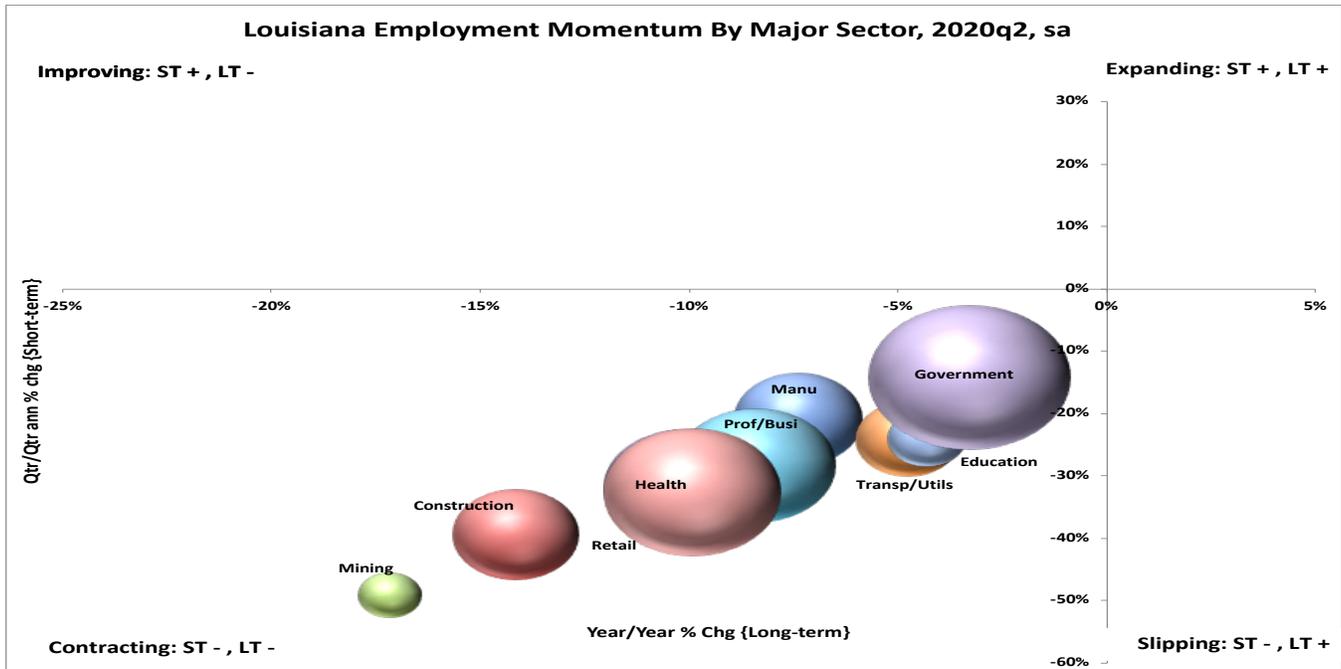


Employment Growth Momentum 2020 Second Quarter, April – June



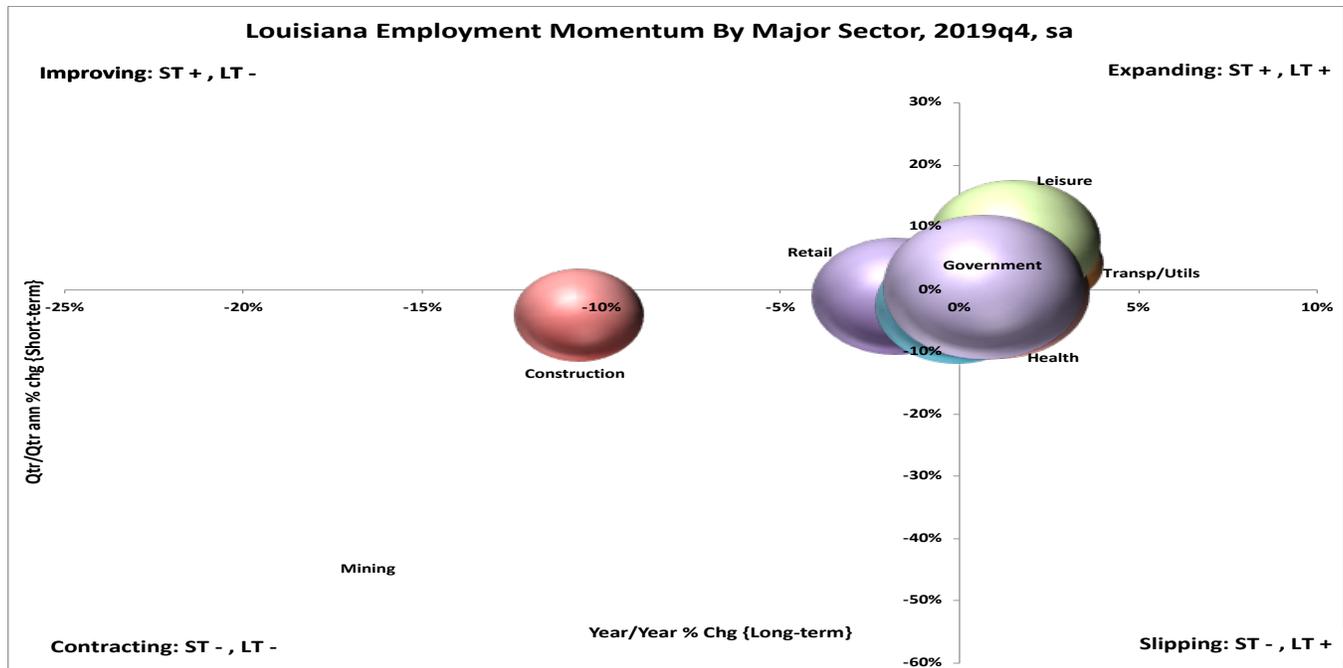
The graph above is called a momentum graph, an interesting way to depict the short-term (3-month annualized growth rate) relative to the long-term (year-over-year growth rate) of ten major employment sectors (bubbles). Each sector's location in the graph is centered on coordinates of its short-term and long-term growth rates. Another feature of the graph is that the sizes of the bubbles reflect each sector's share of total employment. For example, the mining sector, comprising 2% of total employment, has exhibited a 17.2% decline over the latest annual period, and a 49.2% decline in the latest quarter, placing it the deepest in the contracting quadrant with the most negative long-term and short-term growth coordinates of the tens major sectors. Unfortunately, all of the ten sectors are centered within the contracting quadrant, reflecting a broad-based recession being experienced by the state as a result of the coronavirus pandemic. Dramatic employment losses occurred in March and April, and while employment has been added back in the months of May and June, as of the end of the 2nd quarter of the year, all major sectors still lie in the contracting quadrant (lower left) with both negative annual growth and latest-quarter growth. The calculation results underlying the graph above are displayed in the table below.

Louisiana Employment Momentum By Major Sector, 2020q2, sa				
Quadrant	SuperSector	Year/Year % Chg {Long-term}	Qtr/Qtr ann % chg {Short-term}	Relative Sector Size
CONTRACTING	Manufacturing	-7.4%	-20.9%	8.4%
CONTRACTING	Construction	-14.1%	-39.4%	8.0%
CONTRACTING	Mining	-17.2%	-49.2%	2.0%
CONTRACTING	Retail	-10.1%	-31.8%	13.2%
CONTRACTING	Prof & Busi Svcs	-8.4%	-28.3%	13.0%
CONTRACTING	Transp & Utilities	-4.8%	-24.2%	5.4%
CONTRACTING	Education	-4.3%	-24.0%	3.0%
CONTRACTING	Health	-9.9%	-32.7%	16.0%
CONTRACTING	Leisure	-34.9%	-82.1%	10.1%
CONTRACTING	Government	-3.3%	-14.2%	20.9%

The 2020 2nd quarter above is contrasted with the 2019 4th quarter below, prior to any pandemic effect on employment. Employment sectors that were in the expanding quadrant (upper right), exhibited the conditions of both positive long-term and short-term growth, and included transportation & utilities, education, leisure, and government; as a group comprising 41% of total employment. As of 2019q4, the two sectors of manufacturing and health & social services were in the slipping quadrant (lower right), exhibiting positive year-over-year growth but negative growth in the latest quarter. There were no sectors in the improving quadrant (upper left), exhibiting negative year-over-year growth but positive growth in the latest quarter. Finally, the four sectors of construction, mining, retail trade, and professional/technical business services were all in the contracting sector, exhibiting both

Employment Growth Momentum 2020 Second Quarter, April – June

negative year-over-year and latest quarter growth. No sectors were in the slipping quadrant (lower right), with still positive annual growth but negative latest-quarter growth. The calculation results underlying the graph below are displayed in the table following.



<u>Louisiana Employment Momentum By Major Sector, 2019q4, sa</u>					
Quadrant	SuperSector	Year/Year % Chg {Long-term}	Qtr/Qtr ann % chg {Short-term}	Relative Sector Size	
SLIPPING	Manufacturing	0.0%	-1.4%	7.9%	
CONTRACTING	Construction	-10.6%	-4.2%	7.9%	
CONTRACTING	Mining	-0.9%	-1.1%	2.1%	
CONTRACTING	Retail	-1.8%	-1.1%	12.8%	
CONTRACTING	Prof & Busi Svcs	-0.1%	-2.7%	12.4%	
EXPANDING	Transp & Utilities	2.6%	4.0%	5.1%	
EXPANDING	Education	2.7%	7.4%	2.8%	
SLIPPING	Health	1.1%	-0.6%	15.8%	
EXPANDING	Leisure	1.5%	7.7%	13.9%	
EXPANDING	Government	0.7%	0.4%	19.2%	

While expanding and improving sectors comprised 41% of employment in 2019q4, sectors in the contracting and slipping quadrants combined comprised 59% of employment. This was an overall negative position for the employment outlook, with the economy, on net, exhibiting negative momentum. A visual indicator of the lack of momentum for the economy at that time was the clustering of most sectors closely around the graph's origin, indicating that only small positive or negative values were being exhibited for the growth coordinates of most sectors. This can suggest an economy poised for more robust growth, but also indicates heightened vulnerability to adverse shocks to the economy. Those adverse shocks began to be realized late in 2019 and early 2020 as oil prices weakened from the OPEC+ market share dispute, and then near the end of the first quarter of 2020 as consumers began to stay at home to avoid to the coronavirus, followed by stay-at-home orders and mandatory business closure policies. The effects of those actions has resulted in the recession depicted on the first page of this brief.