The Fourth District’s unemployment rate rose 0.1% in December to 5.9%. In contrast, the U.S. unemployment rate fell from 5.0% to 4.9%. This trend continued in January, when the U.S. unemployment rate fell further, reaching 4.7%. The gap between the District and U.S. unemployment rates has progressively widened since 2003, when the rates were roughly equal.

Not surprisingly, the unemployment rate in most District counties also exceeded the national average in December. These include Ohio counties with major population centers such as Cleveland, Cincinnati, and Columbus, as well as counties with smaller cities like Akron, Dayton, Toledo, and Youngstown. Circumstances improved somewhat outside of Ohio: The unemployment rate in Fayette County, Kentucky, of which Lexington is the seat, was roughly equal to that of the U.S. And rates in Ohio County, West Virginia, and Allegheny County, Pennsylvania, of which Wheeling and Pittsburgh, respectively, are the seats, were lower than the national average.

During the period from the last business cycle peak in March 2001 through December 2005, few of the District’s metro areas had higher employment growth than the nation, Cincinnati being an exception. Manufacturing contributed negatively to all metro areas and even the U.S., but the metro areas where employment growth was slower tended to have larger negative contributions from manufacturing. These areas also showed declines in financial, information, and business services, and posted relatively weaker gains in education, health care, leisure, and government services.