

# STATE

# COINCIDENT

# INDEXES



## FEBRUARY 2021

Release Date: April 9, 2021

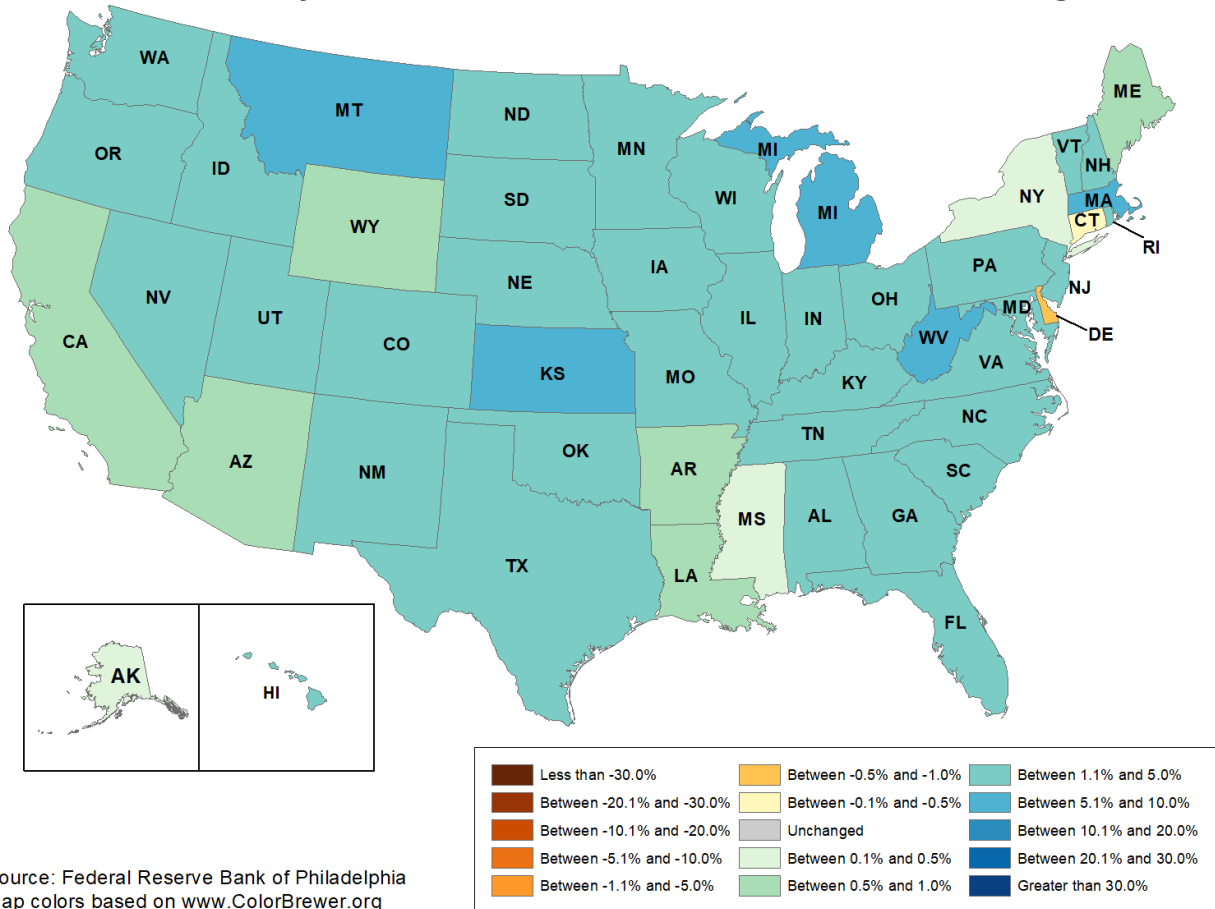
The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for February 2021. Over the past three months, the indexes increased in 48 states and decreased in two states, for a three-month diffusion index of 92. Additionally, in the past month, the indexes increased in 40 states, decreased in five states, and remained stable in five, for a one-month diffusion index of 70. 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 0.8 percent over the past three months and 0.3 percent in February.

\*\* See the **Potential Impacts of the Coronavirus (COVID-19) Pandemic on the February 2021 State Unemployment Rates** 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 April 21, 2021.

### February 2021 State Coincident Indexes: Three-Month Change



Source: Federal Reserve Bank of Philadelphia  
Map colors based on [www.ColorBrewer.org](http://www.ColorBrewer.org)

## THIRD DISTRICT COINCIDENT INDEXES: FEBRUARY 2021

### *Pennsylvania*

In the three months to February, the coincident index for Pennsylvania rose 1.1 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. The unemployment rate increased during the three-month period and generally remained higher than the pre-pandemic level. In addition, average hours worked in manufacturing increased. Overall, Pennsylvania's economic activity as measured by the coincident index has fallen 6.9 percent over the past 12 months.

### *New Jersey*

In the three months to February, the coincident index for New Jersey rose 5.0 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. The unemployment rate decreased sharply during the three-month period but generally remained at an elevated level. In addition, average hours worked in manufacturing rose. Overall, New Jersey's economic activity as measured by the coincident index has fallen 6.1 percent over the past 12 months.

### *Delaware*

In the three months to February, the coincident index for Delaware fell 0.8 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. The unemployment rate increased during the three-month period and generally remained higher than the pre-pandemic level. In addition, average hours worked in manufacturing fell slightly. Overall, Delaware's economic activity as measured by the coincident index has fallen 2.4 percent over the past 12 months.

**February 2021 DATA: Third District Coincident Indexes**

Area	February 2021*	1-Month Change	3-Month Change	12-Month Change
<b>Pennsylvania</b>	<b>113.3</b>	<b>0.4%</b>	<b>1.1%</b>	<b>-6.9%</b>
<b>New Jersey</b>	<b>120.8</b>	<b>0.0%</b>	<b>5.0%</b>	<b>-6.1%</b>
<b>Delaware</b>	<b>124.2</b>	<b>-0.4%</b>	<b>-0.8%</b>	<b>-2.4%</b>
<b>US</b>	<b>124.8</b>	<b>0.3%</b>	<b>0.8%</b>	<b>-4.5%</b>

\* 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 February 2021 State Unemployment Rates and the Philadelphia Fed's State Coincident Indexes**

In February 2021, unemployment rates were lower in 23 states and higher in four states (in which the monthly change was considered statistically significant); the monthly changes in the remaining 23 states were considered stable. For nonfarm payroll jobs, statistically significant changes were positive in 11 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 February 2021 was 9.5 million (or 6.2 percent) below its February 2020 level.
- Although unemployment fell in February 2021, the unemployment rate and the number of unemployed people are up 2.7 percentage points and 4.3 million, respectively, since February 2020.

Our map and our three-month diffusion index currently depict changes from November 2020 through February 2021, which continued the broadly positive results from the January 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 February preliminary estimates, as well as for January final estimates. The latter change contributed to downward revisions of the January coincident indexes for some states. However, for some firms reported employment turned positive in February from zero in January. [See [State Employment and Unemployment — February 2021](#).]
- **Handling misclassifications:** The BLS noted again that in February 2021 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 7.0 percent (not seasonally adjusted) compared with 6.6 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 February 2021](#).]

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

- **Greater uncertainty:** The February 2021 unemployment rate estimates met the Census Bureau's standards for accuracy and reliability, even though the response rate for the household survey was about 5 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 February 2021](#).]
- **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 February 2021, level shifts were implemented for most, if not all, states. [See [State Employment and Unemployment — February 2021](#).]

## **\*\* South Carolina Employment and Wages Data**

According to the Bureau of Labor Statistics (BLS), it is still working with its South Carolina partners to finalize QCEW data for the first quarter of 2019 and BED data for the fourth quarter of 2018 and the first quarter of 2019. South Carolina data had shown unusual movements beginning in early 2018, potentially as a result of changes that coincided with a modernization of the South Carolina unemployment insurance system. Data from both QCEW and BED for the aforementioned months are still considered to be preliminary. [Read the report](#).