Release Date: July 22, 2020

The Federal Reserve Bank of Philadelphia has released the coincident indexes for the 50 states for June 2020. Over the past three months, the indexes increased in two states and decreased in 48 states, for a three-month diffusion index of -92. Additionally, in the past month, the indexes increased in 42 states, decreased in seven states, and remained stable in one, 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 fell 5.0 percent over the past three months and increased 2.7 percent in June.

** See the Potential Impacts of the Coronavirus (COVID-19) Pandemic on the June 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 August 26, 2020.
THIRD DISTRICT COINCIDENT INDEXES: JUNE 2020

Pennsylvania

In the three months to June, the coincident index for Pennsylvania fell 14.1 percent. The level of payroll employment remained much lower than that of March, while the unemployment rate stayed at an elevated level during the three-month period. In addition, average hours worked in manufacturing declined. Overall, Pennsylvania’s economic activity as measured by the coincident index has fallen 15.3 percent over the past 12 months.

New Jersey

In the three months to June, the coincident index for New Jersey fell 16.3 percent. The level of payroll employment remained much lower than that of March, while the unemployment rate stayed at an elevated level during the three-month period. In addition, average hours worked in manufacturing declined. Overall, New Jersey’s economic activity as measured by the coincident index has fallen 15.4 percent over the past 12 months.

Delaware

In the three months to June, the coincident index for Delaware fell 24.4 percent. The level of payroll employment remained much lower than that of March, while the unemployment rate stayed at an elevated level during the three-month period. In addition, average hours worked in manufacturing declined. Overall, Delaware’s economic activity as measured by the coincident index has fallen 26.7 percent over the past 12 months.

June 2020 DATA: Third District Coincident Indexes

<table>
<thead>
<tr>
<th>Area</th>
<th>June 2020*</th>
<th>1-Month Change</th>
<th>3-Month Change</th>
<th>12-Month Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pennsylvania</td>
<td>103.3</td>
<td>0.0%</td>
<td>-14.1%</td>
<td>-15.3%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>106.4</td>
<td>-2.1%</td>
<td>-16.3%</td>
<td>-15.4%</td>
</tr>
<tr>
<td>Delaware</td>
<td>93.6</td>
<td>7.0%</td>
<td>-24.4%</td>
<td>-26.7%</td>
</tr>
<tr>
<td>US</td>
<td>122.9</td>
<td>2.7%</td>
<td>-5.0%</td>
<td>-4.2%</td>
</tr>
</tbody>
</table>

* 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.

Please contact Joey Lee for media inquiries.
Phone: 215-574-3840
** Potential Impacts of the COVID-19 Pandemic on the June 2020 State Unemployment Rates and the Philadelphia Fed’s State Coincident Indexes**

In June 2020, unemployment rates were lower in 42 states and higher in five states (in which the monthly change was considered statistically significant); the monthly changes in the remaining three states were considered stable. For nonfarm payroll jobs, statistically significant level changes were positive in all 50 states.

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 June was 14.7 million (or 9.6 percent) below its February level.
- Although unemployment fell in June, the unemployment rate and the number of unemployed people are up by 7.6 percentage points and 12.0 million, respectively, since February.

Our map and our three-month diffusion index currently depict changes from March through June, which remain significantly negative for most states. The monthly unemployment rate is typically the most influential factor underlying a state’s coincident index for most states, and the unemployment rate remains elevated in most states on a three-month basis.

Of note, the BLS reported on changes to and aspects of their 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 June preliminary estimates, as well as for May final estimates. The latter change contributed to downward revisions of the May coincident indexes for some states. However, for some firms reported employment turned positive in June from zero in May. [See State Employment and Unemployment — June 2020.]

- **Handling misclassifications:** The BLS noted again that in June 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 12.4 percent (not seasonally adjusted) compared with 11.2 percent. Thus, state unemployment rates also may have been higher than estimated, which would imply that the coincident indexes may have fallen further than our model indicates. [See FAQ: The Impact of the Coronavirus (COVID-19) Pandemic on the Employment Situation for June 2020.]

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

- **Greater uncertainty:** The June 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 18 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 June 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 June 2020, level shifts were implemented for most, if not all, states.

Beginning with the May report and continued with the June report, 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 — June 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.]