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## Metropolitan Report - Undated 1988

Division of Business and Economic Research, College of Business Administration, University of New Orleans

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## QUARTERLY ECONOMIC INDICATORS -- SUMMARY

### LEADING INDICATORS

\* **INDIVIDUAL SECTORS STILL SENDING OUT MIXED SIGNALS, BUT INDICATORS SUGGEST IMPROVING CONDITIONS:** Third-quarter leading economic indicators suggest improvement in the metropolitan New Orleans economy over the next six to nine months. The general leading indicator rose 0.5 points from 91.6 in June to 92.1 in July, held steady in August, but jumped 1.3 points to 93.4 in September, the highest rate in fourteen months. Improvement will not be uniformly distributed across all sectors.

\* **1990 A BANNER YEAR FOR TOURISM:** Many large conventions are scheduled for early 1990; the Aquarium of the Americas is slated to open later in the year; and the Superbowl and NCAA Regional Tournament will be played in the Superdome. These major events will attract thousands of visitors and pump several hundred million dollars into an already expanding tourist sector.

\* **SHORT-TERM FUTURE STILL TIED TO THE OIL INDUSTRY:** Because external forces exert considerable influence on the domestic petroleum industry, the outlook is still somewhat unclear. Nonetheless, third-quarter 1989 oil prices are higher than in recent periods and national forecasts call for oil prices to rise slightly in the near term.

\* **PORT SHOULD CONTINUE RECENT UPWARD TREND IF NATIONAL TRADE PATTERNS HOLD:** The port has benefited from a increase in U.S. exports, which have posted record levels in eight of the last nine months, despite the general strengthening of the dollar. The port indicator is generally up in the third quarter, and forecasts indicate continued U.S. export growth, but at decreasing rates. The dollar is expected to fall gradually for several years, creating an optimistic long-term outlook for U.S. exports and the port of New Orleans.

**MARGINAL IMPROVEMENT POSSIBLE FOR CONSTRUCTION:** The value of residential contracts increased in the third quarter. Moreover, forecasts call for short-term declines in mortgage interest rates, which could stimulate additional local residential development. However, the value of third-quarter non-residential contracts is up only slightly from than the second quarter which posted the lowest level since 1987. High vacancy rates still remain in office, commercial, industrial, and retail properties. Amendment One will ultimately provide some support for the sagging non-residential construction market. Clearly, this measure, while not being perceived as a panacea, will bolster the depressed construction industry, most notably the heavy construction trades.

#### CONCURRENT INDICATORS

**THIRD-QUARTER PERFORMANCE EXTREMELY FLAT:** Little change occurred from the second quarter, but, compared to 1988, most concurrent indicators are up.

**WAGE AND SALARY EMPLOYMENT UP SLIGHTLY:** Total third-quarter employment was only 0.5% above the third quarter of 1988. Government grew the most over the year -- 2,000 jobs. The services sector added another 1,700 jobs, largely due to health services. Third-quarter job losses, which occurred across a number of sectors, confirm the continued fragility of the New Orleans economy. Finance, insurance, and real estate industry has been the hardest hit over the past year -- down nearly 900 jobs from 1988 levels. Retail trade, transportation, communication, and public utilities, mining, and construction also experienced job losses.

**PERSONAL INCOME UP, BUT DOESN'T REGISTER IN TAXABLE SALES:** Second-quarter metro New Orleans personal income was up 5.0% from the second quarter of 1988. Such growth indicates that purchasing power of New Orleans area residents continues to increase. And this is a positive sign. But in contrast, taxable sales grew only 1.4% over the same period. Clearly, the gains in personal income are not yet being felt at metro area cash registers.

#### PARISH INDICATORS

**METRO AREA ECONOMIC RECOVERY ELUDES ORLEANS PARISH:** Economic performance in metropolitan New Orleans parishes has been diverse. Orleans Parish experienced a substantial decline in employment and only slight gains in taxable sales. On the other hand, all the other parishes in the metropolitan area -- led by Jefferson -- enjoyed employment and taxable sales growth from the first quarter of 1988.