Highlights from the State Business Cycle Updates

Overview: Our annual assessment of state business cycles is made in the spring of each year following the annual re-estimation process of our state coincident indexes, which follows the release of annual benchmark revisions of state labor market data from the Bureau of Labor Statistics (BLS). Although we have data through year-end plus a few months more, the monthly nonfarm payroll employment data after September of the prior year are still subject to significant revisions. We elect to wait until that data have been through at least one annual benchmark revision before assigning business cycle peaks and troughs. Therefore, we do not delineate any state business cycles that have not been clearly defined (with a peak and a trough) before September of the prior year.

Even then, we strongly recommend caution. Our experience indicates that data revisions from the subsequent BLS annual benchmark revision (one year later) have a substantial impact on recessions that occurred, or appear to have occurred, especially in months near the September cutoff. The annual notes below document that experience.

Results of the 2024 Update:

Our state business cycle algorithm currently identifies four recessions from peak (P) to trough (T) since mid-2020 (after the pandemic recessions had ended in all 50 states) through September 2023.

- Delaware (P: Nov. 2020; T: Mar. 2021)
- Maine (P: Nov. 2020; T: Apr. 2021)
- Missouri (P: Jun. 2022; T: Oct. 2022)
- New Jersey (P: Aug. 2022; T: Aug. 2023)

In addition, there are 12 potential recessions beginning in April 2023 (or later) that have not yet resolved with a trough prior to September 2023. These occur in Alabama, Connecticut, Illinois, Louisiana, Maine, Michigan, Missouri, Montana, New York, Rhode Island, Vermont, and West Virginia.

However, based on prior experience, the New Jersey recession and most of the 12 that occur in the latter half of 2023 are not likely to survive a second annual benchmark revision.

Our Recent Experience Based on Last Year's Results:

During the two years preceding the September 2022 cutoff for last year's state business cycle dates, our algorithm identified the following four recessions from peak (P) to trough (T):

- Delaware (P: Nov. 2020; T: Mar. 2021)
- Maine (P: Nov. 2020; T: Apr. 2021)
- West Virginia (P: Mar. 2022; T: Aug. 2022)
- Wyoming (P: Apr. 2022; T: Aug. 2022)

The underlying data for Delaware and Maine had undergone two annual benchmark revisions. These recessions survived a third revision and remain following this year's assessment.

The West Virginia and Wyoming recessions ended only one month before the September cutoff and had gone through only one annual benchmark revision. They did not survive a second annual revision and are missing from this year's assessment.

In addition, there had been six potential recessions that began in May 2022 (or later) but had not resolved with a trough prior to September 2022. These occurred in Iowa, Kansas, Michigan, Minnesota, Missouri, and Vermont. Only the Missouri recession survived the second annual revision.