Unemployment patterns in the Fourth District generally follow national trends very closely. In the last two recessions, the rise in national unemployment was mirrored by the Fourth District rate. In the most recent recession, however, the rise in the District’s unemployment rate lagged the nation by two months. In the recovery from the 1990–91 recession (the “jobless recovery”) unemployment rates in both the U.S. and the District continued to climb for a year, then fell steadily through the expansion. After the most recent recession, however, changes in the District’s unemployment rate did not follow the same pattern: Unemployment in the District and the nation did not climb drastically after the recession ended in November 2001, nor did it begin falling a year after the recession ended. According to March 2004 data (the most recent available), unemployment in the District and across the nation continued to hover around 5.7%, well above the rates of about 4.2% that both areas enjoyed throughout 2000.

During the most recent recession, national and District unemployment levels remained well below those experienced during and immediately after the 1990–91 recession (when Fourth District unemployment peaked at 7.7%). But the year-over-year increase in unemployment rates was actually greater in the most recent recession than in 1990–91.

Examined by county, unemployment rates in the District tend to be lower around major metropolitan areas and along the transportation corridors that connect them (including I-75, which stretches from Toledo to Lexington, and I-71, which crosses...
the state from Cincinnati to Cleveland). The District’s Appalachian area tends to show significantly higher unemployment rates than the nation, as does Eastern Kentucky, whose economy is dominated by agriculture. Annual changes in unemployment do not display such clear patterns.

The two-month lag in reporting local unemployment rates does not allow for timely analysis of current market conditions, so economists sometimes use unemployment insurance claims to gain perspective on current conditions. Since January, the number of initial claims has generally declined from year-ago levels. Seasonally adjusted data for states with more than 10 counties in the District (Kentucky, Ohio, and Pennsylvania) show significant monthly fluctuations in employment levels. But the January numbers are probably misleading because annual revisions made that month adjust sample-based employment estimates to actual job counts from employer tax reports.

Earlier this year, Ohio’s unemployment rate fell because its labor force shrank faster than jobs did; the rate rose slightly in April because labor force growth outpaced job growth. Kentucky’s rate declined recently because labor force changes were negligible compared to employment changes in January, February, and April. Recent labor market conditions have been stronger in Kentucky and Pennsylvania than in Ohio. In fact, Pennsylvania’s unemployment rate has not exceeded 5.75% for the past year; although the state’s job growth has continued over the past four months, its unemployment rate has remained close to 5.25% because its labor force has also been growing.