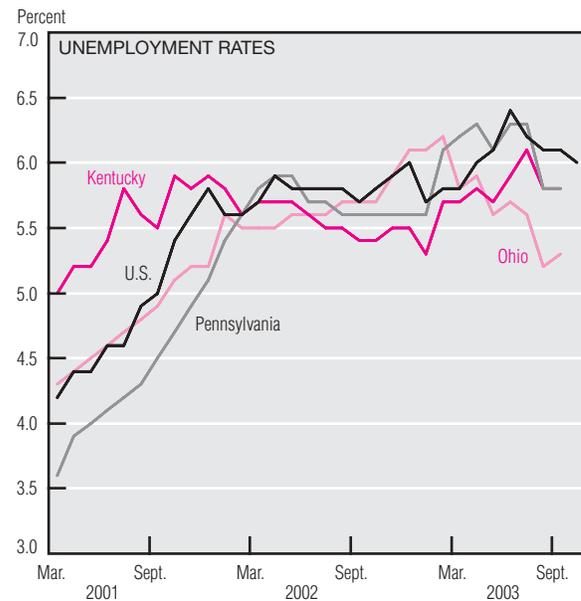
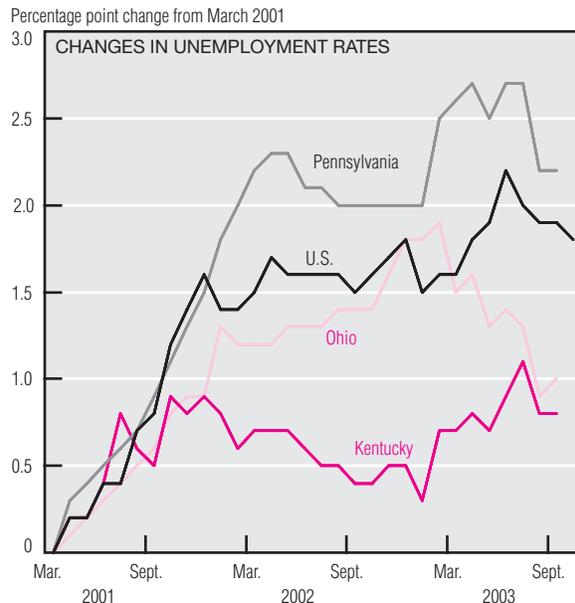
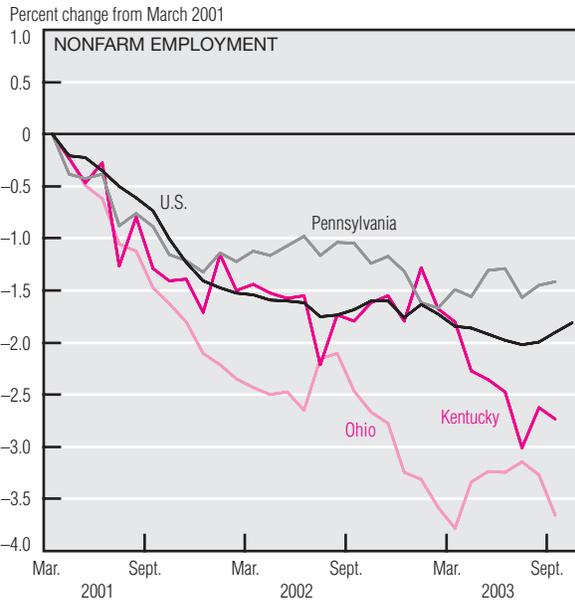


Regional Labor Markets



a. The employment rate is the percentage of the total population that was employed at the time of the survey.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

Since the most recent recession began in March 2001, total U.S. employment has declined nearly 1.8% (roughly 2.4 million jobs). Among states that have more than 10 counties in the Fourth District, Ohio and Kentucky have posted steeper employment declines than the nation as a whole. By September 2003 (the latest state data available), Kentucky had lost 2.7% of the jobs it had had in March 2001, and Ohio had lost nearly

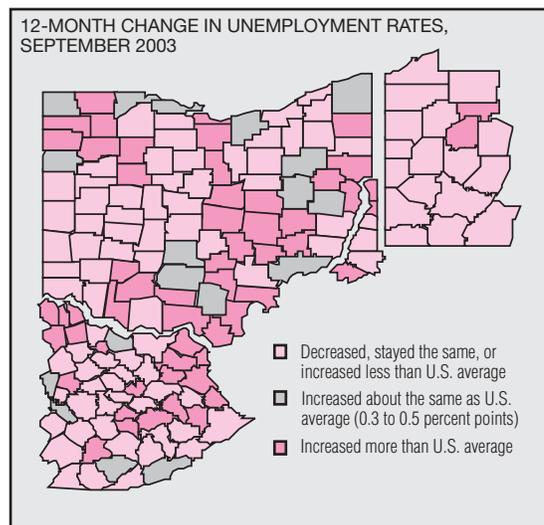
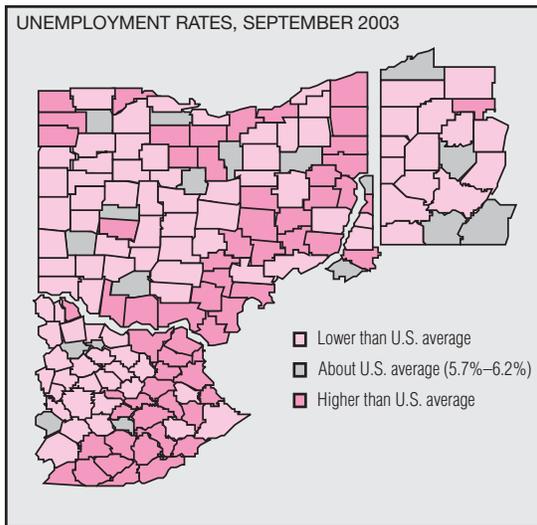
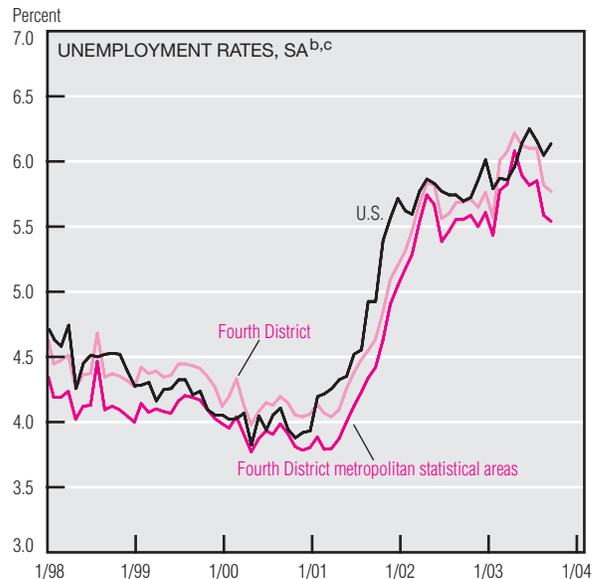
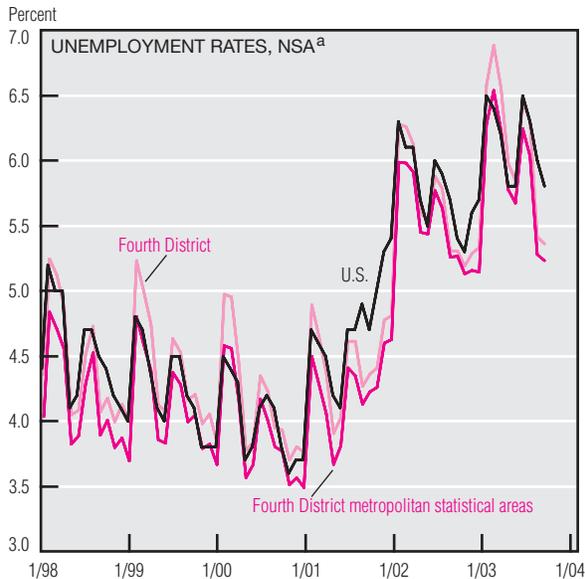
3.7%. Declines in Ohio and Kentucky were larger than the U.S. average because of those states' heavier-than-average dependence on manufacturing employment. Pennsylvania, less dependent than its Fourth District counterparts on struggling manufacturing industries, has maintained its labor force better than the nation has: By September 2003, Pennsylvania had lost just over 1.4% of the total nonfarm employment it had had in March 2001.

Along with falling employment levels, the nation and the Fourth District states have recorded drops in the employment rate (the percent of individuals holding jobs as a share of the state's total population). Employment rates have fallen less in Kentucky and Pennsylvania than in the U.S. or Ohio.

Sluggish job growth and increased numbers of people in the labor force have raised unemployment levels for the nation as well as the Fourth

(continued on next page)

Regional Labor Markets (cont.)



a. Not seasonally adjusted.
 b. Seasonally adjusted.
 c. Federal Reserve Bank of Cleveland calculations.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and Commonwealth of Kentucky, Cabinet for Workforce Development.

District states. Kentucky's unemployment rate, which was on the rise well before the recession began, leveled off in mid-2001 and has held within a percentage point of its March 2001 rate in all but one month since then. In September 2003, Kentucky, Ohio, and Pennsylvania reported seasonally unadjusted unemployment rates that were lower than the national average.

Just like the U.S., the Fourth District's unemployment is quite

seasonal, with a sharp jump in January when firms lay off temporary holiday workers and another, less drastic rise in the summer when manufacturers retool their assembly lines for the following year's products. Seasonally adjusting the data makes it clear that the Fourth District follows national trends fairly closely. Its metropolitan areas enjoy a consistently lower rate of unemployment than both the District as a whole and the U.S.

The District's unemployment follows an interesting geographic pattern: Areas of lower unemployment line the I-75 and I-71 corridors, while higher levels prevail in the Appalachian region, which includes the heavily rural counties of eastern Kentucky. Year-over-year changes in unemployment rates, however, do not appear to follow a similar pattern.