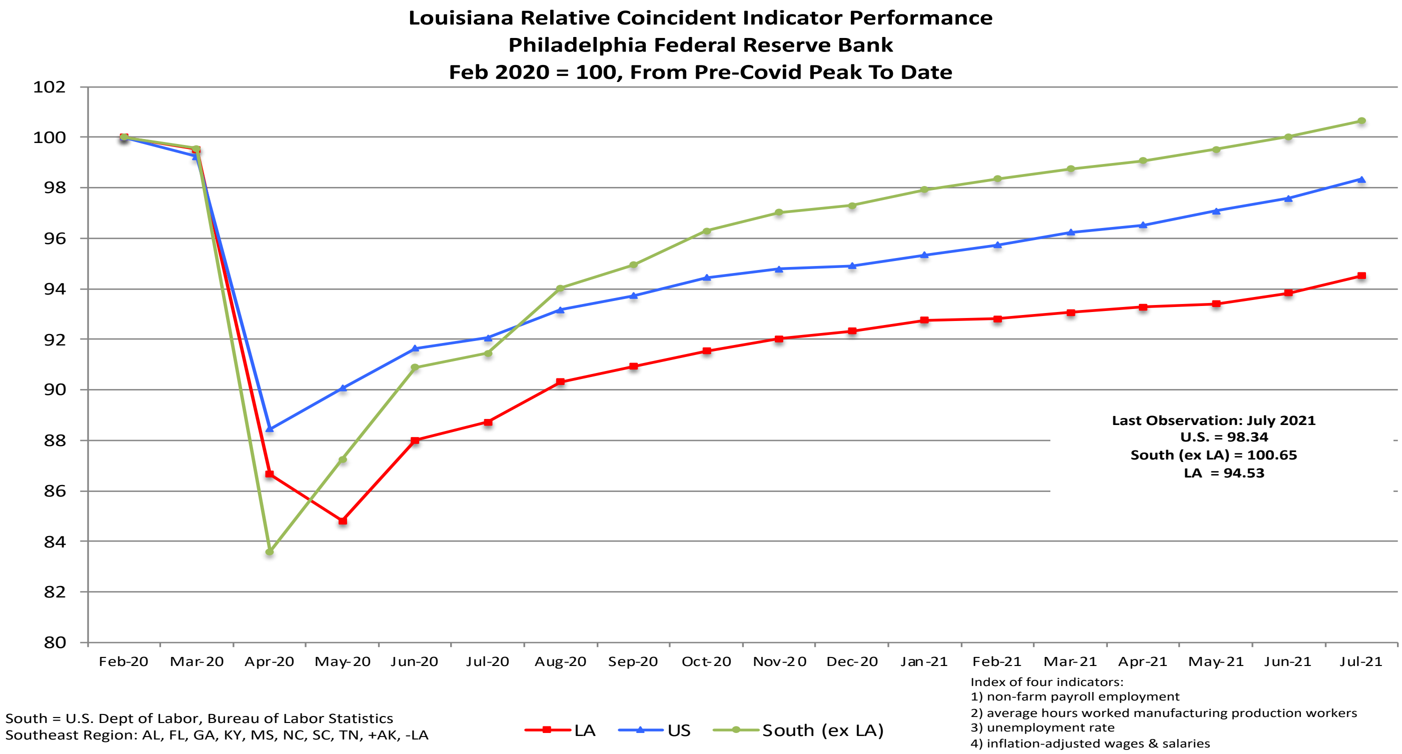
Relative Economic Indicator Performance, July 2021



The Federal Reserve Bank of Philadelphia produces a monthly coincident indicator for each state and the nation as a whole. These indicators summarize current economic conditions in a single statistic and are consistently constructed across all states. The indicator is composed of nonfarm payroll employment, average hours worked by manufacturing production workers, the unemployment rate, and inflation adjusted wage & salary disbursements plus proprietors' income; economic metrics routinely generated by the U.S. Department of Labor and Department of Commerce.

In the graph above, an index of the indicators for Louisiana, the South[1], and the nation as a whole are displayed. The base period is established as February 2020, the month immediatley prior to the obvious effects of the coronavirus pandemic on the national, regional, and state economies. The values at each month then represent the percent change from the base period for each region. This allows each region's performance to be compared over the course of the pandemic recession and subsequent recovery to-date. As of July 2021, Louisiana's indicators are 5.47% lower than in February 2020, just before rthe pandemic event took hold. The indicators for the South are 0.65% greater, and for the nation as a whole 1.67% lower.

The state was vulnerable to an economic shock prior to the pandemic recession, and was particularly negatively affeted by the pandemic due to its reliance on enery production and tourism, as evidenced by the continual fall of the State's index in May of 2020 as the values for the region and the nation began to rebound. While the state recovery appeared to gain on the nation's initially, performance gains have stalled and the state recovery has, at best, mimiced that of the nation as whole. With regard to the southern region, the state recovery accelerated comparably at first, but fell farther behind as 2020 progressed. The established gap with the national economy was fairly stable into early 2021, implying at least a comparable pace of recovery with the nation, but since widened after the first quarter of 2021, implying a slower pace of state recovery relative to the nation. Relative to the southern region, the index gap has steadily widened from mid-2020 to mid-2021, implying steadly weaker and weaker recovery performance by the state vis-à-vis the recovery of the southern region.

At this pont, fourteen months after recovery began, as measured by this index, the state is still well below its pre-pandemic level, and is falling farther behind the southern region and the rest of the country in the pace of recovery.

[1] Here 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 state of Arkansas. Louisiana is excluded to highlight its divergence.

Legislative Fiscal Office
Greg Albrecht, Chief Economist