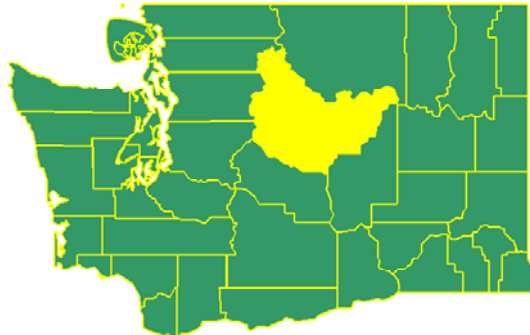


The Chelan and Douglas Counties Labor Economy (December 2003)



Prepared February 14, 2004

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Nonagricultural Employment

Total nonagricultural employment in Chelan and Douglas counties (also called the Wenatchee Labor Market Area or LMA) contracted by 340 jobs for a 1.0-percent shortening of payrolls over the month of December 2003. Natural Resources, Mining, and Construction, along with Wholesale Trade each lost 140 jobs during December's seasonal downturn (see Table 1). Local construction firms account for the vast majority of jobs in the combined Natural Resources, Mining, and Construction employment category. As days get shorter and outdoor construction activities subside, workers are laid off. Many jobs in the Wholesale Trade grouping are at fresh fruit packinghouses whose activities dwindle after apple packing/storage subsides. This year was no exception to that rule.

Between 2002 and 2003 Chelan and Douglas Counties lost approximately 110 jobs in the nonagricultural sector of the economy. Although this equates to a mild 0.3-percent over-the-year decline in employment, the bad news is that the downturn occurred in the latter part of 2003. Job growth rates in the Wenatchee LMA were positive in the 1st Quarter of 2003, started to stall in the 2nd Quarter, and slipped into the negative column during the 3rd and 4th Quarters (see Figures 1-A and 1-B). Thus, the local labor market is starting off "on the wrong foot" in 2004.

What industries/employment groups lost or gained the most jobs in the local labor market during 2003? The answer can be summarized by the baseball term, "Three-up, And Three-down."

- Three employment groups that *lost* jobs over the year were:
 1. Wholesale Trade (down 180 jobs, see Figures 2-A and 2-B),
 2. Durable Goods Manufacturing (down 140 jobs, see Figures 3-A and 3-B),
 3. Transportation, Warehousing, and Utilities (down 120 jobs, see Figures 4-A and 4-B).
- Three employment groups that *gained* jobs during 2003 were:
 1. Construction (up 150 jobs, see Figures 5-A and 5-B),
 2. Health Services and Social Assistance (up 100 jobs, see Figures 6-A and 6-B),
 3. Accommodation and Food Services (up 70 jobs, see Figures 7-A and 7-B).

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Some of the softness in the local labor market towards year's end was exacerbated by the smaller apple harvest in the autumn of 2003. This smaller apple crop in 2003 resulted in less need for packers, sorters, and graders than in 2002. Thus, Wholesale Trade employment plummeted by 180 jobs over the year, an annualized 11.3-percent drop. Only during June, July, and August 2003, following the pack-out of last year's bumper cherry crop, did employment in Wholesale Trade rival that of corresponding months in 2002 (see Figure 2-A). During the 4th Quarter of 2003 Wholesale Trade firms provided 19.9 percent fewer jobs than in the 4th Quarter of 2002 (see Figure 2-B). Transportation, Warehousing, and Utilities also declined, by 10.5 percent in 2003. Fewer truckers were required to haul produce from orchards to packinghouses, processors, ports, or stores (see Figures 4-A and 4-B). Rising insurance rates and fuel costs have also been plaguing this industry and at times constraining employment.

On the positive side, Construction employment has reached and rested on a higher employment plateau since June 2003 (see Figure 5-A). Much of this job growth occurred amongst residential construction contractors and is still fueled by low interest rates. Hiring at doctors' and dentists' offices, hospitals, clinics, and nursing and residential care facilities was particularly strong in the final months of 2003. This caused an over-the-year job growth rate of 4.5 percent in Health Services and Social Assistance during the 4th Quarter (see Figure 6-B).

**Table 1
DECEMBER 2003 NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
IN CHELAN AND DOUGLAS COUNTIES
(Prepared January 20, 2004)**

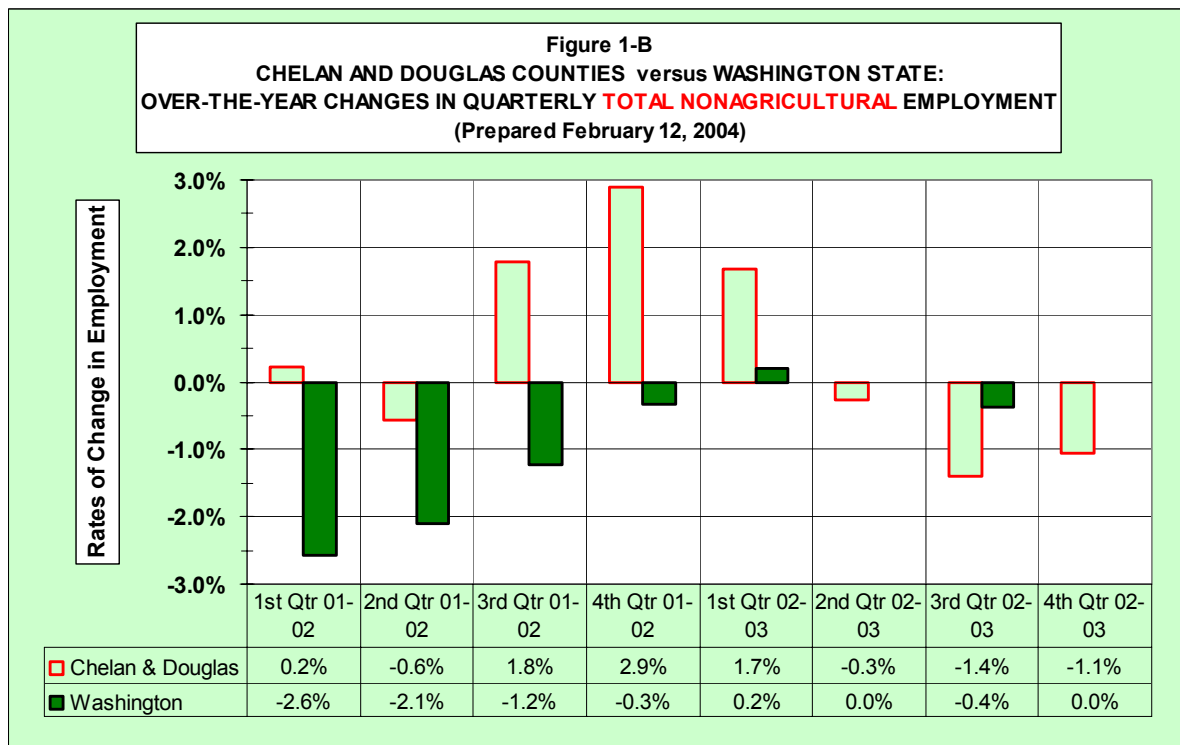
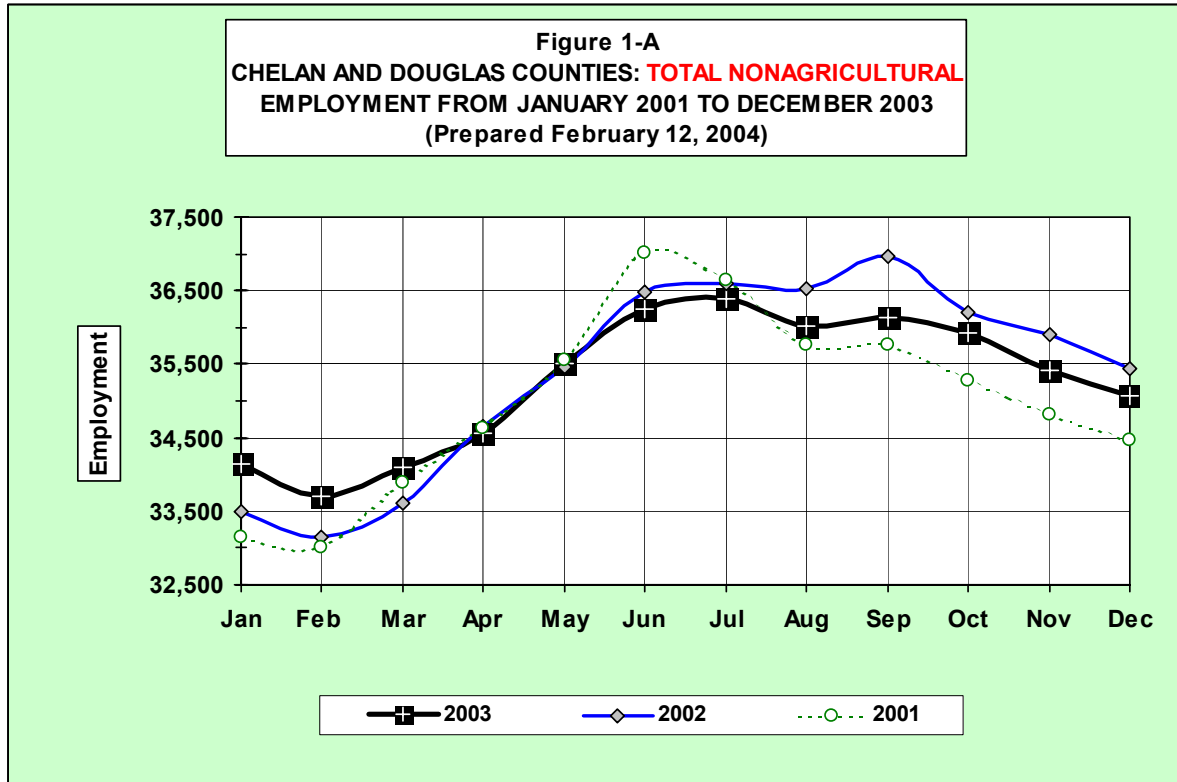
	Dec 2003 ¹	Nov 2003	Dec 2002	CHANGE ³		% CHANGE	
				Nov 03 Dec 03	Dec 02 Dec 03	Nov 03 Dec 03	Dec 02 Dec 03
TOTAL NONFARM²	35,080	35,420	35,450	-340	-370	-1.0%	-1.0%
TOTAL PRIVATE	26,730	26,980	27,220	-250	-490	-0.9%	-1.8%
GOODS PRODUCING	4,640	4,830	4,860	-190	-220	-3.9%	-4.5%
NATURAL RESOURCES, MINING, and CONSTRUCTION	2,660	2,800	2,720	-140	-60	-5.0%	-2.2%
MANUFACTURING	1,980	2,030	2,140	-50	-160	-2.5%	-7.5%
Durable Goods	1,210	1,250	1,350	-40	-140	-3.2%	-10.4%
Non-Durable Goods	760	780	790	-20	-30	-2.6%	-3.8%
SERVICES PROVIDING	30,440	30,590	30,590	-150	-150	-0.5%	-0.5%
WHOLESALE TRADE	1,300	1,440	1,660	-140	-360	-9.7%	-21.7%
RETAIL TRADE	5,600	5,450	5,460	150	140	2.8%	2.6%
TRANSPORTATION, WAREHOUSING, and UTILITIES	1,190	1,150	1,320	40	-130	3.5%	-9.8%
INFORMATION and FINANCIAL ACTIVITIES	1,940	1,960	1,960	-20	-20	-1.0%	-1.0%
ALL OTHER SERVICES	12,060	12,140	11,950	-80	110	-0.7%	0.9%
Health Services and Social Assistance	5,030	5,010	4,800	20	230	0.4%	4.8%
Accommodation and Food Services	3,670	3,740	3,700	-70	-30	-1.9%	-0.8%
GOVERNMENT	8,350	8,440	8,230	-90	120	-1.1%	1.5%
Federal Government	940	930	900	10	40	1.1%	4.4%
State Government	1,310	1,330	1,330	-20	-20	-1.5%	-1.5%
Local Government	6,100	6,180	6,000	-80	100	-1.3%	1.7%
Workers in Labor Disputes	0	0	0	0	0	XXX	XXX

¹ Preliminary employment estimates.

² Excludes proprietors, the self-employed, members of the Armed Services, unpaid family members, workers in private households, and agricultural workers. Includes all full and part-time wage and salary workers receiving pay during the pay period including the 12th of the month, by place of work.

³ Differences in industry employment of 20 or less may not be significant due to rounding.

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Figure 2-A
CHELAN AND DOUGLAS COUNTIES: WHOLESALE TRADE EMPLOYMENT
 FROM JANUARY 2001 TO DECEMBER 2003
 (Prepared February 8, 2004)

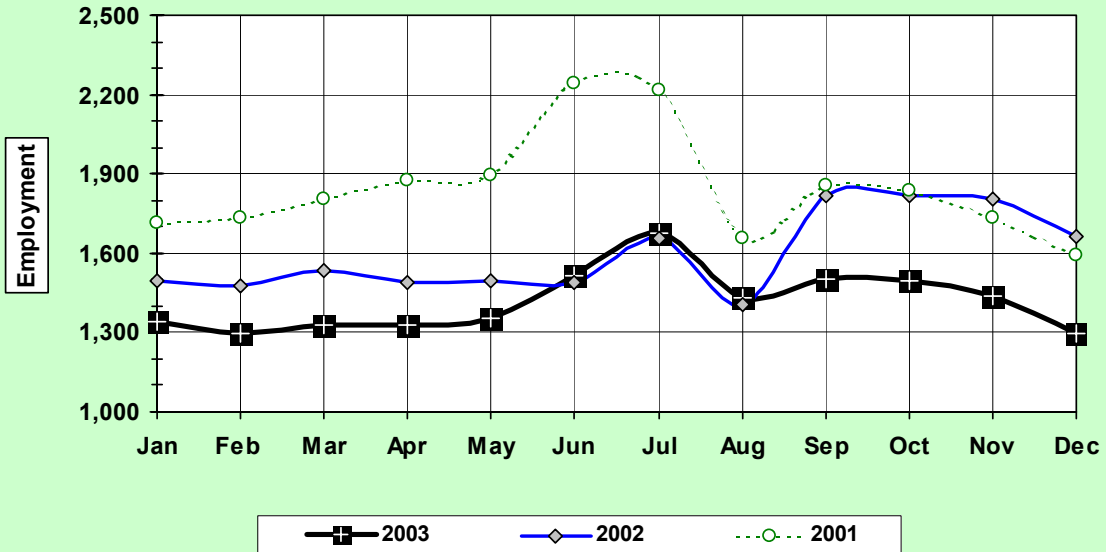
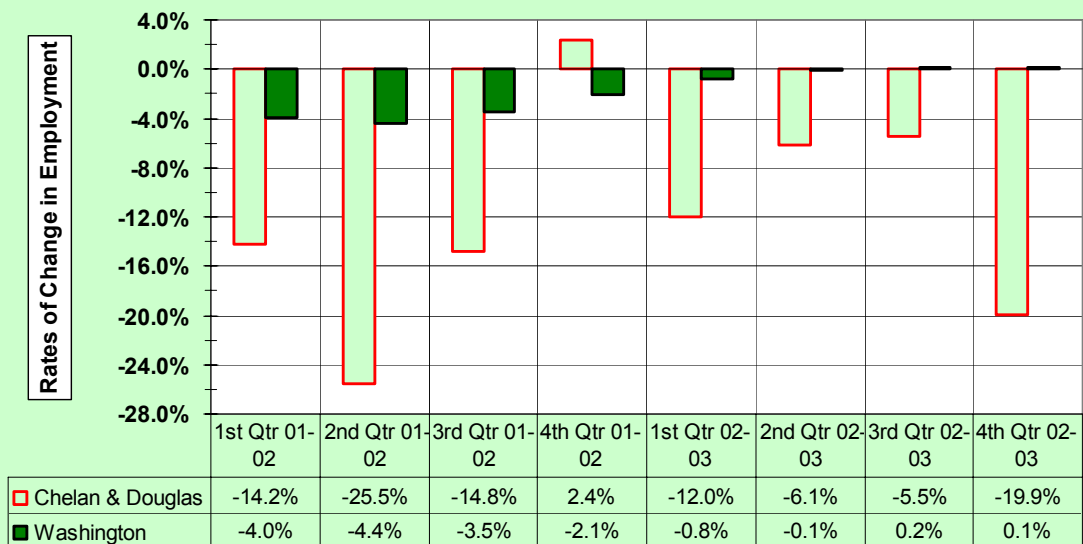
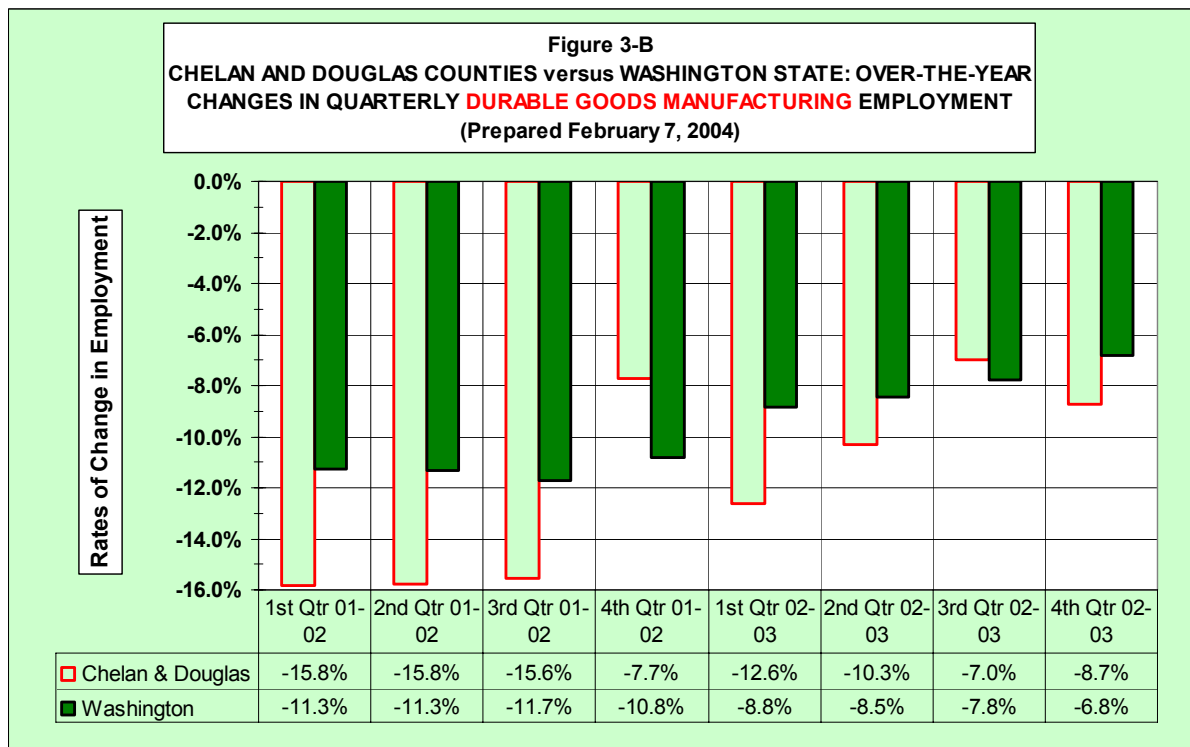
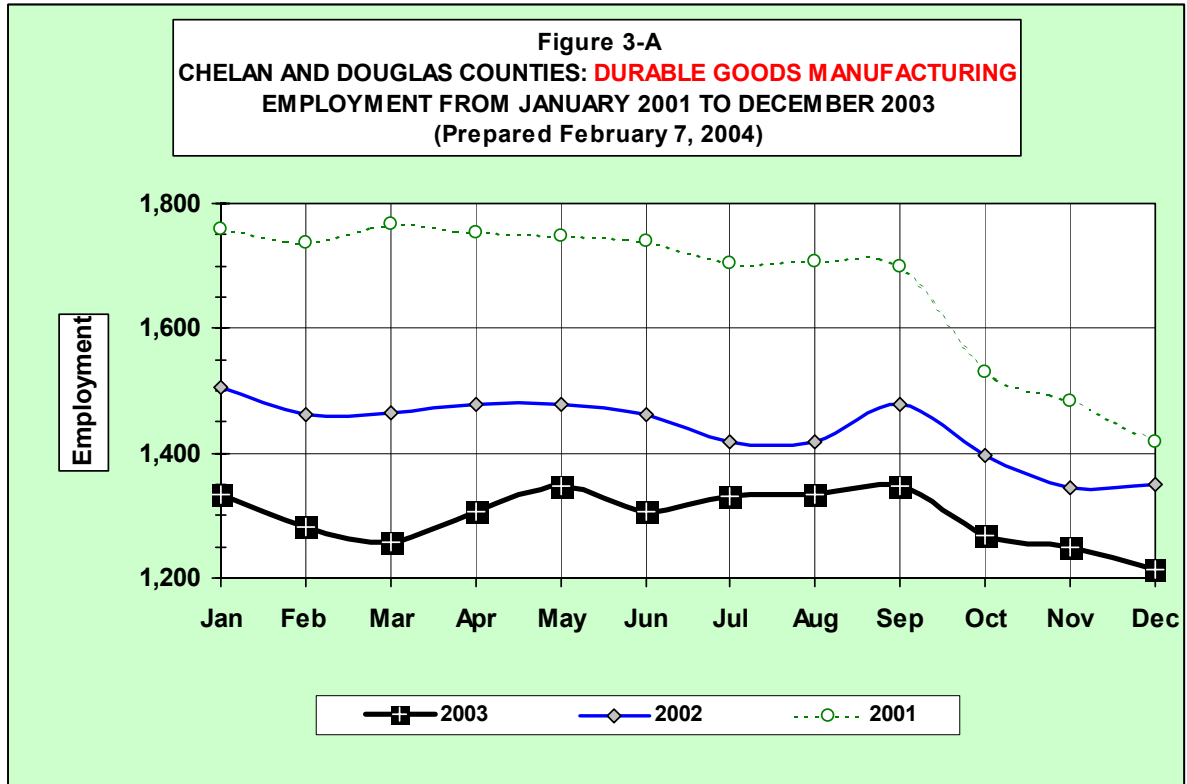


Figure 2-B
CHELAN AND DOUGLAS COUNTIES versus WASHINGTON STATE: OVER-THE-YEAR
CHANGES IN QUARTERLY WHOLESALE TRADE EMPLOYMENT
 (Prepared February 8, 2004)





The Chelan and Douglas Counties Labor Economy (December 2003)

Figure 4-A
CHELAN AND DOUGLAS COUNTIES: TRANSPORTATION, WAREHOUSING, AND UTILITIES EMPLOYMENT FROM JANUARY 2001 TO DECEMBER 2003
 (Prepared February 9, 2004)

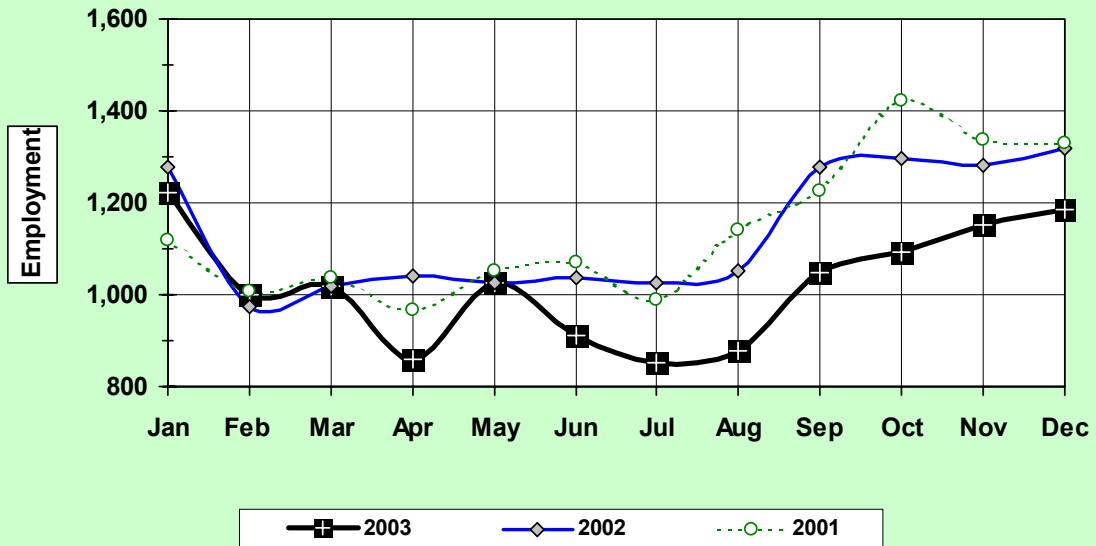
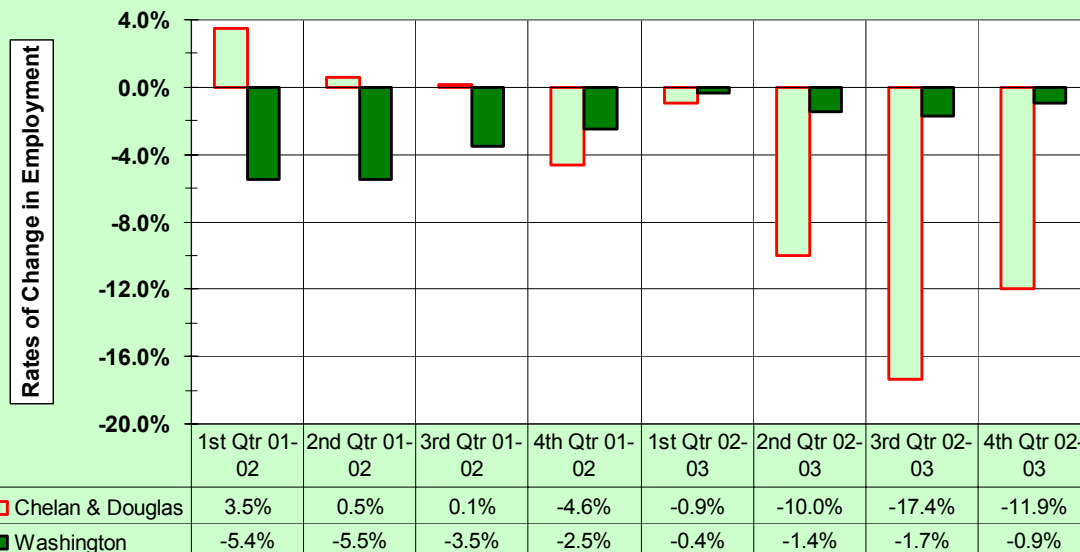
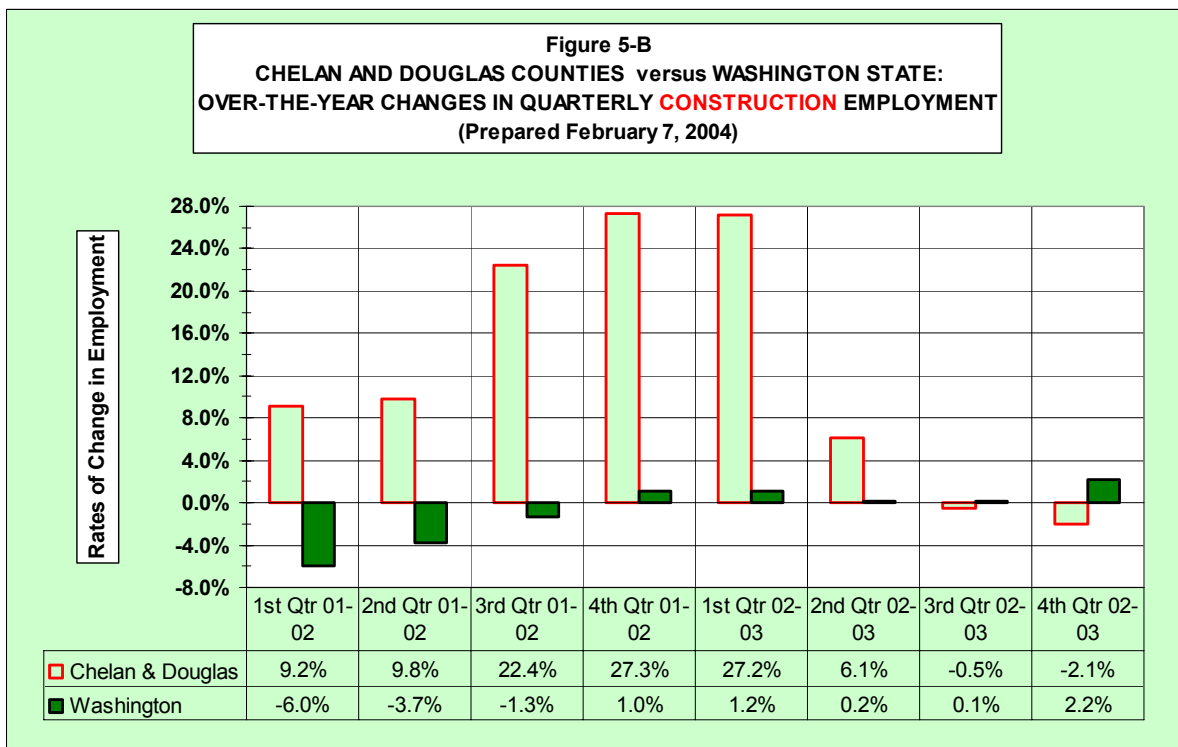
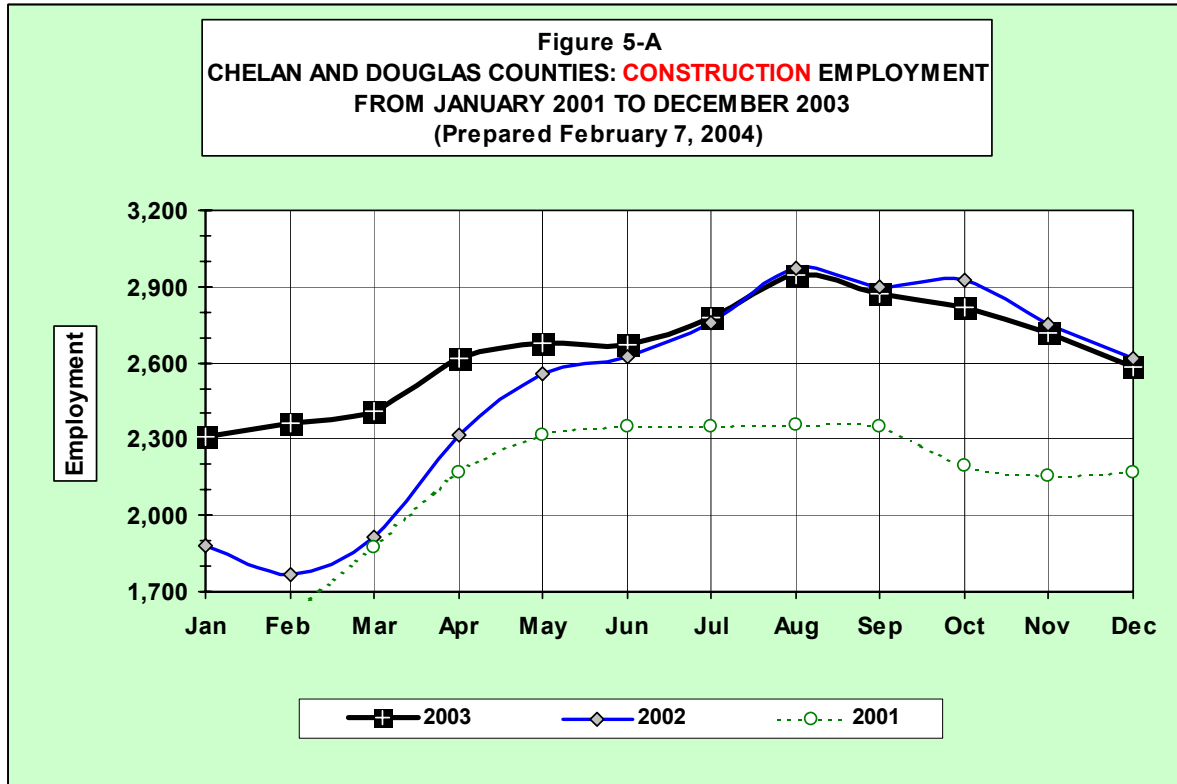


Figure 4-B
CHELAN AND DOUGLAS COUNTIES versus WASHINGTON STATE: OVER-THE-YEAR CHANGES IN TRANSPORTATION, WAREHOUSING, AND UTILITIES EMPLOYMENT
 (Prepared February 8, 2004)





The Chelan and Douglas Counties Labor Economy (December 2003)

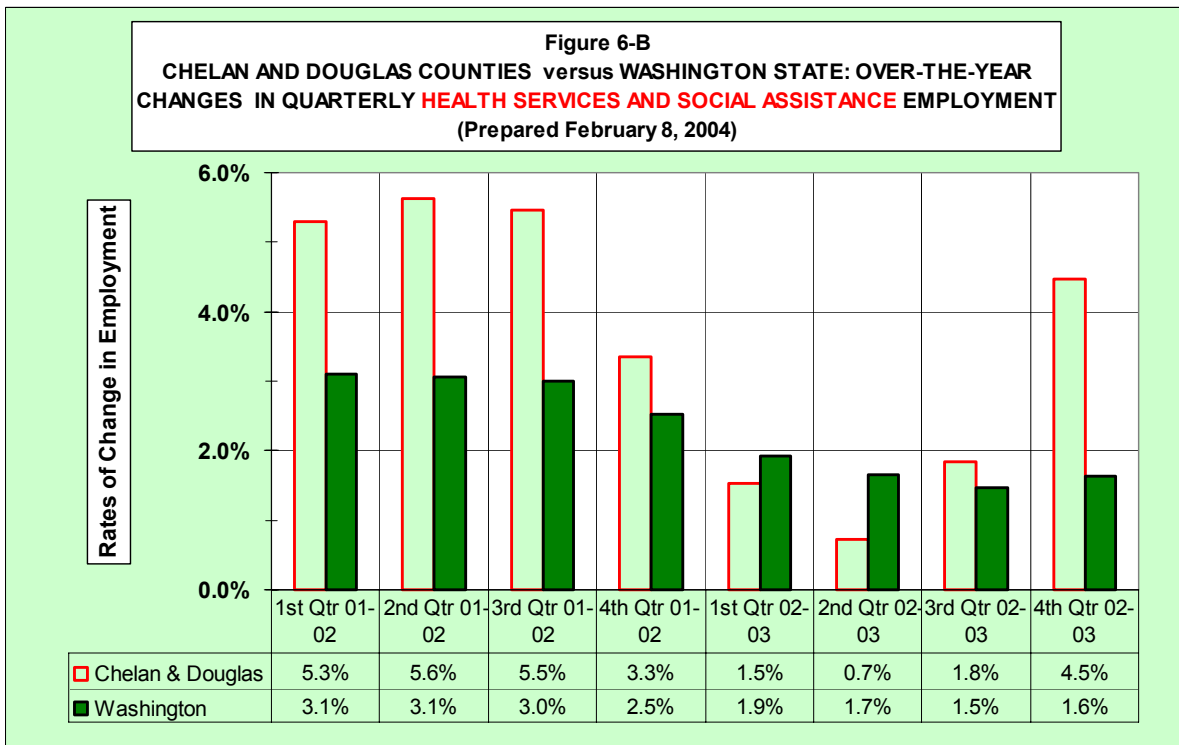
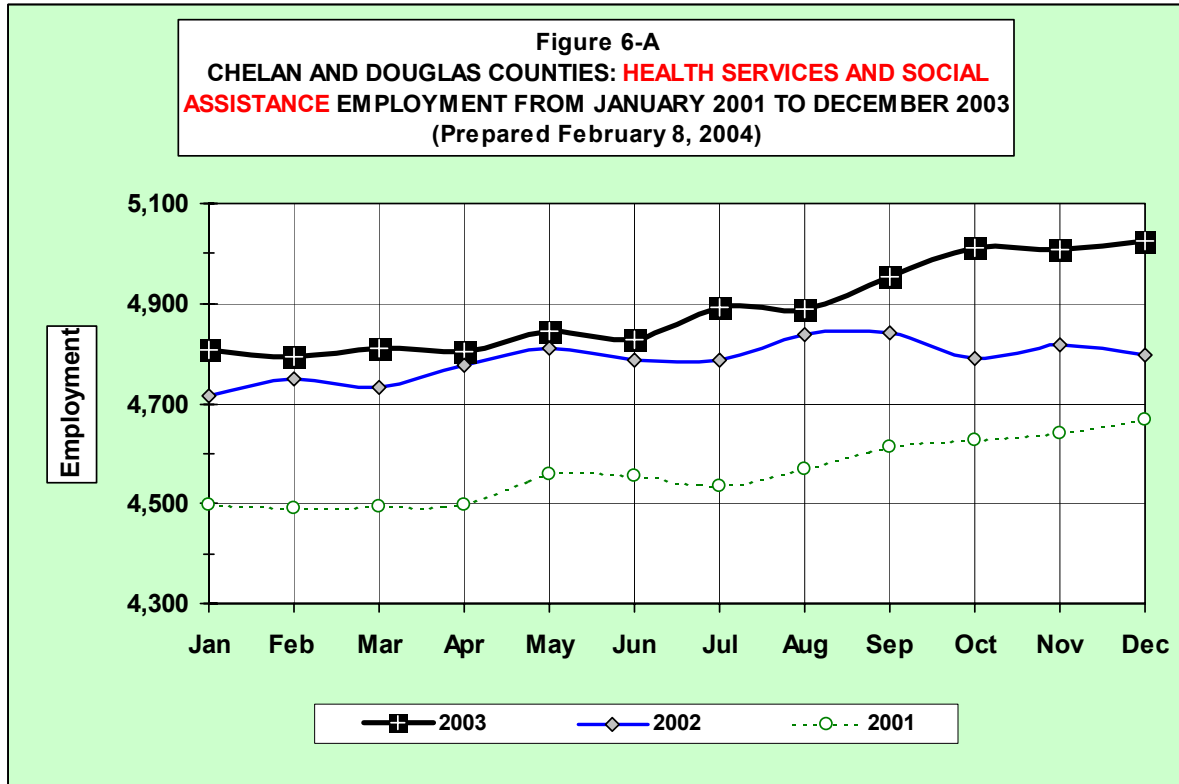


Figure 7-A
CHELAN AND DOUGLAS COUNTIES: ACCOMODATION AND FOOD SERVICES
EMPLOYMENT FROM JANUARY 2001 TO DECEMBER 2003
 (Prepared February 9, 2004)

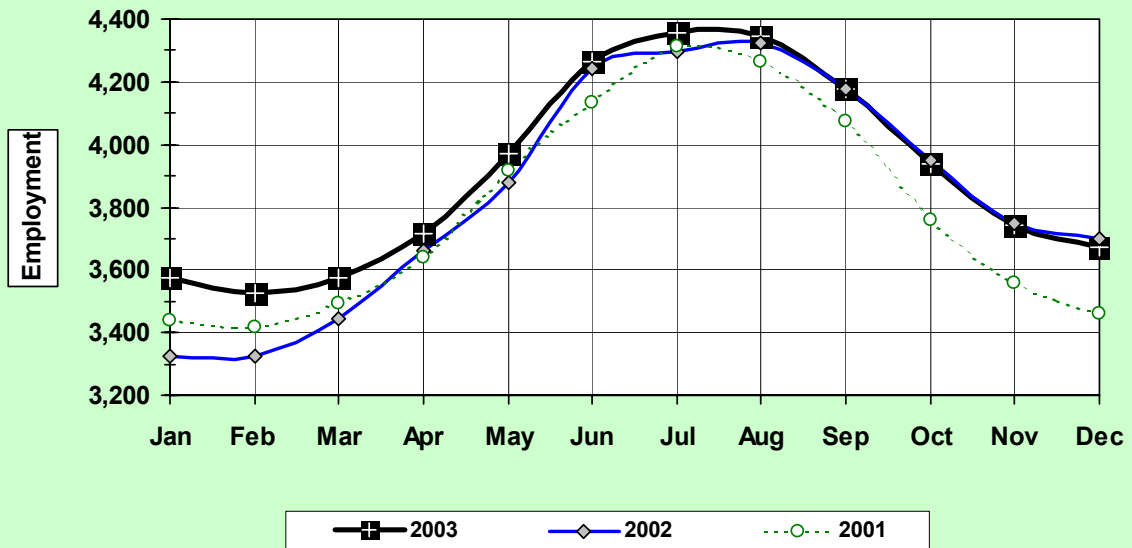
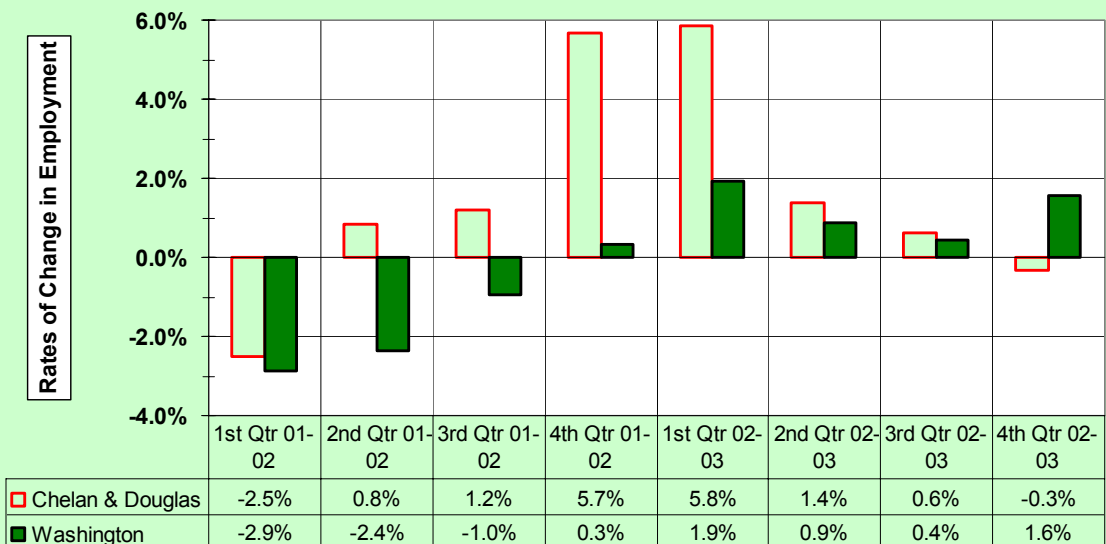


Figure 7-B
CHELAN AND DOUGLAS COUNTIES versus WASHINGTON STATE: OVER-THE-YEAR
CHANGES IN QUARTERLY ACCOMMODATION AND FOOD SERVICES EMPLOYMENT
 (Prepared February 9, 2004)



Unemployment Rates

In December 2003, the Wenatchee LMA’s unemployment rate was one-tenth of a point higher than the December 2002 figure (see Figure 8). An estimated 4,580 residents from Chelan and Douglas counties were out of work this December versus 4,660 in the corresponding month during 2002, an 80-person decrease in the number of unemployed. Normally this would be a step in the right direction. However, the number of employed residents in Chelan and Douglas counties also fell by 1,250 since December 2002, hence the slight, over-the-year upturn in the rate.

An analysis of unemployment rate trends during the past year depicts a local economy that slowed in the last half of 2003. Over the year, unemployment rate upturns roughly corresponded with over-the-year nonagricultural employment downturns in the 3rd and 4th Quarters of 2003 (as depicted in Figure 1-A). There seems to be more good news than bad however, in the national and state economic forecasts. Barring unforeseen economic events, 2004 will likely be a better year for the Chelan and Douglas Counties labor market.

