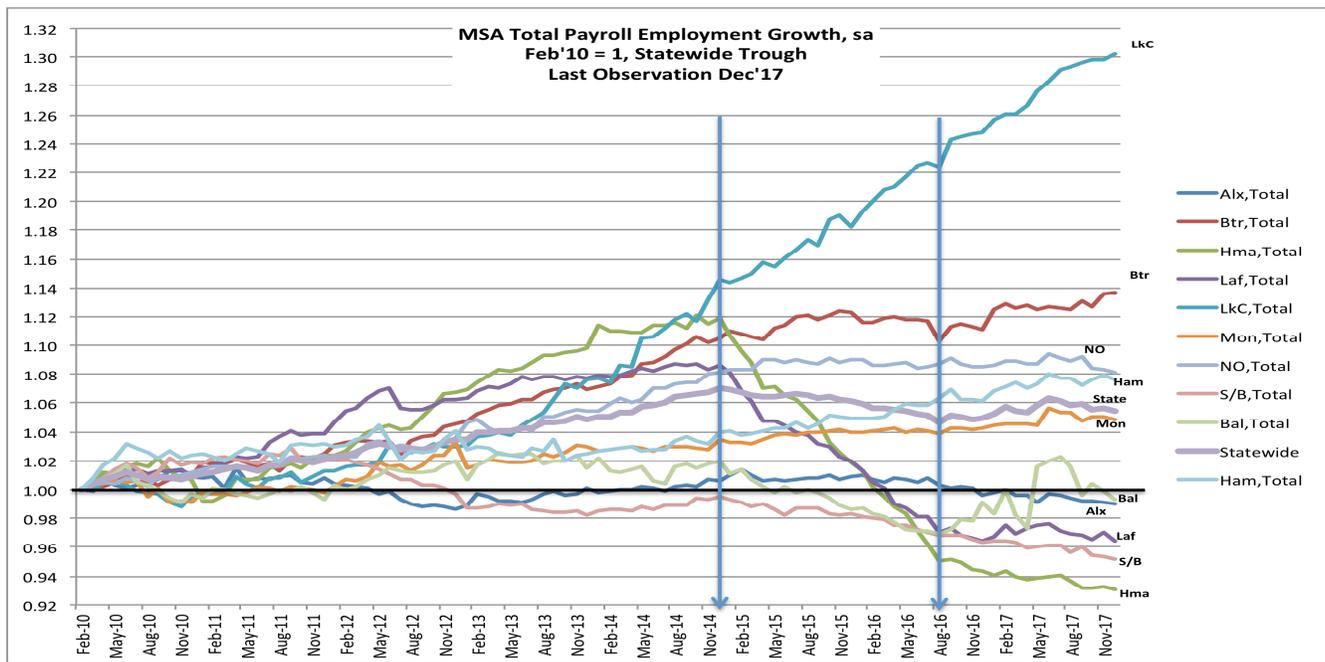


Metro Area Employment Growth, December 2017



A convenient metric to compare economic performance across metro areas is total payroll employment; the headline employment measure reported for the national economy, and all state and metro areas on a monthly basis. The graph above depicts this employment concept for each of the state's nine metro areas¹, the balance of the state, and the state as a whole. In this graph, monthly seasonally adjusted² total payroll employment for each area is indexed to the month of February 2010, when the state's payroll employment total was at its low point in the 2008-09 national recession. The months subsequent to that trough month reflect the economic recovery/expansion phase of the national business cycle. The value of each line at any month reflects the percent change of that area's total payroll employment from the month of February 2010. For example, by December 2017 total employment in the Lake Charles area (LkC) was 30.2% higher than in February 2010, while in the Houma area total employment was 7.0% lower.

In the context of the national expansion, the Lake Charles, Baton Rouge, New Orleans, and Hammond areas have led the state in employment growth relative to February 2010. However, the Baton Rouge and Orleans areas largely flattened out beginning in late-2014, with only modest growth in Baton Rouge and no growth in New Orleans since then. The Monroe area exhibited some modest upward trending over this period, but has stabilized since early-2015. The Hammond area appears to continue to exhibit modest growth, while the Alexandria area is essentially unchanged from its 2010 level. The oil service areas of Lafayette and Houma fell off significantly after late-2014 reflecting the dramatic drop in oil prices that began in mid-2014. The Shreveport-Bossier City metro area is some 4.8% below its 2010 level, and has been since early 2013. The balance of the state's parishes outside the defined metro-areas trended down from mid-2013 but have struggled back to their 2010 levels since mid-2016.

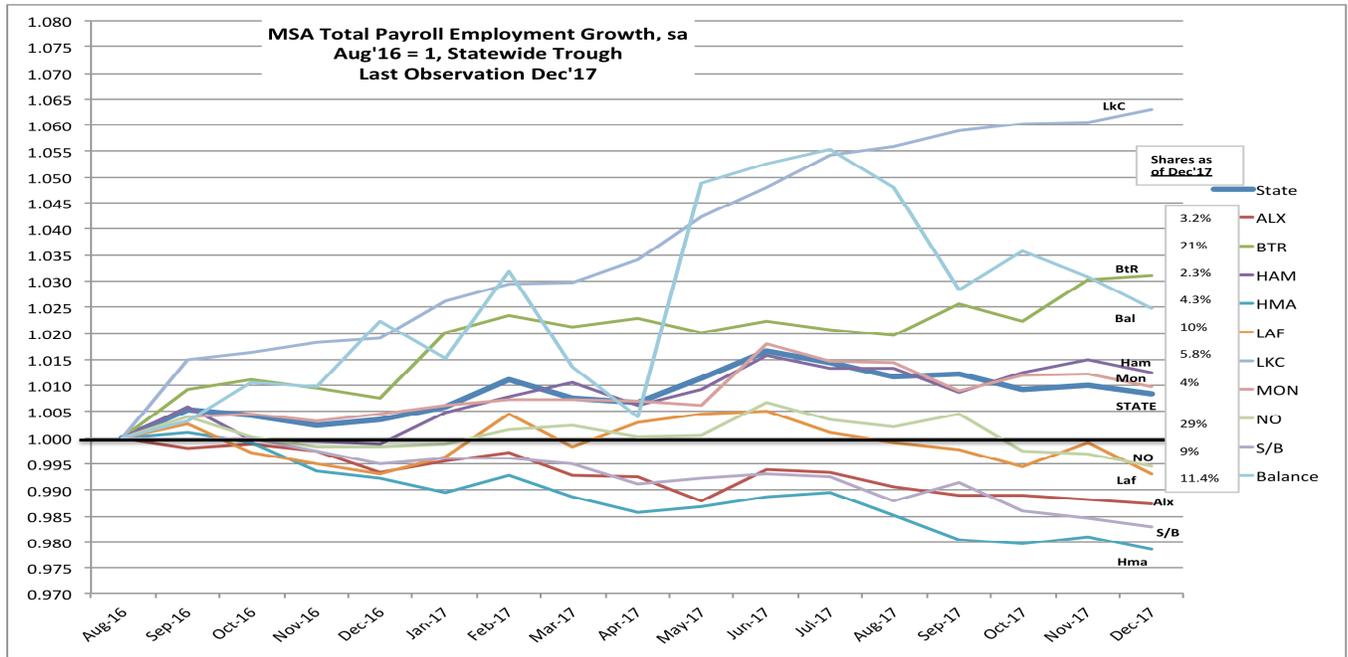
The areas that have experienced above-average growth from February 2010 (Lake Charles, Baton Rouge, New Orleans, and Hammond) comprise 58.1% of the state's current total employment. However, with flattening of the Orleans area, this majority of has not been sufficient to offset the below-average growth occurring in the rest of the state, and especially the drop-offs in the oil service areas of Lafayette and Houma, as well as the Shreveport/Bossier area. Consequently, statewide employment, while still 5.5% larger than in early 2010, began exhibiting slower growth in the beginning of 2015 and absolutely declined beginning around the second half of 2015, before beginning a modest recovery with the middle of 2017.

Statewide, the compound annual average growth rate of total employment over this entire ninety-five month period has been 0.67%. The above-average tier has exhibited 1.43% annual growth while the below-average tier has exhibited an annual decline rate of -0.32%. At the extremes are Lake Charles with a high growth rate of 3.34%, largely from mid-2013 as the industrial projects began moving from drawing boards to on the ground construction, and Houma with a low rate of -0.91%, largely from early-2015.

¹ Beginning with 2015, changes to official metro area designations have been made that add an additional metro area to the state, designated as the Hammond area encompassing Tangipahoa Parish. In addition, additional parishes have been added to three existing metro areas. The Lafayette area now includes Acadia, Iberia, and Vermillion Parishes. The New Orleans-Metairie-Kenner area now includes St. James Parish. The Shreveport-Bossier City area now includes Webster Parish. These parishes were formerly captured in the balance-of-state area.

² Non-seasonally adjusted data for each metro area and the statewide area are provided by the U.S. Department of Labor, Bureau of Labor Statistics. The non-metro balance-of-the-state area is simply the difference between the statewide area and the sum of the metro areas. Seasonal adjusted is applied by the author utilizing the Census Bureau X-12 process and the Eviews statistical software package.

Metro Area Employment Growth, December 2017



It is interesting to shorten the time perspective to a period that starts with August 2016, the last trough of statewide employment attributable to the state's oil-price recession between December 2014 and August 2016, segmented in the first chart above. Metro area employment since the state's recovery began is depicted immediately above. Notably, employment in the oil service areas of Lafayette and Houma has continued to decline from August 2016, more so in Houma than in Lafayette. As measured by total payroll employment, these two metro areas are 0.7% and 2.2% smaller than in August 2016, respectively. Combined with the 1.3% decline in Alexandria, the 1.7% decline in the Shreveport/Bossier, and the 0.5% decline in New Orleans, these areas together have restricted the entire state's employment growth to only 0.8% since August 2016. As a group they comprised a 55.5% majority of total statewide employment as of the latest month evaluated here, December 2017.

The strongest growth in the state over this period has occurred in the Lake Charles metro area, adding 10.5% to its employment, significantly greater than any other areas of the state, and largely due to industrial expansion in the state's petro-chemical complex. However, this metro area comprised only 5.8% of total state employment in December 2017. The performance in this area, combined with that of Hammond, Baton Rouge, Orleans, and the non-metro balance of the state has been sufficient to keep the state as a whole expanding over this time period, as measured by payroll employment. However, total statewide payroll employment is still only 0.8% greater than in August 2016, and has been trending downward modestly since about June 2017.