



Economic Perspectives

Employment continues to deteriorate — U.S. unemployment rate now 8.1% Florida unemployment rate now 8.6%

The U.S. economy shed 651,000 jobs in February. At the same time losses for January were revised to -655,000 from -598,000 and December was revised to -681,000 from -577,000. The nation's unemployment rate rose sharply to 8.1% with 12.5 Americans now unemployed. At the same time, Florida's *January* unemployment rate climbed to 8.6%, With 800,000 Floridians unemployed out of a labor force of 9,256,000, 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 U.S. Bureau of Labor Statistics reported this morning that the nation's economy lost another 651,000 jobs in February bringing the recession total to about 4.4 million. The economy has shed 2.6 million jobs in the last four months underscoring the seriousness of the current recession. January job losses were also revised from -598,000 to -655,000 and December numbers were revised from -577,000 to -681,000. These revisions subtracted an additional 161,000 jobs from payrolls over the last two months.

The number of unemployed persons increased by 851,000 to 12.5 million. Over the last 12 months the number of unemployed has persons has increased by 5.0 million and the unemployment rate has risen by 3.3 percentage points.

About 2.1 million persons were marginally attached to the labor force in February. This category represents those who are available, want work and had searched for employment in the preceding 12 months.

The category total is up about 466,000 from 12 months earlier.

These persons are not counted as unemployed because they had not sought work in the last four weeks. Among the marginally attached were 731,000 discouraged workers up 335,000 from 12 months earlier. Discouraged workers are those not

currently looking for work because they believe no jobs are available for them. The number of persons working part time because full time work was not available rose by 787,000 reaching 8.6 million. The number of workers in this classification has risen by 3.7 million over the last 12 months.

Job losses in January were deep and widespread affecting most major industry types. Employment fell by 168,000 jobs in manufacturing. The majority of losses (-132,000) occurred in durable goods (consumables) manufacturing where spending was down over 22% in the fourth quarter. Employment in professional and business services fell by 180,000 in February.

The construction industry lost 104,000 more jobs in February as the industry slows nationwide and not just in the sunbelt states. Construction industry employment has fallen by 1.1 million jobs since peaking in January 2007. Roughly 40% of the losses occurred over the last four months.

Employment in truck transportation declined by 33,000 in February reacting to the widespread recession which has led to shrinking inventories (-\$19.9 Billion in Q4) and declining manufacturing.

Employment in financial activities continues to trend downward losing 44,000 jobs in February. The sector peaked in December 2006 and has lost 448,000 jobs since. Half of the losses have occurred in the last six months. The losses are concentrated in the nation's investment banking centers.

Employment in retail trade fell by 40,000 over the month and by 607,000 since its peak in December 2007. Within this sector, employment in auto dealerships declined by 9000, sporting goods by 9,000, furniture and home furnishings stores by 8,000 and garden supply stores by 7,000. Wholesale trade employment also fell by 37,000 jobs over the month.



Employment in leisure and hospitality continued its downward trend by losing 33,000 jobs in February. This is largely in reaction to declining business and personal travel as well as fewer corporate meetings being held at hotel and resort locations.

Healthcare continued to add jobs gaining 27,000 in February. Most of the increases were in ambulatory health care followed by hospitals.

Florida Employment. Florida's employment report lags the nation by a month so January employment numbers were reported today. Florida's unemployment rate rose to 8.6% which is 800,000 persons unemployed out of a labor force of 9,256,000. That is the highest rate since September 1992. It is also 0.7% higher than the national rate.

Like the nation, Florida's non-agricultural employment has declined significantly and the losses are widespread both geographically and by sector. Employment declined to 7,557,000 in January and job losses have totaled 355,700 or -4.5% year over year. Declining Florida employment in January continued a trend begun in August 2007.

The construction sector lost 100,700 jobs (-17.9%) year over year. While construction sector losses are moderating, the total is still 26% of the Florida jobs lost year over year.

The trade, transportation and utilities sector has lost 86,400 jobs (-5.3%) 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.

Professional and business services was down 84,500 jobs (-7.2%) in January year over year. The size of the sector is large and it will have a significant effect on Florida employment throughout 2009.

Florida Counties With Highest Unemployment

County	Unemployment Rate
Flagler	14.2
Hernando	
St. Lucie	12.0
Hamilton	12.0
Marion	11.6

Source: Agency for Workforce Innovation

As expected, total government, which had been growing steadily, even in the face of recession, entered the loss column in December but bounced back with 4,100 new jobs in January. We expect this sector to re-enter the loss column as a result of extraordinary government budget deficits at the municipal, county and state levels. Education and health services gained 23,500 jobs in January.

Looking forward, we expect nationwide employment to continue its downward trend throughout all of 2009 and into 2010. Employment indicators are lining up for more steep declines in the first half of 2009 which will likely bring 2008 and 2009 losses to nearly 6.0 million. That would imply an unemployment rate in excess of 9.5% with significant risk to the upside.

In our view, the fundamentals for employment do not bode well going forward. The number of people working part time plus those marginally attached to the work force are growing faster than the unemployment rate itself. Secondly, the duration of unemployment has grown significantly meaning that newly unemployed are staying unemployed longer.

The underlying data also suggest a surge in unemployment may hit the service sector in the next few months. Indeed, growing layoffs in the retail sector are not yet showing up fully in the data nor are the layoffs in the financial services industry. Lengthy severance packages may help explain the delay in recognizing financial service layoffs. There is no good news in the employment numbers. Given the continuing slow down in economic activity, we look for more of the same in the months to come.

Unemployment Rates In Florida Counties Served by Seacoast Includes December Revisions

County	Jan '08	Dec '08	Jan '08
Orange	8.9	7.8	4.5
Seminole	8.3	7.2	4.4
Lake	9.7	8.4	5.1
Osceola	9.8	8.7	5.1
Brevard	9.5	8.4	5.4
Indian River	10.8	9.6	6.2
St. Lucie	12.0	10.7	6.7
Martin	9.6	8.6	5.4
Palm Beach	9.1	8.0	5.1
Broward	7.7	6.8	4.2
Okeechobee	10.7	9.7	5.8
Glades	7.8	7.3	4.8
Hendry	10.7	10.2	7.3
Desoto	8.1	7.3	5.0
Highlands	9.2	8.4	5.5
Hardee	7.8	7.0	4.4

SOURCE: Agency for Workforce Innovation (March 6, 2009)

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