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FOR IMMEDIATE RELEASE

<u>LEADING INDICATORS</u>: GENERAL INDICATOR REGISTERS SIZEABLE INCREASE IN APRIL, DROPS BACK IN MAY, UP AGAIN IN JUNE; ALTHOUGH THE ECONOMY IS SENDING OUT MIXED SIGNALS, THE SHORT TERM OUTLOOK CALLS FOR GUARDED OPTIMISM; SHORT-TERM FUTURES STILL TIED TO OIL INDUSTRY; CONSTRUCTION CAN EXPECT THE WORST.

<u>CONCURRENT INDICATORS</u>: SECOND QUARTER PERFORMANCE SHOWS MARGINAL IMPROVEMENT; UNEMPLOYMENT RATE HITS 5-YEAR LOW; WAGE AND SALARY EMPLOYMENT UP SLIGHTLY; PERSONAL INCOME JUMPS, DOESN'T REGISTER IN TAXABLE SALES.

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New Orleans, LA -- Second-quarter, 1989, leading economic indicators from the University of New Orleans, Division of Business and Economic Research, suggest that the metro New Orleans economy can expect marginal improvement within the next six to nine months. This improvement will not be uniformly distributed across all sectors, and some sectors may actually continue to decline.

In general, increases in crude oil prices that have occurred since November of 1988 could bolster the petroleum industry, but the recent decline in futures prices makes forecasting difficult. Also, the tourism sector is expected to stabilize, but the 1990 Superbowl will provide a big boost to the economy. On the other hand, port activity could experience adverse effects from the 7-month rise of the dollar. However, the recent growth in U.S. exports -- despite the strengthening of the dollar -- could more than offset this trend and actually boost the port. As for construction, a soft real estate market paints a dim picture.

Overall second quarter economic performance was relatively flat. But compared to the poor economic signals of late, stable performance is viewed as a slightly positive sign. More specifically, on a seasonally-adjusted basis, the unemployment rate was at its lowest level in 5 years. However, the unemployment rate by itself does not tell the whole story of the local economy, since the civilian labor force continued to decline. A shrinking labor force suggests that outmigration from the New Orleans area is continuing. Despite the fact that signs indicate the pace is slackening from recent times, this trend of outmigration is not at all a good one.

However, wage and salary employment was up some 800 jobs from the first quarter, with services, government, and construction sectors as the leaders. Conversely, finance, insurance, and real estate; mining; and transportation, communication, and public utilities actually lost jobs.

In the same manner, personal income in metro New Orleans rose 2.5% in the first quarter of 1989, up 7.6% from the previous year. But in contrast, after adjusting for seasonal variation, taxable sales grew less than 1% from the fourth quarter and only 2.6% from the first quarter, 1988. Clearly, the gains in personal income are not yet being felt at metro area cash registers.

LEADING INDICATORS

Five indices form the basis of predicting the general course the metropolitan New Orleans economy will take over the next six to nine months. One series, the general indicator, is the barometer of future overall economic performance in the metro economy. Other indicators -- petroleum, port, tourism, and construction -- predict future developments for specific industry sectors.

GENERAL

Three individual series are combined to form the general leading indicator -- an index of help-wanted advertisements in New Orleans, the count of Louisiana oil and gas rigs in operation, and the national prime interest rate. Table 2 includes values for these series and the underlying components used in calculating the other leading indicators.

The general leading indicator took a sizeable jump of 1.4 points from 90.7 in March to 92.1 in April. (See Table 1 and Figure 1.) This marked the largest monthly increase in nearly two years. However, the general indicator quickly squelched any cause for jubilation regarding expectations for the New Orleans economy as it fell 0.9 points in May to 91.2. Then in June, the indicator rebounded slightly to 91.8; the general indicator value for June was higher than any value recorded during the first quarter of 1989, but still less than that of April.

Because the help-wanted index precedes and predicts employment changes, it is important to monitor it. However, for nine straight months the index has oscillated, thereby indicating no definite future trend. Primarily, an increase in the help-wanted index from 127 in March to 140 in April caused April's jump in the general leading indicator. The index then fell back to 128 in May but rebounded somewhat to 130 in June.

Similarly, the Louisiana rig count fluctuated during the quarter, but with less volatility than the help-wanted index. It increased from 128 in March to 137 in April, dipped in May to 134, and rose back to the April level of 137 in June.

Historical patterns suggest that the rig count should increase given that crude oil prices increased in each of the last eight months. However, the rig count remained relatively steady during those price increases. Apparently, oil companies are assuming more cautious positions after experiencing losses in the past due to price fluctuations.

Previously, the initiation of any significant new drilling activity depended on from six to nine months of favorable price levels. The new trend is that the time lag between price and production is lengthening. Thus, the fact that oil prices have been consistently up for the past seven months could signal an upswing in the rig count and oil activity for the fourth quarter of 1989 or the first quarter of 1990.

Also the prime interest rate held steady at 11.50% over the first two months of the quarter, but dipped to 11.07% in June. However, it is still too soon to tell if the prime rate decline signals a new trend. Falling interest rates lower the cost of obtaining short-term funds and facilitate business development and expansion, thus contributing to overall economic development. However, national economic forecasts call for the prime rate to increase through the end of the year, followed by a drop in 1990.

As usual, short run fortunes of the metro New Orleans economy still closely follow the performance of the oil industry. Rising or stable oil prices could stimulate drilling activity, thereby contributing to the recovery process. On the other hand, further declines in the rig count could hinder the fragile local recovery. Additionally, a national economic slowdown -- which forecasters predict may be looming on the horizon -- could damage the few growth sectors upon which the local economy presently relies, most notably tourism.

Three consecutive monthly movements of the general leading indicator in the same direction usually indicate the true course of the economy over the next six to nine months. But in six consecutive quarters -- and nine of the last ten quarters -- no consistent movements have occurred. Such continuous fluctuation of the general leading indicator makes forecasting the short term extremely difficult. However, the index does show a slight overall increase from January of this year. Therefore, marginal improvement is likely, but further declines in some sectors remain a strong possibility. Generally, expectations call for more of the same economic conditions.

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PETROLEUM

The petroleum indicator rose in April and May, marking six consecutive months of increase. This follows six previous months of straight decline. The indicator held steady at 99.9 in June. (See Table 1 and Figure 2).

This indicator is based upon two components -- crude and futures oil prices. The crude oil price bottomed out at $11.00 per barrel in October, 1988, and increased steadily each month afterward. By June, it had reached $17.00. Similarly, oil futures prices bottomed out in November at $13.79 and were on the rise until May. By April, futures prices were at $17.98, the highest since November, 1987. But futures prices fell in May to $17.39 and again in June to $17.29.

As stated earlier, the recent peak of futures prices in April corresponds to the increase in the Louisiana rig count. As futures dipped, so too did the rig count. But despite the general increase in rig activity over the quarter, second quarter mining employment fell off from previous periods and oil production hit an unprecedented low. Due to external forces exerting considerable influence on the domestic petroleum industry, the outlook is unclear; but oil and gas seem generally to be on a slight recovery path.

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PORT

The port indicator declined in each month of the second quarter contributing to seven months of successive declines. (See Table 1 and Figure 3). This indicator is based on a single component -- the trade-weighted exchange rate of the U.S. dollar. A downward movement in the port indicator reflects the rising value of the dollar, which makes American goods more costly and, therefore, less attractive abroad. An upward movement indicates just the opposite.

New Orleans is primarily an export port. Therefore, in the long term, strengthening of the dollar generally would result in less local port activity. Given the increase in the value of the dollar which has been the overall trend since late 1987, it could be expected that the port would suffer. But this seems not to be the case. Employment in water transportation, one measure of current activity, is up.

The port of New Orleans has benefited from a surprising national increase in exports. Increasing expertise by American exporters and continued high foreign demand have resulted in the rise in U.S. exports for the last several months, despite the strengthening of the dollar.

In general, contracts for shipping of goods are negotiated well in advance of the shipping date. Therefore, port activity at a given point in time depends upon the value of

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the dollar in the past as well as the current exchange rate. Forecasters expect the dollar to gradually fall for several years, creating an optimistic long term outlook for the port.

However, the ability of the port to capitalize on its future opportunities is now in the hands of the voters of Louisiana. The electorate will decide upon the fate of the capital investment proposal of the Board of Commissioners of the Port of New Orleans in a public referendum this fall.

TOURISM

The tourism indicator, comprised of two component series -- U.S. Gross National Product and Disposable Personal Income -- declined 0.1 in the second quarter to 123.1, after it increased for seven consecutive quarters (See Table 1 and Figure 4). This decline is viewed only as a flattening of the tourism sector and is not expected to signal a major downturn in the industry.

Previous editions of this publication anticipated this trend for two reasons. First, although the Convention Center is fully booked, not as many large conventions are scheduled in New Orleans this year. Second, additional capacity in the form of the Convention Center expansion will not be available until 1991.

A predicted national economic slowdown could also contribute to the trend. However, on the bright side, the National Football League Superbowl will be played in New Orleans in January, 1990. That extravaganza will be a welcome addition in the period between the Sugar Bowl and Mardi Gras, bringing thousands of visitors to the city and pumping hundreds of millions of dollars into the local economy.

In general, the ability of the local tourism industry to sustain its growth will depend upon the willingness and ability of both state and local governments to invest in tourism promotion. Since the New Orleans Convention Center is already booked to capacity, and its expansion will not be completed until 1991, significant short-term tourism growth will occur only if the city can attract more discretionary pleasure visitors. To do this requires an increase in promotional and advertising efforts to competitive levels (and hoping for a continued healthy national economy).

CONSTRUCTION

Three components -- the value of metro area residential construction contracts awarded, the value of metro area non-residential construction contracts awarded, and the national mortgage interest rate for new home sales -- combine to form the construction indicator. Throughout the first six months of 1989, the indicator fell steadily. (See Table 1 and Figure 5). In fact, the decline of 5.8 points from 90.2 in February

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to 84.4 in March was the largest ever recorded in the eleven year history of the series.

The principal contributor to the construction indicator decline is the anticipated demise of the non-residential market. Nonetheless, for the extremely short term, prospects for construction are fair since the few large contracts that were previously permitted are currently underway. Among these are the CNG Tower, the Aquarium, the Convention Center expansion, and the Pic 'N' Save distribution center.

However, there is little cause for optimism for the intermediate term. The value of non-residential contracts has dropped substantially. In fact, the only contract permits of any size authorized in the second quarter were the combined $22.5 million expansion of Touro Infirmary and Humana Hospital. Also there is a glut of available space in the office market. Vacancy rates are high and much of the new building occupancy is comprised of tenants drawn away from other properties. Commercial, industrial, and retail vacancies are also relatively high. As a result, non-residential construction prospects are dim.

The residential construction outlook is not any brighter. The value of contracts permitted in the first half of 1989 was at the lowest level in over a decade, since before the oil boom began. With the substantial outmigration from the metro area in the past three years, an ample amount of existing housing is already available. As a result, there is virtually no need for additional housing stock in the area. And this trend will continue until the local economy rebounds to such a degree that the tide of outmigration is reversed.

Further compounding the situation is the fact that mortgage rates have risen nationally in each of the past six months. In addition, 1988 new home sales in the United States were the lowest since World War II. This factor indicates that the problems facing New Orleans contractors are shared to some degree by home builders nationwide. Even the small declines predicted for future national mortgage rates will have a minimal impact on local residential construction because of the substantial current housing surplus.

The construction sector cannot lead an economic recovery; it responds to the stimuli provided by the economy as a whole. Therefore, until a healthy economic recovery truly gets underway, the construction trades can expect continued difficulties in metro New Orleans.

SUMMARY

In the short run, the petroleum industry could be revived if oil prices remain at or above current levels; tourism should generally hold steady, with the exception of the major impetus provided by the Superbowl; port activity should remain steady, but could suffer if substantial increases in the value of the

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dollar continue; and construction can expect continued tough times ahead. In sum, the New Orleans economy is expected to continue on a slow, wobbly recovery pace, with no major long-term catalyst on the horizon.

CONCURRENT INDICATORS

Table 3 reports concurrent economic indicators. These indicators measure ongoing economic activity which reflect current conditions of the New Orleans metropolitan area economy.

LABOR FORCE AND EMPLOYMENT

The deseasonalized unemployment rate was the lowest since the second quarter of 1984, the beginning of the World's Fair. The jobless rate of 8.5% was 0.7% lower than that of the first quarter and 1.0% below the second quarter of 1988. However, as stated earlier, the unemployment rate alone does not tell the whole story of the local economy.

While metro area unemployment dropped by over 3,800 persons in the second quarter, total employment only increased by about 2,900. These facts taken together indicate that the labor force declined by over 1,000 persons over the quarter. Although more New Orleans area residents have been able to

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find jobs, this contraction of the labor force indicates that outmigration from the area is continuing, albeit at a slower pace than in recent periods. Continued population declines limit the potential for short-term economic advancement. Therefore, the drop in the unemployment rate paints a rosier picture of the New Orleans economy than is actually the case.

Non-agricultural wage and salary employment grew by over 800 jobs (0.2%) in the second quarter of 1989. The 519,884 figure for the period was nearly 2,800 (0.5%) above the second quarter of 1988. Through the first six months of 1989, metro area non-ag employment is up over 4,000 jobs (0.8%) from 1988 levels.

Second quarter employment in the trade sector proved erratic. As a whole, the industry lost 334 jobs, but wholesale trade gained roughly 900 jobs -- the largest sectoral gain. In contrast, retail trade lost some 1,200 jobs -- the largest sectoral loss. General merchandise stores accounted for a substantial portion of the loss. At least part of this decline can be attributed to the takeover of D.H. Holmes by Dillard's. Other adverse factors affecting retail trade in the short run include the imminent closing of the four Houseworks chain stores in the New Orleans area.

The services sector recorded the second largest job gain in the second quarter. This quarter's 138,134 figure was 685 above the first quarter and over 1,100 above the previous

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year. This increase is primarily due to an increase in the health services field.

In other areas, government employment ranked third in growth for both the quarter (+624) and the year (+768). Although not accounting for a large number (548) of jobs, construction experienced the largest growth in the quarter in percentage terms (3.3%). Again, this gain can be attributed to a few large non-residential contracts previously authorized which are currently underway. Also, manufacturing enjoyed some job growth (+281) in the second quarter, primarily due to an increase in the food and kindred products industry. Over the year, durable goods employment was up, thanks in part to Avondale Shipyards. However, non-durables were down slightly with very little change in each of its sectors.

Second quarter job losses which occurred across a number of industries underscore the fragility of the New Orleans economy. As stated earlier, retail trade was the biggest loser of jobs. Finance, insurance, and real estate also lost substantial employment, with 571 fewer jobs in the quarter, due at least in part to continued poor real estate market conditions. Employment in mining also declined by some 300 in the second quarter. This decline does not include the Amoco labor force reductions of some 850 workers which will occur primarily in the third quarter. Transportation, communication, and public utilities also lost jobs in the quarter (-59), but over the year, its employment was up 330.

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The employment situation in metro New Orleans does not follow a uniform pattern. Some sectors have enjoyed job gains, while others have suffered additional losses. However, the fact that total employment has increased despite some substantial business restructuring is clearly an improvement.

OTHER CONCURRENT INDICATORS

Metro New Orleans personal income has been on the upswing for three consecutive quarters. The first quarter, 1989, estimate of $5.1 billion (the latest figure available), was up 2.5% from the fourth quarter of 1988 and a healthy 7.6% from the first quarter of 1988. In fact, in both of the last two quarters, personal income surpassed the previous all-time high set in the previous quarter. Such growth indicates that purchasing power of New Orleans area residents in real terms is continuing to increase. And this is a positive sign.

As expected, taxable sales fell 7.6% in the first quarter of 1989 (again, the latest estimate available) from the fourth quarter of 1988 which included Christmas sales. Yet the $2.2 billion first quarter figure was up 3.0% from the previous year. This increase is another positive sign since the 1988 sales were up only 2.2% from 1987, and 1987 sales actually dropped 3.5% from 1986.

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Examining taxable sales after adjusting for seasonal variation yields a different perspective. Deseasonalized sales were up less than 1% in the first quarter and only 2.6% above the first quarter of 1988. Clearly, the type of gains that are being enjoyed in personal income are not being felt at metro area cash registers.

Hotel/motel occupancy tax revenues, one indicator of the local tourism industry, rose 2.6% in the second quarter. Compared to 1988 levels, the second quarter was up 3.3%. And for the first six months of 1989, hotel/motel tax revenues were up a total of 5.1%. Another tourism indicator -- deplanements at the New Orleans International Airport -- increased 1.0% in the second quarter compared to the first quarter but were still down 4.3% from the second quarter of 1988. Figures through June show that deplanements still lag 1988 levels by 4.2%. These components imply that second quarter was a good, but not a great, one for tourism. This confirms earlier predictions of slower growth in the tourism industry in 1989.

Louisiana oil production continued its persistent long-term decline. Second quarter production of 1,148,000 barrels per day was 0.4% below the first quarter mark and 7.4% under the previous year's figure. Through June, oil production averaged 8.9% less than 1988. Second quarter production is a mere shadow of historic levels, some 45% below what it was in 1967.

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SUMMARY

Concurrent economic indicators for the New Orleans metropolitan area showed slight improvement in the second quarter. Personal income took a substantial jump; employment is up and unemployment is down; and tourism and taxable sales held steady. However, one noticeable exception stands out -- a decline of some 1,000 individuals in the civilian labor force. The outmigration of workers causing this phenomenon tarnishes an otherwise positive performance.

PARISH INDICATORS

Employment, wages, and taxable sales are three measures available for analysis of economic performance of individual parishes within the New Orleans metropolitan area. All three series have a greater time lag than most other concurrent economic indicators. Consequently, only first quarter, 1989, taxable sales and fourth quarter, 1988, employment and wages figures are currently available.

The employment series, reported quarterly by the Louisiana Department of Labor, measures the total number of employees by major industry subject to unemployment insurance taxation by place of work for each parish in the state. The wages data represent the earnings those employees make. "Covered" employment, as it is commonly called, encompasses virtually all wage and salary employees except for those in very small businesses (under 4 employees). Major exceptions from the series are self-employed individuals and salespersons on commission-only bases. Table 5 presents quarterly and annual wages data. Tables 5 and 6 and Figures 6 through 12 portray the employment series.

UNO's Division of Business and Economic Research estimates taxable sales on a quarterly basis for each of the six parishes in the metro area. Taxable sales include all sales subject to sales or use taxes, including retail sales, auto sales, and assorted business purchases. Table 4 and figures 6 through 12 display taxable sales for the metro area and its constituent parishes.

ORLEANS

Employment in Orleans Parish rose steadily in each quarter of 1988. In the last quarter of 1988, total employment was 269,002, up nearly 1,000 from the previous quarter and over 600 from the previous year. In 1988, Orleans experienced its first employment growth (630 jobs) since 1984, the year of the World's Fair. The services sector gained the most jobs (+1,863), and retail trade lost the most (-736).

Wages in the parish rose 10.5% in the fourth quarter. This represents a 3.8% increase from the fourth quarter of 1987.

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Wages in 1988 grew by 3.2% from 1987 levels. After adjusting for the 2.7% local rate of inflation for 1988, real wages in Orleans Parish actually increased by about 0.5%.

In the first quarter of 1989, taxable sales in Orleans Parish dipped by only 2.6% from the 1988 Christmas season. But last year's Christmas season was not a stellar one for the city. First quarter sales were almost exactly the same as in the frist quarter a year ago. However, on a seasonally adjusted basis (not shown), first quarter sales actually rose 2.1% from the previous quarter, but were down 0.5% from the previous year.

Although Jefferson Parish normally outsells Orleans for much of the year, Orleans catches up in the first quarter. Mardi Gras and Sugar Bowl celebrations normally push Orleans first quarter sales past Jefferson's. But that was not the case in 1989. Jefferson sales exceeded Orleans' by $400,000 or 0.01%. The combined effect of flat sales in Orleans and a moderate rise in Jefferson account for this phenomenon. In the final outcome, first quarter sales for Orleans Parish were less than desired.

JEFFERSON

Employment in Jefferson Parish increased in 1988. In fact, Jefferson provided 49% of the job growth in the entire metro

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area. Fourth quarter employment of 175,861 was roughly 5,600 above the third quarter and 5,800 over the previous fourth quarter. The services sector dominated the job growth (+4,675).

Jefferson Parish wages increased steadily in each of the last three quarters of 1988. Fourth quarter wages were 9.9% above the third quarter and 7.8% above the previous fourth quarter. For the year as a whole, wages were up 5.8%. Like Orleans Parish, real wages in Jefferson Parish increased from 1987 to 1988. However, Jefferson's gain of 3.1% was considerably greater than that of Orleans (0.5%).

Taxable sales in Jefferson fell 16.1% in the first quarter. However, this drop was calculated from a base that was boosted by a great Christmas season -- one which posted a record $1 billion in sales. First quarter sales ran 2.6% higher than the same period of 1988. Examining seasonally adjusted taxable sales reveals that Jefferson enjoyed increased sales in each of the last 5 quarters. Additionally, the 1989 first quarter sales were 2.9% higher than the corresponding 1988 figures. Clearly, Jefferson Parish has been reinforcing its position as the true retail center of the metro area.

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OTHER PARISHES

Of the remaining four metro area parishes, St. Tammany Parish has the largest employment base and enjoyed the largest employment gain. Fourth quarter jobs increased by over 1,600 (5.3%) from the previous quarter to 32,056. Compared to the previous year, employment was up 1,932 jobs to 32,056, which amounted to a 3.3% rise, and nearly all sectors gained employment over the year. Services led all industries with a 1,405 increase, comprising a 73% share of all the employment gain in the parish.

Fourth quarter wages in St. Tammany were up a healthy 8.8% from the previous quarter and 11.6% from the previous year. The parish posted increases in wages paid in the last two quarters after two consecutive periods of decline. Also, St. Tammany is the only parish in the metro area to have experienced increases in wages paid in each year of the decade. Wages in 1988 increased 9.9% from 1987 levels (7.2% in real terms), indicating that the parish may be emerging from a period of relatively slow economic growth.

St. Tammany taxable sales estimates for the first quarter of 1989 figures are actually higher than those for the preceding Christmas season. And according to the estimates, last year's Christmas season proved abominable. These results just do not seem to match other indicators for the parish. Consequently, there may be a systematic problem in the reporting of taxable sales which undermines precise quarter to quarter analysis.

The most that can be interpreted from the available data is that taxable sales in the parish seem to be holding steady. However, the future of retailing in St. Tammany appears brighter. The first phase of the Manufacturers Retail Outlet in Slidell was recently opened. This outlet is expected to attract patrons from a broad regional market area, which will have a positive impact on Slidell and St. Tammany Parish as a whole.

Employment in St. Charles Parish decreased in the fourth quarter of 1988, marking the end of a year-long trend of increases. However, the drop of 64 jobs to 13,301 is not considered extremely serious since the fourth quarter figure is still 1,823 (12.6%) above the 1987 level. Nearly one-half of the employment gain over the year was due to construction activity concentrated at the Union Carbide and Shell facilities. Although employment in the parish had decreased in each of the five years prior to 1988, that year looked very good compared to the past 5 years.

St. Charles wages have risen steadily for 6 straight quarters. Fourth quarter wages amounted to a 3.4% increase from the third quarter and a 14.9% jump from the previous fourth quarter. For the year 1988, wages rose 13.6%, the highest of

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any parish in the metro area. This translates into a 10.9% increase in real wages for the year.

Sales in the first quarter actually increased by 2.3% from the Christmas season. This phenomenon is plausible for a number of reasons. First, the fourth quarter sales were down from the third quarter. Second, business purchases comprise roughly 70% of total St. Charles taxable sales. Third, as noted above, employment in the fourth quarter had declined. And, lastly, the absence of large shopping centers forces St. Charles residents to do their Christmas shopping in other parishes, most normally Jefferson.

The increase in taxable sales from the first quarter of 1988 was a disappointing 3.1%. However, the picture improves when viewed on a seasonally adjusted basis -- the corresponding change is 4.3%. St. Charles Parish's economic scenario is improving after it suffered considerable setbacks.

St. Bernard Parish experienced a gain of 158 jobs in the fourth quarter of 1988, pushing employment to 12,379. But compared to the 1988 figures, the parish realized the smallest increase (101 jobs) of all the metro parishes. Over that period, transportation, communication, and public utilities gained the most jobs (177), while manufacturing lost nearly the same number (132). Retail trade was the only other sector to experience much change (+133 jobs), thanks in part to the opening of a new K-Mart store. When compared to 1987, St.

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Bernard actually lost 142 jobs during 1988. Clearly, the economic ills of the parish have not been completely cured.

Wages jumped 13% in St. Bernard in the fourth quarter of 1988, marking the largest percentage increase in the metro area. For the entire year of 1988, wages rose only 4.4%, 1.7% in real terms. This is a positive sign for St. Bernard since unadjusted wages actually declined in 1987.

St. Bernard taxable sales decreased 7.9% from the fourth quarter. Even on a deseasonalized basis, sales were down 1.3%. But indications are that the Christmas season was an exceptionally good one. Despite the fact that first quarter sales were up a healthy 8.2% from the previous year, prospects for future retail expansion appear limited.

St. John the Baptist Parish enjoyed the largest employment jump in several quarters. Jobs grew by 335 to 9,312 in the fourth quarter of 1988, amounting to a 3.7% increase. This is a welcome sign considering that it follows an employment drop in the third quarter. Fourth quarter employment was up 471 from the previous year. Overall, all but two sectors experienced increases over that period, led by construction with a 296 gain. For the year 1988, St. John's annual average employment growth was only 165 jobs. Employment in the parish has remained fairly steady, but still falls short of previous years' levels.

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Wages in St. John increased considerably in the fourth quarter, up 8.7% from the third quarter and 9.6% from the fourth quarter of 1987. The 3.7% increase in wages from 1987 to 1988 in total reflects a modest 1% gain in real terms.

Compared to the previous quarter, first quarter, unadjusted 1989 taxable sales in St. John declined 8.6% and 1.3% after adjusting for seasonality. Offsetting this bad news is the fact that sales actually increased 8.2% from the previous year.

SUMMARY

Recent sporadic economic gains in the New Orleans metropolitan area, though experienced in each parish, are not evenly spread throughout the parishes. Clearly, Jefferson's economic recovery leads all parishes. It has enjoyed the largest employment growth, and its taxable sales continue to dominate the metro area. Orleans Parish experienced the largest increase in total wages paid, while employment increased substantially in St. Tammany. And the river parishes of St. Charles and St. John are plodding steadily. Despite increases in wages and taxable sales, St. Bernard Parish experienced only minimal job gains and its capacity for additional commercial development is limited.

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TABLE 1: NEW ORLEANS METROPOLITAN LEADING INDICATORS, 1987-1989
(JANUARY, 1976 = 100, unless otherwise noted)

	I	II	III	IV	V
MONTH	GENERAL	PETROLEUM	PORT	TOURISM	CONSTRUCTION*
1987					
JULY	93.3	101.8	105.0		85.7
AUGUST	93.1	101.3	104.5	118.1	85.8
SEPTEMBER	92.8	100.8	107.4		84.3
OCTOBER	92.9	99.9	106.9		84.6
NOVEMBER	93.3	99.7	109.8	119.4	84.3
DECEMBER	93.1	98.9	112.1		85.1
1988					
JANUARY	93.6	96.6	111.7		85.9
FEBRUARY	93.9	97.1	110.0	120.2	84.3
MARCH	94.4	97.2	110.9		82.6
APRIL	95.0	97.3	111.0		82.6
MAY	94.7	97.9	110.8	120.6	83.8
JUNE	94.0	97.5	109.8		87.4
JULY	93.8	96.6	107.5		89.2
AUGUST	92.6	96.1	105.6	121.0	89.3
SEPTEMBER	93.0	94.9	106.9		84.8
OCTOBER	92.3	93.5	108.3		85.3
NOVEMBER	92.0	93.4	109.4	123.0	84.8
DECEMBER	92.2	95.4	109.0		91.4
1989					
JANUARY	90.6	96.1	106.3		90.8
FEBRUARY	91.0	97.1	105.8	123.2	90.2
MARCH	90.7	98.7	104.5		84.4
APRIL	92.1	99.7	103.8		81.1
MAY	91.2	99.9	101.5	123.1	79.1
JUNE	91.8	99.9	101.3		80.1

Note: Values may differ from those previously reported due to recalculation of seasonal factors.

* March, 1978 = 100

TABLE 2: UNDERLYING VARIABLES FOR THE NEW ORLEANS METROPOLITAN INDICATORS, 1987-1989

MONTH	Help-Wanted Index (1967=100)	Prime Interest Rate (%)	La. Rig Count	Crude Oil Price ($)	Futures Oil Price ($)	U.S. $ Exchange Rate (1973=100)	U.S. GNP ($MM)	U.S. Disposable Income ($MM)	Res. Const. Contracts ($MM)	Nonres. Const. Contracts ($MM)	Mortgage Interest Rate (%)
1987											
JULY	123	8.25	151	16.88	20.69	99.36			25.5	20.2	9.41
AUGUST	115	8.25	147	17.06	20.00	99.43	4,568	3,225	27.2	24.1	9.38
SEPTEMBER	106	8.70	164	16.29	19.02	97.23			26.0	26.2	9.37
OCTOBER	119	9.07	165	15.95	19.39	96.65			20.9	11.6	9.26
NOVEMBER	125	8.78	170	15.85	18.49	91.49	4,663	3,316	20.0	18.9	9.35
DECEMBER	128	8.75	184	15.75	16.22	88.70			36.7	30.1	9.17
1988											
JANUARY	130	8.75	178	13.63	16.41	89.29			17.3	24.9	9.10
FEBRUARY	126	8.51	171	13.50	16.46	91.09	4,725	3,376	13.4	15.6	9.12
MARCH	124	8.50	165	13.50	15.48	89.73			17.1	15.2	9.14
APRIL	128	8.50	169	13.50	17.93	88.95			23.2	27.2	9.06
MAY	128	8.84	163	13.25	17.71	89.74	4,824	3,422	21.9	30.8	8.95
JUNE	124	9.00	162	14.00	16.70	92.58			18.9	101.9	9.07
JULY	140	9.29	156	12.37	15.42	96.53			17.3	38.0	9.17
AUGUST	126	9.84	152	12.30	16.27	98.29	4,909	3,508	19.4	20.9	9.07
SEPTEMBER	126	10.00	148	11.50	14.64	97.91			20.5	36.1	9.25
OCTOBER	129	10.00	146	11.00	14.19	95.10			13.6	45.1	9.10
NOVEMBER	126	10.05	165	11.75	13.79	91.91	5,000	3,583	16.3	10.5	9.43
DECEMBER	143	10.50	164	12.75	15.10	91.88			24.6	136.0	9.39
1989											
JANUARY	133	10.50	129	13.79	16.50	95.12			16.9	42.4	9.52
FEBRUARY	137	10.93	126	14.23	15.80	95.77	5,113	3,681	16.1	23.5	9.82
MARCH	127	11.50	128	15.62	17.78	96.99			22.1	21.7	9.99
APRIL	140	11.50	137	16.50	17.98	97.24			12.8	21.2	10.17
MAY	128	11.50	134	16.73	17.39	100.81	5,195	3,745	19.2	10.6	10.18
JUNE	130	11.07	137	17.00	17.29	103.09			22.2	49.2	10.42

TABLE 3: NEW ORLEANS METROPOLITAN CONCURRENT INDICATORS, 1988-1989
(Quarterly data seasonally adjusted, except Taxable Sales and Consumer Price Index)

SERIES	QUARTERLY DATA 1988:2	1988:3	1988:4	1989:1	1989:2	COMPARATIVE PERFORMANCE 1989:2 VERSUS 1988:2 %	1989:2 VERSUS 1989:1 %	YEAR TO DATE %
WAGE & SALARY EMPLOYMENT (a)	517,114	518,922	518,725	519,016	519,884	0.5	0.2	0.8
MANUFACTURING	43,437	43,278	42,936	43,131	43,412	-0.1	0.7	0.0
DURABLE GOODS	22,363	22,665	22,421	22,328	22,496	0.6	0.8	0.7
NONDURABLE GOODS	21,074	20,613	20,516	20,803	20,916	-0.8	0.5	-0.8
NONMANUFACTURING	473,677	475,644	475,789	475,885	476,473	0.6	0.1	0.9
MINING	15,291	15,164	15,051	15,468	15,163	-0.8	-2.0	-0.1
CONSTRUCTION	22,726	22,709	23,585	22,895	23,443	3.2	2.4	3.4
TRANSPORTATION, COMMUNICATION, & PUBLIC UTILITIES	44,094	44,641	44,718	44,483	44,424	0.7	-0.1	1.7
WHOLESALE & RETAIL TRADE	134,558	135,169	134,358	135,347	135,013	0.3	-0.2	0.9
FINANCE, INSURANCE, & REAL ESTATE	33,741	33,807	33,896	33,861	33,290	-1.3	-1.7	-0.9
SERVICES	137,030	138,359	138,202	137,449	138,134	0.8	0.5	1.2
GOVERNMENT	86,237	85,795	85,979	86,381	87,005	0.9	0.7	0.3
CIVILIAN LABOR FORCE (b)	596,110	598,223	597,103	592,825	591,850	-0.7	-0.2	-0.8
EMPLOYMENT (b)	539,193	559,512	542,138	538,550	541,421	0.4	0.5	0.0
UNEMPLOYMENT (b)	56,917	56,712	54,965	54,276	50,429	-11.4	-7.1	-8.7
UNEMPLOYMENT RATE (%)	9.5	9.5	9.2	9.2	8.5	-1.0	-0.7	-0.8
DEPLANEMENTS (1,000)	843	855	847	799	807	-4.3	1.0	-4.2
HOTEL/MOTEL OCCUPANCY TAX REVENUES (1,000)	$3,455	$4,093	$3,459	$3,477	$3,567	3.3	2.6	5.1
OIL PRODUCTION (1,000 BBLS/DAY)	1,240	1,209	1,163	1,153	1,148	-7.4	-0.4	-8.9
PERSONAL INCOME (MILL) (c)	$4,669	$4,730	$4,989	$5,115	NA	7.6 (d)	2.5 (e)	7.6 (d)
TAXABLE SALES (MILL) (c)	$2,322	$2,283	$2,356	$2,178	NA	3.0 (d)	-7.6 (e)	3.0 (d)
U.S. CONSUMER PRICE INDEX -- URBAN (1982-84=100)	117.5	119.2	120.3	121.7	123.7	5.2	1.6	5.0

Note: Values may differ from those previously reported due to recalculation of seasonal factors and/or revisions in the series by the source agency.

a The number of non-agricultural wage and salary jobs in the metro area, self-emplyed individuals and salepersons on commission-only bases.

b Civilian Labor Force includes the number of metro area residents who have one or more jobs (Employment), plus the number of residents without a job but actively seeking work (Unemployment).

c Estimated by UNO Division of Business and Economic Research.

d 1989:1 versus 1988:1.

e 1989:1 versus 1988:4.

TABLE 4: QUARTERLY TAXABLE SALES*, BY PARISH, 1987-1989 ($ MILLIONS)

Quarter	Metro New Orleans	Orleans	Jefferson	St. Tammany	St. Charles	St. Bernard	St. John the Baptist
1987:2	2,147.5	850.7	866.0	225.6	95.9	46.4	62.9
1987:3	2,140.9	829.6	863.4	230.2	106.2	44.4	67.1
1987:4	2,279.9	842.6	961.8	234.7	120.6	46.8	73.4
1988:1	2,115.3	838.7	818.0	211.6	126.8	47.4	72.8
1988:2	2,322.2	902.9	908.0	239.4	142.9	54.1	74.9
1988:3	2,282.7	867.2	903.7	234.4	128.4	53.0	96.0
1988:4	2,356.4	863.0	1,000.0	223.6	127.8	55.7	86.3
1989:1	2,176.5	839.3	839.4	236.9	130.7	51.3	78.9

* Estimated by UNO Division of Business and Economic Research.

TABLE 5: QUARTERLY, 1987-1988 AND ANNUAL, 1980-1988 EMPLOYMENT* AND WAGES*, BY PARISH

	ORLEANS		JEFFERSON		ST. TAMMANY		ST. CHARLES		ST. BERNARD		ST. JOHN THE BAPTIST	
	EMPLOYMENT	WAGES ($MM)	EMPLOYMENT	WAGES ($MM)	EMPLOYMENT	WAGES ($MM)	EMPLOYMENT	WAGES ($MM)	EMPLOYMENT	WAGES ($MM)	EMPLOYMENT	WAGES ($MM)
QUARTER												
1987:1	264,079	1,394.9	164,321	732.3	29,202	106.5	14,651	89.4	12,557	52.5	9,076	43.8
1987:2	264,080	1,369.6	167,497	765.4	29,992	107.5	14,327	88.0	12,496	51.6	8,937	44.9
1987:3	263,905	1,345.4	166,560	735.7	29,626	109.6	14,304	88.2	12,437	53.4	8,744	45.7
1987:4	268,372	1,496.3	170,030	810.5	30,124	118.1	14,478	93.2	12,278	55.8	8,841	48.9
1988:1	264,037	1,432.4	168,562	773.1	29,763	117.7	14,884	96.6	12,426	53.7	8,929	38.9
1988:2	265,201	1,393.3	171,874	779.2	30,630	114.9	15,848	100.3	12,175	52.6	9,040	48.6
1988:3	268,050	1,405.7	170,232	794.9	30,450	121.1	16,365	103.6	12,221	54.6	8,977	49.3
1988:4	269,002	1,553.6	175,861	873.6	32,056	131.8	16,301	107.1	12,379	61.7	9,312	53.6
YEAR												
1980	306,998	4,523.9	155,496	2,912.2	21,898	240.8	17,555	357.3	13,976	219.7	9,185	157.0
1981	309,199	5,125.7	162,875	2,554.2	22,802	285.0	21,332	492.0	14,315	240.4	8,382	150.5
1982	300,902	5,388.9	165,412	2,798.0	23,382	310.7	21,558	541.7	14,149	242.4	8,772	173.2
1983	291,400	5,497.0	162,970	2,725.8	25,338	345.2	18,804	458.4	13,383	231.5	8,576	175.9
1984	294,601	5,690.4	170,700	2,954.6	28,333	393.1	16,699	390.2	14,563	266.8	8,837	184.2
1985	284,627	5,711.8	174,485	3,078.7	27,908	404.0	14,882	368.9	12,574	211.0	8,983	185.3
1986	272,329	5,590.9	170,575	3,020.0	29,439	429.7	14,709	357.0	12,906	220.1	8,703	181.4
1987	265,109	5,606.2	167,102	3,044.0	29,736	441.8	14,440	358.9	12,442	213.2	8,900	183.3
1988	266,573	5,785.0	171,632	3,220.8	30,725	485.5	15,850	407.6	12,300	222.6	9,065	190.4

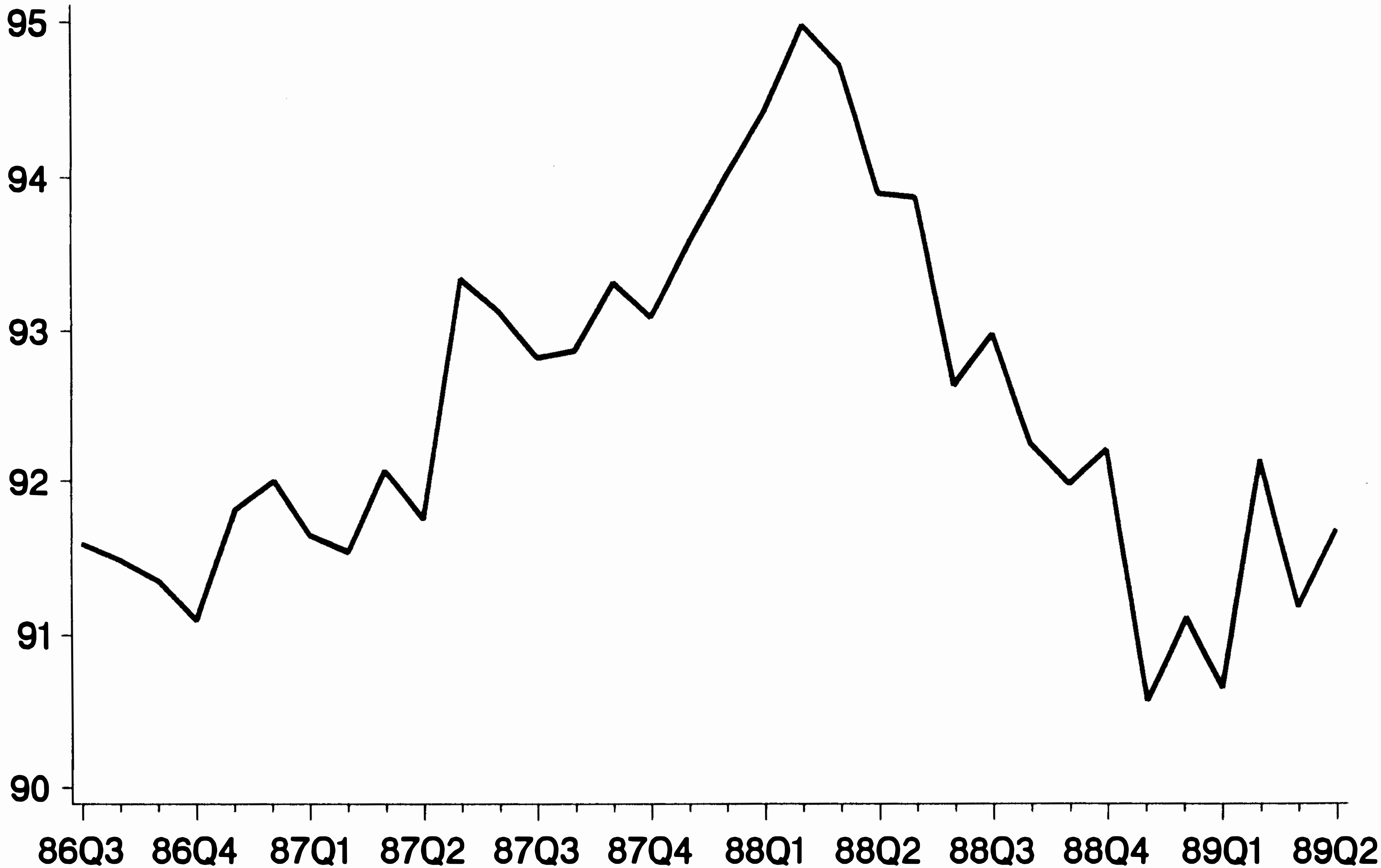
* The number of jobs and corresponding wages subject to unemployment insurance taxation. Notable exclusions are employees of very small businesses (under 4 employees), self-employed persons, and salespersons on commission-only bases.

TABLE 6: QUARTERLY EMPLOYMENT (a) BY MAJOR INDUSTRY, BY PARISH, 1987-1988

	TOTAL	AGRICULTURE, FORESTRY, & FISHING	MINING	CONSTRUCTION	MANUFACTURING	TRANSPORTATION & PUBLIC UTILITIES	WHOLESALE TRADE	RETAIL TRADE	FINANCE, INSURANCE, & REAL ESTATE	SERVICES	GOVERNMENT
ORLEANS											
1987:4	268,372	694	11,264	7,231	16,949	29,234	15,195	43,490	20,824	107,342	16,149
1988:1	264,037	637	11,388	7,043	16,811	28,481	14,666	41,233	20,327	107,289	16,162
1988:2	265,201	707	11,270	6,946	16,817	29,146	14,732	41,755	20,376	106,858	16,594
1988:3	268,050	737	11,154	7,500	16,886	29,176	15,028	41,829	20,486	108,423	16,831
1988:4	269,002	723	10,950	7,547	16,945	29,149	14,729	42,754	20,952	109,205	16,048
JEFFERSON											
1987:4	170,030	427	3,344	12,625	15,187	14,479	14,020	46,700	10,643	47,729	4,876
1988:1	168,562	399	3,111	11,554	15,763	14,395	14,105	44,488	10,711	49,171	4,865
1988:2	171,874	495	3,094	11,946	16,692	14,331	14,411	45,186	10,614	50,221	4,884
1988:3	170,232	549	3,159	12,414	16,682	14,395	14,828	45,752	10,571	46,882	5,000
1988:4	175,861	551	3,127	12,066	16,602	14,316	14,945	46,368	10,578	52,404	4,904
ST TAMMANY											
1987:4	30,124	365	157	1,626	1,566	1,885	1,793	8,771	1,521	11,209	1,231
1988:1	29,763	355	402	1,527	1,519	1,823	1,554	8,389	1,504	11,437	1,253
1988:2	30,630	381	446	1,613	1,504	1,977	1,682	8,712	1,444	11,577	1,294
1988:3	30,450	384	467	1,771	1,468	1,955	1,710	8,789	1,431	11,189	1,286
1988:4	32,056	373	468	1,732	1,593	1,986	1,681	8,915	1,384	12,614	1,310
ST CHARLES											
1987:4	14,478	16	186	1,373	4,527	2,256	409	1,936	263	3,185	327
1988:1	14,884	18	197	1,800	4,463	2,243	420	1,931	259	3,236	317
1988:2	15,848	19	177	2,450	4,486	2,296	408	2,059	258	3,375	320
1988:3	16,365	19	243	2,498	4,540	2,464	577	2,080	258	3,367	319
1988:4	16,301	31	183	2,276	4,565	2,467	670	2,057	260	3,482	310
ST BERNARD											
1987:4	12,278	37	184	878	2,037	889	238	3,300	455	3,695	565
1988:1	12,426	35	132	985	1,968	964	244	3,334	469	3,761	534
1988:2	12,175	41	177	826	1,847	1,003	242	3,342	460	3,708	529
1988:3	12,221	41	114	869	1,919	1,032	275	3,399	458	3,581	533
1988:4	15,819	38	155	4,355	1,905	1,066	268	3,433	453	3,636	510
ST JOHN											
1987:4	8,841	78	36	474	2,519	616	534	1,479	282	2,489	334
1988:1	8,929	51	49	649	2,464	589	559	1,477	250	2,502	339
1988:2	9,040	65	54	640	2,485	592	550	1,561	243	2,508	342
1988:3	8,977	78	53	674	2,522	540	568	1,528	261	2,402	351
1988:4	9,312	104	65	770	2,561	570	619	1,576	297	2,404	346

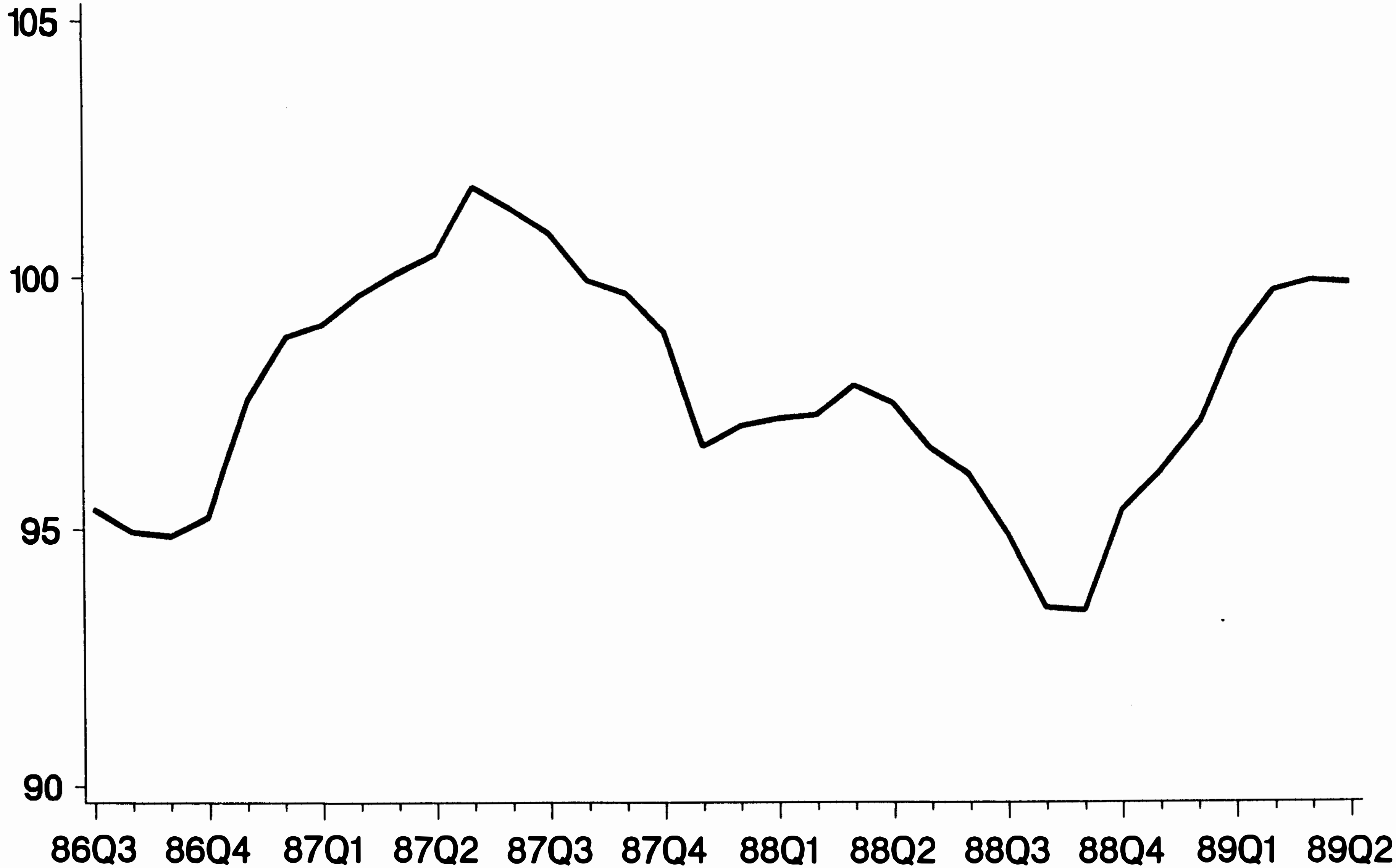
(a) The number of jobs subject to unemployment insurance taxation. Notable exclusions are employees of very small businesses (under 4 employees), self-employed individuals, and salespersons on commision-only bases.

FIGURE 1: GENERAL INDICATOR



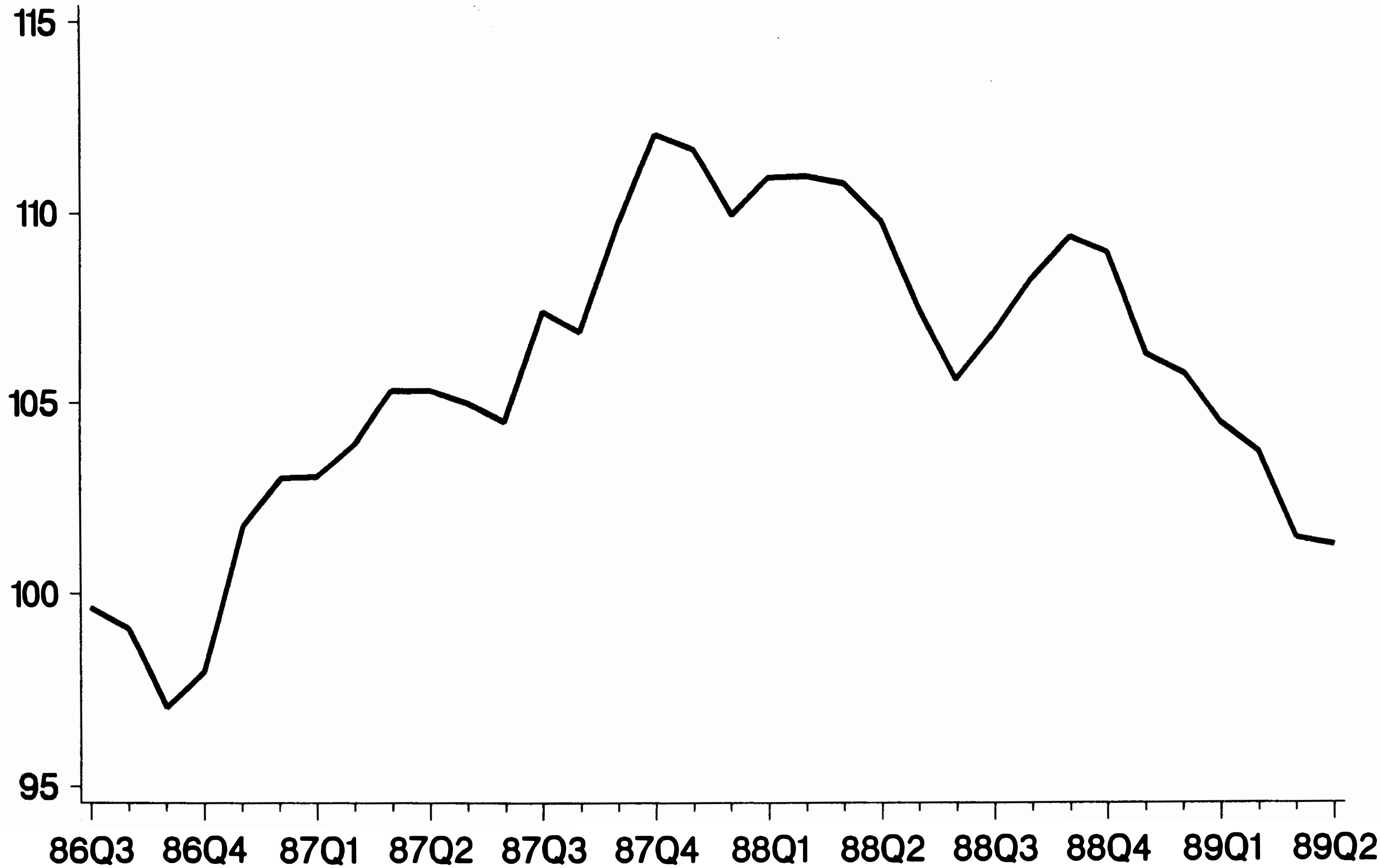
MONTHLY DATA

FIGURE 2: PETROLEUM INDICATOR



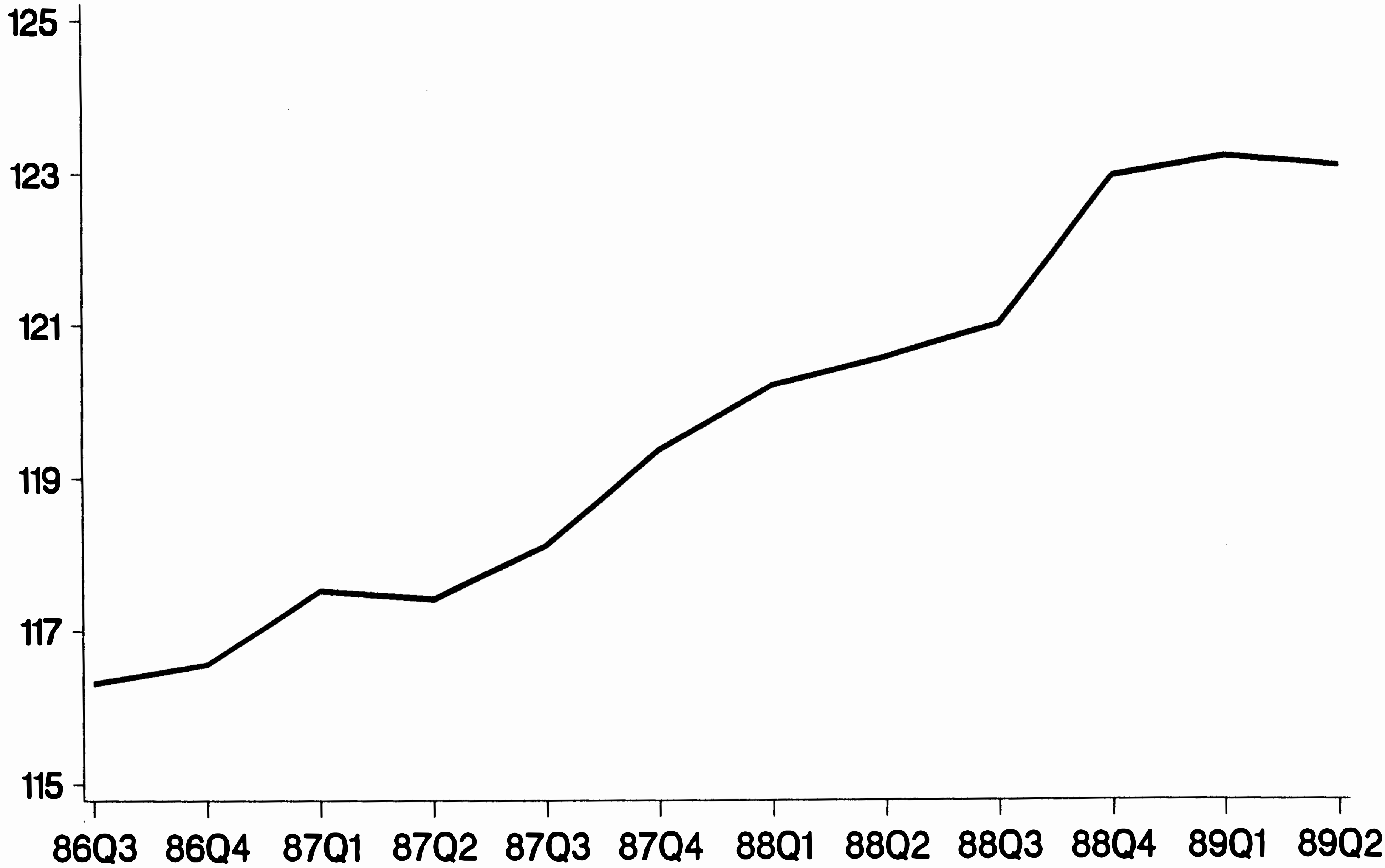
MONTHLY DATA

FIGURE 3: PORT INDICATOR



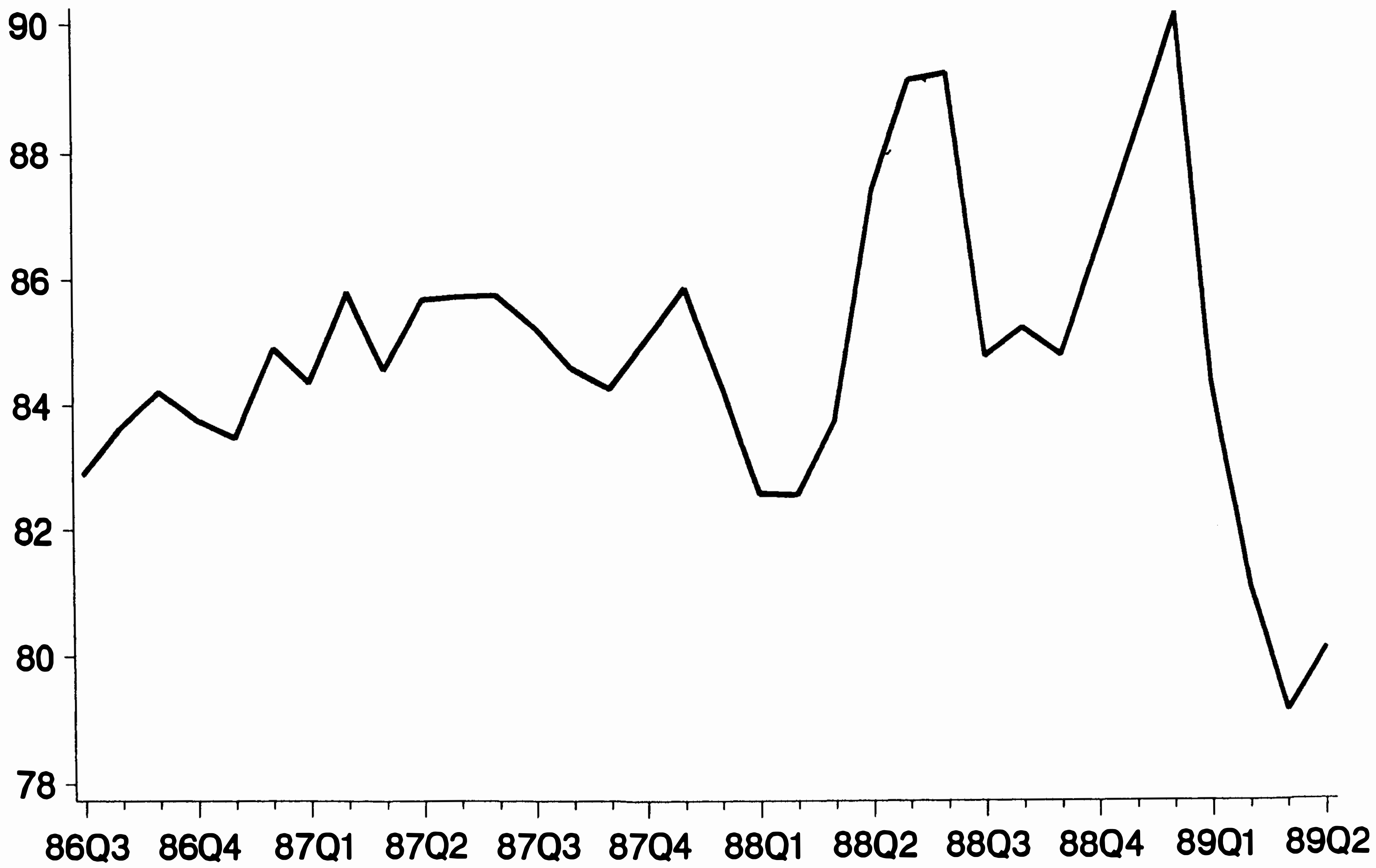
MONTHLY DATA

FIGURE 4: TOURISM INDICATOR



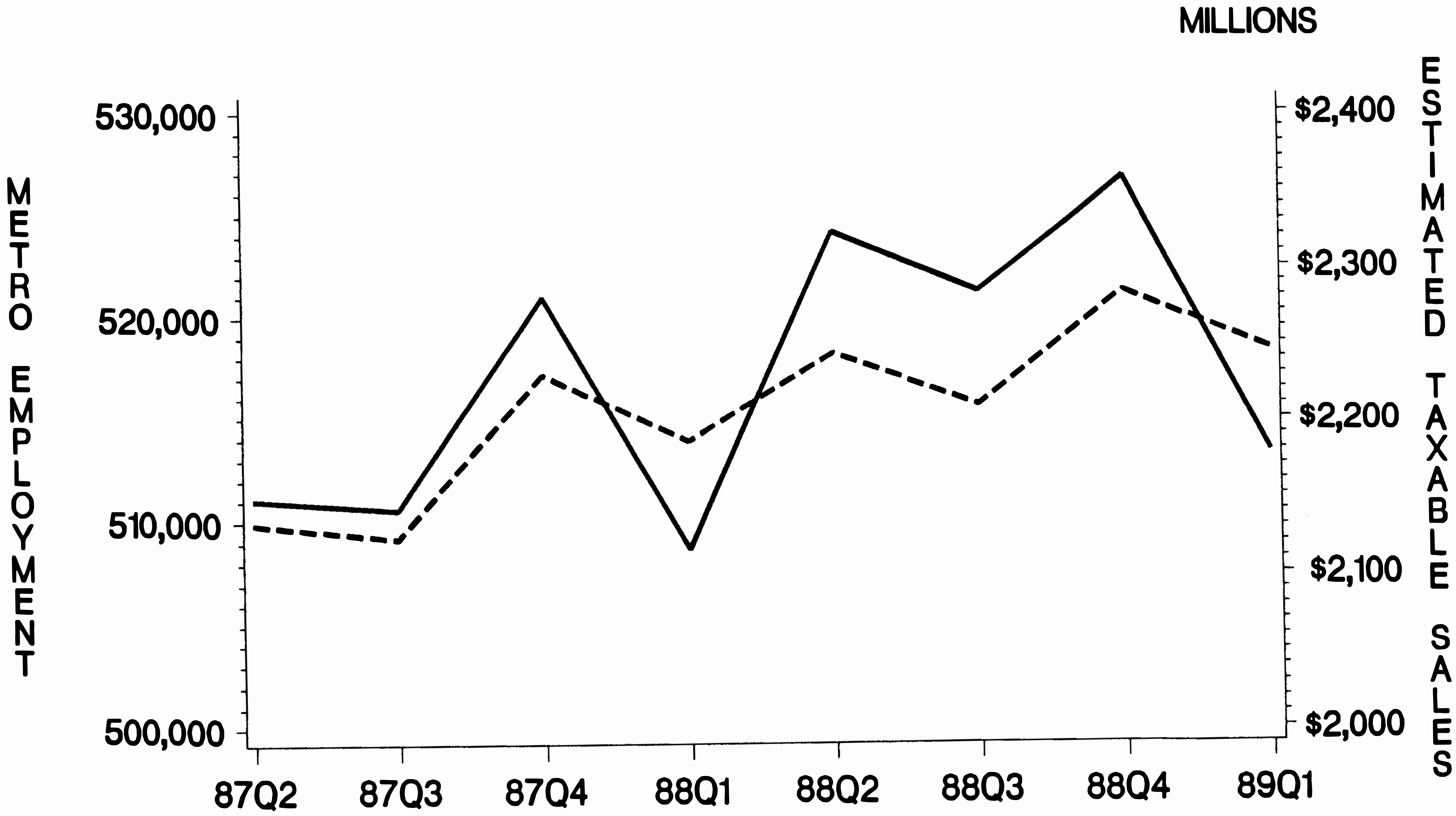
QUARTERLY DATA

FIGURE 5: CONSTRUCTION INDICATOR



MONTHLY DATA

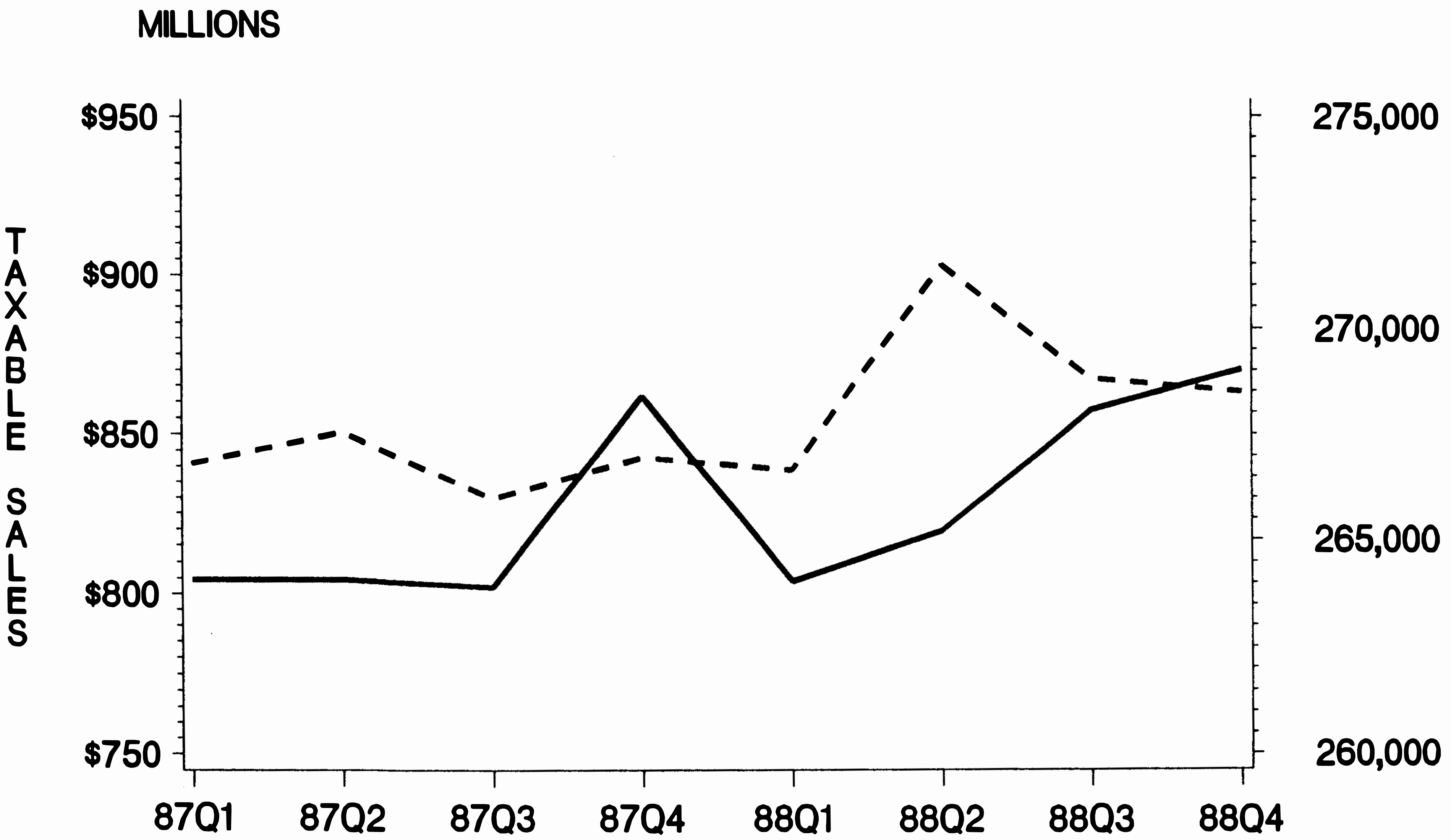
FIGURE 6: METRO EMPLOYMENT & TAXABLE SALES



QUARTERLY DATA

BROKEN LINE = EMPLOYMENT
SOLID LINE = SALES

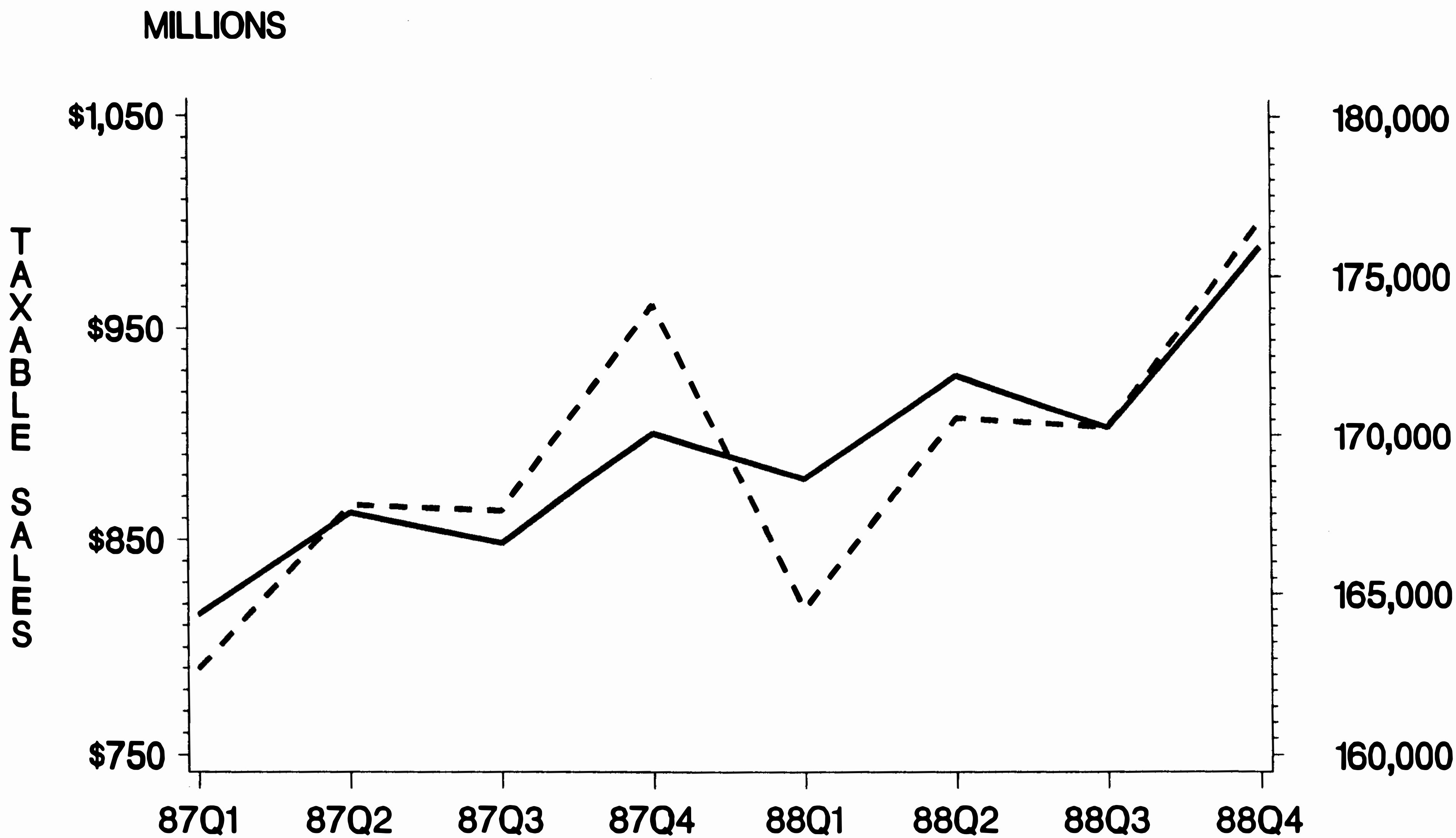
FIGURE 7: ORLEANS EMPLOYMENT & TAXABLE SALES



QUARTERLY DATA

SOLID LINE = EMPLOYMENT
BROKEN LINE = TAXABLE SALES

FIGURE 8: JEFFERSON EMPLOYMENT & TAXABLE SALES



QUARTERLY DATA

SOLID LINE = EMPLOYMENT
BROKEN LINE = TAXABLE SALES

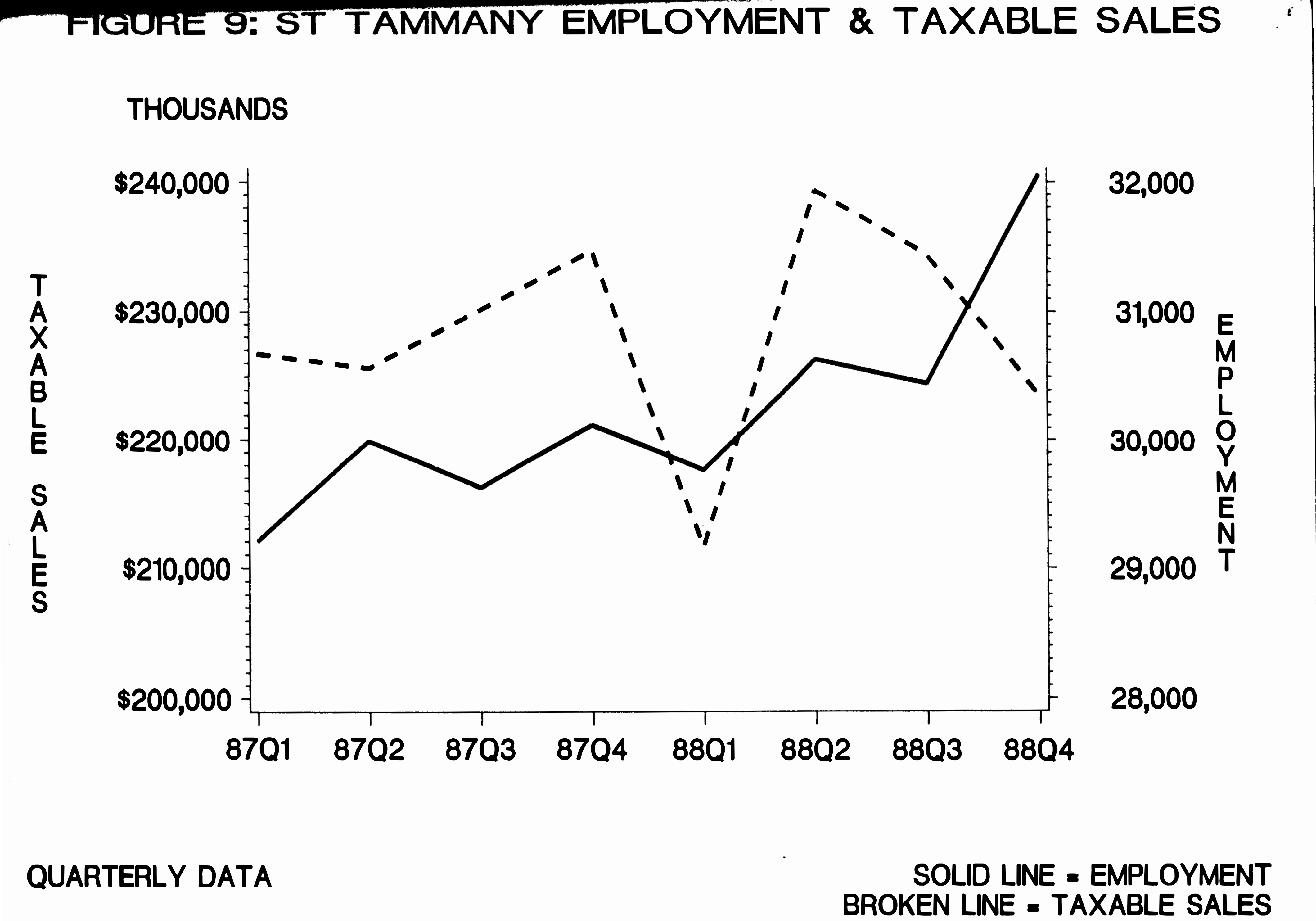
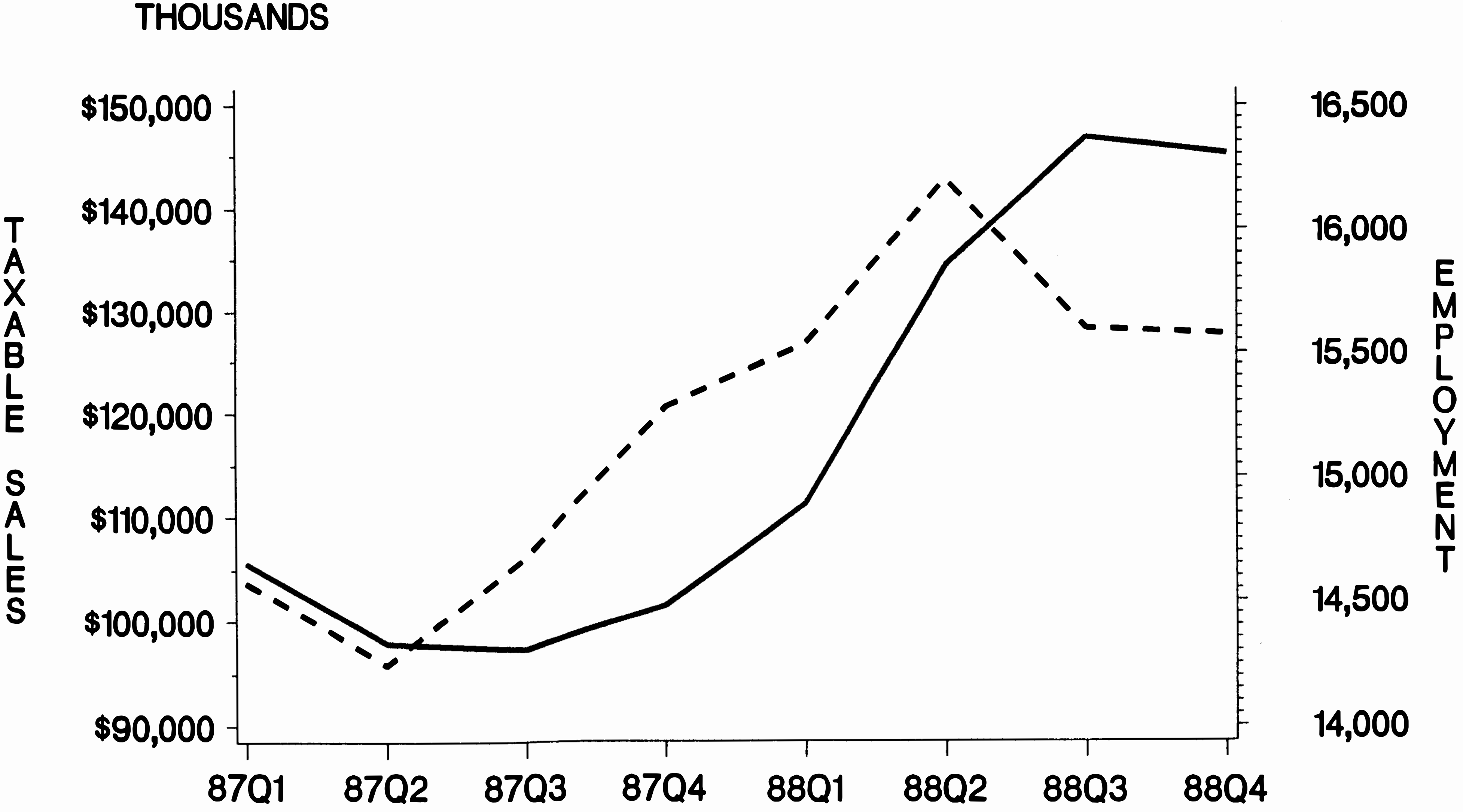


FIGURE 9: ST TAMMANY EMPLOYMENT & TAXABLE SALES
THOUSANDS
TAXABLE SALES
$240,000
$230,000
$220,000
$210,000
$200,000
EMPLOYMENT
32,000
31,000
30,000
29,000
28,000
87Q1
87Q2
87Q3
87Q4
88Q1
88Q2
88Q3
88Q4
QUARTERLY DATA
SOLID LINE = EMPLOYMENT
BROKEN LINE = TAXABLE SALES

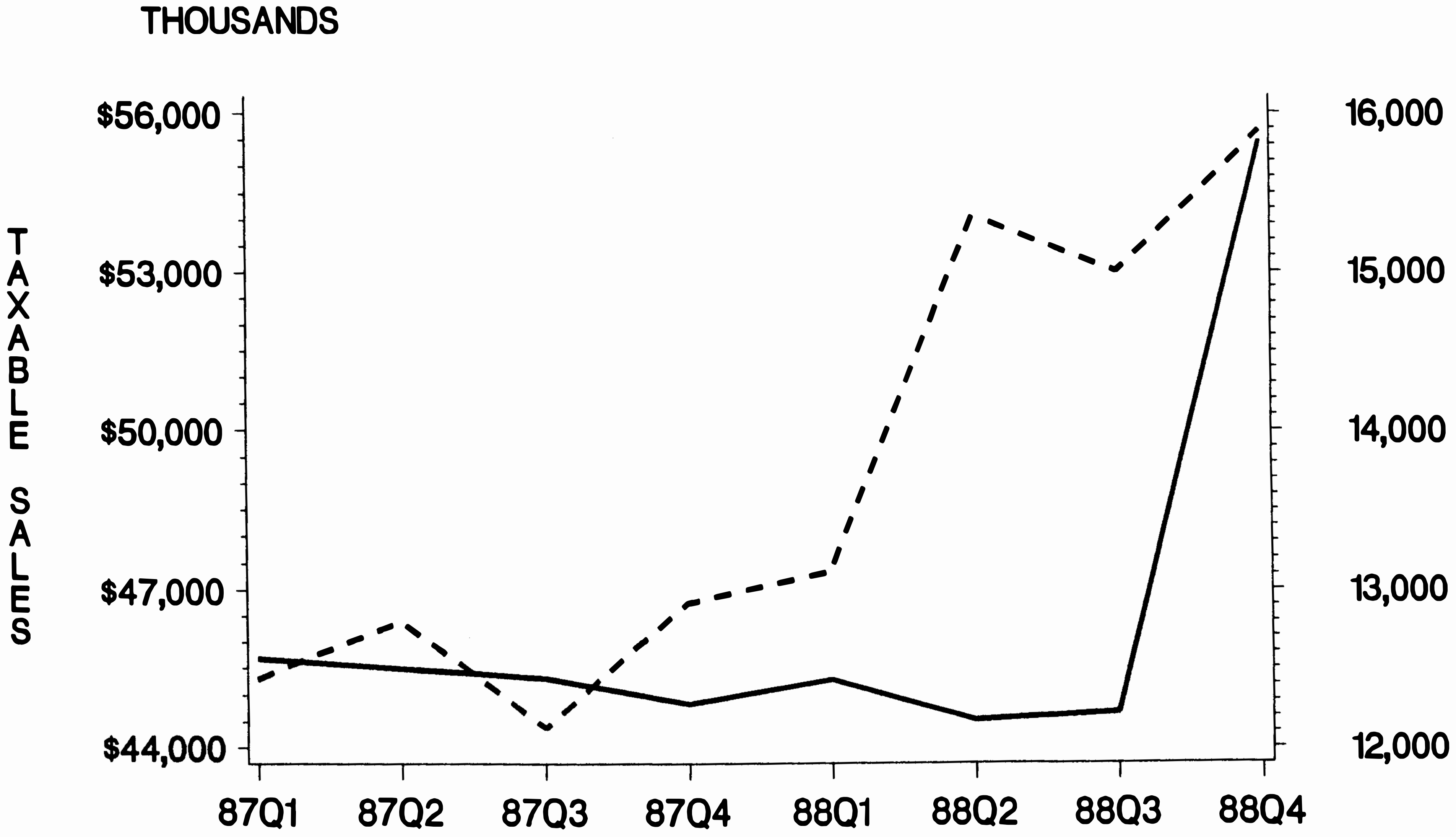
FIGURE 10: ST CHARLES EMPLOYMENT & TAXABLE SALES



QUARTERLY DATA

SOLID LINE = EMPLOYMENT
BROKEN LINE = TAXABLE SALES

FIGURE 11: ST BERNARD EMPLOYMENT & TAXABLE SALES



QUARTERLY DATA

SOLID LINE = EMPLOYMENT
BROKEN LINE = TAXABLE SALES

FIGURE 12: ST JOHN EMPLOYMENT & TAXABLE SALES