

STATE

COINCIDENT

INDEXES



NOVEMBER 2020

Release Date: December 23, 2020

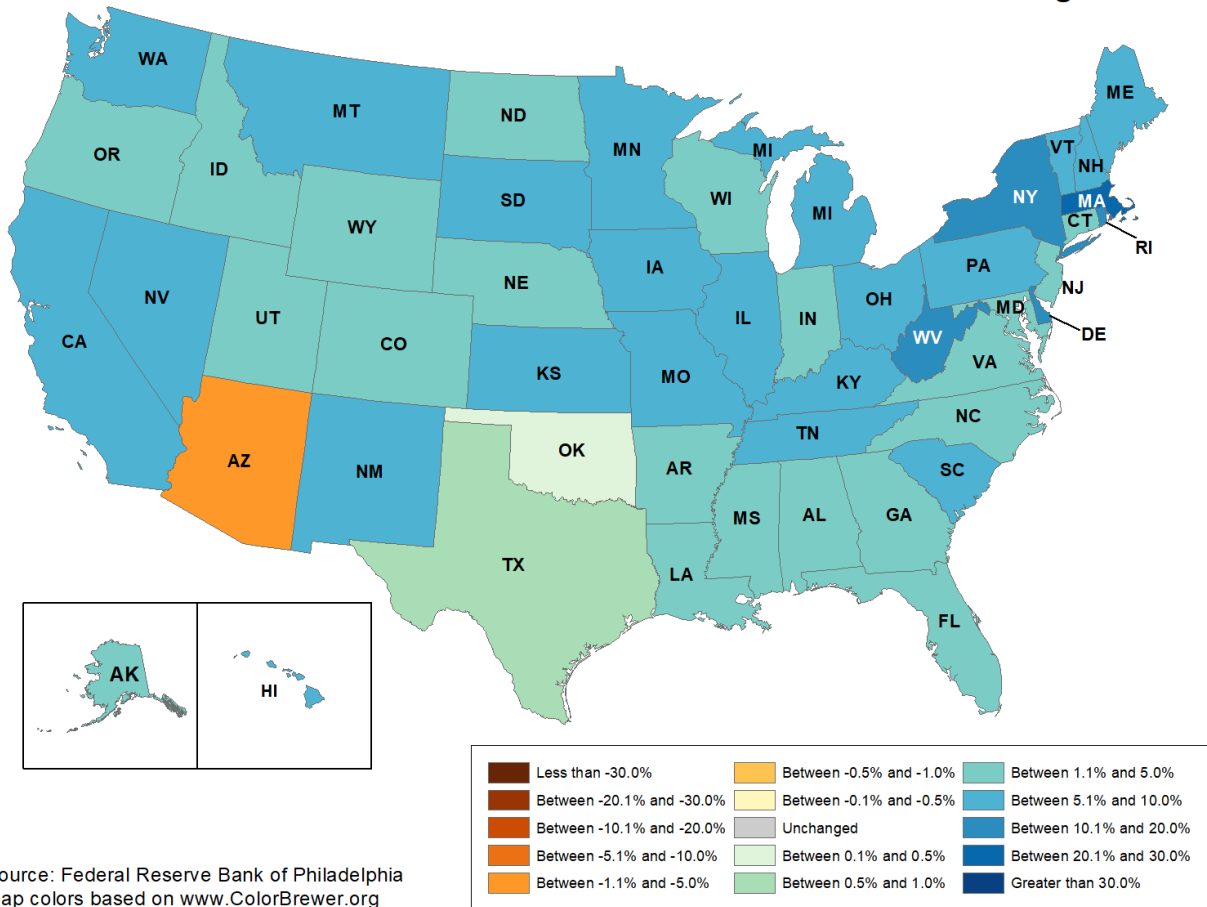
The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for November 2020. Over the past three months, the indexes increased in 49 states and decreased in one state, for a three-month diffusion index of 96. Additionally, in the past month, the indexes increased in 43 states and decreased in seven states, for a one-month diffusion index of 72. For comparison purposes, the Philadelphia Fed has also developed a similar coincident index for the entire United States. The Philadelphia Fed's U.S. index increased 1.5 percent over the past three months and 0.3 percent in November.

** See the **Potential Impacts of the Coronavirus (COVID-19) Pandemic on the November 2020 State Unemployment Rates and the State Coincident Indexes** and **South Carolina Employment and Wages Data** on the third page.

*** **Greater volatility of the Coincident Index has prompted an expanded map scale, and more discussion of this volatility will be forthcoming.**

The next release date of the state coincident indexes will be January 29, 2021.

November 2020 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia
Map colors based on www.ColorBrewer.org

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THIRD DISTRICT COINCIDENT INDEXES: NOVEMBER 2020

Pennsylvania

In the three months to November, the coincident index for Pennsylvania rose 7.7 percent. The level of payroll employment increased significantly over the past three months but remained lower than that of February. The unemployment rate fell sharply during the three-month period but generally remained higher than the pre-pandemic level. In addition, average hours worked in manufacturing increased significantly. Overall, Pennsylvania's economic activity as measured by the coincident index has fallen 6.1 percent over the past 12 months.

New Jersey

In the three months to November, the coincident index for New Jersey rose 2.6 percent. The level of payroll employment increased significantly over the past three months but remained lower than that of February. The unemployment rate fell during the three-month period but generally remained at an elevated level. In addition, average hours worked in manufacturing increased slightly. Overall, New Jersey's economic activity as measured by the coincident index has fallen 7.7 percent over the past 12 months.

Delaware

In the three months to November, the coincident index for Delaware rose 14.3 percent. The level of payroll employment increased over the past three months but remained lower than that of February. The unemployment rate declined during the three-month period but generally remained higher than the pre-pandemic level. In addition, average hours worked in manufacturing increased. Overall, Delaware's economic activity as measured by the coincident index has increased 1.2 percent over the past 12 months.

November 2020 DATA: Third District Coincident Indexes

Area	November 2020*	1-Month Change	3-Month Change	12-Month Change
Pennsylvania	115.0	2.1%	7.7%	-6.1%
New Jersey	116.8	-2.0%	2.6%	-7.7%
Delaware	129.4	3.7%	14.3%	1.2%
US	124.3	0.3%	1.5%	-4.3%

* Indexed to 2007 annual average. Values are subject to monthly revision.

Historical data for the state coincident indexes and diffusion indexes are available in Excel format. Click [here](#) to download the files. Visit [our website](#) for data, maps, and more information on the state coincident indexes.

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**** Potential Impacts of the COVID-19 Pandemic on the November 2020 State Unemployment Rates and the Philadelphia Fed's State Coincident Indexes**

In November 2020, unemployment rates were lower in 25 states and higher in seven states (in which the monthly change was considered statistically significant); the monthly changes in the remaining 18 states were considered stable. For nonfarm payroll jobs, statistically significant changes were positive in 17 states and negative in three.

However, the Bureau of Labor Statistics (BLS) noted the following for the U.S. as a whole:

- Despite the over-the-month increase, nonfarm employment in November was 9.8 million (or 6.5 percent) below its February level.
- Although unemployment fell in November, the unemployment rate and the number of unemployed people are up 3.2 percentage points and 4.9 million, respectively, since February.

Our map and our three-month diffusion index currently depict changes from August through November, which continued the broadly positive results from the October report. The monthly unemployment rate is typically the most influential factor underlying a state's coincident index for most states, and the unemployment rate declined in most states on a three-month basis.

Of note, the BLS reported on changes to and aspects of its standard methodology for state estimates that bear particular relevance to movements in the Philadelphia Fed's coincident indexes.

- **Handling reports of zero employment:** The BLS noted that the relationship between firm births and deaths is no longer stable. This prompted a change to its methodology to include some portion of firms that reported zero employment for the period (they are typically excluded). This change resulted in lower payroll job totals for November preliminary estimates, as well as for October final estimates. The latter change contributed to downward revisions of the October coincident indexes for some states. However, for some firms reported employment turned positive in November from zero in October. [See [State Employment and Unemployment — November 2020](#).]
- **Handling misclassifications:** The BLS noted again that in November 2020 an atypically large number of workers were classified as employed, but not at work for "other reasons," and suggested that some of these workers should have been classified as "unemployed on temporary layoff." The BLS noted that the national unemployment rate might have been as high as 6.8 percent (not seasonally adjusted) compared with 6.4 percent. Thus, state unemployment rates also may have been higher than estimated, which would imply that the coincident indexes may have increased less than our model indicates. [See [FAQ: The Impact of the Coronavirus \(COVID-19\) Pandemic on the Employment Situation for November 2020](#).]

Finally, the BLS reported two other aspects of its methodology of relevance for the coincident indexes:

- **Greater uncertainty:** The November 2020 unemployment rate estimates met the Census Bureau's standards for accuracy and reliability, even though the response rate for the household survey was about 4 percentage points less than in the 12 months preceding February 2020. [See [FAQ: The Impact of the Coronavirus \(COVID-19\) Pandemic on the Employment Situation for November 2020](#).]
- **Handling outliers:** The BLS routinely examines each state's Current Population Survey inputs for outliers. If an outlier is sufficiently large — passes certain statistical tests — the information is retained or preserved as a level shift. If not, the information is discounted. Generally, the need to implement level shifts does not occur during normal month-to-month processing. For November 2020, level shifts were implemented for most, if not all, states.

Beginning with the May report and continuing with the June through November reports, the BLS also modified its seasonal adjustment process for state estimates to reduce the impact these large outliers have on the seasonal factors. [See [State Employment and Unemployment — November 2020](#).]

**** South Carolina Employment and Wages Data**

According to the Bureau of Labor Statistics (BLS), "QCEW and BED data for 2018 and the first quarter of 2019 for South Carolina are showing unusual movements, potentially as a result of a change in reporting. These unusual movements coincide with a modernization of the South Carolina unemployment insurance system. Both QCEW and BED data are subject to changes in the administrative data produced by state unemployment insurance systems. The BLS is working with its South Carolina partners to identify any impact this system change may have. Data from both QCEW and BED are considered preliminary until the release of their final revision." [Read the report](#).