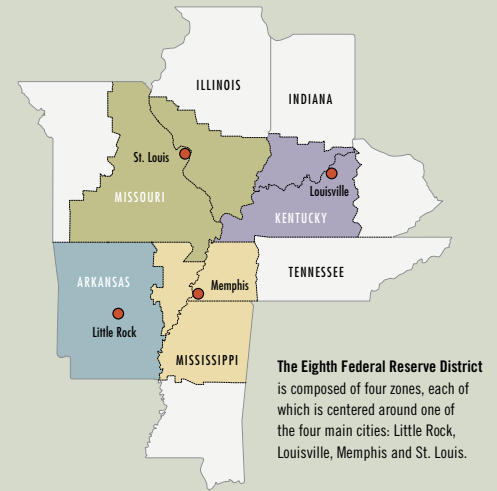


Employment Growth Mixed Across Eighth District

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Since 2001, the composition of jobs in the United States and the Eighth District has shifted. As employment in service-providing industries has grown, the number of manufacturing jobs has decreased. In October 2001, goods-producing industries accounted for 17.8 percent of the U.S. labor force. By October 2008, this figure was only 15.5 percent. Across the four largest Eighth District cities, this trend is also true; the share of goods-producing industries decreased from 17.1 percent to 14.8 percent over the same period. The District cities that have performed well in service-providing industries have also experienced the strongest overall job growth.

Eighth District Overview

From October 2007 to October 2008, Little Rock was the only large metropolitan statistical area (MSA) within the Eighth District to post a positive year-over-year rate of growth in employment. At a growth rate of 0.03 percent, Little Rock was also the only large MSA in the District to outperform the U.S., which experienced job losses of 0.8 percent. Louisville (-1.3), St. Louis (-0.9) and Memphis (-1.7) all posted lower year-over-year growth rates than the U.S. as a whole.

St. Louis and Louisville both have a higher proportion of goods-producing jobs than the U.S. and experienced large job losses in the manufacturing sector. Little Rock and Memphis have a higher proportion of jobs in the service sector than the U.S. Strong job growth in the education, information and

leisure/hospitality service sectors all helped lift Little Rock above the national average. Memphis, which had the highest share of service-sector jobs in the Eighth District, posted the lowest year-over-year growth rate, primarily because of job losses in the transportation and trucking industry, which make up 27 percent of the Memphis economy.

For the Eighth District as a whole, the education sector performed the best, although still behind the U.S. as a whole. Manufacturing and financial services experienced the largest year-over-year declines in job growth, with every District MSA reporting negative growth.

Little Rock Zone

Little Rock has posted a positive year-over-year growth rate each year since 2003; this growth rate has been above the U.S. year-over-year growth rate since 2006. Underlying Little Rock's employment growth have been job gains in several service industries.

From October 2007 to October 2008, Little Rock experienced positive job growth in leisure/hospitality services (3.4), information services (1.0), resources/mining/construction (3.0), education (1.7) and government (1.1). Little Rock was also the only branch city in the Eighth District to experience job growth in the resources/mining/construction and leisure/hospitality sectors.

As a state capital, Little Rock employs almost one-fifth (19.8 percent) of its labor force in the government sector, higher than the U.S. (16.4 percent) and higher than

the rest of the Eighth District (13 percent). Year-over-year growth of 1.1 percent in the government sector helped to offset job losses in the manufacturing, trade/transportation and financial-services sectors.

Within the Little Rock Zone, the Texarkana, Ark., area (2.1 percent) and Fayetteville-Springdale-Rogers, Ark., area (0.8 percent) both posted positive year-over-year growth. Growth in Fort Smith, Ark., declined by 0.1.

Louisville Zone

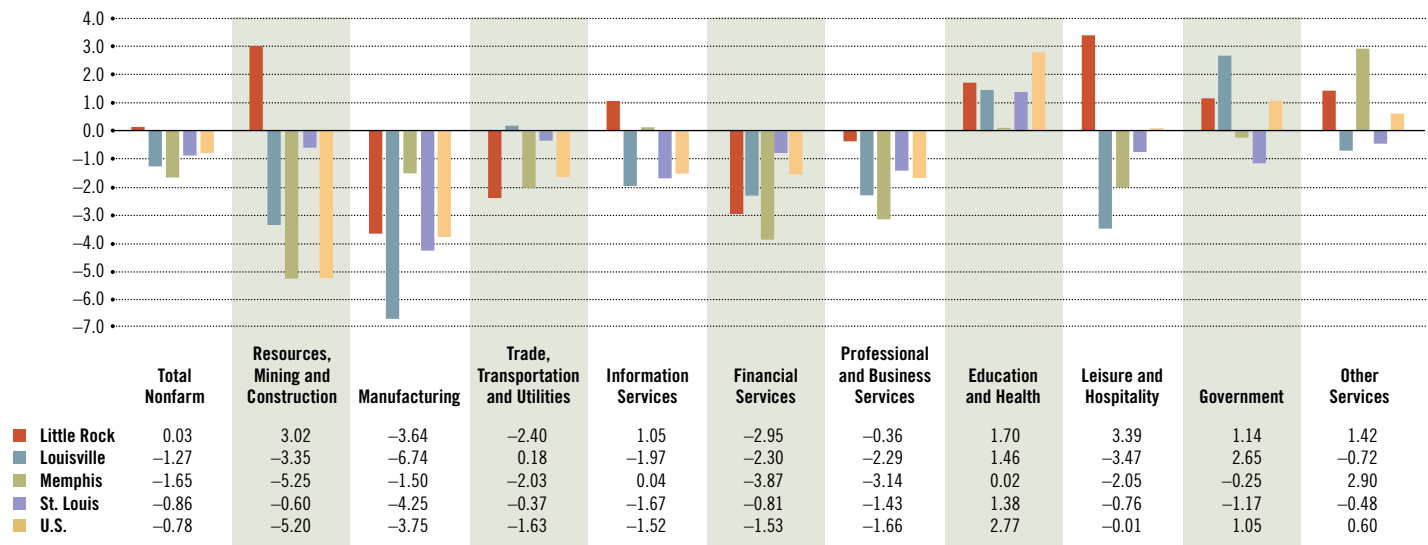
The Louisville metro area employs 17 percent of its work force in goods-producing industries, the highest proportion of the four branch metro areas in the District. The Louisville area experienced a 1.3 percent decline in year-over-year growth through October 2008, largely due to a 6.7 percent drop in manufacturing. Within that sector, durable goods and transportation equipment experienced sharp job losses. Jobs in the durable-goods manufacturing sector were down 10 percent since October 2007; jobs in the transportation-equipment manufacturing sector were down 29.5 percent over the same period.

Louisville also experienced higher job losses than the U.S. as a whole in information services (-2.0 percent), financial services (-2.3 percent), business services (-2.3 percent) and leisure/hospitality services (-3.5 percent).

Smaller metro areas in the Louisville Zone that also had a decline in employment

Employment Growth

OCTOBER 2007 TO OCTOBER 2008—PERCENT CHANGE



included Clarksville, Tenn. (-1.1 percent); Evansville, Ind. (-0.4 percent); and Bowling Green, Ky. (-0.4 percent).

Memphis Zone

Memphis experienced the largest year-over-year decline in nonfarm employment among branch cities, losing 1.7 percent of its jobs since October 2007. Memphis lost jobs in nearly every employment sector, but a third of the losses were concentrated in the trade/transportation/utilities sector, which lost 3,600 jobs since the previous year. Memphis also had significant job losses in the construction (-5.3 percent), business services (-3.1 percent) and financial services (-3.9 percent) sectors. Job growth remained unchanged for information services (0.04 percent) and education (0.02 percent).

Jackson, Miss., a smaller MSA in the Memphis Zone, experienced a zero percent change in year-over-year employment.

St. Louis Zone

The St. Louis Zone mirrors the U.S. in its proportion of goods-producing jobs and service-sector jobs, with 15.6 and 84.4 percent, respectively. St. Louis experienced similar year-over-year growth rates as the U.S. for total employment and in several sectors. Nonfarm payroll employment declined by 0.9 percent from October 2007 to October 2008, slightly below the U.S. experience.


Job losses were similar to national losses in manufacturing (-4.3 percent), information services (-1.7 percent), financial services (-0.8 percent) and business services (-1.4 percent). St. Louis employment benefited from 1.4 percent growth in education services. Education was the only sector in St. Louis to add jobs since October 2007. In contrast to the U.S. economy, St. Louis lost jobs in the government services sector.

Within the St. Louis Zone, the smaller MSAs of Columbia, Mo., and Springfield, Mo., had job growth of 0.1 and 0.3 percent, respectively. Job growth declined by 0.2 percent in Jefferson City, Mo.

Conclusion

Between January and October 2008, the U.S. shed nearly 1 percent of total nonfarm jobs. Goods-producing industries such as manufacturing were the hardest hit. Both Louisville and St. Louis, with relatively large proportions of their work forces involved in manufacturing, had significant losses. In contrast, regions with the strongest-performing service industries fared the best. Indeed, Little Rock was the only zone that had positive year-over-year growth through October 2008.

One apparent trend is that declining economic activity has reversed previous gains in service-sector employment that once covered job losses in the manufacturing sector. For

instance, the large share of transportation jobs in Memphis has reduced overall employment in the local economy because there are fewer goods to move. Employment in financial services has declined in all four branch cities of the Eighth District. Excluding Little Rock, the professional and business, and leisure/hospitality services sectors have gotten smaller in each branch city. 

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