

First Quarter 2009

SUMMARY

- Employment in the Columbus Metropolitan Statistical Area (MSA – Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties) decreased 4,600 (0.5 percent) during the first quarter. Ohio employment declined 2.2 percent, while U.S. employment declined 1.6 percent. While the rate of employment decline accelerated nationally from the previous quarter, it slowed locally.
- The region's seasonally-adjusted unemployment rate finished the quarter at 8.1 percent, up from 6.5 percent in December and 5.0 percent a year ago. The March unemployment rate was lower than the 8.5 percent national average and Ohio's 9.7 percent. All rates are at levels not seen in 25 years.
- Most sectors turned in better-than-average performance during the first quarter. Retail, transportation, financial activities, and business services registered small net gains while declining nationally. Private education and healthcare increased four times the national rate. Only leisure, government, and the small information sector declined at a rate greater than the national average.
- Economists in the April *Wall Street Journal* survey continue to forecast declines in national output in the first and second quarters followed by modest growth in the second half. The implied decline would be comparable to that in the mid-1970s, and would thus rank as one of the worst recessions of the postwar period. U.S. employment will decline through the year and into 2010; the unemployment rate will reach 9.5 percent by December 2009.
- Revisions of 2007 and 2008 Columbus MSA sector employment estimates reduced the 2007 gain from 1.4 percent to 1.1 percent, and reduced the 2008 net change from a gain of 0.6 percent to a loss of 0.2 percent. The 2007 gain was equal to the national average, while the 2008 loss compared favorably to the national decline of 0.4 percent.

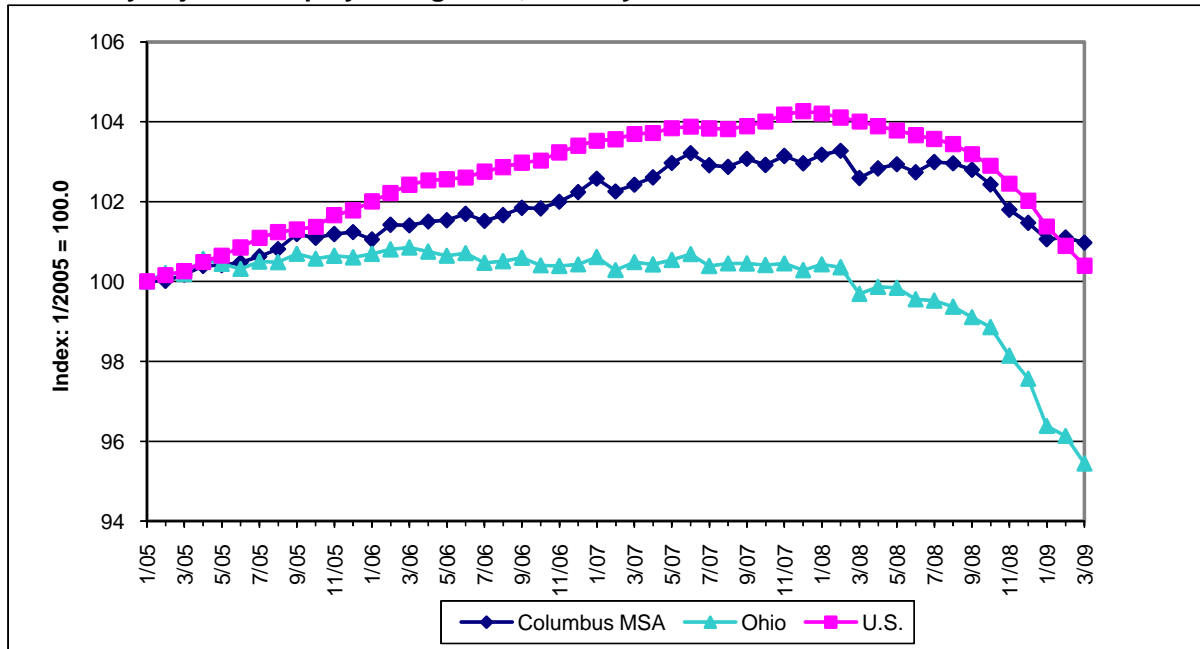
INDUSTRY EMPLOYMENT CHARTBOOK

An *Industry Employment Chartbook* is being issued in conjunction with this *Update*. The *Chartbook* presents more than 40 charts comparing sector-level employment growth at regional, state, and national levels annually from 1990 and monthly from January 2005.

Columbus MSA employment falls 4,600 during the first quarter – one-third the national rate

- Columbus MSA employment registered a net decrease of 4,600 (0.5 percent) during the first quarter. The preliminary seasonally-adjusted March total of 925,600 was 14,800 (1.6 percent) lower than the March 2008 level.
 - Ohio employment declined 114,600 (2.2 percent) from December 2008 and 229,500 (4.3 percent) from March 2008.
 - National employment declines continued at a rate of more than 600,000 per month. The net loss was 2.159 million (1.6 percent) for the quarter and 4.178 million (3.5 percent) from March 2008.
- The graph on the following page diagrams employment growth at local, state, and national levels since January 2005. As national employment declines accelerated during the first quarter, local declines slowed.

Seasonally adjusted employment growth, January 2005-March 2009



Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment of Columbus MSA employment by the Columbus Chamber.

Unemployment rates rise to quarter-century highs

- The seasonally-adjusted Columbus MSA unemployment rate rose to 8.1 percent in March, up from 6.5 percent in December and 5.0 percent a year ago. The U.S. rate stood at 8.5 percent, up from 7.2 percent in December and 5.0 percent in March 2008. The Ohio rate rose to 7.8 percent from a revised 7.2 percent in December and 6.1 percent a year ago. These unemployment rates are at levels not seen since 1982-1984.
- Seasonally-adjusted unemployment rates for the MSA and its counties, Ohio, and the U.S. are shown in the table below. Morrow and Pickaway rates exceeded the Ohio rate; all other counties' rates were less than the state average. Delaware, Franklin, and Union were below the U.S. rate.

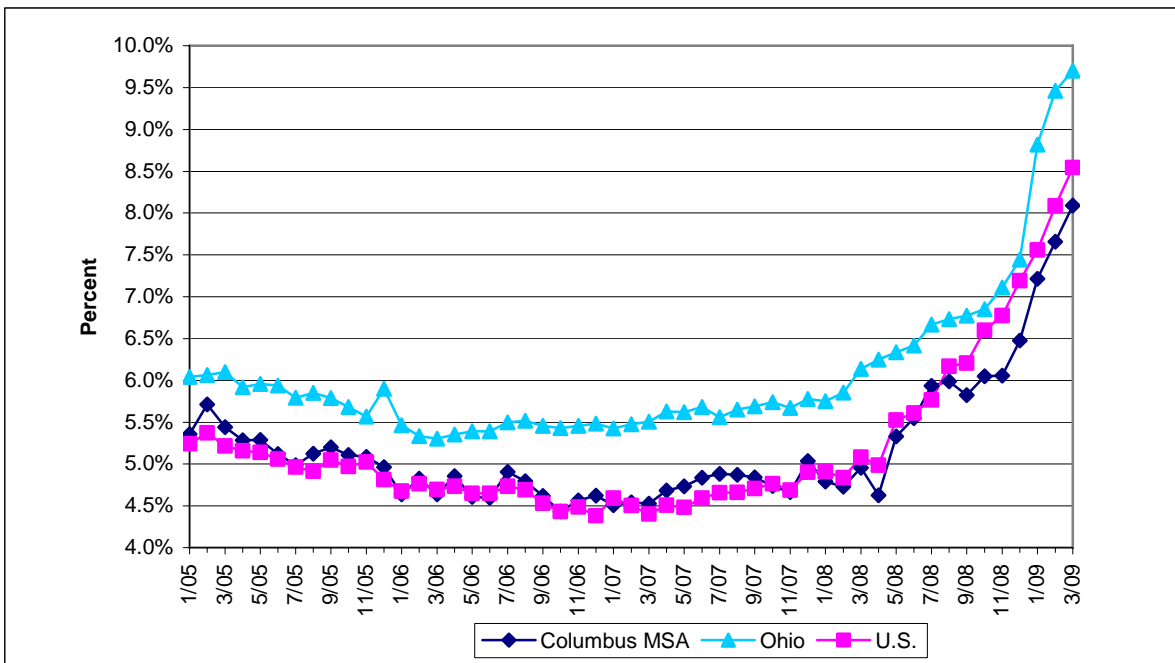
Seasonally-adjusted county, MSA, state, and national unemployment rates

	March 2009	December 2008	March 2008
Delaware	6.4%	5.4%	4.2%
Fairfield	9.1%	6.6%	5.2%
Franklin	7.8%	6.3%	4.9%
Licking	9.3%	7.4%	5.7%
Madison	9.6%	7.7%	5.3%
Morrow	10.9%	8.9%	6.2%
Pickaway	10.0%	8.0%	6.3%
Union	8.4%	6.1%	4.8%
Columbus MSA	8.1%	6.5%	5.0%
Ohio	9.7%	7.4%	6.1%
U.S.	8.5%	7.2%	5.1%

Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics series; seasonal adjustment of county and MSA rates by the Columbus Chamber.

- The chart on the next page graphs regional, state, and national unemployment rates since January 2005.

Seasonally adjusted unemployment rates, January 2005-March 2009



Source: U.S. Bureau of Labor Statistics Local Area Unemployment Statistics series; seasonal adjustment of Columbus MSA unemployment rates by the Columbus Chamber.

- As shown in the table on the next page, labor force is defined as the sum of the number of residents employed plus those unemployed –those who have actively sought employment within the past 30 days.
 - Locally, regionally, and nationally, the number of unemployed rose less than the net decline in the number of residents working. This suggests that some of those losing jobs dropped out of the labor force and others who would otherwise have started or resumed working did not do so. As a result, the increase in the unemployment rate understates the deterioration in the economy.

Changes in components of regional, state, and national unemployment rates

	Dec. 2008	Change from:	
		Sep. 2008	Dec. 2007
Columbus MSA			
Employment	881,118	-17,810	-35,189
Plus Unemployment	77,539	15,298	29,746
Equals Labor force	958,657	-2,512	-5,443
Unemployment rate (Unemp./Labor force)	8.1%	---	---
Ohio			
Employment	5,374,738	-159,426	-234,327
Plus Unemployment	577,524	132,438	210,792
Equals Labor force	5,952,262	-26,988	-23,535
Unemployment rate (Unemp./Labor force)	9.7%	---	---
United States (thousands)			
Employment	140,887	-2,451	-5,136
Plus Unemployment	13,161	2,053	5,341
Equals Labor force	154,048	-398	205
Unemployment rate (Unemp./Labor force)	8.5%	---	---

Most sectors deliver better-than-average performance during the first quarter

- The following table shows seasonally-adjusted employment changes by sector during the first quarter and from March 2008. Retail, transportation, and financial activities, which suffered worse-than-average declines in the fourth quarter, turned in small net gains. Private education and healthcare employment increased four times the national rate. The only sectors declining at an above-average rate were leisure (which had been relatively strong previously), government, and information.

Quarterly and year-to-year sector employment changes

Sector	Mar 2009 Columbus total	Change: 12/08 to 03/09			Change: 03/08 to 03/09		
		Columbus		U.S.	Columbus		U.S.
		Amt.	Pct.	Pct.	Amt.	Pct.	Pct.
Construction and mining	31,600	-900	-2.8%	-5.3%	-4,000	-11.2%	-11.4%
Manufacturing	70,600	-2,700	-3.7%	-4.6%	-4,700	-6.2%	-9.8%
Wholesale trade	37,400	-700	-1.8%	-1.8%	-1,700	-4.3%	-4.4%
Retail trade	101,100	300	0.3%	-1.0%	200	0.2%	-4.0%
Transportation and utilities	49,200	500	1.0%	-1.9%	-1,200	-2.4%	-4.9%
Information	17,200	-400	-2.3%	-1.1%	-500	-2.8%	-3.8%
Financial activities	69,100	300	0.4%	-1.8%	-2,400	-3.4%	-4.1%
Professional and business svcs.	149,600	300	0.2%	-2.7%	-4,000	-2.6%	-5.9%
Educational and health services	117,800	1,900	1.6%	0.4%	4,400	3.9%	2.4%
Leisure and hospitality	88,100	-1,300	-1.5%	-0.8%	-200	-0.2%	-2.4%
Other services	36,700	-200	-0.5%	-1.0%	500	1.4%	-2.0%
Government	157,200	-1,700	-1.1%	0.0%	-1,200	-0.8%	0.4%
Total	925,600	-4,600	-0.5%	-1.6%	-14,800	-1.6%	-3.5%

Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment of Columbus MSA employment by the Columbus Chamber.

- The table below shows local, statewide, and national employment changes since the beginning of the recession in December 2007. The region's employment decline has been half the national average. Ohio has fared worse than average, but the disparity between the state's performance and the U.S. is less than it was prior to the downturn. Most sectors locally have outperformed the national average; exceptions include construction, information, and government.

Sector employment changes since December 2007

Sector	Columbus MSA		Ohio		United States	
	Amt.	Pct.	Amt.	Pct.	Amt. (000)	Pct.
Construction and mining	-5,400	-14.6%	-31,700	-13.7%	-1,039	-12.6%
Manufacturing	-5,700	-7.5%	-110,800	-14.5%	-1,467	-10.6%
Wholesale trade	-1,400	-3.6%	-9,000	-3.8%	-297	-4.9%
Retail trade	-600	-0.6%	-16,900	-2.8%	-675	-4.3%
Transportation and utilities	-2,500	-4.8%	-21,300	-9.9%	-251	-4.9%
Information	-800	-4.4%	-6,100	-7.0%	-118	-3.9%
Financial activities	-2,300	-3.2%	-12,900	-4.4%	-376	-4.6%
Professional and business svcs.	-3,100	-2.0%	-56,300	-8.3%	-1,215	-6.7%
Educational and health services	5,500	4.9%	16,200	2.0%	579	3.1%
Leisure and hospitality	-1,200	-1.3%	-1,100	-0.2%	-351	-2.6%
Other services	100	0.3%	-5,200	-2.4%	-92	-1.7%
Government	-900	-0.6%	-6,400	-0.8%	169	0.8%
Total	-18,200	-1.9%	-261,500	-4.8%	-5,133	-3.7%

Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment of Columbus MSA employment by the Columbus Chamber.

The April *Wall Street Journal* economic forecast poll predicts recession's end by September

- Nearly two-thirds of the 54 economists in *The Wall Street Journal's* monthly survey expect the recession to end no later than the third quarter of 2009. Although expectations regarding the depth of the decline have worsened in recent months, the expected pattern of first-half decline and modest second-half recovery has not changed.
 - The average forecast for the first quarter of 2009 was an annualized decline in Gross Domestic Product (GDP) of 5.0 percent. However, the preliminary estimate released by the U.S. Bureau of Economic Analysis was an annualized decline of 6.1 percent – only slightly better than the fourth quarter's 6.3 percent. The first-quarter estimate is subject to potentially significant revision, and some economists expect that revision to be less negative.
 - A 1.8 percent decline is predicted for the second quarter. The consensus is for modest growth of 0.4 percent in the third quarter and 1.6 percent in the fourth quarter.
 - This forecast suggests a peak-to-trough GDP decline comparable to that of 1974-1976 but less severe than that of 1957-1958, which ranks as the worst postwar recession in terms of output decline.
- The forecast expects employment declines to continue through 2009 and into 2010. The consensus calls for an average monthly decline of 218,000 jobs through April 2010 – one-third its rate of decline in recent months. The national unemployment rate will reach 9.5 percent by December 2009.

Columbus MSA employment growth for 2008 restated from a 0.6 percent gain to a 0.2 percent loss; 2007 growth also revised downward

- Revisions of 2008 Columbus MSA sector employment estimates issued in March by the U.S. Bureau of Labor Statistics (BLS) in March significantly reduced the growth rate implied by the previous estimates. The revised estimates show a decline of 1,600 jobs (0.2 percent) to 940,900 rather than the gain of 5,800 jobs (0.6 percent) originally reported. The estimated gain for 2007 was also revised downward: from 11,700 (1.3 percent) to 10,600 (1.1 percent).
 - These revisions also lowered the estimates of 2008 U.S. and Ohio employment growth. National employment declined 0.4 percent rather than the originally-estimated 0.3 percent, implying that Columbus MSA growth during 2008 exceeded the national average after matching it in 2007. Ohio's employment declined 1.1 percent rather than 0.4 percent.
- The stronger trends estimated previously were those used by the panel in developing the 2009 Columbus BlueChip Economic Forecast, although there was a strong belief among panel members that the employment revisions would likely be downward. The second quarter Columbus Economic Update will offer a mid-year review and revision of the forecast.
- The table on the next page shows the employment change implied by the old and new estimates. Most 2008 sector estimates were revised downward, notably construction, transportation, and financial activities. Education and healthcare and government, however, were revised upward substantially.

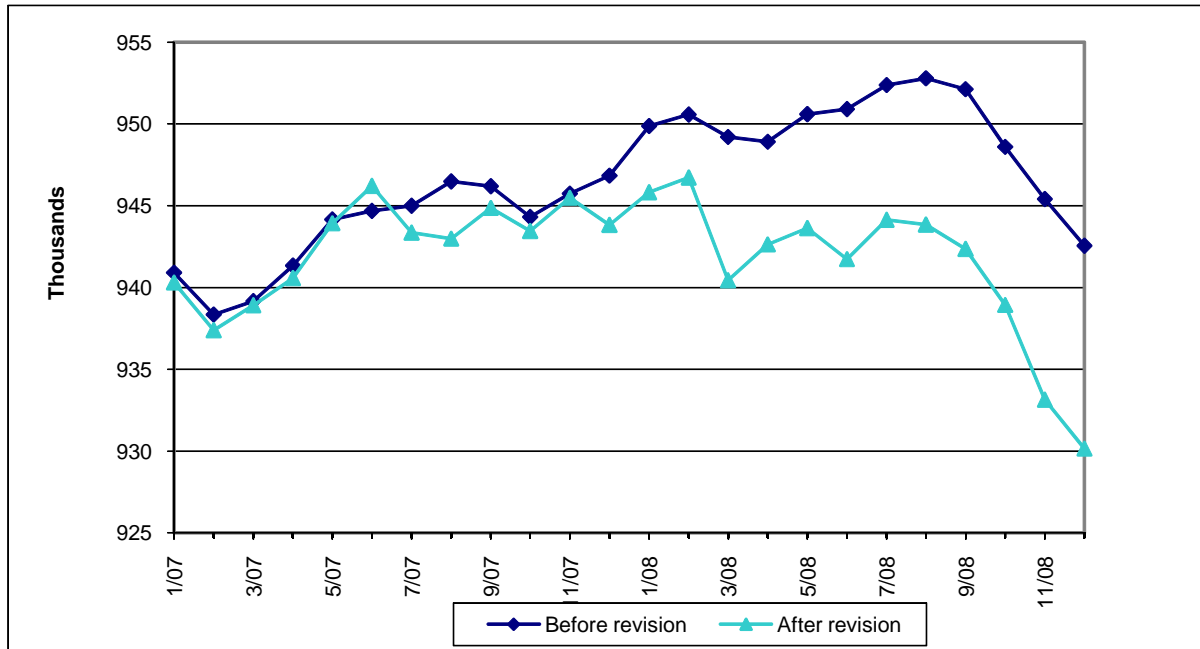
Revised Columbus MSA sector employment growth, 2006-2008

Sector	2006-2007				2007-2008			
	Previous		Current		Previous		Current	
	Amt.	Pct.	Amt.	Pct.	Amt.	Pct.	Amt.	Pct.
Construction and mining	-1,400	-3.5%	-1,500	-3.8%	-1,200	-3.1%	-3,000	-7.9%
Manufacturing	-1,000	-1.3%	-1,200	-1.5%	-1,800	-2.3%	-2,100	-2.7%
Wholesale trade	1,100	2.9%	800	2.1%	900	2.3%	600	1.6%
Retail trade	-1,000	-1.0%	-1,400	-1.3%	-300	-0.3%	-1,000	-1.0%
Transportation and utilities	4,200	9.2%	4,400	9.6%	1,900	3.8%	-300	-0.6%
Information	-100	-0.5%	-300	-1.6%	-400	-2.1%	-800	-4.3%
Financial activities	100	0.1%	-800	-1.1%	-100	-0.1%	-2,400	-3.3%
Professional & bus. svcs.	6,200	4.3%	6,600	4.6%	4,000	2.7%	3,300	2.2%
Education & health services	2,800	2.6%	3,300	3.1%	2,400	2.2%	3,800	3.4%
Leisure and hospitality	800	0.9%	700	0.8%	700	0.8%	-600	-0.7%
Other services	-300	-0.8%	-600	-1.6%	-200	-0.5%	-400	-1.1%
Government	400	0.3%	700	0.4%	-200	-0.1%	1,400	0.9%
Total	11,700	1.3%	10,600	1.1%	5,800	0.6%	-1,600	-0.2%

Source: U.S. Bureau of Labor Statistics Current Employment Statistics series.

- The chart below shows seasonally-adjusted monthly employment estimates before and after the revisions. As shown, December 2008 revised regional employment was more than 12,000 less than originally estimated.

Columbus MSA seasonally-adjusted employment estimates before and after the March 2009 revisions



Source: U.S. Bureau of Labor Statistics Current Employment Statistics series; seasonal adjustment by the Columbus Chamber.