

## Fourth Quarter 2008

### SUMMARY

- Employment in the Columbus Metropolitan Statistical Area (MSA – Delaware, Fairfield, Franklin, Licking, Madison, Morrow, Pickaway, and Union Counties) decreased 9,600 (1.0 percent) during the third quarter. Ohio employment declined 1.3 percent, while U.S. employment declined 1.1 percent.
- The region's seasonally-adjusted unemployment rate finished the quarter at 6.4 percent, up from 6.0 percent in September and 5.1 percent a year ago. The September unemployment rate was lower than the 7.2 percent national average and Ohio's 7.8 percent. A sharp decline in resident employment was accompanied by a much smaller increase in the number of job-seekers, leading to the relatively modest unemployment rate increase.
- Employment declined in all industry sectors except for education and healthcare, other services, and government. Several sectors that performed better than the national average earlier in the year suffered worse-than-average declines. Declines in other sectors were less than average.
- Economists in the January *Wall Street Journal* survey forecast an output decline worse than that of recent recessions but not as bad as those in the mid-1970s and early 1980s. The consensus, though, is for four consecutive quarters of decline – unprecedented in the postwar period. U.S. employment will decline through most or all of the year; the unemployment rate will reach 8.9 percent.
- The release of preliminary December sector employment estimates gives a first look at employment trends for 2008 as a whole. Total employment increased 0.6 percent in the Columbus MSA, while declining 0.4 percent statewide and 0.3 percent nationally. Most sectors enjoyed far better-than-average performance at the local level, and quite a few did better than average at the state level. These estimates are subject to potentially significant revision in March.

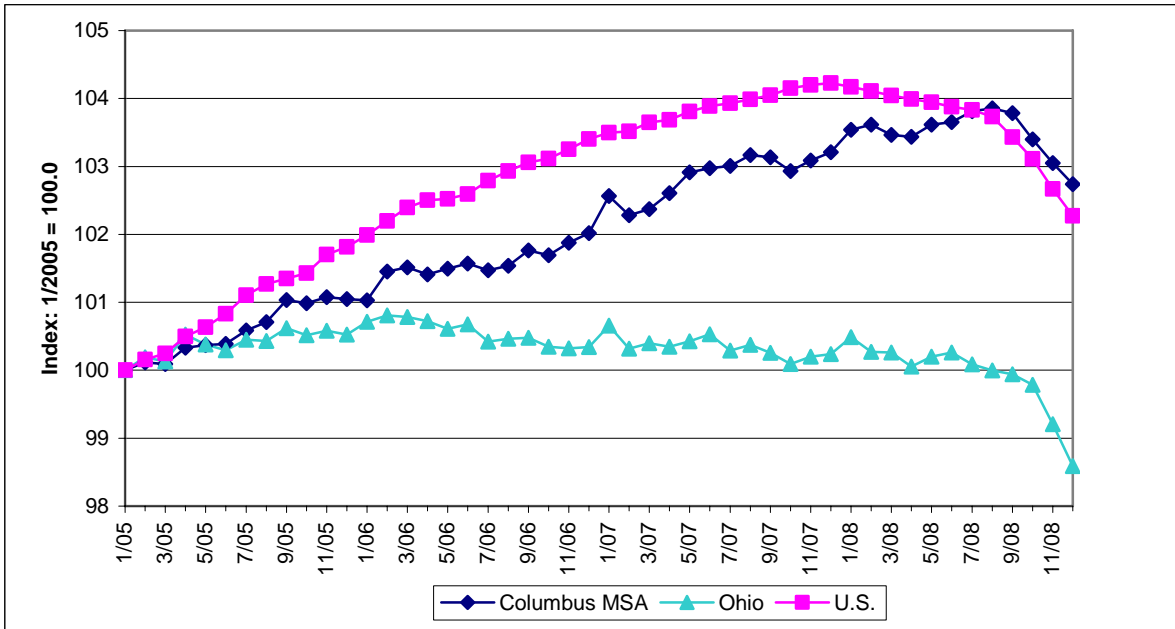
### INDUSTRY EMPLOYMENT CHARTBOOK

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 9,600 during the fourth quarter as the recession hits seasonal hiring

- Columbus MSA employment registered a net decrease of 9,600 (1.0 percent) during the fourth quarter. The preliminary seasonally-adjusted September total of 942,500 was 4,300 (0.5 percent) lower than the December 2007 total.
  - Ohio employment declined 72,900 (1.3 percent) from September 2008 and 89,000 (1.6 percent) from December 2007.
  - National employment declines also accelerated sharply during the fourth quarter. The net loss was 1.53 million (1.1 percent) for the quarter and 2.59 million (1.9 percent) since December 2007 – the employment peak.
- The graph on the following page diagrams employment growth at local, state, and national levels since January 2005.

### Seasonally adjusted Columbus MSA, Ohio, and U.S. employment growth, January 2005-December 2008



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

### The regional unemployment rate stands at a 23-year high, but rises far less than the national rate

- The seasonally-adjusted Columbus MSA unemployment rate rose to 6.4 percent, up from 6.0 percent in September and 5.1 percent a year ago. The U.S. rate stood at 7.2 percent in December, up a full percentage point since September and 4.9 percent last December. The Ohio rate rose to 7.8 from 7.2 percent in September and 5.8 percent in December 2007. The regional and state unemployment rates have not been at this level since 1986, while the U.S. rate was last at its current level at the beginning of 1993.
- 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, Fairfield, Franklin, and Union were below the U.S. rate.

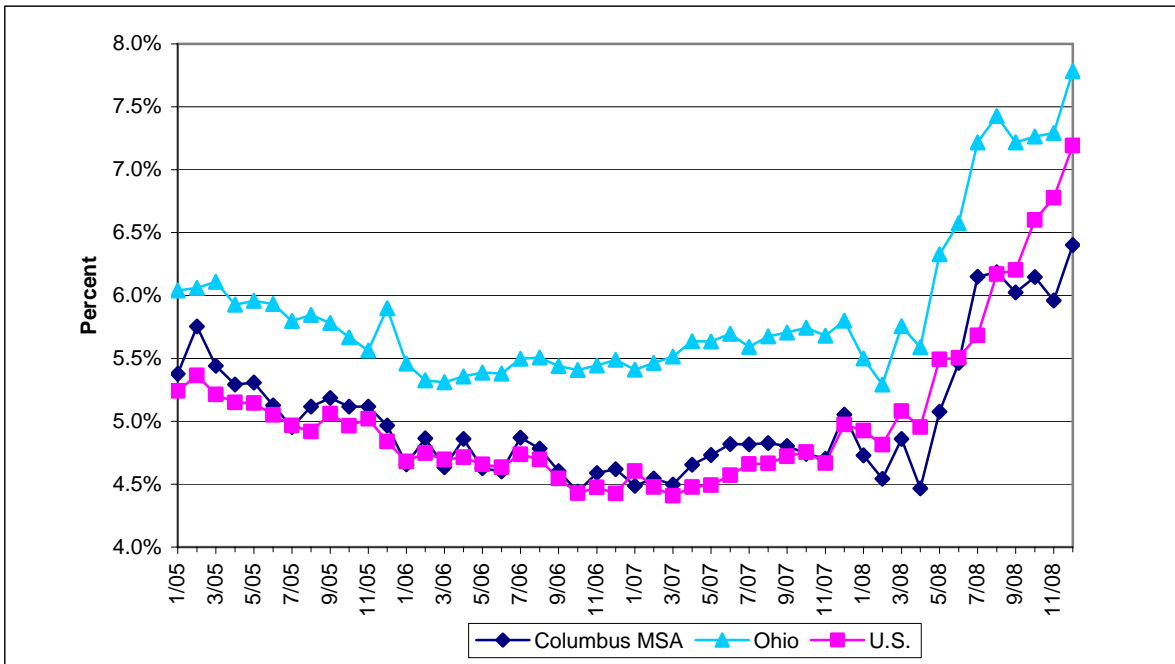
#### Seasonally-adjusted county, MSA, state, and national unemployment rates

	December 2008	September 2008	December 2007
Delaware	5.4%	5.2%	4.4%
Fairfield	6.5%	6.0%	5.4%
Franklin	6.2%	6.0%	5.0%
Licking	7.3%	6.6%	5.6%
Madison	7.5%	6.8%	5.9%
Morrow	8.5%	7.7%	6.1%
Pickaway	8.2%	7.4%	6.1%
Union	6.2%	5.2%	4.7%
<b>Columbus MSA</b>	<b>6.4%</b>	<b>6.0%</b>	<b>5.1%</b>
<b>Ohio</b>	<b>7.8%</b>	<b>7.2%</b>	<b>5.8%</b>
<b>U.S.</b>	<b>7.2%</b>	<b>6.2%</b>	<b>4.9%</b>

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 below graphs regional, state, and national unemployment rates since January 2005.

### Seasonally adjusted Columbus MSA, Ohio and U.S. unemployment rates, January 2005-December 2008



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 – including only those who have actively sought employment within the past 30 days.
  - The number of Columbus MSA residents employed was far lower than its level three months ago. The number of unemployed rose far less, however, suggesting that many of those losing jobs left the labor force and others did not enter. As a result, the increase in the unemployment rate was fairly modest – and understates the deterioration in the economy.
  - As was the case in the Columbus MSA, the increase in the number of unemployed statewide was also less than the decrease in employment. But the number of job-seekers nationally was almost as large as the decline in employment, producing a large increase in the unemployment rate.

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

	Dec. 2008	Change from:	
		Sep. 2008	Dec. 2007
<b>Columbus MSA</b>			
Employment	904,178	-12,444	-11,067
Plus Unemployment	61,814	2,890	13,096
Equals Labor force	965,992	-9,554	2,029
Unemployment rate (Unemp./Labor force)	6.4%	---	---
<b>Ohio</b>			
Employment	5,506,822	-60,544	-134,244
Plus Unemployment	464,815	31,790	117,501
Equals Labor force	5,971,637	-28,754	-16,743
Unemployment rate (Unemp./Labor force)	7.8%	---	---
<b>United States (thousands)</b>			
Employment	143,338	-1,691	-2,956
Plus Unemployment	11,108	1,516	3,567
Equals Labor force	154,447	-174	612
Unemployment rate (Unemp./Labor force)	7.2%	---	---

### Several recently strong sectors suffer greater-than-average employment declines while others remain relatively strong

- The following table shows seasonally-adjusted employment changes by sector during the fourth quarter and from December 2007. Most sectors declined in the fourth quarter. Retail, transportation, and financial activities, which performed far better than average in the first nine months of the year, suffered worse-than-average declines. Construction, manufacturing, wholesale, information, business services, and leisure fell, but less than average. Education and healthcare and government increased marginally.

### Columbus MSA and national quarterly and year-to-year sector employment changes

Sector	Dec 2008 Columbus total	Change: 9/08 to 12/08			Change: 12/07 to 12/08		
		Columbus		U.S.	Columbus		U.S.
		Amt.	Pct.	Pct.	Amt.	Pct.	Pct.
Construction and mining	35,900	-1,000	-2.7%	-3.3%	-1,900	-5.0%	-6.9%
Manufacturing	73,700	-1,500	-2.0%	-2.8%	-2,400	-3.2%	-5.7%
Wholesale trade	39,600	-300	-0.8%	-1.5%	300	0.8%	-2.7%
Retail trade	101,000	-2,500	-2.4%	-1.5%	-1,000	-1.0%	-3.4%
Transportation and utilities	51,200	-1,000	-1.9%	-1.4%	700	1.4%	-2.7%
Information	18,000	-100	-0.6%	-1.5%	-600	-3.2%	-2.8%
Financial activities	72,900	-700	-1.0%	-0.8%	-800	-1.1%	-1.8%
Professional and business svcs.	151,900	-2,500	-1.6%	-1.9%	-100	-0.1%	-3.8%
Educational and health services	114,000	100	0.1%	0.6%	2,100	1.9%	2.9%
Leisure and hospitality	90,600	-100	-0.1%	-0.9%	700	0.8%	-1.2%
Other services	37,000	0	0.0%	-1.1%	-200	-0.5%	-0.7%
Government	156,700	200	0.1%	0.1%	-1,100	-0.7%	0.8%
<b>Total</b>	<b>942,500</b>	<b>-9,600</b>	<b>-1.0%</b>	<b>-1.1%</b>	<b>-4,300</b>	<b>-0.5%</b>	<b>-1.9%</b>

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

### The January *Wall Street Journal* economic forecast poll predicts recession's end at mid-year

- Economic forecasts summarized in *The Wall Street Journal's* monthly survey of 55 economists were on average not significantly worse than December's after several months of increasing gloom.
  - The average forecast for the fourth quarter of 2008 was an annualized decline in Gross Domestic Product (GDP) of 4.3 percent. The preliminary estimate – subject to revision – released by the U.S. Bureau of Economic Analysis was a somewhat smaller decline of 3.8 percent. This was still the worst quarterly drop in 26 years.
  - GDP declines of 3.3 percent and 0.8 percent are predicted for the first and second quarters, respectively. The consensus is for modest growth of 1.2 percent in the third quarter and 2.0 percent in the fourth quarter.
  - This forecast suggests a peak-to-trough GDP decline worse than that of 1990-1991 and 2001 but less severe than those of 1974-1976 and 1981-1982. But if the prediction of four consecutive quarters of declining GDP comes to pass, that would be the first four-quarter decline since quarterly statistics became available in 1947.
- The forecast expects employment declines to continue through much of 2009. The consensus calls for an average monthly decline of 154,000 jobs during the year ahead – much greater in the first half. The national unemployment rate will peak at 8.9 percent late in 2009 or early in 2010.

### Preliminary estimates of 2008 employment show above-average performance in most sectors

- The preliminary December employment estimates give us our first look at 2008 as a whole. The employment release due on March 11 will include revised estimates for each month of the year – and several previous years as well – so these estimates are provisional. The second-quarter *Columbus Economic Update* will discuss the revisions.
- The following table shows 2008 employment changes for the MSA, the state, and the nation. Many sectors held on to gains for the year despite the weak fourth quarter, and most performed far better than their national counterparts. Many sectors at the state level also gained more or lost less than average. The government employment decline was most of the cause for Ohio's slightly worse-than-average overall loss.

### Preliminary sector employment, 2008, and changes from 2007

Sector	Columbus MSA			Ohio			United States		
	2007 avg.	2006-07 chng.		2007 avg.	2006-07 chng.		2007 avg.	2006-07 chng.	
		Amt.	Pct.		Amt.	Pct.		Amt.	Pct.
Construction and mining	37.0	-1.2	-3.1%	230.7	-5.9	-2.5%	7,949	-388	-4.7%
Manufacturing	75.2	-1.8	-2.3%	755.6	-17.2	-2.2%	13,455	-429	-3.1%
Wholesale trade	39.7	0.9	2.3%	239.2	0.3	0.1%	6,012	-17	-0.3%
Retail trade	102.9	-0.3	-0.3%	597.4	-3.9	-0.6%	15,265	-226	-1.5%
Transportation and utilities	51.8	1.9	3.8%	210.5	0.2	0.1%	5,055	-35	-0.7%
Information	18.3	-0.4	-2.1%	86.3	-1.4	-1.6%	2,987	-42	-1.4%
Financial activities	73.8	-0.1	-0.1%	299.6	-1.5	-0.5%	8,192	-116	-1.4%
Prof. and business services	153.4	4.0	2.7%	665.1	-0.8	-0.1%	17,863	-99	-0.6%
Educational and health svcs.	113.0	2.4	2.2%	802.2	12.0	1.5%	18,878	551	3.0%
Leisure and hospitality	90.3	0.7	0.8%	499.9	-0.1	0.0%	13,615	141	1.0%
Other services	37.1	-0.2	-0.5%	219.6	-2.3	-1.0%	5,520	29	0.5%
Government	156.9	-0.2	-0.1%	796.0	-1.6	-0.2%	22,457	254	1.1%
<b>Total</b>	<b>949.4</b>	<b>5.8</b>	<b>0.6%</b>	<b>5,402.0</b>	<b>-22.4</b>	<b>-0.4%</b>	<b>137,248</b>	<b>-375</b>	<b>-0.3%</b>