

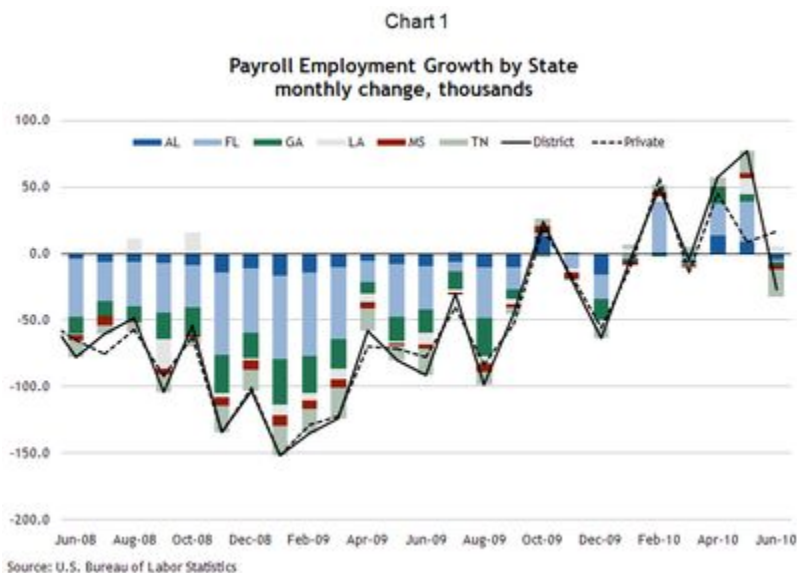
# SouthPoint - Federal Reserve Bank of Atlanta

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07/28/2010

## Regional labor markets continue struggle

Similar to the national employment report for June, the regional employment report showed a loss in payroll employment for the month. According to the U.S. Bureau of Labor Statistics' establishment survey, the Sixth District lost 26,800 jobs in June after adding 77,400 jobs in May (see chart 1). Job losses in most District states were affected by the end of Census-related temporary jobs. For the United States as a whole, 125,000 jobs were shed in June, reflecting the end of 225,000 temporary Census jobs. Private payrolls in the District have increased over the past few months, albeit at a slow pace. In June, the District added only about 17,000 private jobs.

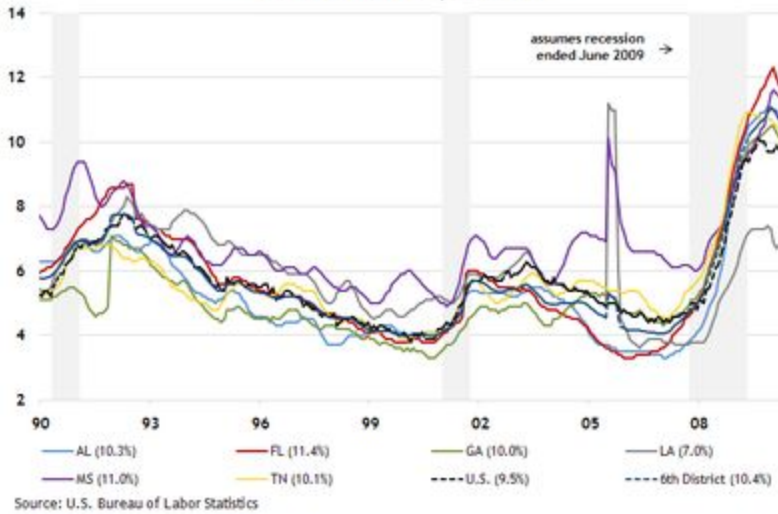


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Looking at another labor market indicator, we also see a slight improvement in the sluggish labor market. In the U.S. Bureau of Labor Statistics household survey, June's unemployment rate decreased in all District states except for Louisiana, where it increased slightly that month. Despite the easing of the unemployment rate, all states in the District have unemployment rates above the national rate of 9.5 percent with the exception of Louisiana, which has an unemployment rate of 7 percent. Much of the decrease in the unemployment rate during the past few months is attributed to a decrease in labor force participation.

Chart 2

District Unemployment Rates  
Percent of labor force, June 2010



[\(enlarge\)](#)

To gauge employment's short-term trend versus its long-term trend, employment momentum can be examined through the use of bubble charts (see chart 3).

The employment momentum chart simultaneously plots both short- and long-term employment trends as well as states' total employment share. The vertical (Y) axis measures short-term trends (three-month average annualized percent change). The horizontal (X) axis measures long-term trends (year-over-year percent change). The size of each state's bubble reflects its relative share of total employment among the six measured states.

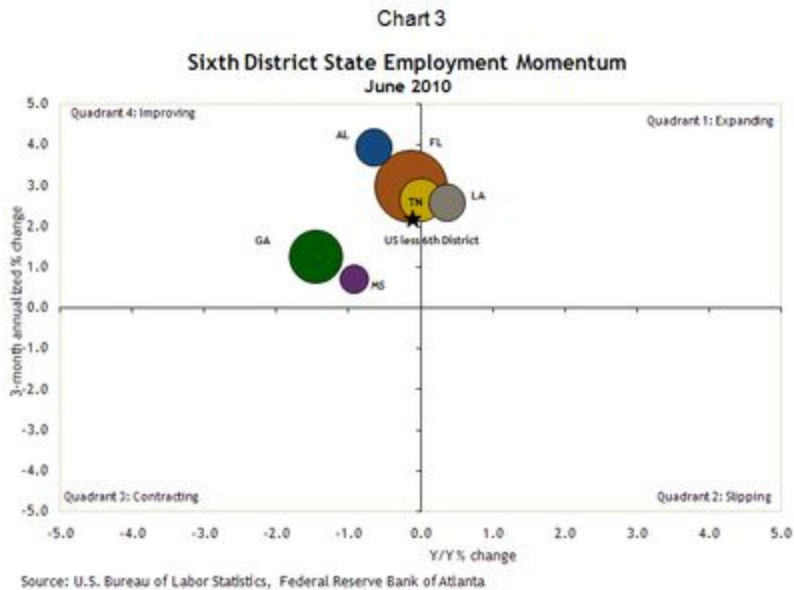
The position of a state's bubble in a quadrant—the intersection of the state's short- and long-term plot—reflects its employment momentum by using four quadrants that indicate certain situations:

**Quadrant 1:** Both short- and long-term employment growth are positive. (The higher in the right-hand corner of the chart a state's bubble appears, the stronger the state's employment momentum.)

**Quadrant 2:** Short-term growth is negative, but long-term growth is positive. (Recent data point to slipping employment momentum.)

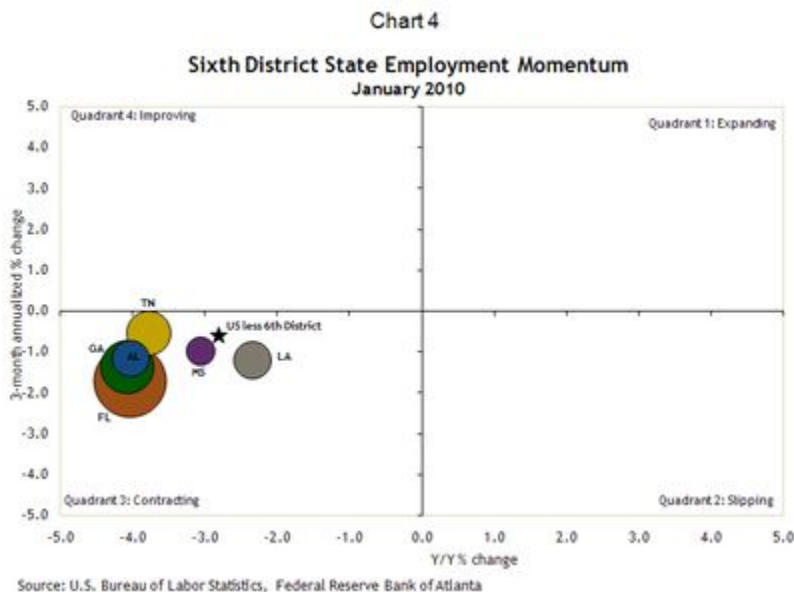
**Quadrant 3:** Both short- and long-term employment growth are negative. (The lower in the left-hand corner of the chart a state's bubble appears, the weaker the state's employment momentum.)

**Quadrant 4:** Short-term growth is positive, but long-term growth is negative. (Recent data point to improving employment momentum.)



[\(enlarge\)](#)

In June, the employment momentum of the Sixth District states is positioned in the improving quadrant, so although long-term growth is still negative, short-term growth is positive. Some states were even entering the expanding quadrant in June. If we take a look back to where the Sixth District was in January (see chart 4), all District states were in the contracting quadrant with both short- and long-term employment growth negative. Although these indicators point to improvement, they show that the labor market in the Sixth District still has a ways to go before getting back to where it was prerecession, with state bubbles in the expanding quadrant and lower unemployment rates.



[\(enlarge\)](#)

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