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Metropolitan Report - October 21, 1991

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

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October 21, 1991

SECOND-QUARTER, 1991, ECONOMIC INDICATORS -- SUMMARY

- * The New Orleans metropolitan economy experienced a cooling off period in the second quarter of 1991. Total wage and salary employment fell by 1,199 jobs from the first quarter, but was still up 11,065 jobs (2.1%) from the second quarter of 1990. Total employment will actually decline in the third quarter; but beginning with the first quarter of 1992, the pace of growth will quicken. Job growth is expected to be 1.4% in the next four quarters and 2.0% in the following year, adding over 18,000 by the second quarter of 1993. A new record level will be achieved by the first quarter of 1993.
- * The price of oil returned to near pre-Persian Gulf Crisis levels, but a sharp decline in the price of natural gas forced the rig count down to 128, the lowest value in 4 years. The price of crude oil is expected remain fairly constant in the next two years, varying from \$19.00 to \$21.00 per barrel and mining employment will stabilize. The rig count will decline to 104 in the third quarter, the lowest level in the history of the data series which began in 1976, and will remain at an extremely low level for the next two years.
- * The value of cargo handled by area ports was down in the second quarter, as imports increased by 0.2%, while exports dipped by 5.7%. Water transportation employment rose in the second quarter of 1991 but other transportation and wholesale trade of durable goods declined. Imports are expected to increase by only 1.9% in the next eight quarters. Exports are expected to fall by 3.2% from the second quarter of 1991 to the second quarter of 1992, but will rebound by 5.4% in the following year. In the next eight quarters, water transportation and wholesale distribution of durable goods will gain, while other transportation employment will remain fairly steady.

- * Tourism activity was strong in the second quarter but related employment fell. Hotel/motel sales and convention bookings were at all-time highs while deplanements and room and occupancy rates were up. Employment in hotel services and eating and drinking places did not reflect the second quarter resurgence, losing jobs in the quarter. The tourism industry will continue to grow in the next two years. Hotel sales are expected to edge up from the second quarter of 1991 to the second quarter of 1992 and accelerate in the next year. Related employment will follow the overall trend. Three factors will contribute to the predicted strong performance: the recent opening of the second phase of the convention center, the initiation of marketing efforts by the State and the New Orleans Marketing Corporation, and the forecasted rebound in the national economy.
- * Manufacturing employment ended a three-quarter growth spurt as all durable goods sectors declined. Manufacturing is generally expected to stabilize, with transportation equipment gains offsetting losses in other sectors.
- * The service sector of the New Orleans area economy had been the fastest growing over the past few years; however, in the second quarter, employment in services declined for the first time in 5 years. Yet, the outlook for services is bright. From the second quarter of 1991 to the second quarter of 1993, services will account for 60% of the entire job gain in the metropolitan area. By the second quarter of 1993, 30% the total jobs in the area will be in services.
- * Retail trade lost the most employment (646 jobs) of any industry in second quarter, but was still up from the second quarter of 1990. Wholesale trade employment edged down in the second quarter. Employment in both retail and wholesale trade is predicted to increase in each of the next two years.
- * Non-residential contract signings declined in the second quarter and construction employment dipped due to excessive rain, completion of ongoing projects, and the rig count decline. However, the value of work in progress increased thanks to increased home building. Non-residential construction will escalate in the next twenty-four months, as a result of large-scale public capital improvements provided for in the Transportation Infrastructure Model for Economic Development (TIME) program, and population growth will stimulate the demand for housing. However, the forecasted tumble in the rig count in the third quarter will offset gains in permitted construction work, forcing employment down over the next four quarters. As the rig count stabilizes and residential and non-residential construction activity strengthens over the following four quarters construction employment will rebound.
- * The population of the New Orleans metropolitan area slipped in the second quarter by 1,000 individuals to 1,233,000. However, employment gains will lead to net immigration of about 9,000 in the next twenty-four months. Total and per capita personal income both increased in real terms. Personal income is expected to mirror the national growth patterns in the next twenty-four months in the next two years and continue real gains in both years.

TABLE 1: QUARTERLY NEW ORLEANS METROPOLITAN EMPLOYMENT INDICATORS, 1990-1991
 (All Data are Seasonally Adjusted except Unemployment Claims.)

	1990:2	1990:3	1990:4	1991:1	1991:2	Percentage Change		
						1991:1 to 1991:2	1990:2 to 1991:2	Year to Date
Total Wage and Salary Employment	531,744	536,523	539,432	544,008	542,809	-0.2%	2.1%	2.4%
Mining	14,481	14,341	14,199	14,152	14,035	-0.8	-3.1	-2.0
Manufacturing	42,897	44,103	45,252	45,582	45,558	-0.1	6.2	5.8
Durable Goods	22,313	23,439	24,015	24,274	24,175	-0.4	8.3	7.6
Transportation Equipment	13,050	14,102	14,547	14,849	14,775	-0.5	13.2	11.1
Other Durable Goods	9,263	9,337	9,469	9,425	9,400	-0.3	1.5	2.5
Non-Durable Goods	20,584	20,664	21,237	21,308	21,383	0.4	3.9	3.9
Food and Kindred Products	5,450	5,354	5,630	5,693	5,548	-2.6	1.8	3.6
Petroleum Refining	3,636	3,718	3,737	3,678	3,700	0.6	1.8	2.3
Chemicals	4,924	4,945	5,029	5,101	5,121	0.4	4.0	4.0
Other Non-Durable Goods	6,572	6,648	6,842	6,835	7,013	2.6	6.7	4.9
Construction	22,873	23,313	23,102	24,342	24,291	-0.2	6.2	7.2
Transp., Comm., and Utilities	43,028	43,197	43,491	44,288	44,337	0.1	3.0	2.2
Water Transportation	13,341	13,274	13,201	13,547	13,688	1.0	2.6	1.1
Other Transportation	16,630	16,900	17,234	17,572	17,365	-1.2	4.4	3.9
Communication and Public Utilities	13,057	13,022	13,056	13,169	13,284	0.9	1.7	1.1
Wholesale Trade	30,960	30,938	31,027	30,909	30,794	-0.4	-0.5	-0.4
Durable Goods	17,613	17,642	17,644	17,568	17,413	-0.9	-1.1	-0.7
Non-Durable Goods	13,347	13,296	13,383	13,341	13,380	0.3	0.3	-0.1
Retail Trade	102,148	102,879	103,135	103,005	102,359	-0.6	0.2	0.5
Food Stores	20,126	20,293	20,340	20,445	20,117	-1.6	-0.0	1.2
Eating/Drinking Establishments	35,673	35,834	36,272	36,255	35,854	-1.1	0.5	0.8
Other Retail Stores	46,349	46,753	46,523	46,305	46,387	0.2	0.1	-0.0
Finance, Insurance, and Real Estate	31,757	31,586	31,573	31,592	31,191	-1.3	-1.8	-1.4
Services	153,814	154,854	156,749	159,586	159,448	-0.1	3.7	4.4
Hotel Services	14,414	14,592	14,634	14,458	14,406	-0.4	-0.0	0.6
Health Services	40,257	40,696	41,247	41,810	42,114	0.7	4.6	4.3
Other Services	99,144	99,565	100,868	103,318	102,927	-0.4	3.8	4.9
Government	89,787	91,312	90,904	90,552	90,795	0.3	1.1	1.7
Federal Government	16,726	16,545	16,341	16,067	15,921	-0.9	-4.8	-2.0
State and Local Government	73,061	74,767	74,563	74,485	74,874	0.5	2.5	2.6
Unemployment Rate (%)	5.7	5.9	5.6	5.7	5.9	0.2	0.2	0.0
Unemployment Claims—Initial	13,531	11,882	12,039	13,430	12,922	-3.8	-4.5	-4.7
Unemployment Claims—Continued	8,125	8,097	7,049	7,891	8,247	4.5	1.5	-5.6
Help-Wanted Index (1967=100)	144	137	142	138	132	-4.3	-8.3	-9.0

TABLE 2: OTHER QUARTERLY NEW ORLEANS METROPOLITAN ECONOMIC INDICATORS, 1990-1991

(All Data are Seasonally Adjusted Unless Otherwise Noted, i.e. NSA)

	1990:2	1990:3	1990:4	1991:1	1991:2	Percentage Change		
						1991:1 to 1991:2	1990:2 to 1991:2	Year to Date
Crude Oil Price—NSA (\$)	16.11	23.15	30.00	19.97	18.29	-8.4%	13.5%	5.9%
Natural Gas Price—NSA (\$)	1.54	1.54	1.95	1.66	N/A	^a -14.9	^b -14.0	^c -14.0
Louisiana Rig Count	162	148	144	139	128	-7.8	-20.7	-13.6
Louisiana Oil Production (Thou Bbls/day)	1,043	1,029	1,024	1,052	1,061	2.7	1.7	0.6
Louisiana Natural Gas Production (Bill Cu. Ft.)	1,294	1,335	1,312	1,270	N/A	^a -3.2	^b -2.0	^c -2.0
Value of Foreign Trade (\$Mill)	5,765	5,574	5,375	5,419	^p 5,225	-3.6	-9.4	-8.2
Imports (\$Mill)	1,813	2,050	2,387	1,937	^p 1,942	0.2	7.1	4.1
Exports (\$Mill)	3,952	3,524	2,988	3,481	^p 3,283	-5.7	-16.9	-14.0
Air Freight Cargo Tonnage	12,813	13,093	11,990	13,838	13,661	-1.3	6.6	6.6
Hotel/Motel Sales (\$Mill) ^d	103.7	100.6	105.9	106.5	115.7	8.7	11.6	3.5
Convention Bookings (Thou)	164.9	174.6	195.9	166.5	201.2	20.8	22.0	4.9
Deplanements (Thou)	872.9	832.7	883.8	826.2	850.0	2.9	-2.6	-5.9
Hotel Room Rate—NSA (\$)	81.37	67.55	75.13	85.61	87.77	2.5	7.9	1.9
Hotel Occupancy Rate—NSA (%)	72.7	63.0	63.5	65.7	77.3	11.6	4.6	0.9
Construction Contracts Awarded (\$Mill)	82.2	103.6	318.5	123.1	108.8	-11.6	32.3	22.9
Residential (\$Mill)	40.1	37.0	23.7	33.4	42.0	25.9	4.8	-14.9
Non-Residential (\$Mill)	42.1	66.6	294.7	89.7	66.8	-25.6	58.5	56.4
Construction Contracts In Progress (\$Mill)	622.0	562.0	789.6	736.3	741.3	0.7	19.2	10.9
Residential (\$Mill)	153.8	128.4	99.6	93.8	96.9	3.3	-37.0	-42.4
Non-Residential (\$Mill)	468.1	433.6	690.0	642.5	644.4	0.3	37.6	28.6
Housing Starts—NSA ^e	655	428	412	313	537	71.6	-18.0	-32.2
Population (Thou)	1,239	1,236	1,234	1,234	^p 1,233	-0.1	-0.5	-0.5
Total Personal Income (\$Mill)	20,488	20,778	21,079	21,457	^p 21,681	1.0	5.8	6.0
Per Capita Personal Income (\$)	16,539	16,816	17,081	17,384	^p 17,588	1.2	6.3	6.5
Taxable Sales—NSA (\$Mill)	2,503	2,385	2,602	2,467	2,652	7.5	6.0	4.5
Motor Vehicle Sales—NSA (\$Mill)	287	280	253	228	299	31.1	4.2	-3.3

^a 1991:Q1 versus 1990:1.

^b 1991:Q1 versus 1990:4.

^c Through 1990:1.

^d Orleans and Jefferson Parishes

^e MSA Parishes plus Plaquemines and St. James

^p Preliminary

TABLE 3: QUARTERLY KEY FORECAST MODEL ASSUMPTIONS, 1991:2-1993:2

(All Data Are Seasonally Adjusted, except Prime Interest and Mortgage Interest Rates)

	Forecast								
	Actual 1991:2	1991:3	1991:4	1992:1	1992:2	1992:3	1992:4	1993:1	1993:2
Crude Oil Price	18.3	19.5	21.0	20.5	20.0	19.5	19.0	20.0	21.0
U.S. GNP - Nominal (\$Bill)	5,615.8	5,661.8	5,739.8	5,841.5	5,943.5	6,035.9	6,123.9	6,216.1	6,307.8
U.S. GNP - Real (\$Bill)	4,123.0	4,142.9	4,179.6	4,224.9	4,266.4	4,297.1	4,325.2	4,352.8	4,382.6
U.S. CPI-U (1982-84=100)	135.5	136.8	138.0	139.2	140.4	141.8	143.2	144.7	146.1
Trade Weighted Value of U.S.	204.4	207.1	213.0	220.2	226.2	228.8	228.2	228.4	228.5
Prime Interest Rate (%) [¶]	8.7	8.5	8.5	8.9	8.8	9.4	9.4	9.4	9.5
Mortgage Interest Rate (%)	9.5	9.6	9.5	9.6	9.7	9.8	9.9	10.0	9.9
Value of U.S. Imports (\$Bill)	122.1	124.0	126.6	128.8	130.9	133.2	135.9	139.0	142.2
Value of U.S. Exports (\$Bill)	103.8	104.1	105.0	106.7	108.5	110.7	112.8	115.0	117.3
U.S. Personal Income (\$Bill)	4,801.0	4,837.9	4,904.2	5,002.1	5,086.6	5,162.5	5,242.3	5,342.5	5,429.1

TABLE 4: QUARTERLY NEW ORLEANS METROPOLITAN ECONOMIC FORECASTS, 1991:2-1993:2
(All Data Are Seasonally Adjusted.)

	Actual 1991:2	Forecast								Percentage Change	
		1991:3	1991:4	1992:1	1992:2	1992:3	1992:4	1993:1	1993:2	1991:2 to 1992:2	1992:2 to 1993:2
Total Wage and Employment	542,809	540,224	543,141	549,558	550,354	551,786	552,994	557,452	561,232	1.4%	2.0%
Mining	14,035	13,624	13,920	14,290	14,166	14,043	13,920	13,797	14,043	0.9%	-0.9%
Manufacturing	45,558	44,812	45,312	45,629	45,592	45,349	45,446	45,290	45,657	0.1%	0.1%
Durables	24,175	23,750	24,032	24,330	24,602	24,788	25,029	25,261	25,543	1.8%	3.8%
Transportation Equipment	14,775	14,798	15,181	15,627	16,017	16,247	16,364	16,519	16,684	8.4%	4.2%
Other Durable Goods	9,400	8,952	8,850	8,702	8,584	8,541	8,664	8,742	8,859	-8.7%	3.2%
Non-Durables	21,383	21,062	21,280	21,299	20,990	20,562	20,417	20,029	20,114	-1.8%	-4.2%
Food and Kindred	5,548	5,246	5,296	5,391	5,239	4,929	4,784	4,594	4,568	-5.6%	-12.8%
Chemicals	5,121	5,085	5,178	5,250	5,289	5,286	5,326	5,326	5,378	3.3%	1.7%
Petroleum Refining	3,700	3,728	3,808	3,906	3,980	4,004	4,002	3,995	3,999	7.6%	0.5%
Other Non-Durable Goods	7,013	7,054	7,073	7,027	6,982	6,942	7,025	7,034	7,089	-0.4%	1.5%
Construction	24,291	23,234	23,508	23,644	23,716	23,696	23,646	23,742	23,850	-2.4%	0.6%
Transp., Comm. and Utilities	44,337	44,127	44,300	44,478	44,461	44,530	44,625	44,681	44,960	0.3%	1.1%
Water Transportation	13,688	13,602	13,627	13,668	13,634	13,646	13,690	13,731	13,843	-0.4%	1.5%
Other Transportation	17,365	17,247	17,298	17,345	17,336	17,321	17,309	17,281	17,342	-0.2%	0.0%
Communications and Utilities	13,284	13,279	13,375	13,465	13,491	13,563	13,626	13,669	13,775	1.6%	2.1%
Wholesale Trade	30,794	30,420	30,704	31,056	31,041	31,094	31,131	31,184	31,522	0.8%	1.5%
Durable Goods	17,413	17,030	17,260	17,551	17,516	17,529	17,521	17,532	17,809	0.6%	1.7%
Non-Durable Goods	13,380	13,389	13,494	13,555	13,575	13,615	13,660	13,701	13,762	1.5%	1.4%
Retail Trade	102,359	102,542	102,842	103,799	104,006	104,431	104,719	105,551	106,116	1.6%	2.0%
Food Stores	20,117	20,236	20,311	20,717	20,787	20,892	20,989	21,450	21,544	3.3%	3.6%
Eating/Drinking Establishments	35,854	35,856	35,921	36,328	36,405	36,574	36,631	36,905	37,203	1.5%	2.2%
Other Retail Stores	46,387	46,450	46,610	46,754	46,814	46,965	47,099	47,197	47,369	0.9%	1.2%
Finance, Insurance, and Real Estate	31,191	30,771	30,908	31,220	31,244	31,401	31,481	31,751	31,902	0.2%	2.1%
Services	159,448	159,830	160,599	163,760	164,405	165,437	166,142	169,013	170,515	3.1%	3.7%
Hotel Services	14,406	14,214	14,205	14,406	14,466	14,703	14,654	14,415	14,986	0.4%	3.6%
Health Services	42,114	42,379	42,666	43,481	43,742	44,053	44,349	45,216	45,534	3.9%	4.1%
Other Services	102,927	103,237	103,727	105,873	106,196	106,680	107,139	109,382	109,995	3.2%	3.6%
Government	90,795	90,665	90,847	91,482	91,523	91,605	91,684	92,242	92,467	0.8%	1.0%
Federal Government	15,921	15,873	15,900	15,894	15,888	15,882	15,851	15,846	15,815	-0.2%	-0.5%
State and Local	74,874	74,492	74,697	75,363	75,436	75,548	75,658	76,247	76,502	0.8%	1.4%
Louisiana Rig Count	128	104	106	105	104	104	103	104	106	-18.8%	1.5%
Value of Foreign Trade (\$Mill)	\$5,225	5,123	5,142	5,179	5,134	5,140	5,179	5,214	5,326	-1.7%	3.7%
Imports (\$Mill)	\$1,942	1,945	1,950	1,954	1,957	1,962	1,966	1,972	1,978	0.8%	1.0%
Exports (\$Mill)	\$3,283	3,178	3,192	3,225	3,177	3,178	3,213	3,242	3,348	-3.2%	5.4%
Hotel/Motel Sales (\$Mill)*	115.7	112.2	112.0	115.5	116.6	120.9	119.9	115.5	125.8	0.8%	7.9%
Res. Contracts in progress (\$Mill)	96.9	97.7	102.7	106.7	107.6	111.7	115.2	117.3	122.4	11.1%	13.7%
Non-Res. Contracts in progress (\$Mill)	644.4	648.6	681.3	722.9	748.5	757.5	759.5	762.0	769.7	16.2%	2.8%
Population (Thou)	1,233	1,235	1,239	1,244	1,245	1,250	1,254	1,257	1,262	1.0%	1.3%
Personal Income (\$Mill)	\$21,681	21,838	22,056	22,825	22,958	23,181	23,387	24,184	24,442	5.9%	6.5%
Per Capita Personal Income (\$)	\$17,588	17,689	17,796	18,354	18,435	18,548	18,654	19,245	19,372	4.8%	5.1%

* Orleans and Jefferson Parishes only

P Preliminary

FIGURE 1: TOTAL EMPLOYMENT/PERSONAL INCOME

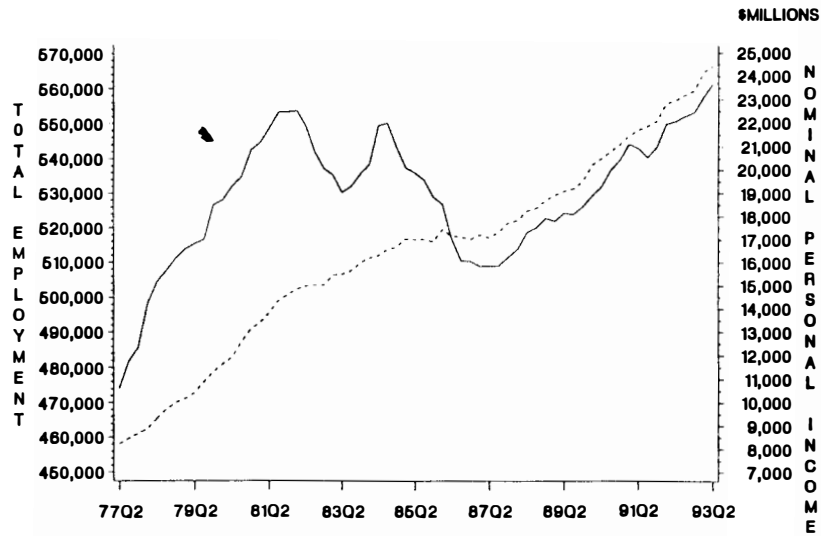


FIGURE 2: RIG COUNT/MINING EMPLOYMENT

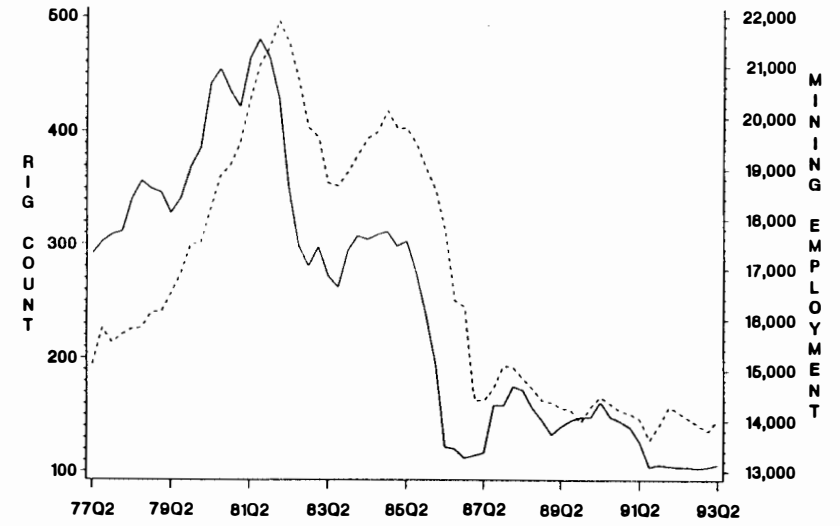


FIGURE 3: TOTAL N.O. CARGO/WATER TRANSP. EMPLOYMENT

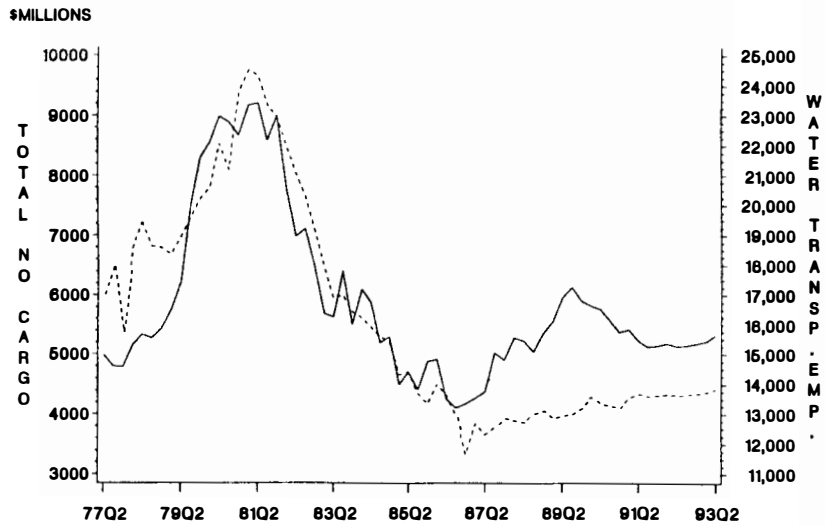


FIGURE 4: HOTEL SALES/HOTEL SERVICES EMPLOYMENT

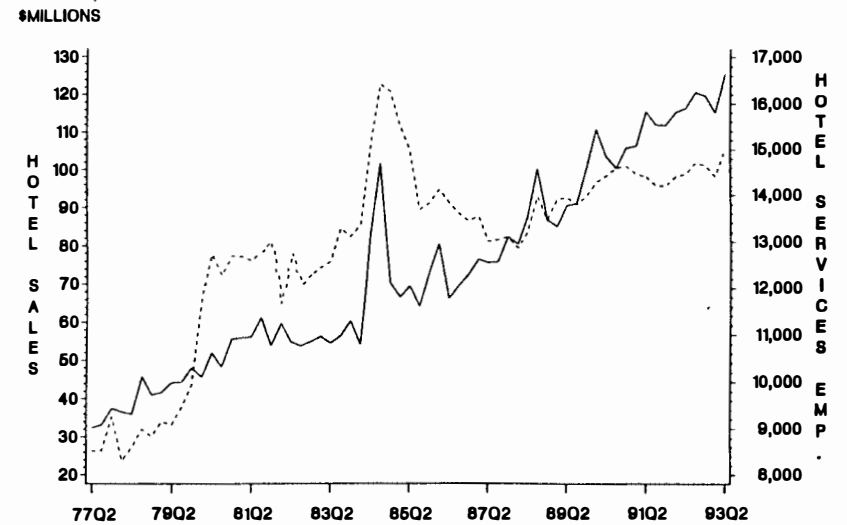
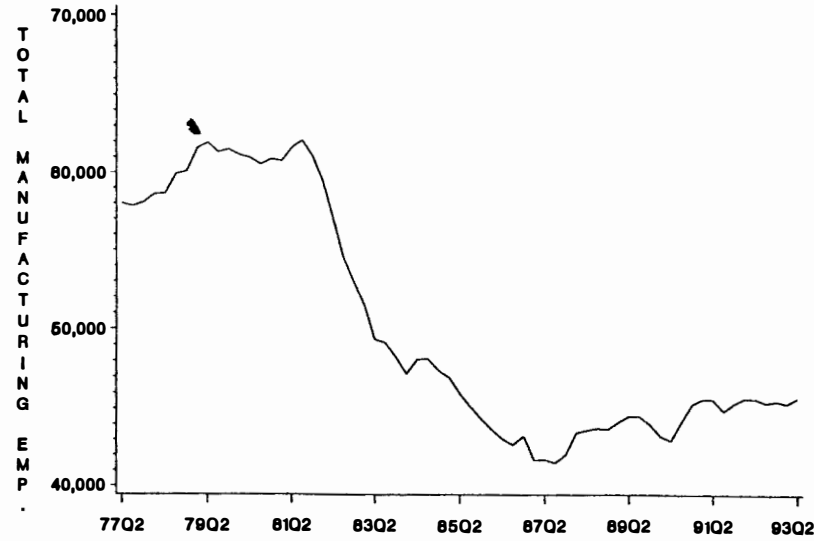
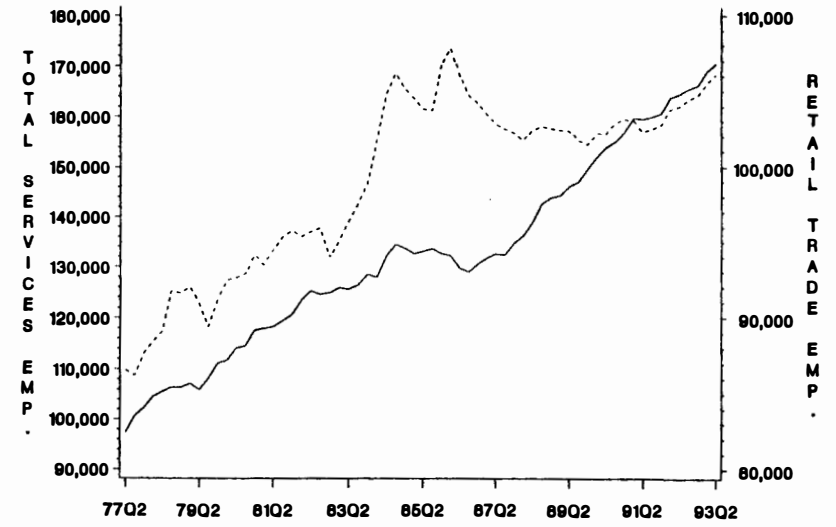


FIGURE 5: TOTAL MANUFACTURING EMPLOYMENT



QUARTERLY DATA

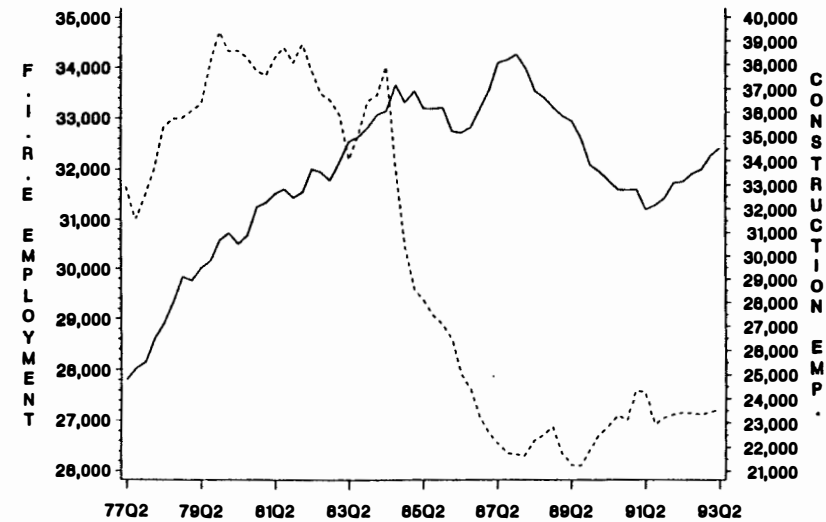
FIGURE 6: TOTAL SERVICES/RETAIL TRADE EMPLOYMENT



QUARTERLY DATA

SOLID LINE-TOTAL SERVICES
BROKEN LINE-RETAIL TRADE

FIGURE 7: F.I.R.E./CONSTRUCTION EMPLOYMENT



QUARTERLY DATA

SOLID LINE-F.I.R.E.
BROKEN LINE-CONSTRUCTION