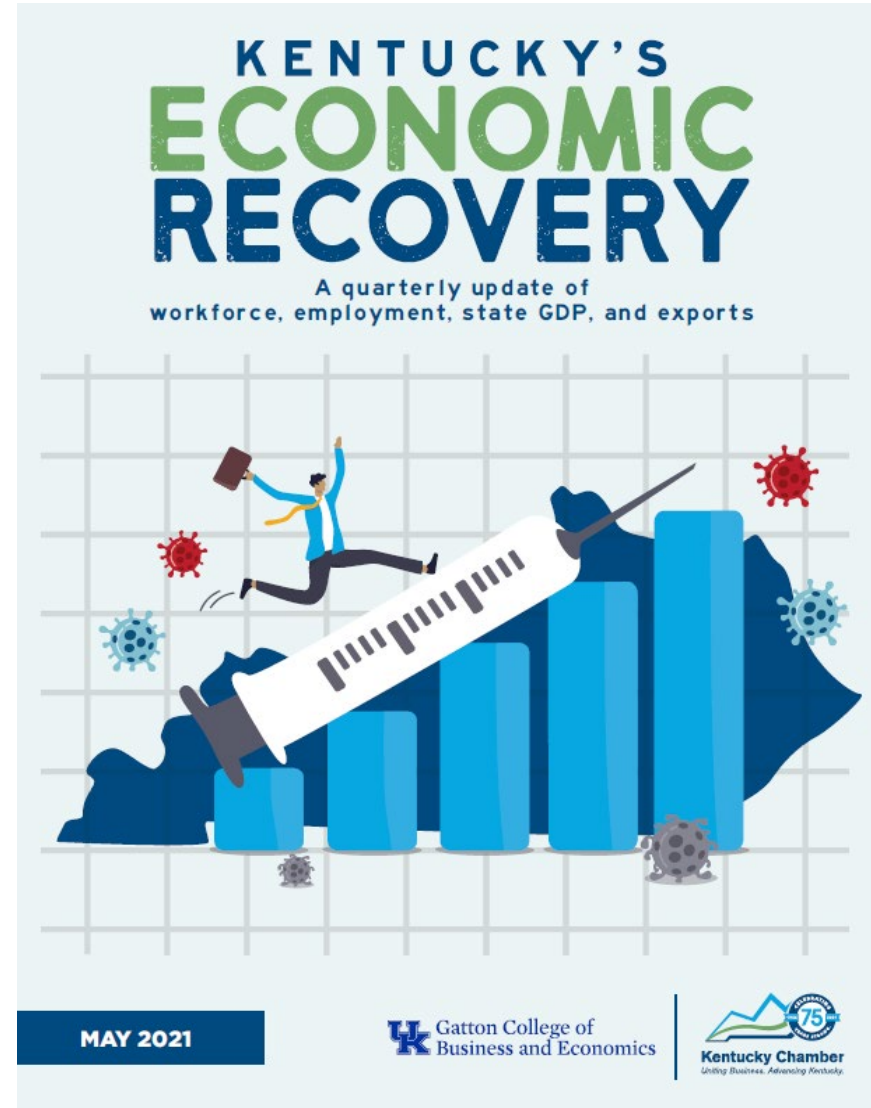


Changing Economic Conditions in Kentucky

KACo

November 4, 2021

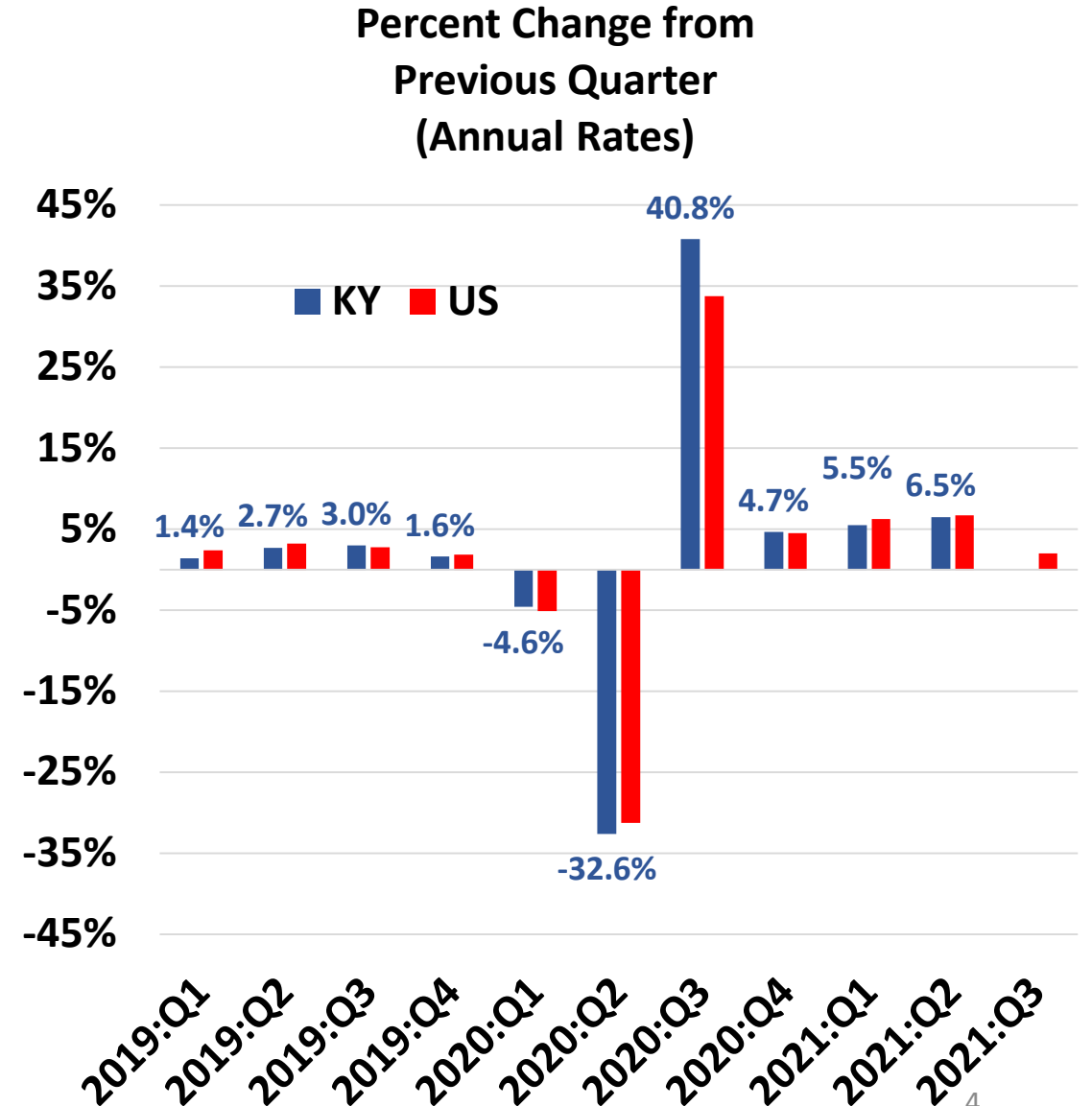
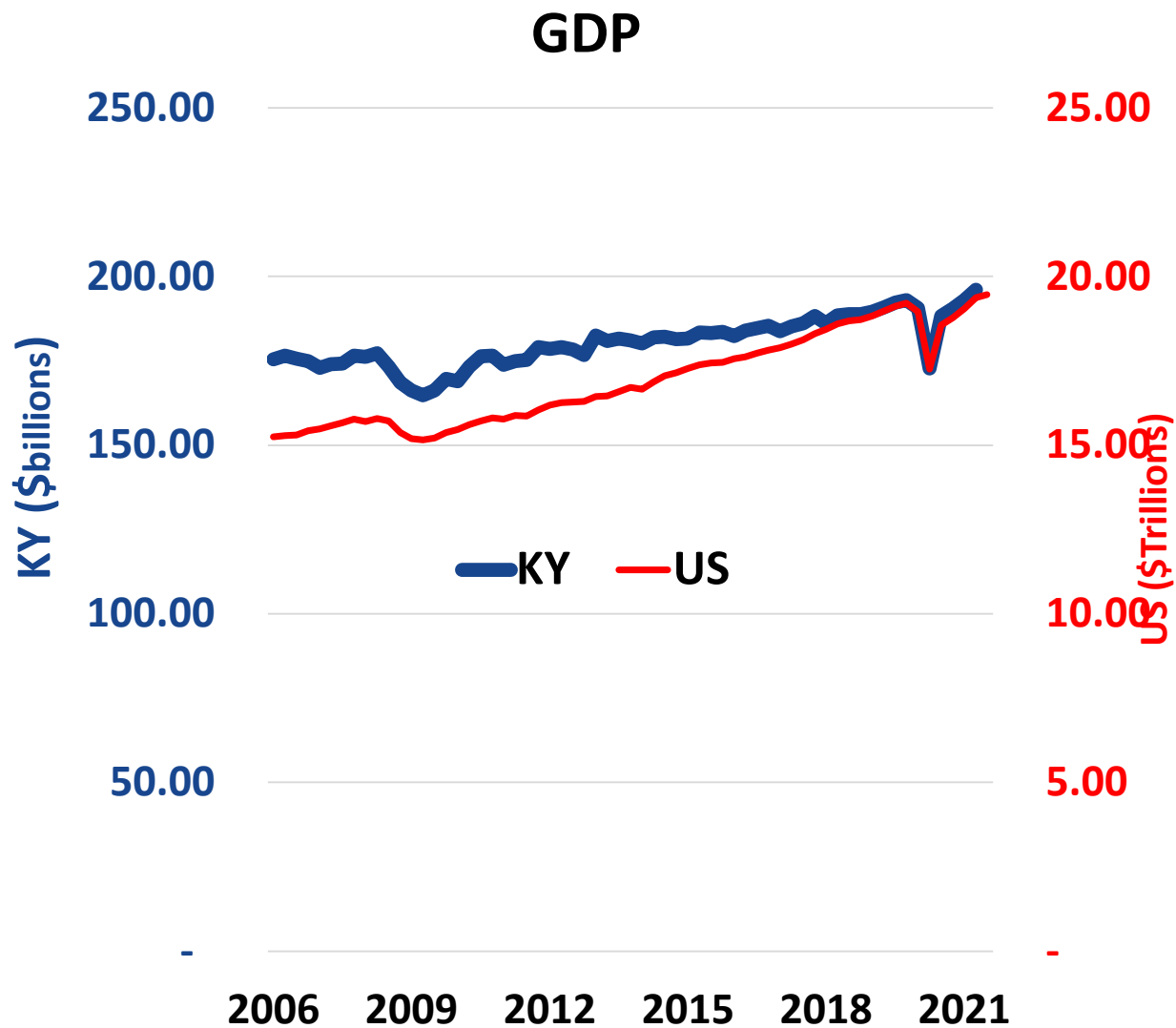
Michael W. Clark, Ph.D.
Associate Professor of Economics
Director, Center for Business and Economic Research
michael.clark@uky.edu



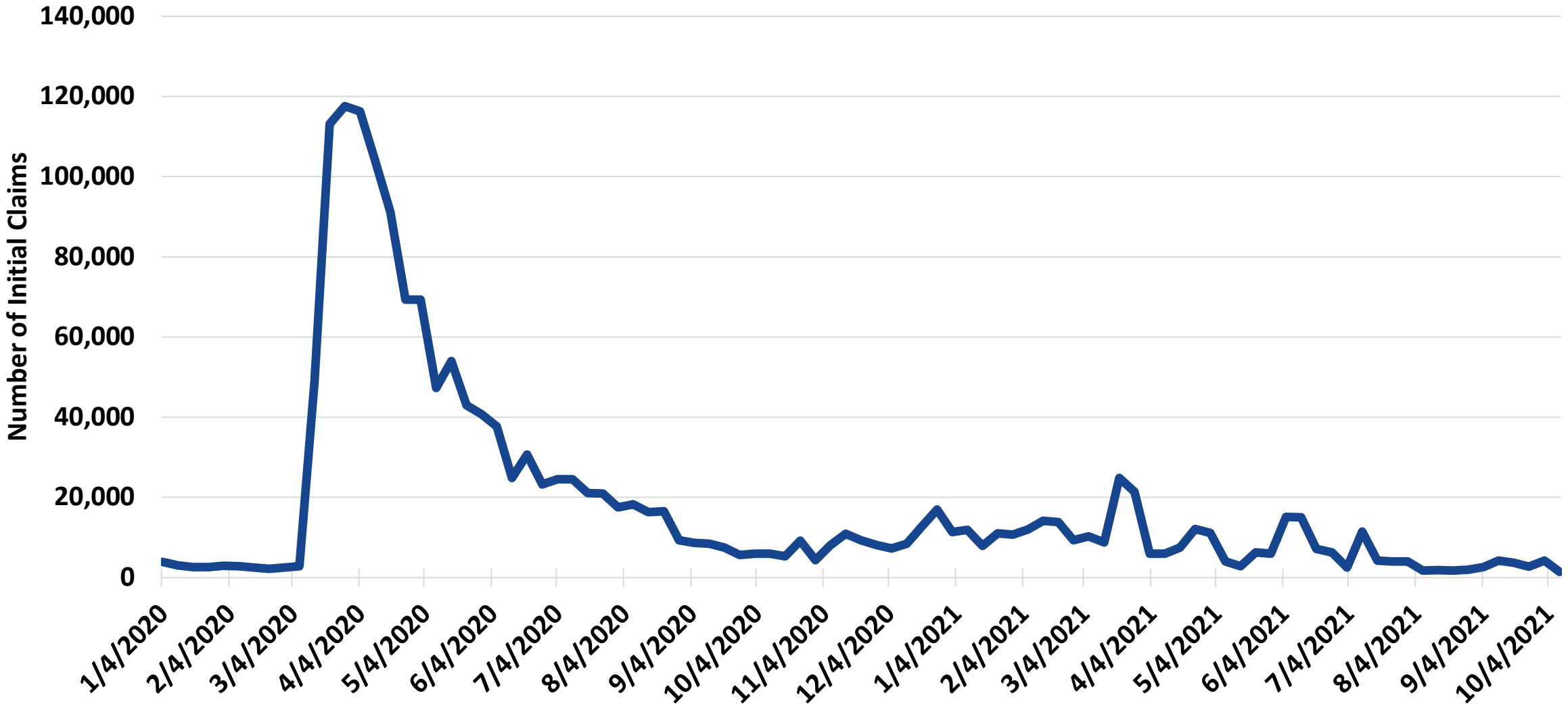
Overview

- Economic output continues to improve, but at a slower pace
- Employment has rebounded but remains below pre-pandemic levels
- Recovery is uneven across sectors and Kentucky
- Employers are hiring but labor force participation remains low
- Housing market remains hot
- Inflation has increased

Real Gross Domestic Product Kentucky & U.S.

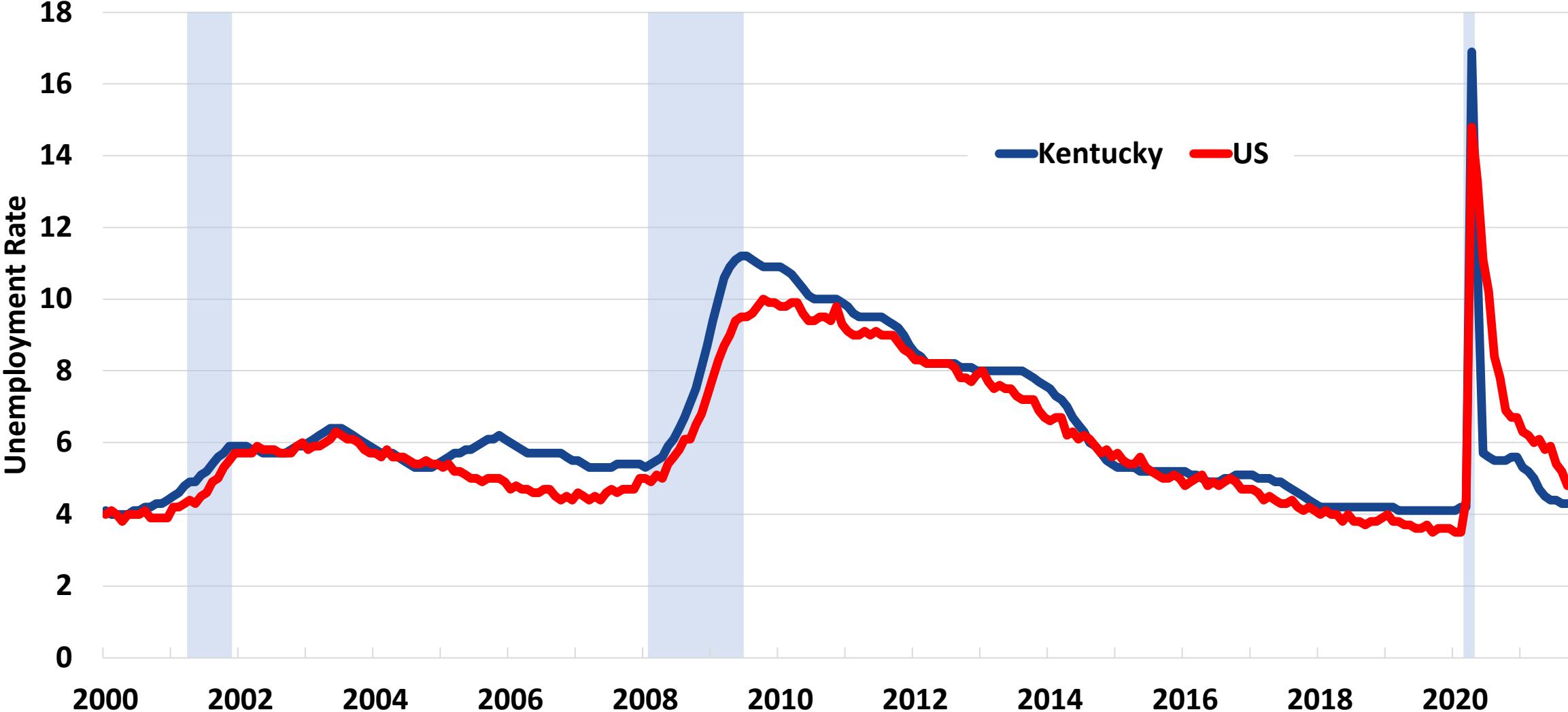


Unemployment Insurance Initial Claims Kentucky



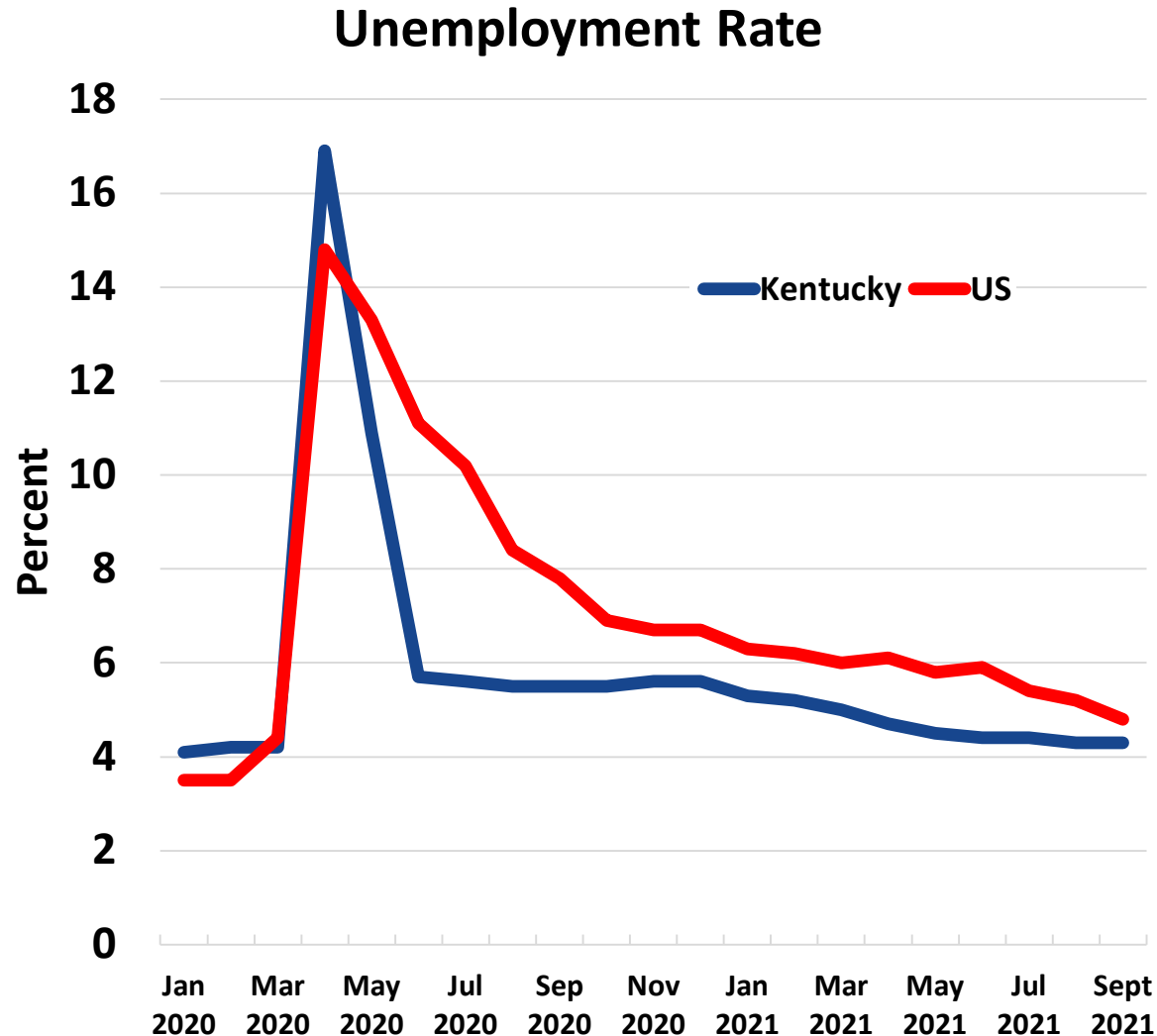
Source: US Department of Labor.

Unemployment Rates Kentucky & U.S.



Source: US Bureau of Labor Statistics. Local Area Unemployment Statistics.

Unemployment Rates Kentucky & U.S.

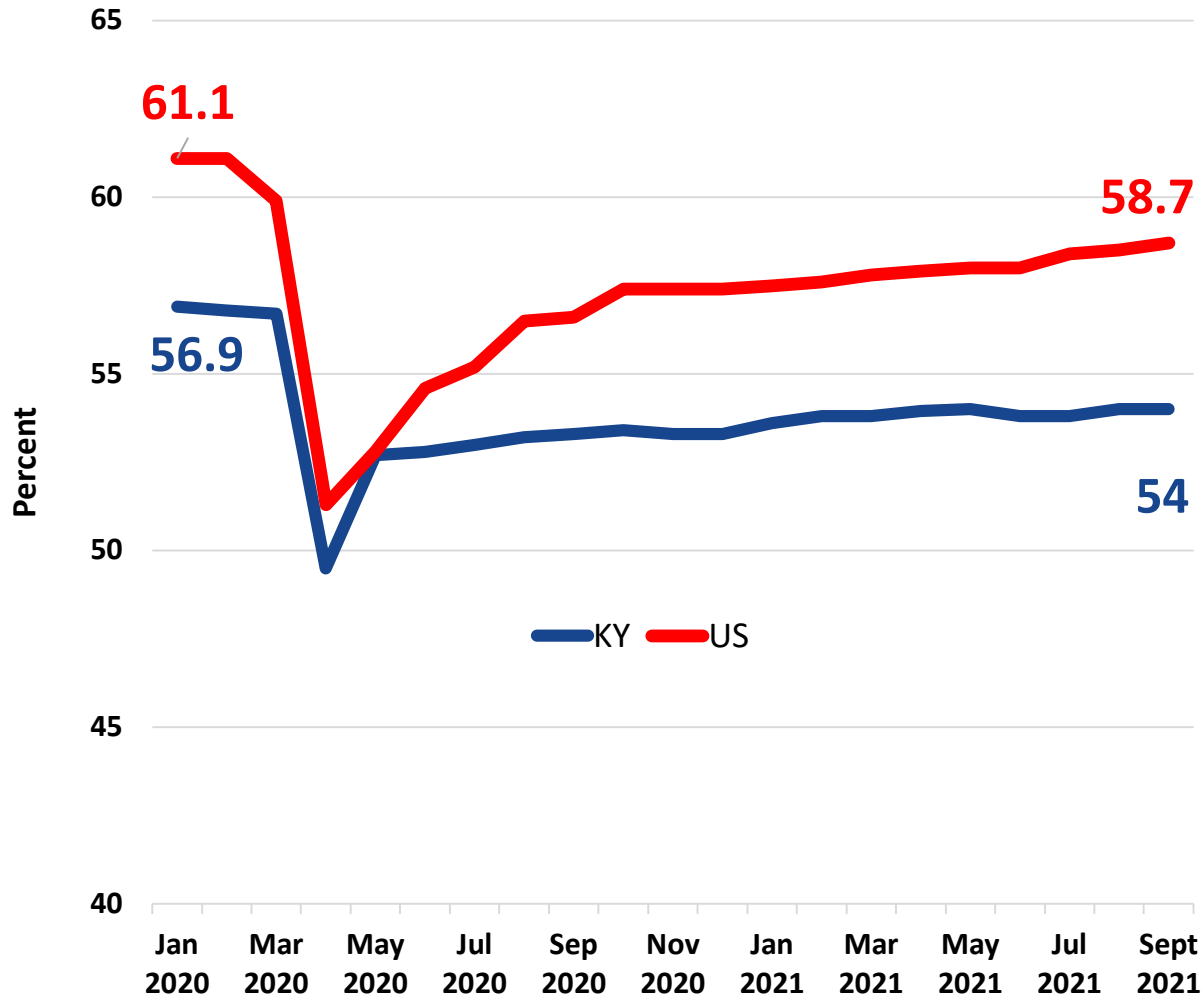


- **Employed:** Individuals who worked for pay
- **Unemployed:** Those who did not work for pay but *searched* for work during the past 4 weeks
- **Not in Labor Force:** People who are not employed and *not searching* for work
- **Unemployment Rate** =
$$\frac{\text{Unemployed}}{\text{Employed} + \text{Unemployed}}$$

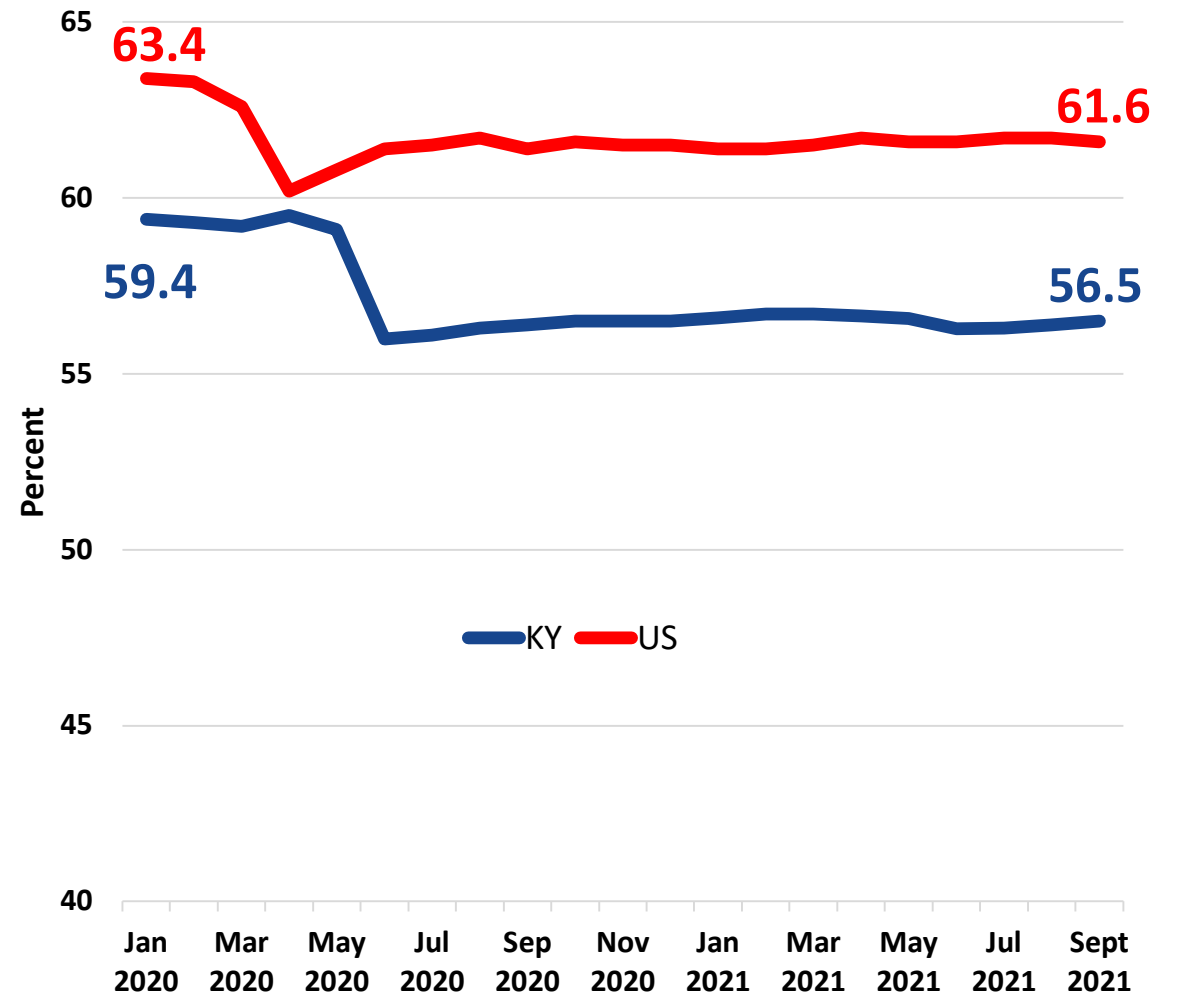
Labor Force Statistics

Kentucky & U.S.

Employment to Population Ratio



Labor Force Participation Rate

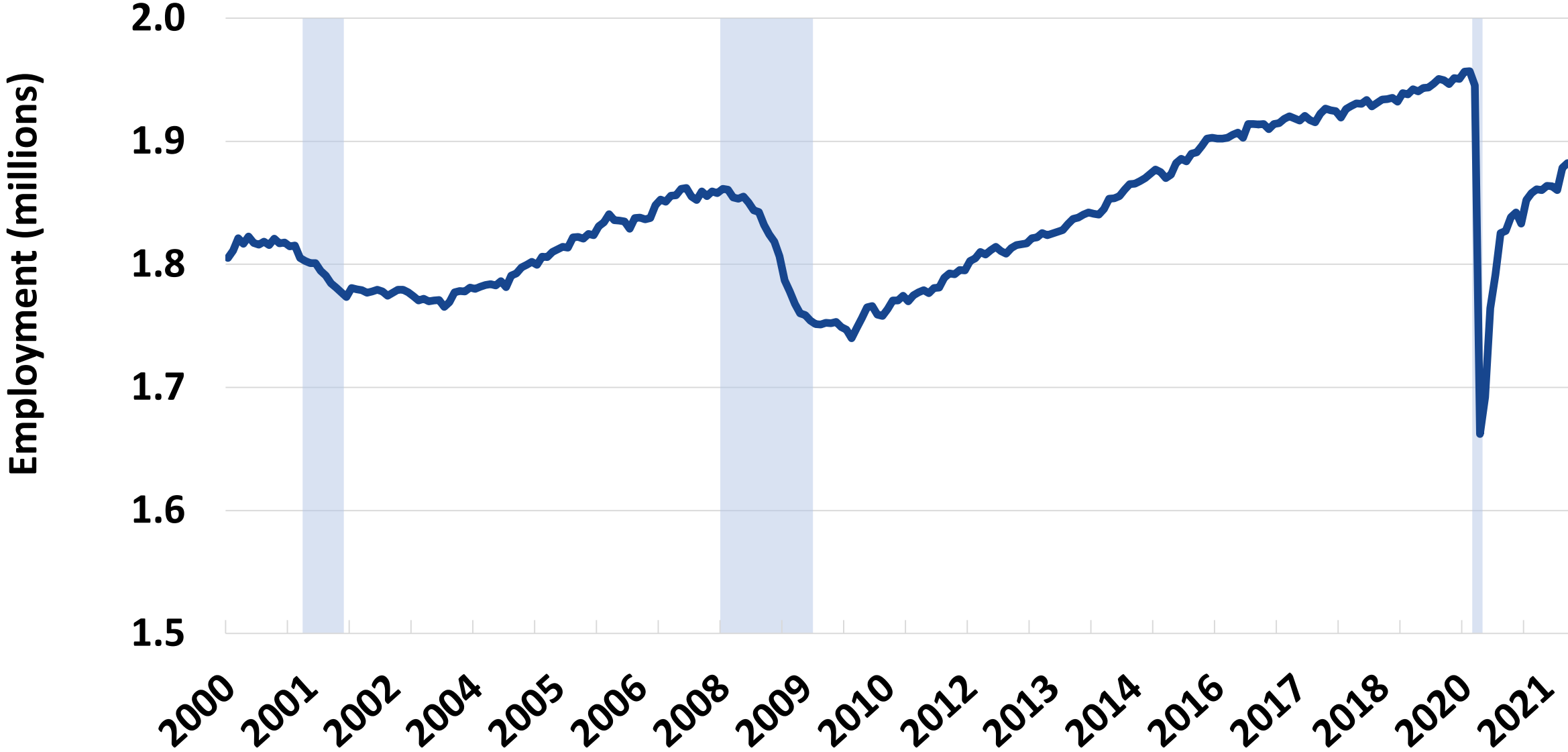


Some Factors Affecting Labor Force

- **Health Concerns**
- **Access to Childcare**
- **Increased Retirements**
- **Skills & Geographic Mismatch**
- **Enhanced Unemployment Benefits**

Not clear how much each factor contributes to lower labor force participation.

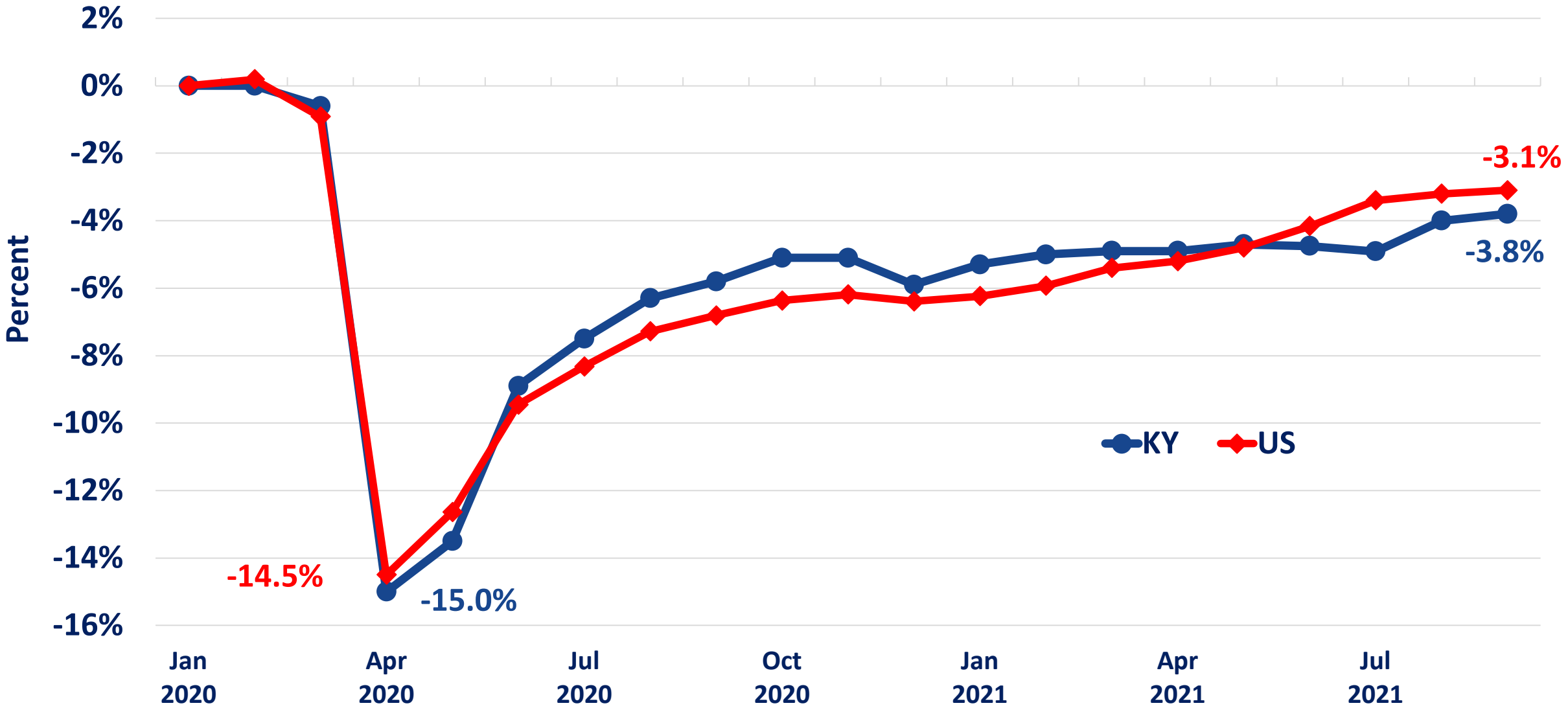
Kentucky's Nonfarm Employment (Jobs)



Source: US Bureau of Labor Statistics. Current Employment Statistics.

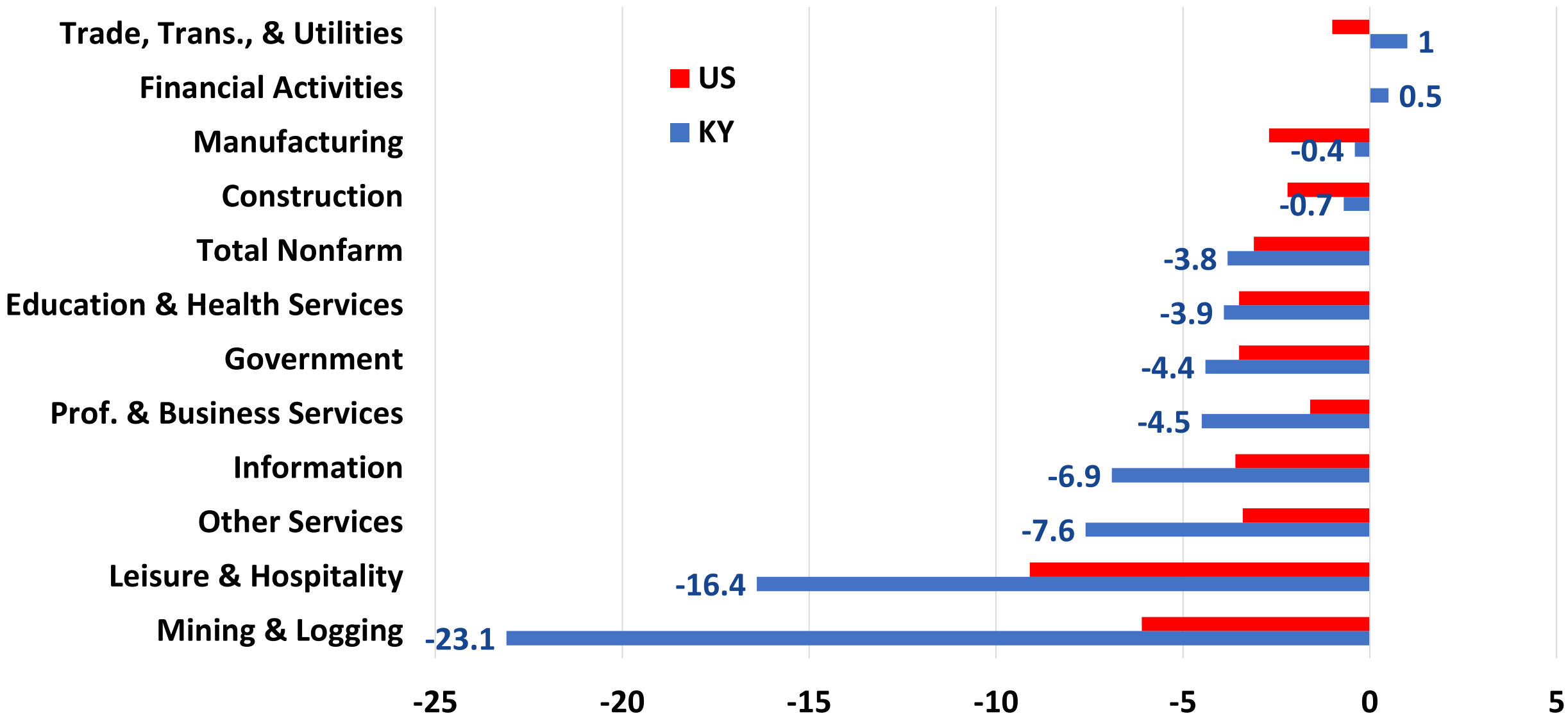
Total Nonfarm Employment, Percent Change from January 2020

Kentucky & US



Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Employment by Industry, Percent Change from January 2020 Kentucky & US

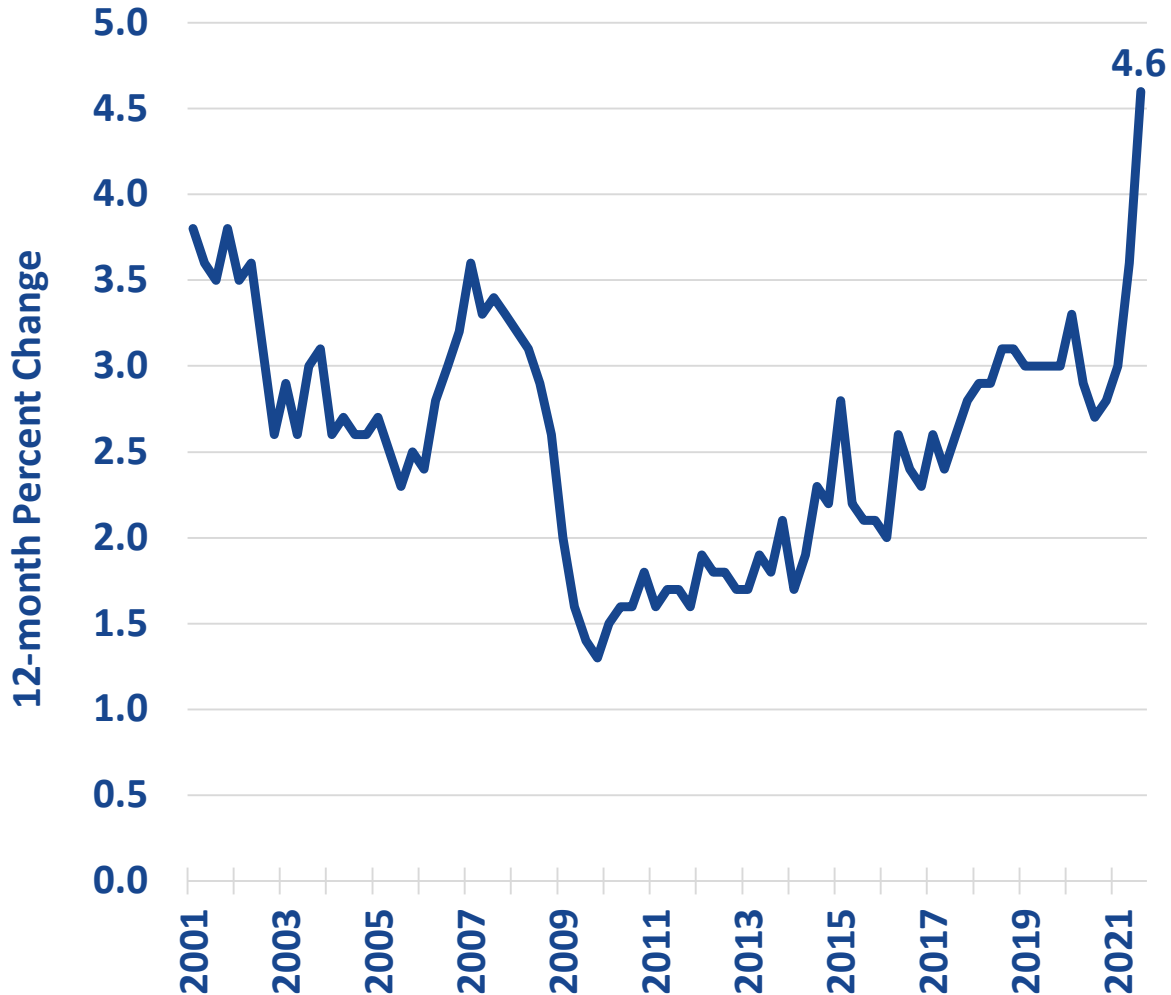


Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

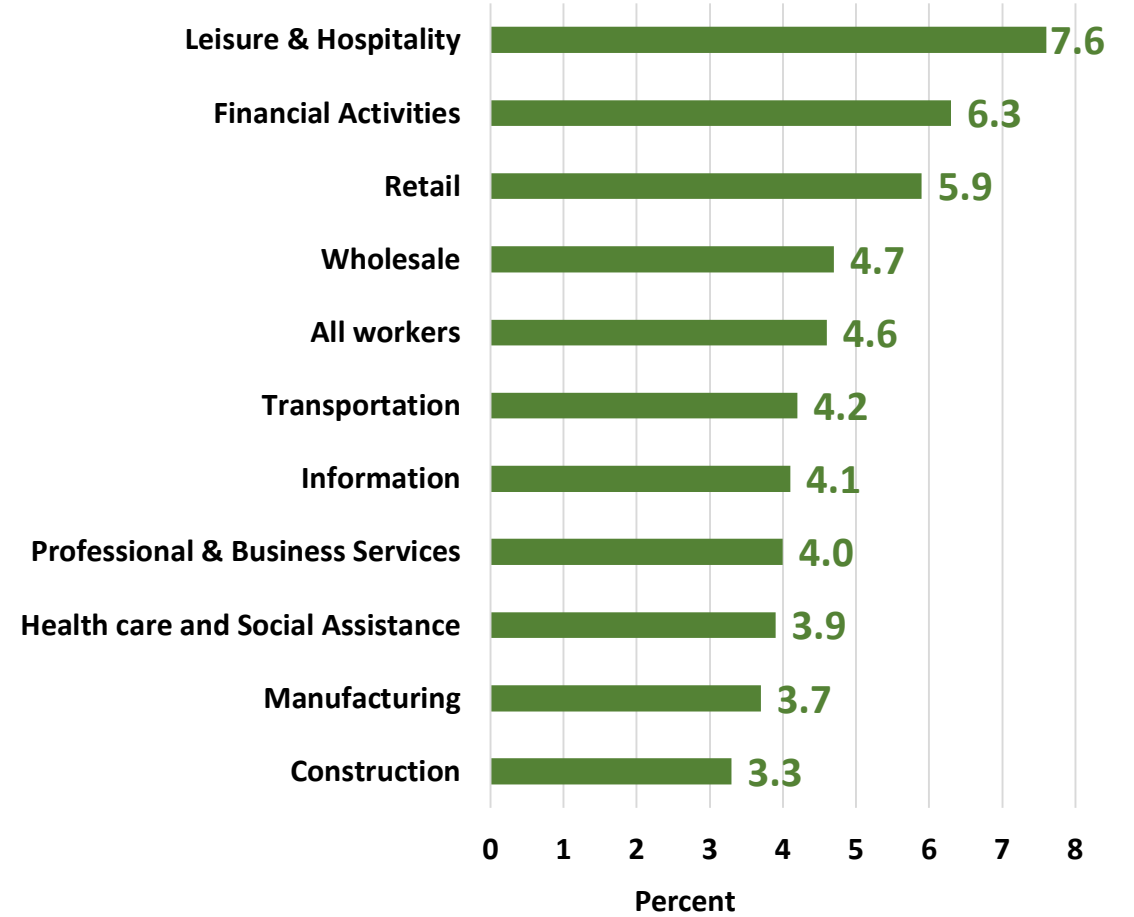
U.S. Employment Cost Index

Private Workers, Wages and Salaries

All Private Industry Workers

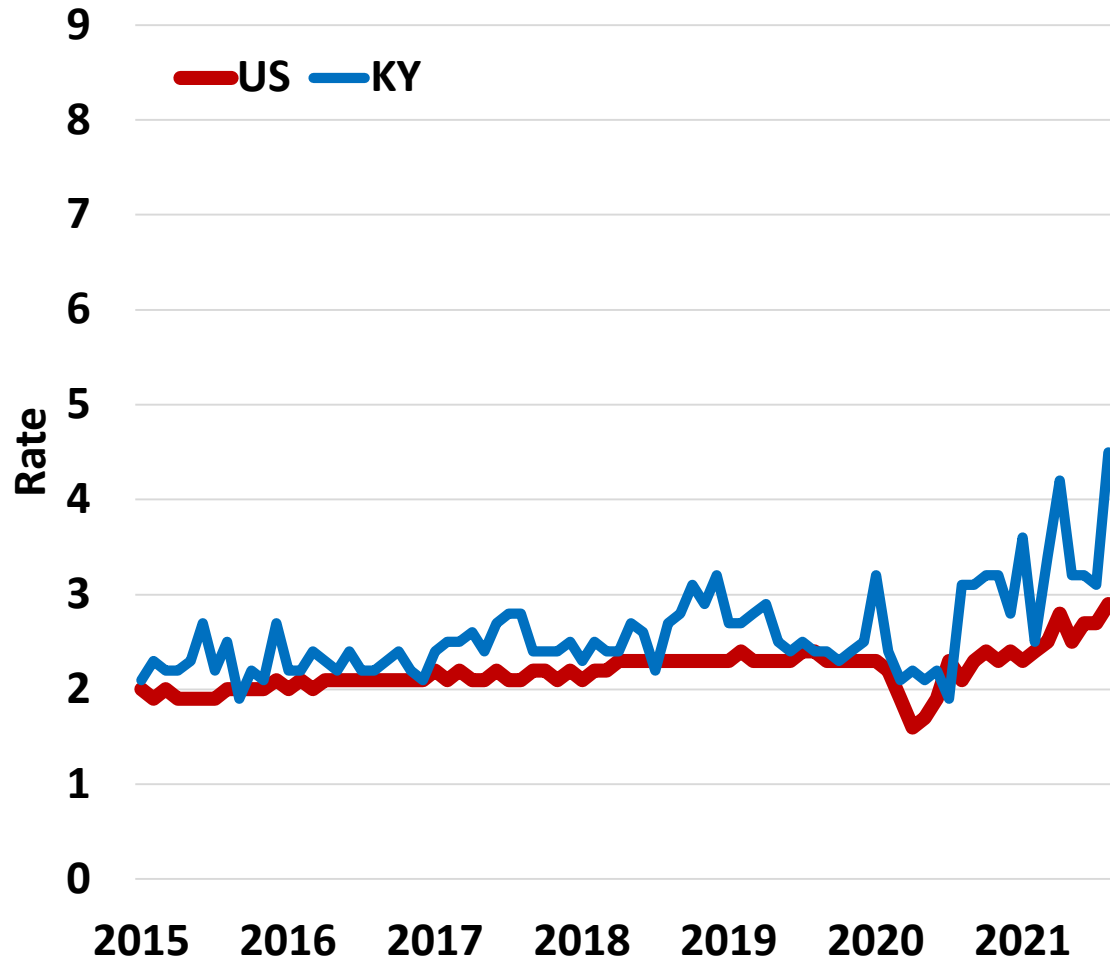


2nd Quarter 2021
12-month % Change

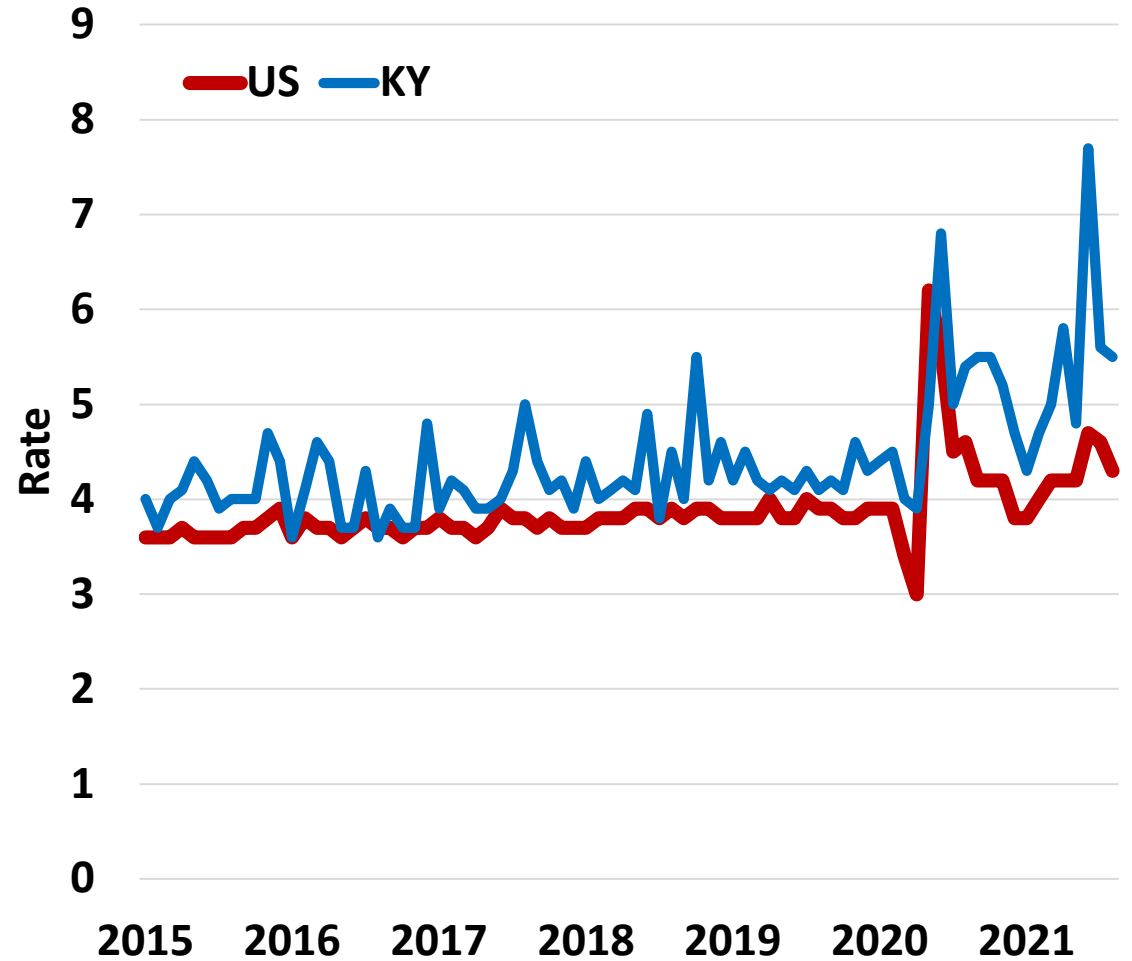


Quit and Hire Rates Kentucky & US

Quit Rates

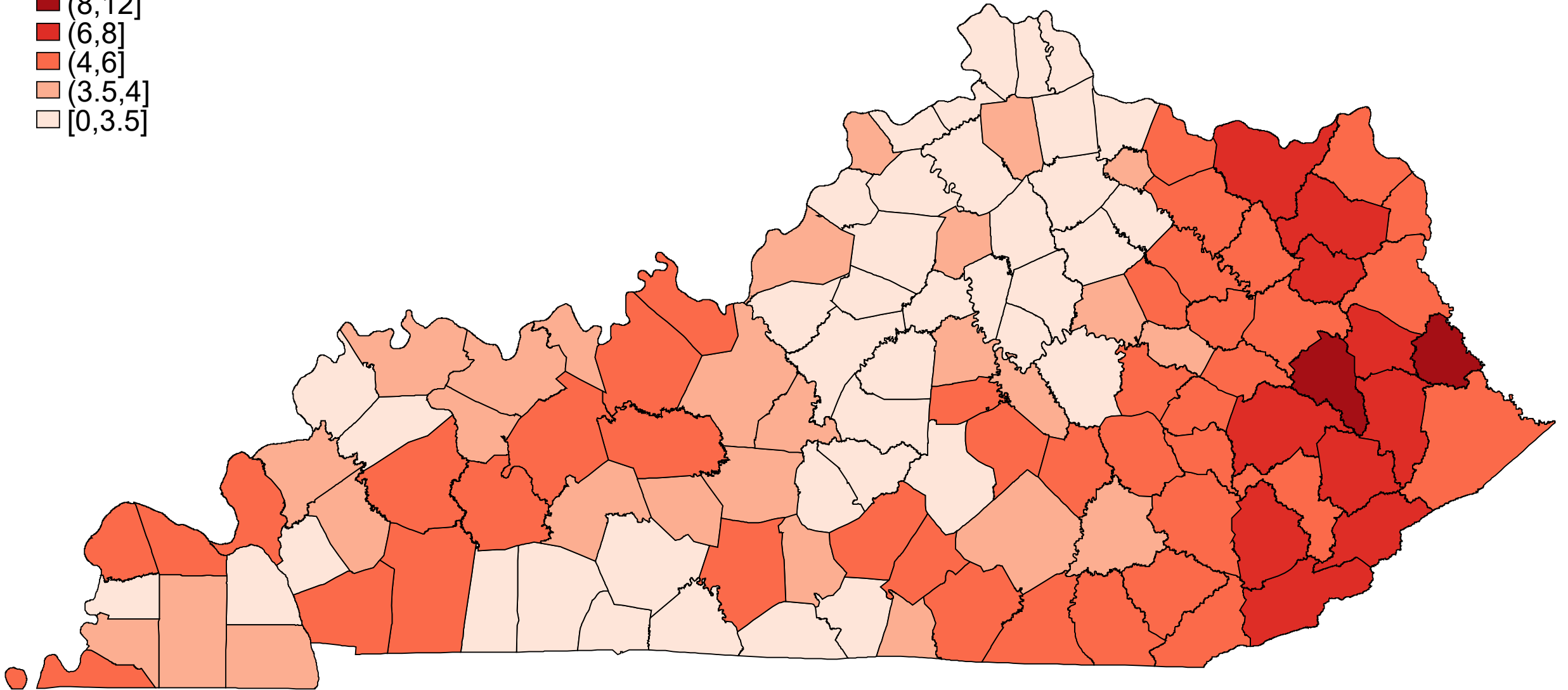
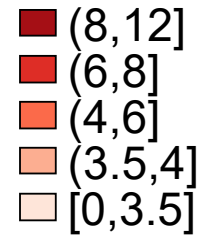


Hire Rates



Unemployment Rates

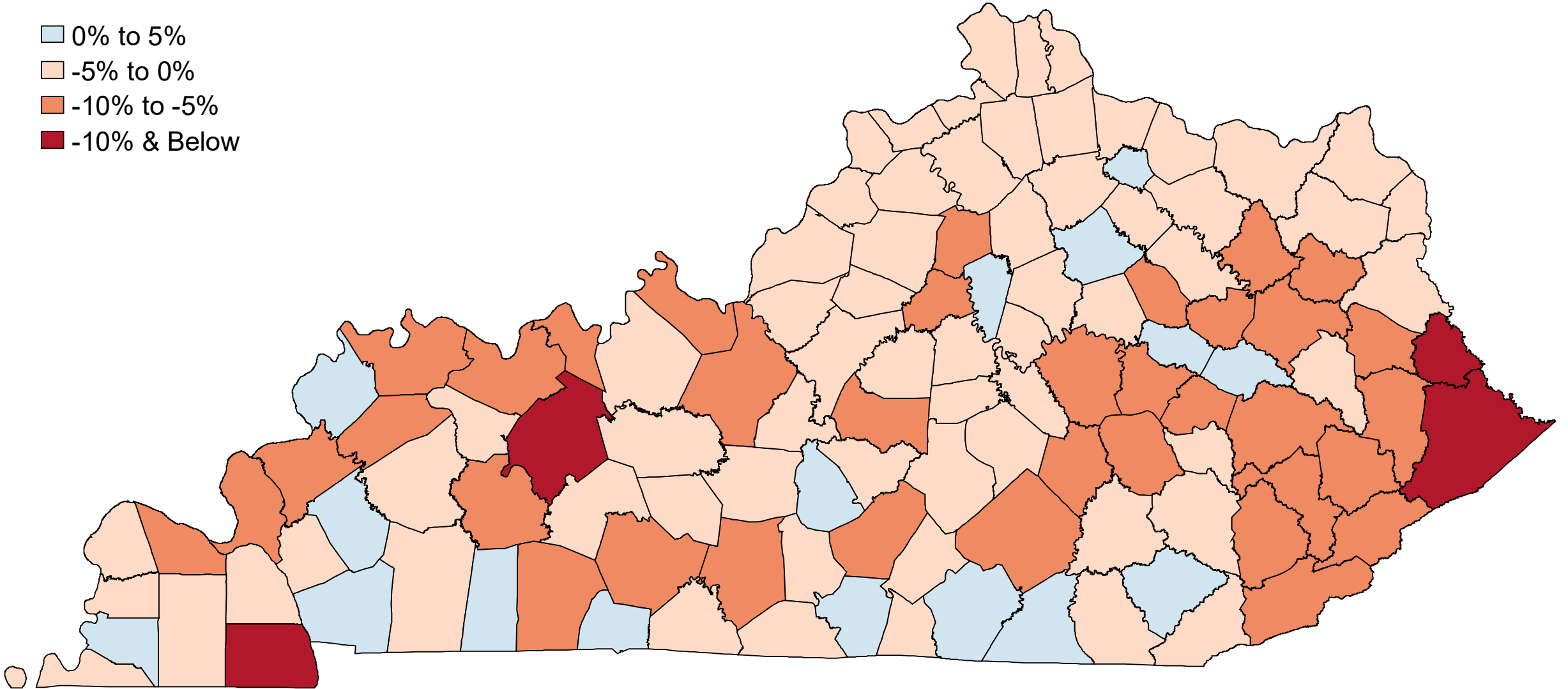
August 2021



Number of People Employed

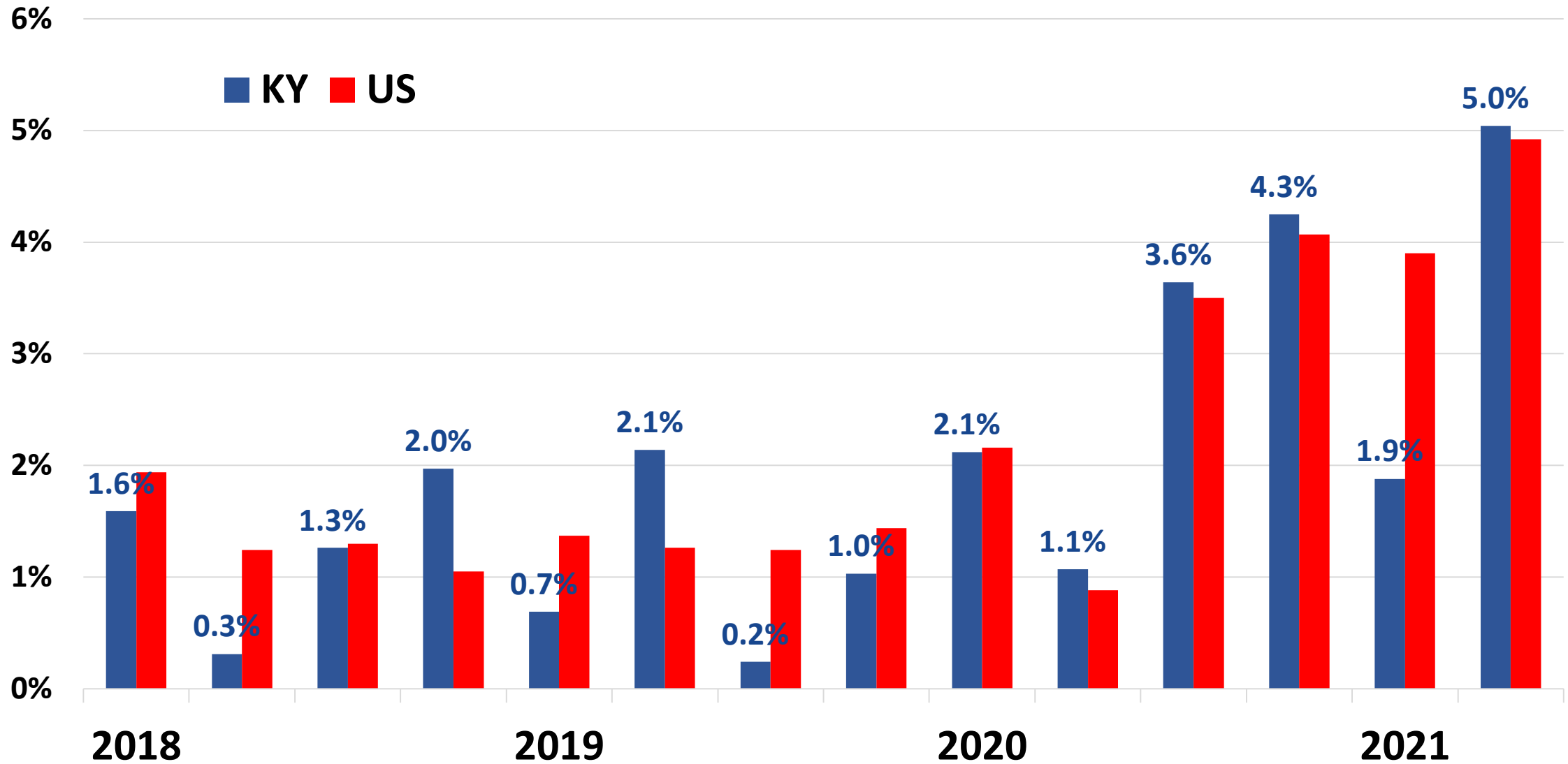
Percent Change from August 2019 to August 2021

- 0% to 5%
- 5% to 0%
- 10% to -5%
- 10% & Below

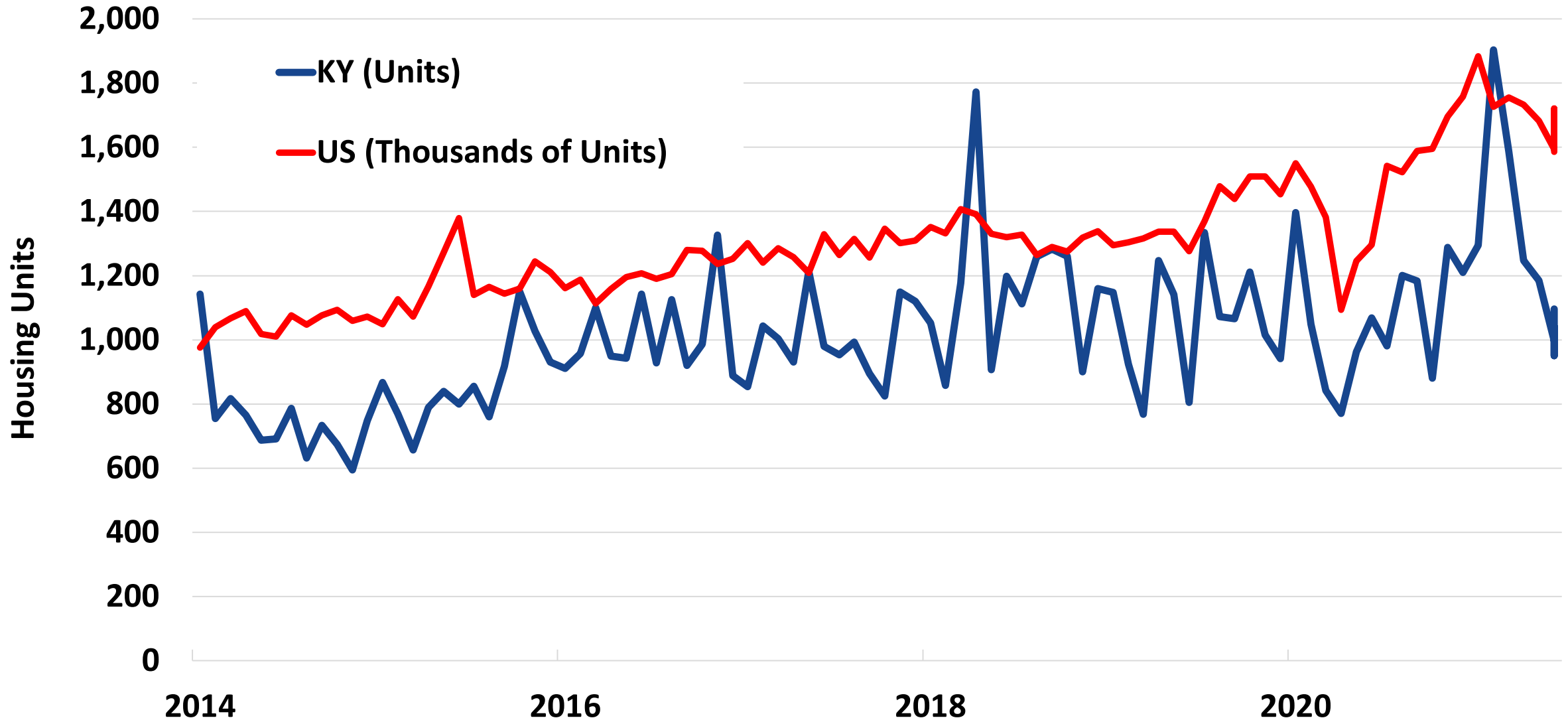


Housing Price Index

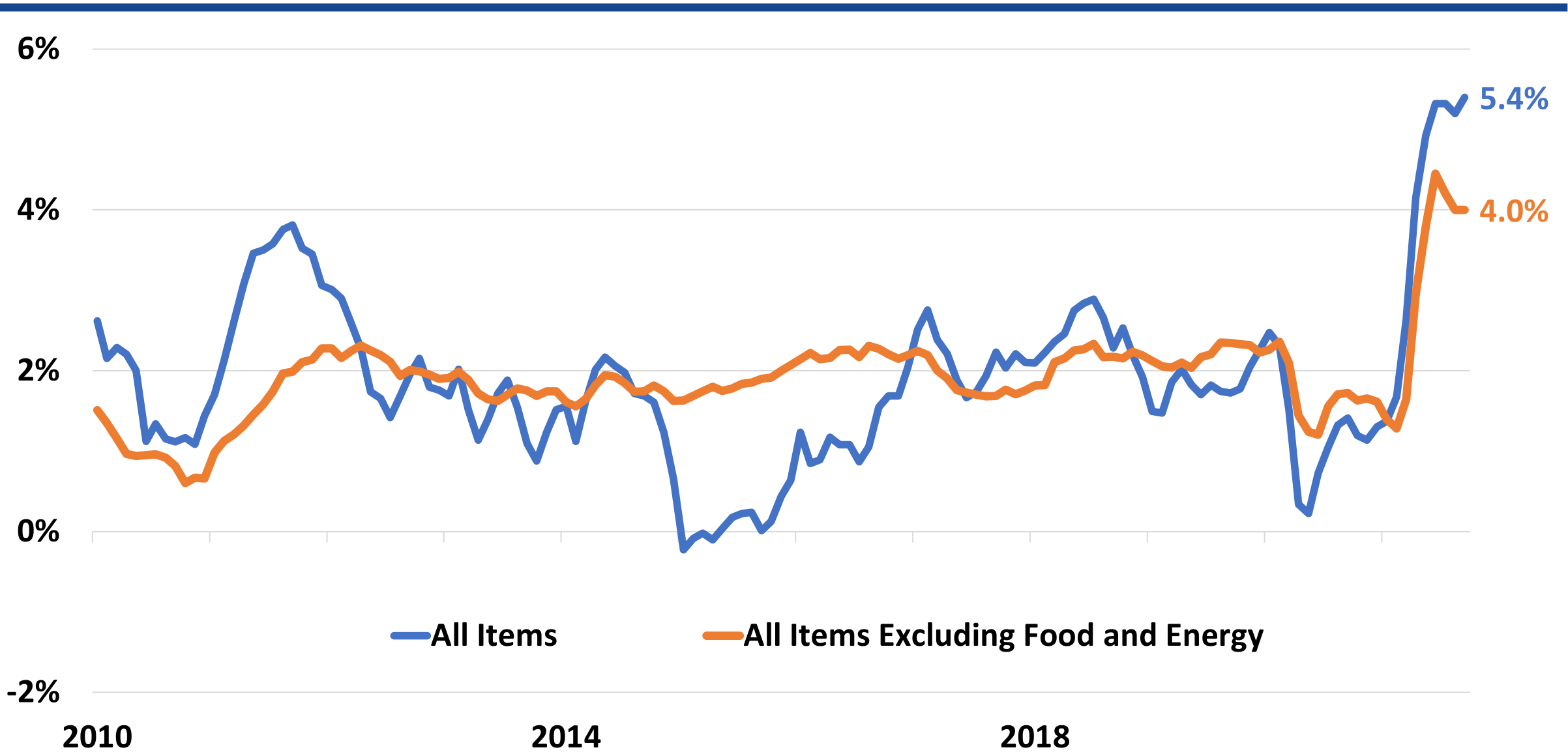
Percent Change from Prior Quarter



New Housing Units Authorized by Building Permits

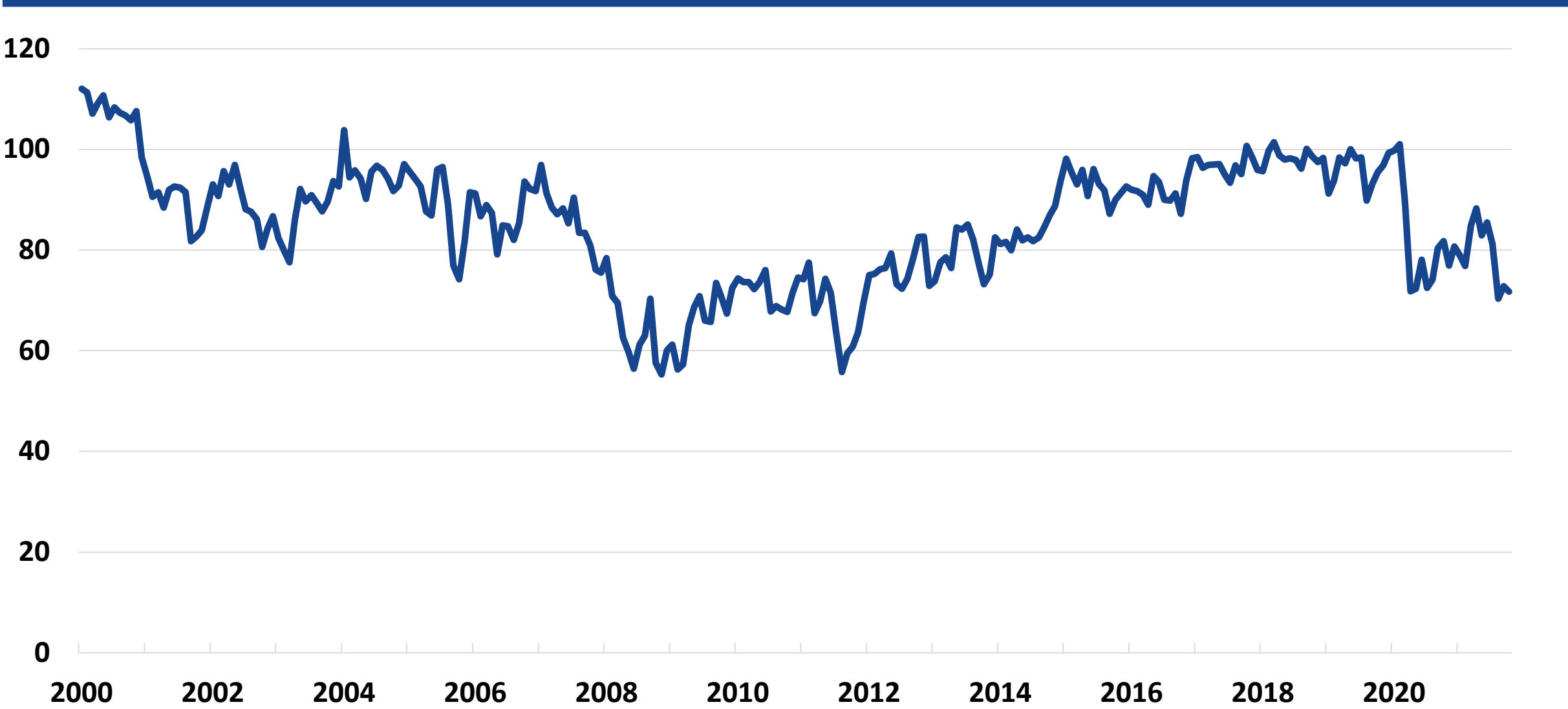


Inflation: Consumer Price Index (CPI) 12-Month Percent Change



Source: US Bureau of Labor Statistics. Consumer Price Index.

Consumer Sentiment (1996=100)



Source: University of Michigan.

What to watch

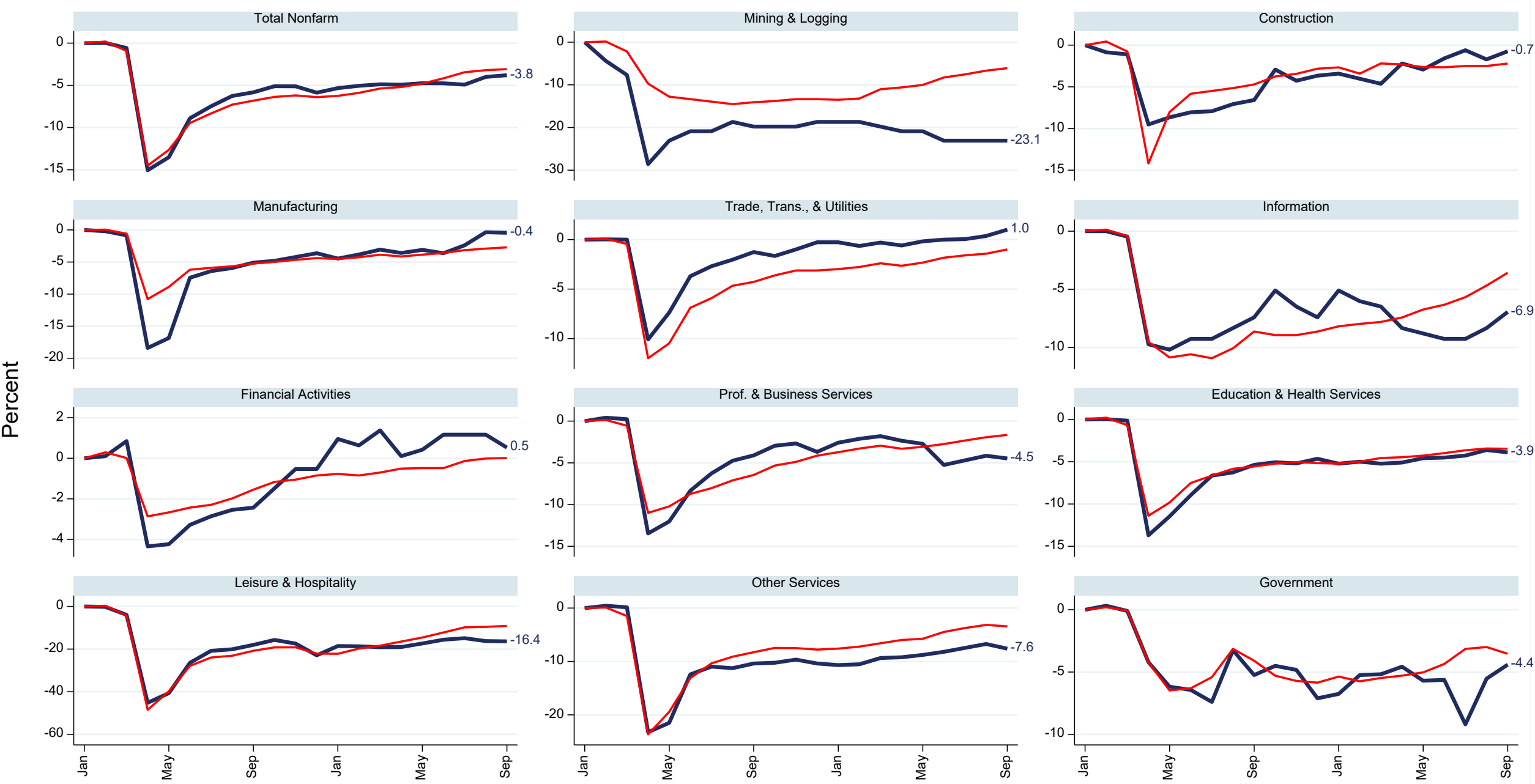
- **Consensus Forecasting Group**
- **Initial Unemployment Insurance Claims**
- **Monthly national, state, and county jobs reports**
(KY Center for Statistics)
- **Quarterly Economic Update (CBER & Kentucky Chamber of Commerce)**
- **Be careful interpreting changes in unemployment rates**
- **Focus on changes in:**
 - **employment**
 - **labor force participation**



<http://cber.uky.edu/>

Kentucky Percent Change in Employment Since January 2020

— KY — US



Kentucky Change in Employment Since January 2020

Number of Jobs (thousands)

