

STATE

COINCIDENT

INDEXES



MAY 2021

Release Date: June 29, 2021

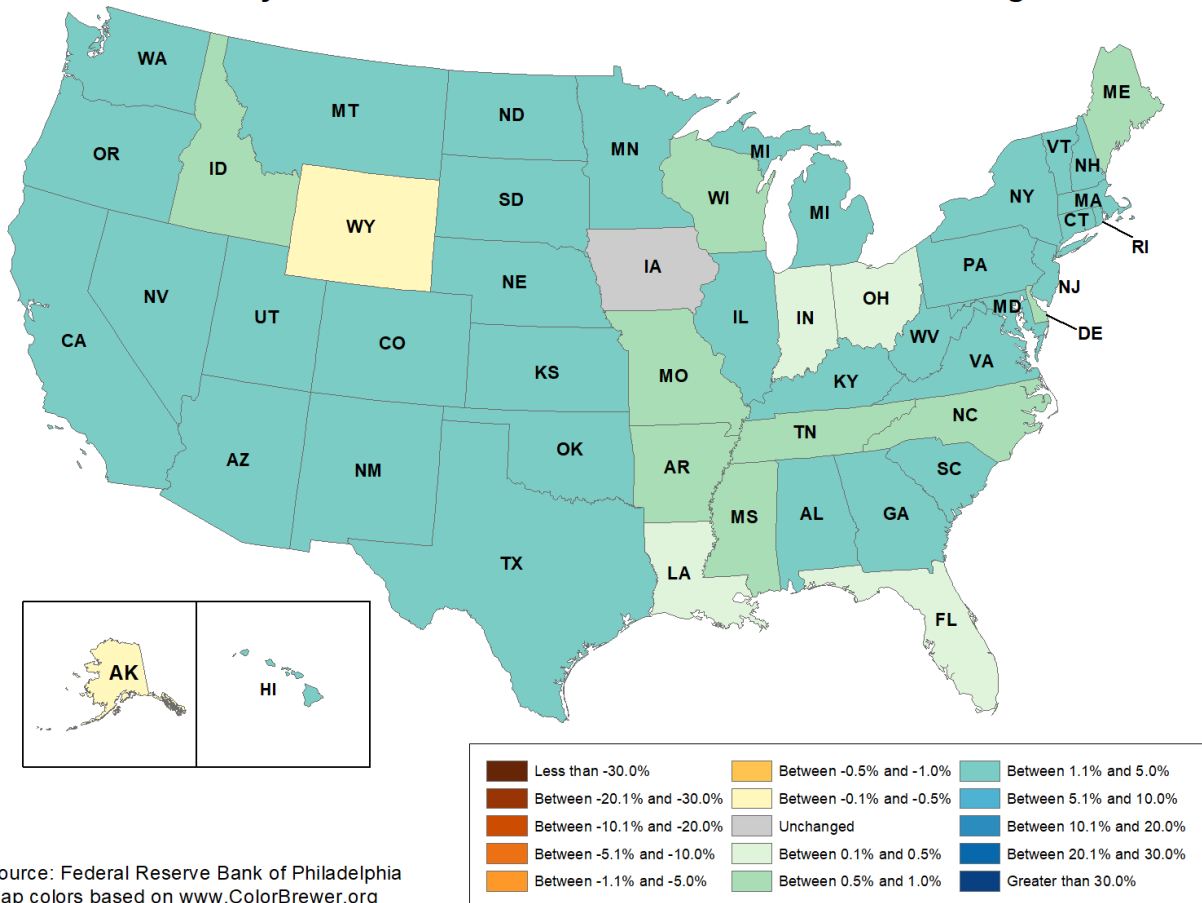
The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for May 2021. Over the past three months, the indexes increased in 47 states, decreased in two states, and remained stable in one, for a three-month diffusion index of 90. Additionally, in the past month, the indexes increased in 41 states, decreased in five states, and remained stable in four, 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 1.4 percent over the past three months and 0.6 percent in May.

** See the **Potential Impacts of the Coronavirus (COVID-19) Pandemic on the May 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 July 21, 2021.

May 2021 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: MAY 2021

Pennsylvania

In the three months to May, the coincident index for Pennsylvania rose 2.0 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. However, the unemployment rate decreased significantly during the three-month period but generally remained higher than its pre-pandemic level. In addition, average hours worked in manufacturing increased. Overall, Pennsylvania's economic activity as measured by the coincident index has risen 18.2 percent over the past 12 months.

New Jersey

In the three months to May, the coincident index for New Jersey rose 2.1 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. The unemployment rate decreased significantly during the three-month period but generally remained at an elevated level. In addition, average hours worked in manufacturing increased. Overall, New Jersey's economic activity as measured by the coincident index has risen 24.7 percent over the past 12 months.

Delaware

In the three months to May, the coincident index for Delaware increased 1.0 percent. The level of payroll employment increased over the past three months but remained lower than that of February 2020. However, the unemployment rate decreased significantly during the three-month period but generally remained higher than its pre-pandemic level. In addition, average hours worked in manufacturing fell. Overall, Delaware's economic activity as measured by the coincident index has risen 27.4 percent over the past 12 months.

May 2021 DATA: Third District Coincident Indexes

Area	May 2021*	1-Month Change	3-Month Change	12-Month Change
Pennsylvania	116.4	0.8%	2.0%	18.2%
New Jersey	123.5	0.9%	2.1%	24.7%
Delaware	124.9	1.4%	1.0%	27.4%
US	127.2	0.6%	1.4%	7.7%

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

In May 2021, unemployment rates were lower in 21 states and higher in one state (in which the monthly change was considered statistically significant); the monthly changes in the remaining 28 states were considered stable. For nonfarm payroll jobs, statistically significant changes were positive in 14 states and negative in one.

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 May 2021 was 7.6 million (or 5.0 percent) below its February 2020 level.
- Although unemployment fell in May 2021, the unemployment rate and the number of unemployed people are up 2.3 percentage points and 3.6 million, respectively, since February 2020.

Our map and our three-month diffusion index currently depict changes from February 2021 through May 2021, which continued the broadly positive results from the April 2021 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 May preliminary estimates, as well as for April final estimates. The latter change contributed to downward revisions of the April coincident indexes for some states. However, for some firms reported employment turned positive in May from zero in April. [See [State Employment and Unemployment — May 2021](#).]
- **Handling misclassifications:** The BLS noted again that in May 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 5.8 percent (not seasonally adjusted) compared with 5.5 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 May 2021](#).]

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

- **Greater uncertainty:** The May 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 May 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 May 2021, level shifts were implemented for most, if not all, states. [See [State Employment and Unemployment — May 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](#).