

# Southwest Ohio Regional Economy in Context

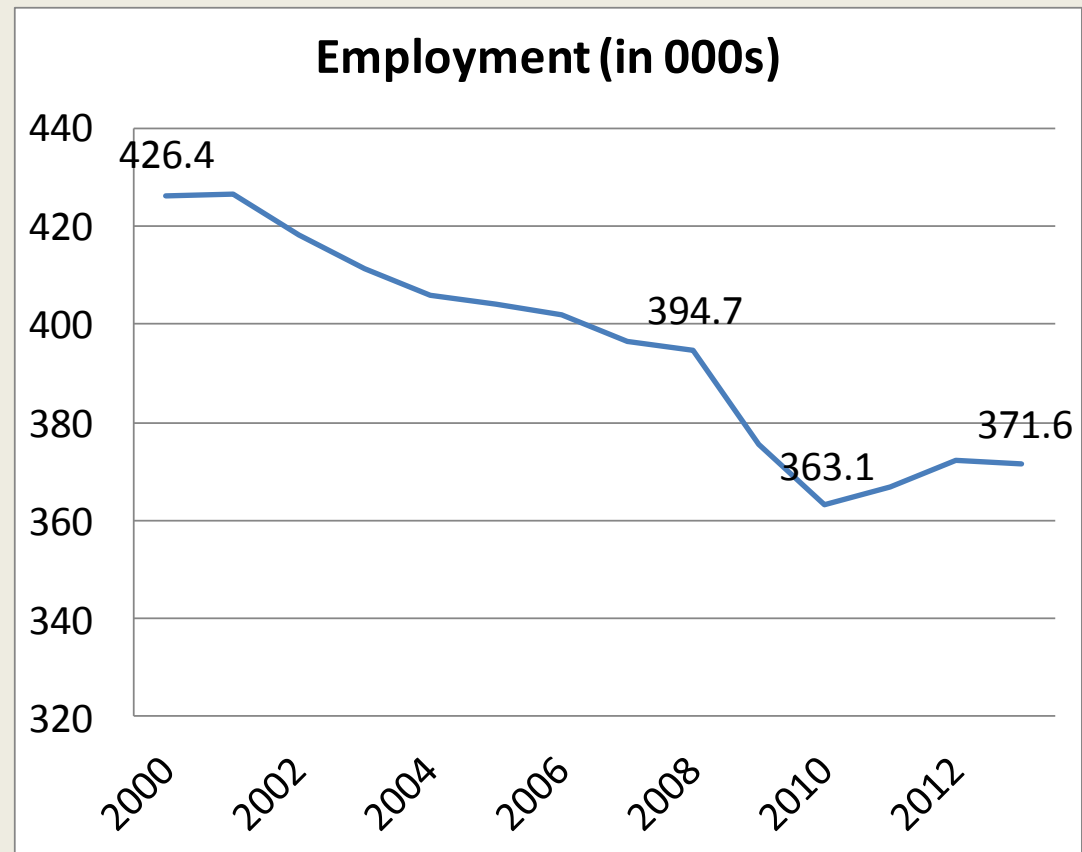
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Business Research Group



# State of the Dayton Metro Area

(in January Each Year)

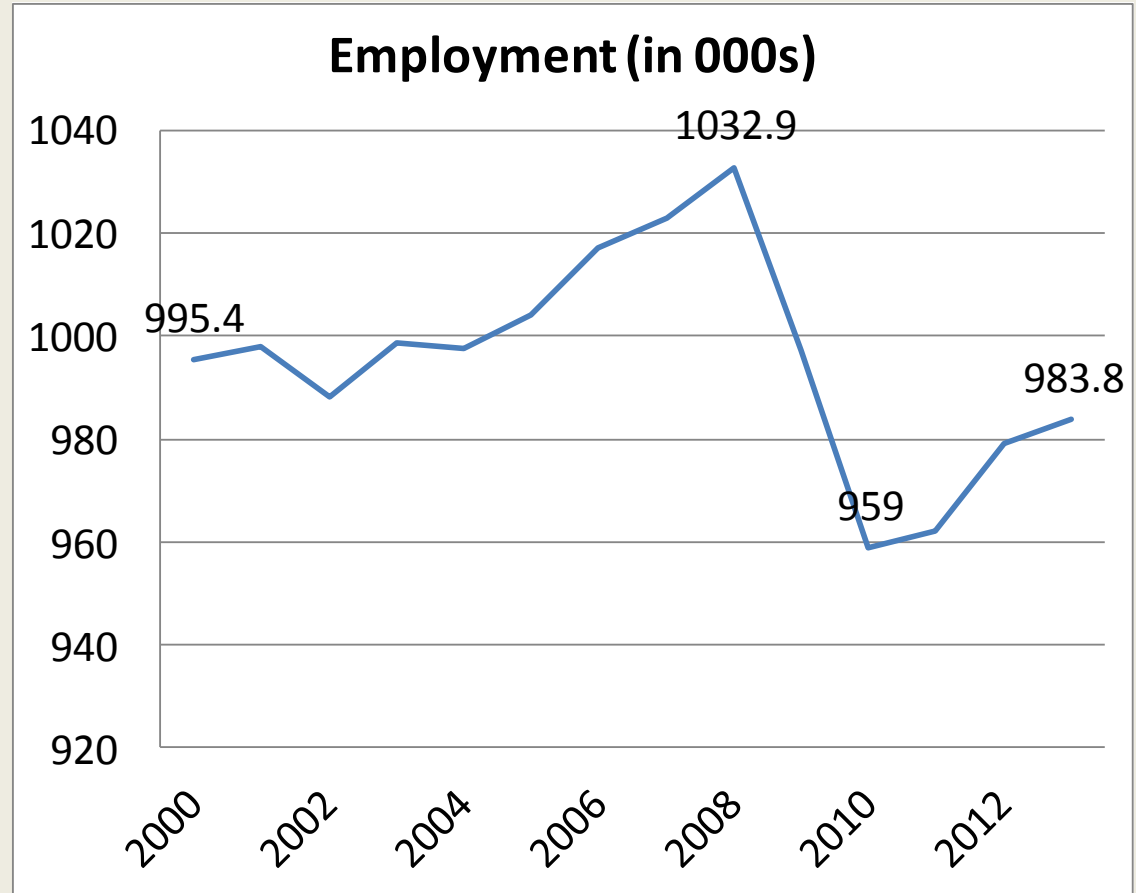
- Total Employment has slowly increased in the last three years after falling off a cliff in the two year period 2008 to 2010.
- The Unemployment Rate reached a peak (12.4%) in January 2010 but fell to 7.9% by February, 2013.
- Still leaves 31,400 people unemployed.



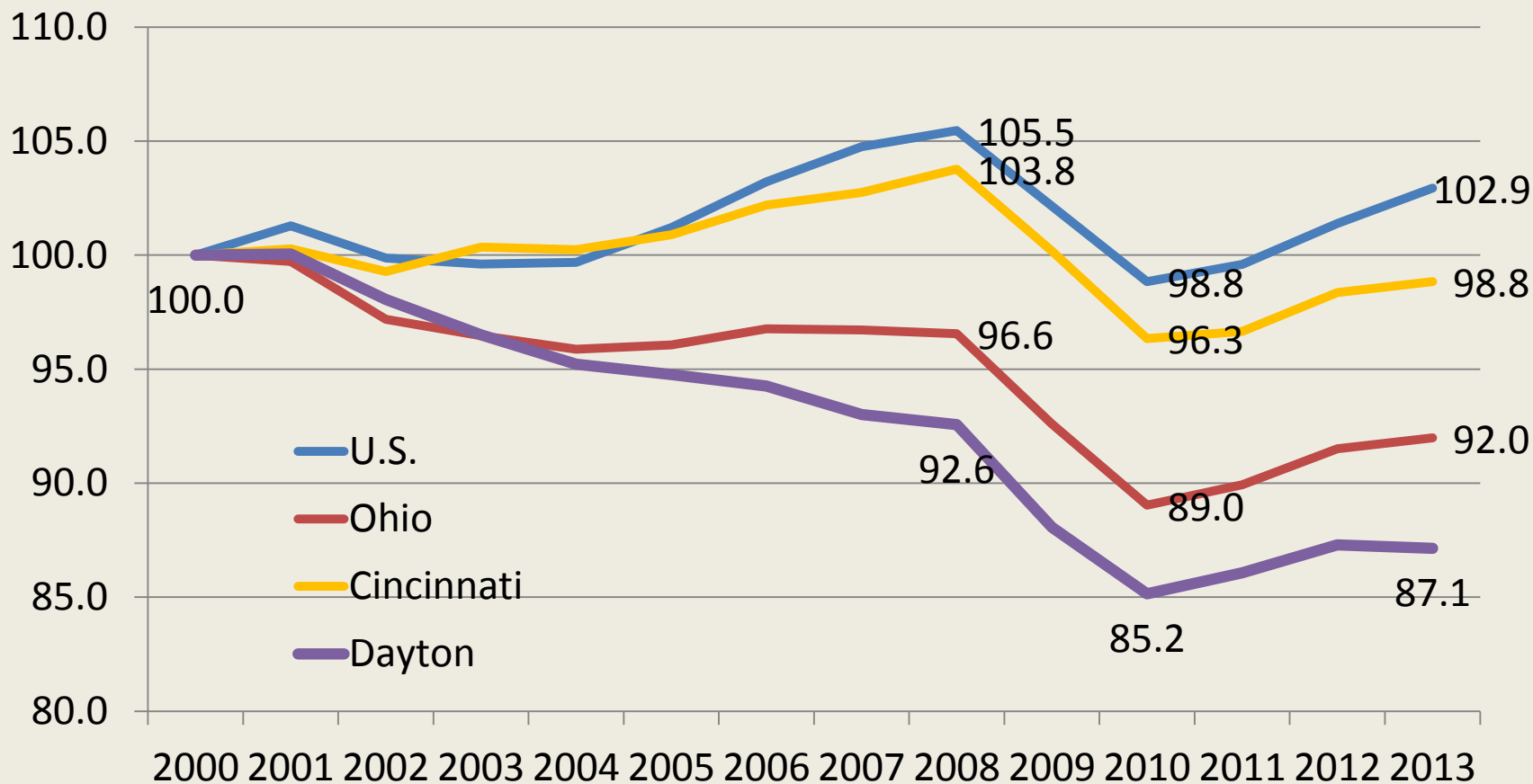
# State of the Cincinnati Metro Area

(in January Each Year)

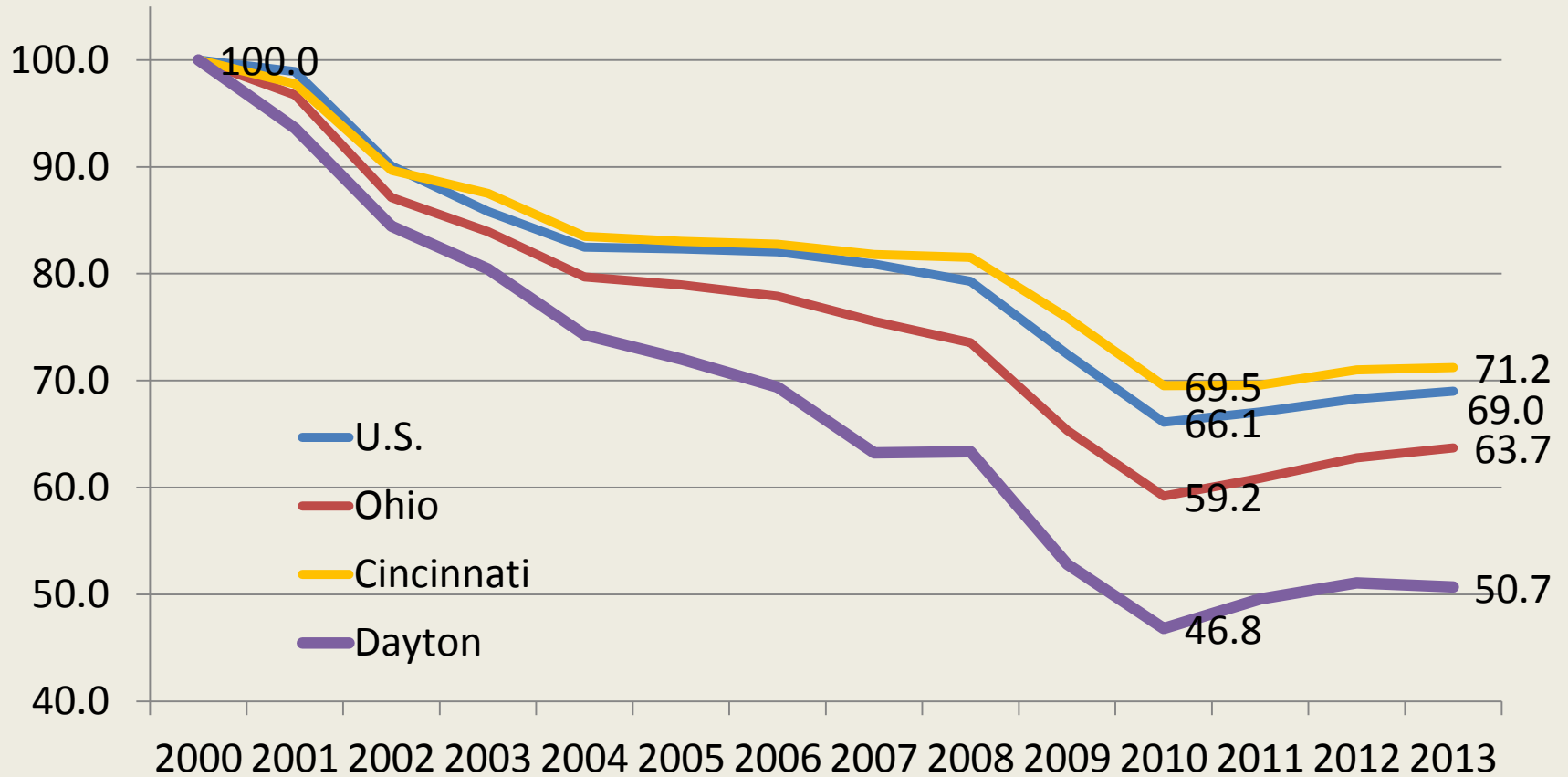
- Total Employment has increased sharply in the last two years after falling off a cliff in the two year period 2007 to 2009.
- The Unemployment Rate reached a peak (10.7%) in January 2010 but fell to 7.4% by February, 2013.
- Still leaves 79,600 people unemployed.



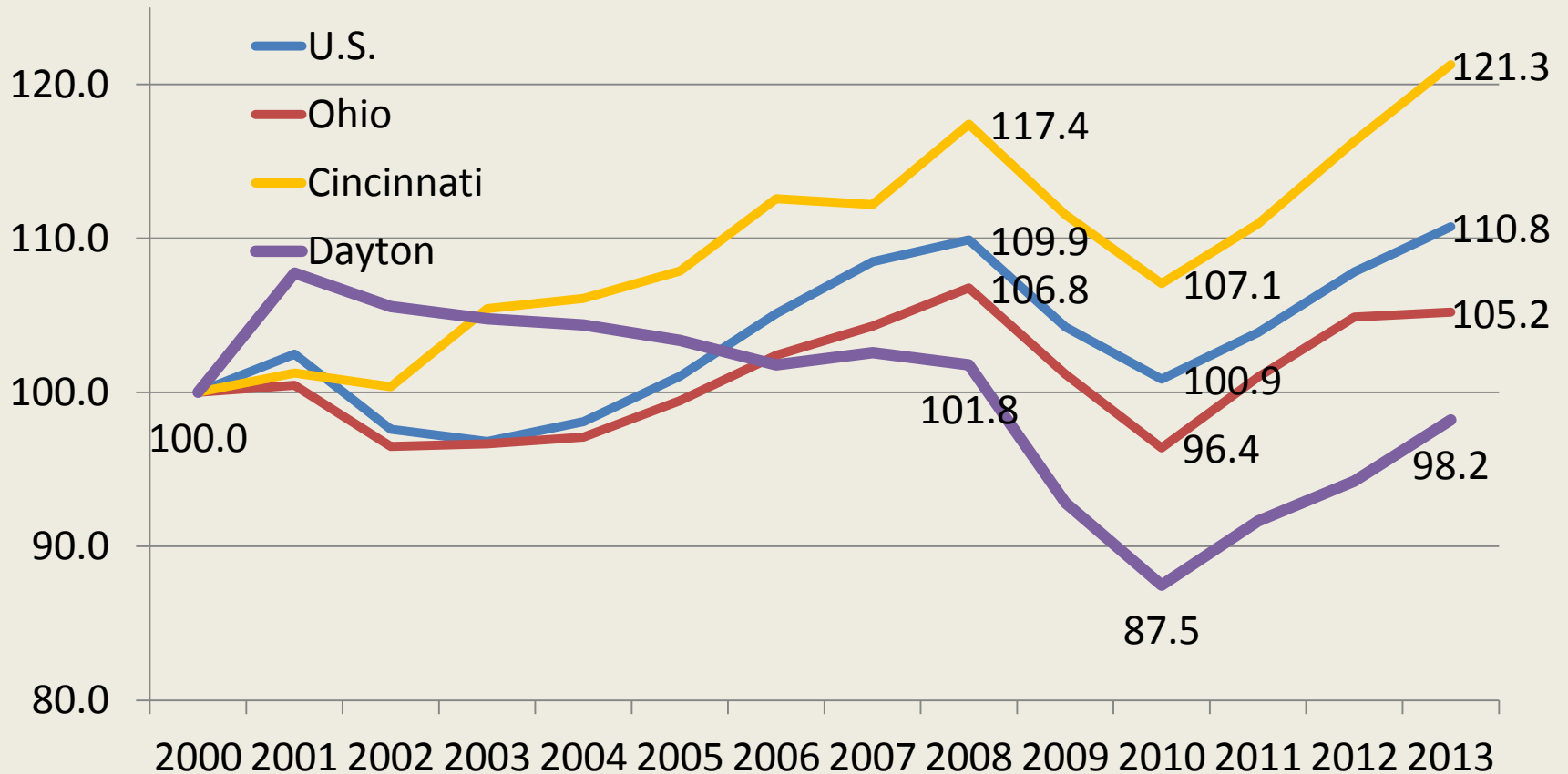
# Total Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013



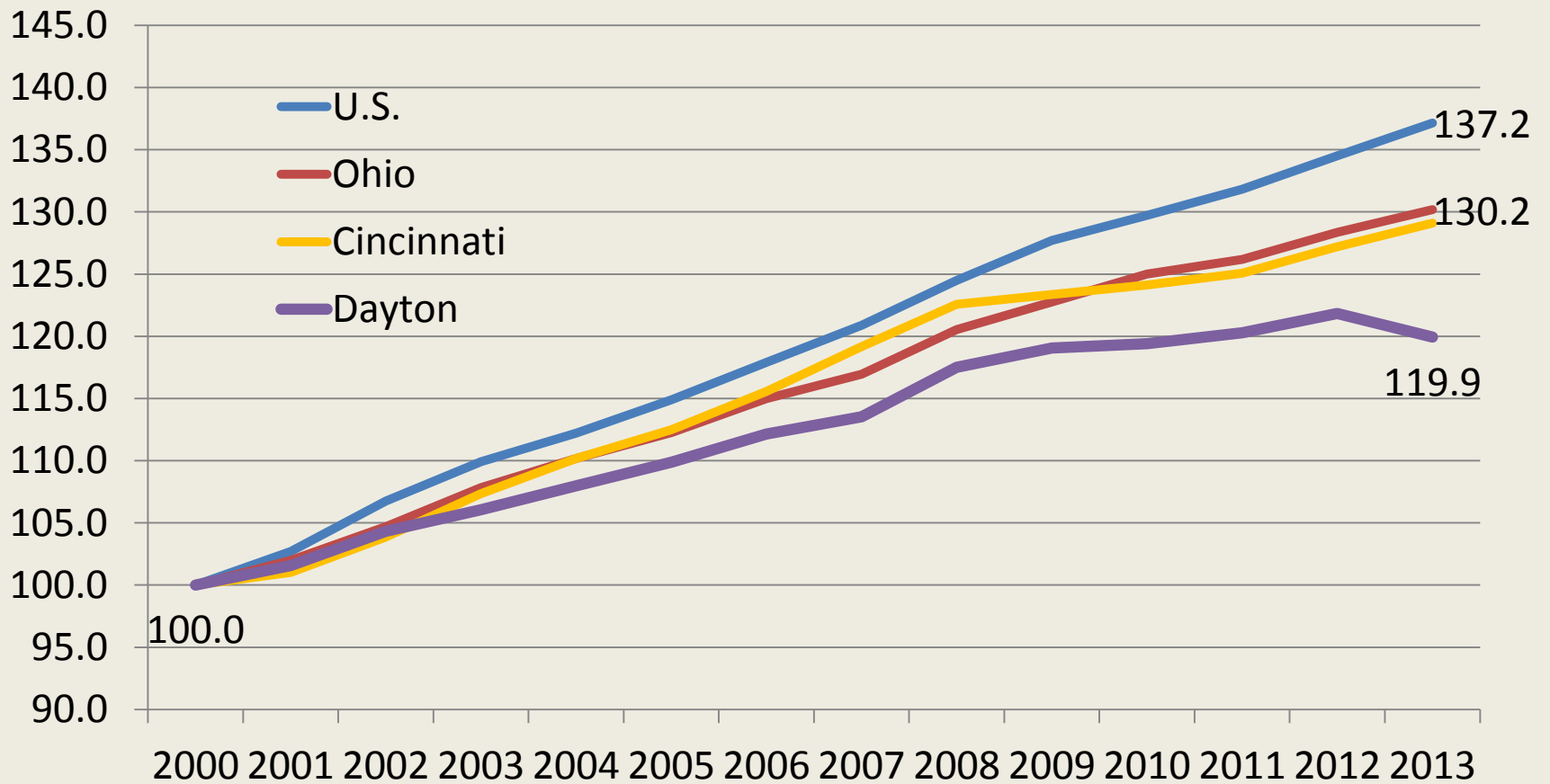
# Manufacturing Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013



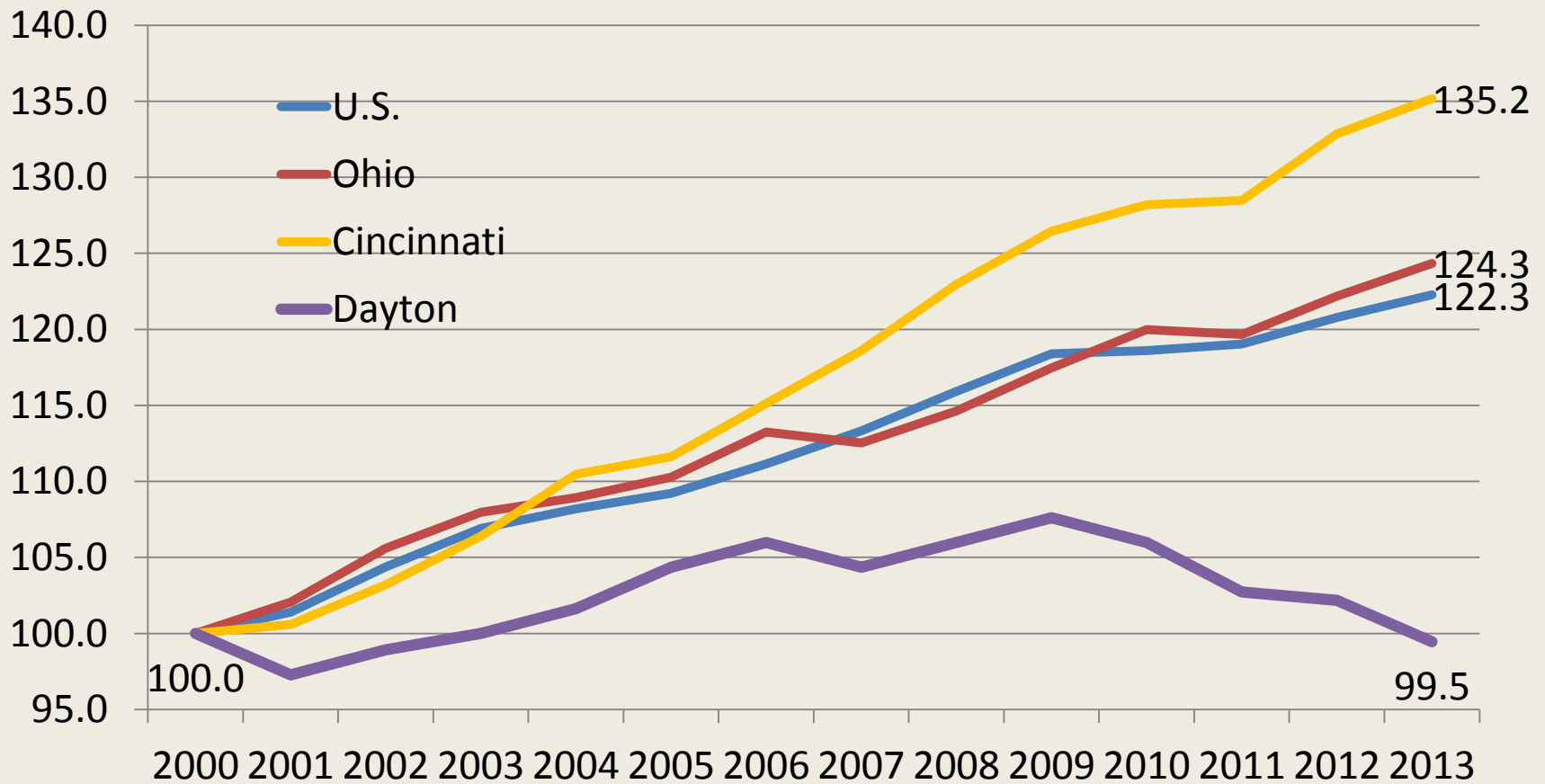
# Prof. & Bus. Serv. Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013



# Education and Health Services Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013

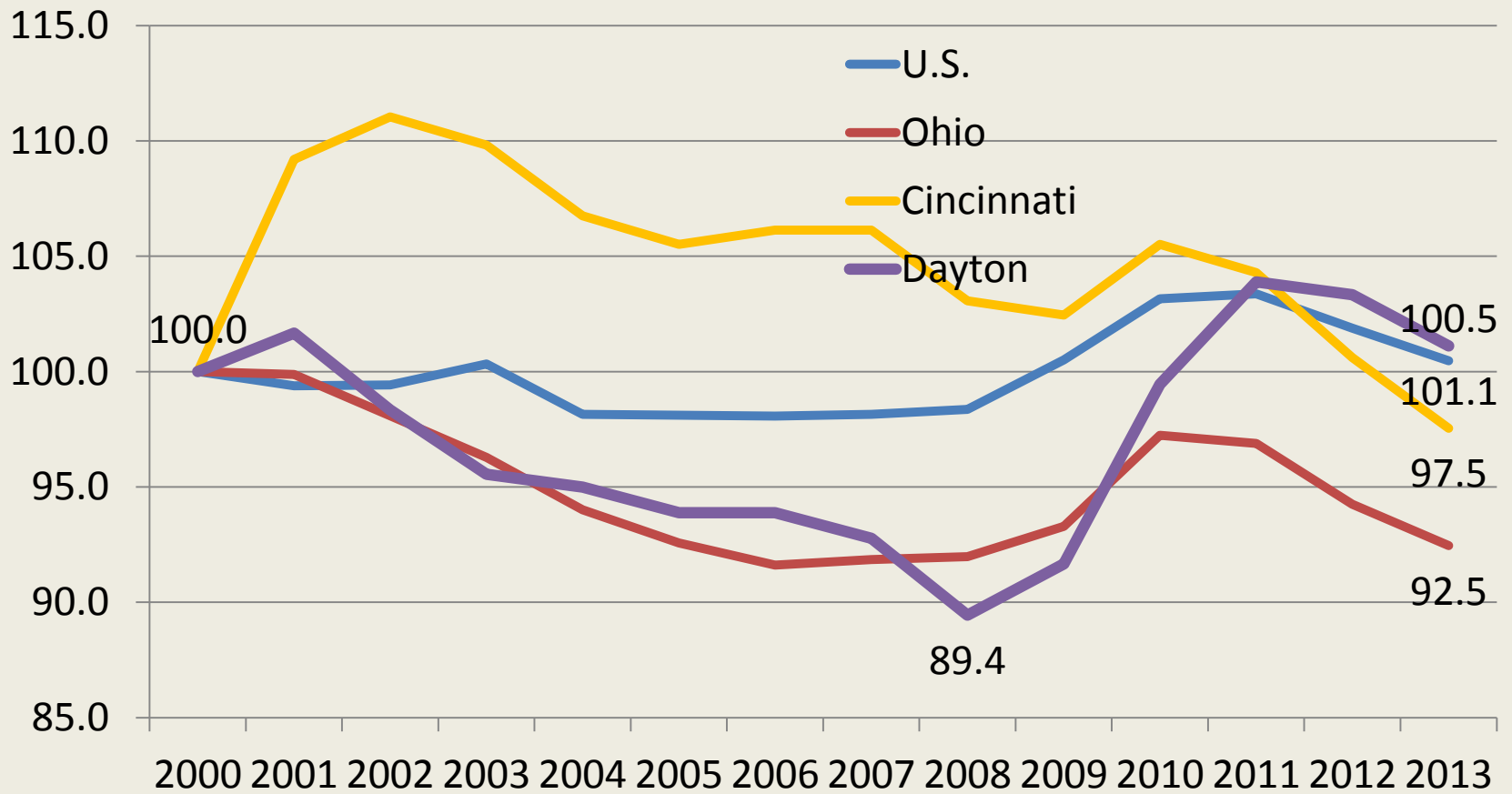


# Hospital Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013

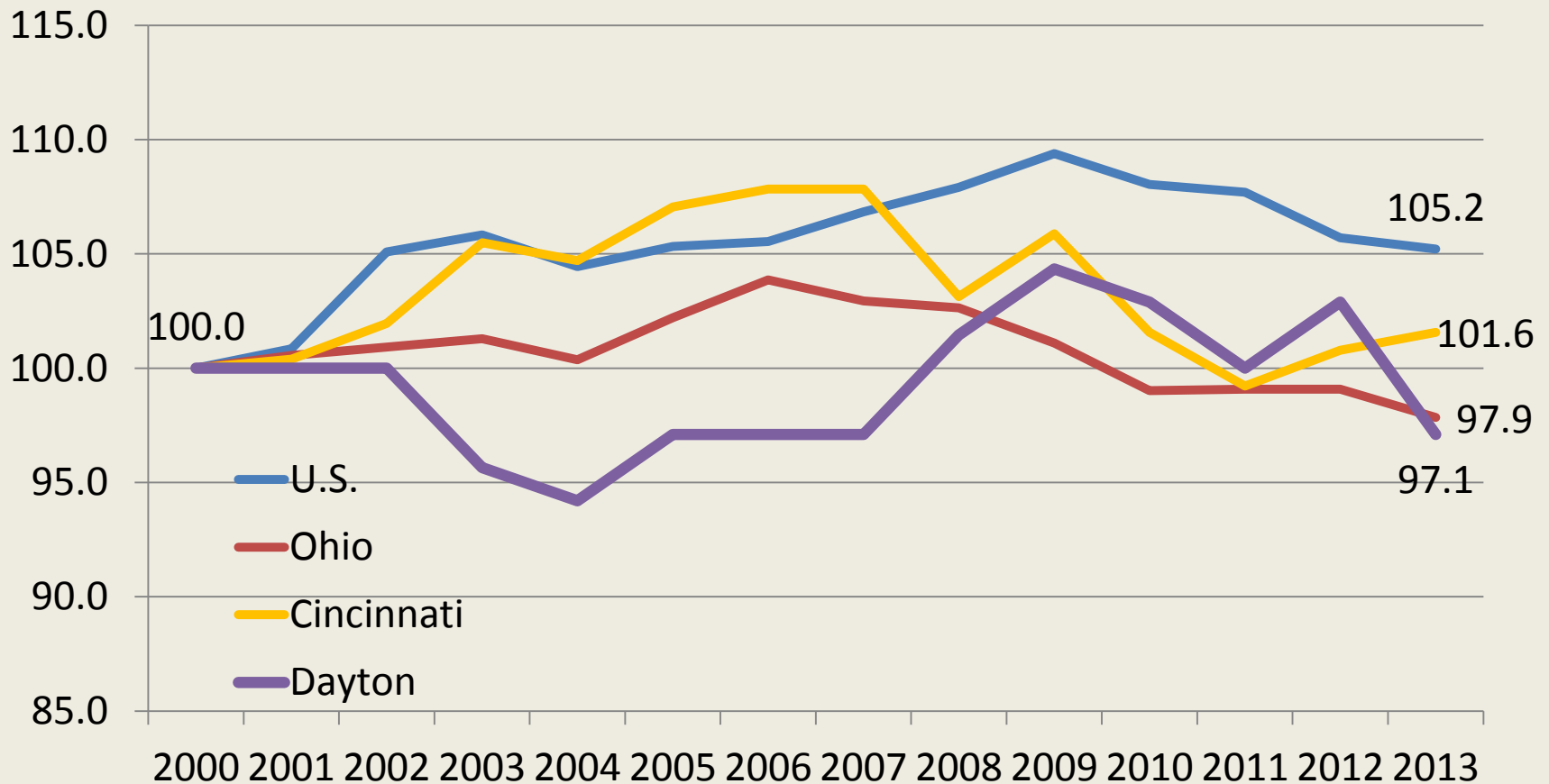




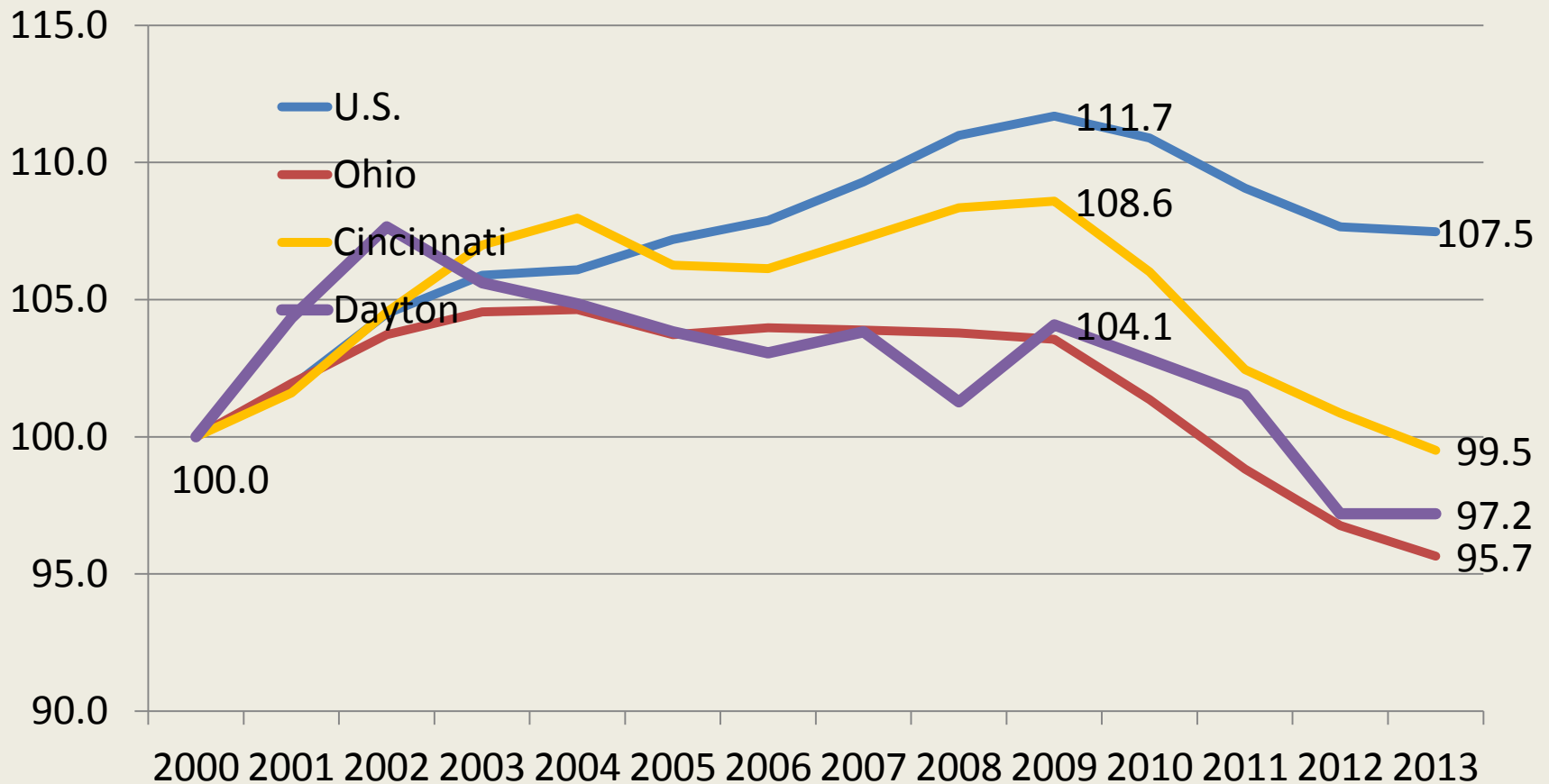
# Federal Government Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013



# State Government Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013



# Local Government Employment Index: Dayton & Cincinnati Metros, Ohio and the United States, January 2000-2013

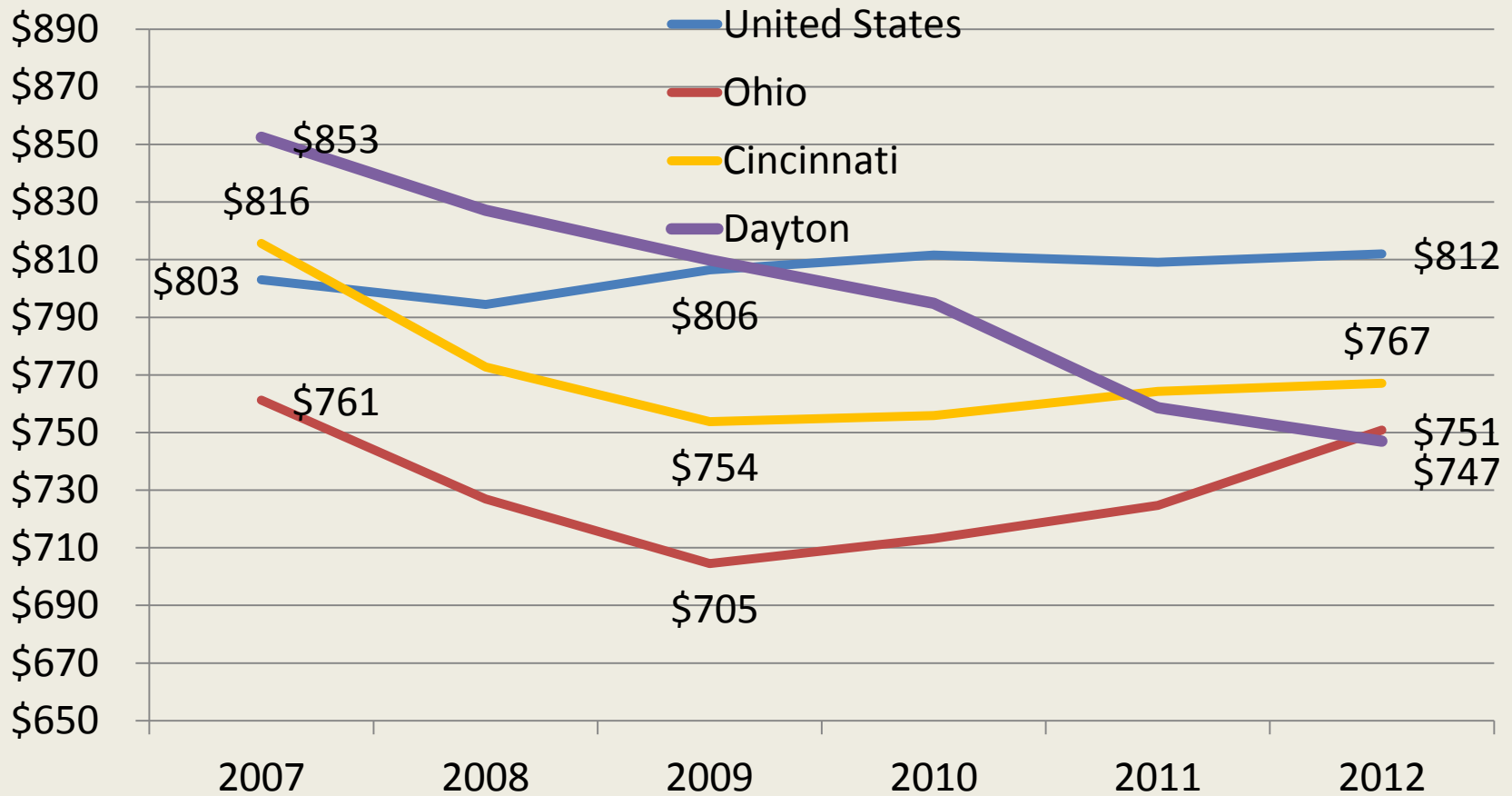


# The Income Piece

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- The question is whether SW Ohio and Ohio are Struggling with:
  - Job Creation Issue
  - People with Jobs Making Less Income

# Average Weekly Earnings, All Private Employment, Constant 2012 Dollars: Dayton & Cincinnati Metros, Ohio and the United States, Annual Average, 2007-2012

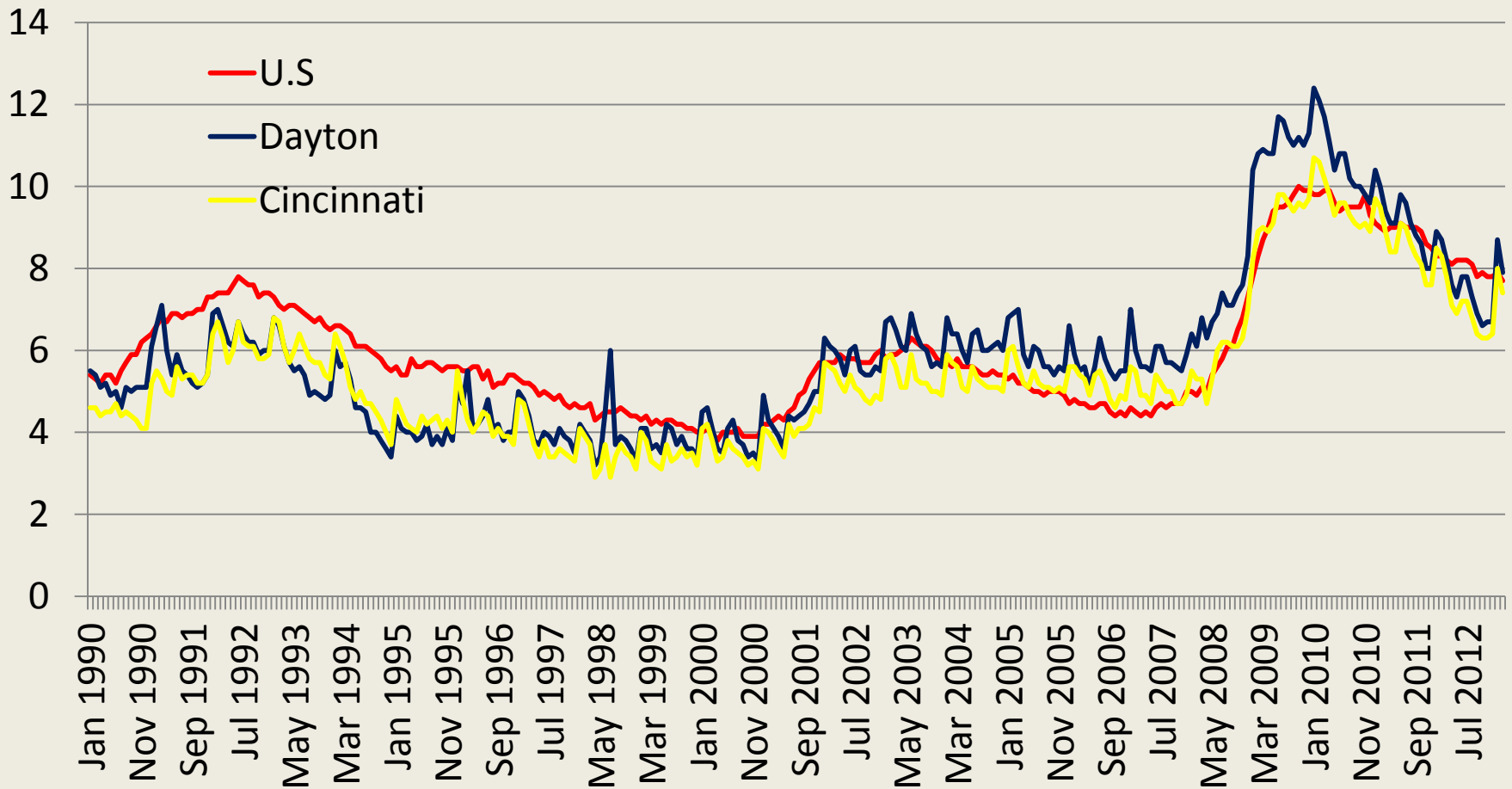


# Relationship to National Economy

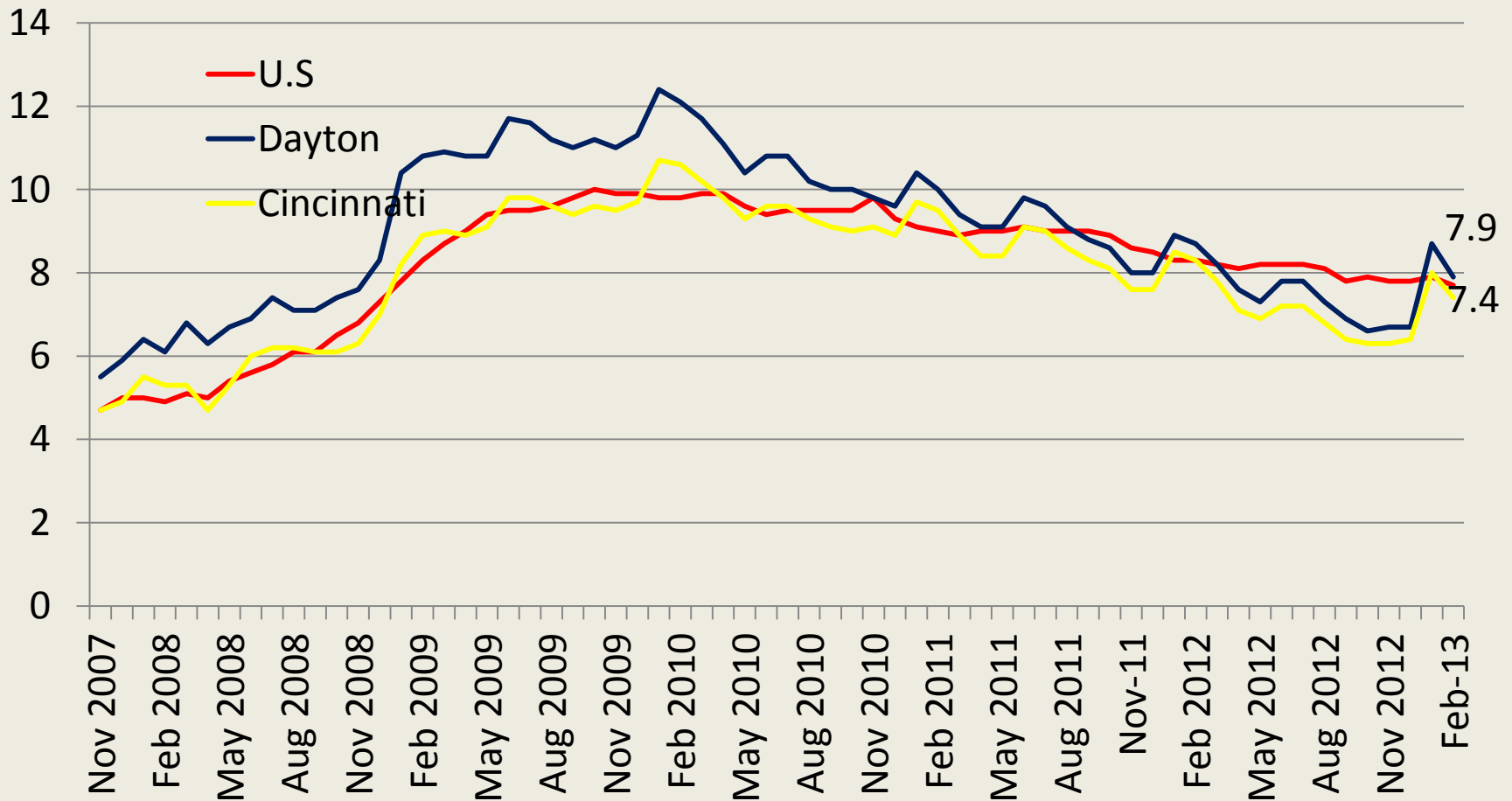
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- Cyclical Factors
- Long Term Factors

# United States, Dayton & Cincinnati Metropolitan Areas Monthly Unemployment Rates, January 1990-February 2013

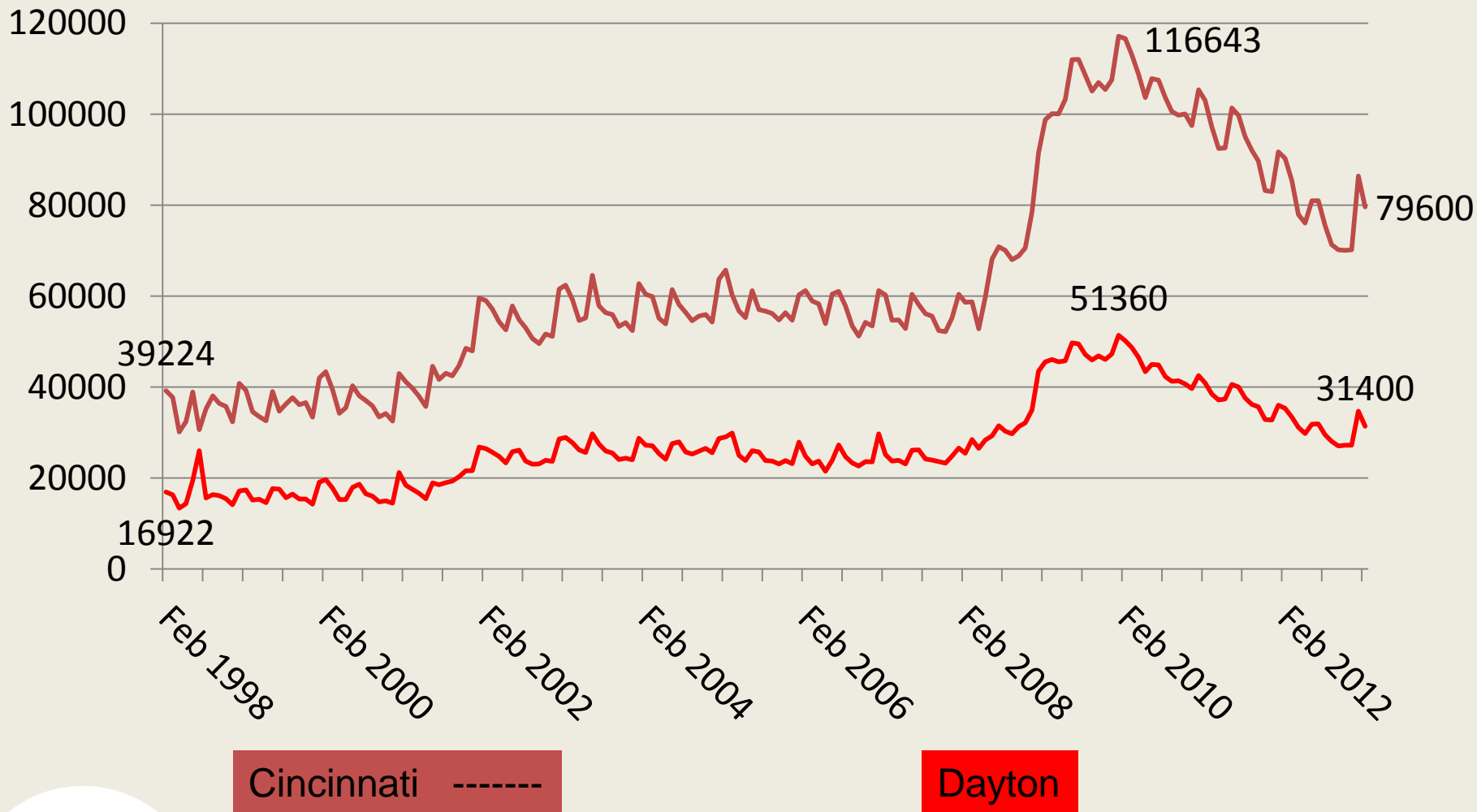


# United States, Dayton & Cincinnati Metropolitan Areas Monthly Unemployment Rates, November 2007-February 2013





# Number of Unemployed in Cincinnati & Dayton Metropolitan Areas, 1990-February 2013



## Decline in Unemployed Linked to Declines in Labor Force, 2009-2012 (in 000s)

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		2009	2012	Change	Percent of Decline in Unemployed
Cincinnati	Civilian Labor Force	1,121	1,089	-31	119%
	Employed	1,017	1012	-5	-19%
	Unemployed	104	78	-26	100%
Dayton	Civilian Labor Force	421	404	-22	147%
	Employed	375	373	-7	-47%
	Unemployed	47	31	-15	100%

# Forecasting the Next 3 years

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- Note that the Cincinnati & Dayton Metropolitan Areas have mirrored the Country as a whole more closely in the last few years.
- So, the National economy has been on the slow boat road to recovery with sustained job growth

Will it continue?

- And How Likely are Cincinnati & Dayton to Diverge from the National Economic Forecast ?  
(Issue of Defense Spending Cuts & Health Spending Increases)

# Survey of Professional Forecasters, Philadelphia Federal Reserve Bank (1st Quarter Estimates)

		Unemployment Rate (%)	CPI Inflation Rate (%)	
	Real GDP (%)		Headline	Core
<i>Quarterly data:</i>				
2013:Q1	2.1	7.8	1.8	1.8
2013:Q2	2.3	7.7	2.1	2.0
2013:Q3	2.6	7.6	2.1	2.0
2013:Q4	2.5	7.5	2.1	2.0
2014:Q1	2.7	7.4	2.1	2.0
<i>Annual average data:</i>				
2013	2.3	7.7	2.0	1.9
2014	2.8	7.2	2.2	2.1
2015	2.9	6.7	2.3	2.2
2016	3.0	6.3		

# Potential Impact of Defense Cuts - Dayton

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- Number of Jobs Linked to Wright Patterson Air Force Base Activities ~ 25,000 to 30,000
- Defense spending cuts **relative to planned spending** over the next few years is extremely likely
- Since the cuts are likely to be program specific for particular big ticket items, impact on Wright Patterson related employment is uncertain.
- If one assumes a 10% drop in WPAFB related employment over a 3 to 4 year period, that implies 2500 to 3000 fewer jobs or an annual impact of about a 1000 jobs.
- It represents a head wind on local job growth in Dayton

# Immediate Impact of Furloughs at WPAFB

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- 13,000 Civilian Workers. They represent 3.4% of employment.
- 22 work days out of 125 work days in next 6 months = 17.6%, so if earnings were average for region, the direct hit would be  $3.4\% \times 17.6\% = 0.6\%$  over next 6 months.
- Local multipliers are small (1.2 to 1.5) so the greatest impact is direct effect on those families.