



Economic Perspectives

Employment plunges again in December

The U.S. economy shed 524,000 jobs in December after losing 584,000 in November. The December unemployment rate was 7.2%; the highest since January 1993. The revised November loss is the largest since 1974. December was the 12th consecutive month for job losses in the nation bringing the 2008 total to about 2.5 million. At the same time, Florida's unemployment rate climbed to 8.1%. With 752,000 Floridians unemployed out of a labor force of 9,313,000, the unemployment rate is now the highest since September 1992. There is no relief in sight as the recession continues to take its toll on employment and the broader economy.

The final employment report for 2008 showed that the economy shed an estimated 524,000 jobs, pushing the jobless rate to 7.2% — a 16 year high. The economy shed jobs in every month of 2008 with losses averaging about 68,800 through July. Losses surged by five and a half times to an average of 391,600 jobs lost each month from August through December as the force of the recession took hold. Job losses for the year totaled about 2.5 million — the most jobs shed in a single year since the end of World War II in 1945. In absolute numbers, 632,000 persons became unemployed in December bringing the total to 11.1 million out of a total workforce of 154.4 million.

U.S. Employment Change

Month	Change
Jan '08	-76,000
Feb '08	-76,000
Mar '08	-88,000
Apr '08	-67,000
May '08	-62,000
Jun '08	-62,000
Jul '08	-51,000
Aug '08	-127,000
Sep '08	-403,000
Oct '08	-423,000 <i>Revised</i>
Nov '08	-584,000 <i>Preliminary 1/2009</i>
December	-524,000 <i>Advance 01/2009</i>
TOTAL	2,543,000

SOURCE: U.S. Bureau of Labor Statistics

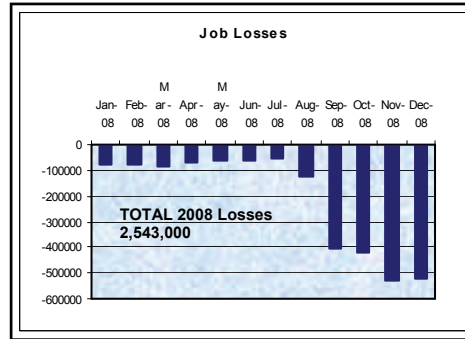
The pullback in December was broad based affecting most employment sectors and geographies. Construction employment declined by 101,000 jobs in December and fell 899,000 throughout the year. Construction employment peaked in September 2006. Construction layoffs began early in the sunbelt states including Florida. The losses are now moderating in the sunbelt but growing in other areas of the country.

Manufacturing employment fell by 149,000 in December. That is the largest month over month decline since 2001. Nearly one-half of the decline occurred in the fourth quarter underscoring the growing recession. Job losses in component manufacturing were widespread reflecting the slow down in the auto and aircraft industries. Declines were greatest in fabricated metal products as well as motor vehicle components and parts.

Retail trade employment fell by 67,000 in December and by 522,000 for all of 2008. Over half the annual losses occurred in the final four months of 2008. The effect was felt the most in auto dealerships where 22,000 jobs were lost.

An additional 8,000 jobs were lost in home furnishings and 5,000 in appliances.

Wholesale trade employment fell by 30,000 jobs in December and by 164,000 in all of 2008. Reacting to several months of manufacturing downturn and wholesale trade decline, truck transportation declined by 16,000 jobs in December while air transportation declined by 4,000 jobs. The information industry lost 20,000 jobs in December as many of the nation's newspapers



struggle to compete with the internet for readers.

Food services continued its downward trend reacting to declining consumer spending and a generally slowing economy. That sector peaked in June 2008 and has fallen by 104,000 jobs since. Employment in financial services declined modestly in December but fell by 148,000 during the year. The losses to date are largely concentrated geographically in the Northeast and in the investment banking sector.

Health care employment grew by 32,000 jobs in December. In all of 2008, health care added 372,000 jobs. Most of the job gains have been in ambulatory care and hospitals.

The composition of the nation's unemployment has also changed. There are now 1.9 million persons classified as "marginally attached" to the labor force. That is 564,000 more than 12 months earlier. The marginally attached category includes those who are willing and able to work and who have sought employment in the last 12 months but not in the last four weeks. Among the marginally attached are 642,000 "discouraged workers" — those who are no longer looking for work because they believe jobs are not available. That category is up 279,000 year over year.

The number of persons who worked part time in December because they could not find full time employment, hit 8.0 million in December. That category has increased by 3.4 million over the last 12 months.

2008 U.S. Unemployment Rates

Jan	4.9
Feb	4.8
Mar	5.1
Apr	5.0
May	5.5
Jun	5.5
Jul	5.7
Aug	6.1
Sep	6.1
Oct	6.5
Nov	6.7
Dec	7.2

SOURCE: U.S. Bureau of Labor Statistics

Initial jobless claims for unemployment compensation rose to 589,000 the week ending January 17th from an upwardly revised 527,000 the previous week. The recent total is deep within recession territory and matches a 26 year high reached four weeks ago. The four-week average, which smoothes out weekly fluctuations, was 519,250.

Looking forward, we expect nationwide employment to continue its downward trend throughout all or most of 2009. Employment indicators are lining up for another steep decline in the first half of 2009 which will likely bring 2008 and 2009 losses to about 5.0 million. That would imply an unemployment rate at or slightly greater than 9%.

While an enormous economic stimulus package (\$825 + billion) is currently wending its way through Congress, it is unlikely it will produce the expected number of jobs quickly. The announced job creation components are at least 12-24 months away.

Florida Employment. Like the nation, Florida's non-agricultural employment has declined significantly and the losses are widespread both geographically and by sector. Employment declined to 7,784,000 in December and job losses have totaled 255,200 or -3.2% year over year. Declining Florida employment in December continues a trend begun in September 2007. Florida's unemployment rate is now 8.1%, its highest since September 1992 and 0.9% above the national unemployment rate.

The construction sector lost 88,200 jobs (-15.6%) year over year. While construction sector losses are moderating, the total is nearly 30% of the Florida jobs lost year over year.

The trade, transportation and utilities sector has lost 81,100 jobs (-5%) year over year. Most of the losses are in transportation as a result of a slow down in construction and manufacturing which has led to a slowdown in trucking. The utility employment decline is a clear result of diminished construction activity.

Florida Counties With Highest Unemployment

County	Unemployment Rate
Flagler	11.7
Hamilton Hernando	10.9
Hendry St. Lucie Seacoast Counties	10.5
Marion	10.1
Lee	10.0

Source: Agency for Workforce Innovation

Business services was down 53,700 jobs (-4.0%) in December year over year. While the percentage is comparatively small, the size of the sector is large and it will have a significant effect on Florida employment in 2009.

As expected, total government, which had been growing steadily, even in the face of recession, entered the loss column in December.

The government sector 4,000 job loss was expected as Florida cities and counties as well as the state itself now experience significant budget shortfalls. In fact, most states are experiencing budget shortfalls which will adversely impact employment in both Florida and the nation.

Education and health services was the only sector gaining jobs among Florida's major industries.

Looking forward however, we expect that sector to soften as well. Seacoast counties as well as most counties around Florida have been experiencing declining student enrollments. This is largely in reaction to slowing population growth as families move out of Florida in search of employment.

We expect healthcare employment to continue to grow but at a slower pace as layoffs in other sectors occur and eliminate healthcare benefits for the unemployed. Indeed, in a recent survey of Florida's largest health care insurers by the South Florida Business Journal, enrollment declined by 190,000 in 2008.

State Fiscal Stress Deepens

According to the Center on Budget and Policy Priorities:

- 45 states are facing fiscal stress in 2009/10 budgets.
- Mid year 2009 shortfalls exist in 41 states and the District of Columbia.
- Budget deficits are already projected in 39 states for FY 2010.
- Combined budget gaps for the remainder of FY 2009, 2010 and 2011 total \$350-\$370 billion.

Unemployment Rates In Florida Counties Served by Seacoast Includes November Revisions

County	Dec '08	Nov '07	Dec '07
Orange	7.7	7.4	4.2
Seminole	7.0	6.8	4.0
Lake	8.5	8.1	4.6
Osceola	8.7	8.4	4.9
Brevard	8.4	8.1	5.0
Indian River	9.7	9.7	6.1
St. Lucie	10.5	10.5	6.4
Martin	8.2	7.9	4.9
Palm Beach	7.8	7.7	4.6
Broward	6.8	6.7	3.9
Okeechobee	9.7	10.0	5.6
Glades	7.7	7.8	4.6
Hendry	10.5	11.7	7.2
Desoto	7.9	8.4	5.3
Highlands	8.8	9.0	5.3
Hardee	6.9	7.6	4.1

SOURCE: Agency for Workforce Innovation (January 23, 2009)

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