

Economic Trends

EMPLOYMENT

First quarter St. Tammany employment was down only 0.1% compared to employment in 1Q08. This represents a loss of 156 persons in the time span comparison. The labor force grew 1.2% in the same quarter-over-quarter comparison. The unemployment count between the two first quarters increased 45.1%, for an increase of 1,560 persons. The unemployment for the Parish in the first quarter was 4.2%, up from 2.9% for the first quarter 2008. Although this is a quarter-over-quarter increase of 43.4%, Parish unemployment beats both the State (5.4%) and the nation (8.2%). First quarter number of initial unemployment insurance claims numbered 148 for an increase of 54.2%. Considering the national numbers, the Parish employment appears to be on a steady path and holding its own. Of course, there is still a long way to go before the national employment scene stabilizes, marking the end of job losses. For the moment, Parish employment looks to be in a better position compared to either the state or the nation.

BUILDING PERMITS/REAL ESTATE

Single family construction permits continue to be issued albeit at a much slower pace than in previous quarters. First quarter permits issued were 52.4% lower than permits issued in the first quarter last year, with 130 permits issued compared to 273 in 1Q08. The positive is that houses are still being built but not at a pace seen in the past. New commercial building permit issuances are a complete reversal of residential permit trends, as first quarter Parish commercial permits issued were 41.2% ahead of first quarter permits last year. It appears commercial activity is operating on a different premise than residential construction activity in the Parish. It could be that St. Tammany Parish continues to be an attractive place to do business. As the Parish continues to attract consumers from inside and outside of the Parish with increased variety of retail and other business establishments, the demand for new commercial structures continues.

The number of houses sold in the Parish during 1Q09 was down 18.5% compared to the number of houses sold in 1Q08. Although this continues the saga of current housing sales lagging last year's sales, it is an improvement over the wider gap between current year versus last year comparisons. The same holds true for total sales volume. First quarter total sales volume has also improved compared to first quarter total sales volume last year with a drop of 21.1%. The average sold price continues to be stable as first quarter average sales price was down only 2.0% compared with average price in 1Q08 and up 3.3% compared with 4Q08. The existing local housing sales market has been strong relative to the rest of the nation, with average year-over-year price declines easily in the single digits while national average year-over-year declines are in double-digit ranges.

RETAIL TRADE/SALES

St. Tammany Parish total sales in the 1Q09 over 1Q08 (-8.2%) improved over the 4Q08 over 4Q07 comparison (-8.4%) by 0.2%. The negative sales figures in St. Tammany Parish do not appear to be as bad as reported elsewhere in the nation, where the negative comparisons with same periods last year were and are in the double-digit ranges. Consumers may see a small bright spot in retail sales but have a wary eye towards the employment/unemployment numbers as well as the future of the national economy, both of which are viewed as moderately pessimistic. This outlook was revealed by The Conference Board's findings in the U.S. Consumer Confidence Index presented later in this report. Retail sales are one of five components in the Economic Growth Index, which measures economic changes in the Parish economy. It is the only component showing a marked negative performance in quarter-over-quarter and year-over-year comparisons. Much of the Parish consumer purchasing activity locally is affected by what they hear and read concerning sales on the national scene. The larger national scare is brought home and affects local purchasing habits.

NEW BUSINESSES

First quarter new businesses licensed in the Parish show an increase 24.9% compared to 1Q08. There are a number of reasons for this increase. One reason could be that the Parish economy continues to be strong, especially in the expansion of commercial activity and this may be the opportunity to start a business. In other words, some may have adopted a strategy of starting a business when the economy is struggling and reaping bigger rewards when the economy gets stronger. Another possibility is that some may have started a new business while they still have a job as a hedge against a possible job loss.

ANNOUNCED PROJECTS, INVESTMENT AND JOBS

First quarter announced project investment was considerably short of 1Q08 announced project investment due to more than \$1 billion in project investments in 1Q08. 1Q09 announced projects are expected to generate 206 permanent jobs, which is 14.4% higher than the job expectation in 1Q08. 1Q09 expected permanent payroll of \$11,425,600 tops 1Q08 expected payroll by 84.9%.

UTILITIES (Electric)

Parish electric customer count expansion continues to follow the expansion of the single family permits as the 1Q09 customer count was up 0.9% compared to 1Q08. Total electric customer count for the Parish is nudged at a little faster pace with increased expansion of commercial facilities. Expansion of electric customers in the Parish continues to be a good sign for the reason that residential and commercial construction growth continues in the Parish, albeit a slow rate.

ACCOMMODATIONS (Hotel Receipts and Net Occupancy Tax)

Hotel receipts for the first quarter were not available at the writing of this report. Parish net occupancy tax collections (bed tax) in the first quarter fell behind 1Q08 collections by 7.0%, from \$60,599 in 1Q08 to \$56,330 in 1Q09.

COST OF LIVING INDEX AND INFLATION RATE

The cost of living for the Parish in 1Q09 was 100.6. On a 100 scale, the Parish composite cost of living for executive management households was .6 points above the national average (100). The Cost of Living index is produced by the Council for Community and Economic Research (C2ER) and is based on carefully chosen standardized specified items across a spectrum of different categories used by professional and executive households in the top income quintile. All items are priced in each community at four specified times of a given year. St. Tammany Parish 1Q09 composite cost of living ranked 10th among a group of 11 other selected metropolitan areas nearest, geographically, to St. Tammany Parish. 1Q09 cost of living measurement of composite indices ranged from 90.3 for Mobile to 106.2 for New Orleans. Other metropolitan area indices were Birmingham, 90.3; Hattiesburg, 92.4; Tuscaloosa, 92.4; Lake Charles, 93.1; Beaumont, 95.1; Jackson, 95.8; Montgomery, 96.2; Lafayette, 98.7 and Panama City, 105.9.

The 1Q09 inflation rate for the Parish was computed with data taken from the quarterly C2ER Cost of Living Survey items. As stated in previous Trends Reports, the St Tammany computation of the consumer price index is subject to occurrences which could cause the results to be unrealistic. So was the case in computing the 1Q09 Parish consumer price index and the resulting inflation rate. The wild gyrations of gas prices, significantly up and down, in the transportation sector of the index threw wild swings in the composite index and the resulting inflation rate. The transportation sector has only three components with one of the components being gas prices and thus has the likely possibility of severely affecting the composite index. This phenomenon was always a possibility. The computation of the St. Tammany consumer price index and the inflation rate was included in the Parish Trends Report in the hope of giving some indication of price changes. It is clear that local computation of price changes cannot be continued and, therefore, computation of local consumer price index and the local inflation rate will not continue to be reported in this report. Future Trends reports will continue to report the Southern Region U.S. consumer price index and inflation rate. The Southern U.S. 1Q09 consumer price inflation rate was -0.1%. One of the possible reasons for the first quarter negative inflation rate here is the wide comparison of lower gas prices in 1Q09 compared to higher prices in 1Q08. The Southern Region survey of goods basket contains over 250 items with each sector having several items and, thus, has a lower likelihood of being influenced by a significant price fluctuation of one price in any of the sectors.

U. S. CONSUMER AND CEO CONFIDENCE

U.S. consumer confidence in the March report was flat compared to the sharp drop in February as reported by The Conference Board Consumer Confidence Index. "Consumer Confidence was relatively unchanged in March after reaching an all-time low in February. The present Situation Index suggests that overall state of the national economy remains weak and that more job losses are on the horizon," says Lynn Franco, Director of The Conference Board Consumer Research Center. Apprehension about the outlook for the economy, the labor market and earnings continue to weigh heavily on consumers' attitudes. Looking ahead, consumers remain extremely pessimistic about the short-term future and do not foresee a turnaround in economic conditions over the coming six months. Consumers' assessment of overall present-day conditions remains unfavorable. Consumers' appraisal of the labor market was somewhat more pessimistic while the employment outlook was moderately less pessimistic in March. Consumers' short-term outlook was moderately less negative in March while the employment outlook was also moderately pessimistic." A sneak peek at the April Consumer Confidence Index shows a considerable improvement over March index. "Consumers' short-term outlook improved significantly in April."

The Conference Board measure of CEO confidence for 1Q09 was 30, up six points from 24 in 4Q08 which was an historical low. A reading of more than 50 points indicates more positive than negative responses. The survey includes about 100 business leaders in a wide range of industries. "CEOs remain pessimistic about current conditions in the national economy, but have grown more optimistic about the short-term outlook," says Lynn Franco. "This improved outlook, however, does not extend to the labor market. The majority of chief executives still expect employment levels to decline further in the coming months. CEOs' overall assessment of current economic conditions remains quite pessimistic with no business leaders stating conditions had improved compared to six months ago. In assessing their own industries, business leaders remained pessimistic. Only one percent claim conditions are better, the same as in 4Q08. Health care costs remain the majority obstacle to hiring new workers. Regulation and litigation costs were second on the list, closely followed by wage and salary costs. Other fringe benefits were lesser concern when hiring new workers."

U.S. AND ST. TAMMANY ECONOMIC GROWTH

The Conference Board reported the Leading Economic Index (LEI) decreased 0.3% "again in March and has not risen in the past nine months. Building permits, stock prices, and the index of supplier deliveries made large negative contributions to the index, more than offsetting continued positive contributions from real money supply and the yield spread. The LEI remains on a general downtrend that began in July 2007 with widespread weaknesses among its components. However, its rate of decline has moderated somewhat this year so far. The Coincidence Economic Index (CEI) continued falling in March, 0.4%, driven by further declines in employment and industrial production. In the last six months through March, the index decreased 3.0%, faster than the decline of 2.0% for the previous six months. The CEI has been on a declining trend since November 2007, although it has decreased at a modestly slower pace in recent months. Real GDP contracted at an average annual rate of 3.5% in the second half of 2008. The Lagging Economic Index (LAG) fell 0.4% in March – the same amount as the CEI. The LAG had only one of the seven components advancing and that was the ratio of consumer installment credit to personal income." The Parish economy continues on its sluggish path. The main culprit holding economic growth back is retail sales where the negative sales comparisons are large enough to hold back the overall growth index. The 1Q09 over 1Q08 change was -0.7% while the twelve month change was -1.2%. There was a small quarter over quarter change in employment, -0.1%. See the Economic Growth Index for more information on Parish economic growth.

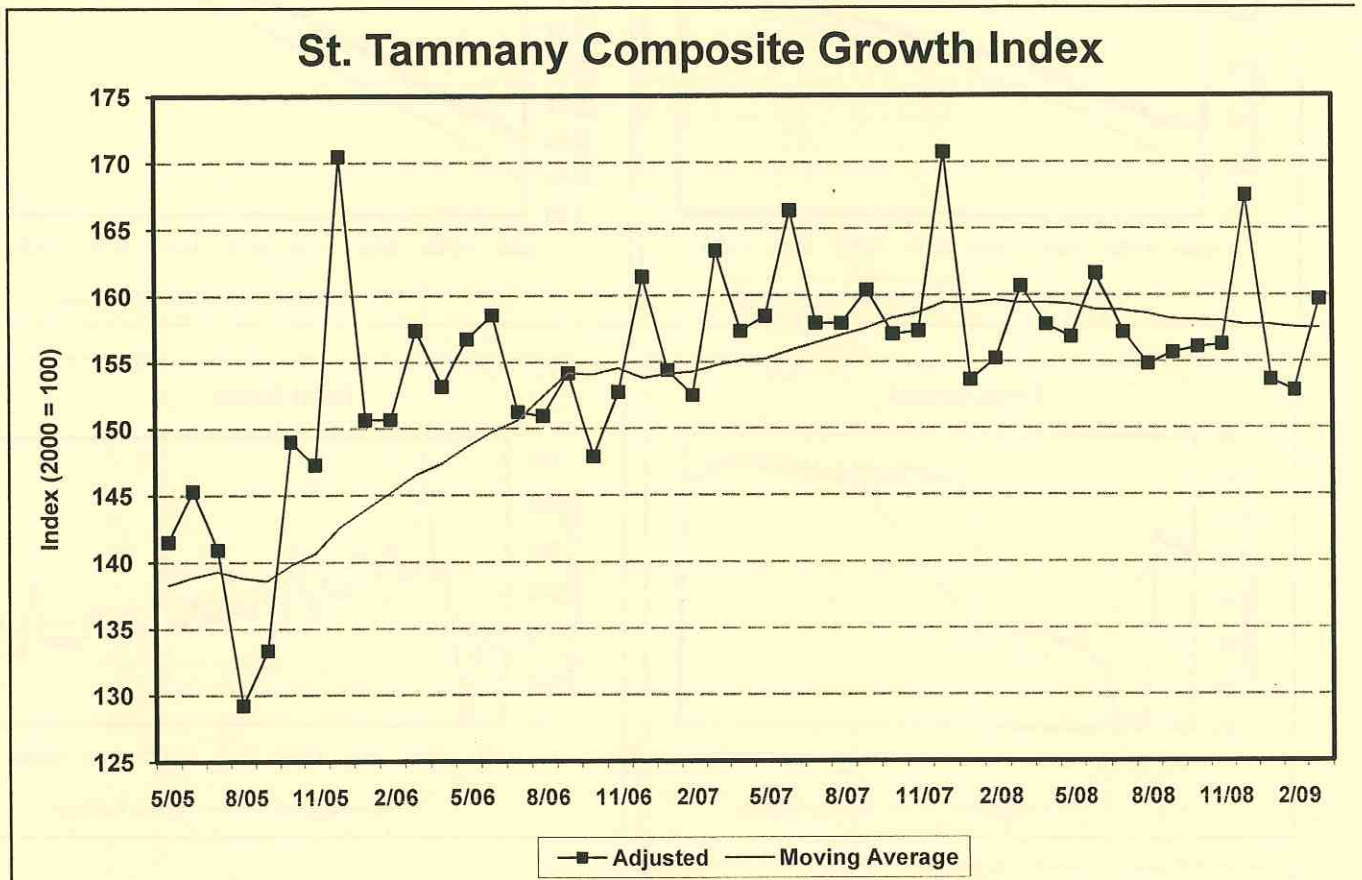
St. Tammany Economic Growth Index

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Notes

The St. Tammany Parish Economic Growth Index is a measure of economic expansion comparing changes in five economic components over time thus, collectively, tracking changes and growth of the St. Tammany economy. Components used to develop the composite economic index include employment, single family building permits, Parish total sales (computed from parish sales tax), electric customers, and commercial permits. Weighted ratios of each component are totaled to produce a composite index. For a look at the components comprising the composite index, see the back of this page.

Quarterly Summary

The St. Tammany economy continues the struggle to expand. 1Q09 economic change improved over the fourth quarter 2008 by moving from -1.1% in 4Q08 to -.7% in 1Q09. The twelve-month change slid marginally from -1.1% in 4Q08 to -1.2% in 1Q09. Of five components making up the composite index three were positive during 1Q09 including commercial permits, up 4.2%; single family permits, up 1.0% and electric customer count, up .9%. Total employment dipped slightly, -.1%, during the quarter. All four of these components recorded a 12-month expansion of 4.0%, 1.2%, 1.3% and 1.2%, respectively. The fifth component, sales, had a 1Q09 performance of -8.2% and a twelve-month reading of -10.4%. The 1Q09 sales performance out performed and improved the 4Q08 sales performance while the 1Q09 12-month slid to -10.4%. This compared with 4Q08 12-month performance of -10.2%. Parish consumers' fear of negative news being reported on the national economy continues to have a negative effect on their local spending. Continued concerns over job security, health care, and fuel costs have many consumers on edge, uncertain what the future holds. Commercial and single family construction projects are slowed by some bank hesitation to issue loans due to their concern as to whether they will get back monies loaned out. In summary, the Parish economy is in a slight contraction phase with some strain being felt in total employment levels, rising unemployment and the rising number of initial unemployment insurance claims. The St. Tammany economy remains strong. The expansion picture would be brighter were it not for sub par retail sales performance.