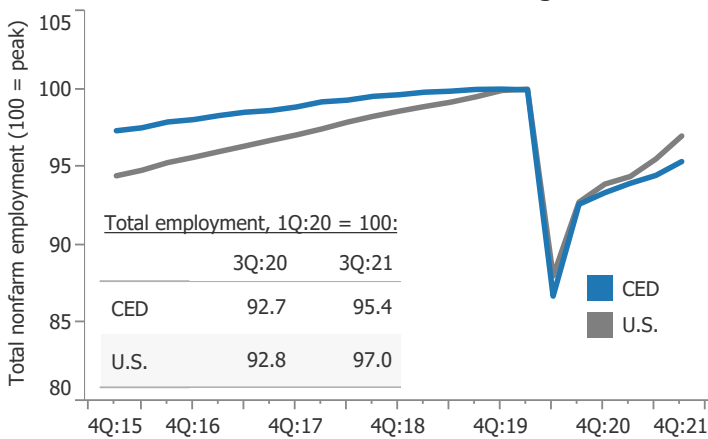


Despite 3Q job gains, the CED continues to underperform the U.S.

- The Central District (CED) jobs recovery improved in the third quarter, but the performance gap with the U.S. average widened.** See Figure 1. While the district saw strong job growth in July, the Delta variant surge stalled job growth in August and September. Despite a steady demand for workers, labor supply constraints - due in part to out-migration from the district - also held back hiring in the quarter. Wage growth was strong, but slower than the U.S. pace. Employment is 4.6 percent below its pre-COVID peak, with 1.3 million fewer workers than in 1Q:2020.
- Nearly all industries added jobs over the past year but all industries remain below pre-pandemic levels.** Leisure & hospitality led the district in growth since 3Q:2020 but remained the industry furthest behind its prior peak. Financial activities was the only industry to shed jobs over the past year, as a shift to online banking reduced demand for in-person and back office services. Construction employment is close to its pre-pandemic level, while education & healthcare and government jobs have been slow to recover. See Figure 2.

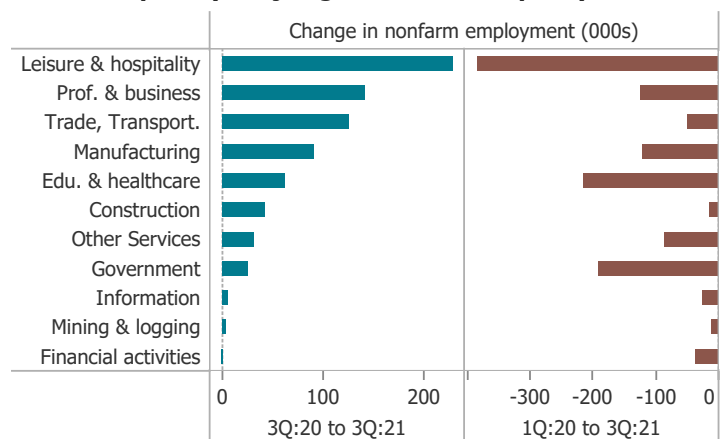
- The jobs recoveries in all CED states continued to lag the U.S. pace, except Indiana.** The global semiconductor shortage continued to hold back the district's auto manufacturing this quarter. October marked the sixth consecutive month new vehicle sales have fallen, as supply chain disruptions limited production. Michigan remained the worst performing state in the district, with employment 6.0 percent below its pre-COVID peak. Indiana and Kentucky, with a greater reliance on the outperforming transportation industry, led the district recovery. See Figure 3.
- The worst performing metros are concentrated in Michigan and the district's largest cities.** The prevalence of remote work reduced economic activity in urban centers that rely on office works (Chicago and Minneapolis), limiting job growth in urban-based retail and leisure & hospitality firms. Metros with strong export industries (Detroit and Cleveland) have been disproportionately hurt by supply chain disruptions, while metros with favorable central locations (Louisville and Indianapolis) have benefited from hiring growth in logistics. See Figure 4.

Figure 1: Despite 3Q gains, the CED recovery fell further behind the U.S. average



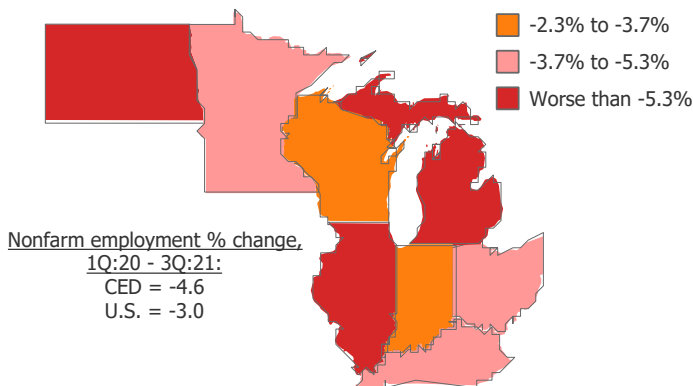
Source: BLS (data through September 2021)

Figure 2: Consumer-facing industries like leisure & hospitality led job growth over the past year



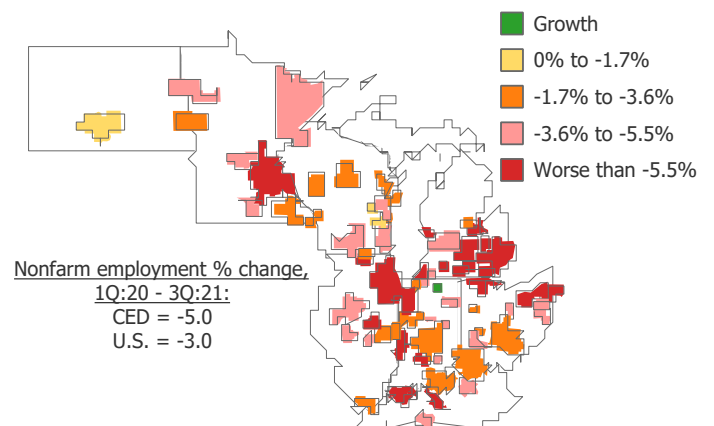
Source: BLS (data through September 2021)

Figure 3: Supply chain disruptions held back manufacturing jobs in several CED states



Source: BLS (data through September 2021)

Figure 4: The district's largest cities and metros in Michigan remain furthest below pre-COVID peaks.



Source: BLS (data through September 2021)