

Current Economic Conditions in the Eighth Federal Reserve District

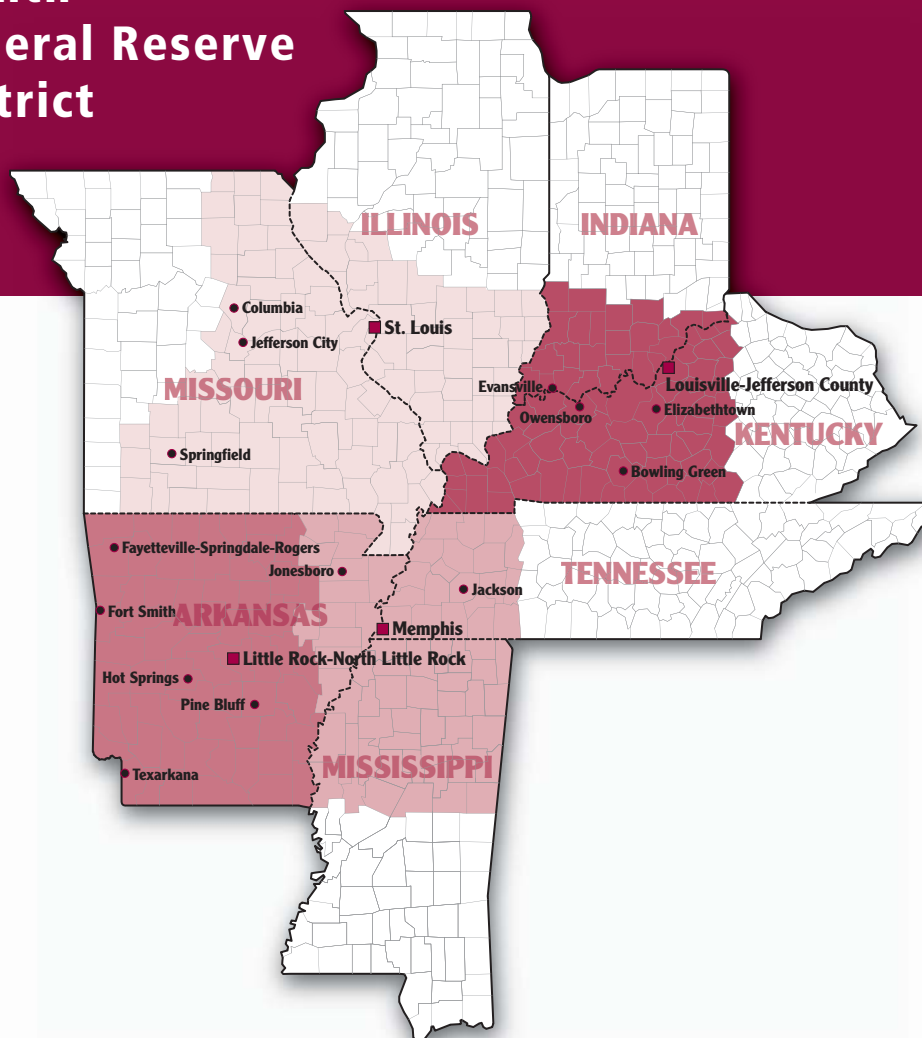
St. Louis Zone

September 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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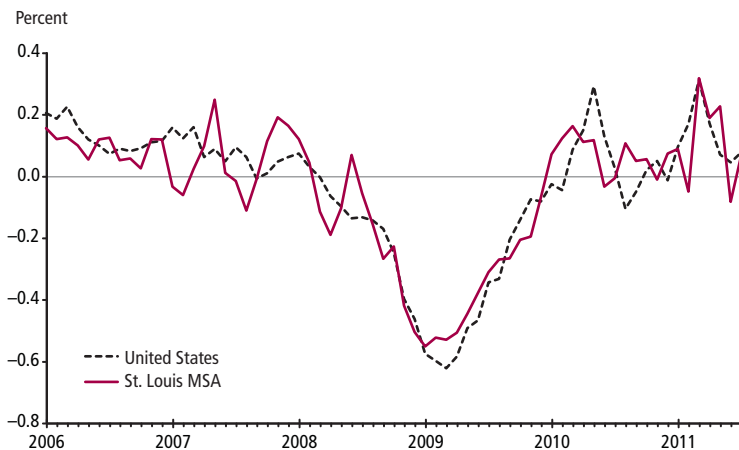
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St. Louis Zone Report—September 30, 2011

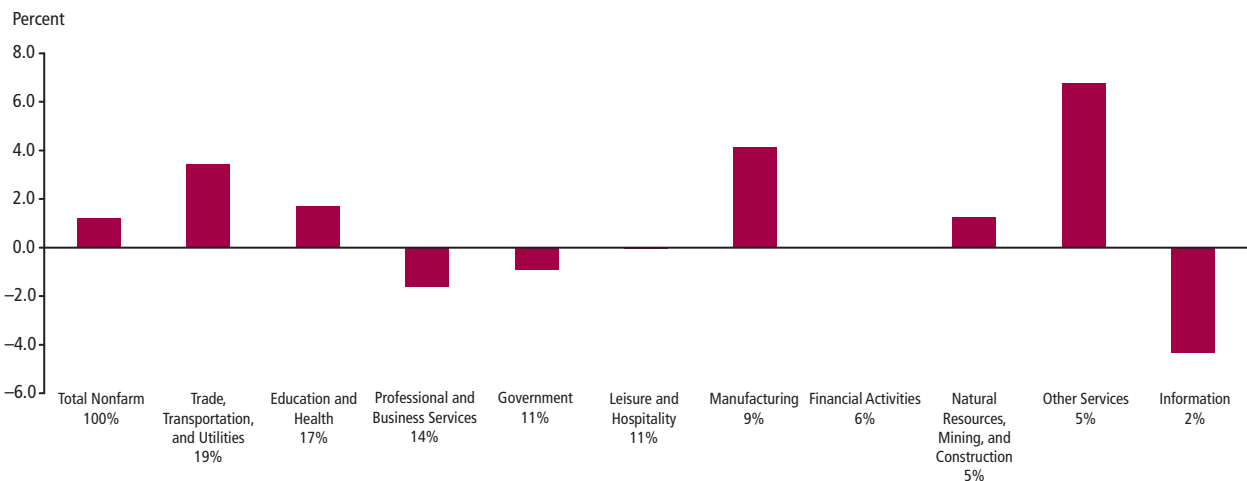
At the close of July, the annual growth of employment, building permits, and housing prices was 1.2 percent, –20.8 percent, and –3.4 percent in the St. Louis MSA and 0.9 percent, –4.9 percent and –4.5 percent in the nation. At the same time, the annual growth of personal income was 2.5 percent in Missouri and 3.1 percent in the nation. Also, in the past three months, local employment increased at a rate of 0.1 percent per month—approximately the same rate registered for nationwide employment. Finally, the unemployment rate in St. Louis (8.5 percent) was lower than the nation’s (9.1 percent). Therefore, St. Louis performed at least like the nation according to four of the six indicators considered.

Nonfarm Payroll Employment Growth 3-Month Average, SA, January 2006–July 2011



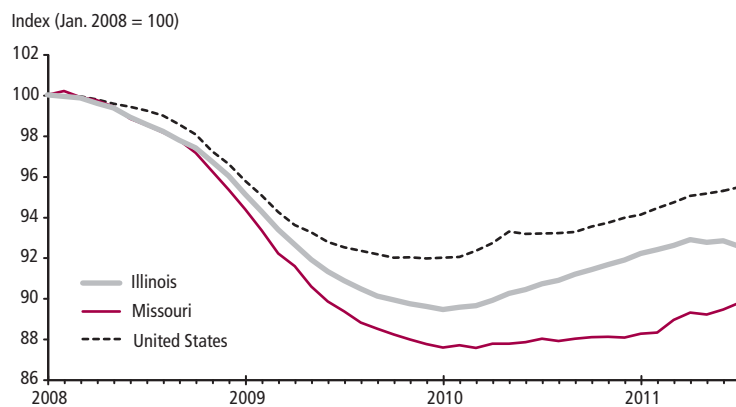
St. Louis’s recession-related decline in employment, which was centered near the first quarter of 2009, was slightly milder than the nation’s decline. Since then, the recovery in St. Louis has been similar to that of the nation. During the past three months, employment in both St. Louis and the nation expanded at an average rate of 0.1 percent per month.

St. Louis MSA Employment Growth by Sector Year/Year Percent Change, July 2010–July 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 1.2 percent in this MSA with respect to one year ago, while the increase was only 0.9 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 3.4 percent, 1.7 percent, and -0.9 percent, respectively. Employment growth varied across sectors, with 5 of 10 sectors increasing employment and the rest having negative or constant employment growth. The Other Services sector, accounting for 5 percent of total employment, had the best performance (6.8 percent), while the Information sector, which accounts for 2 percent of total employment, had the worst performance in St. Louis (-4.3 percent).

St. Louis Zone Coincident Economic Activity Index



SOURCE: Federal Reserve Bank of Philadelphia

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. The coincident indexes for both Illinois and Missouri reveal a stronger impact of the recession and a slower recovery in these states compared with the nation. The index bottomed out at 89.4 for Illinois and at 87.6 for Missouri, while it bottomed out at 91.9 for the United States. Current values of the index suggest that economic activity in Illinois is at 92.5 percent of its pre-recession level, while it is at 89.8 percent in Missouri and 95.5 percent in the nation. Throughout 2010 and the first half of 2011 the recovery was incipient for Missouri. Importantly, the graph shows that during the last half of 2011 the index has started to increase appreciably for Missouri.

St. Louis Zone—MSA Employment and Unemployment

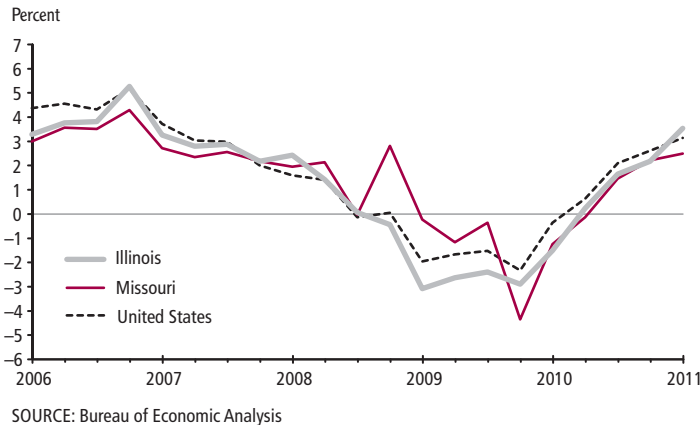
Nonfarm payroll employment percent change,
July 2010–July 2011

	Total	Goods producing	Service providing	Unemployment rate July 2011
St. Louis	1.22	3.06	0.94	8.5
Columbia, Mo.	-2.66	2.82	-3.13	6.0
Jefferson City, Mo.	0.26	3.19	-0.15	6.6
Springfield, Mo.	1.37	2.50	1.24	7.5
United States	0.92	1.66	1.68	9.1

SOURCE: Bureau of Labor Statistics.

Total employment expansion in the St. Louis zone has been positive for all MSAs except for Columbia, which experienced a substantial decline in employment driven by the decline in service-providing sectors. Jefferson City, on the other hand, experienced the highest employment growth in goods-producing activities (3.19 percent) but a negative growth in service-providing activities (-0.15 percent). The highest unemployment rate in the St. Louis zone was registered in St. Louis, at 8.5 percent. All MSAs in the zone registered lower unemployment rates than the 9.1 percent registered for the United States.

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 slightly lower. The recession's impact on Missouri's and Illinois's personal income has been stronger and the recovery since 2010 has been generally weaker for both states compared with the nation's. Between the first quarter of 2010 and the first quarter of 2011, personal income grew 2.5 and 3.5 percent in Missouri and Illinois, respectively, while it grew 3.1 percent in the nation.

St. Louis—MSA Housing Activity

	Total building permits, units year-to-date		House price index, percent change, 2011:Q2/2010:Q2
	July 2011	Percent change	
St. Louis	2,652	-20.8	-3.4
Columbia, Mo.	552	68.3	-2.3
Jefferson City, Mo.	99	-13.9	-2.3
Springfield, Mo.	637	-0.2	-4.6
United States	346,452	-4.9	-4.5

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

Relative to the same period last year, housing activity in the St. Louis zone is generally weaker. Compared with the same month one year ago, St. Louis, Jefferson City, and Springfield experienced declines in the year-to-date number of total building permits of 20.8 percent, 13.9 percent, and 0.2 percent, respectively. Meanwhile, Columbia experienced a 68.3 percent increase in year-to-date total building permits. With the exception of Springfield, the contractions in housing permits for zone MSAs have been deeper than the 4.9 percent contraction registered for the United States. During this same period, housing prices declined in all four of the St. Louis zone's MSAs. To illustrate, housing prices decreased 3.4 percent, 2.3 percent, 2.3 percent, and 4.6 percent in St. Louis, Columbia, Jefferson City, and Springfield, respectively. With the exception of Springfield, housing prices in the St. Louis zone's MSAs fared better than those in the nation, which experienced a 4.5 percent decline.