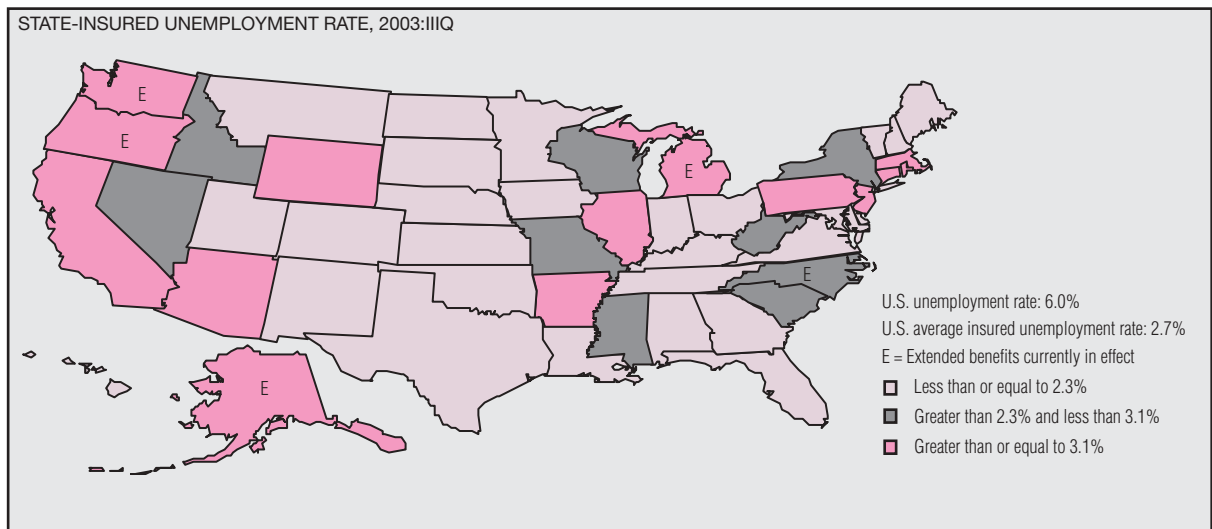
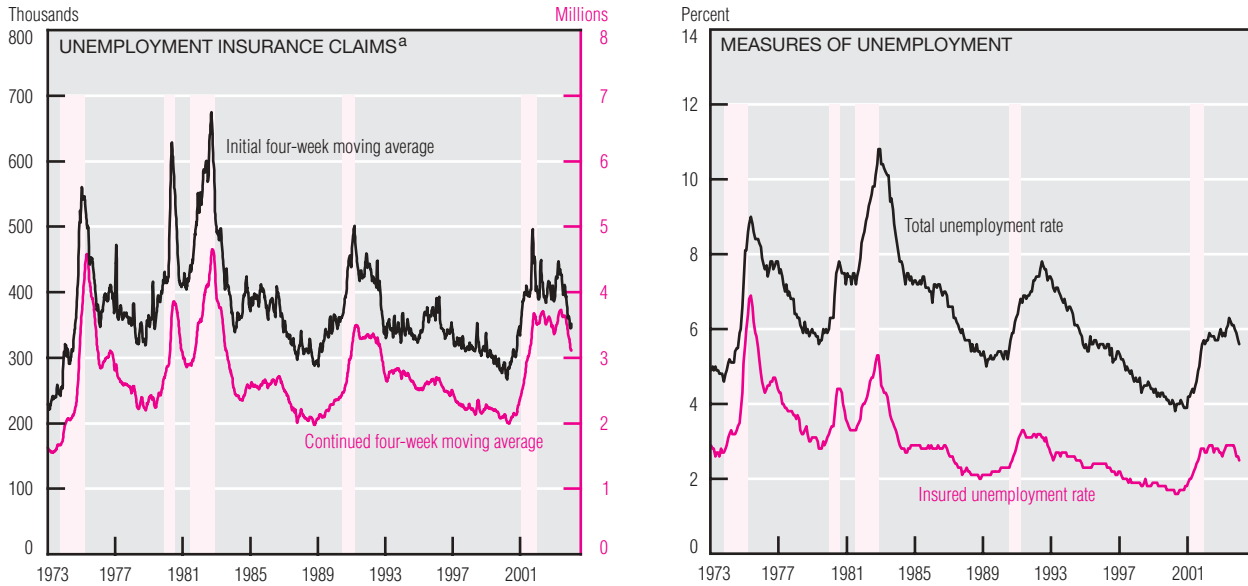


Measuring Unemployment



a. Seasonally adjusted.
 SOURCES: U.S. Department of Labor, Employment and Training Administration and Bureau of Labor Statistics.

In contrast with the weak employment growth figures, national unemployment indicators suggest a gradually improving labor market. The number of initial claims for unemployment insurance, a frequent and timely measure of current labor market conditions, has continued to decline. Since the end of September, the four-week moving average has registered fewer than 400,000 claims, the number that many consider an indicator of recession. The trends for continued claims are similar.

The total unemployment rate has been falling since last July, and the insured unemployment rate has been dropping since last October. The insured unemployment rate (the share of the labor force that claims unemployment benefits) always is lower than the total unemployment rate because some unemployed persons do not qualify for benefits or do not choose to receive them.

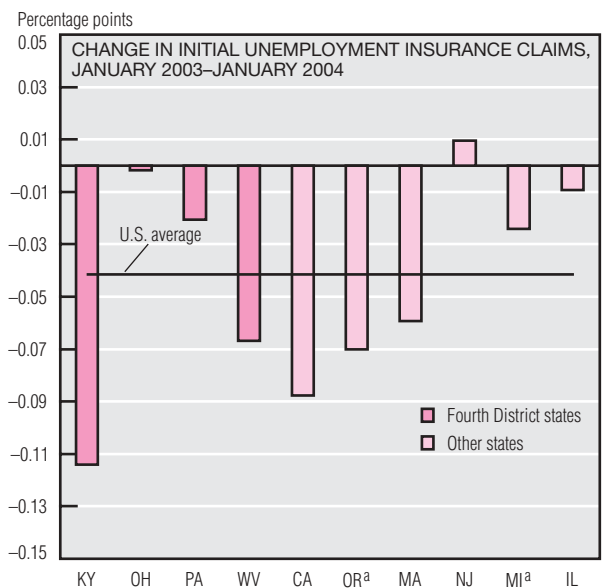
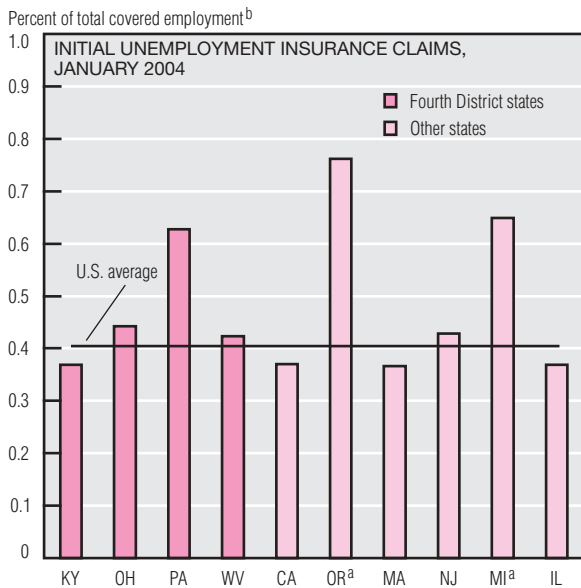
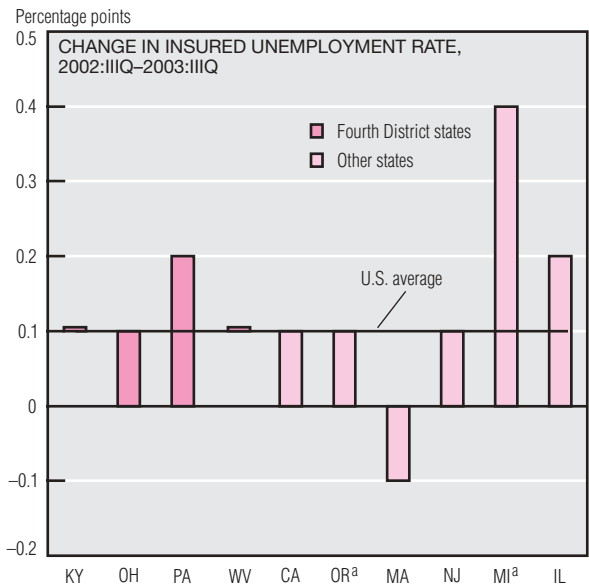
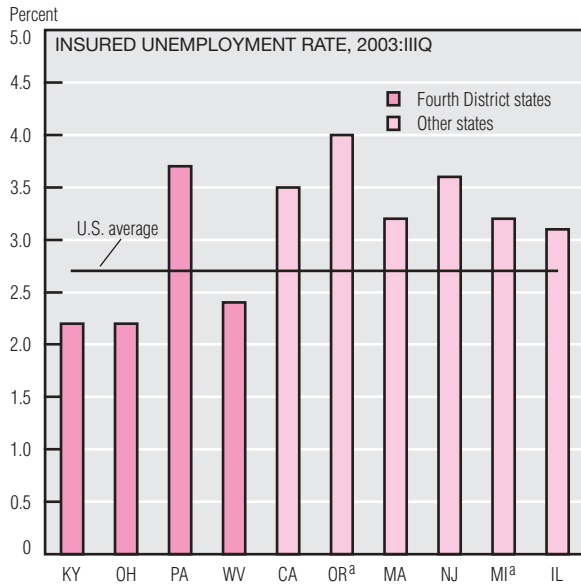
Data on state unemployment insurance claims show regional unemployment differences that may

be obscured in sample-based measures, such as those derived in the Household Survey designed by the Bureau of Labor Statistics. Although the differences in state unemployment insurance programs (for example, the existence of an extended benefits program) affect state-insured unemployment rates, most of the differences between states result from local economic conditions.

Throughout the Fourth District, state-insured unemployment rates

(continued on next page)

Measuring Unemployment (cont.)



a. States with extended benefits.
 b. Calculated using 2003:IIIQ total covered employment data.
 SOURCE: U.S. Department of Labor, Employment and Training Administration.

varied substantially: Rates in Ohio and Kentucky were below the national average of 2.7%, but Pennsylvania, with its heavy concentration of workers in metal industries, posted an above-average rate. However, insured unemployment in both Ohio and Pennsylvania increased from year-ago levels at a rate equaling or exceeding the U.S. average, whereas rates in Kentucky and West Virginia remained stable. States that are heavily invested

in high-tech industries, such as the West Coast states, Massachusetts, and New Jersey, experienced insured unemployment rates well above the U.S. average. Above-average rates also were recorded in Illinois and in Michigan, which has a high concentration of businesses in the automotive industry.

Numbers of initial unemployment insurance claims were higher in Ohio, Pennsylvania, and West Virginia than we would expect based on the

states' covered employment levels. All the Fourth District states have seen declines in initial claims since January 2003, but the declines have been much slower in Ohio and Pennsylvania. Overall, recent unemployment insurance data suggest that labor markets in Pennsylvania and Ohio have improved less than in the nation as a whole over the last year. Similar weakness is also evident in New Jersey, Michigan, and Illinois.