

Federal Reserve Bank of Atlanta

Michael Chriszt

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Moderator: *Welcome to Southeastern Economic Perspectives, an occasional podcast from the Federal Reserve Bank of Atlanta. Michael Chriszt, an assistant vice president responsible for the Regional Economic Information Network, will discuss the region's economy, focusing on recent employment trends. Welcome, Mike.*

Michael Chriszt: Thanks, Jean.

Moderator: *Mike, November's employment report for the nation was quite negative. What trends are you seeing at the state level, particularly the states of the Sixth District?*

Chriszt: Well, Jean, unfortunately—and I guess not surprisingly—we're seeing similar trends here in the Southeast. For example, the data that came out for November for the states of our district showed that we lost a combined 98,000 jobs in just that month alone, bringing our year-to-date total job loss to over 370,000. Looking at some individual states, since January, Florida has lost 216,000, or roughly 2.7 percent of their total employment, and that's double the national rate of 1.4 percent. Georgia's lost 95,000 for the year, a rate of decline of 2.3 percent. Looking at a few other states, Mississippi's job loss rate is also above the national level at 1.6 percent. Tennessee and Alabama are a little bit below, but they've also lost jobs this year. Louisiana has actually increased their total employment for 2008, by only about 7,000, but it increased nonetheless. And we can still see that being related to some recovery related to Hurricane Katrina.

Moderator: *So in geographic terms, the downturn is rather broad-based. What about at the industry level. Are some sectors performing worse than others?*

Chriszt: Well, nationally, only healthcare services appears to be weathering the downturn as far as industries go, and that's more of a structural than a cyclical development. As a nation, of course, we're getting older and we require more healthcare-related services. Looking at some other industries, construction and manufacturing are shedding jobs at a faster rate than are other sectors, but overall, it's fair to say that—both at the national level and here in the Southeast—the downturn is very broad in terms of industry, as well as geography. The bottom line is, I suppose, apart from healthcare, at the moment, there's really no port in the storm.

Moderator: *Well, let's talk a little bit more about healthcare. What do you see going on in that industry?*

Chriszt: Well, at the national level, we're not really seeing any real deceleration in job creation. In some Southeastern states the data do point to some deceleration, however. It's too early to say if this is a beginning of a downturn, but we are receiving some anecdotal reports from some healthcare service providers that layoffs are building among support staff, like IT, for example. And, we've gotten some reports of building projects for healthcare being put on hold or even canceled, and some other reports of individuals putting off routine healthcare procedures or delaying checkups. Things like that eventually are going to impact the bottom line for providers. That said, looking at Florida, overall, they have actually increased healthcare services employment by over 35,000 this year. So, I guess the news isn't all bad from that sector.

Moderator: *Mike, other than healthcare in Florida, are there any industries that seem to be adding jobs at this point in time?*

Chriszt: On net, no. There are some industries that aren't decelerating as fast as others, but apart from healthcare services, in the region, there really aren't any industries that are adding jobs at the moment. The largest declines are in construction and manufacturing and also, trade, transportation, and utilities. Business services is also down close to 100,000 jobs in the Southeast alone, and typically, this sector—professional business services—has been one of the strongest-performing industries in our region. So, I guess the best way to look at it is, apart from healthcare, there's really no industries that are doing very well at the moment.

Moderator: *Employment levels are one of tools that you use to gauge the health of the economy. What can you say about current unemployment trends? What kinds of trends are developing in these data?*

Chriszt: Well, unemployment is clearly rising for the nation, as well as for the region. The national unemployment rate for November stood at 6.7 percent, and if we looked at what the unemployment rate among the states of our district and combine that, the unemployment rate for our region would be about 7 percent. Now compare that to what the unemployment rate for the region was in January of this year, and that was only 4.7 percent. So we've seen quite an acceleration in unemployment throughout the region. And actually, just as an additional fact, the rate of increase in job loss for the district is actually much faster in acceleration than in the previous two recessions.

Moderator: *So put this in perspective for us; compare the current employment and unemployment trends to previous recessions.*

Chriszt: Well, Jean, for the nation and the region, we are already at, or below, levels hit at the bottom of the previous two recessions. We're at the highest level of unemployment in the region since the summer of 1993, and we're experiencing the fastest rate of job loss in the district since the early 1980s. Overall, the region is clearly down in terms of economic activity and the employment and unemployment data reflect this. Anecdotally, our business contacts note that firms continue to shed jobs, leading us to believe that a turnaround in the near term is very unlikely.

Moderator: *Mike, thanks for taking time to join us today.*

Chriszt: My pleasure, Jean.

Moderator: *Again, we've been listening to Atlanta Fed research officer Michael Chriszt provide insight into the southeastern economy. This concludes our Southeastern Economic Perspectives podcast. Thanks for listening, and please return for more podcasts. If you have comments, please send us e-mail at podcast@frbatlanta.org.*