

Current Economic Conditions in the Eighth Federal Reserve District

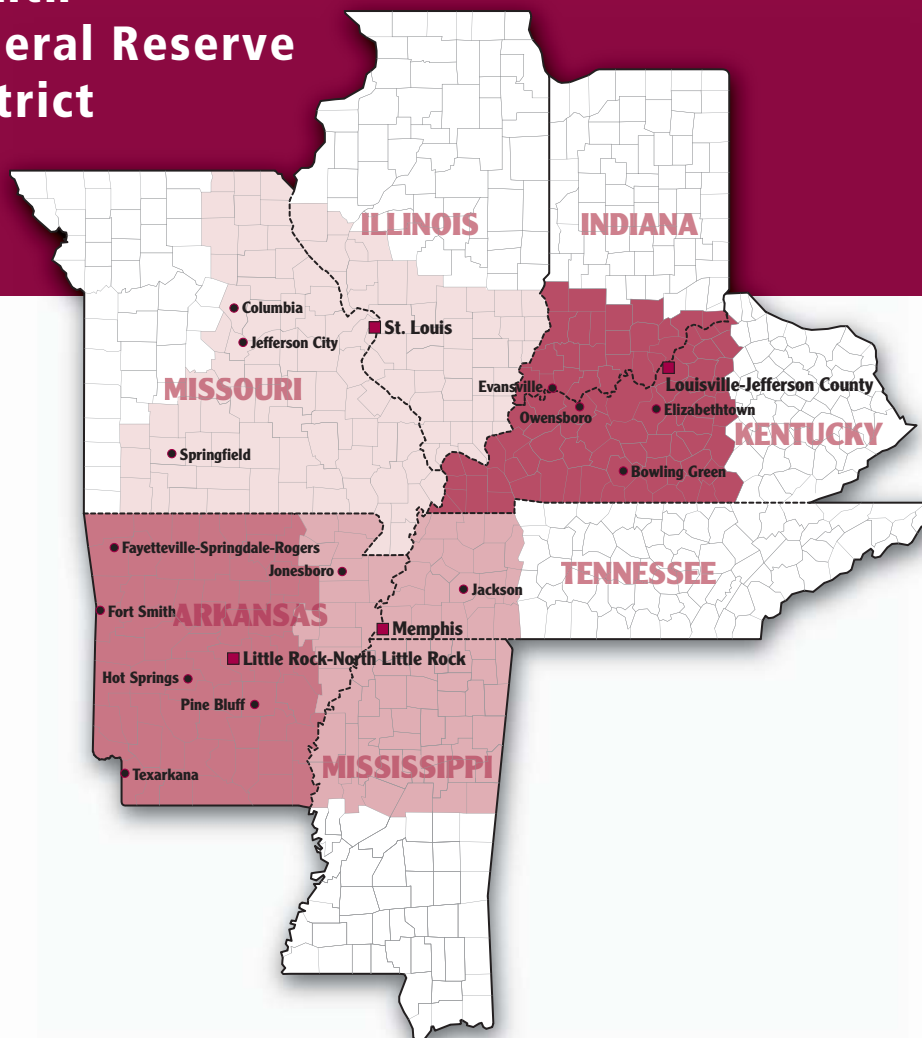
St. Louis Zone

June 30, 2011

Prepared by the
Research Division of the
Federal Reserve Bank of St. Louis



Eighth Federal Reserve District



This report (known as the *Burgundy Book*) summarizes information on economic conditions in the St. Louis zone of the Eighth Federal Reserve District (see map above), headquartered in St. Louis. Separate reports have also been prepared for the Little Rock, Louisville, and Memphis zones and can be downloaded from research.stlouisfed.org/regecon/.

The report includes government-provided data for Missouri and the metro areas of the St. Louis zone. These data are the most recent available at the time this report was assembled.

NOTE: Metropolitan statistical areas (MSAs) are larger geographic areas than cities, as defined by the Census Bureau. Unless noted otherwise, when we refer to a location—such as St. Louis—we refer to the St. Louis MSA and not to the city of St. Louis.

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St. Louis Zone Report—June 30, 2011

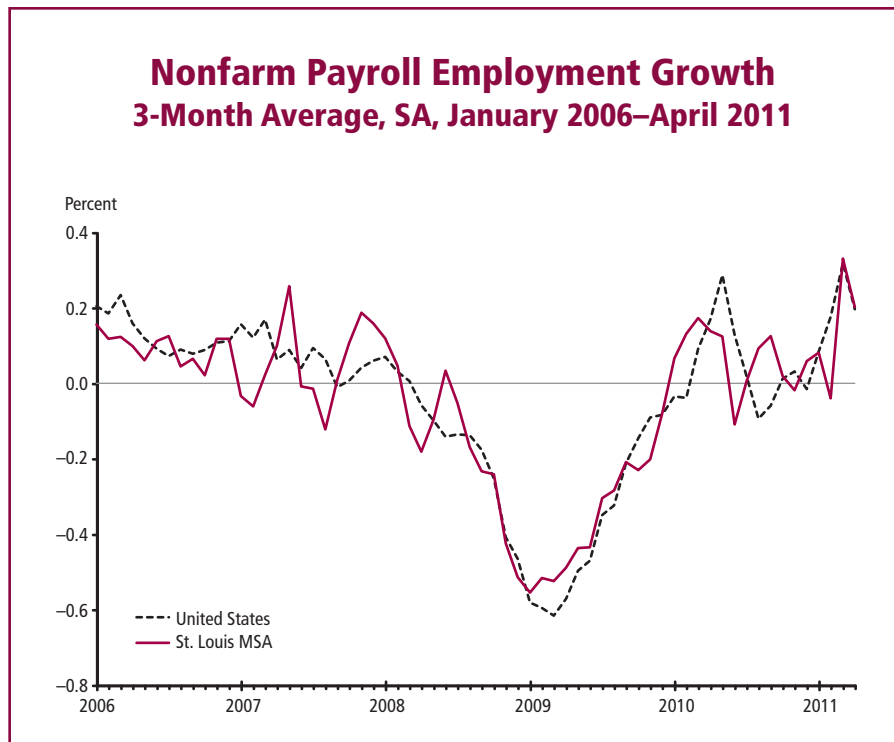
At the close of April, the annual growth of employment, building permits, and house prices was 0.9 percent, –32.3 percent, and –2.2 percent in St. Louis and 1.0 percent, –12.7 percent, and –3.1 percent in the nation.

The annual growth of personal income was 2.4 percent in Missouri and 2.7 percent in the nation.

In the past three months, local employment increased at a rate of 0.2 percent per month—approximately the same rate registered for nationwide employment.

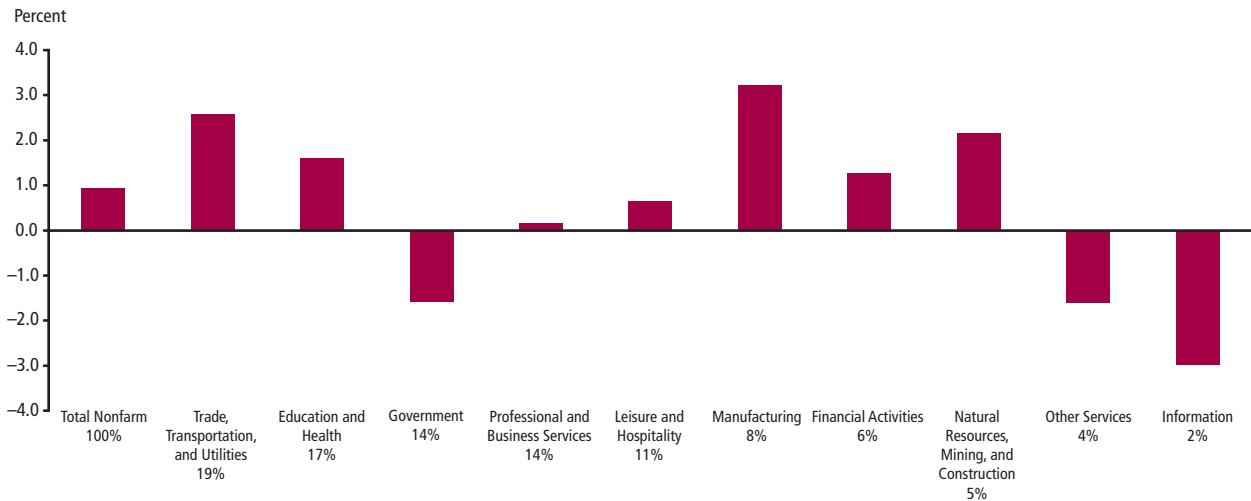
The unemployment rate in St. Louis (9.1 percent) was higher than the nation's (8.9 percent).

The nation outperformed St. Louis according to four of the six indicators considered.



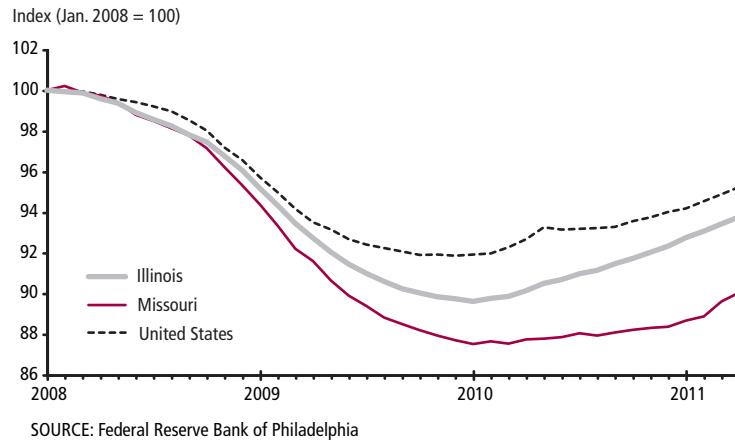
St. Louis's recession-related decline in employment, which was centered near the first quarter of 2009, was slightly milder than the nation's decline. The recovery started roughly during the same period in St. Louis as in the nation but stalled in St. Louis around the second quarter of 2010. In the first quarter of 2011, both St. Louis's and the nation's employment expanded at an average rate of approximately 0.2 percent per month.

St. Louis MSA Employment Growth by Sector Year/Year Percent Change, April 2010–April 2011



Employment growth by sector during the past 12 months distinguishes general trends from sector-specific trends in St. Louis’s economic performance. Employment increased by 0.9 percent in this MSA with respect to one year ago, while the increase was only 1.0 percent for the United States. The three largest sectors in St. Louis are Trade, Transportation, and Utilities; Education and Health; and Professional and Business Services, accounting for 19 percent, 17 percent, and 14 percent of St. Louis’s employment, respectively. Growth in these three sectors was 2.6 percent, 1.6 percent, and 0.2 percent, respectively. Employment growth was heterogeneous across sectors, with 7 of 10 sectors increasing employment and the rest decreasing employment. The Manufacturing sector, accounting for 8 percent of total employment, had the best performance, while the Information sector, which accounts for 2 percent of total employment, had the worst performance in St. Louis.

St. Louis Zone Coincident Economic Activity Index



The Philadelphia Fed's coincident index combines information on payroll employment, wages, unemployment, and hours of work to give a single measure of economic performance. Both of the coincident indexes for Illinois and Missouri reveal a stronger impact of the recession and a slower recovery in these states compared with the nation. The index bottomed at 89.6 for Illinois and at 87.5 for Missouri, while it bottomed at 91.9 for the United States. Current values of the index suggest that economic activity in Illinois is at 93.8 percent of its pre-recession level, while it is at 90.1 percent in Missouri and 95.2 percent in the nation. In summary, the economic performance of the St. Louis zone appears weaker than the nation's according to this index.

St. Louis Zone—MSA Employment and Unemployment

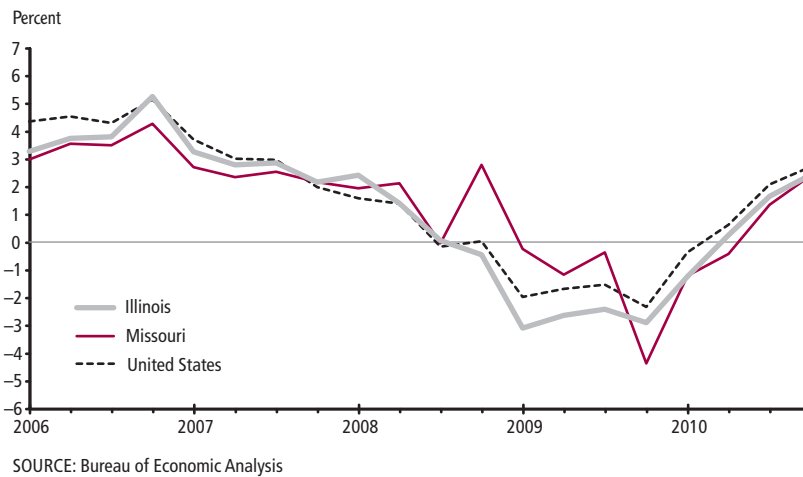
Nonfarm payroll employment percent change,
April 2010–April 2011

	Nonfarm payroll employment percent change, April 2010–April 2011			Unemployment rate April 2011
	Total	Goods producing	Service providing	
St. Louis	0.93	2.84	0.65	9.1
Columbia, Mo.	1.17	2.94	1.03	6.4
Jefferson City, Mo.	-1.02	-1.05	-1.02	7.4
Springfield, Mo.	-0.36	2.06	-0.64	8.1
United States	0.98	1.31	0.96	8.9

SOURCE: Bureau of Labor Statistics.

Employment expansion in the St. Louis zone is substantial in Columbia for both service-providing and goods-producing activities. The highest unemployment rate in the St. Louis zone was registered in St. Louis at 9.1 percent. While this rate is higher than the 8.9 percent rate registered for the United States, unemployment rates in the rest of the zone's MSAs are lower than the nation's.

St. Louis Zone Real Personal Income Growth Percent Change, Year/Year



For several quarters before the national recession, which started in the last quarter of 2007, personal income growth in Illinois was roughly similar to the nation's, while Missouri's was below. The recession's impact on Missouri's and Illinois's personal income has been stronger and the recovery has been weaker for both states compared with the nation's. Between the fourth quarter of 2009 and the fourth quarter of 2010, personal income grew 2.4 percent in Missouri as well as in Illinois, while it grew 2.7 percent in the nation.

St. Louis Zone—MSA Housing Activity

	Total building permits, units year-to-date		House price index, percent change, 2011:Q1/2010:Q1
	April 2011	Percent change	
St. Louis	1,324	-32.3	-2.2
Columbia, Mo.	382	101.1	-1.1
Jefferson City, Mo.	48	-12.7	0.7
Springfield, Mo.	281	-20.6	-3.5
United States	176,883	-12.7	-3.1

SOURCE: Bureau of the Census, Federal Housing Financing Authority.

Housing activity in the St. Louis zone remains weak, judging by how the issuance of building permits and house prices have changed with respect to last year. In terms of building permits, Columbia was the only exception. Up to April of this year, Columbia had issued more than twice the building permits issued up to the same month last year. This gain is appreciable compared with the 12.7 percent decline registered for the United States. However, Jefferson City experienced a similar percent decline in building permits as the nation, while St. Louis and Springfield showed larger declines than the nation. House prices decreased in all the zone's MSAs except in Jefferson City, where prices increased by 0.7 percent. House prices in St. Louis and Columbia declined 2.2 percent and 1.1 percent, respectively. While price decreases were widespread, these decreases were generally milder than in the nation. Springfield, where prices fell by 3.5 percent, was the only MSA with a larger decline in house prices compared with the nation's 3.1 percent.