

Employment Growth Slows in the Eighth District

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Overall nonfarm payroll employment growth slowed between June 2006 and June 2007 relative to the previous year in most metropolitan areas of the Eighth Federal Reserve District. Louisville, in particular, had a sharper slowdown compared with the other main metro areas. Manufacturing employment fell in all the four major metropolitan statistical areas of the District. On the other hand, the education and health sector, as well as the leisure and hospitality sector, saw at least 1 percent growth in all the major metro areas. The trade, transportation and utilities sector also added jobs in all of these metro areas.

The Eighth District is composed of four zones, each of which is centered around one of the four main cities: Little Rock, Louisville, Memphis and St. Louis.

Little Rock Zone

Total nonfarm payroll employment in the Little Rock metro area increased by 1.6 percent between June 2006 and June 2007. This increase is similar to the nation's growth of 1.5 percent over the same period. Little Rock's growth, however, has slowed since the previous year, when it had reached 2.5 percent. The slowing was also larger than that experienced by the nation as a whole; the country's job growth was 1.8 percent between June 2005 and June 2006.

Three of Little Rock's largest sectors outperformed the aggregate for the metro area. In the 12 months ending in June 2007, jobs in the trade, transportation and utilities sector increased by 2.1 percent; jobs in education and health services rose by 3.5 percent; and jobs in leisure and hospitality services grew by 2.7 percent. In contrast, job growth in professional and business services increased by only 0.4 percent, while jobs in manufacturing decreased by 3.9 percent.

Four other metropolitan areas in the Little Rock Zone also posted positive job growth. The Fayetteville–

Springdale–Rogers, Ark., metro area (which has experienced a 4 percent average annual job growth since 2000) saw an increase of 2.4 percent between June 2006 and June 2007. Similarly, payroll employment in Hot Springs, Ark., and Fort Smith, Ark., grew by 2.1 and 1.3 percent, respectively. All three metro areas also experienced a slowing in job growth relative to the previous 12 months. The two metropolitan areas in the Little Rock Zone where employment fell were Texarkana, Ark.–Texas, with a 0.4 percent year-over-year decrease in June 2007, and Pine Bluff, Ark., with a 1.3 percent decrease over the same period.

Louisville Zone

Louisville's total nonfarm employment grew by 1 percent during the 12-month period ending in June 2007. This is lower than the national rate and is also lower than the rate for the area (1.9 percent) for the previous 12 months.

Louisville's largest sector—trade, transportation and utilities—had employment growth of 0.7 percent, a relatively low rate compared with 4.1 percent for the previous year. Also contributing to Louisville's job growth were the professional and business services sector, which grew by 2.4 percent; government (2.9 percent); educational and health services (2 percent); and the leisure and hospitality sector (1.3 percent). Job losses were experienced in the natural resources, mining and construction sector, which declined by 1.2 percent, and the "other services" sector, which lost 2 percent. Manufacturing employment fell by 0.3 percent during the 12 months; this is better than the U.S. rate (–1.3 percent) over the same period.

Among the smaller metropolitan areas, Bowling Green, Ky., experienced strong employment growth of 3.3 percent. More-moderate job growth occurred in Evansville Ind.–Ky. (0.7 percent) and in Owensboro, Ky. (0.4 percent). Elizabeth-

town, Ky., saw a slight decline in employment (–0.2 percent).

Memphis Zone

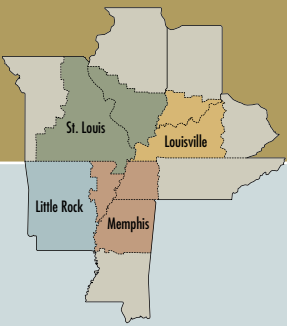
The Memphis metropolitan area experienced a 1.3 percent increase in total nonfarm jobs between June 2006 and June 2007, a slightly lower increase than the nation's. Job growth in Memphis slowed from the previous 12 months, when employment rose 1.8 percent.

Three service-providing sectors in Memphis experienced higher growth than the metro area as a whole between June 2006 and June 2007. Jobs in education and health services increased by 3.2 percent. Similarly, leisure and hospitality services jobs increased by 3.3 percent. Employment in the professional business and services sector rose by 2.8 percent. Employment in the metro area's largest sector—trade, transportation and utilities—grew on par with the area's total nonfarm employment at a 1.2 percent rate. Although manufacturing employment in Memphis continues to decline, the decrease in manufacturing employment of 1.1 percent from June 2006 to June 2007 has not been as prominent as in other metropolitan areas.

The other two metropolitan areas in the Memphis Zone experienced positive growth but different trends. In Jonesboro, Ark., growth slowed significantly to 0.2 percent between June 2006 and June 2007 from 3.2 percent between June 2005 and June 2006. In contrast, employment in Jackson, Tenn., grew 3.2 percent between June 2006 and June 2007, accelerating from the previous 12-month growth of 1.2 percent.

St. Louis Zone

The number of nonfarm jobs in the St. Louis metro area increased by 1.1 percent between June 2006 and June 2007. This rate is lower than the national rate and slightly lower than



the local rate of 1.3 percent between June 2005 and June 2006.

St. Louis' largest employment-generating sector—trade, transportation and utilities—saw an increase in employment of 1.6 percent between June 2006 and June 2007. This is an improvement over nearly flat growth for the previous year. The second-largest sector, education and health, gained 1.3 percent jobs, which is a deceleration compared with the previous year's 3.3 percent rate. Professional and business services jobs grew by 2.2 percent, slightly less than the previous year's rate of 2.9 percent. The leisure and hospitality sector gained 2.4 percent. The "other services" sector, though relatively small, grew more than any other major sector, by 4.4 percent. Manufacturing employment continued to experience losses, declining 3.1 percent during the 12 months ending June 2007. Employment in the information and finance sectors decreased by 0.7 and 0.4 percent,

respectively, in contrast with increases of 1.8 percent and 1.4 percent in those sectors during the previous year.

Some other smaller metropolitan areas, however, achieved higher employment growth. Employment in Springfield, Mo., increased by 1.9 percent and in Columbia, Mo., by 1.6 percent. Jefferson City, Mo., saw employment growth of 1.2 percent, which is similar to the rate for the St. Louis area.

Different Sectors, Different Growth Rates

The chart presents employment growth across different sectors. Although the four main metropolitan areas in the District experienced similar growth rates for total nonfarm employment between June 2006 and June 2007, there were significant differences across sectors. For example, information, financial activities, "other services" and natural resources experienced

substantially different job growth rates in different metro areas. The weight of these sectors in the total nonfarm employment was modest, however. Unfortunately, manufacturing, which is a relatively large employment-generating sector, declined. Both Little Rock and St. Louis saw job loss in excess of 3 percent, while Louisville and Memphis saw modest declines in manufacturing. Other relatively large sectors (like trade, transportation and utilities) saw positive growth rates, allowing for employment to rise at the aggregate level for all the metro areas in the District.

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Nonfarm Employment Growth by Sector
Year-over-year percent change, June 2006–June 2007

■ Little Rock ■ Louisville ■ Memphis ■ St. Louis
(Metropolitan Statistical Areas)

