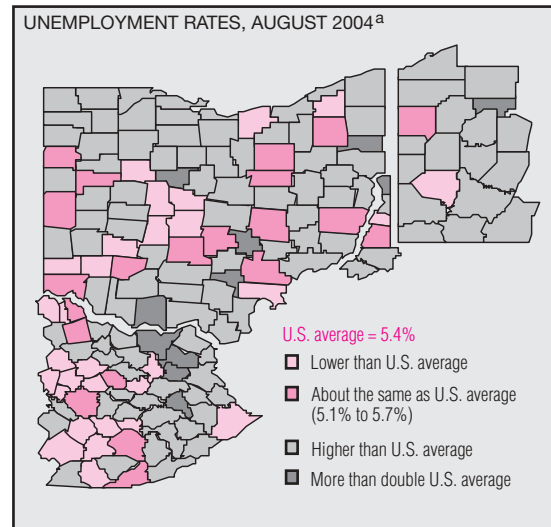
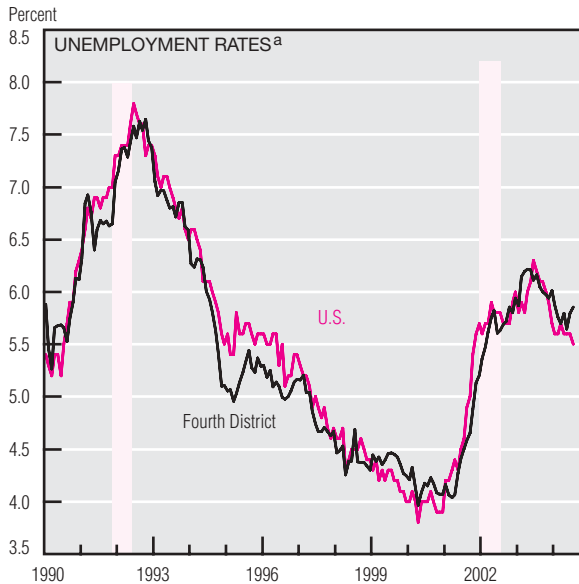


# Fourth District Employment and Business Cycles



## Payroll Employment in Fourth District Metropolitan Statistical Areas

	12-month percent change, August 2004							
	Cleveland	Columbus	Cincinnati	Dayton	Toledo	Wheeling	Pittsburgh	Lexington
Total nonfarm	-0.1	0.1	0.8	-1.4	-2.1	2.0	-0.1	0.7
Goods-producing	-1.4	-0.5	-2.1	-3.1	-1.5	0.0	1.2	1.1
Manufacturing	-2.0	-0.7	-2.1	-2.7	-2.0	0.0	-1.2	-0.2
Natural resources, mining, and construction	0.4	-0.2	-1.8	-4.7	0.0	0.0	5.5	4.9
Service-providing	0.2	0.2	1.4	-1.0	-2.3	2.3	-0.4	0.5
Trade, transportation, and utilities	-1.2	-1.3	1.8	-3.8	-3.1	5.0	-0.9	-0.4
Information	0.5	0.0	3.2	0.9	4.3	0.0	-2.0	5.3
Financial activities	0.5	1.2	-0.4	-1.5	3.3	3.4	1.1	-3.6
Professional and business services	0.7	2.5	0.9	-4.1	-5.2	4.2	-0.9	-2.9
Education and health services	2.8	1.2	3.0	2.4	-1.4	-0.8	1.3	0.9
Leisure and hospitality	0.7	-1.5	3.7	-0.7	-4.9	0.0	-0.6	7.6
Other services	-3.9	-2.2	-0.3	1.0	0.0	3.6	-0.5	3.8
Government	-0.4	0.9	-1.4	0.6	-0.9	2.9	-1.9	-0.9

NOTE: Data are not seasonally adjusted unless otherwise noted.

a. Seasonally adjusted.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

The Fourth District's unemployment rate rose sharply in August to 6.2%, an increase of 0.3 percentage point (pp) from July. This was the sharpest jump in 18 months and the third consecutive increase. Ohio, Pennsylvania, and West Virginia also saw statewide unemployment increases of 0.3 pp in August. By contrast, Kentucky's unemployment rate fell 0.2 pp to 5.1%, the lowest rate of any state in the District.

Nationally, the unemployment rate in August was 5.4%. Most counties in the District—almost three of every

four—reported rates exceeding that. The month before, unemployment topped the national average in two of every three District counties. However, the number of counties where unemployment was more than double the U.S. average stayed about the same between July (12 counties) and August (11).

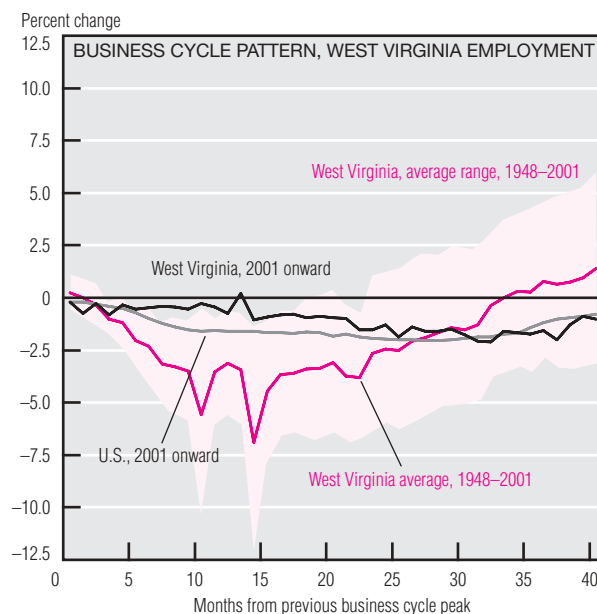
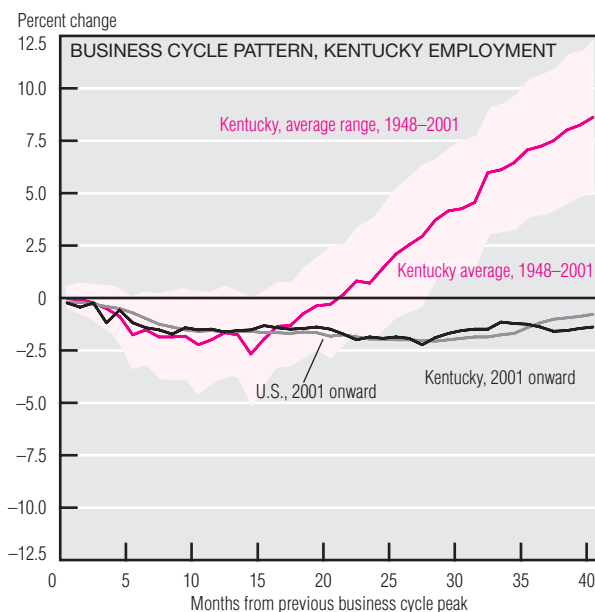
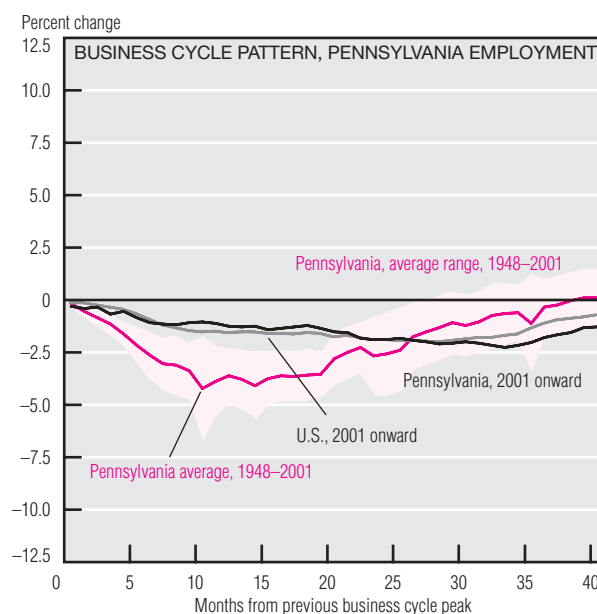
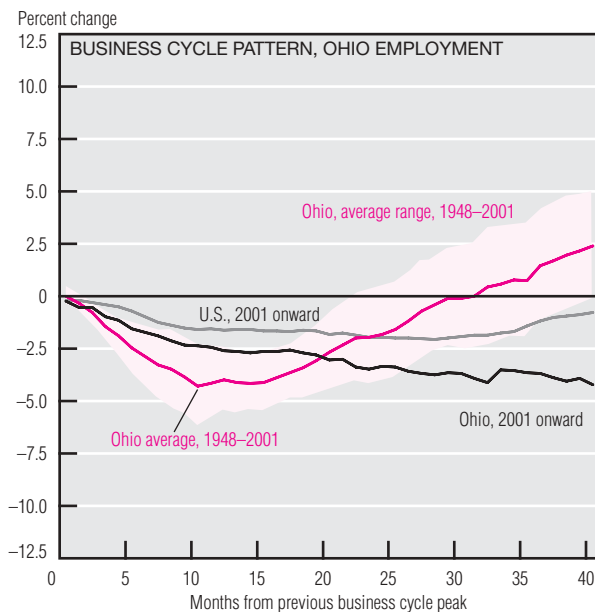
Among the District's major metropolitan areas, Wheeling posted the strongest year-over-year employment gains. By contrast, Dayton and Toledo experienced the sharpest declines; employment in service-providing

industries was hardest hit, especially in enterprises related to trade, transportation, and utilities, as well as professional and business services. Employment in manufacturing industries continued to fall across most of the District's major metropolitan areas, with the most marked declines in Dayton, Cincinnati, Cleveland, and Toledo.

Much of the concern about the current expansion has focused on weaker-than-expected employment growth. On average, national employment during past expansions returned

*(continued on next page)*

## Fourth District Employment and Business Cycles (cont.)



NOTES: All data are for nonfarm business and are seasonally adjusted. Shaded bands indicate a 95% confidence interval for the states' 1948-2001 average.  
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

to pre-recession levels within about two years of the preceding recession's start. But now, after more than three years, U.S. employment has not yet regained its pre-recession peak, nor has employment in Fourth District states.

In percentage terms, employment since the start of the recent recession has fallen somewhat less in the U.S. than in Fourth District states; of those states, Ohio has fared the worst by far. While Kentucky, Pennsylvania, and West Virginia have each lost about 1% of employment since

the start of the last recession—only slightly more than the nation—Ohio has lost about 4% of its jobs.

The ranges of past recessions make it clear that every recession is different. And during each recession there is variation among Fourth District states as well. Ohio usually recovers somewhat more slowly than the nation, but during this expansion the state's employment growth has lagged both its own typical historical experience and the nation's current performance.

On average, in previous expansions, Kentuckians could expect

employment to rebound much more quickly than their counterparts in other District states—almost a year sooner. In the current expansion, however, both Ohioans and Kentuckians have experienced employment growth that is well below the range of their historical experience.

Pennsylvania and West Virginia normally regain jobs more slowly than the U.S. In the most recent recovery, however, these states' performance has been in line with the nation's as well as their own historical experience.