

U.S., LOUISIANA AND NEW ORLEANS MSA MONTHLY ECONOMIC OVERVIEW
New Orleans Regional Council of Business Economics (www.norcbe.org)
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May 2019

U.S. Economy and Labor Force:

- The U.S. Economy added 263,000 seasonally adjusted jobs between March and April
- The March estimate was revised down from 196,00 to 189,000.
- The jobs addition average for the first four months of 2019 was 206,000 jobs.
- The average for the same period in 2018 was 195,000.
- Unemployment rate fell to 49 year low.

What is happening in the labor force?

- Is the Unemployment Rate a “Less Meaningful Statistics” based upon historical trends?
- Paradigm Shift?

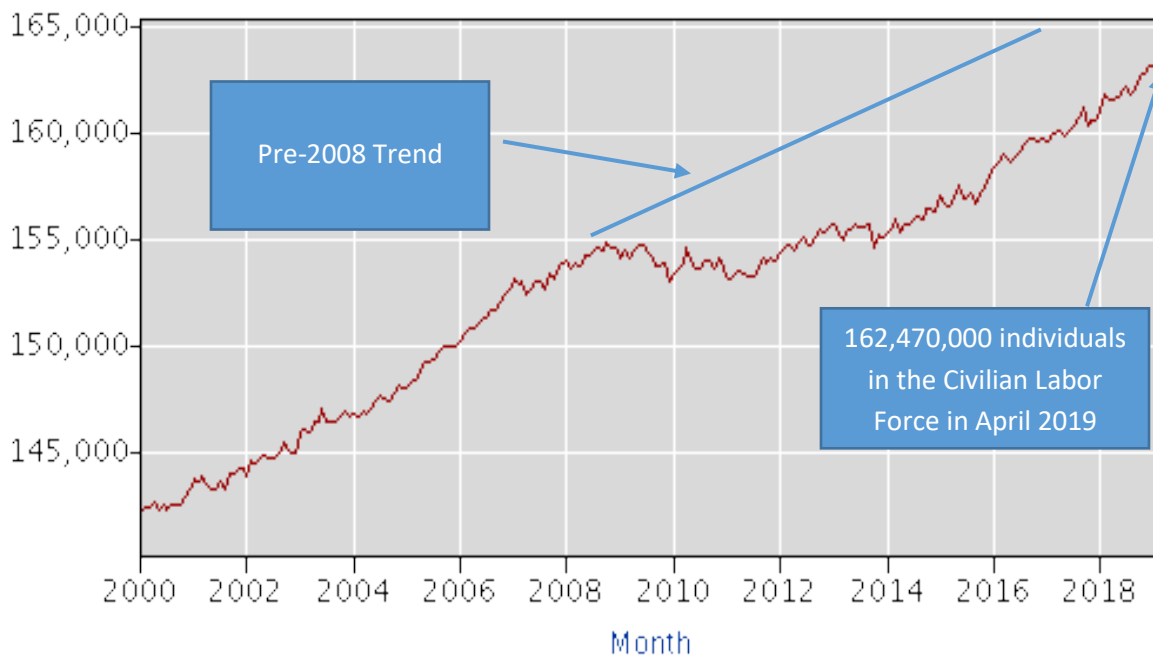
Seasonally Adjusted

Series title: (Seas) Civilian Labor Force Level

Labor force status: **Civilian labor force**

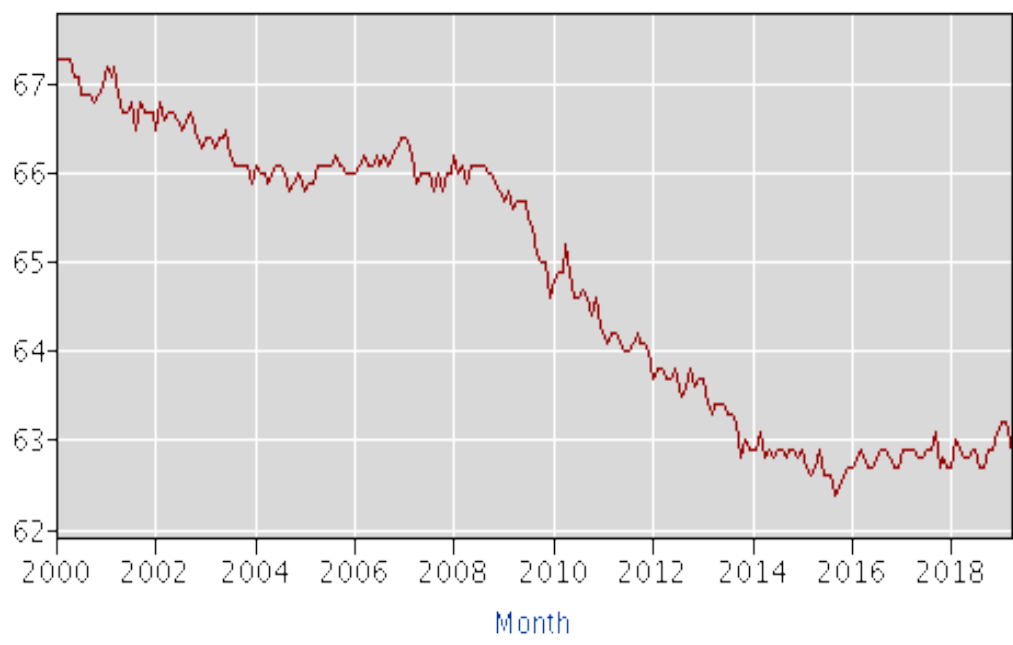
Type of data: Number in thousands

Age: 16 years and over



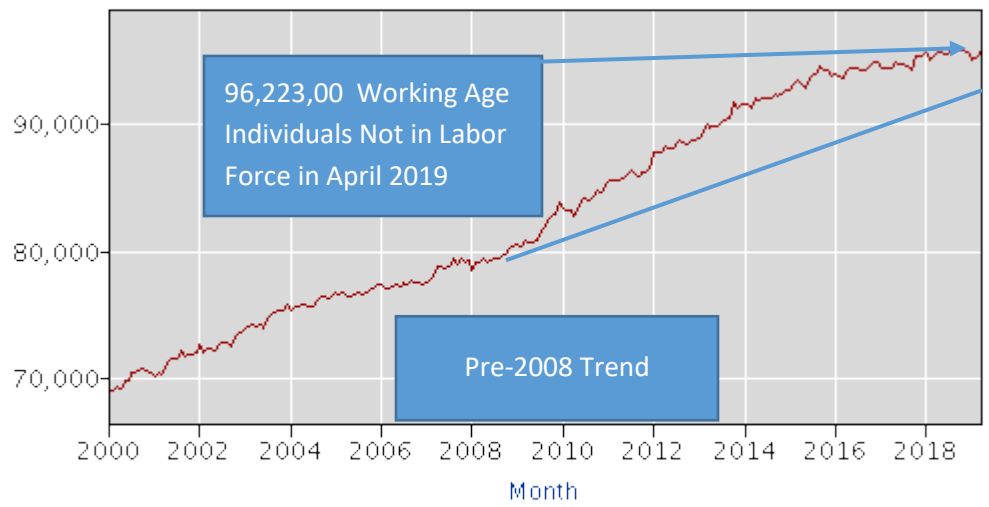
Seasonally Adjusted

Series title: (Seas) Labor Force Participation Rate
Labor force status: Civilian labor force participation rate
Type of data: Percent or rate
Age: 16 years and over



Seasonally Adjusted

Series title: (Seas) Not in Labor Force
Labor force status: Not in labor force
Type of data: Number in thousands
Age: 16 years and over



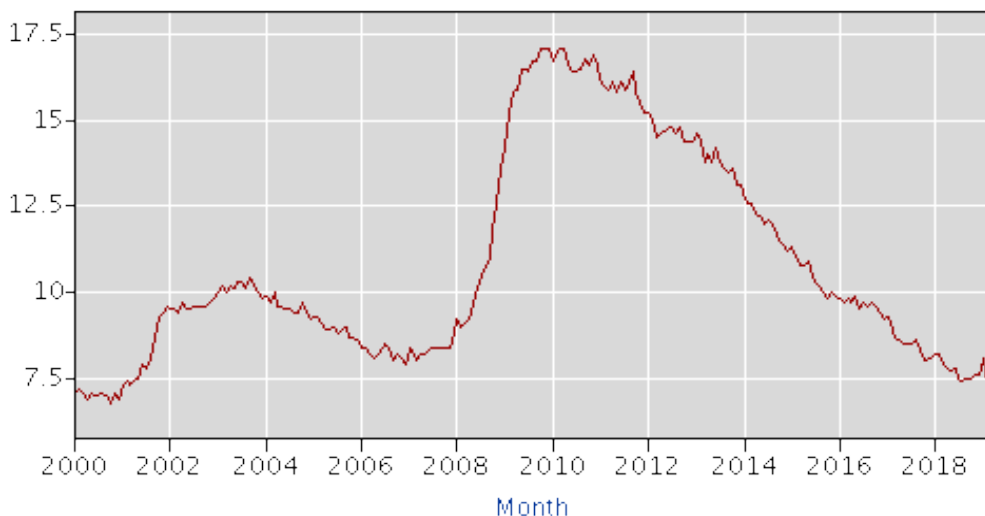
- Is the Phillips Curve “Dead?”
- Is there lots of slack remaining in the labor force?

Seasonally Adjusted

Series title: (seas) Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached workers

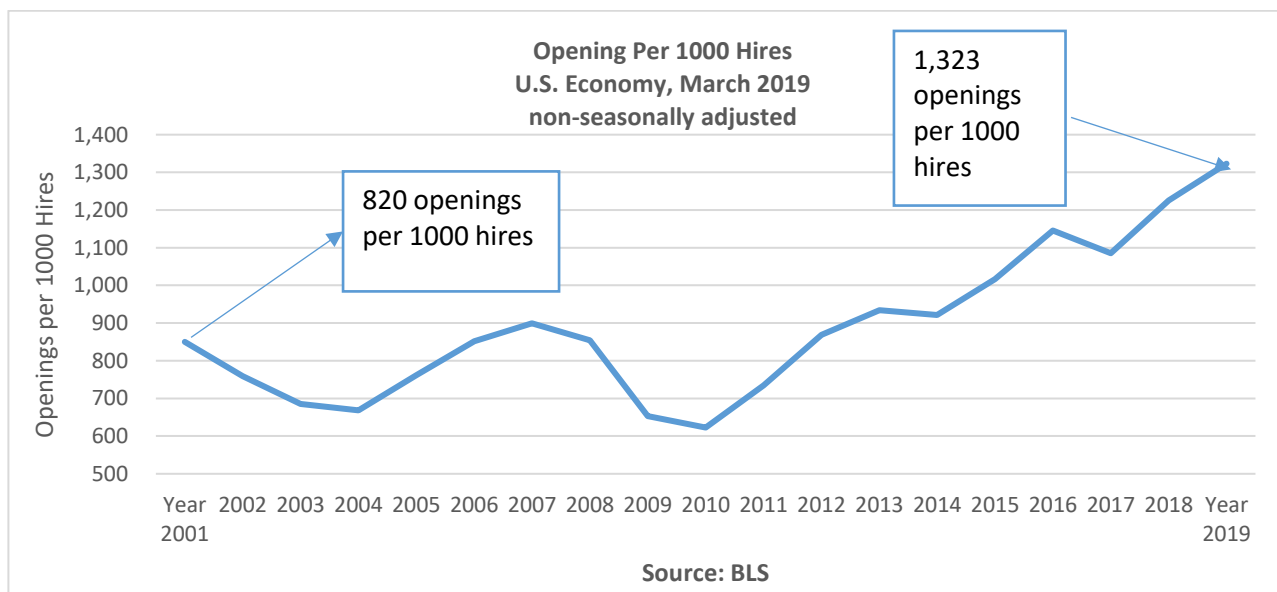
Age: 16 years and over

Percent/rates: Unemployed and marginally attached and part-time for econ reasons as percent of labor force plus marginally attached



WHAT IS HAPPENING IN THE JOB MARKET? A Look at Select National Sectors

- ✓ Historically High Number of Opening Per Hires
- ✓ Implications?



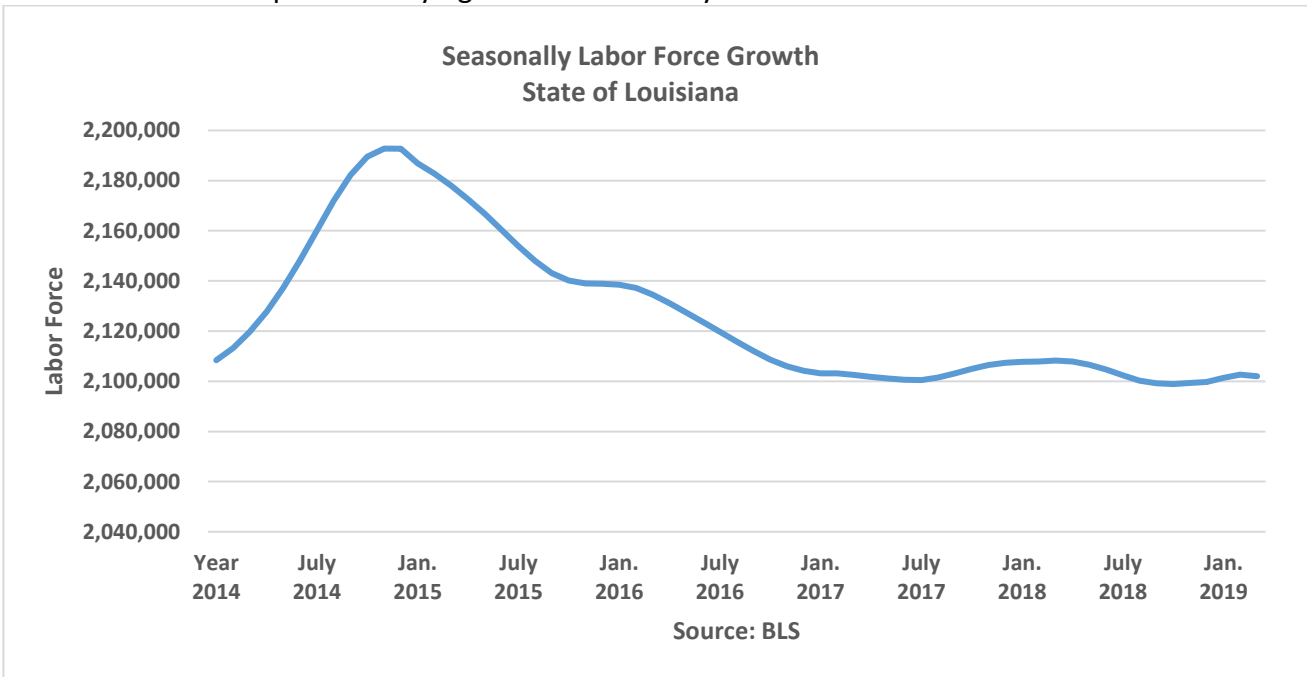
Mar-19	Manufacturing Hires per 1000 Openings		Leisure and Hospitality Openings per 1000 hires
2001	1171	2001	1345
2002	1716	2002	1890
2003	1814	2003	2213
2004	1693	2004	2061
2005	1374	2005	1633
2006	1205	2006	1675
2007	1028	2007	1453
2008	1294	2008	1448
2009	2153	2009	2403
2010	1680	2010	2828
2011	1270	2011	1962
2012	888	2012	1924
2013	850	2013	1566
2014	905	2014	1459
2015	833	2015	1262
2016	769	2016	1247
2017	823	2017	1339
2018	854	2018	1112
2019	746	2019	1074

- ✓ With respect to Manufacturing, the survey reported there were 747 hires for every 1000 openings.
 - Issue: skill mismatch?
 - Benefit side: skilled labor can demand higher wages

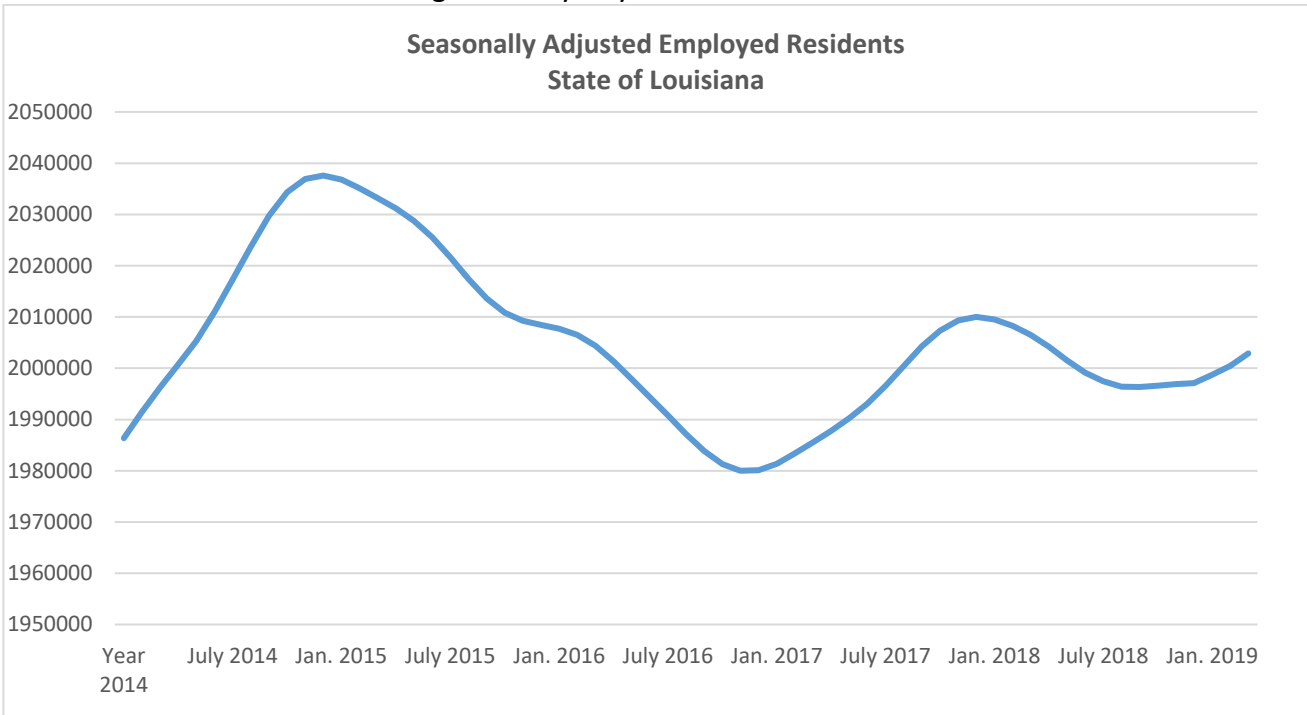
- ✓ In the Leisure and Hospitality industry, the industry has had more hires than openings because of turn-over.
 - Issue: shrinking labor force for industry that historical had excess labor supply
 - Benefit side: higher wages
 - Negative side: potentially higher operating cost and no increase in productivity.

LOUISIANA:

- No growth in labor force
- Is Louisiana 4.7% unemployment rate reflecting a strong economy or weakness in ratios?
- Need to interpret underlying statistics correctly

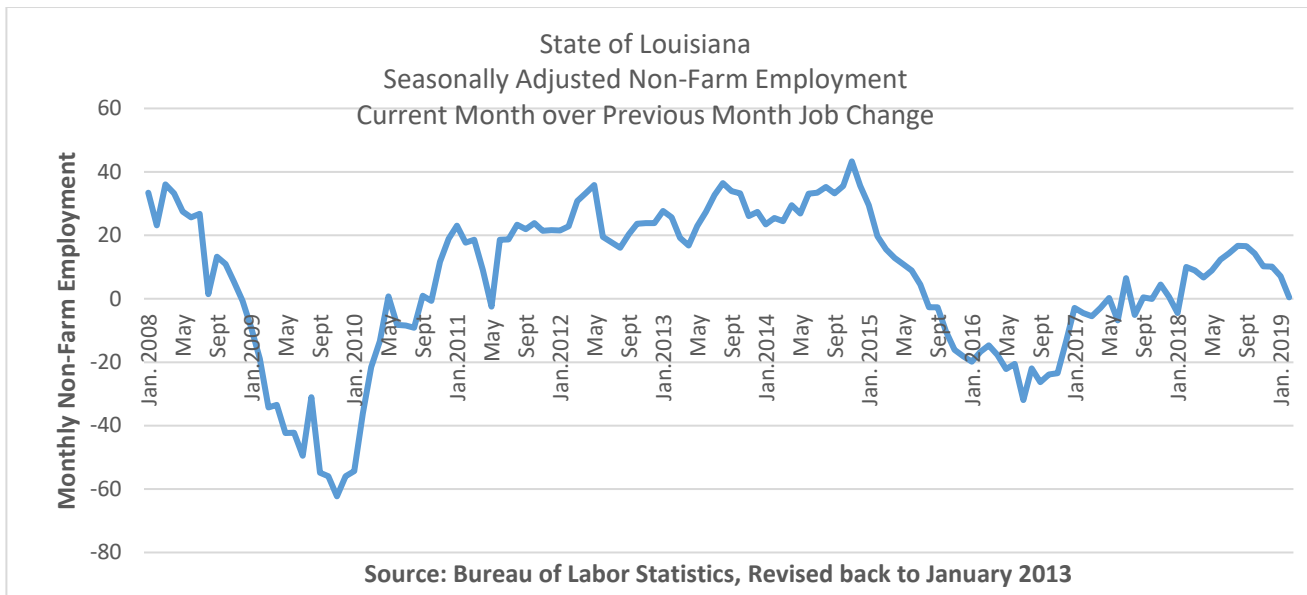


- Does this look like a strong economy to you?



- ✓ Between March 2018 and March 2019, Louisiana’s labor force fell by 6,300 individuals.
- ✓ Total employed residents fell by 3,600 individuals. Net consequences = decline in UR.

- **CES Job Growth 1st Quarter 2019 Over Same Quarter In 2018**
 - 3,900 new jobs

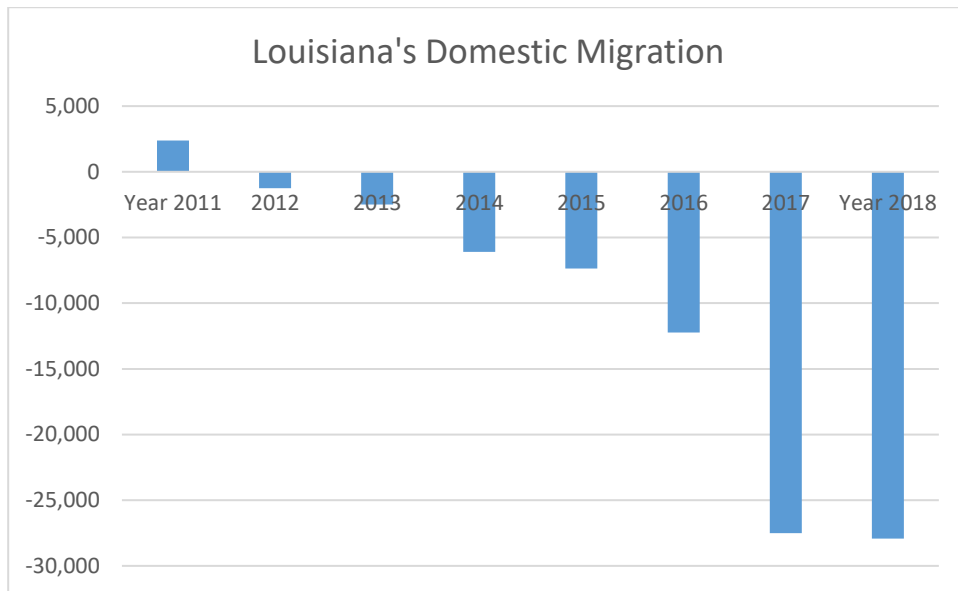


- **March over March CES Job Data**

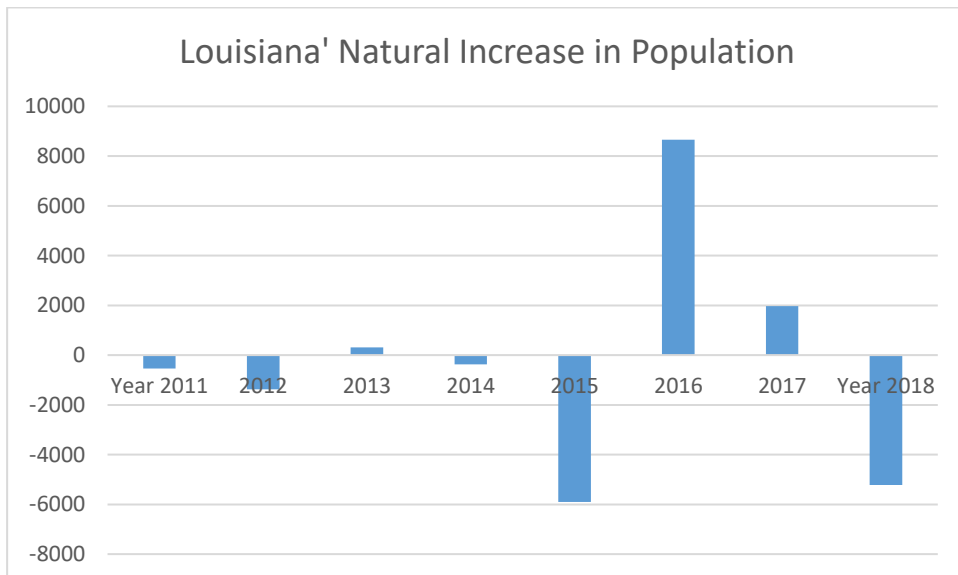
STATE OF LOUISIANA		Total Non-Farm Employment March 2019
Non-Seasonally Adjusted Job Growth March 2018 to March 2019		
Health Care and Social Assistance	6,400	272,200
All Others	3,900	124,400
Leisure and Hospitality	2,400	238,600
Manufacturing	2,200	136,800
Educational Services	2,000	49,400
Government	200	329,600
Wholesale Trade	200	69,900
Financial Activities	0	90,700
Support Activities in Transportation	-500	18,000
Truck Transportation	-600	16,400
Mining	-1,100	34,400
Professional and Business Services	-1,500	11,300
Information	-2,200	22,200
Retail Trade	-3,500	223,800
Construction	-9,600	143,400
Total Change	-1,700	1,981,100

- 1st quarter losses in Construction were 5,000 CES.
 - 6,200 1st quarter losses in Construction of Buildings
 - Heavy and Civil Engineering Construction
- 1st quarter gains in Construction of 4,000 jobs were in Specialty Trade Construction

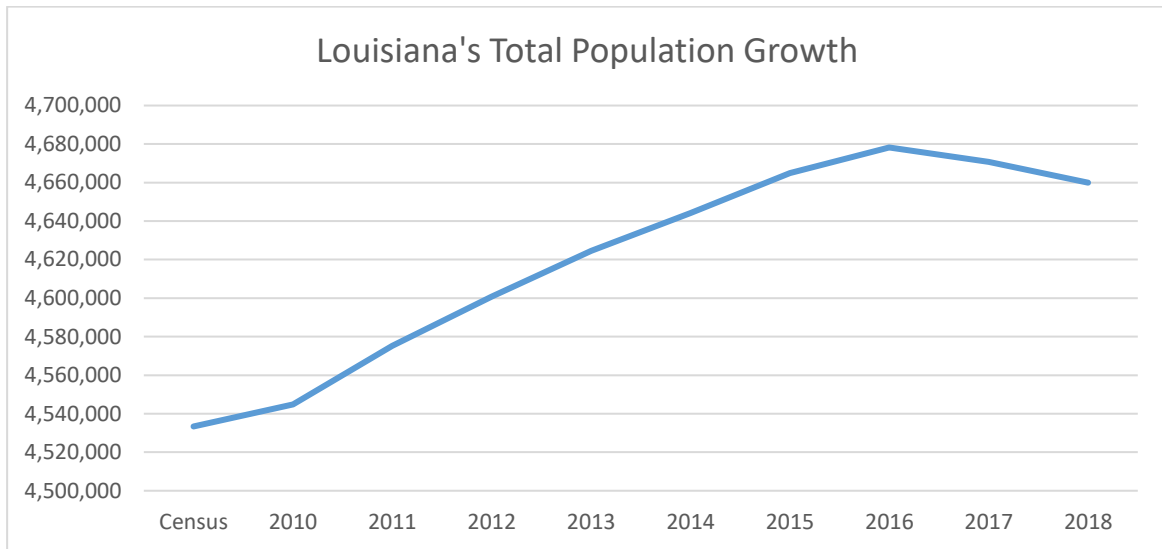
Louisiana Population Stagnation



Source: U.S. Census Bureau Yearly July Estimates



Source: U.S. Census Bureau Yearly July Estimates



Source: U.S. Census Bureau Yearly July Estimates

Louisiana's and New Orleans MSA Population Estimates July of Each Year

	Louisiana	New Orleans MSA
Census	4,533,372	1,189,866
2010	4,544,871	1,195,636
2011	4,575,184	1,213,891
2012	4,600,814	1,226,858
2013	4,624,577	1,239,607
2014	4,644,204	1,248,964
2015	4,664,851	1,260,452
2016	4,678,215	1,267,894
2017	4,670,818	1,270,465
2018	4,659,978	1,270,399

Note region's
population growth
begins to stagnate
starting in 2015

- Population Change in the New Orleans Area

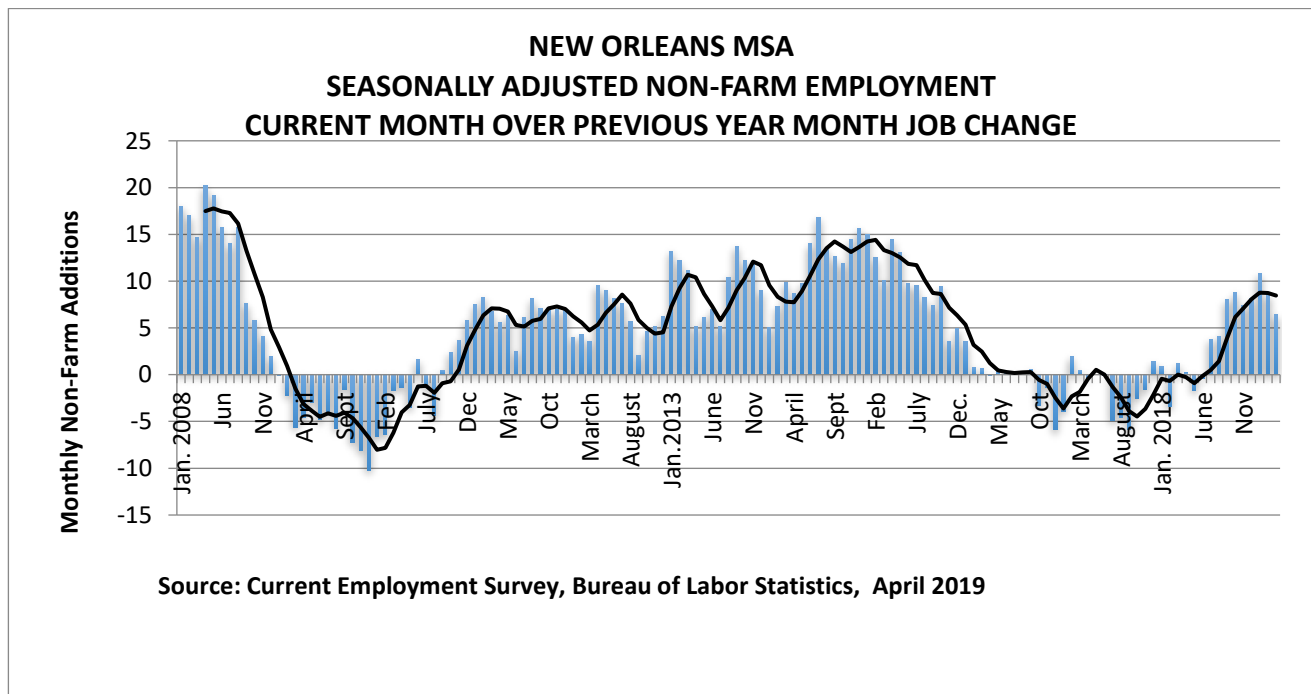
	July 2017-July 2018	
	July 1, 2018 Population	Population Change
Jefferson Parish	434,051	-2245
Orleans Parish	391,006	-532
Plaquemines Parish	23,410	43
St. Bernard Parish	46,721	613
St. Charles Parish	52,879	206
St. James Parish	21,037	-287
St. John the Baptist Parish	43,184	-155
St. Tammany Parish	258,111	2291

Source: U.S. Census Bureau Annual Estimates

New Orleans MSA Job Economy

- Snapshot of CES Job Growth

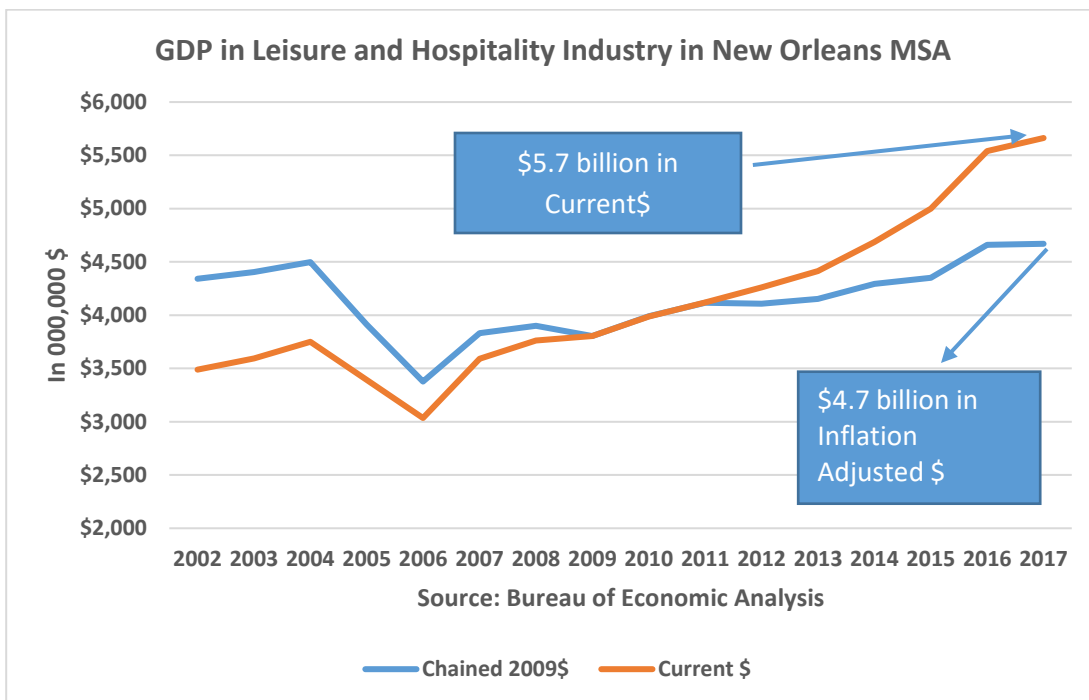
New Orleans Metropolitan Statistical Area Non-Farm Non-Seasonally Adjusted Jobs March 2018 to March 2019		Total Non-Farm Jobs March 2019	Total Non-Farm Employment August 2005
Leisure and Hospitality	3,500	93,800	86,000
Professional and Business Services	2,700	77,800	74,300
Health Care and Social Assistance	2,600	70,800	62,200
Educational Services	900	30,900	18,800
Construction	500	31,100	30,100
All Others	200	24,600	23,600
Manufacturing	200	29,900	41,500
Transportation, Warehousing & Utilities	100	28,900	28,000
Mining	0	4,400	8,500
Wholesale Trade	-500	22,100	26,300
All Government	-800	71,900	103,900
Retail Trade	-800	60,400	67,500
Financial Activities	-1,000	28,100	33,300
Information	-1,300	6,800	10,500
Total Change	6,300	581,500	614,500



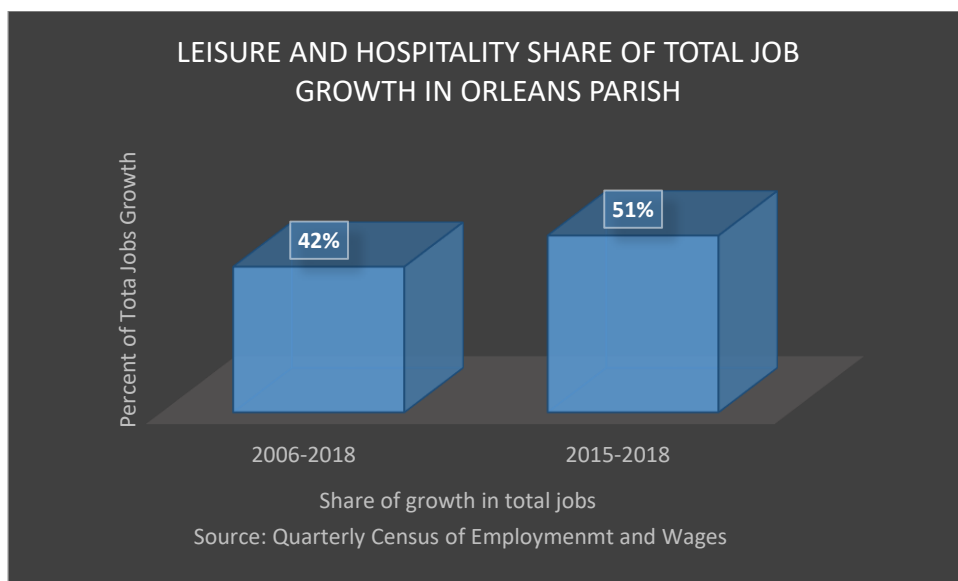
Some Interesting Facts About Leisure and Hospitality in the New Orleans MSA

Note: All data are for 2017

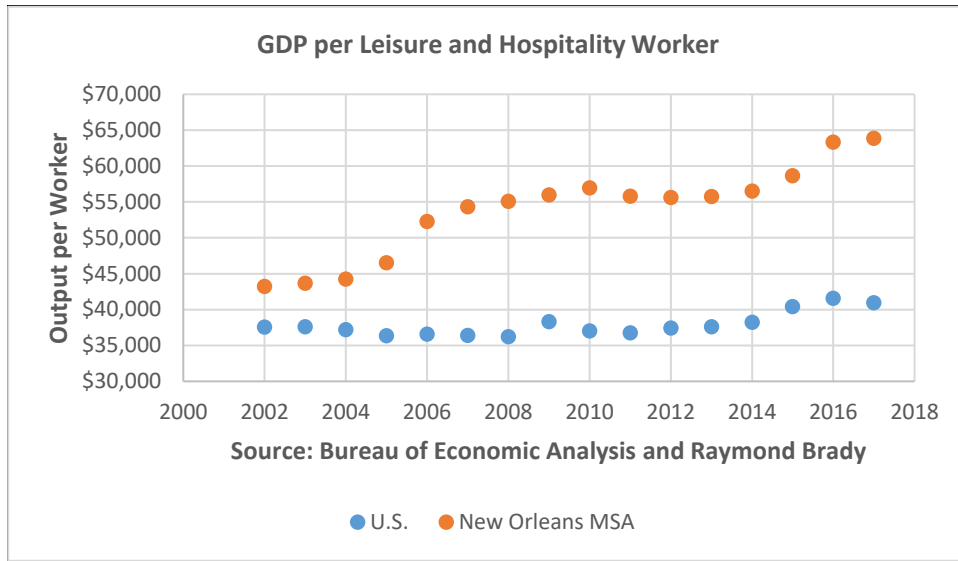
- Leisure and Hospitality in 2017 in the New Orleans MSA accounted for 7.1% of the MSA GDP and in the U.S. economy, the sector accounted for 4.1%.
- Real GDP growth has stagnated in recent years in Leisure and Hospitality in the New Orleans MSA.



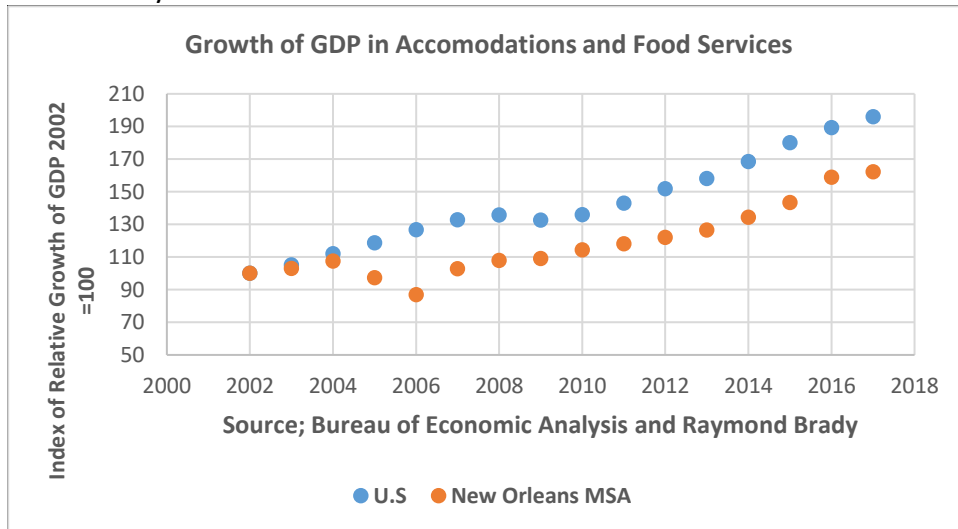
- Between 2010 and the 1st quarter of 2019 Leisure and Hospitality accounted for 37% of the private sector job growth. Of the increase in Leisure and Hospitality, eighty-eight percent (88%) was in Food and Drinking Places.
- Leisure and Hospitality share of Orleans Parish QCEW job growth has increased in recent years.



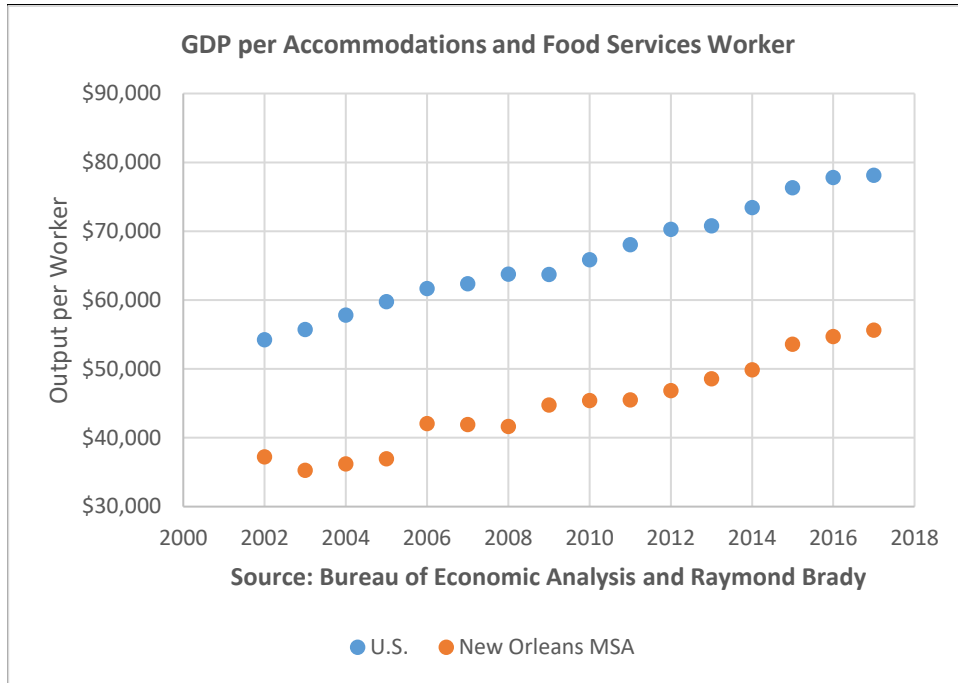
- Leisure and Hospitality GDP growth (in current \$) per worker grew faster in the New Orleans MSA than in the U.S.



- HOWEVER, GDP growth in Accommodations, Food Services and Drinking Places grew LESS than the U.S. Why?



- Why?
 - Is it a ratio issue: GDP/ workers?
 - Could it be that jobs in Accommodations, Food Services and Drinking Places grew faster in the New Orleans MSA than the U.S. between 2002 and 2018?
 - New Orleans MSA job growth in this sector was 13.6%
 - U.S. job growth in this sector was 34.5%
 - The problem is that GDP current \$ growth in Accommodations, Food Services and Drinking Places in the New Orleans MSA was less than the U.S.
 - U.S. Growth = 94%
 - New Orleans MSA = 70%
 - GDP growth occurring outside of Accommodation and Food Services
 - Arts, Entertainment, Recreation (gambling, sports events, etc.)



- Recall in the past that we looked at the impact of AI and technology on the Accommodations industry in the past.
 - Does the above imply that capital labor-substitution is on the horizon?
 - Questions?