

Update on Kentucky's Economy

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UK's Center for Business and Economic Research (CBER)

KRS 164.738 directs CBER to produce an annual economic report:

- Data organized around 13 areas: Agriculture, Community, Economy, Economic Security, Education, Energy, Environment, Equity, Health, Infrastructure, Innovation, Population, and Public Finance
- Occasional topics such as A.I. and housing
- Economic outlook for the coming year

KENTUCKY ANNUAL ECONOMIC REPORT 2024

 Gatton College of
Business and Economics
Center for Business and Economic Research

Overview

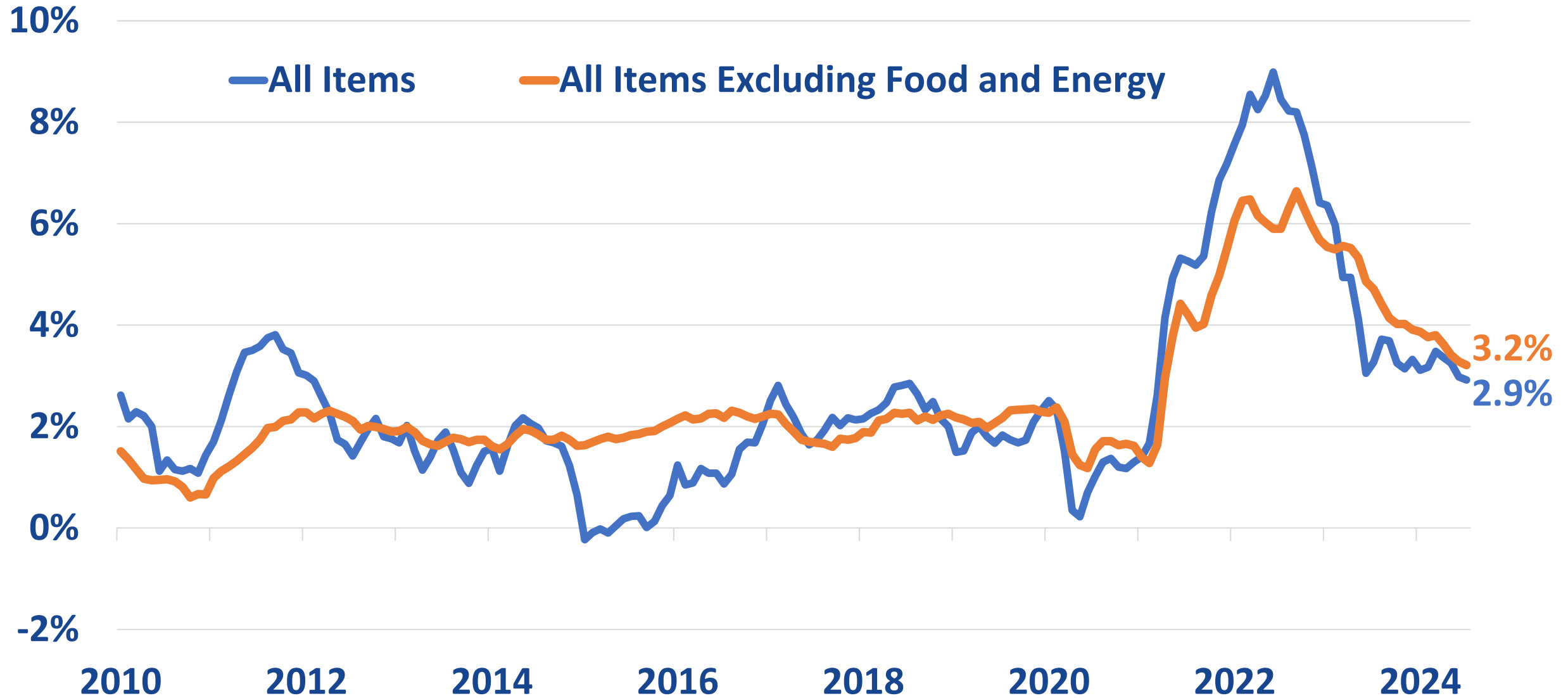
- Expectations going into 2024:
 - Fed's increase in interest rates would lead to
 - Lower inflation
 - Slower economic growth
 - But low risk of recession
 - Fed would begin lowering rates during last half of 2024
- Expectations for Kentucky:
 - Slower employment growth
 - Possible contraction in manufacturing employment

Overview

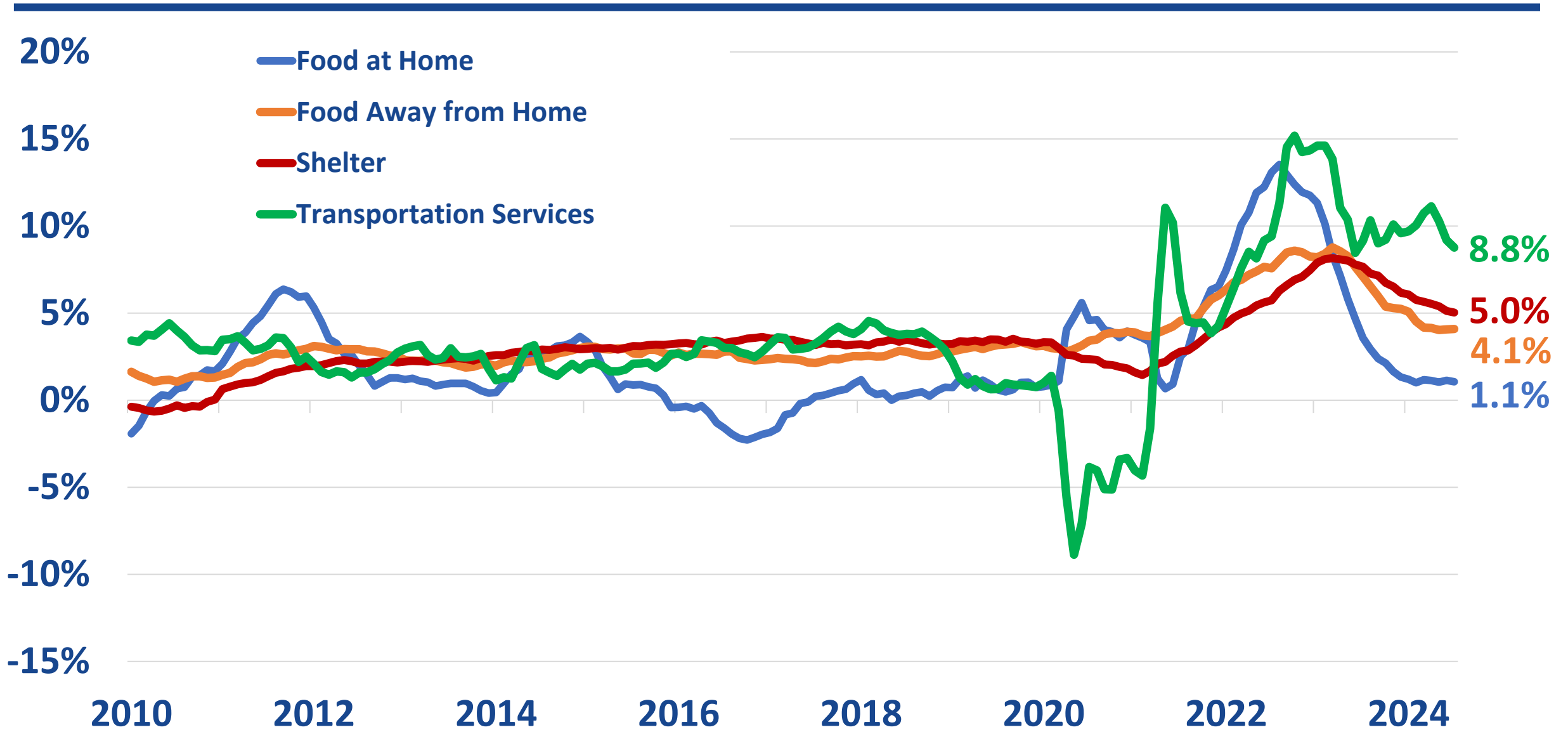
2024 so far:

- Proceeding roughly as expected
- July Employment Estimates
 - National growth slower than many expected
 - Kentucky employment declined
- Unemployment Rate increasing
 - Not due to people losing jobs
 - Due to people entering the labor force

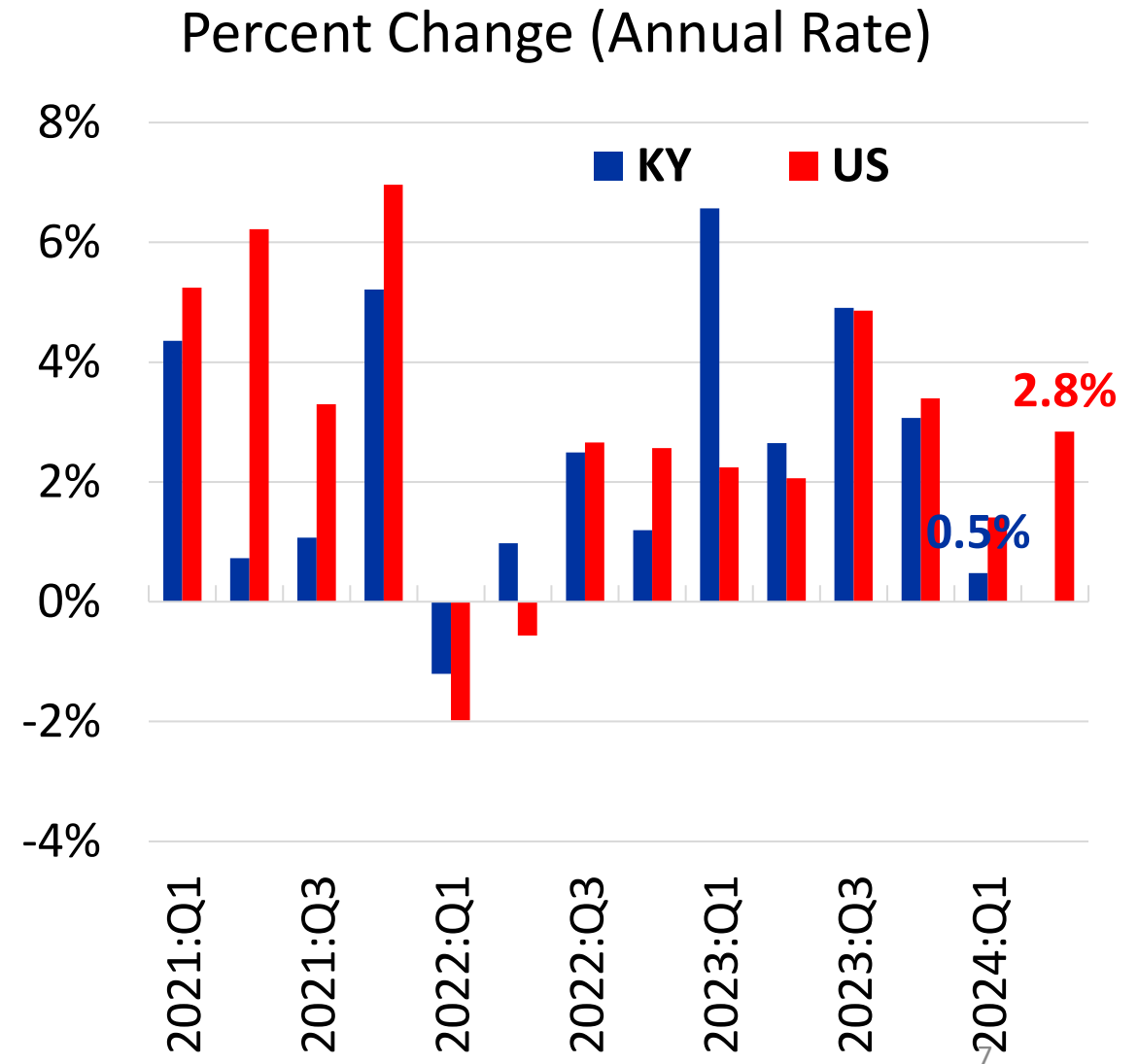
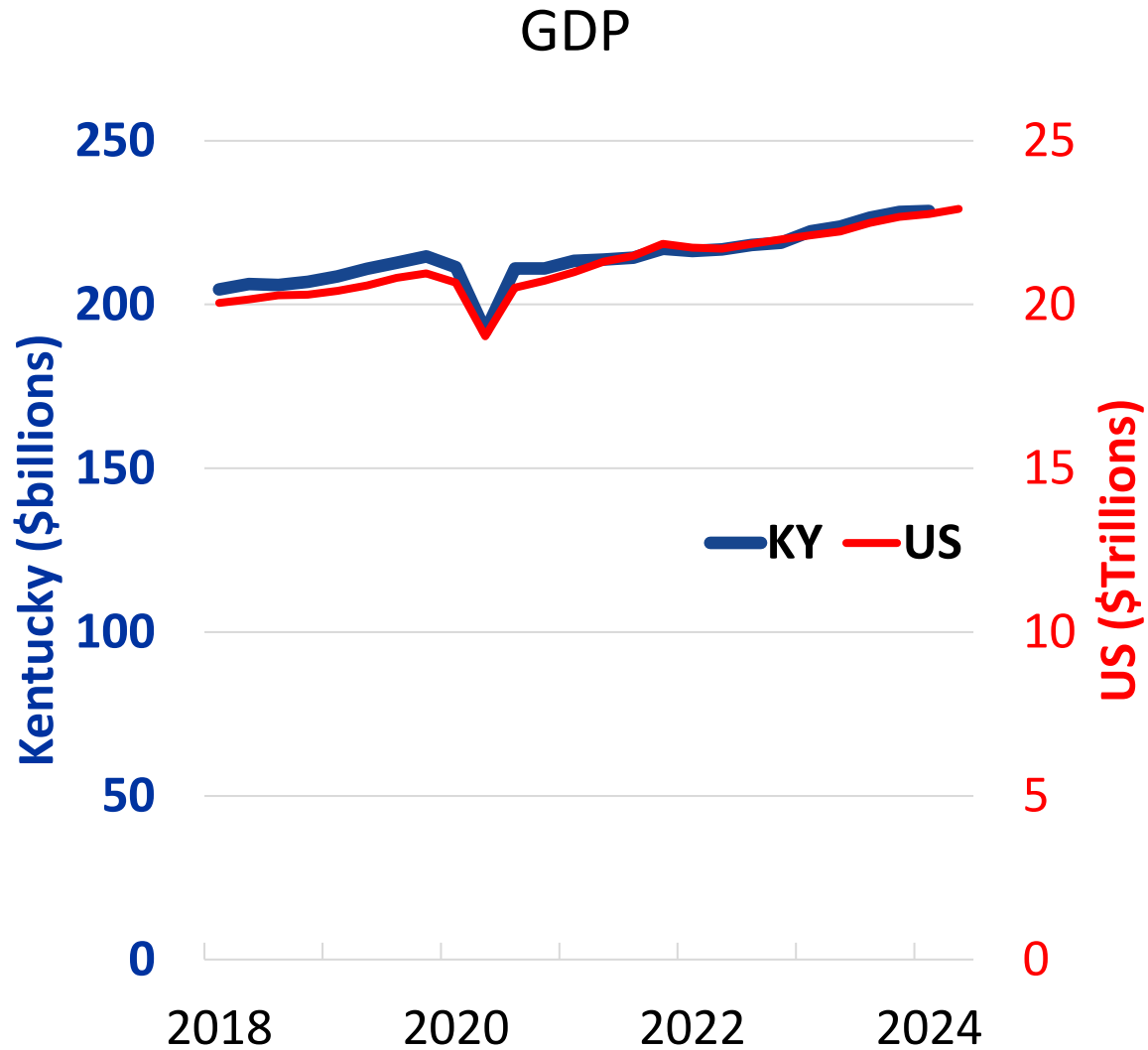
Inflation: Consumer Price Index (CPI) 12-Month Percent Change



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

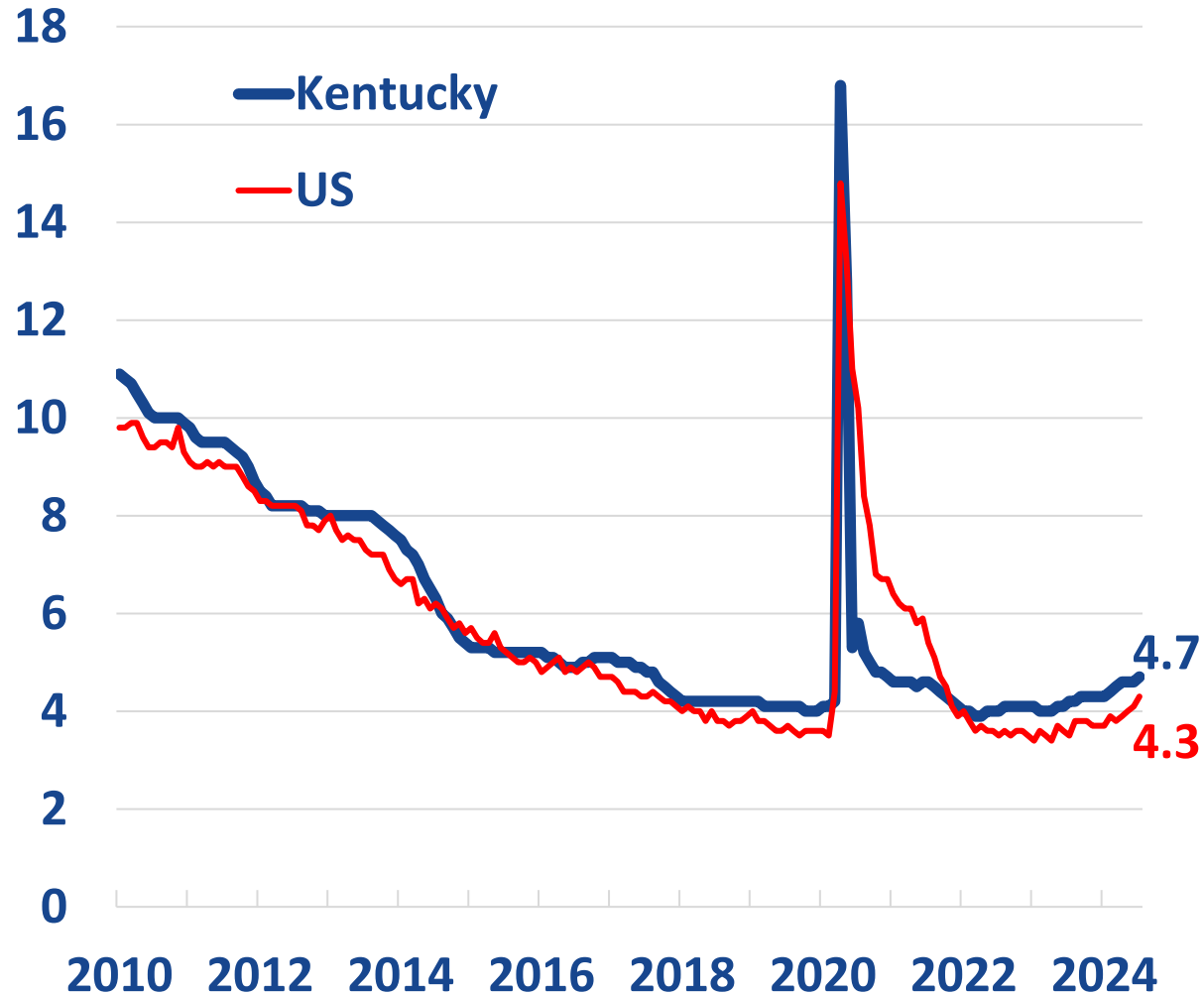


Real Gross Domestic Product, Percent Change Kentucky & U.S.



Unemployment

Unemployment Rate



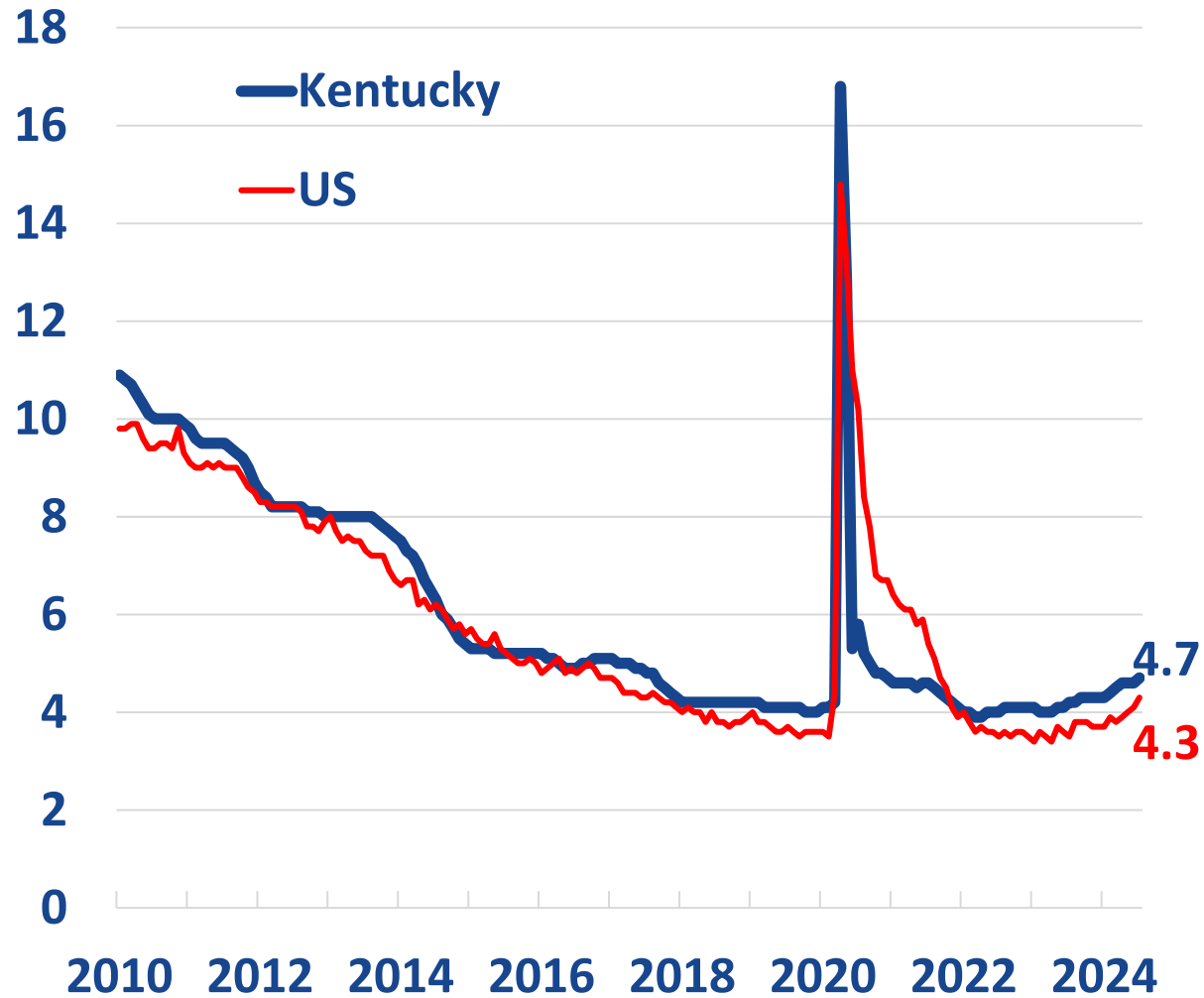
Source: US Bureau of Labor Statistics. Local Area Unemployment Statistics.

1. **Employed:** Individuals who worked for pay
2. **Unemployed:** Those who did not work for pay but searched for work during the past 4 weeks
3. **Not in Labor Force:** People who are not employed and not searching for work

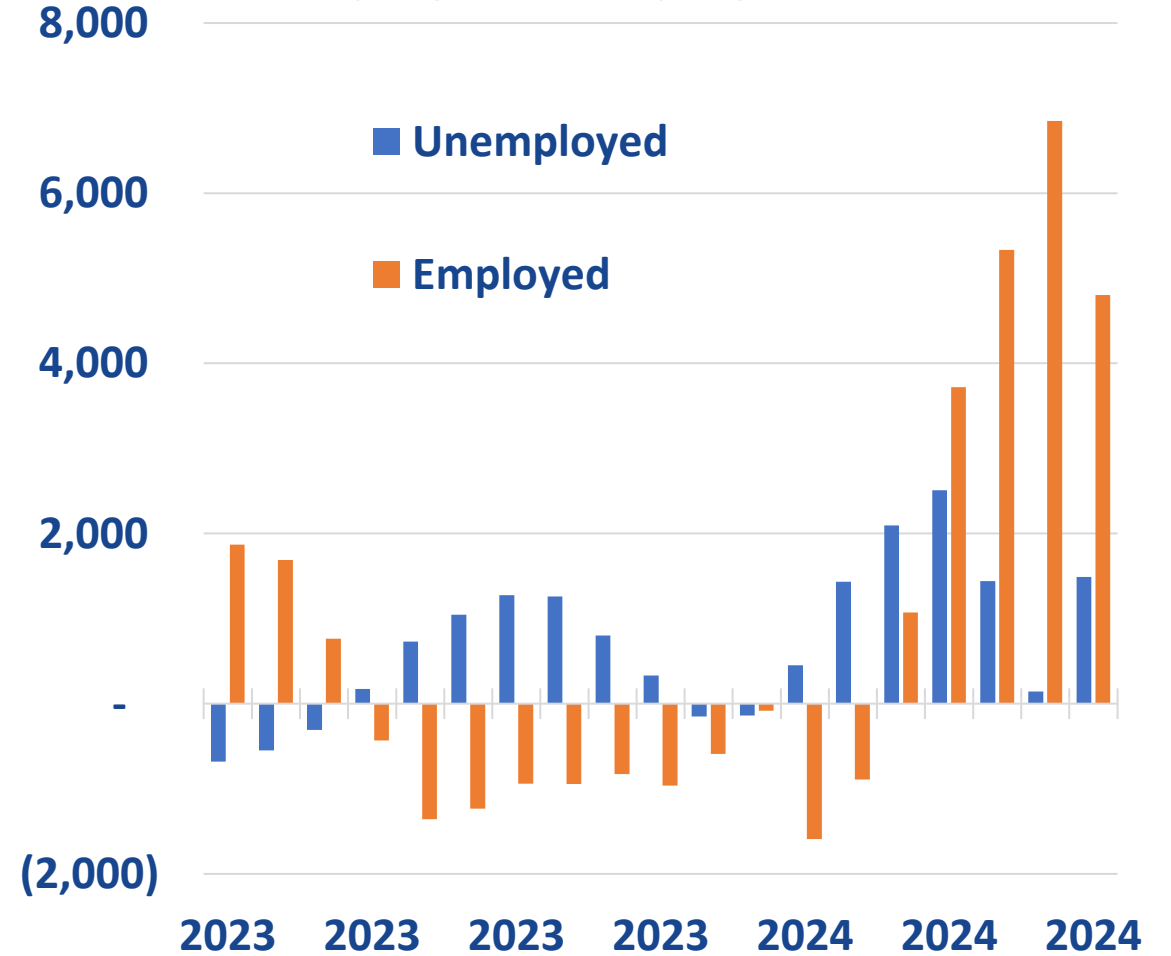
$$\text{Unemployment Rate} = \frac{\text{Unemployed}}{\text{Employed} + \text{Unemployed}}$$

Unemployment

Unemployment Rate



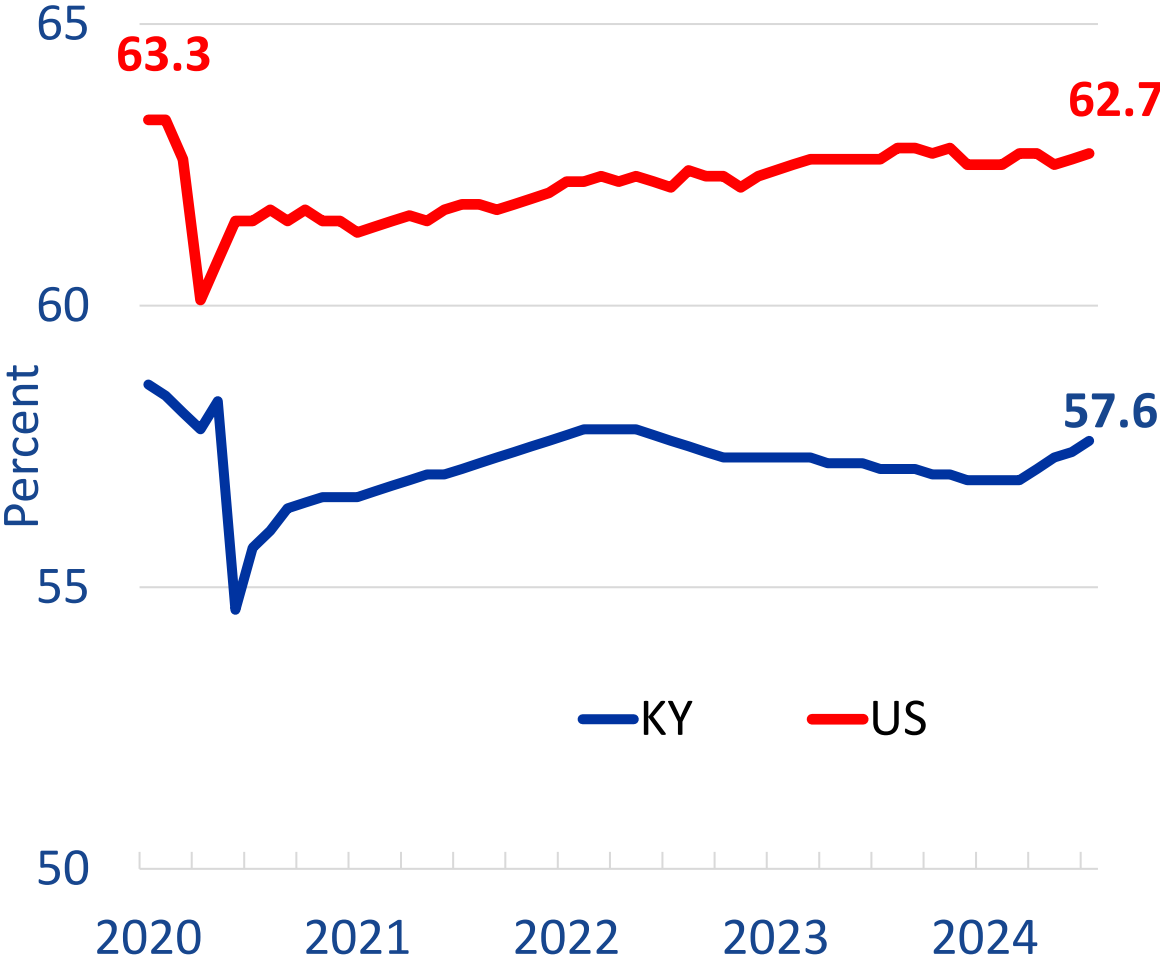
Change in Number of People Unemployed & Employed in KY



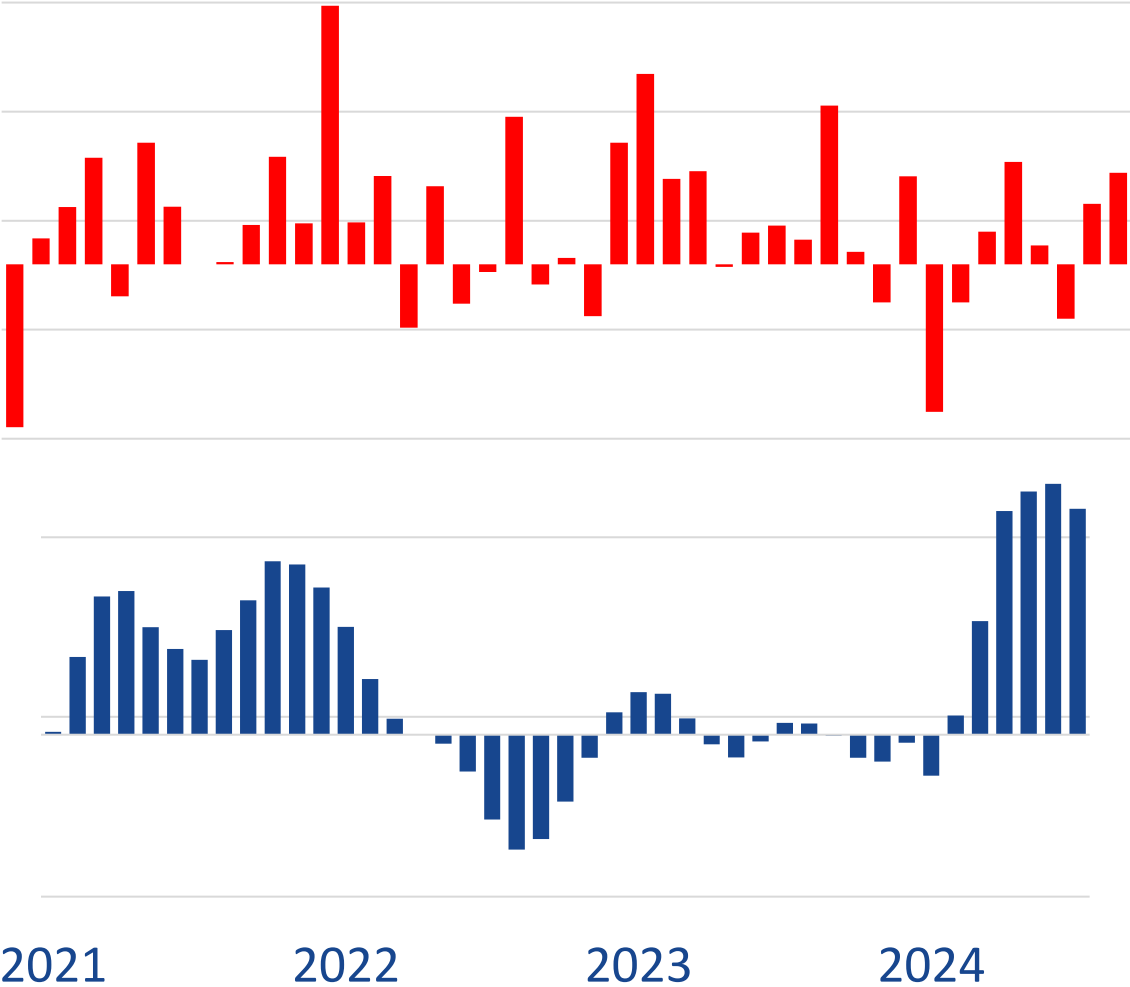
Source: US Bureau of Labor Statistics. Local Area Unemployment Statistics.

Labor Force

Labor Force Participation Rate

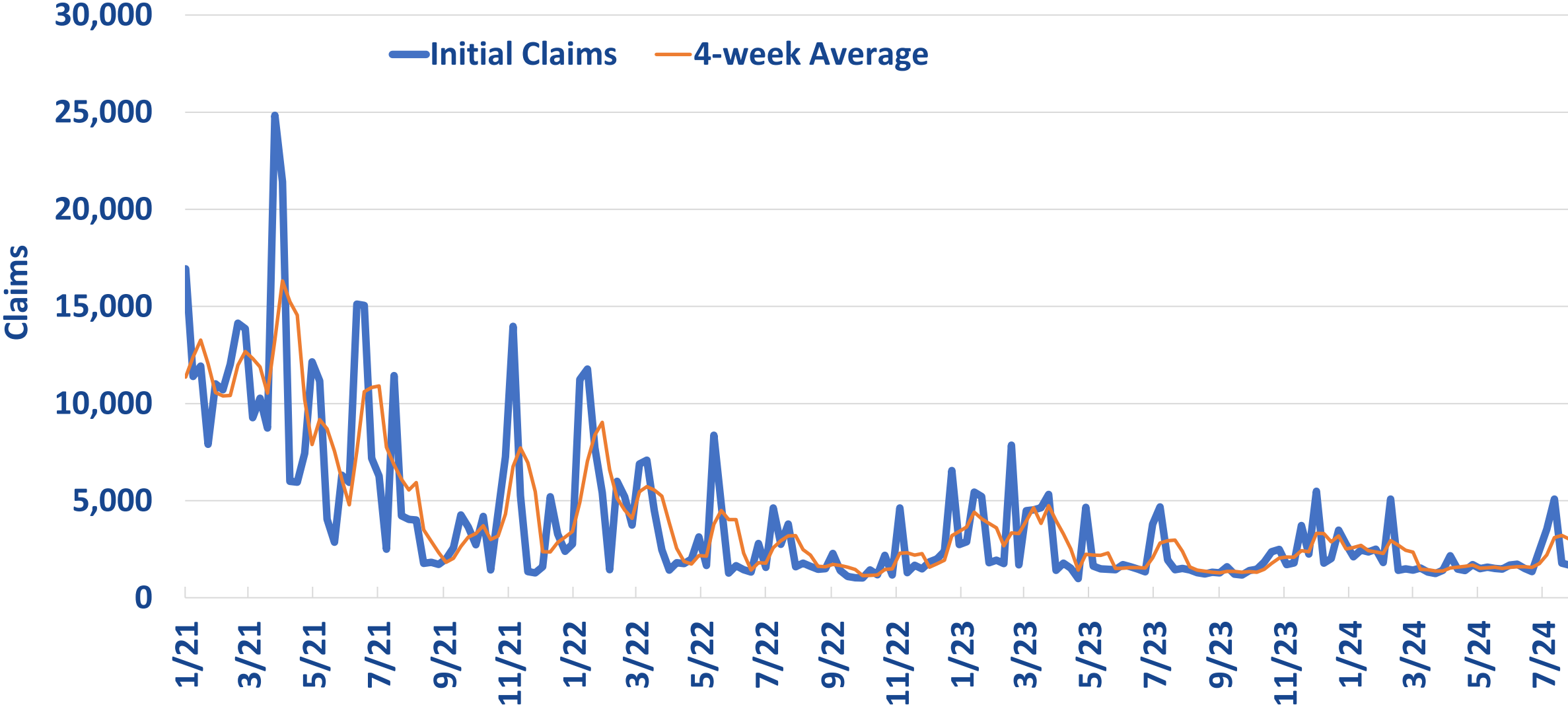


Monthly Change in Labor Force



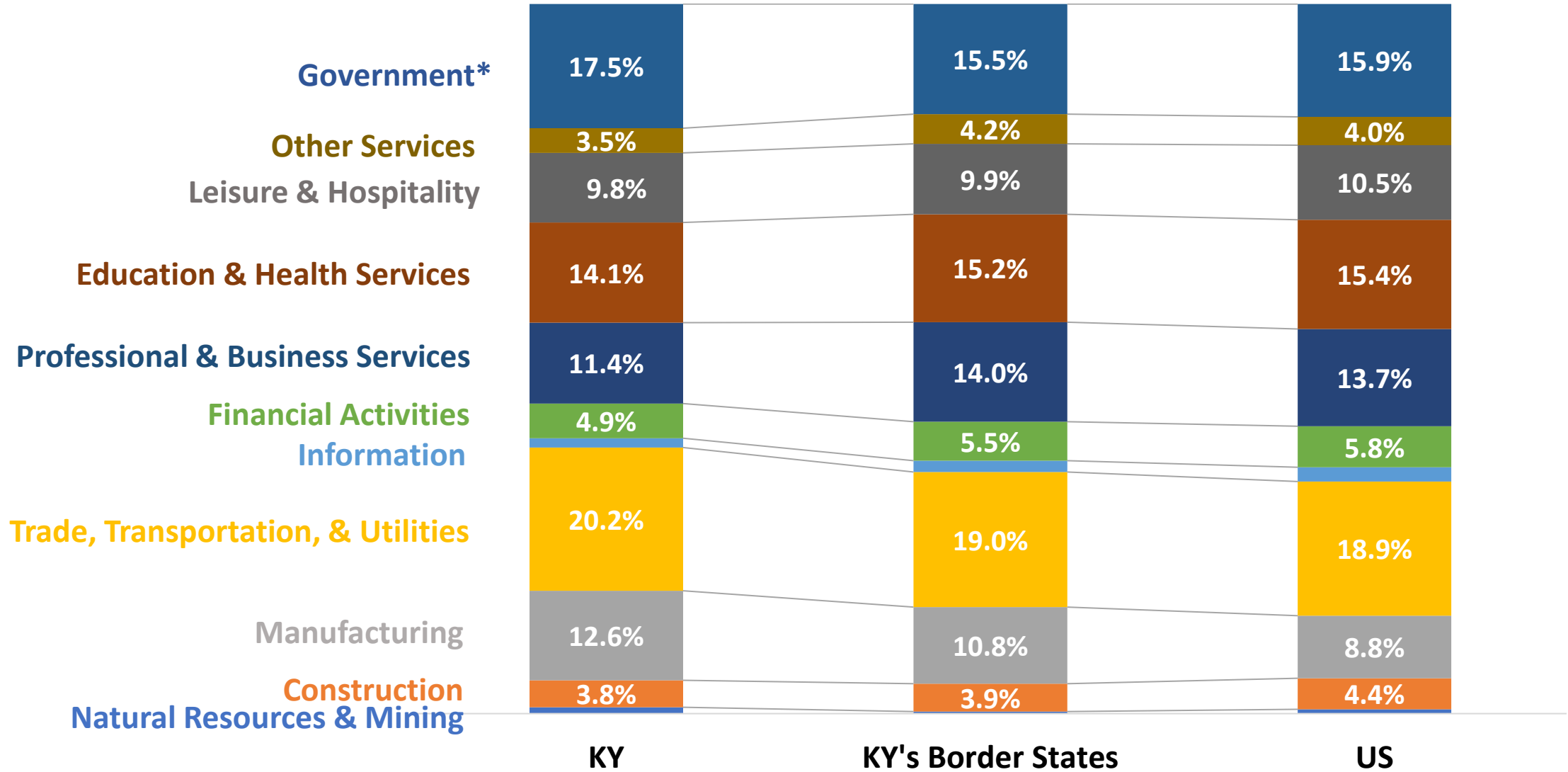
Source: US Bureau of Labor Statistics. Local Area Unemployment Statistics. Seasonally Adjusted.

Kentucky Unemployment Claims



Source: US Department of Labor.

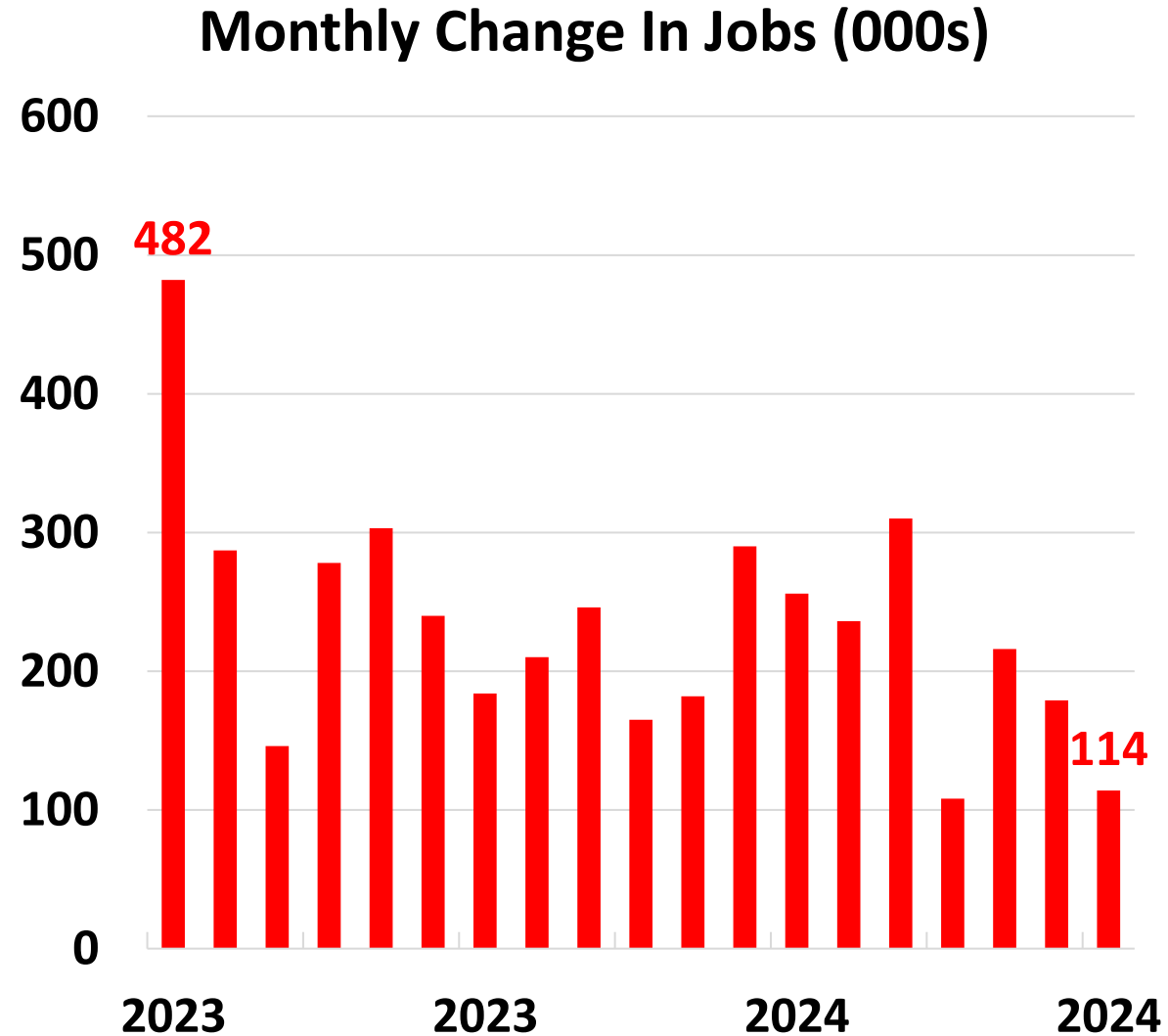
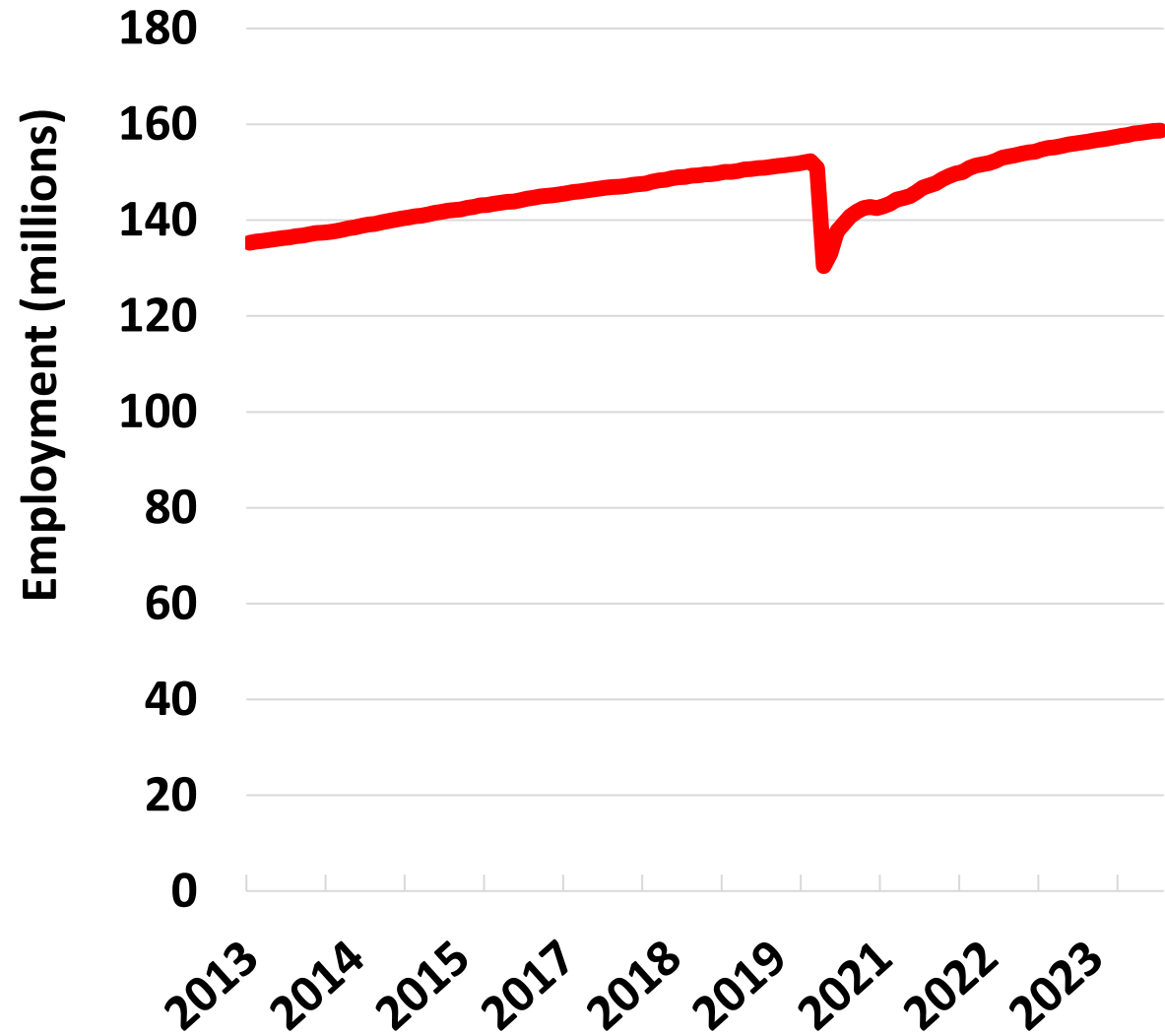
Distribution of Nonfarm Employment by Industry (Average Employment July 2023 to June 2024)



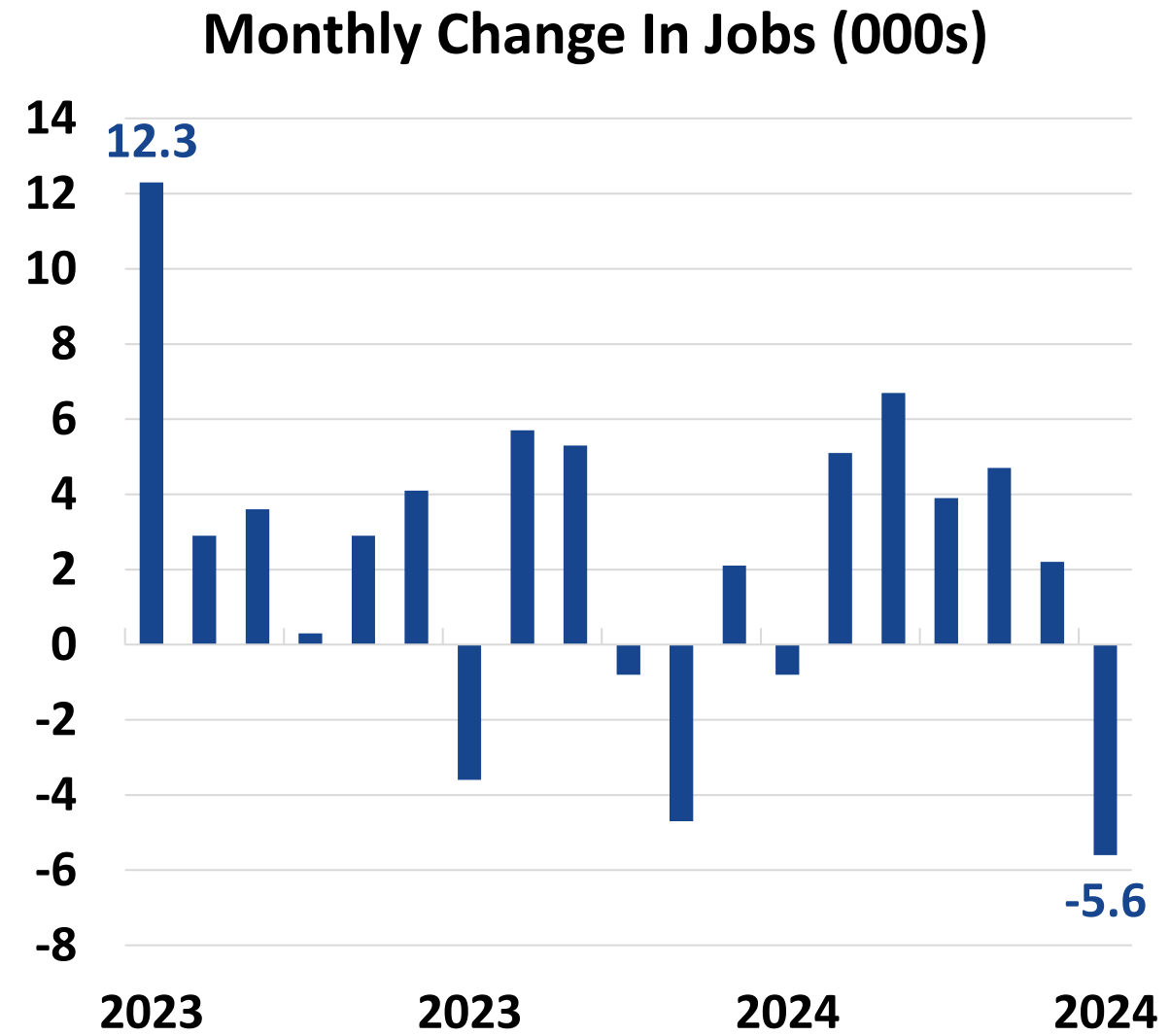
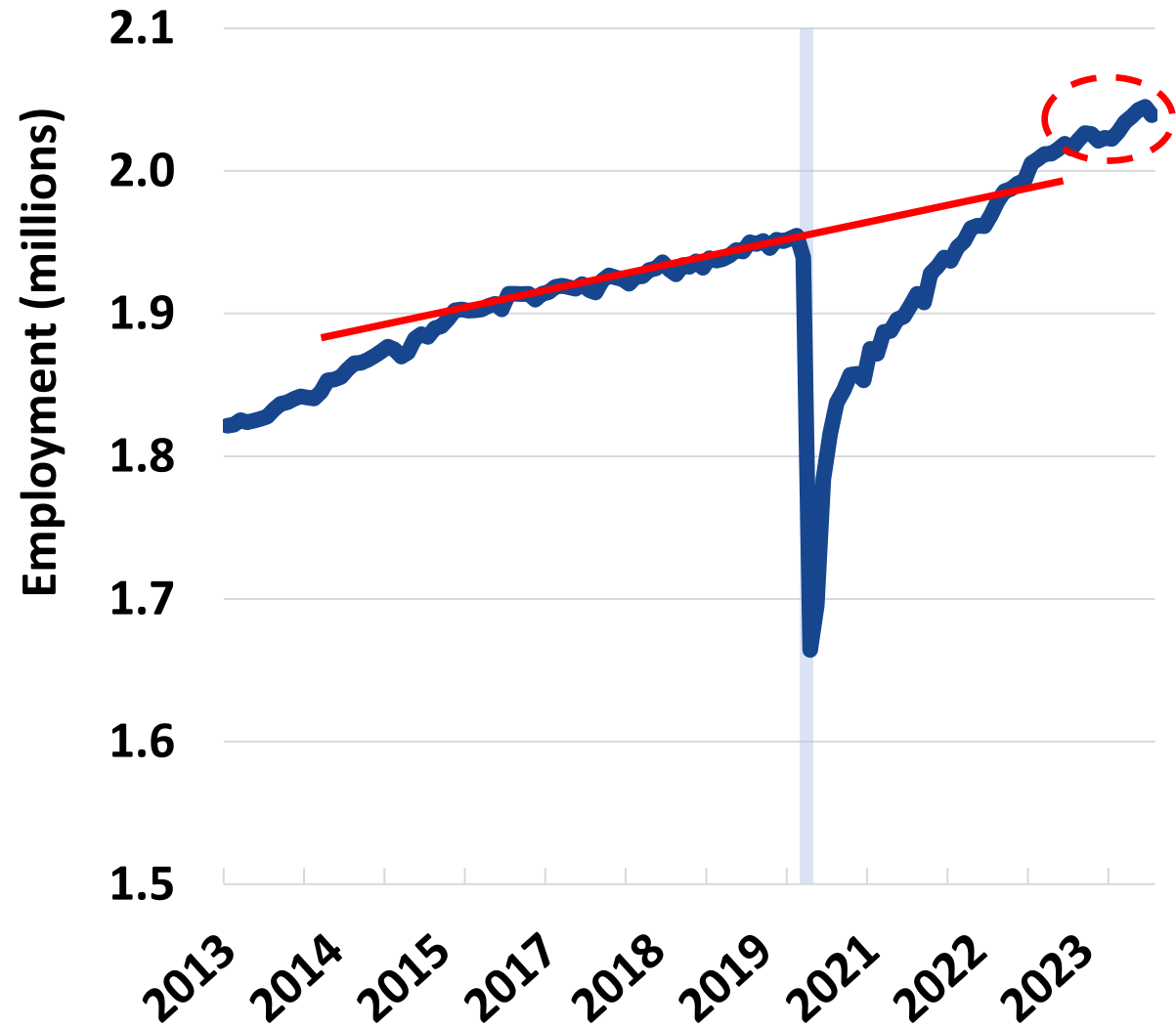
Source: US Bureau of Labor Statistics. Current Employment Statistics.

*Government includes public education and public hospitals.

US Nonfarm Employment (Jobs)



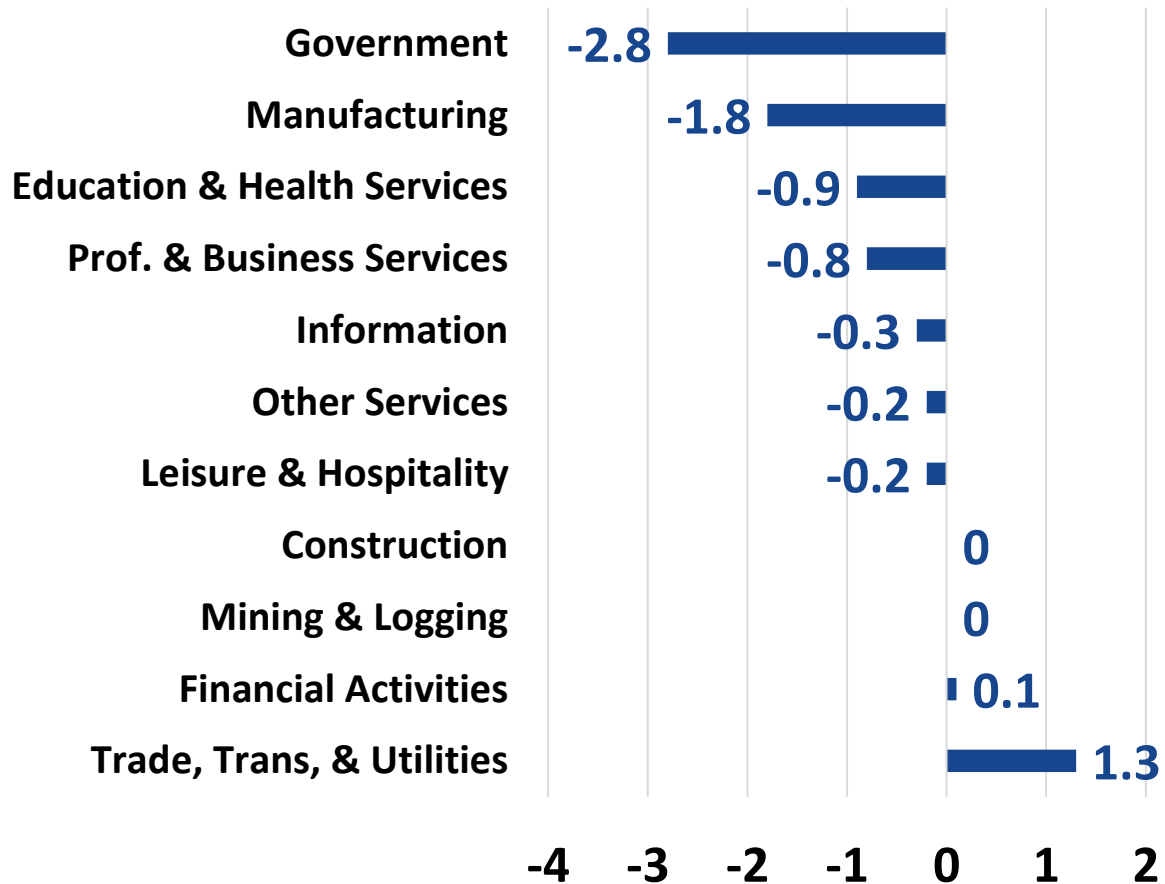
Kentucky's Nonfarm Employment (Jobs)



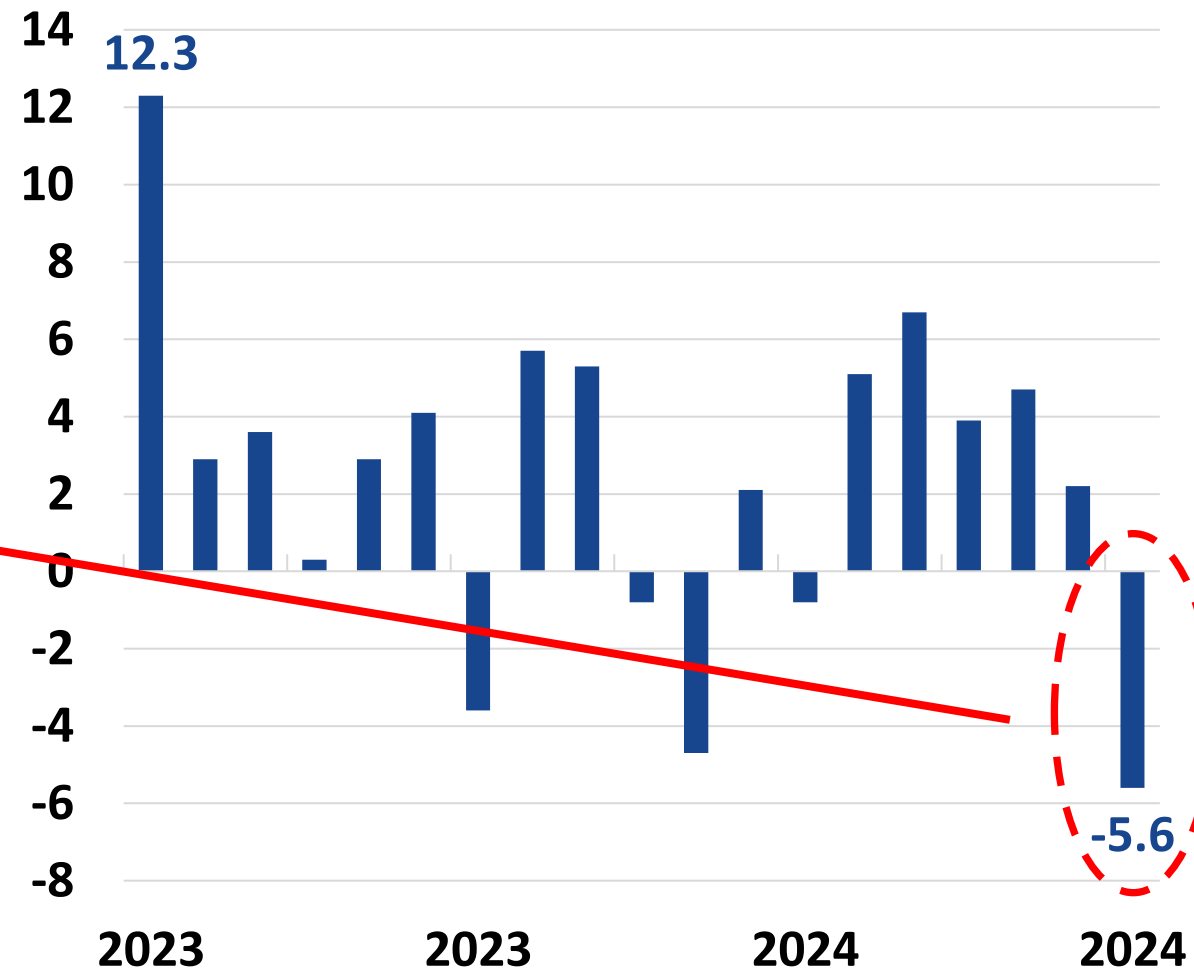
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Kentucky's Nonfarm Employment (Jobs)

Change in Jobs from June to July by Sector (000s)



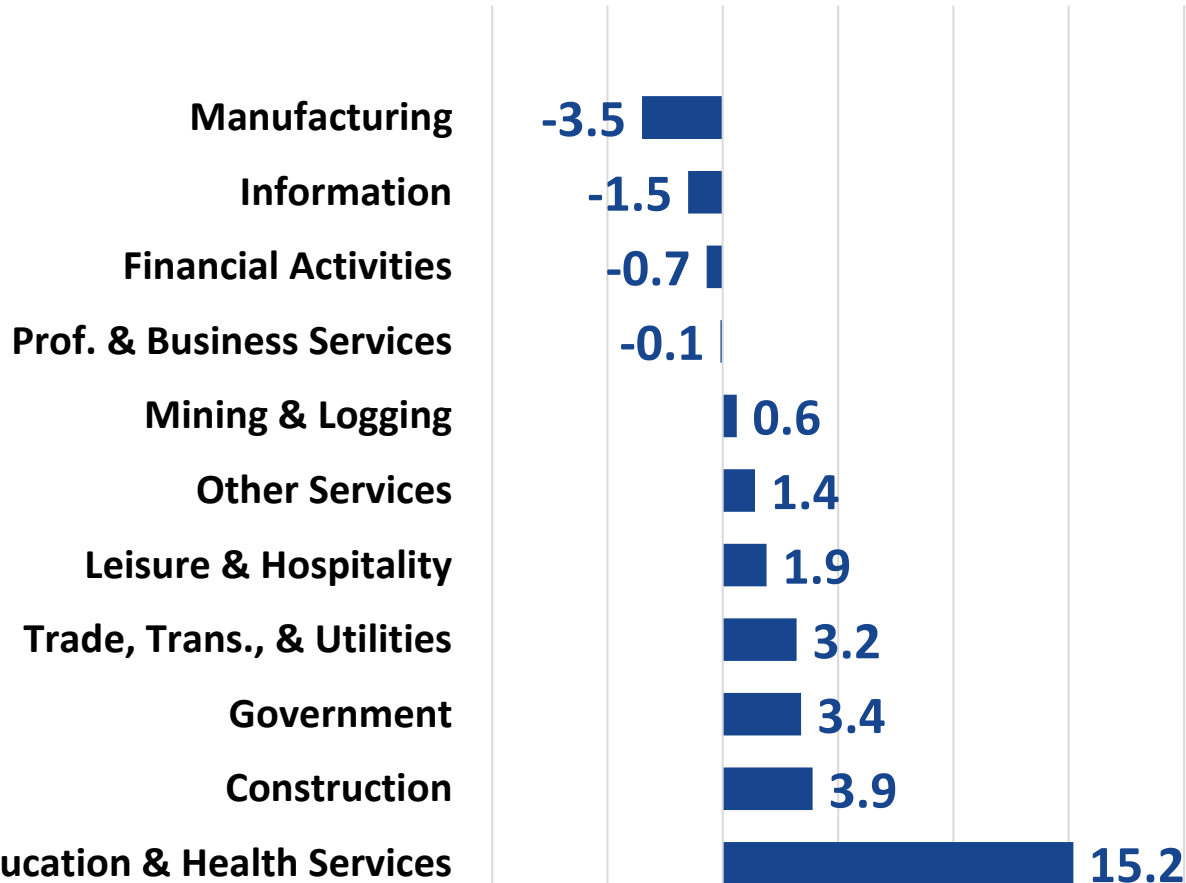
Monthly Change In Jobs (000s)



Change in Average Annual Employment From July 2023 to July 2024

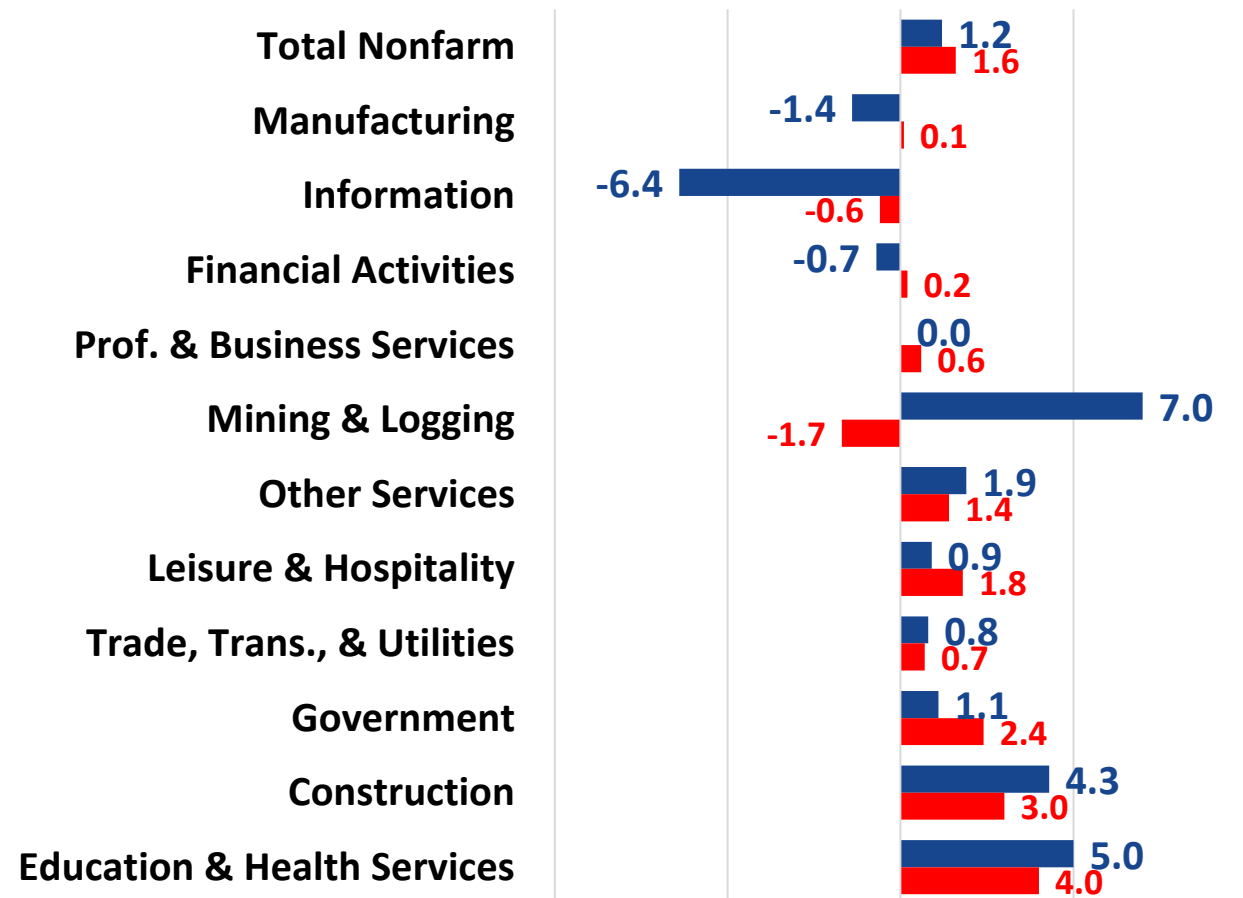
KY Change (000s)

-10 -5 0 5 10 15 20

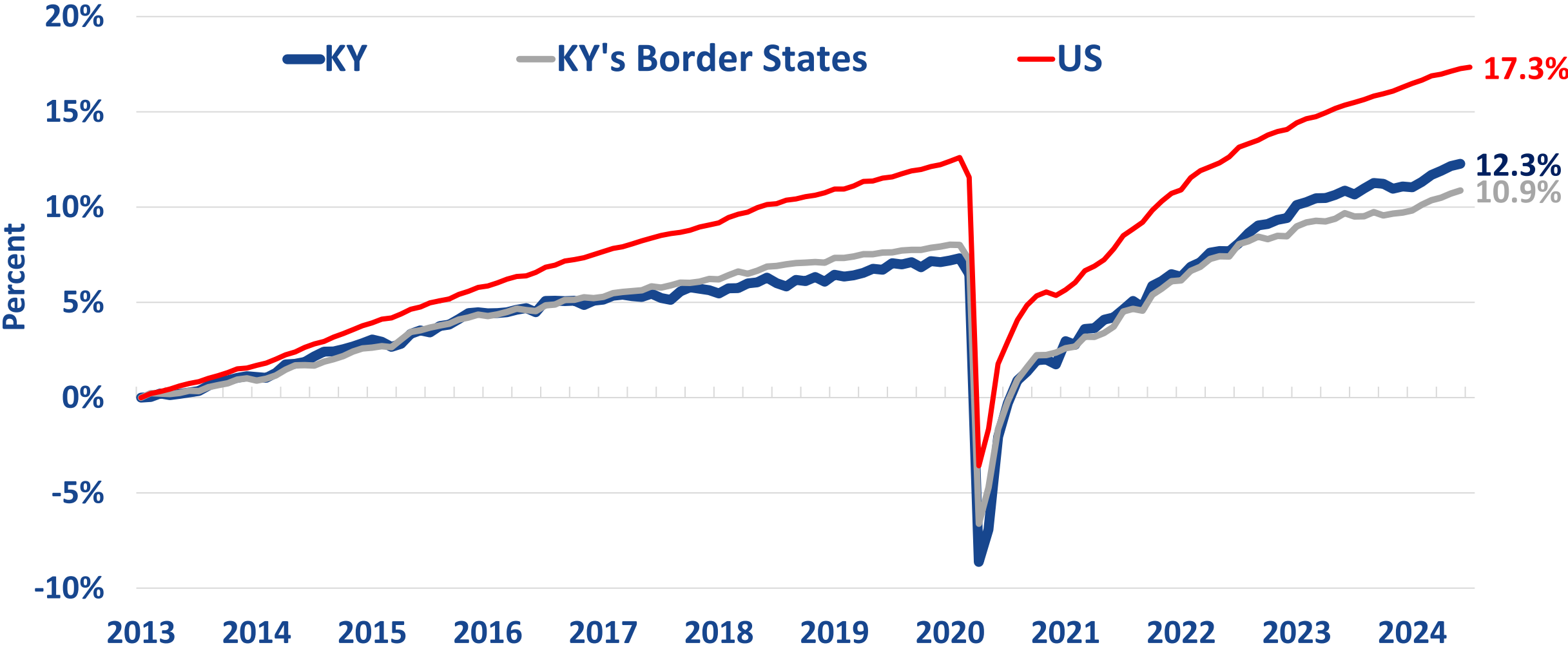


Percentage Change

-10 -5 0 5 10



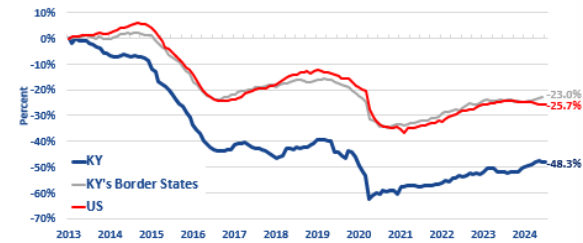
Total Nonfarm Employment, Percent Change from January 2013



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

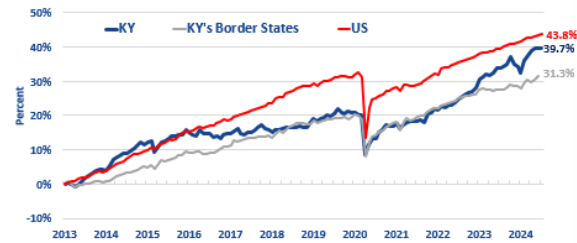
Employment Trends by Industry

Mining & Logging Employment
Percent Change from January 2013



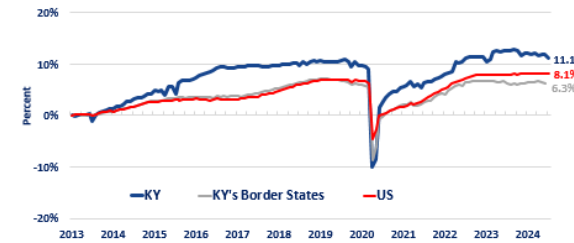
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Construction Employment
Percent Change from January 2013



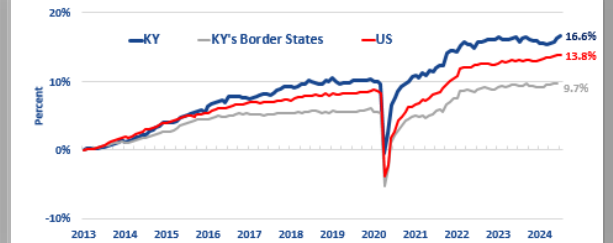
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Manufacturing Employment
Percent Change from January 2013



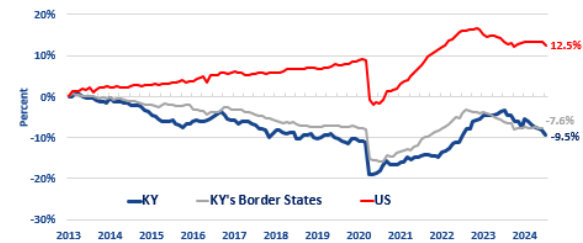
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Trade, Transportation, & Utilities Employment
Percent Change from January 2013



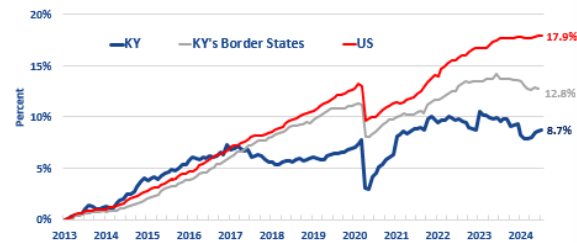
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Information Employment
Percent Change from January 2013



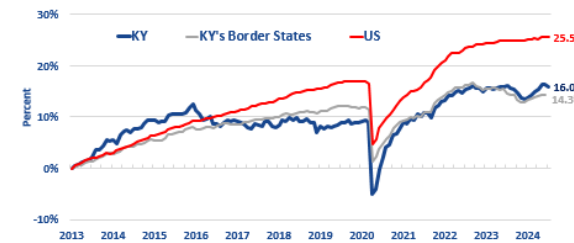
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Financial Activities Employment
Percent Change from January 2013



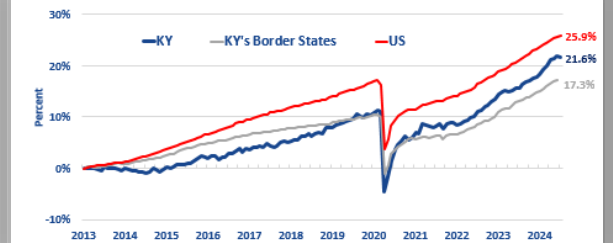
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Professional & Business Services Employment
Percent Change from January 2013



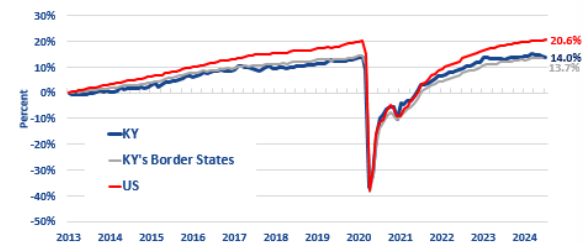
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Education & Health Services Employment
Percent Change from January 2013



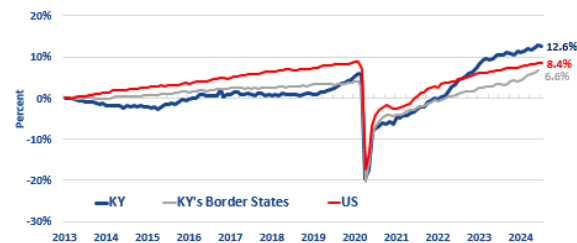
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Leisure & Hospitality Services Employment
Percent Change from January 2013



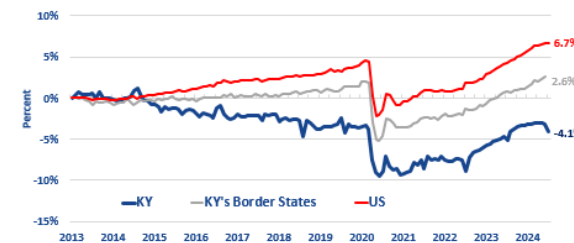
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Other Services Employment
Percent Change from January 2013



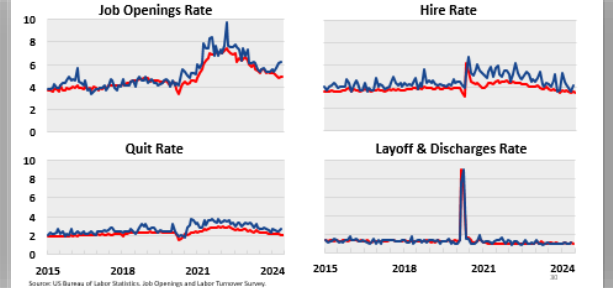
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Government Services Employment
Percent Change from January 2013



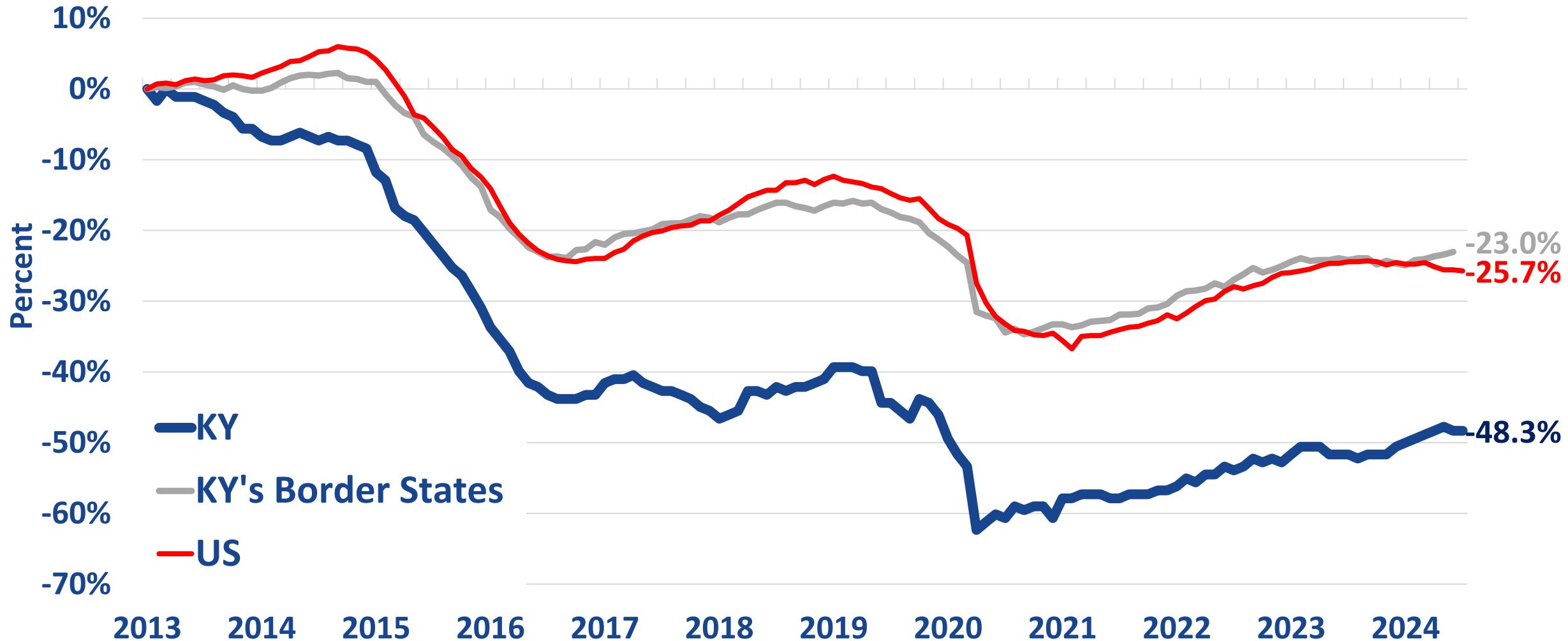
Source: US Bureau of Labor Statistics, Current Employment Statistics, Seasonally Adjusted

Job Opening and Turnover

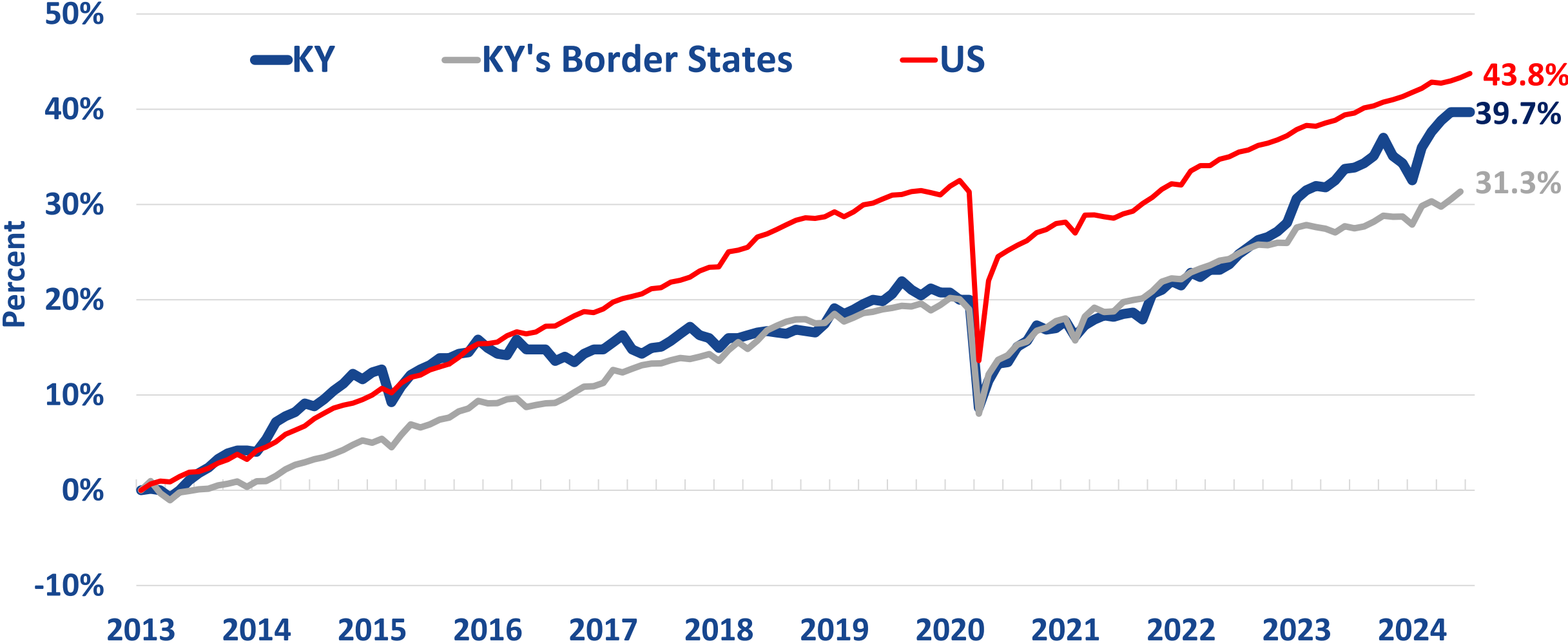


Source: US Bureau of Labor Statistics, Job Openings and Labor Turnover Survey

Mining & Logging Employment Percent Change from January 2013

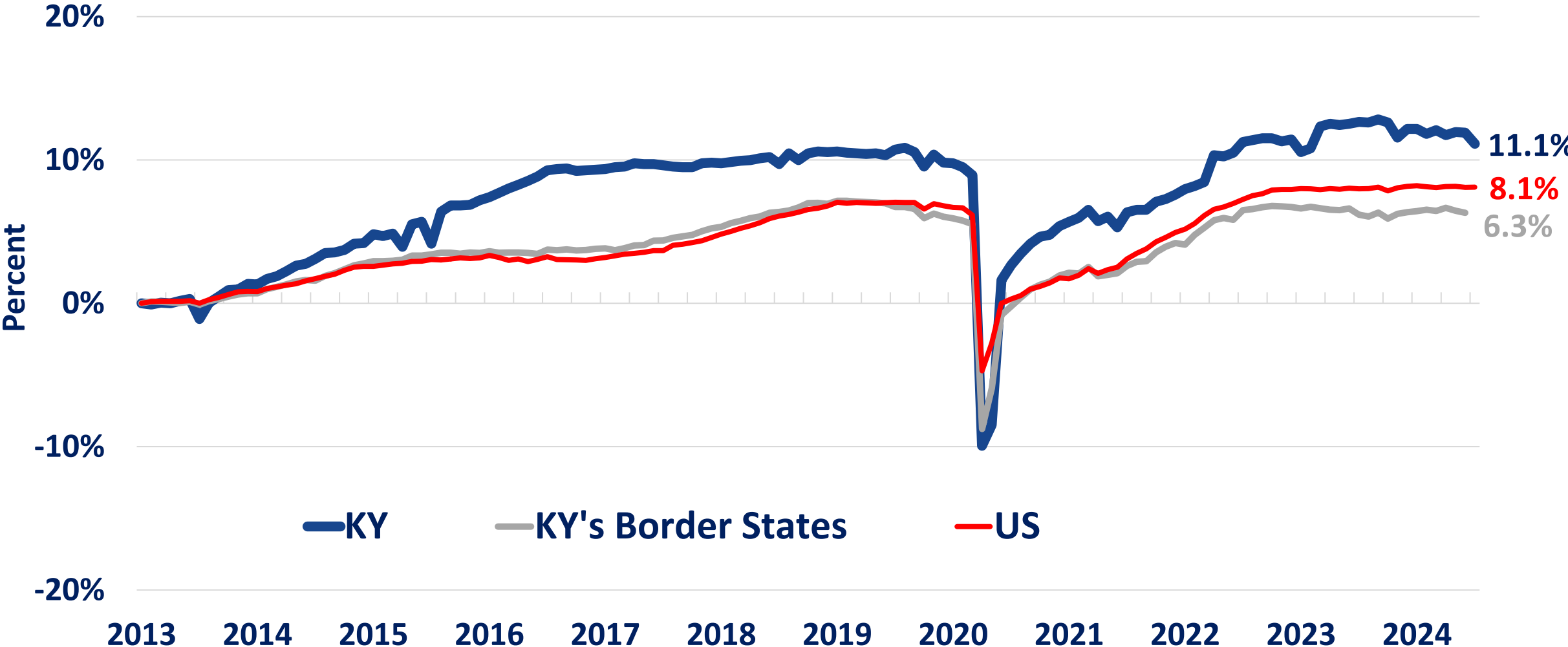


Construction Employment Percent Change from January 2013



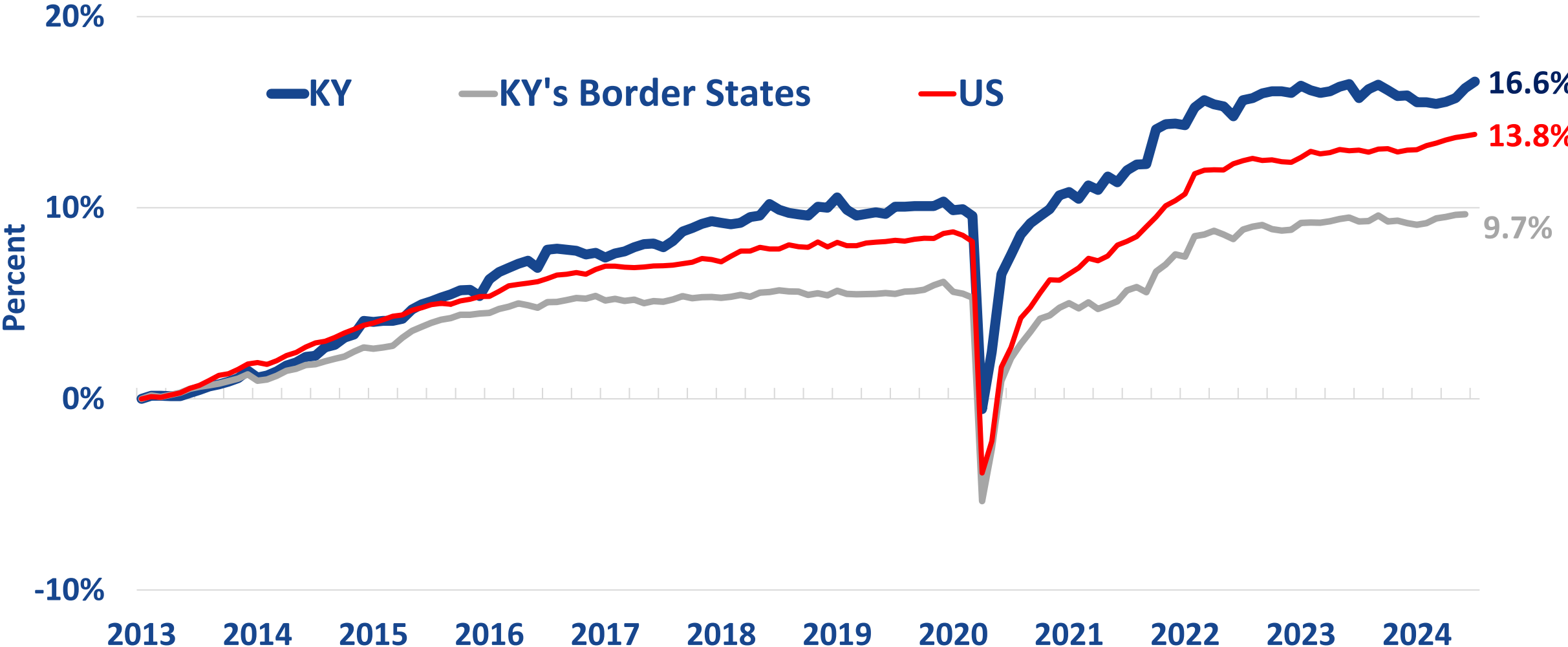
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Manufacturing Employment Percent Change from January 2013



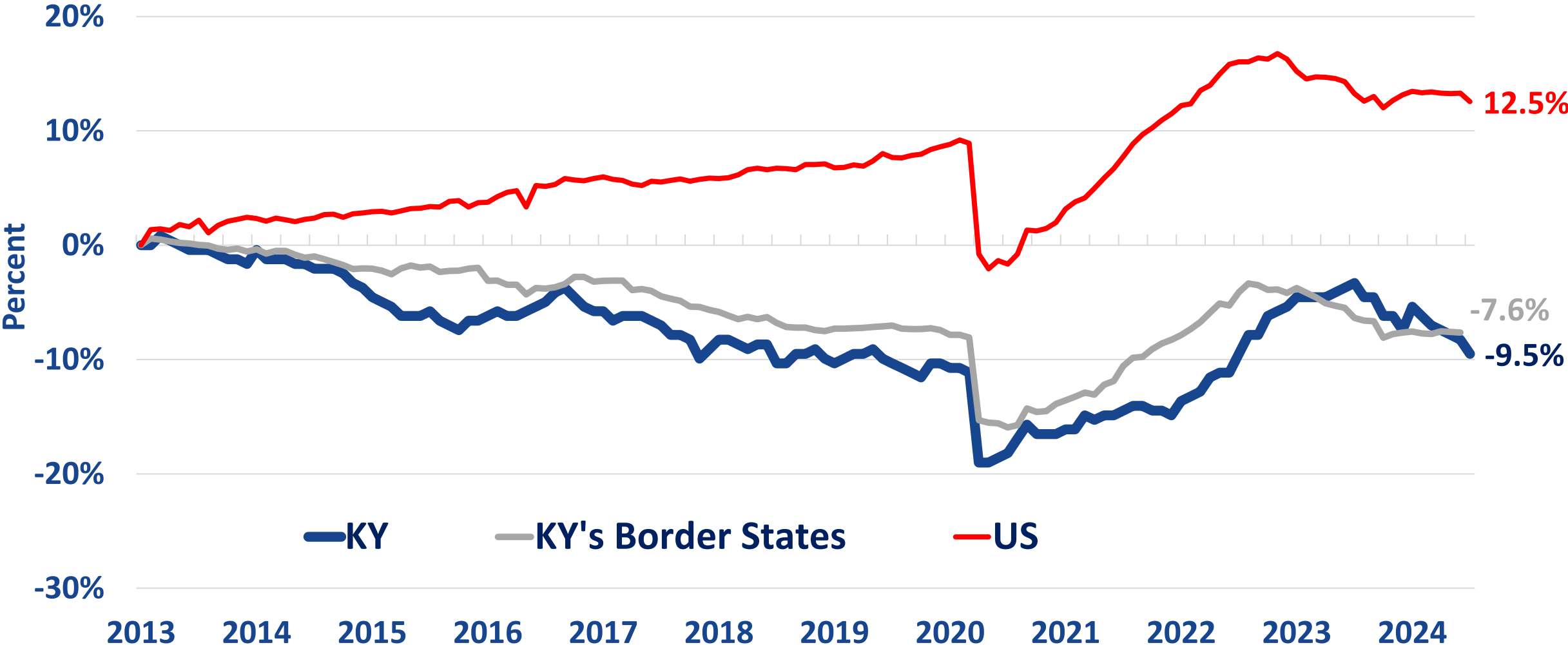
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Trade, Transportation, & Utilities Employment Percent Change from January 2013



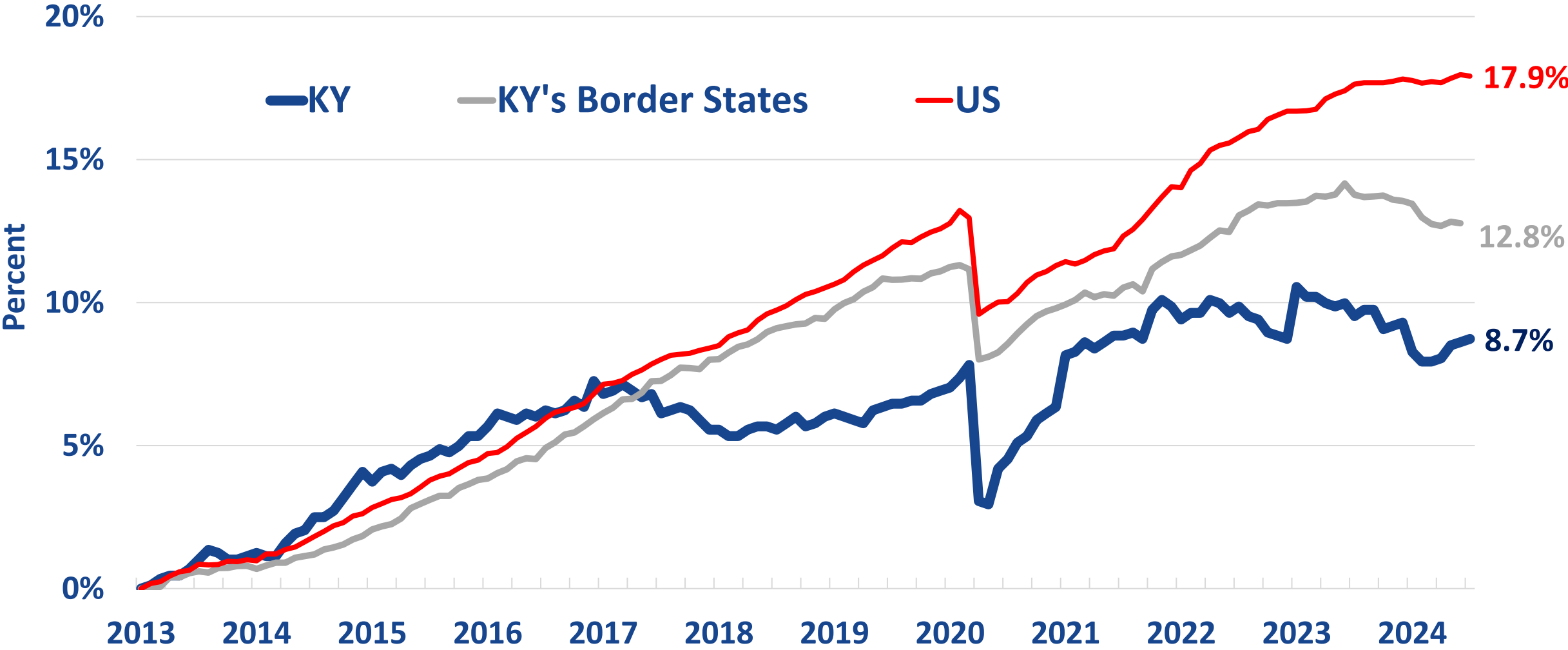
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Information Employment Percent Change from January 2013



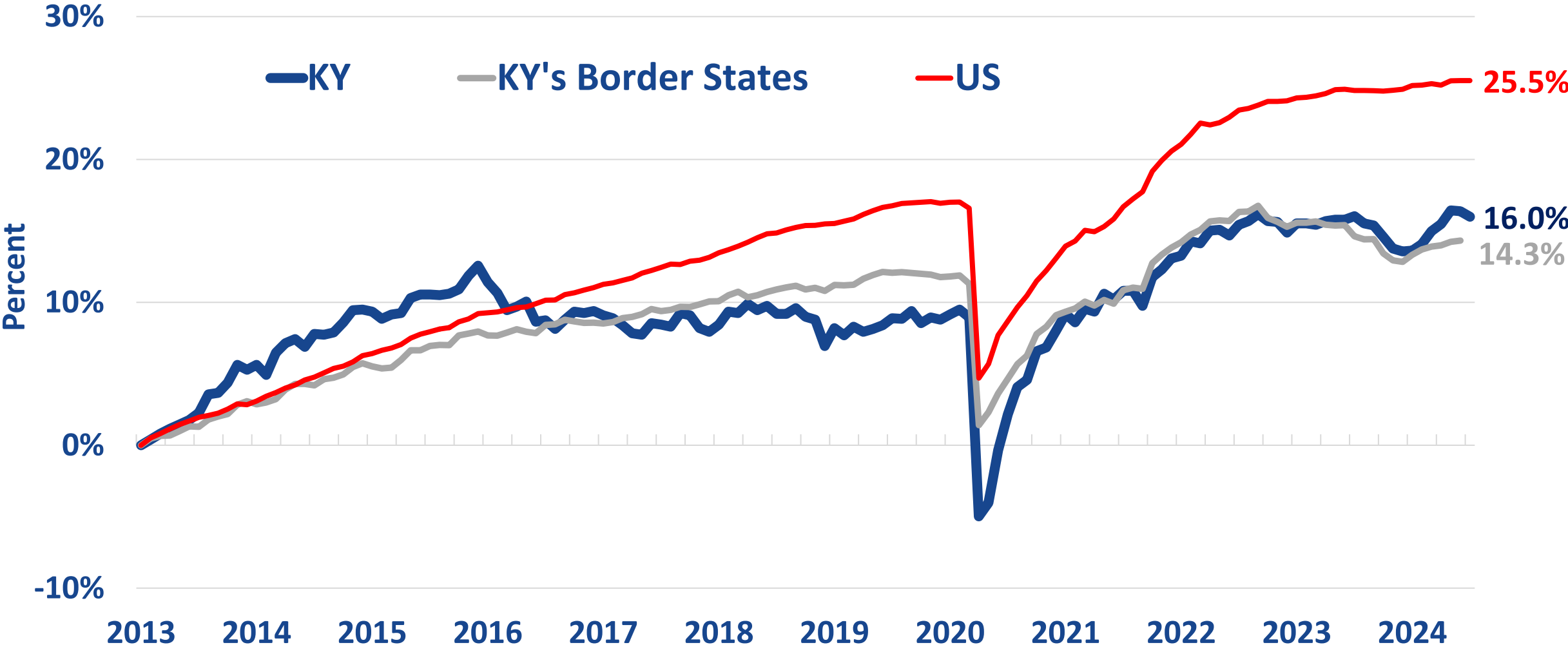
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Financial Activities Employment Percent Change from January 2013



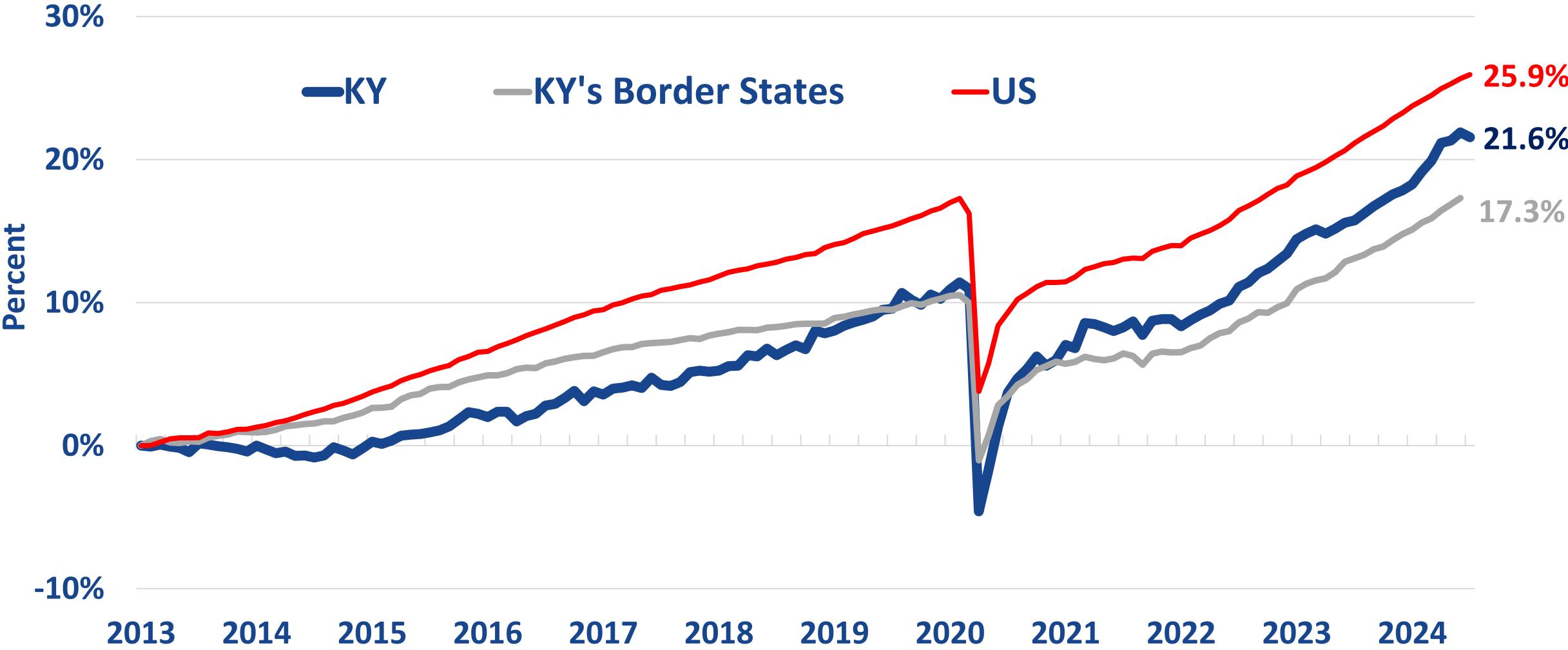
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Professional & Business Services Employment Percent Change from January 2013



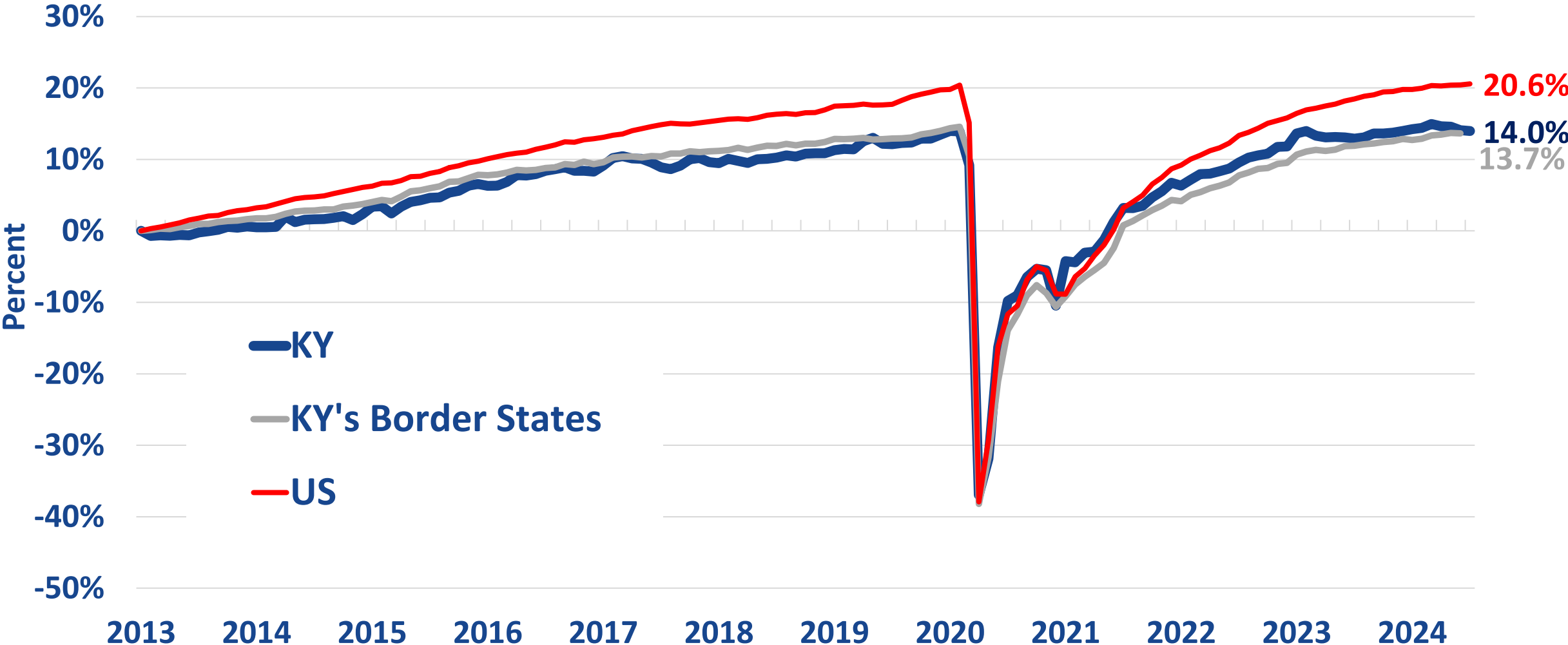
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Education & Health Services Employment Percent Change from January 2013



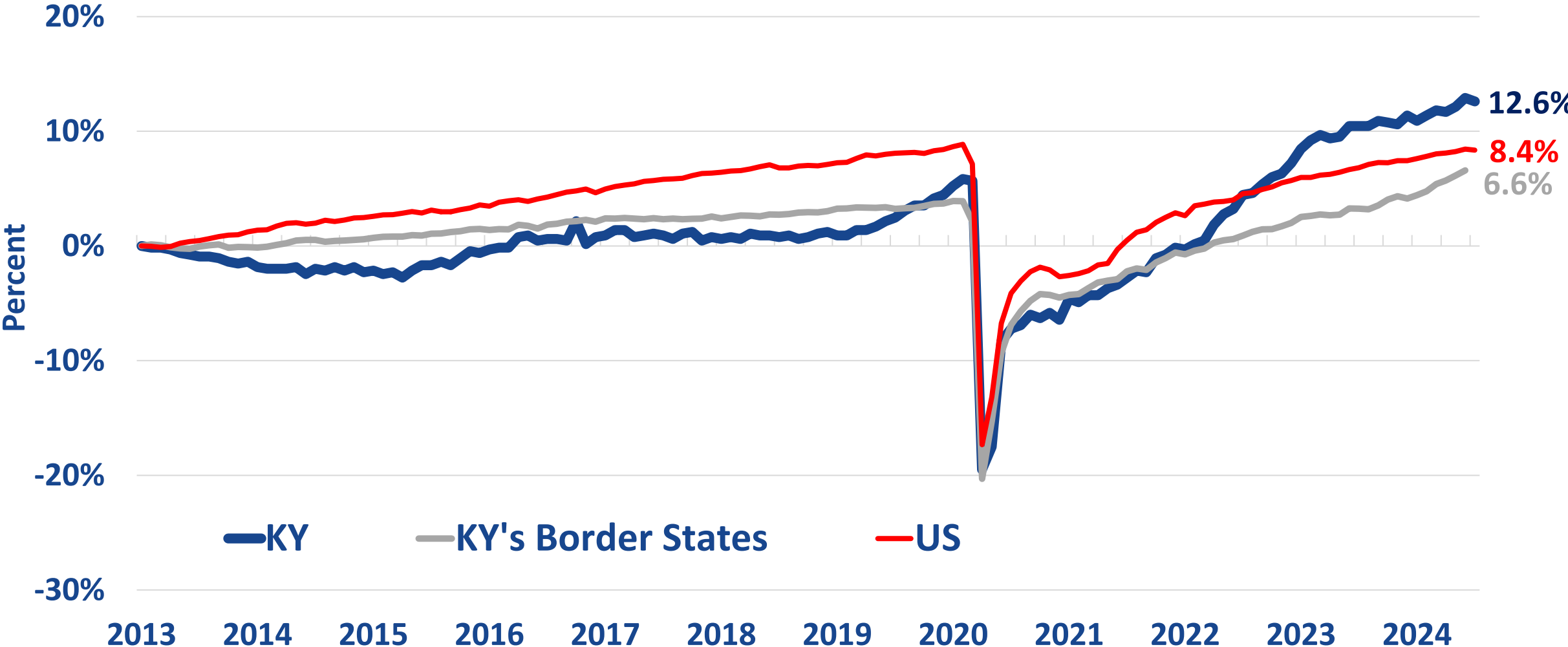
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Leisure & Hospitality Services Employment Percent Change from January 2013



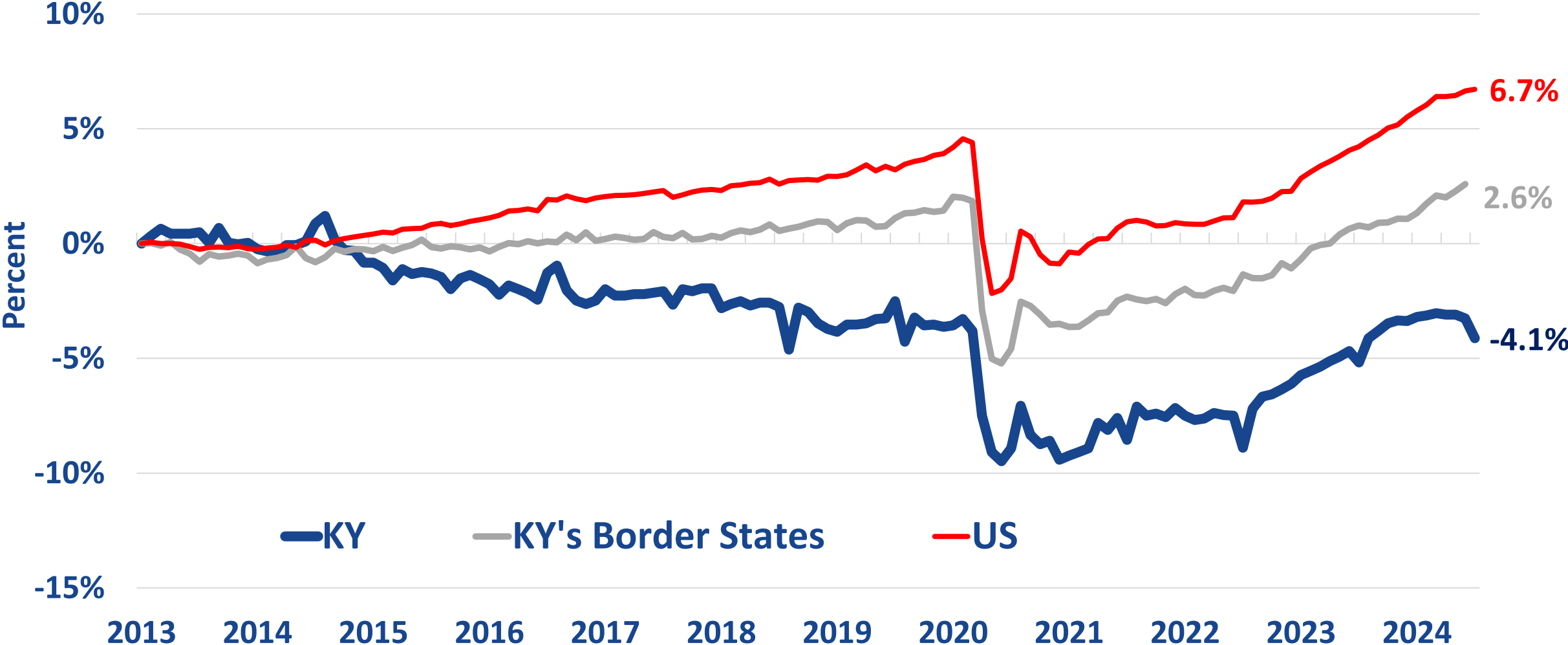
Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

Other Services Employment Percent Change from January 2013



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

Government Services Employment Percent Change from January 2013

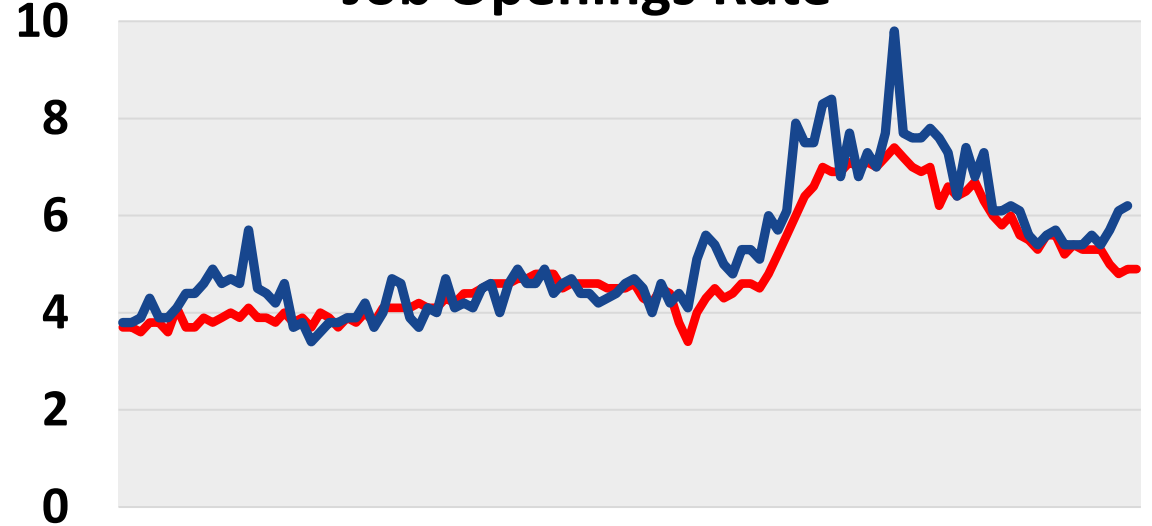


Source: US Bureau of Labor Statistics. Current Employment Statistics. Seasonally Adjusted.

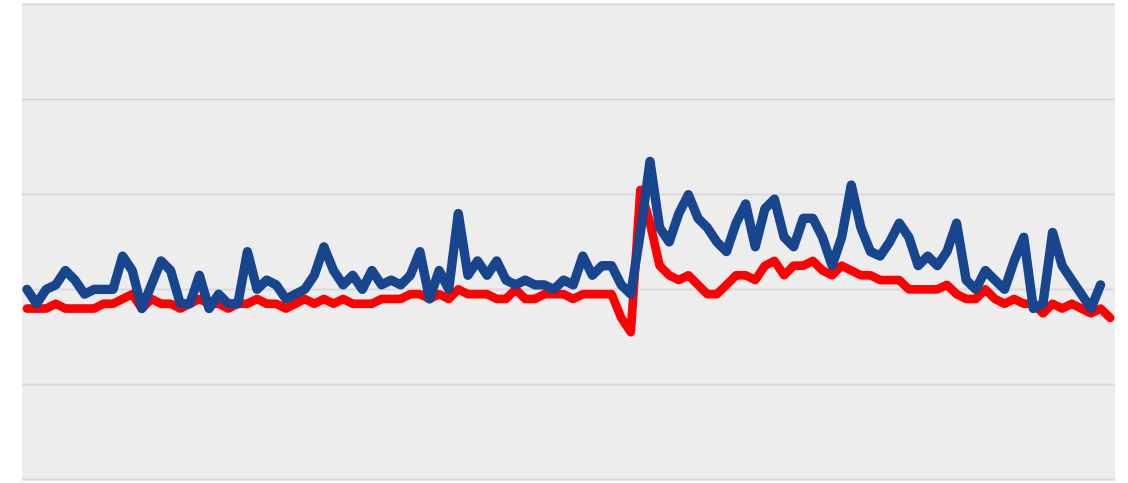
Job Opening and Turnover

— KY — US

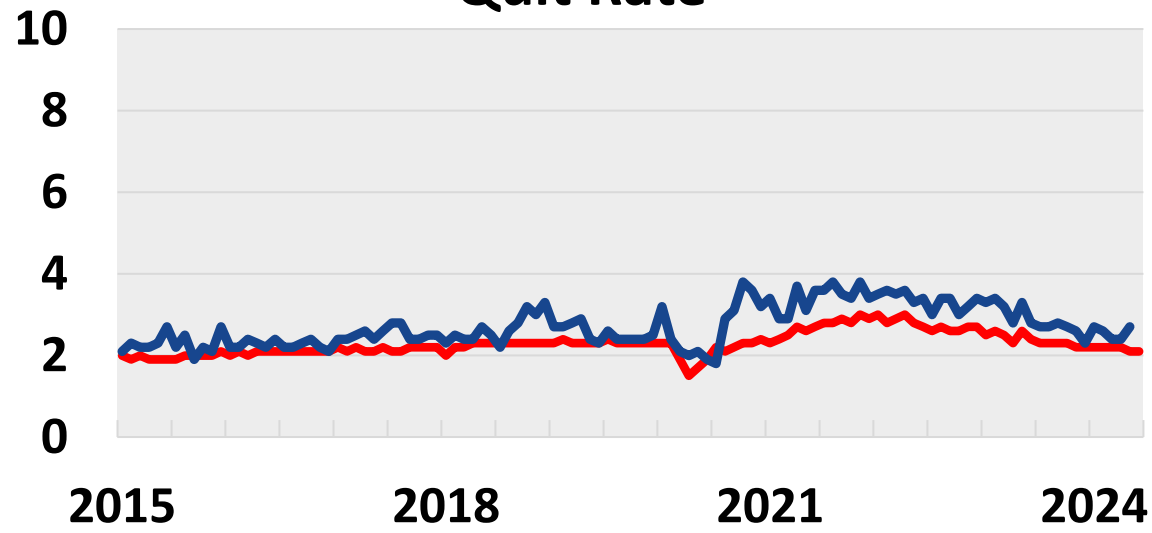
Job Openings Rate



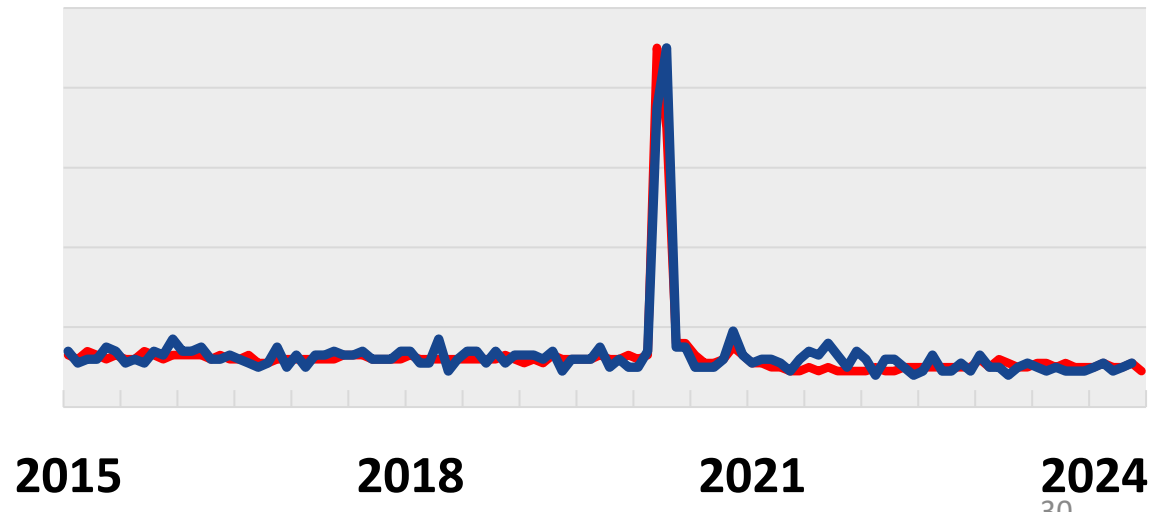
Hire Rate



Quit Rate



Layoff & Discharges Rate

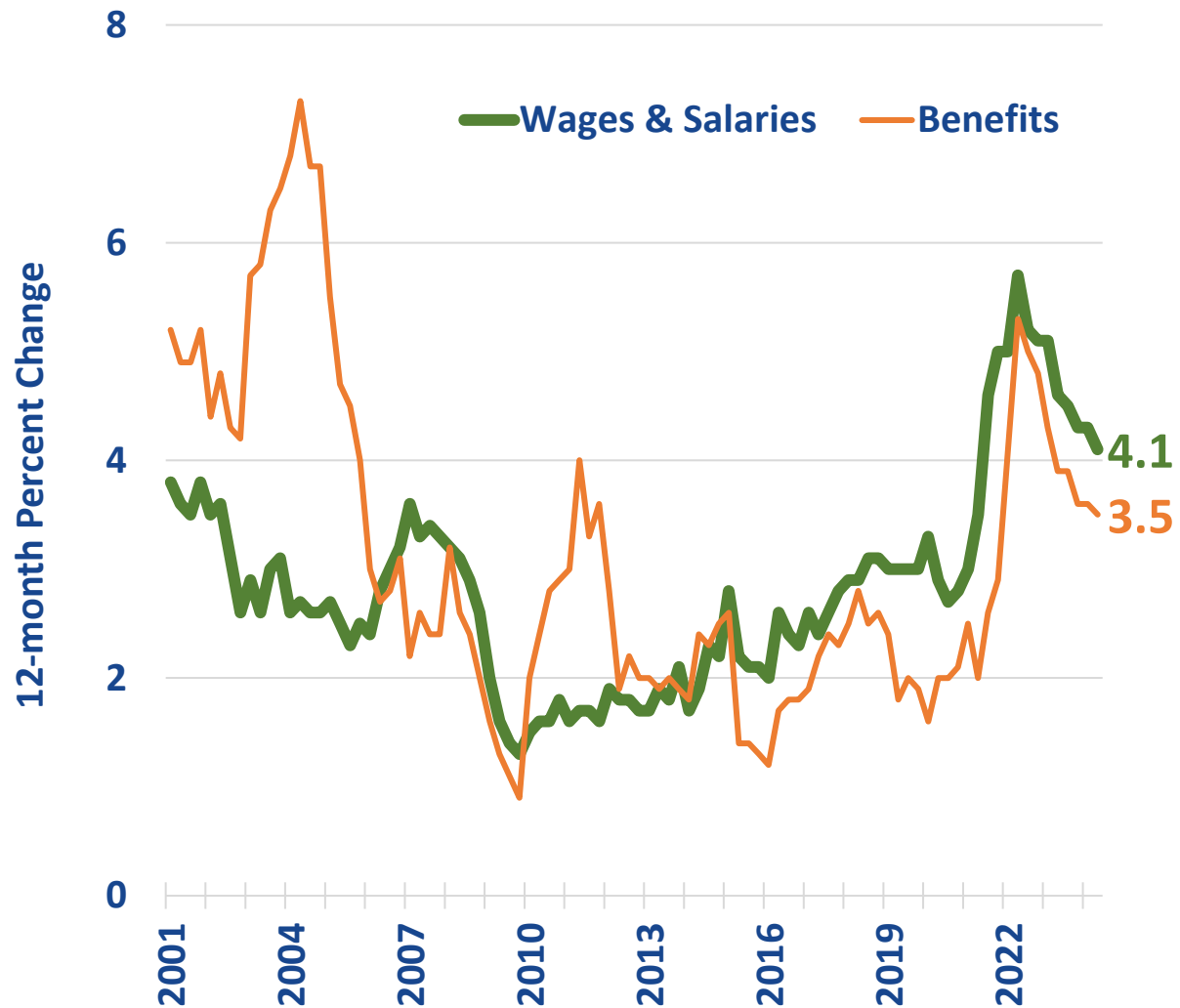


Source: US Bureau of Labor Statistics. Job Openings and Labor Turnover Survey.

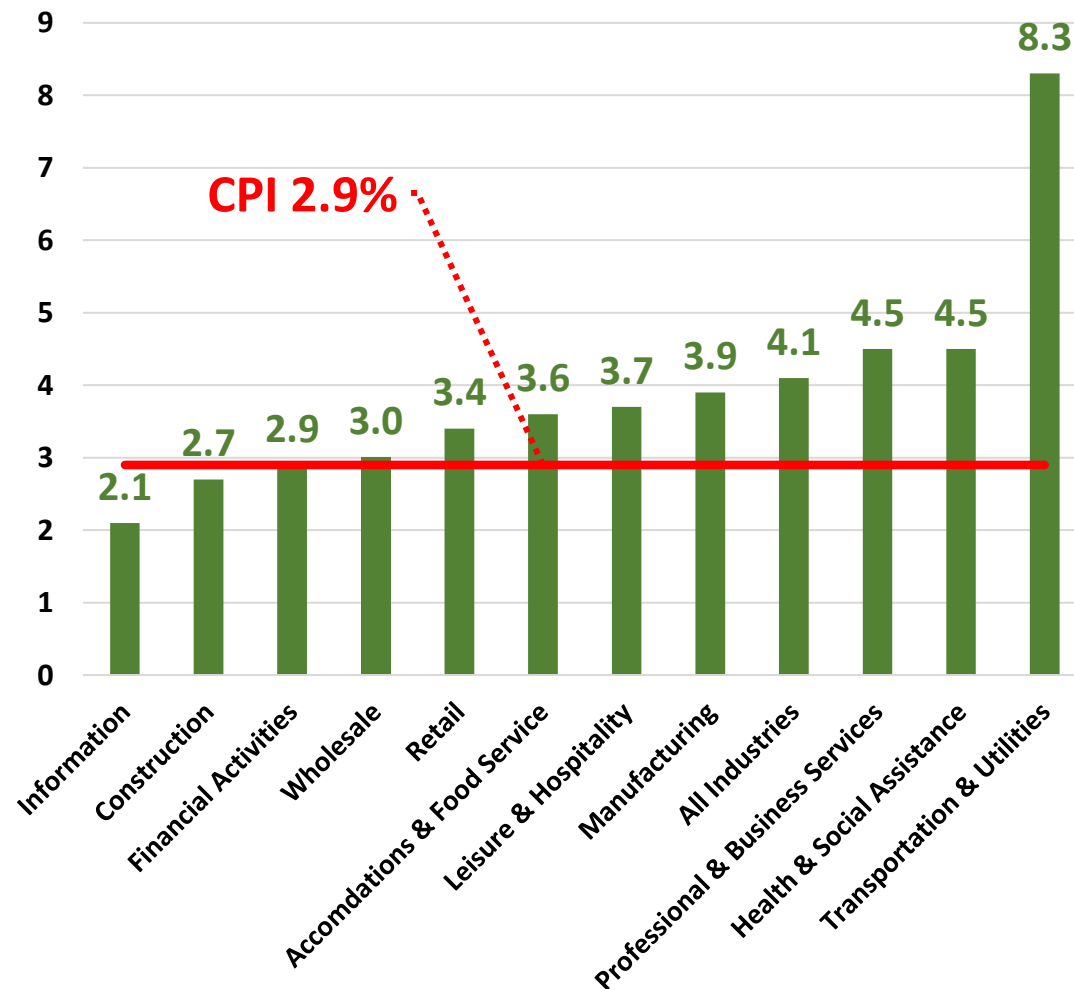
U.S. Employment Cost Index for Private Workers

Wages and Salaries and Benefits

All Private Industry Workers



2nd Quarter 2024
12-month % Change



Looking Forward

- **Inflation pressures should continue easing**
- **Economic growth continues but at slower pace**
- **Unemployment rate increases**
- **Fed might begin lowering interest rates soon**
- **Recession still seems like a low probability**



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