

The National Bureau of Economic Research announced on December 1 that the eleventh post-war recession began in December 2007. As if on cue, the Bureau of Labor Statistics announced four days later that employment posted the largest monthly decline in November since December 1974.

The previous two recessions, each of which lasted for eight months, occurred during March 2001 to November 2001 and July 1990 to March 1991. At twelve months, the current recession has already lasted longer than the post-war average of ten months. Many analysts expect this downturn to rival the 16-month long downturns of 1981-82 and 1973-75 in length and severity.

The announcement of the current recession came 352 days after the start. (Recessions are assumed to begin on the fifteenth day of the month.) The NBER always announces its findings well after the fact, because the analytical process necessarily requires sufficient historical data to determine whether the degree, dispersion and duration of a downturn qualify the episode as a business cycle recession.

The 2001 and 1990-91 recessions were announced 256 days and 283 days, respectively, after inception. The 1981-82 and 1980 recessions were announced 175 days and 140 days, respectively, after inception. The milder degree of recent recessions might account for the longer delay in announcements.

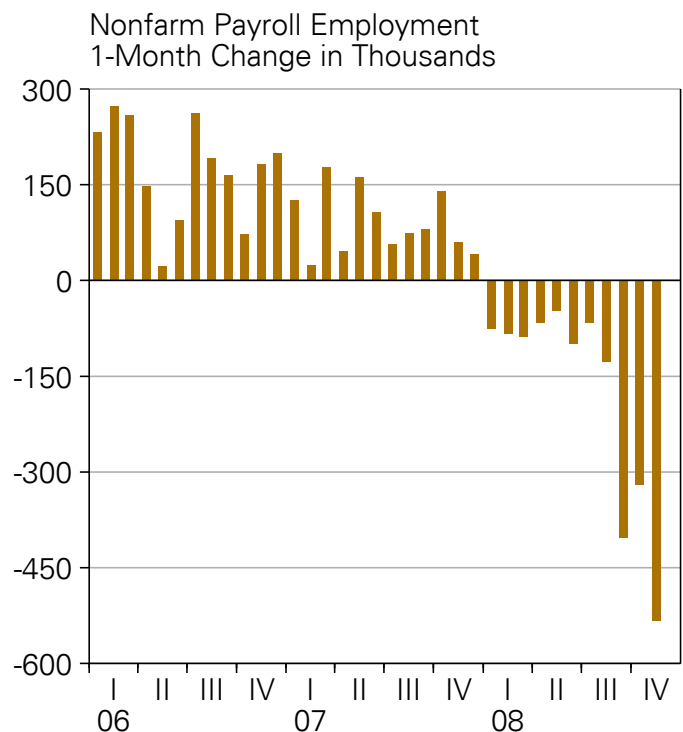
This recession now appears likely to be longer and more severe than the two previous downturns, but the decline during first nine months was relatively mild. If it persists into 2009, which appears likely, this recession will be the first to span three years since the 1973-75 recession. The back-to-back recessions in 1980 and 1981-1982, which were separated by an expansion that lasted just one year, amounted to a nearly three-calendar-year downturn.

The accelerated pace of deterioration in labor markets continued in November. Total employment decreased by 533,000 jobs. The losses in September and October were revised down by a total of 199,000 jobs, bringing the 3-month loss to 1.26 million jobs. Total hours worked fell 0.9% in November.

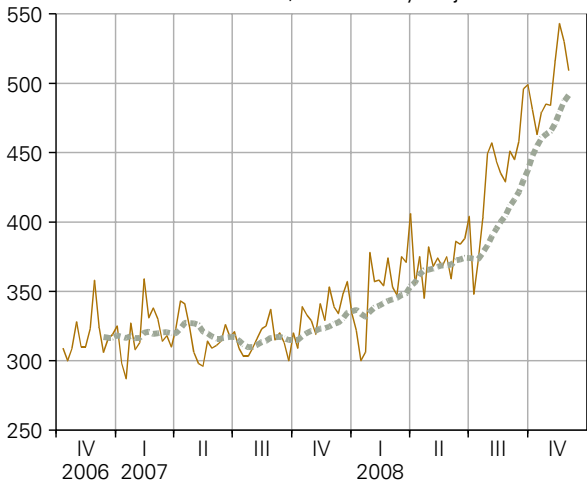
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The November job loss was the largest since the 602,000 decline that occurred in December 1974 toward the end of the 1973-75 recession. The December 1974 decline was much larger as a percent of employment, because the workforce was only 57% as large as it is today. In percentage terms, the decrease in employment last month was the tenth largest in the last fifty years, placing it among the weakest 2% of all months for a half-century. The November percent change was in the 95th percentile of all months since 1939.

Jim Coons



Initial Claims for Unemployment Insurance
Thousands Per Week, Seasonally Adjusted



U. S. Dollar Exchange Rate
FRB Major Currency Index, 1973 = 100



Price of Oil
West Texas Int, \$/bbl



Price of Gold
London PM Fixing, \$/oz



S&P 500 Stock Prices
Daily Close, Index 1941-43 = 10



Mortgage Loan Originations
MBA Purchase Index 3/16/90=100 SA

