Analysis shows recession's impact moderating

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The recession's grip loosened slightly this spring as seasonal hiring picked up and helped offset rising bankruptcies and foreclosures, according to the Associated Press' monthly analysis of the economic pain in more than 3,100 U.S. counties.

The latest results of the AP's Economic Stress Index show the free fall that marked the autumn of 2008 and winter of 2009 gave way in April to a more controlled descent, possibly even a bottom. Still, the analysis found that pain remains high compared with year-ago levels.

The AP calculates a score from 1 to 100 based on each county's rate of unemployment, foreclosure and bankruptcy, with lower numbers indicating less economic pain. The average Stress score dipped to 9.7 in April, from 10.3 in March. In April 2008, the national average was 5.9.

April's results "are saying we are very close to the low point in this recession," said Mark Vitner, an economist at Wachovia. "The worst is past, but that doesn't mean the troubles are over."

A county is considered stressed when its score jumps past 11. In February, nearly 40 percent of the nation's counties were at or above that threshold. In April, 34 percent scored 11 or higher.

The five highest Stress scores in April were in California's inland valleys, which were the hotbed of the housing bubble and bust. Imperial County, east of San Diego, tops the national list with a score of 30.16.

And three out of the five biggest increases in stress from April 2008 to April 2009 were northern Indiana counties that have been devastated by manufacturing cutbacks. LaGrange and Elkhart counties both saw 12.8 point increases as unemployment soared by double digits.

Though the economy shed hundreds of thousands of jobs in April, seasonal hiring in some counties helped lower the average Stress score.

Compared month-to-month, the unemployment rate dipped in more than 80 percent of the nation's 3,141 counties from March to April. But the figures aren't seasonally adjusted, so month-to-month comparisons are volatile. Hiring, for instance, typically picks up in the spring with longer days and better weather.

Employment improved the most in communities with seasonal tourism. They include Dare County, N.C., home to Nags Head; Cheboygan, Mich. on Lake Huron; and Taney County, Mo., home to the country-music mecca of Branson.

"More and more of the hotels are opening, and other businesses are picking up, so the unemployment decreases," said Jerry Adams, a city official in Branson, where the jobless rate sank from 15.6 percent in March to 10.1 percent in April.

In fact, all but 23 counties endured higher unemployment in April 2009 than a year earlier. Job losses in manufacturing, construction, retail and financial activities led the deterioration.

Foreclosure rates inched up in April from the previous year in half the counties nationwide. And from March to April, they rose in 42 percent of the counties, particularly in Florida, California, Nevada and Arizona.

The biggest jumps occurred on the outskirts of cities where affordable new housing had driven up growth in the past decade: Pinal County, Ariz., near Phoenix; Nye County, Nev., near Las Vegas; Osceola County, Fla., south of Orlando; and Madera County, Calif., north of Fresno.

In April, bankruptcy rates rose in more than four-fifths of the nation's counties, from both the previous year and the previous month. The largest gains were in areas of Alabama, Georgia and Tennessee, as well as California's Riverside County and Nevada's Nye County.

Unemployment appears to be showing greater influence on foreclosures and bankruptcies, according to the analysis.

In Nevada, layoffs in the gaming industry appear to be contributing to rising foreclosures, said Mary Greenspan, a mortgage broker in Nye County, Nev. The outer suburb of Las Vegas saw the nation's largest percentage increase in foreclosures from March to April, reaching nearly 6.3 percent.

In areas of the Southeast — South Carolina, Georgia and parts of North Carolina — "manufacturing industries are hurting pretty badly," said Steven Cochrane, managing director of Moody's Economy.com. Chemicals, plastics and some autos are made there and shipped overseas. But demand has slid as foreign buyers have endured their own economic troubles, he said.

Over the next three to six months, Cochrane predicts more economic stress in Michigan and Ohio "as we see a lot of auto-related jobs disappear."