

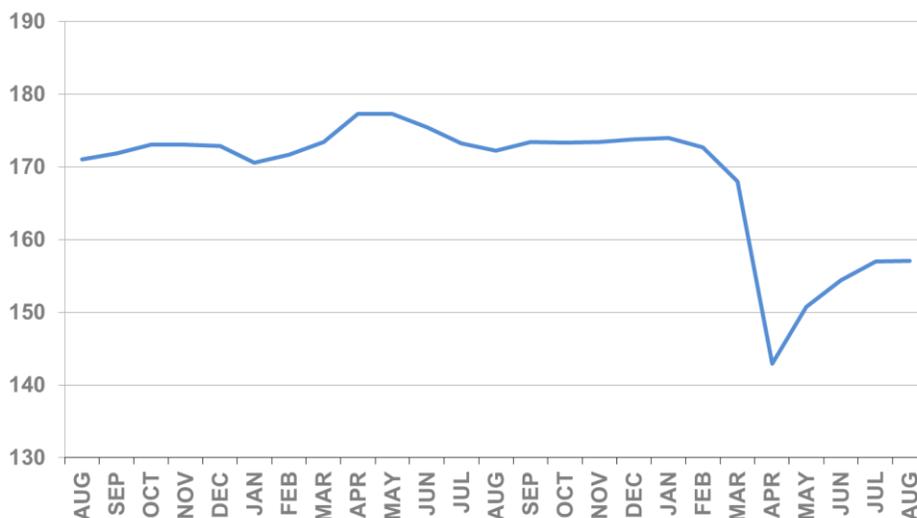


## Ithaca Business Index

### August 2020

The Ithaca Business Index inched 0.1 percent higher in August to a level of 157.09 from a revised mark of 156.98 in July. Gains in employment, hours worked, home sales, and help wanted advertising propelled the index higher. Losses in the size of the labor force and retail sales were enough to stifle almost all the gains.

Ithaca Business Index  
AUG 2018 - AUG 2020



The number of jobs in the Ithaca metropolitan area climbed by 900 to a level of 61,400 in August. All the figures in this report are seasonally adjusted so that any month can be compared to any other without regard to seasonal factors. Ithaca's unemployment rate fell to 6.9 percent from 9.2 percent in July. Comparable unemployment rates for New York State and the nation in August 2020 are 12.5 percent and 8.4 percent, respectively.

The size of Ithaca's labor force decreased by 100 persons to a level of 51,800. Anyone residing in Ithaca with a part-time or full-time job is in the labor force. In addition, anyone residing in Ithaca without a job, but actively seeking employment, is also included in the labor force.

Retail sales in Ithaca edged downward by 1.6 percent in August after a three-month winning streak. The decline was minor but retail sales are still 13.2 percent off from a year ago. Employment in Ithaca's retail sector was 800 jobs less than normal.

The average work week in Ithaca increased 1.8 percent to 33.9 hours from 33.3 hours in July. This figure is indeed an average that includes both full and part-time employees in the private sector. Compared to August 2019, average hours worked was unchanged.

Home sales in Ithaca advanced 7.3 percent in August. This is a minor improvement for this volatile indicator. Compared to August 2019 home sales were down 24.9 percent. However, the median home's price increased markedly over the course of the year to \$281,000 from \$229,000.

Help wanted advertising skipped ahead 27.6 percent in August. Compared to August 2019, help wanted advertising was down 43.6 percent. Increases in help wanted advertising may foretell increases in employment in the months ahead.

Sector	Change (from last month)	Change (from last year)
Employment	▲ 1.5 %	▼ 3.9 %
Labor Force	▼ 0.2 %	▲ 5.6 %
Retail Sales	▼ 1.6 %	▼ 13.2 %
Avg Weekly Hrs at Work	▲ 1.8 %	▶ 0.0 %
Home Sales	▲ 7.3 %	▼ 24.9 %
Help Wanted Advertising	▲ 27.6 %	▼ 43.6 %
Ithaca Business Index	▲ 0.1 %	▼ 8.8 %

The Ithaca Business Index monitored how the regional economy improved in May, June, and July. Unfortunately, August was basically flat. People argue about whether the national recovery from the complete Covid-19 shutdown will be a V, U, W, or even possibly a K. The K represents the divergence of an improving economy for some folks and a sinking economy for others.

Looking at the charts of the Ithaca Business Index, the recovery of the regional economy resembles a radical sign from your middle-school math class. Given how our major industries – higher education and health care – are performing, the regional economy is expected to hover at 8 to 10 percent below normal for the rest of 2020.

## Ithaca Business Index

JAN 1985 to AUG 2020

(national recessions are shaded)



In January 1985, the Ithaca Business Index stood at 100.00. In August 2020, the Index reads 157.09. This means that the Tompkins County economy has grown 57.09 percent in those 428 months.

From 1985 until 1988, the Ithaca metro region grew at a rapid clip. The average annual growth rate was 6.0 percent. The Ithaca Business Index reached a peak of 129.25 in April 1989. A recession brought the Index down to a level of 111.32 in February 1992. This 34-month slide was much longer and more severe than the national recession which lasted only 8 months. Since then, the County economy has recovered, but annual growth rates of 1.5 percent are more typical these days.

There was a less severe version of the Great Recession here in Ithaca that started in April 2008 and ended in July 2009. The most recent recession began in April 2014 and ended in March 2015. There was no national recession during this time, but economic activity in Ithaca stalled in the latter half of 2014 and fell 1.5 percent in 2015.

Ithaca's economy had been expanding since the summer of 2015 with growth rates of 3.7 percent in 2017, 0.6 percent in 2018, and 2.0 percent in 2019. The Covid-19 pandemic has curtailed economic activity throughout the world and in Ithaca. Currently, Ithaca's economy is operating at about 8 percent below normal. The all-time high for the Ithaca Business Index is 177.31, its reading in April 2019.