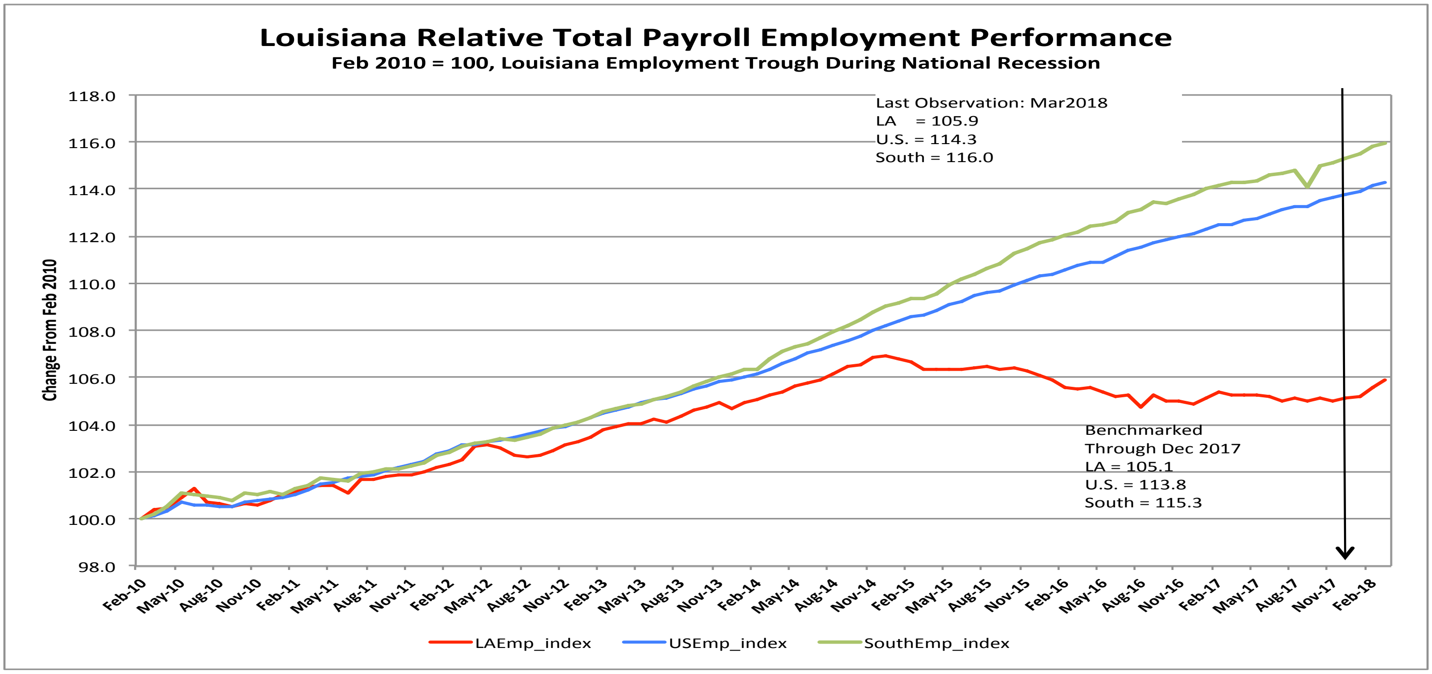
RELATIVE EMPLOYMENT PERFORMANCE, March 2018



Numerous metrics can be used to compare economic performance across states. Here is displayed one of the more important metrics, total payroll employment; the headline employment measure reported for the national economy and for all states on a monthly basis. The graph above depicts total payroll employment for the state, the nation as a whole, and the South[1] as a whole. In this graph, monthly seasonally adjusted total payroll employment for all three regions is indexed to the month of February 2010, when the state's payroll employment total was at its low point resulting from the 2008-09 national recession. The months subsequent to that trough month reflect the national economic recovery/expansion from that recession. The value of each line at any month reflects the percent change of that region's total payroll employment from the month of February 2010. As of March 2018 the state's total payroll employment was 5.9% greater than in February 2010. By comparison, total payroll employment for the south was 16% greater, and for the nation as a whole 14.3% greater.

Of note in this graph is the State's relatively weak total payroll employment performance over most of this period. Over the course of the national expansion to date, total payroll employment growth in Louisiana has been approximately 59% less than that of the national economy and 63% less than the South. Much of this relatively weaker performance has occurred since energy price declines began in mid-2014, although, as of the state's peak employment month of December 2014 total payroll employment growth in Louisiana had already been approximately 15% less than that of the national economy and 23% less than the South. Since the data for the months of 2018 are based on sample surveys of employers that have not yet been annually benchmarked to a near complete census of employers, and are less reliable than earlier data that has been benchmarked, the growth through December 2017 is also noted in the graph. Through that point in time, the state's total payroll employment was 5.1% greater than in February 2010. By comparison, total payroll employment for the nation as a whole was 13.8% greater, and for the South as a whole 15.3% greater. By that point, total payroll employment growth in Louisiana had been approximately 63% less than that of the national economy, and 67% less than that of the South.

Through 2014, this relatively lagging total performance was largely the result of disproportionately large reductions in government sector payrolls in Louisiana relative to the nation and the South overall. To illustrate this, a graph of private sector payroll growth is included below. However, during 2015 and into 2017 the state's relative performance has been weaker primarily due to slowing growth in private sector employment resulting from the steep drop in oil and natural gas prices rippling through the state's economy, with absolute employment declines beginning in September 2015 and reaching a trough in August 2016. Total employment in the state was essentially flat through 2017, but has been trending up in the early months of 2018, but has yet to reach its December 2014 peak. These latest months in 2018 should be viewed cautiously since they are based on relatively small sample surveys that won't be benchmarked for another year.

[1] In all instances the South constitutes the U.S. Department of Labor, Bureau of Labor Statistics southeast region of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, plus the states of Arkansas and Louisiana.

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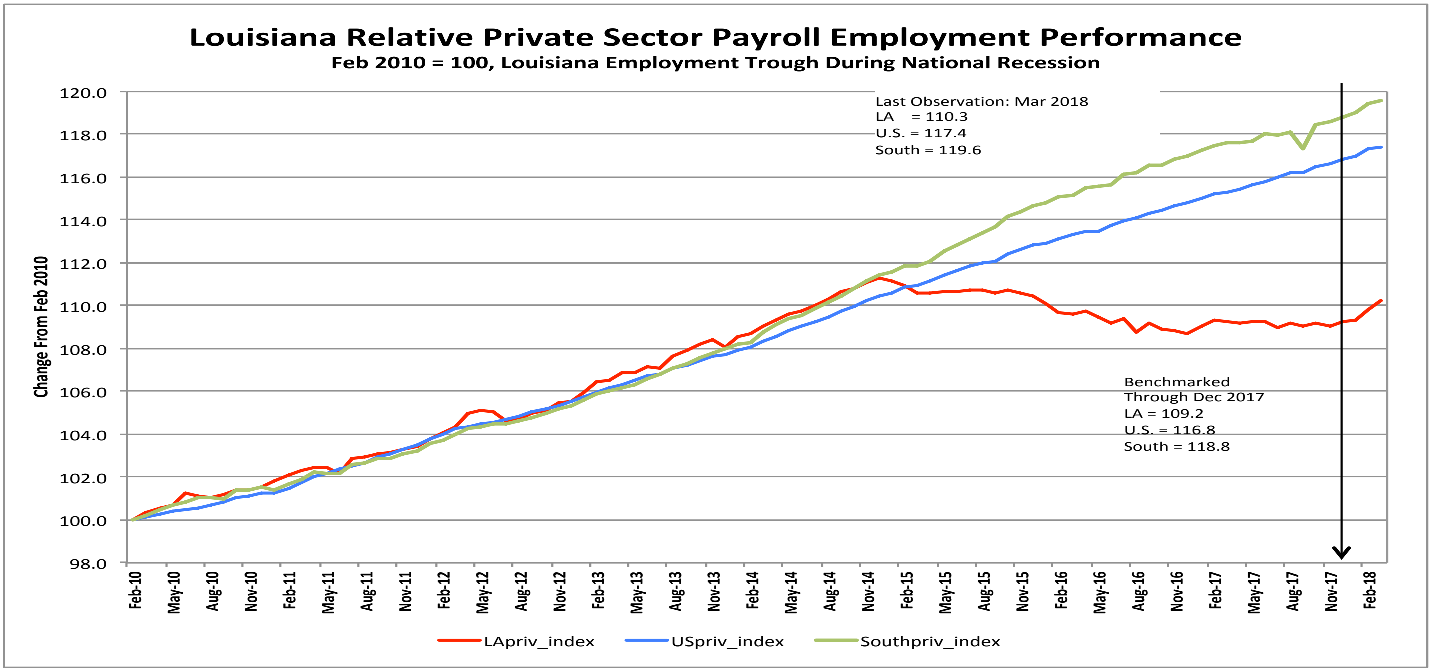

The graph above depicts private sector payroll employment for the state, the South, and the nation as a whole. Government payroll employment has been excluded from all three regions. All other components of this graph are the same as before. Monthly seasonally adjusted private sector payroll employment for all three regions is indexed to the month of February 2010, when the state's payroll employment total was at its low point resulting from the 2008-09 national recession. The months subsequent to that trough month reflect the national recovery/expansion from that recession. The value of each line at any month reflects the percent change of that region's private sector payroll employment from the month of February 2010. As of March 2018 the state's private sector payroll employment was 10.3% greater than in February 2010. By comparison, private sector payroll employment for the South was 19.6% greater, and for the nation as a whole was 17.4% greater.

Of note in this graph is the fact that over much of this time span the State's private sector payroll employment performance had been comparable to that of the South, and somewhat better than that of the nation as a whole. However, as of the current point in the national economic recovery, cumulative private sector payroll employment growth in Louisiana has been 41% less than that of the national economy, and 48% less than that of the South. Essentially all of this relatively weaker performance in private sector employment has occurred as the effects of the energy price declines beginning in mid-2014 have occurred. Relative growth performance through December 2017 is also noted in the graph. Through that point of the national expansion, the state's private sector payroll employment performance had been about 45% less than that of the national economy, and about 51% less than that of the South.

It is notable that both Louisiana private sector and total employment absolutely declined during 2015 and 2016. This decline does not appear to have occurred in the South or the national economy. This decline is largely the result of the steep drop in oil and natural gas prices that began in the summer of 2014 and extended through 2016. Absolute employment declines, which began in September 2015 persisted until August 2016, with monthly performance remaining essentially flat through 2017, before beginning to trend up in the early months of 2018. However, the state is still below its peak level of December 2014 for both total and private sector employment. These latest months in 2018 should be viewed cautiously since they are based on relatively small sample surveys that won't be benchmarked for another year.

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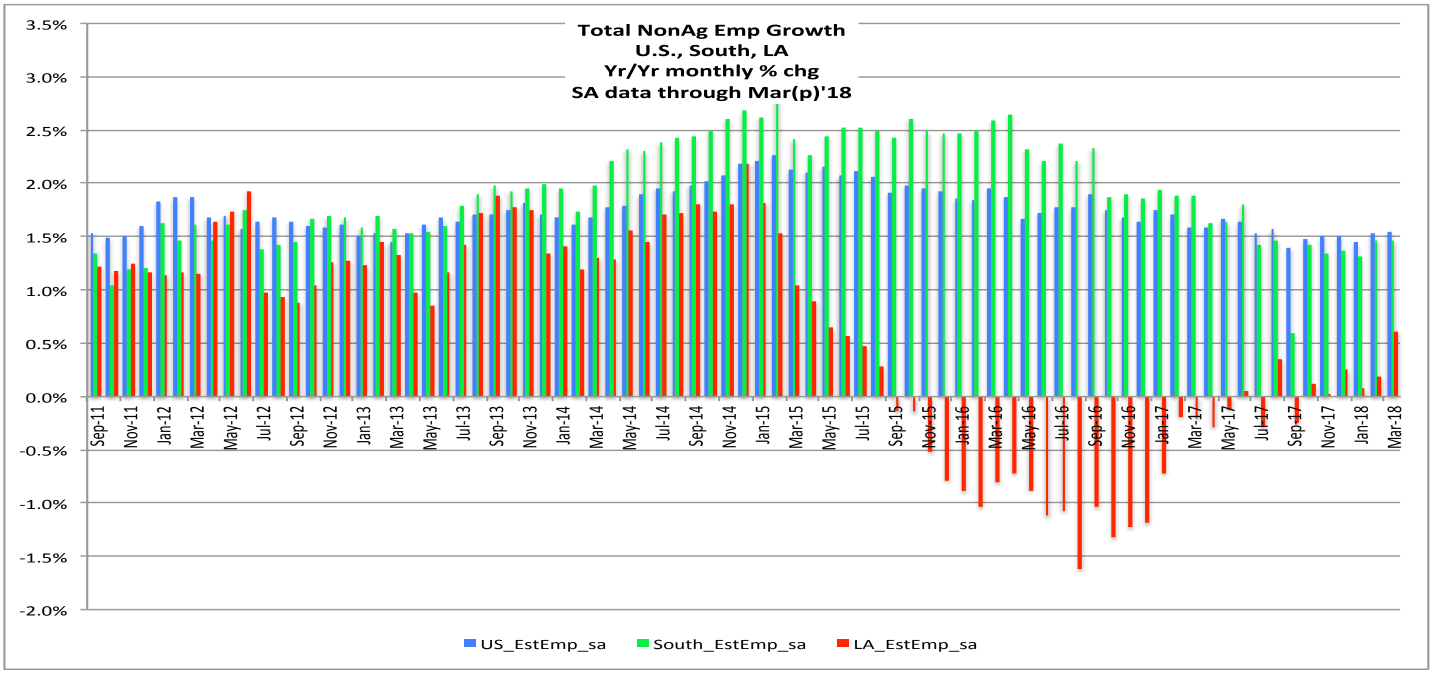

The graph above brings into focus the differences in total payroll employment growth between the state, the nation as a whole, and the South as a whole. The starting point of this graph is more recent than the two preceding graphs, beginning in September 2011, a point when the state's growth out of the economic trough of early 2010 had essentially stabilized. For a three year period, state growth was typically somewhat lower than that of the U.S. and the South, varying around 1% - 1.5% with some modest upward trending. However, beginning in early 2015, six months or so after oil prices began to fall off from their four-year run of $100+/bbl level, the state's total employment growth began to decline. By September 2015, state employment growth had gone negative and worsened through the mid-2016. State employment appeared to have hit a trough by mid-2016, with subsequent months still exhibiting negative growth but by steadily smaller degrees, until June 2017. On a year-ago basis, state growth has been positive in the second half of 2017 through early 2018.

State performance over these years contrasts with the South and the U.S. as a whole, both of which stabilized their growth at higher averages than the state through 2014. Both broader regions exhibited much smaller declines in growth during 2015 through mid-2017 in comparison to Louisiana. Oil & gas investment spending and production activity has become more important to the U.S. economy overall with the advent of horizontal fracturing, and the decline in that sector contributed to somewhat lower growth in the U.S. economy as oil prices fell off in 2014 and 2015. However, growth at the U.S. level fell from a 2% rate to a 1.5% rate, and from a 2.5% rate to a 1.5% rate in the southern region of the country. In contrast, Louisiana faced outright contraction for many of these months; indicative of how much more important the oil & gas and associated sectors are to the state than to the country as a whole, even though very little horizontal fracturing activity actually occurs in the state.

Of note are the effects of the annual re-benchmarking of state employment figures reflected in the recent historical figures and incorporated into the charts above. That re-benchmarking to more complete employment data indicates that the state began losing jobs in an absolute sense in September of 2016 rather than the previously indicated month of August 2016. More importantly, the revised data now indicates that job losses were significantly greater that previously indicated. Previous data reflected essentially no months exhibiting declines in excess of 1%, while the re-benchmarked data reflects several months exceeding that decline rate, as well as slightly more than a 1.5%% spike down in the month of August 2016. Finally, earlier data indicated a distinctly smaller average decline during the last three months of 2016 relative to all prior decline months. With the re-benchmarked data, that difference is eliminated and replaced with a more pronounced V-shaped decline pattern with the months in the latter half of 2016 exhibiting a more steady pattern of smaller and smaller declines each month. The state appears to have climbed out of its own employment recession rather than jumped out. Positive growth, on a year-ago basis, began in mid-2017 and has stayed positive since then, although at an average rate less than 0.5%.

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