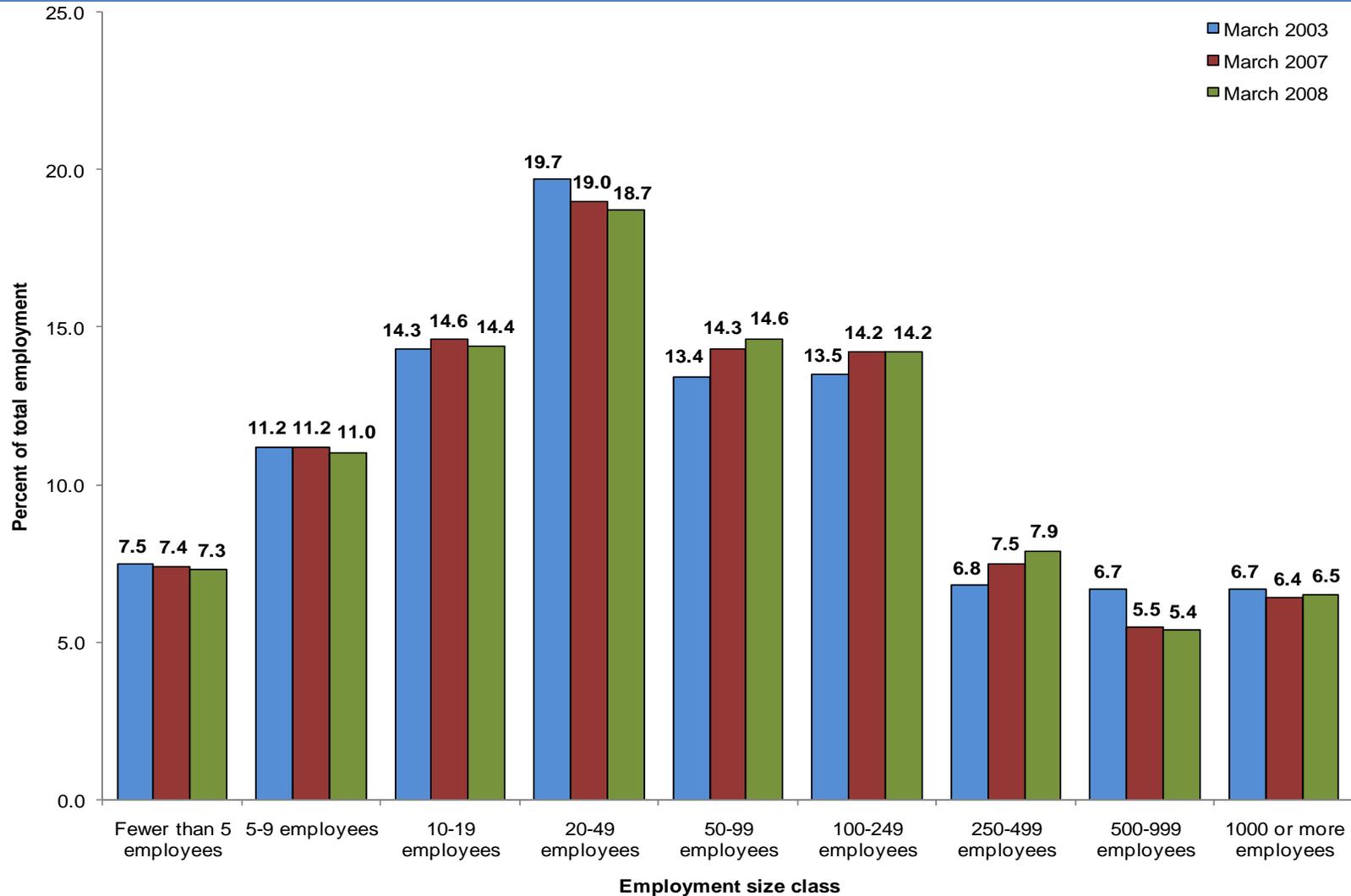


Percent distribution of private sector establishments by size in West Virginia: first quarter 2003, 2007, and 2008





Percent distribution of private sector employment by size of establishment in West Virginia: March 2003, 2007, and 2008



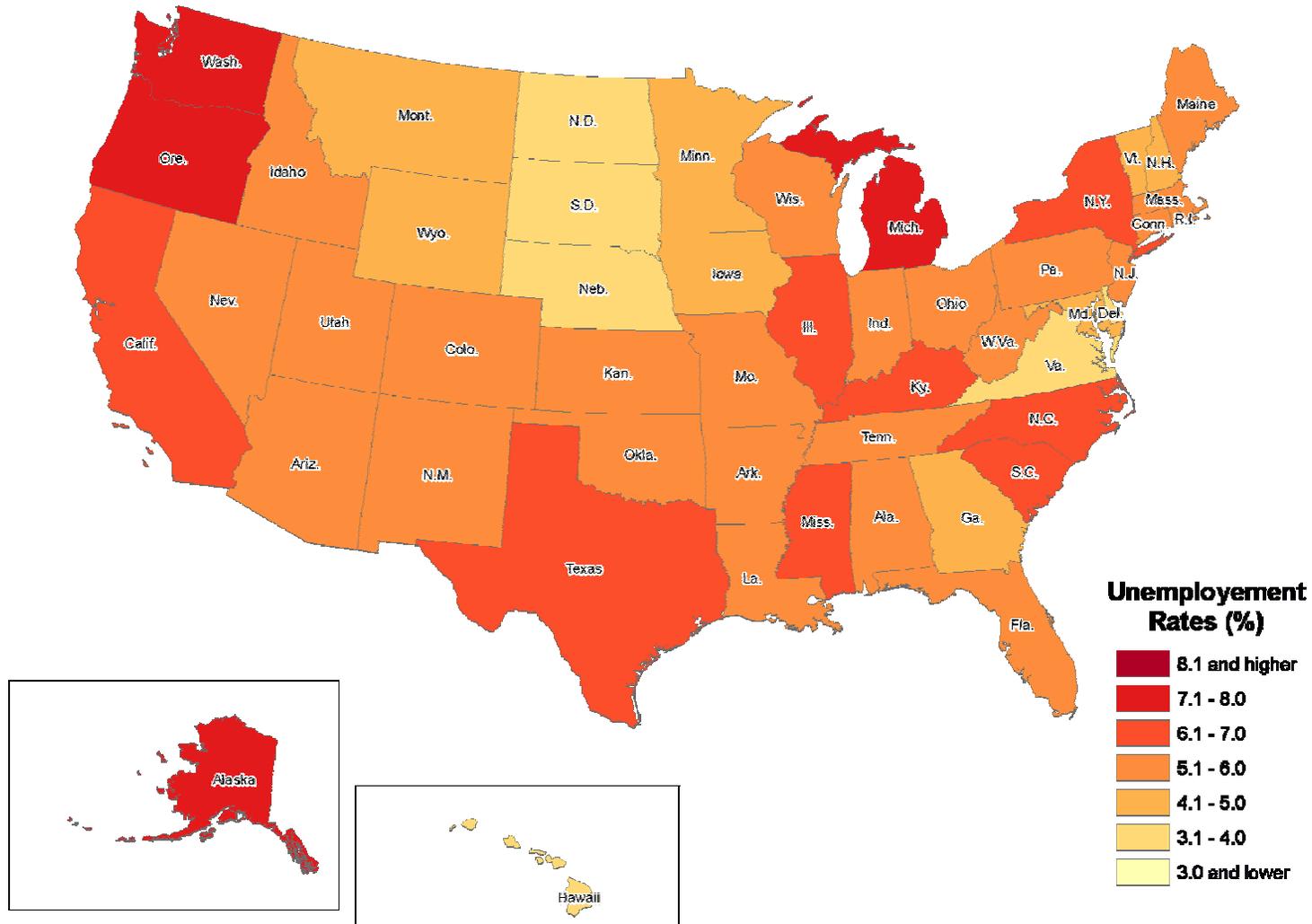


Unemployment rates

- ❖ **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.**

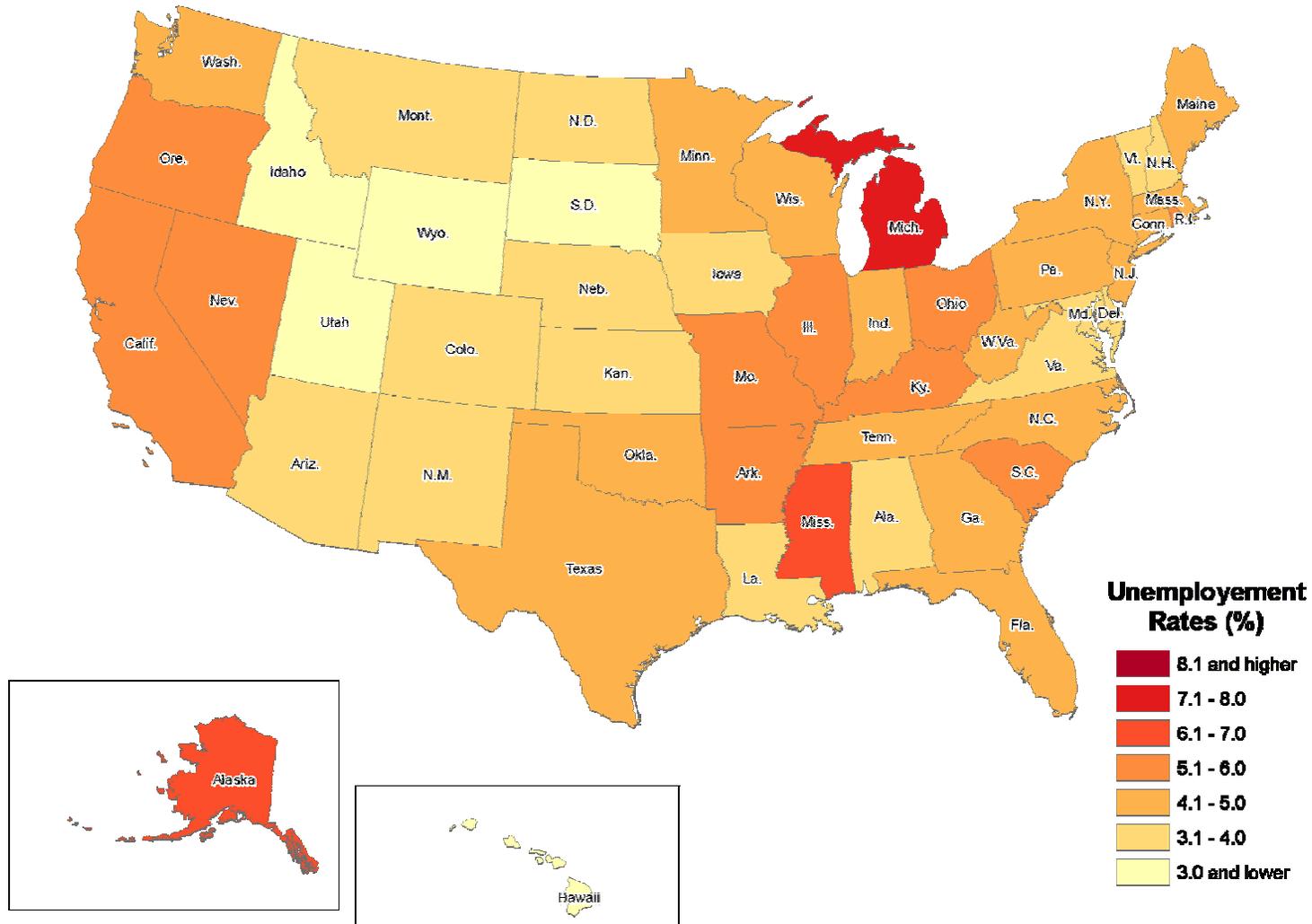


Unemployment rates by state: October 2003





Unemployment rates by state: October 2007

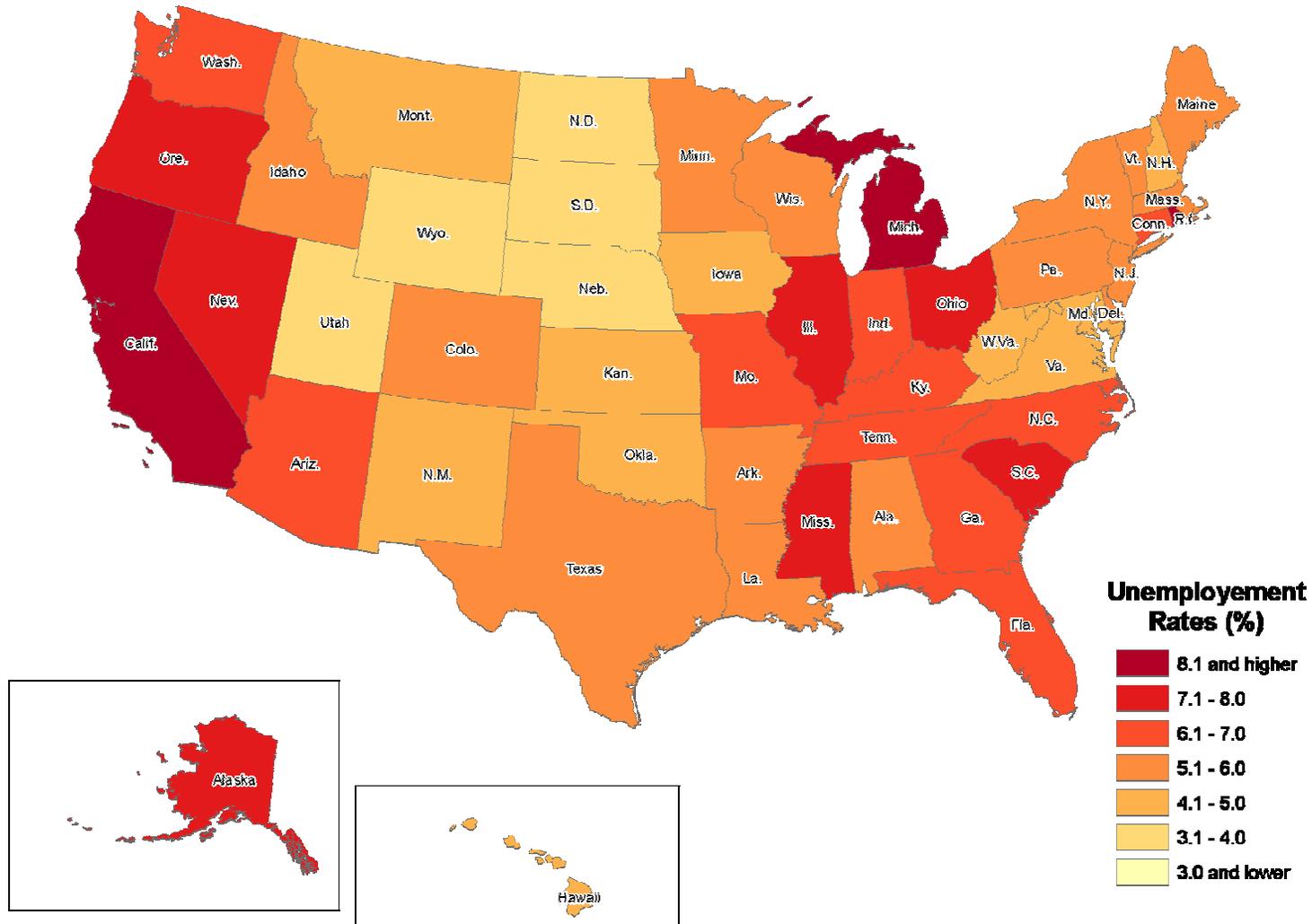


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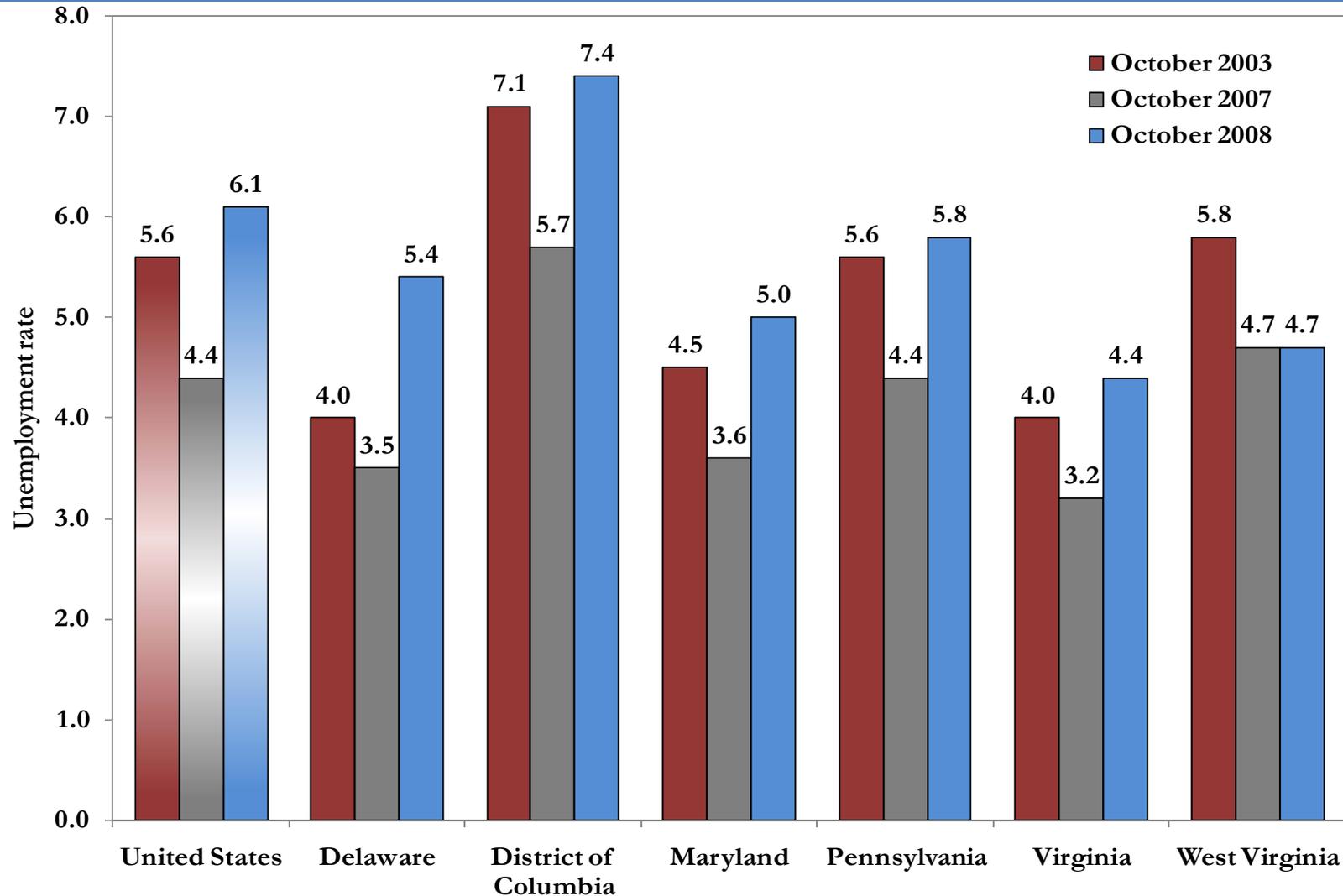


Unemployment rates by state: October 2008



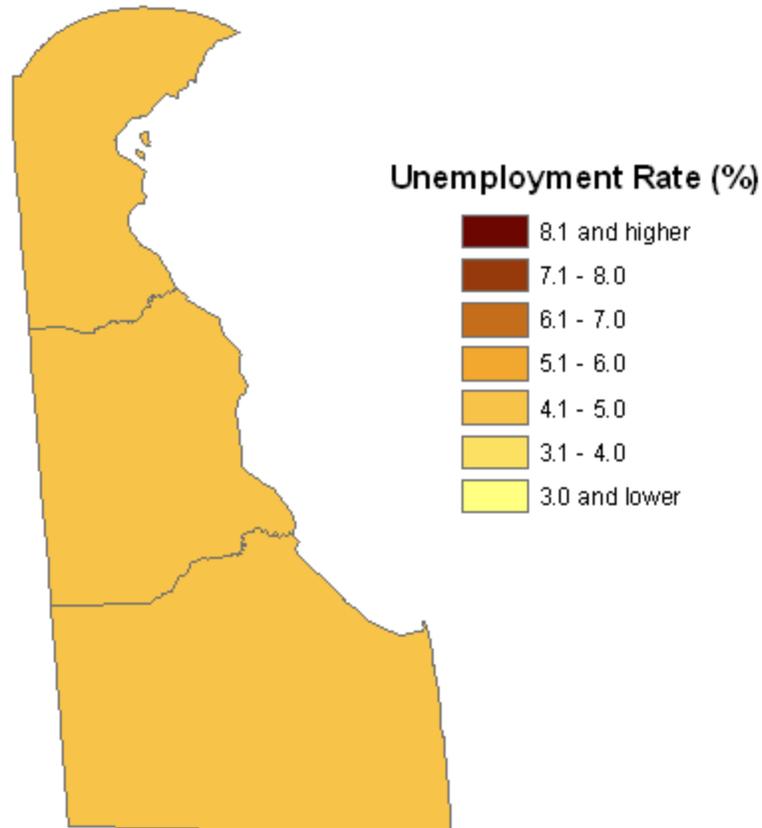


Unemployment rates in the United States and selected states: October 2003, 2007, and 2008



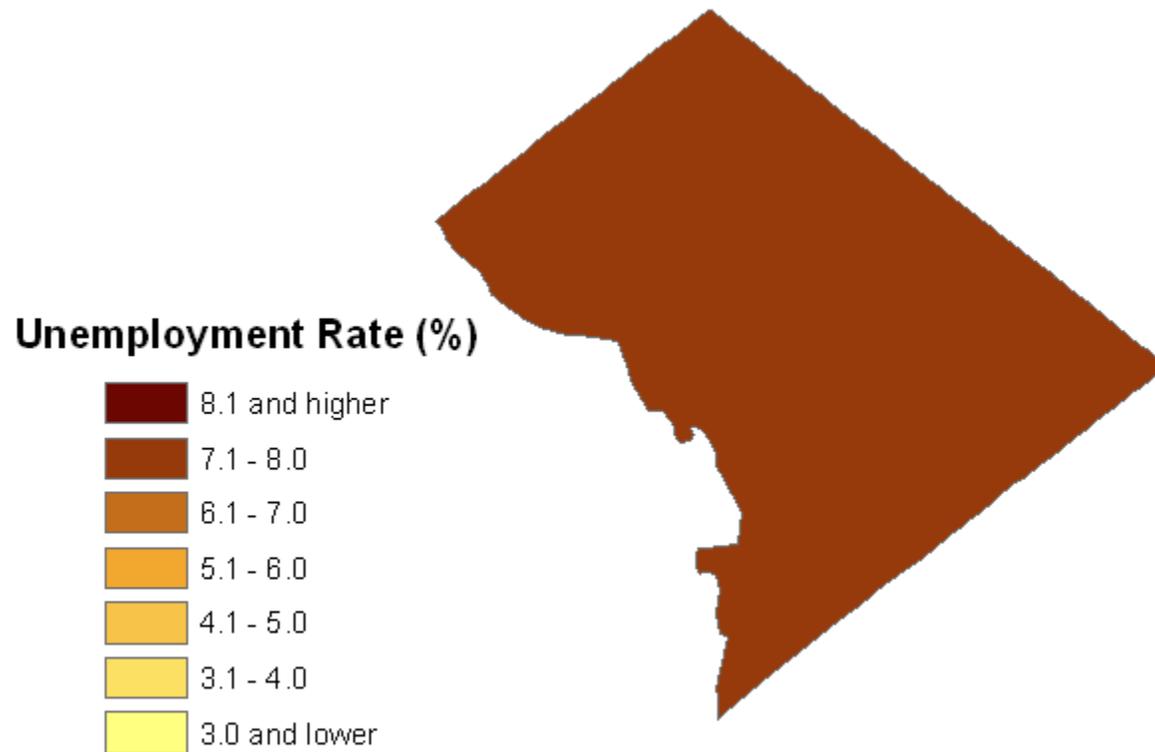


Unemployment rates by county in Delaware: September 2008



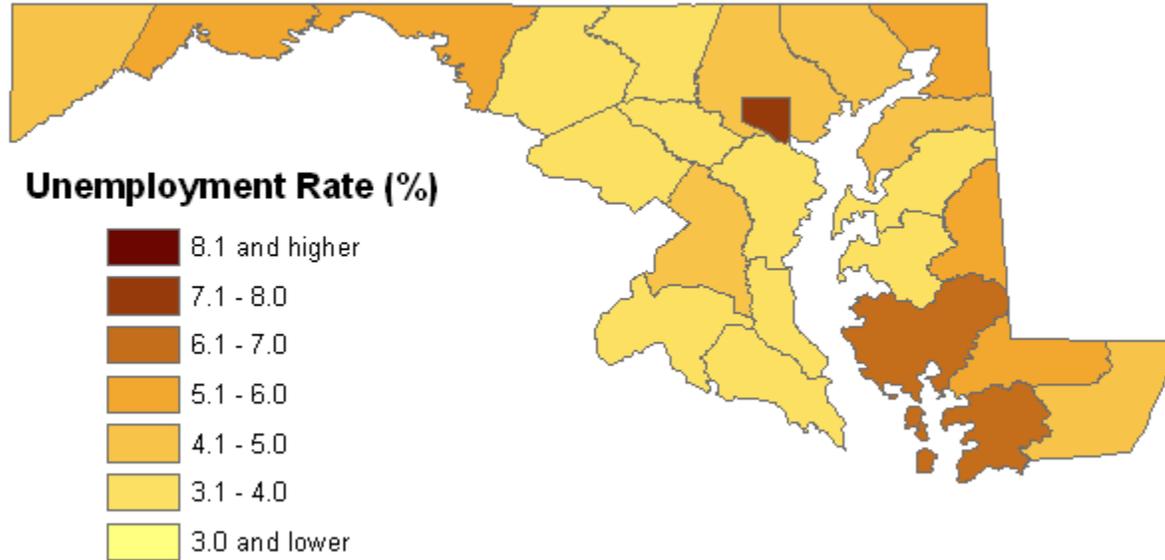


Unemployment rates by county in the District of Columbia: September 2008



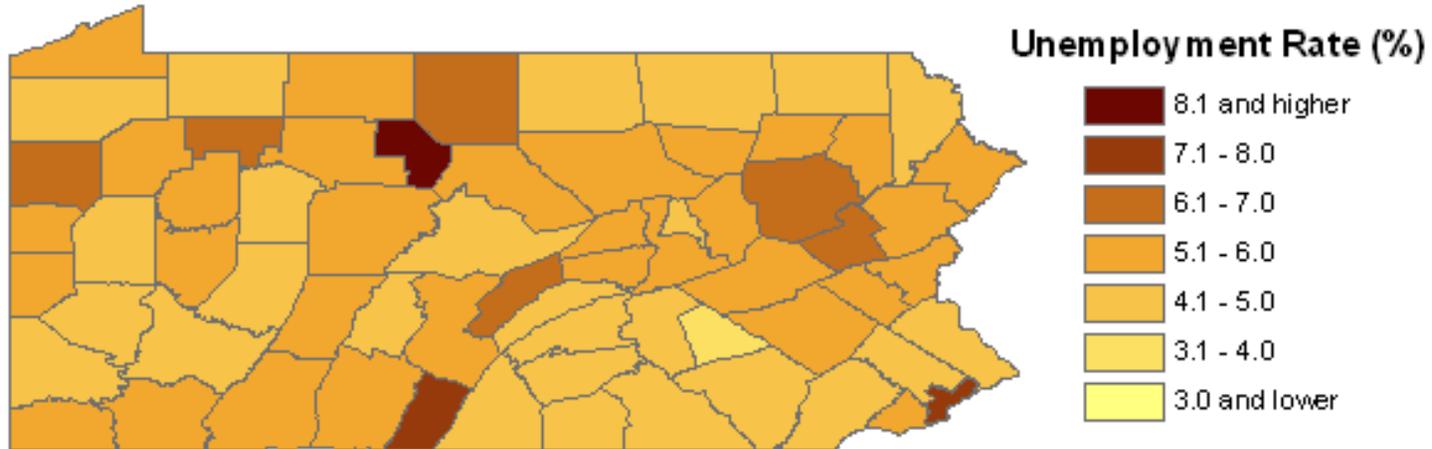


Unemployment rates by county in Maryland: September 2008



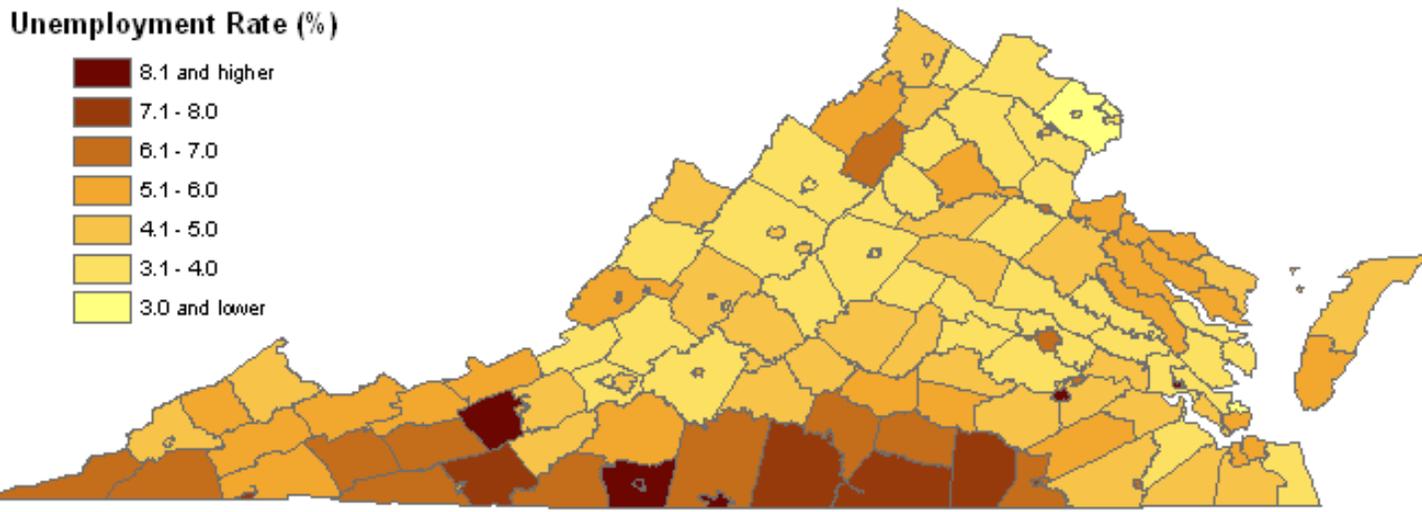


Unemployment rates by county in Pennsylvania: September 2008



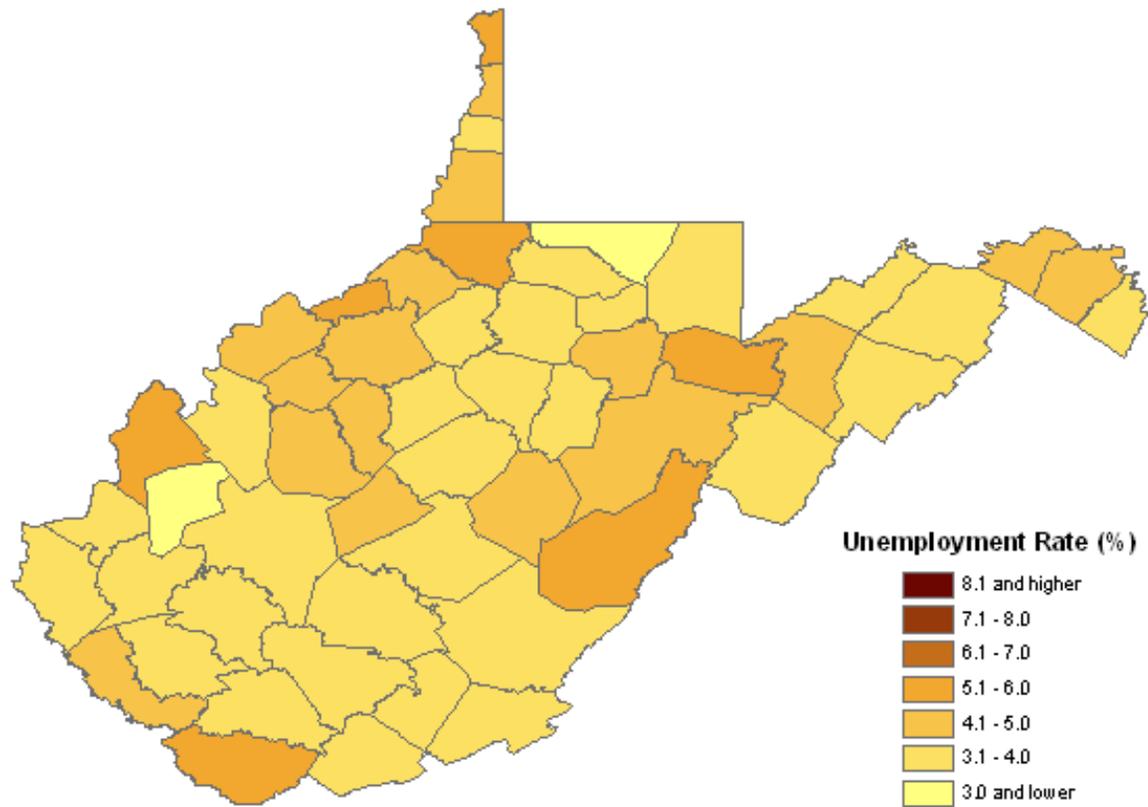


Unemployment rates by county in Virginia: September 2008





Unemployment rates by county in West Virginia: September 2008





National unemployment rate by age group

Age	Oct. 2003	Oct. 2007	Oct. 2008
Total, 16 years and over	5.6	4.4	6.1
16 to 19 years	16.3	14.7	19.3
20 to 24 years	9.5	8.4	10.5
25 to 34 years	5.8	4.4	6.3
35 to 44 years	4.7	3.3	5.1
45 to 54 years	3.7	3.1	4.2
55 years and over	3.5	2.9	4.3

NOTE: Data refer to the civilian non-institutionalized population.



National unemployment rate by educational attainment

Educational attainment	October 2003	October 2007	October 2008
Total, 25 years and over	4.5	3.4	5.0
Less than a high school diploma	8.3	6.5	9.3
High school graduates, no college ¹	4.9	4.2	5.9
Some college or associate degree	4.5	3.3	5.0
Bachelor's degree and higher ²	3.0	2.0	3.0

¹ Includes persons with a high school diploma or equivalent.
² Includes persons with bachelor's, master's, professional, and doctoral degrees.

NOTE: Data refer to the civilian non-institutionalized population aged 25 years and over.



National unemployment rate by reason for unemployment

Reason	October 2003	October 2007	October 2008
Job losers and persons who completed temporary jobs	2.9	2.1	3.3
Job leavers	0.6	0.5	0.7
Reentrants	1.7	1.3	1.7
New entrants	0.4	0.4	0.5

NOTE: Data refer to the civilian non-institutionalized population aged 16 years and over.



Percent distribution of unemployed persons by duration of unemployment

Duration	October 2003	October 2007	October 2008
Total unemployed	100.0	100.0	100.0
Less than 5 weeks	31.6	35.0	30.9
5 to 14 weeks	28.7	32.5	28.6
15 weeks and over	39.7	32.5	40.5
15 to 26 weeks	16.6	13.7	17.0
27 weeks and over	23.1	18.8	23.6

NOTE: Data refer to the civilian non-institutionalized population aged 16 years and over.



Change in labor costs over time

- ❖ **The Employment Cost Index (ECI) is a quarterly measure of changes in labor costs. Data are available for wages and salaries, benefits, and total compensation.**
- ❖ **It is one of the principal economic indicators used by the Federal Reserve.**

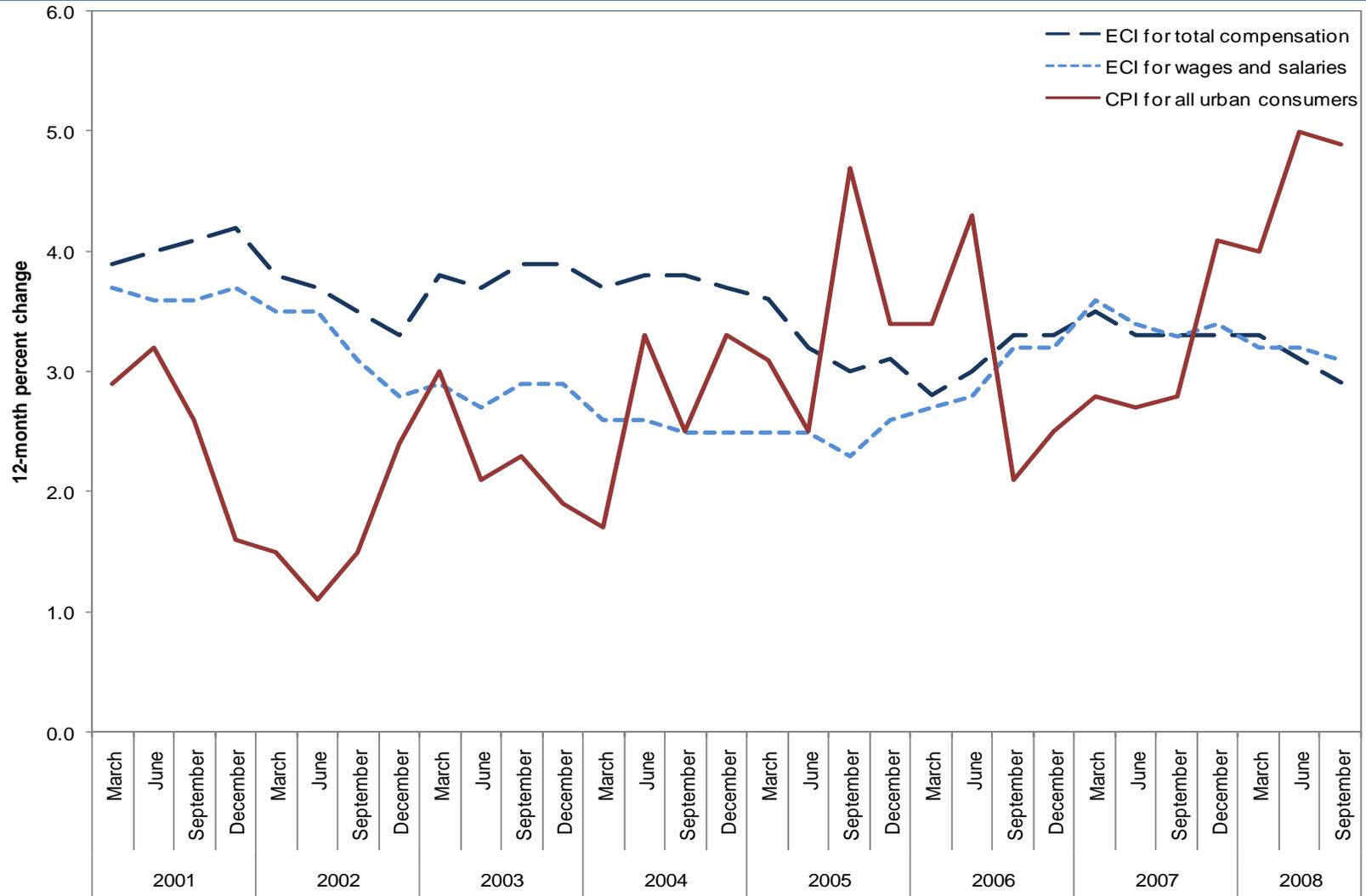


12-month percent changes in the Employment Cost Index for the United States and selected areas

Area	Total compensation			Wages and salaries		
	September 2003	September 2007	September 2008	September 2003	September 2007	September 2008
United States	3.9	3.1	2.8	3.0	3.4	2.9
Northeast	3.9	3.6	2.4	3.3	3.5	2.5
Middle Atlantic	--	3.8	2.4	--	3.8	2.4
Philadelphia-Camden-Vineland	--	3.1	4.6	--	3.8	4.7
South	2.6	3.2	2.8	1.7	3.5	2.5
South Atlantic	--	3.6	2.7	--	3.6	3.1
Washington-Baltimore-Northern Virginia	--	3.2	3.0	--	3.5	2.8
Midwest	5.2	2.2	2.7	4.3	2.9	2.8
West	4.6	3.1	3.4	3.4	3.4	3.5



12-month percent change in the Employment Cost Index (total compensation and wages and salaries) and the Consumer Price Index for all urban consumers in the United States





Change in prices

- ❖ **Average prices are published monthly along with the Consumer Price index for a variety of food and energy items for the U.S. city average and the 4 regions.**
- ❖ **Average electricity, utility (piped) gas, and gasoline prices are also published for the 14 largest local index areas.**



Average prices for electricity, utility (piped) gas, and gasoline in the United States and selected areas

Area	Electricity per KWH			Utility (piped) gas per therm			Gasoline, unleaded regular, per gallon		
	October 2003	October 2007	October 2008	October 2003	October 2007	October 2008	October 2003	October 2007	October 2008
United States	0.093	0.117	0.126	0.966	1.219	1.395	1.603	2.793	3.155
Northeast	0.118	0.152	0.160	1.096	1.405	1.620	1.687	2.768	3.148
Philadelphia-Wilmington-Atlantic City	0.121	0.151	0.158	1.186	1.490	1.683	1.674	2.698	3.171
South	0.084	0.108	0.119	1.062	1.297	1.459	1.459	2.700	3.120
Washington-Baltimore	0.083	0.129	0.142	1.113	1.313	1.529	1.654	2.744	3.180
Midwest	0.081	0.100	0.106	0.858	1.071	1.284	1.535	2.800	3.015
West	0.105	0.127	0.134	0.952	1.260	1.305	1.758	2.933	3.330



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.



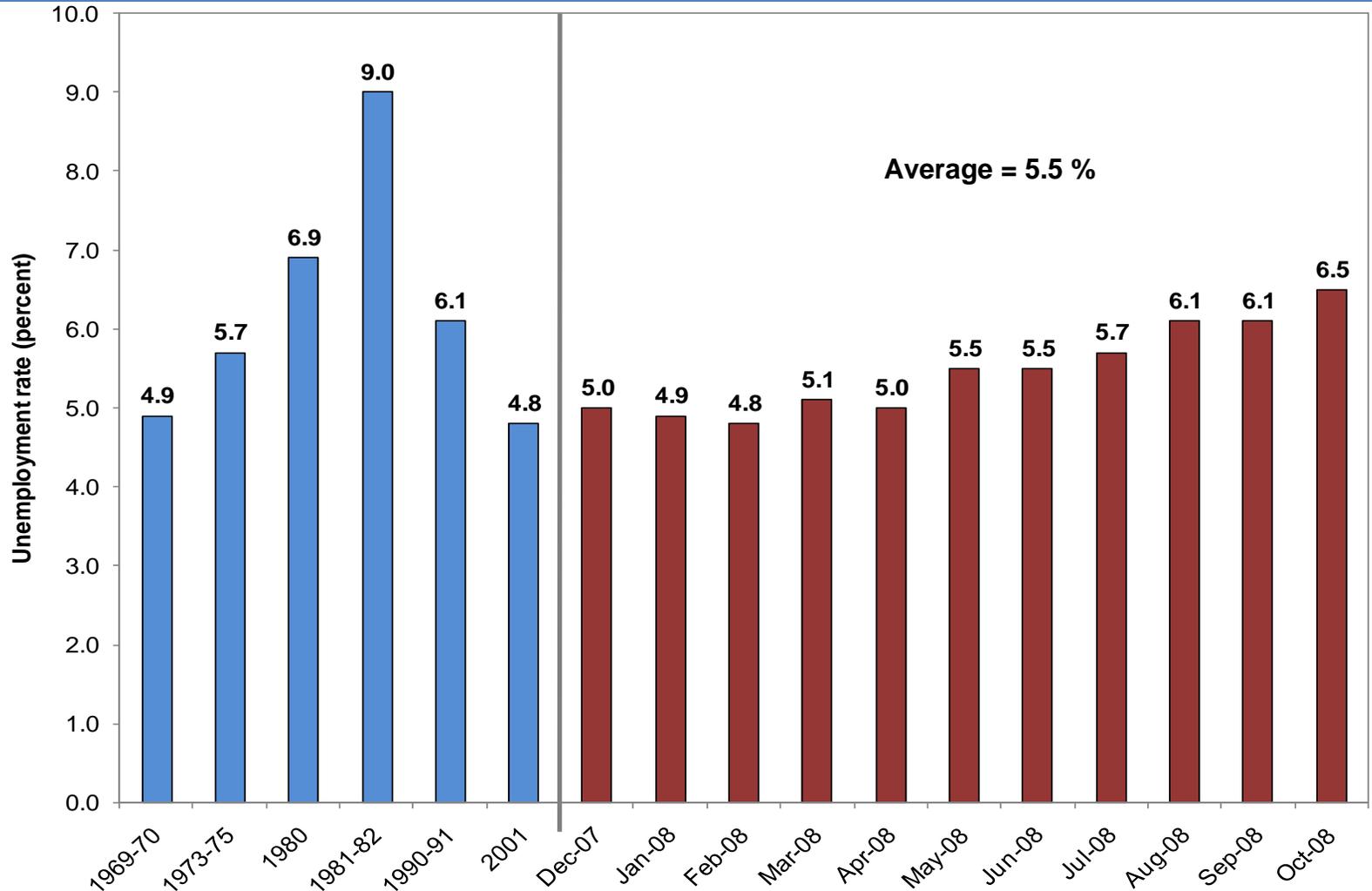
Unemployment rates in past recessions

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, 1968-2008



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)*



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