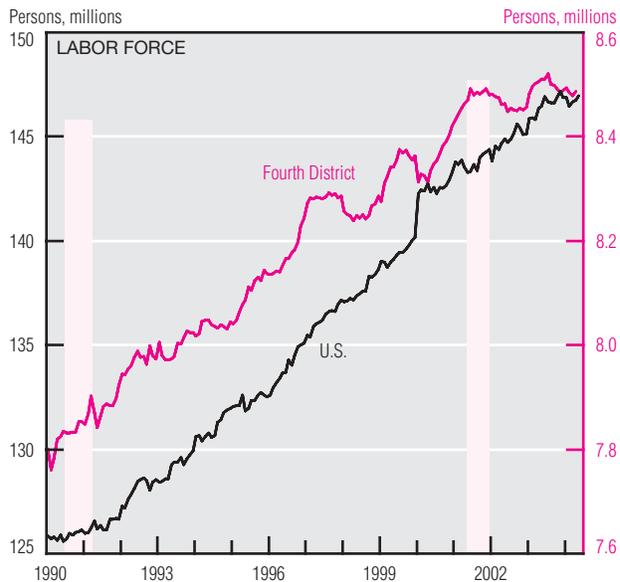
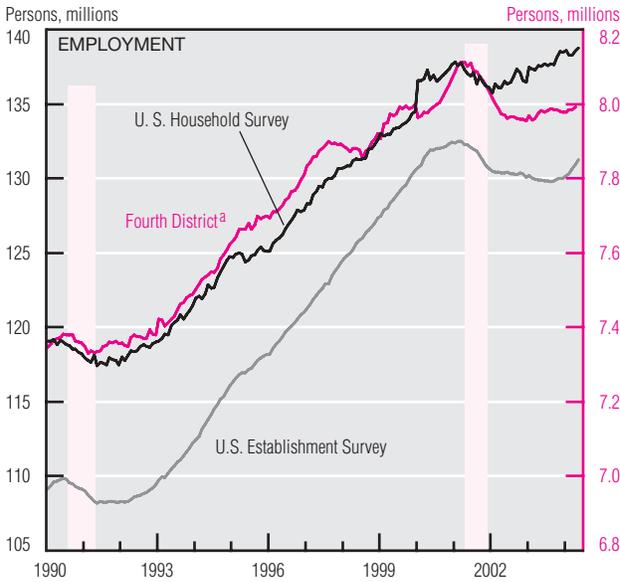


Fourth District Conditions



	Percent, December			Apr.
	2001	2002	2003	2004
Cleveland	5.7	6.6	6.7	6.5
Columbus	3.7	4.8	4.8	4.8
Cincinnati	4.6	4.9	5.1	5.0
Lexington	4.1	4.0	4.1	3.7
Wheeling	4.4	5.6	4.9	5.4
Pittsburgh	4.9	5.8	5.2	5.3

NOTE: All data are seasonally adjusted.
 a. Data are consistent with the definition of employment used in the U.S. Household Survey.
 SOURCE: U.S. Department of Labor, Bureau of Labor Statistics.

By one measure (using Establishment Survey data), job creation has been so weak during some phases of the current recovery—even worse than in the previous, so-called “jobless” recovery—that some have dubbed this the “job loss” recovery. An alternative measure (using Household Survey data) showed a better but still weak increase in jobs following the recession. Both measures suggest that national labor markets are now on a much firmer footing.

This would seem to be good news for the Fourth District. Over the last

10 to 15 years, the District’s employment trends have tended to follow closely those for the country as a whole. However, recent experience suggests a different pattern than in the past: Although U.S. employment, as measured by Household Survey data, started to trend up slowly after the recession ended, District employment, measured on the same basis, continued to trend down for some time and has been essentially flat since the beginning of 2002.

Unemployment rates over this period tell a different story, however. By

this measure, the performance of the District’s labor markets looks more similar to the nation’s. But this statistic should be viewed with some caution: A drop in the unemployment rate can result not only from more robust employment growth, but also from individuals leaving the labor force.

In the Fourth District, labor force levels have in fact declined slightly since the end of the recent recession. As in the case of employment growth, the District’s labor force growth had tended to follow the same trajectory as the nation’s. However, since the

(continued on next page)

Fourth District Conditions (cont.)

	4th District Payroll Employment by MSA							
	One-month percent change, May 2004							
	Cleveland	Columbus	Cincinnati	Pittsburgh	Wheeling	Lexington	Toledo	Dayton
Total nonfarm	0.6	0.3	0.9	1.2	0.9	0.5	0.8	0.5
Goods producing	0.7	0.8	0.8	1.8	2.2	1.3	1.6	1.5
Manufacturing	0.3	-0.8	0.7	0.6	-2.1	0.0	-0.6	0.3
Natural resources, mining, and construction	5.9	4.9	2.9	7.0	7.1	6.0	11.4	7.8
Service producing	0.5	0.5	0.6	1.0	1.1	0.4	0.4	0.4
Trade, transportation, and utilities	0.4	0.3	1.4	1.2	0.0	-0.2	0.3	-0.1
Information	0.0	-1.5	0.0	1.2	0.0	0.0	2.1	0.9
Financial activities	-0.5	0.1	0.7	0.1	3.4	0.0	-2.4	0.5
Professional and business services	1.4	-0.3	0.5	1.7	-2.1	-1.9	0.3	0.9
Education and health services	-0.2	0.9	0.0	0.3	0.0	0.0	0.0	0.1
Leisure and hospitality	2.0	2.3	2.2	3.1	4.5	3.3	5.6	1.5
Other services	-0.7	1.1	1.7	0.4	0.0	0.0	-0.7	0.0
Government	-0.3	-1.1	0.0	0.1	1.0	0.4	-0.6	-0.4

	4th District Payroll Employment by MSA							
	12-month percent change, May 2004							
	Cleveland	Columbus	Cincinnati	Pittsburgh	Wheeling	Lexington	Toledo	Dayton
Total nonfarm	-0.1	-0.6	1.0	-0.6	-1.7	0.0	-3.0	-1.2
Goods producing	-1.8	-1.8	-3.6	-1.1	-3.2	-0.2	-2.9	-2.6
Manufacturing	-1.9	-2.2	-2.9	-2.6	-6.0	-1.7	-2.8	-1.6
Natural resources, mining, and construction	1.9	-0.3	-4.0	4.5	0.0	5.2	-2.8	-6.2
Service producing	0.3	-0.2	1.6	-0.7	-1.1	0.3	-3.1	-0.8
Trade, transportation, and utilities	-1.1	-0.7	3.2	-0.9	0.0	1.4	-4.1	-3.3
Information	-2.8	-4.3	-1.3	-1.2	0.0	0.0	4.3	-2.5
Financial activities	0.2	0.7	0.9	1.4	3.4	-0.9	0.8	3.5
Professional and business services	0.4	-2.9	0.8	-2.9	0.0	-3.0	-7.6	-4.5
Education and health services	3.3	2.5	1.7	1.1	-5.9	-0.9	-1.6	1.5
Leisure and hospitality	0.0	-0.4	3.7	-2.4	3.0	0.4	-4.7	0.2
Other services	-3.1	0.3	1.4	-0.7	0.0	1.9	-5.6	1.1
Government	-0.2	-0.4	0.6	-0.3	-2.8	0.5	0.2	0.0

NOTE: Data are not seasonally adjusted.

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

recession ended, the District's labor force levels have been essentially flat, whereas national labor force levels have risen. Indeed, since the District's unemployment rate fell from its peak of over 6% in mid-2003, its labor force has shrunk more sharply than its employment has grown.

Within the District, unemployment rates have been surprisingly stable for Ohio's three most populous metropolitan areas since the end of 2003. Even more unexpectedly, as national labor markets have strengthened in recent months, the Pittsburgh and

Wheeling metropolitan areas have actually seen unemployment rates rise since the end of last year. The Lexington area, however, has seen a relatively pronounced reduction in its unemployment rate since last December.

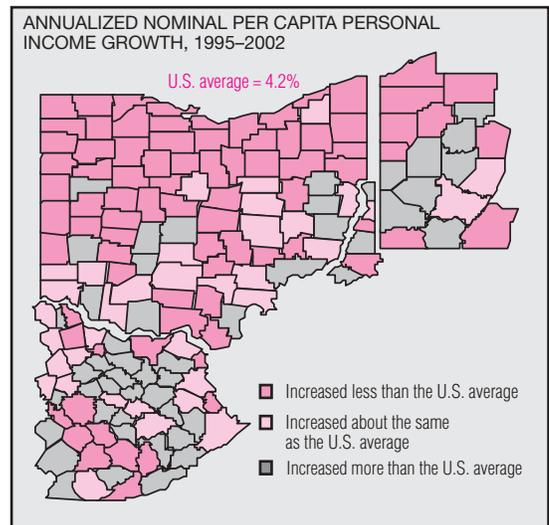
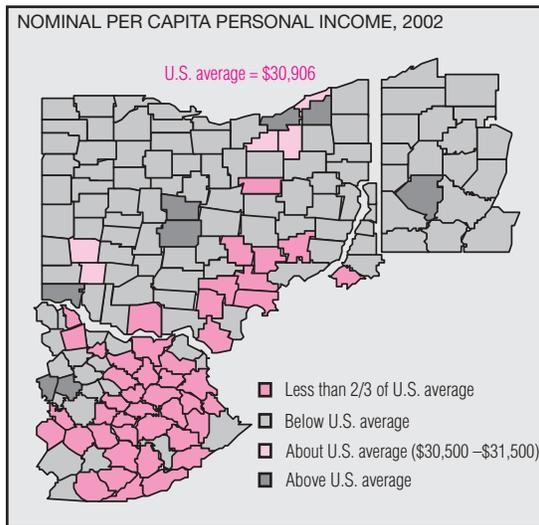
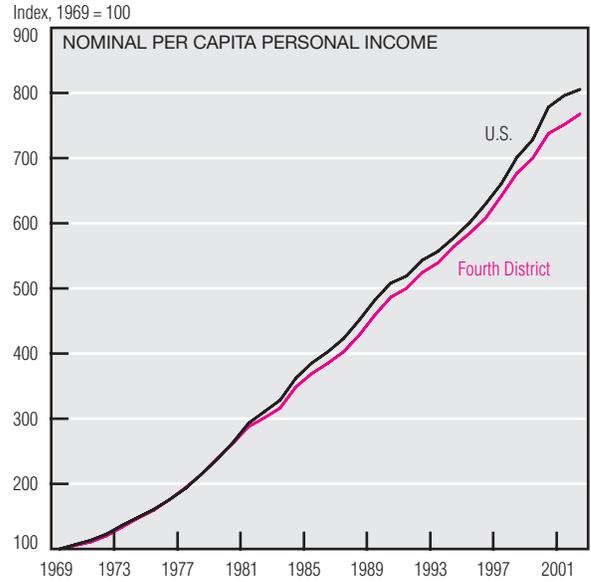
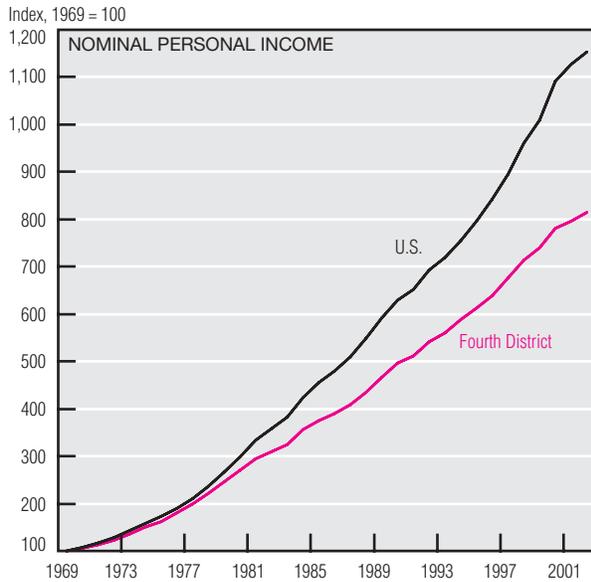
Total nonfarm employment rose uniformly across all of the District's major metropolitan areas from April to May, suggesting that local labor markets may finally be on the mend. Employment gains appeared to be concentrated in the leisure and hospitality industries as well as in mining

and construction. Some of these industries' gains, however, may reflect seasonal rather than longer-term improvements. In particular, the leisure and hospitality industries might expect to see stronger business as the summer wears on, and firms in the construction and mining industries may be more able to attend to their work as the weather improves.

In the absence of seasonal adjustment, year-over-year comparisons make it possible to see longer-term changes apart from the seasonal patterns. These comparisons seem

(continued on next page)

Fourth District Conditions (cont.)



SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis.

to indicate continued weakness in job creation in the District's major metropolitan areas, especially for manufacturing industries.

Total personal income provides a way to gauge the Fourth District's economic activity, much as GDP gauges the nation's. The District's growth in nominal personal income has not kept pace with the nation's. The divergence between the growth trends in personal income for the District and the U.S. began around 1980 and has continued to widen. Since 1969, total personal income has grown about

twelfefold for the U.S. as a whole, but only about eightfold for the Fourth District.

This discrepancy can be traced largely to the District's less robust population growth. In fact, on a per capita basis, personal income has grown at roughly the same rate in the Fourth District and the nation since 1969. The small gap that existed then, however, appears to have grown in recent years. In 1969, nominal per capita personal income for the District was \$3,750, compared to \$3,836 for the U.S. as a whole; by 2002, that statistic

had risen to \$30,906 for the U.S., but only \$28,773 for the District.

The vast majority of the Fourth District's counties have lower levels of per capita income than the U.S. as a whole, with much lower levels concentrated in eastern Kentucky and southeastern Ohio. Per capita income levels in the District's most populous metropolitan areas tend to equal or exceed the U.S. average. Many of the areas with less-than-average levels of per capita income saw above-average income growth between 1995 and 2002.