

**Jonathan Schechter – “Corpus Callosum” Column**  
***Jackson Hole News&Guide* – March 24, 2010**

Today, and in my next few columns, I’m going to test the following hypothesis: “Jackson Hole’s economy has hit bottom.”

I’m doing this because the nation’s economy seems to be slowly rebounding, begging the question of the health of the local economy (especially since conventional wisdom holds that the local economy lags the nation’s). Plus, a lot of locals are rightfully anxious about how things are going, so it’s an important question for many of us.

Still, I’m ambivalent about the task, because it presents three significant challenges.

First, trying to call the top or bottom of any market is a fool’s mission. Last fall I managed to accurately predict that the number of real estate sales would hit bottom in the fourth quarter, and it’s always better to be right than wrong. However, the prudent part of me says I should quit while I’m ahead.

Second, it’s pretty hard to get a handle on “Jackson Hole’s economy.” For example, my sense is that, if you’re a bankruptcy lawyer or website designer, right now the economy is just fine. If you run a restaurant, you’re probably hanging in there, but just barely. In the construction trades? Life is definitely not good.

But as I say, that’s just my sense. What do the data tell us?

That leads into the third challenge: data. Not only is Jackson Hole’s economy multi-faceted, but many of those facets either aren’t measured (e.g. winter tourists who don’t ski) or aren’t measured on a timely basis (e.g. there’s a two year lag between when personal income is earned and when it’s reported).

So the challenge becomes finding data which are both meaningful and reported on a timely basis. For example, visitation numbers fail the “meaningful” standard, because there’s little correlation between how many visitors show up and our overall economic performance (e.g. this past summer’s visitation count was way up, while sales tax dollars were way down). In fact, I’ve found only a handful which seem to be both “meaningful” and “timely”: taxable sales (reported monthly), real estate sales (weekly), and the focus of today’s column: newspaper advertising.

Why newspaper advertising? For starters, it’s there every week. In addition, while some advertising has undoubtedly migrated from the *News&Guide* to e-venues, in Jackson Hole the *News&Guide* is still the gold standard for advertising of all sorts, especially help wanted ads.

So what do the *News&Guide* advertising data tell us? To find out, I started by going counting the number of column inches of both help wanted and rental housing advertising in every *News&Guide* since January 5, 2005.

I chose help wanted ads because they struck me as a pretty straightforward indicator of economic health: more ads mean more jobs needing to be filled. I also assumed that rental housing ad inches told a similar story in reverse: when the economy is really humming, there’s not much rental housing available.

After gathering these 272 weeks of data, it was time to do some analysis. To level out seasonal variability, I created 52 week running totals of the column inches of help wanted and rental housing ads. I then divided the running totals of help wanted advertising by those of rental housing advertising. The results are shown in Table 1 and Graph 1.

What do the data show? For starters, when judged by help wanted ads, our economy seems to have crested in the winter of 2007-2008. The number of ads started slowing in the spring of 2008 (around the time Bear Stearns collapsed). After that, things went into an 18 month free-fall, finally stabilizing late last year (albeit at a record-low level).

Rental housing ads tell a similar tale. They hit their all-time low in the summer of 2008, lagging a bit behind the peak in help wanted advertising. Mirroring the help wanted ads, rental housing ads peaked this past fall, and over the past six months have leveled out.

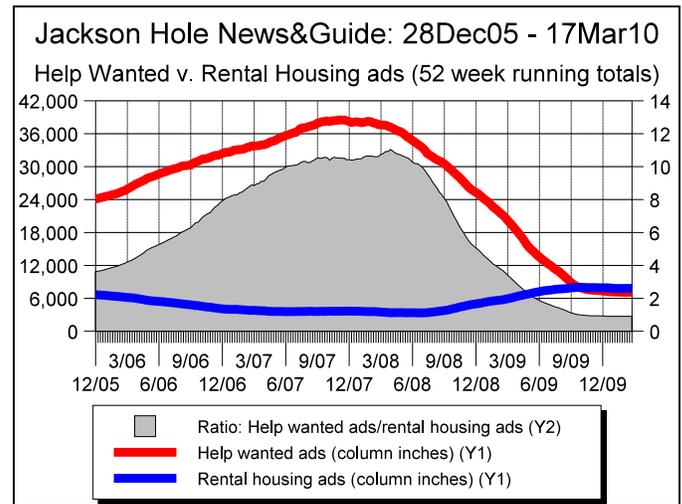
The ratio of help wanted to rental housing ads can serve as a crude indicator to judge “normal” (whatever that is). After 199 weeks of being greater than 1.0, last October it dipped below that level and has stayed there since (22 weeks in a row as of last week’s paper). However, over the past few weeks this ratio has finally stopped declining, hitting its low three weeks ago. So, while it’s still below 1.0, the fact that it’s stabilized and is slowly, slowly starting to climb up suggests we may have, in fact, hit some sort of bottom.

This sense is re-enforced by the data shown in Graph 2. Here, I’ve calculated the percentage change in the running totals of both help wanted ads and rental housing ads. I’ve also done the same for the total pages in each week’s *News&Guide*, for the size of each week’s paper is a function of how much advertising has been sold (my assumption is that advertising is a function of our overall economy health, or at least the health of businesses which tend to advertise, especially real estate and retail).

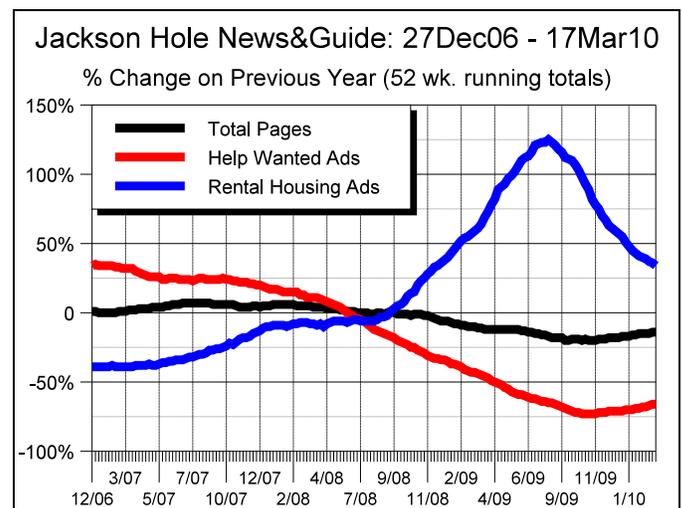
In each case, the data suggest the same thing – the bleeding has been stanchied. Total newspaper pages and help wanted ad inches are still below where they were a year ago, and way below where they were at their peak. However, starting in October 2009 or so, the tide seems to have turned, and at a minimum, the rate of decline has flattened out.

This isn’t the same as growth. However, before the economy can start growing again, it has to stop shrinking. That’s what happened during the fourth quarter with the number of real estate sales; it’s also what happened during the fourth quarter to advertising in the *News&Guide*.

So now there’s a floor, something growth can be based upon. Whether growth will occur anytime soon is anyone’s guess, but judging by newspaper advertising, it does seem that the hypothesis is true, and the local economy has hit bottom. In my next column, I’ll use another data set to see what it tells us about whether we’ve hit bottom.



Graph 1



Graph 2

Table 1  
**Jackson Hole News&Guide**  
 28 Dec 05 - 17 Mar 10  
 Column Inches of Help Wanted & Rental Housing Classified Advertising  
 (52 Week Running Totals)

	Date	Column Inches of Advertising		Ratio (Help/Housing)
		Help Wanted	Rental Housing	
Starting Date	12/28/2005	24,122	6,668	3.6
Ending Date	3/17/2010	7,128	7,798	0.9
Maximum Help Wanted Inches	11/28/2007	38,528	3,657	10.5
Minimum Help Wanted Inches	3/3/2010	7,085	7,820	0.9
Maximum Rental Housing Inches	10/21/2009	7,895	8,004	1.0
Minimum Rental Housing Inches	7/9/2008	34,117	3,351	10.2
Highest Help/Housing Ratio	4/23/2008	37,178	3,369	11.0
Lowest Help/Housing Ratio	3/3/2010	7,085	7,820	0.9