

Is the Recovery Ready to Move Into a Higher Gear?





Let's highlight some good economic news for a change. Sure the economy is still struggling in Utah, but we need to acknowledge any good piece of news, especially when it is a key economic variable.

Utah's actual employment numbers are in for the first quarter and they came in better than the original survey estimates. Not by anything excessive, but an original 1.7 percent growth estimate is now revised up to 1.9 percent. The best part is that a shift may have occurred, portending a strengthening Utah employment trend. Let me explain.

Actual employment counts for a time period don't come in until further down the road, after most of the state's employers report their payroll counts into the state's unemployment insurance program. Unfortunately, it takes time for all of this data to accumulate and be processed. In the meantime, an employment survey is done every month to get a feel for what is happening—employment-wise—in a more current time frame. The actual, but lagged, employment numbers will eventually replace the survey's results.

With time, we see relational patterns emerge between the initial survey estimates and the lagged employment counts. When the actual employment counts are falling, the survey sees this fall, but it has a tendency not to catch the true depth of the decline. Conversely, when the employment picture reverses and improves, the survey estimates have a tendency to be lower than the actual employment counts that come in later. So the survey usually ends up chasing the fall and lagging the rise.

It is the shift in relationships for the first quarter that is most encouraging. For most of the past three years, as the employment counts fell, the survey was not capturing the complete depth of the job loss. Employment gains have now risen in Utah over the past year, but the survey stayed slightly ahead of those gains. But the first quarter data now puts the survey behind actual Utah job growth for the first time in many years, suggesting the Utah economy is starting to kick into a higher gear. Let's hope this continues and is not just a one-quarter anomaly. 