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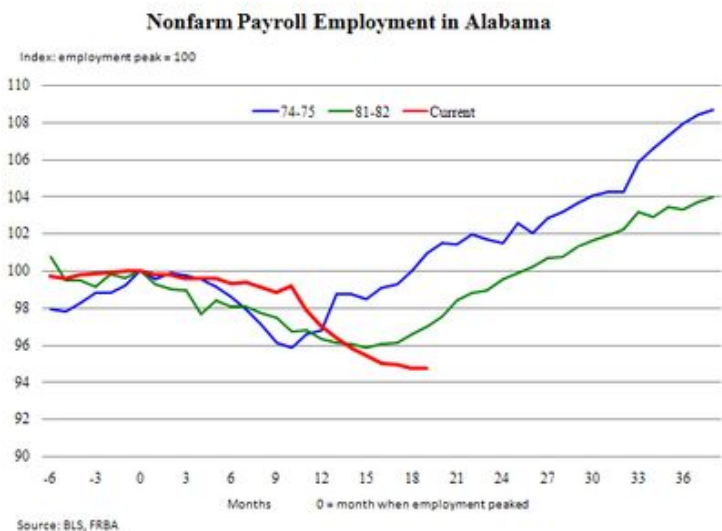
09/16/2009

Comparing recessions in the Southeast (part two)

Last week we looked at how employment levels in the Sixth District states during the current downturn compared with previous deep recessions. Basically, we are trying to determine if the current downturn is deeper and/or longer than past recessions in terms of its effects on nonfarm payroll employment. In last week's post, we showed that the current decline in nonfarm payroll employment has been deeper than the employment declines in the 74–75 and 81–82 recessions. In addition, the current downturn has lasted longer. This week we will see if that holds true for individual states in the region.

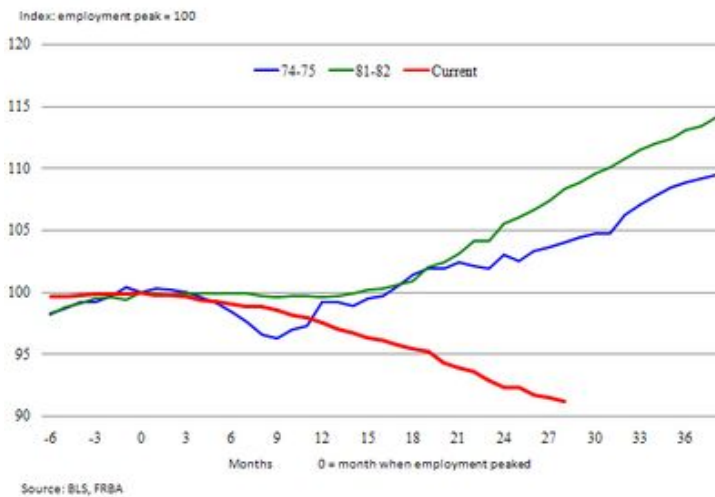
For this analysis, we use data from the U.S. Bureau of Labor Statistics, indexing total employment in each state of the Sixth District to a beginning value of 100. We start the time series six months prior to the peak in regional employment, with zero representing the month when employment levels peaked.

For Alabama, the current downturn in employment is a bit deeper than the 74–75 and 81–82 periods, but the decline appears to be leveling off. Employment took 18 months to return to the previous peak in the 74–75 period, and 26 months in the 81–82 episode. Currently, Alabama is 19 months past peak employment. The state has lost 105,000 jobs since the last peak, meaning that if it does not add that many jobs during the next seven months (which would bring the index level back to 100 in the chart) the current employment downturn will be the longest as well.



Florida's employment decline is already longer and deeper than previous experiences. The state is 28 months into the downturn whereas previous declines lasted 16 and 18 months, and the index number is well below the 74–75 trough.

Nonfarm Payroll Employment in Florida



Georgia's current experience looks much like that of the 74–75 downturn. The current index number is a bit below that trough reached in 1975, making the current decline the deepest for Georgia. Whether or not this current episode becomes the longest downturn remains to be seen; it took Georgia 35 months to return to its previous peak in the 1970s episode, and we are in the 19th month of decline for the current period. The state would have to add more than 250,000 jobs during the next 16 months for this current period not to become the longest employment downturn.

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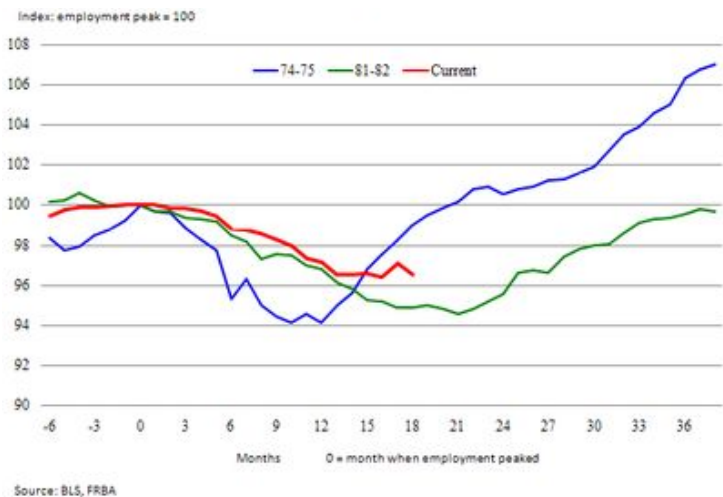
Comparisons for Louisiana are difficult because of the unique nature of its economy. The employment downturn in the 1980s lasted from late 1981 until mid-1993—138 months—in large part because of the structural decline in energy-related employment. Another factor making comparisons tricky for Louisiana is that employment levels in the current period have been supported by ongoing rebuilding efforts and repopulation in the wake of Hurricane Katrina.

Nonfarm Payroll Employment in Louisiana



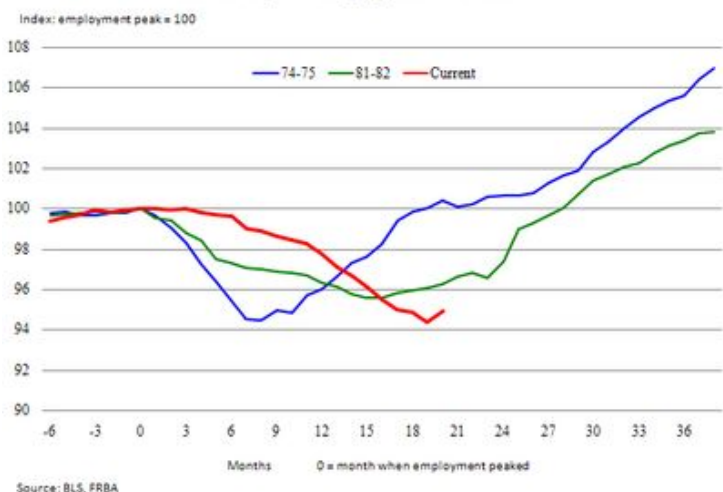
Looking at Mississippi, it's tempting to conclude that the current downturn in employment will not be the deepest or the longest. Employment appears to be stabilizing one-and-a-half years into the decline and at a level above the 74–75 and 81–82 episodes.

Nonfarm Payroll Employment in Mississippi



In Tennessee, employment hit the previous low point reached in the 74–75 downturn. However, the uptick seen in the most recent month (July) is tied to a large increase in government employment associated with federal stimulus spending, so we cannot read too much into this as a sign of leveling off. Regardless, the state would still have to add more than 140,000 jobs during the next eight months for the current downturn not to become the longest.

Nonfarm Payroll Employment in Tennessee



For most states in the region, the current period is or most likely will represent the longest and deepest employment downturn when compared with previous post-war declines. We will continue to monitor employment trends in the Southeast coming out of this recession and keep you posted on significant developments.

By [Michael Chriszt](#), an assistant vice president in the Atlanta Fed's research department

September 16, 2009 in [Alabama](#), [Employment](#), [Florida](#), [Georgia](#), [Louisiana](#), [Mississippi](#), [Recession](#), [Southeast](#), [Tennessee](#) | [Permalink](#)

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