

Some Things New

This quarter, we're introducing two new occasional features: a book review and "Short Takes," a concise examination of an Atlanta Fed resource. We hope these features will be interesting and useful to you.

Deep(water) thoughts...

As the Southeast's economy has diversified beyond agriculture and textiles, the methods of producing energy have also changed with the times and technology. Natural gas producers today are in some ways victims of their own success, as plentiful natural gas has brought prices—and profits—down. In his story, staff writer Charles Davidson looks at the impact of energy on the regional economy.

"I'm impressed by a few things in the energy industry: the sophistication of the technology, the vast sums of money involved in harvesting and then selling oil and natural gas, and, finally, the balance between the huge rewards and huge risks," Davidson said. "David Dismukes at the LSU Center for Energy Studies calls it 'space shuttle' technology, and that's about right. It's astounding that companies today drill through miles of water and miles of rock, either straight down or sideways, and then hit a target the size of a briefcase.

"Yet even with the machinery, accidents happen and the effects can be catastrophic, as we saw a couple of years ago," Davidson added. "We obviously need energy, and finding and acquiring it is vital to the economy of a state like Louisiana."

From the Southeast to the world

The Southeast is well positioned to supply other countries with goods and services. In Lela Somoza's article on the booming southeastern export business, she discusses how this advantage is benefiting a wide variety of industries.

"Foremost, I was surprised at just how important exports have been in the past couple of years in powering the economic

recovery," she said. "In the course of my research I learned that U.S. exports of goods and services accounted for nearly half of the country's GDP growth since the recession ended in 2009.

"In the Southeast, much of the growth in exports is coming from Latin America," she added. "Mexico, of course, is one of the largest export markets for the United States, but it was interesting to see how countries such as Brazil and our partners in the Dominican Republic-Central America Free Trade Agreement are becoming key destinations for our exports.

"I was also amazed that the United States is one of the world's biggest exporters, and yet 1 percent of U.S. companies sell their goods and services to foreign markets."

We've got a great big convoy

And how do much of the region's products move from producer to market? On trucks! As associate editor Nancy Condon's story makes clear, the trucking industry is widely regarded as a barometer of the nation's economic health, with 70 percent of U.S. goods transported via commercial trucks.

"When I learned that trucks moved about \$604 billion worth of freight in 2011, I could easily understand how important trucking is to our economy," Condon said. "I also learned that the trucking industry is made up mostly of small businesses—99 percent of the trucking companies have fewer than 100 trucks."

Trucking employment can be another way to assess the economy. Although Condon learned that trucking employment is still not up to prerecession levels, the industry managed to add 7,300 jobs in May when national job growth overall stalled.

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Editor's note: Throughout this issue, Southeast refers to the six states that, in whole or in part, make up the Sixth Federal Reserve District: Alabama, Florida, Georgia, Louisiana, Mississippi, and Tennessee.

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