

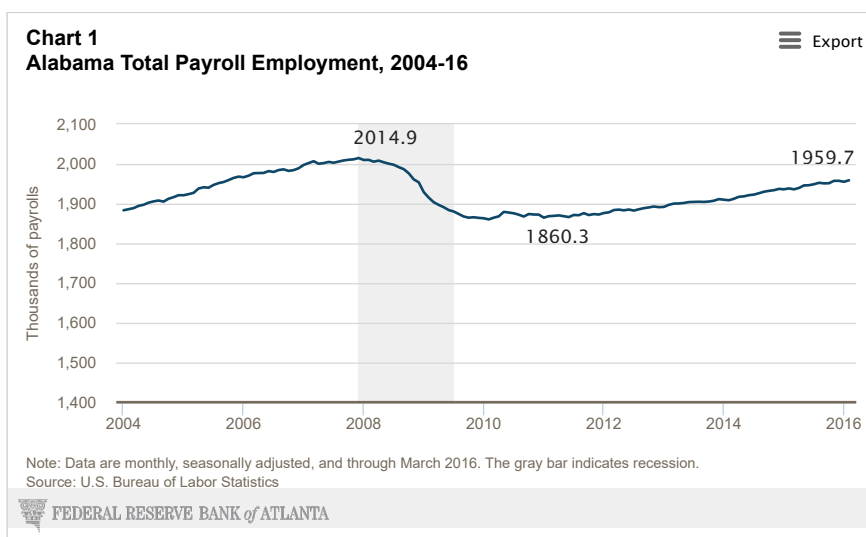
Then and Now: Alabama's Employment Landscape

May 03, 2016



The recession and the accompanying job losses hit Alabama hard—and like many parts of the region, the state's labor sector is still slowly making up the lost ground. Economy Matters takes a look at Alabama's road back to recovery.

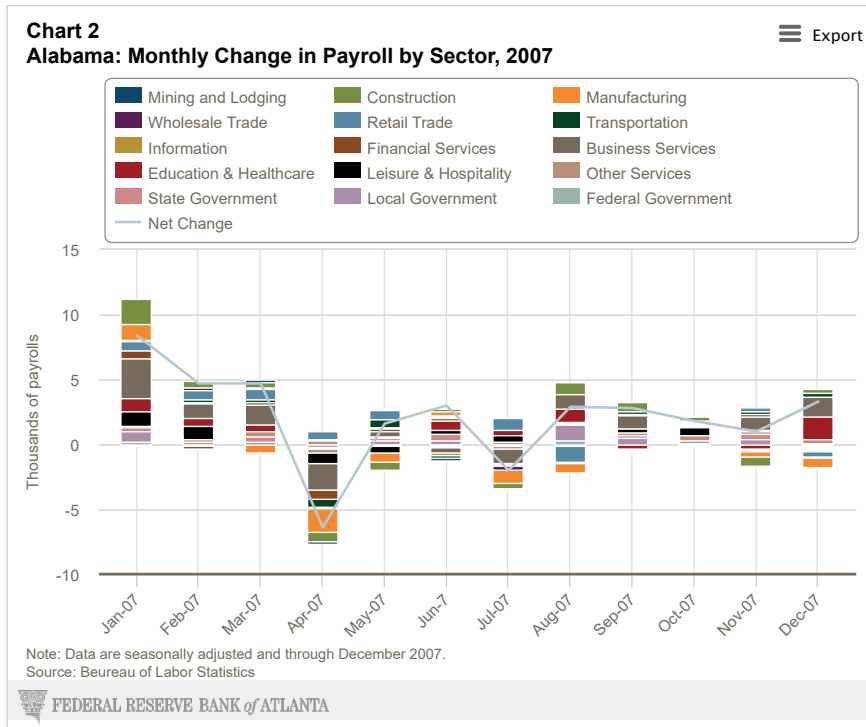
In December 2007, at the outset of the Great Recession, Alabama's nonagriculture payroll employment peaked at 2.01 million jobs. It fell to a postrecession low of 1.86 million in February 2010, but has since climbed back to 1.96 million, according to the most recent data from the U.S. Bureau of Labor Statistics (see chart 1). Although the trajectory has been positive during the past six years, the state's labor market has not quite attained prerecession levels.



In 2007, Alabama experienced mostly net gains in monthly payrolls (see chart 2). Even in December of that year—the month that would eventually be flagged as the onset of the Great Recession—the state added 3,300 jobs, on net.

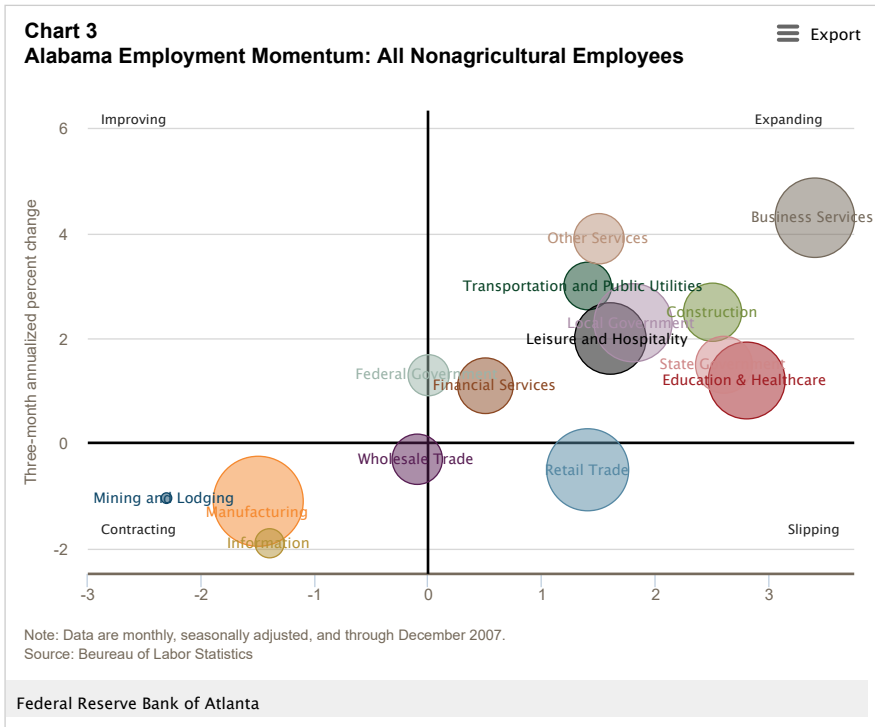
Surveying the landscape

Heading into the recession, what did Alabama's jobs landscape look like? On a month-over-month basis, employment was up in the construction, transportation and public utilities, business services, education and healthcare, other services, and local government sectors. Employment fell in the manufacturing, wholesale and retail trade, information, financial services, leisure and hospitality, and state and federal government sectors. Although hindsight is 20/20, it bears asking if the job losses in December 2007 were simply anomalies—or the first sign of a softening labor market.



To answer that question, we can look at an employment momentum chart. This sort of chart, often called a bubble chart, plots three variables: long-term employment performance on the x (or horizontal) axis, short-term employment performance on the y (or vertical) axis, and the relative employment size of an industry to all nonagricultural employment (bubble size).

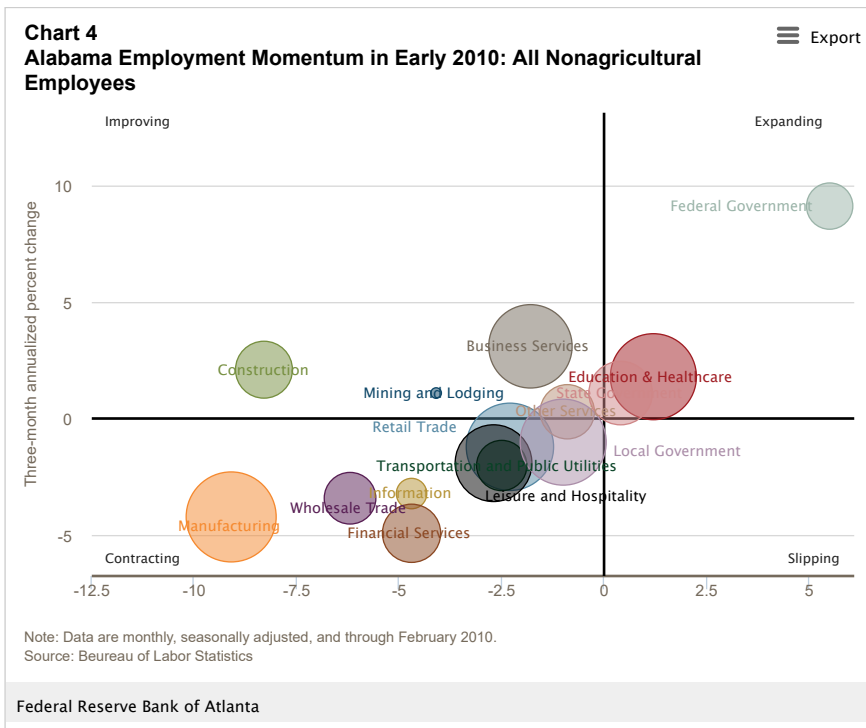
Chart 3 shows that manufacturing—the largest employment sector in Alabama (and thus the biggest bubble)—struggled in both the short term and the long term in December 2007. As a result, that sector's bubble fell into the contracting quadrant. (For an in-depth explanation of how to read employment bubble charts, see this SouthPoint post, "[Tiny Bubbles in Alabama.](#)")



Returning to the question of whether employment conditions were already beginning to deteriorate in certain sectors when the recession began, chart 4 helps us examine it by showing momentum by sector during the postrecession low in February 2010. For manufacturing, wholesale trade, information, financial services, and leisure and hospitality, the answer is "yes." These sectors all showed month-over-month, quarter-over-quarter, and year-over-year reductions in employment levels.

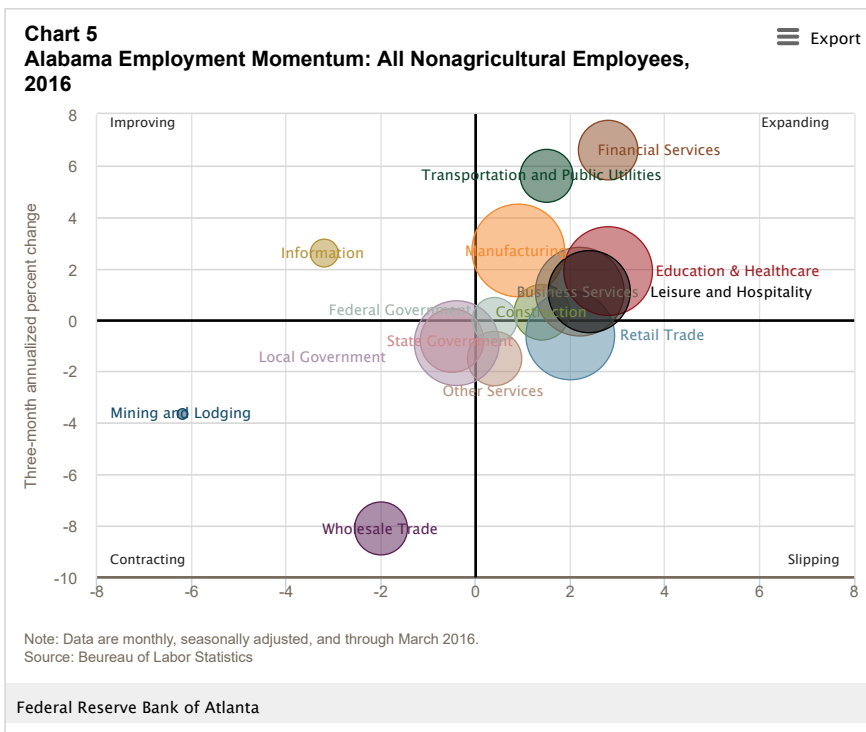
Bumping along the bottom

So how bad did it get for Alabama's employment sector in February 2010? Pretty bad. Even though the recession officially ended in June 2009, most of Alabama's sectors were losing jobs over both the short and long term. However, mining and logging, construction, and business and other services showed some short-term resiliency. Only education and healthcare and state and federal government jobs were in expansionary territory (see chart 4).



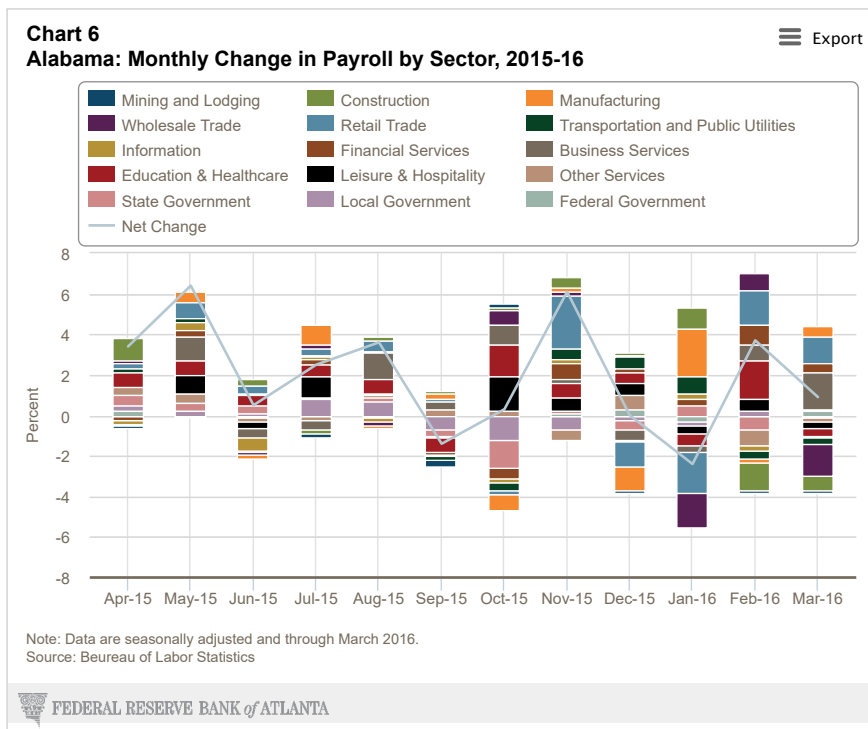
What do recent data tell us?

As of March 2016, the landscape was much improved. On a three-month annualized and year-over-year basis, many of Alabama's employment sectors were expanding, including several of the largest ones, like manufacturing, business services, and education and healthcare. However, mining and logging, wholesale trade, and the state and local government sectors were in contractionary territory. Momentum in retail trade was also slipping, with losses in short-term jobs. Finally, the information sector showed improving short-term job growth, but not at the same level as a year ago (see chart 5).



On a month-over-month basis, Alabama employment in March 2016 increased by 900 jobs, with gains in financial and business services, manufacturing, and federal government. Additionally, although chart 5 indicates that the retail sector showed some short-

term softness (on a three-month annualized basis), job losses reported in January were regained (and then some) in February and March. Finally, several sectors—including construction and wholesale, among others— showed month-over-month losses (see chart 6).



To return to prerecessionary levels, Alabama still needs to add about 55,000 jobs. Though it is not clear whether all sectors will return to prerecession job levels in the near future, the overall trend in Alabama is positive.

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