

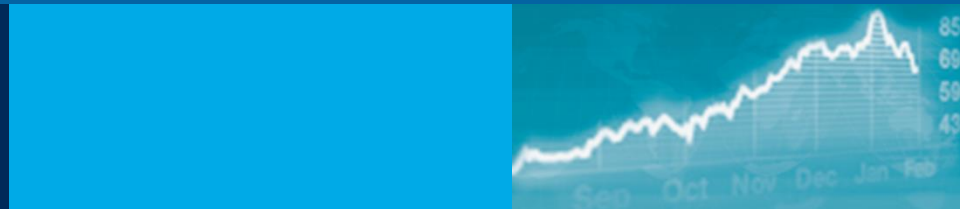


National and Regional Economic Update

CREW

November 10, 2020

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The views and opinions expressed herein are those of the author.
They do not represent an official position of the Federal Reserve
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National Economy

Where were we then?

The Pre-Virus Economy

- GDP was growing at a steady pace with strong consumer spending and a rebound in residential investment, although some softness in business investment.
- Employment was expanding and the unemployment rate was at its lowest level since the late 1960s.
- The Fifth District was tracking closely to the U.S. overall, but several states were seeing higher levels of economic growth and had historically low unemployment rates (namely SC and VA).

The effects of COVID-19 really started for the U.S. in the middle of March, although supply chain frictions emanating from the outbreak in China began as early as December in some industries.

Where are we now?

- **The U.S.**

- As of the October 17th, there were 21.5 million people receiving some form of unemployment insurance (state, PUA, PUEC, etc.)
- Employment fell by more than 20 million (!!) jobs in April. It has recovered, but only about half of those jobs have returned.
- Real GDP remains 3.5% below where we were at the end of 2019.

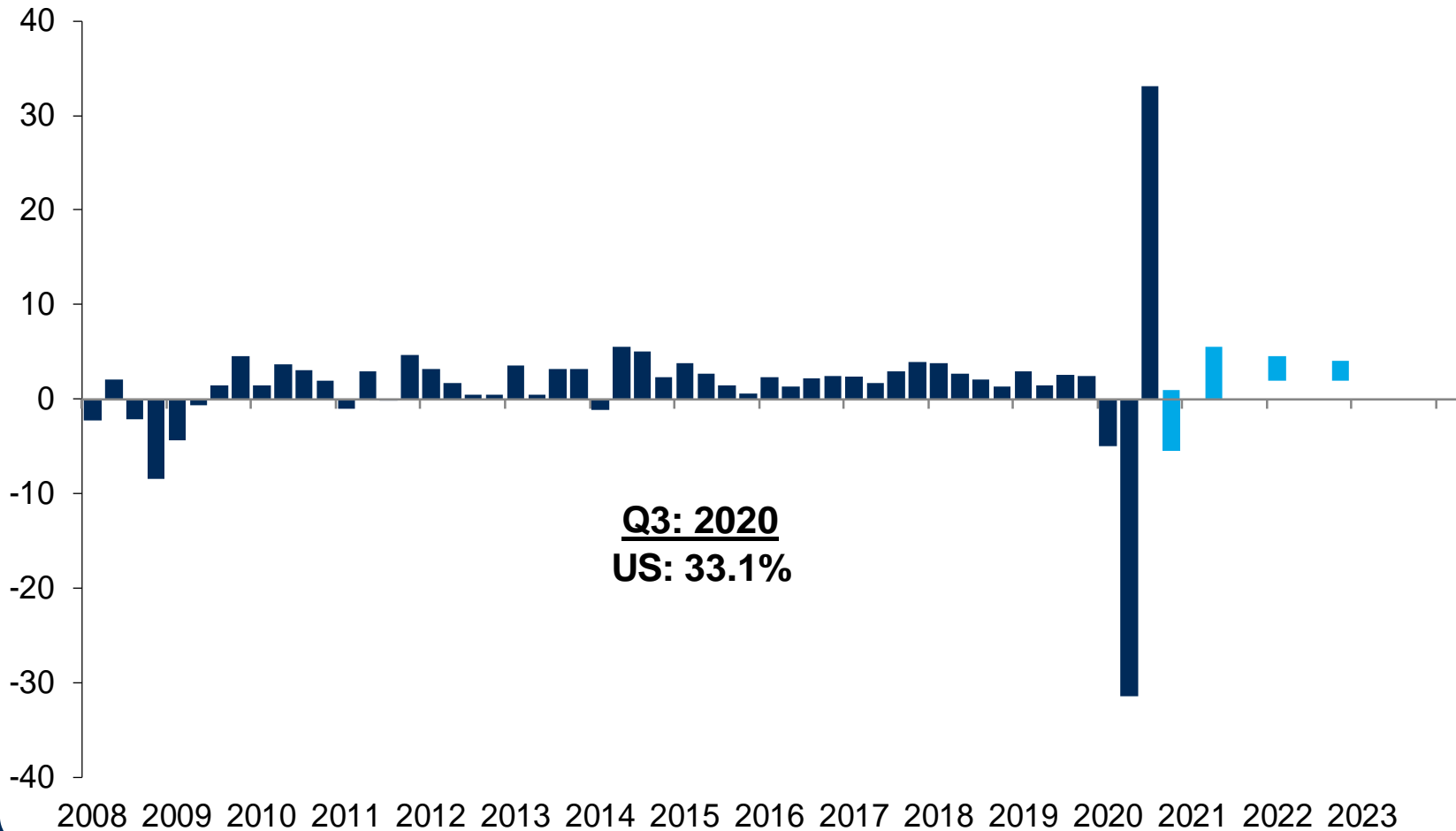
- **North Carolina and South Carolina**

- Unemployment claims and unemployment rates across shot up to record breaking levels but have since recovered better than the US as a whole.
- The residential housing market has remained relatively strong, especially in the Charlotte MSA
- Geography matters: beach/mountain towns are busier than normal, urban downtown areas are more distressed.
- Significant disparities amongst demographic groups persist.

U.S. Real Gross Domestic Product

GDP
% Change, SAAR

*Projection for 2020: -5.5% to 1.0%



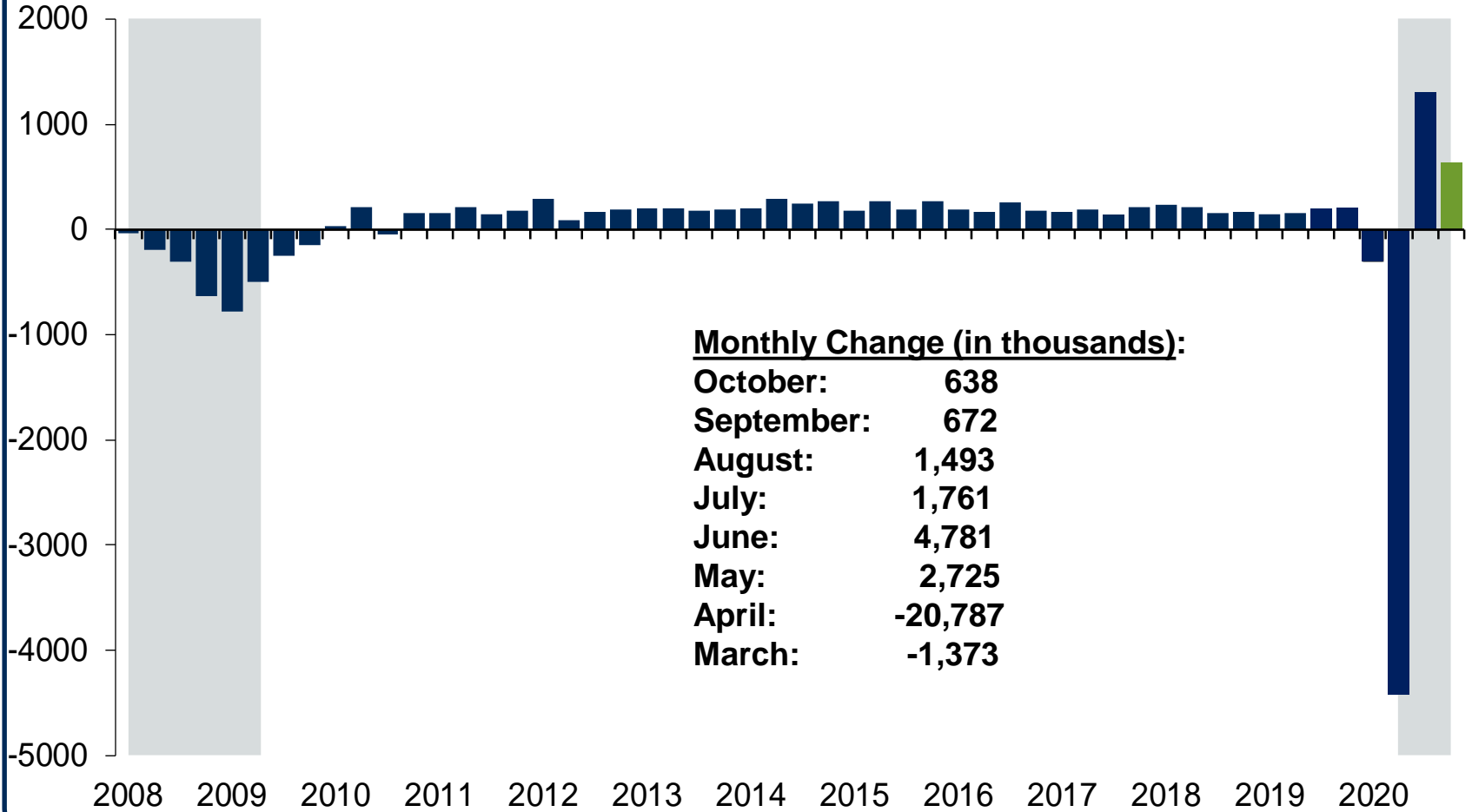
Q3: 2020
US: 33.1%

Source: Bureau of Economic Analysis, Federal Reserve Board /Haver Analytics

Total Employment Growth

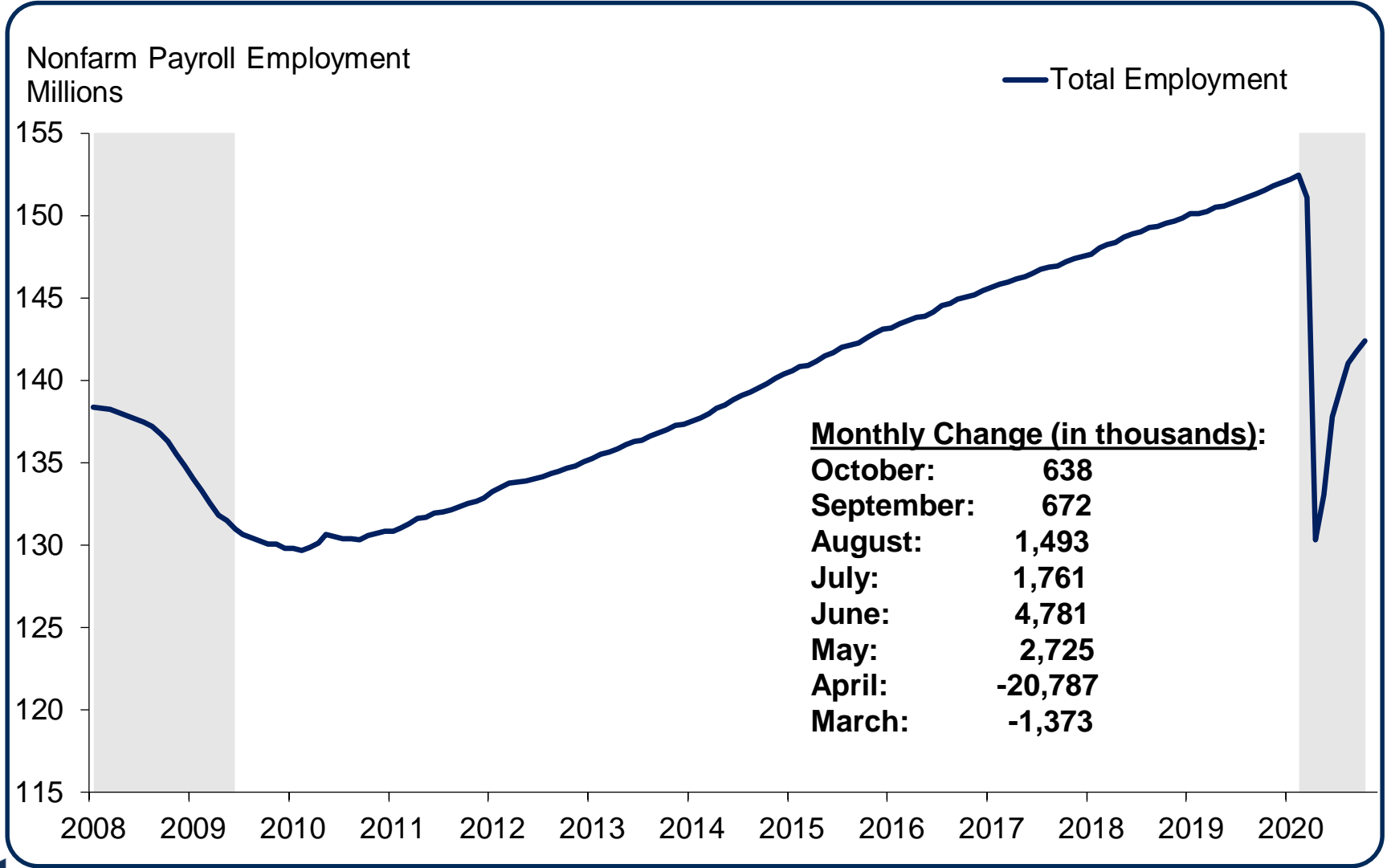
Average Monthly Change, Thous.

*Green indicates full quarter of data not available



Source: Bureau of Labor Statistics/Haver Analytics

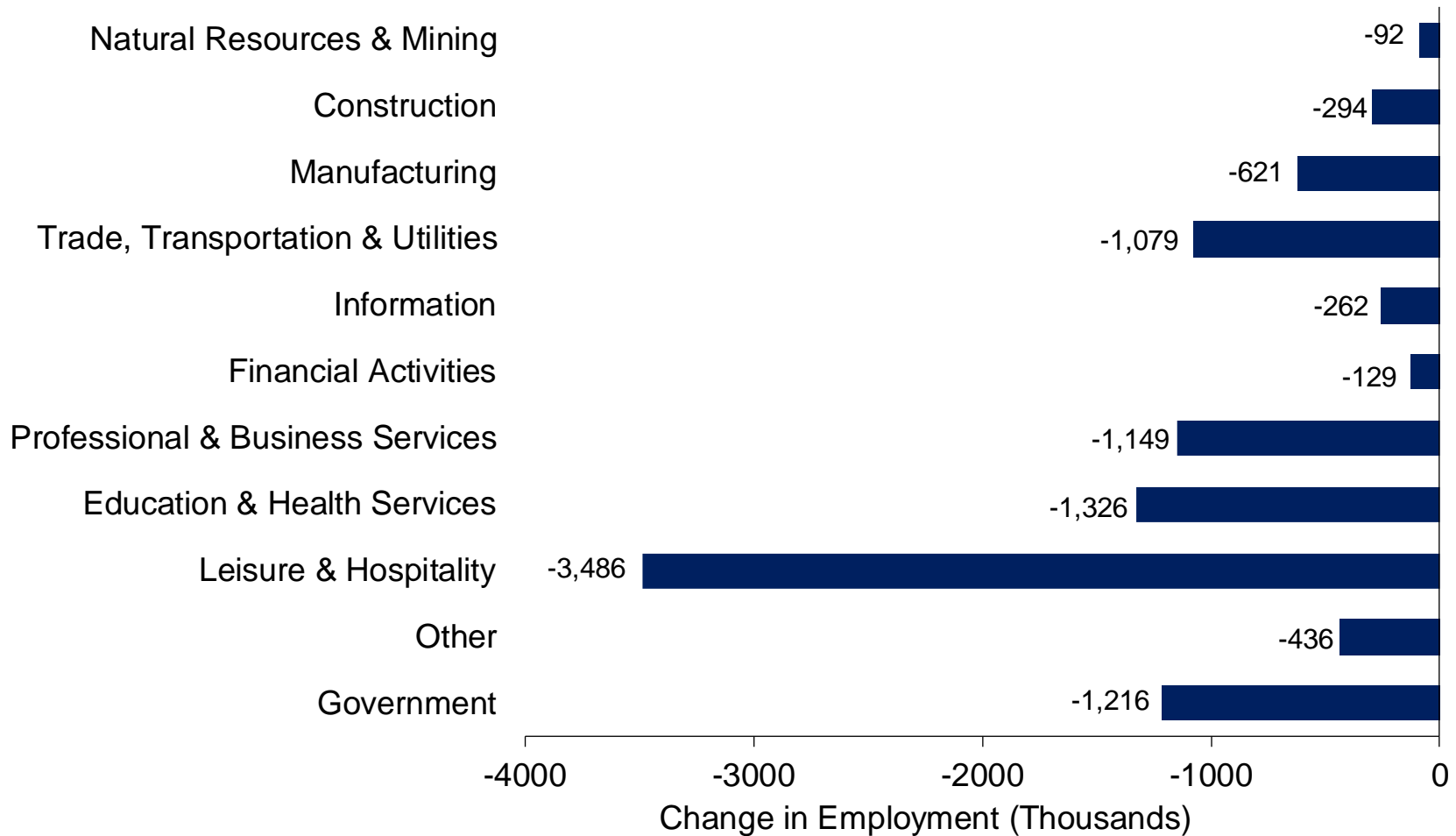
We've seen huge gains, but we've recovered less than half of COVID job losses



Source: Bureau of Labor Statistics/Haver Analytics

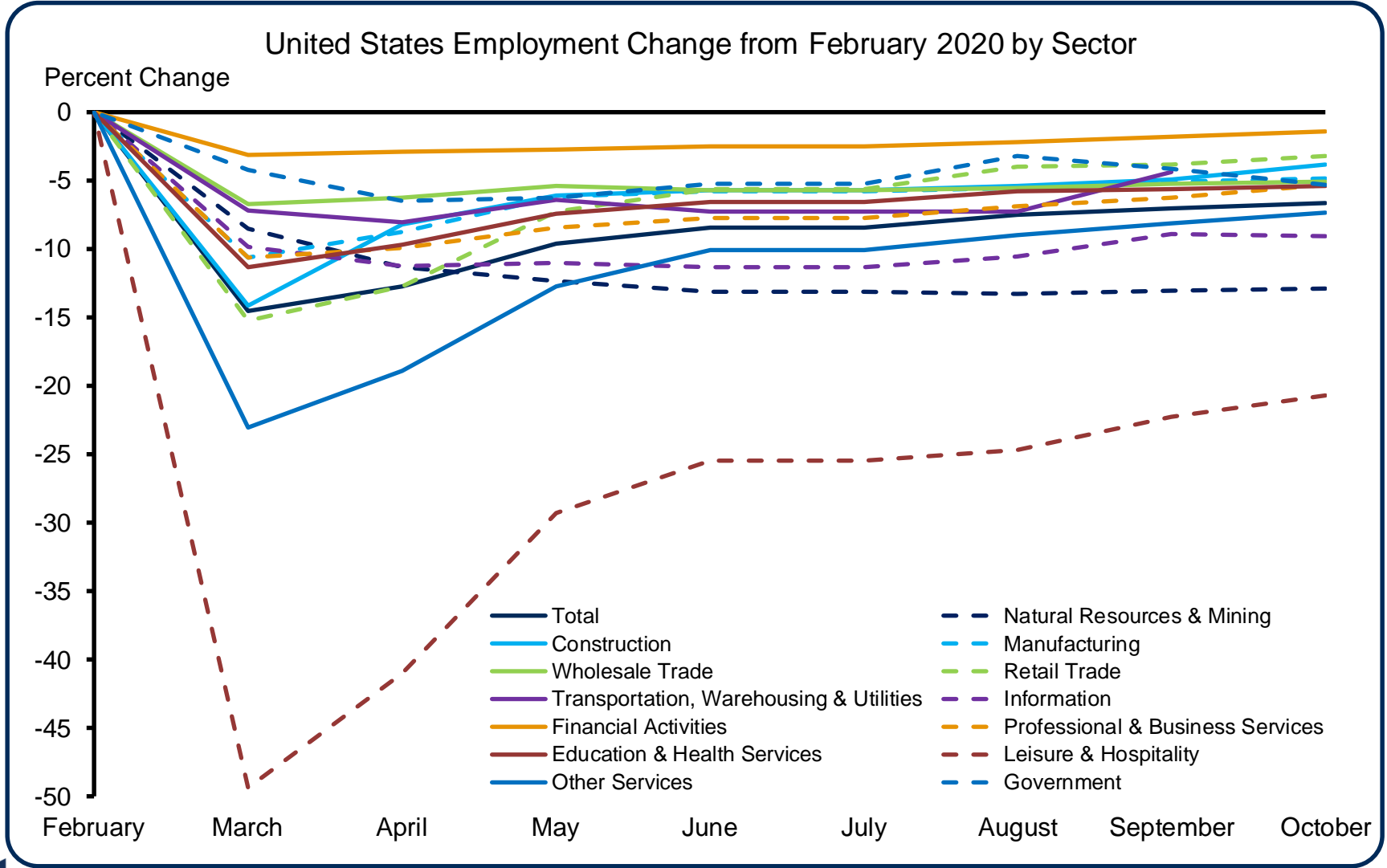
Jobs are coming back across industries

United States Employment Change February to October



Source: Bureau of Labor Statistics/Haver Analytics

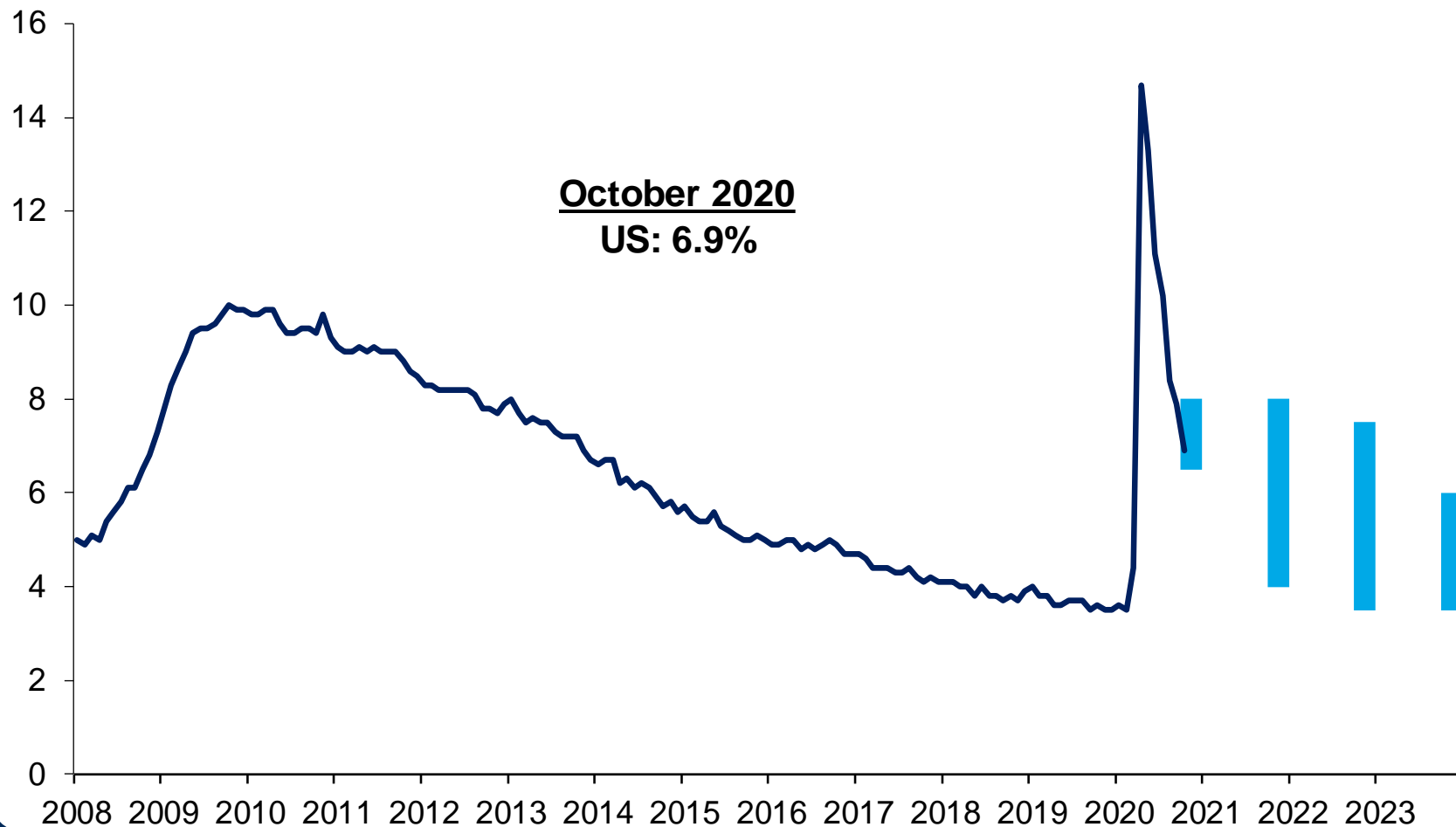
Job gains biggest where jobs were lost



Source: Bureau of Labor Statistics/Haver Analytics

Unemployment Rate

Unemployment
Rate (Percent)

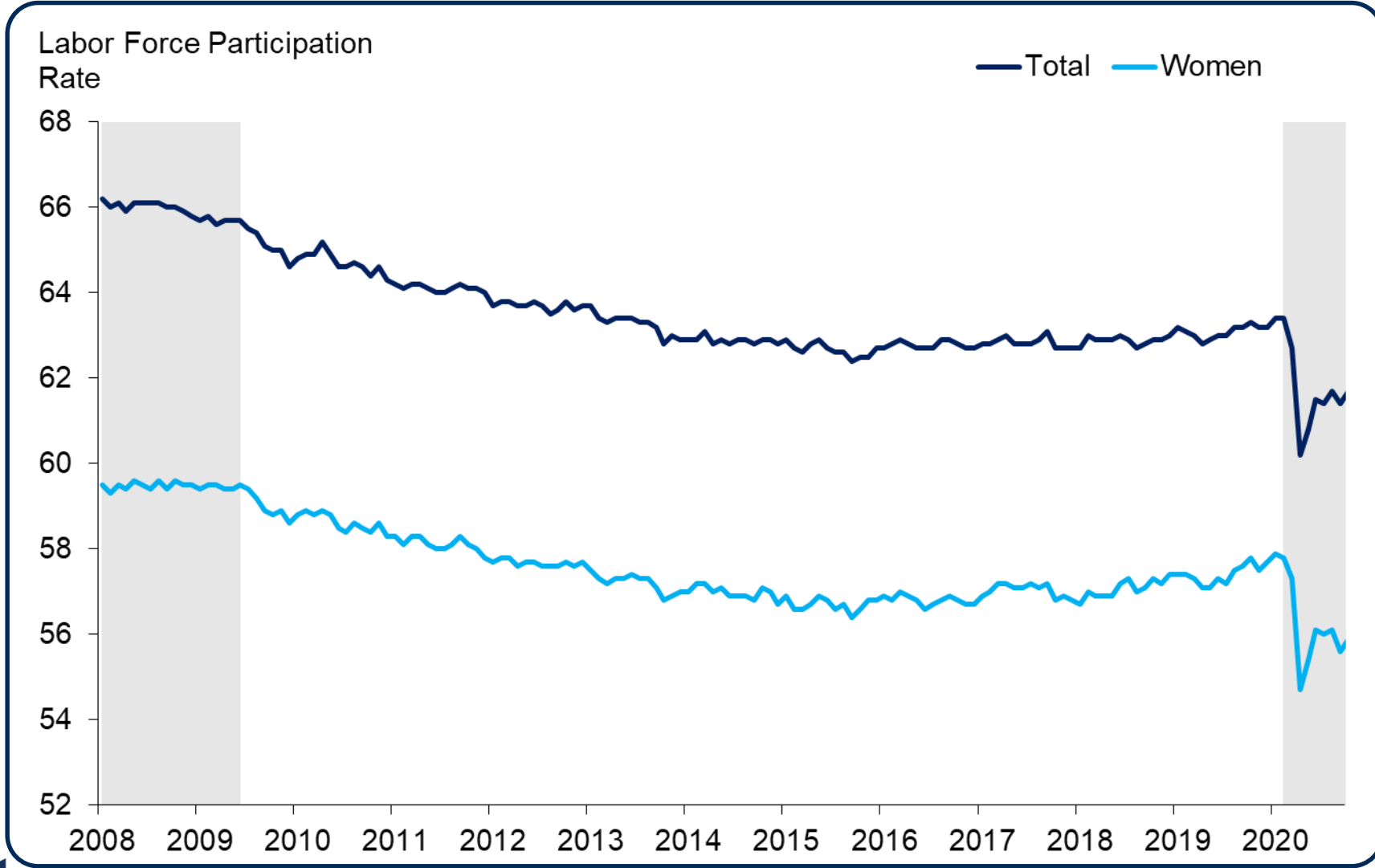


Source: Bureau of Labor Statistics, Federal Reserve Board of Governors/Haver Analytics

**FEDERAL RESERVE BANK
OF RICHMOND**

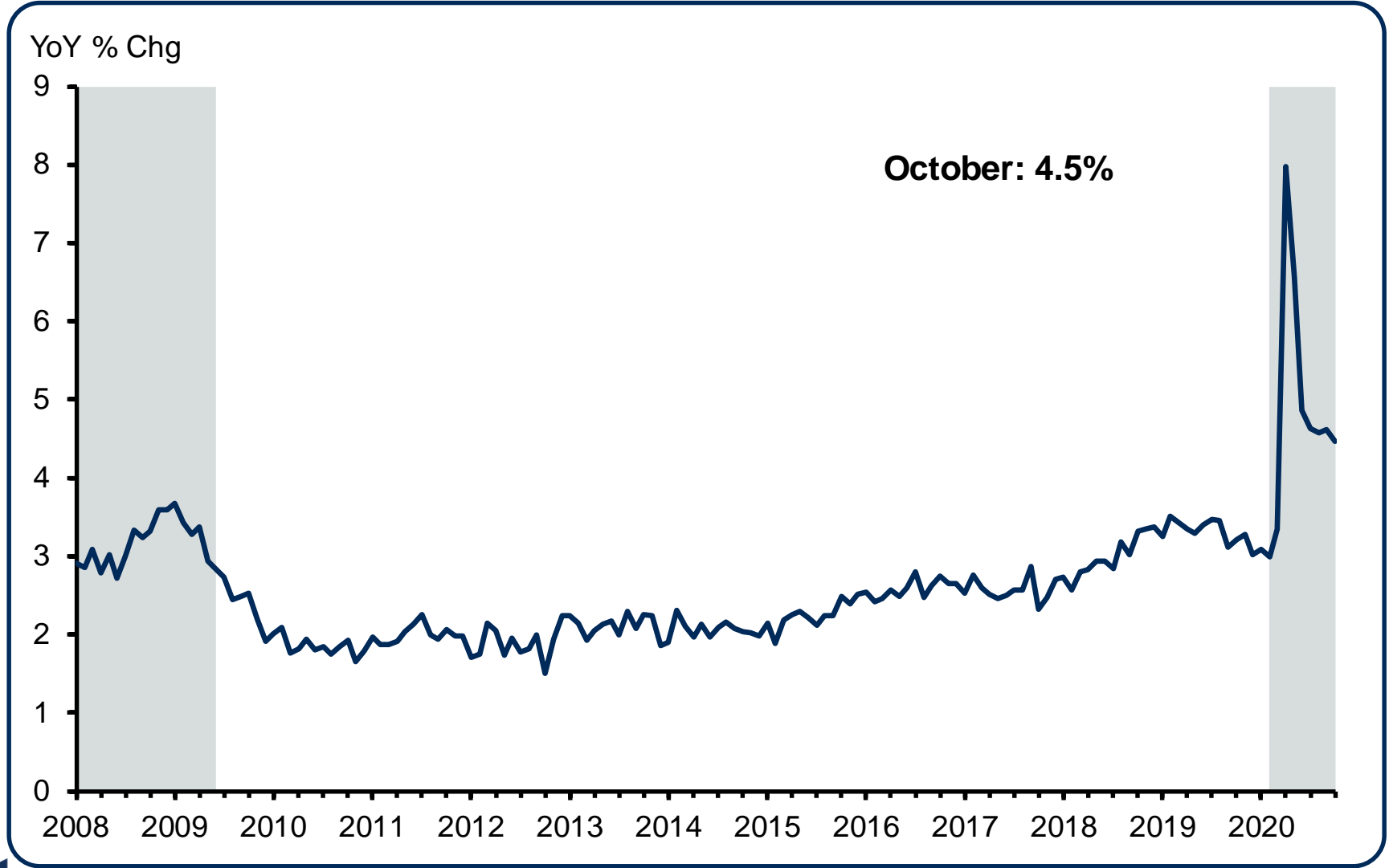
Richmond • Baltimore • Charlotte

Labor Force Participation Rate



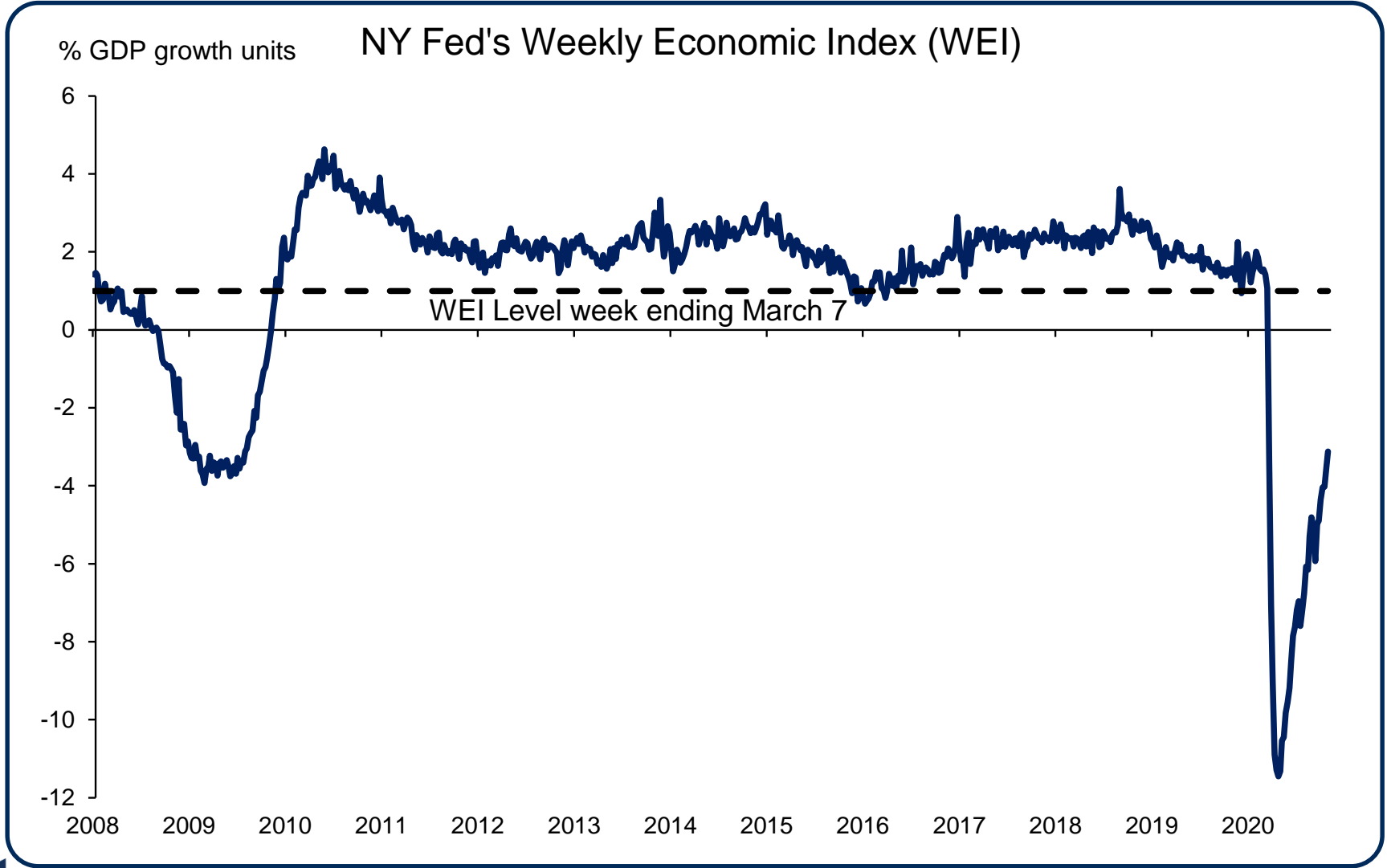
Source: Bureau of Labor Statistics, Federal Reserve Board of Governors/Haver Analytics

Average Hourly Earnings



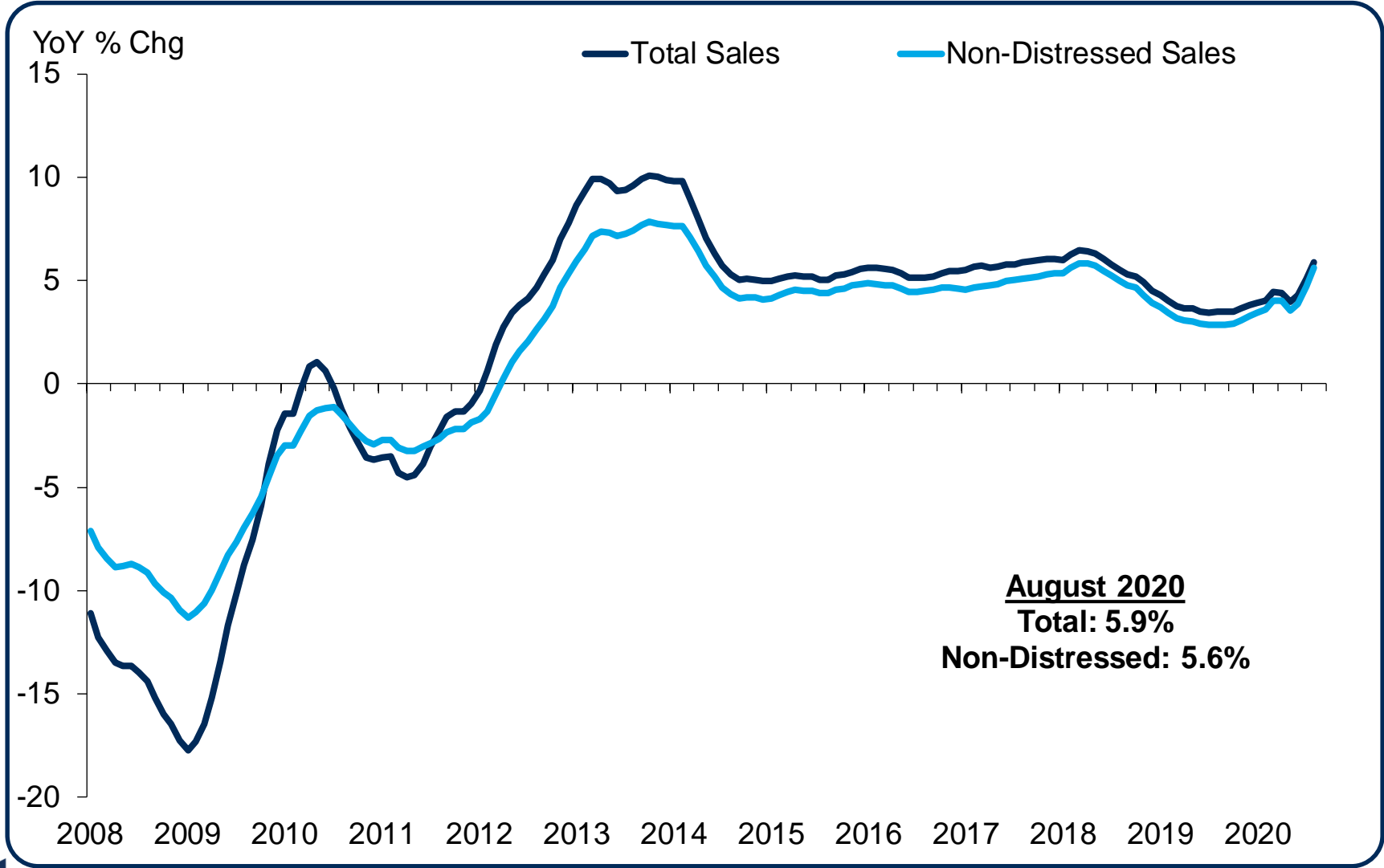
Source: Bureau of Labor Statistics/Haver Analytics

New York Fed: Weekly Economic Index (WEI)



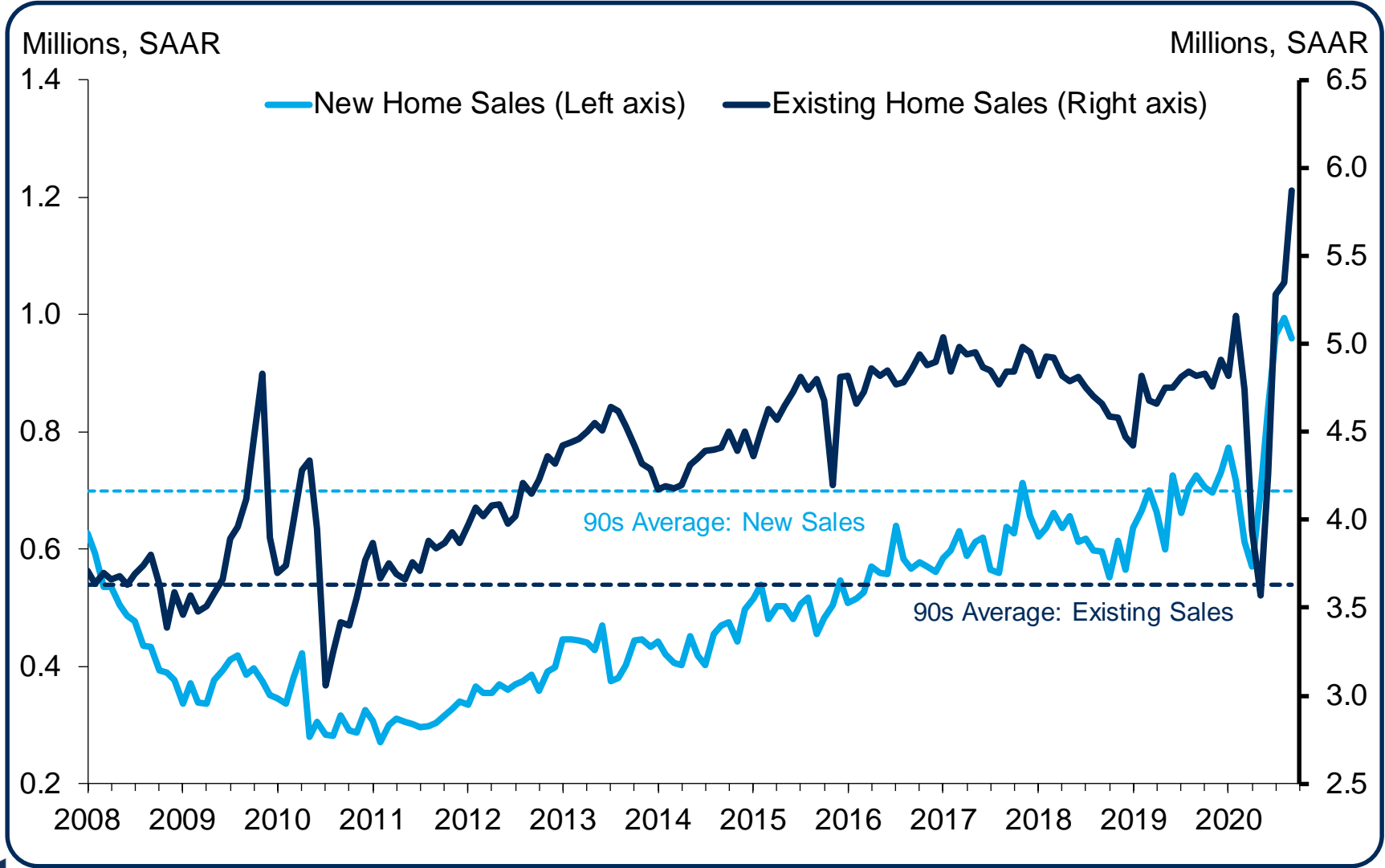
Source: Federal Reserve Bank of New York

National House Prices



Source: CoreLogic Information Solutions, Inc.

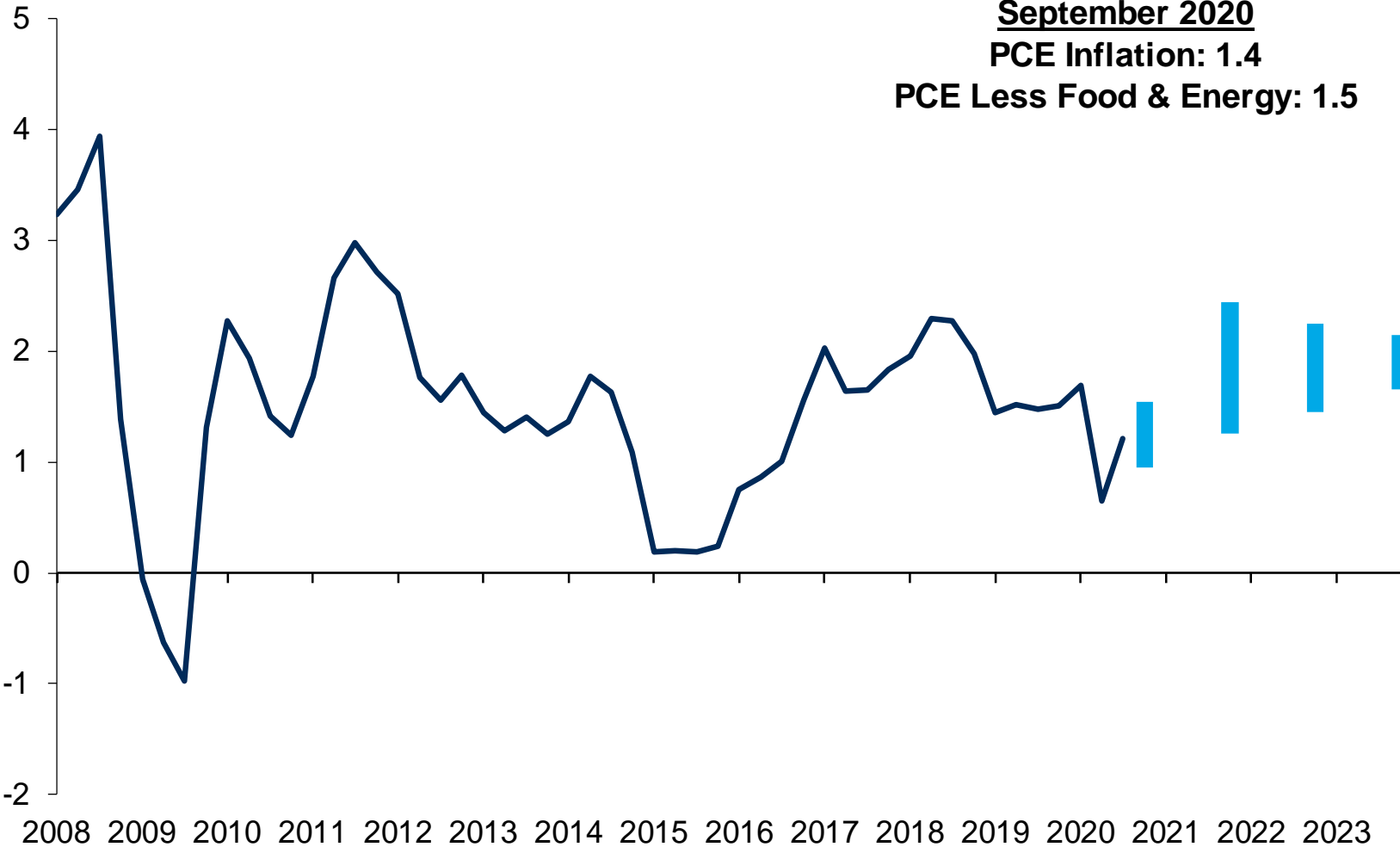
Home Sales: United States



Source: National Association of Realtors/Haver Analytics

PCE Inflation

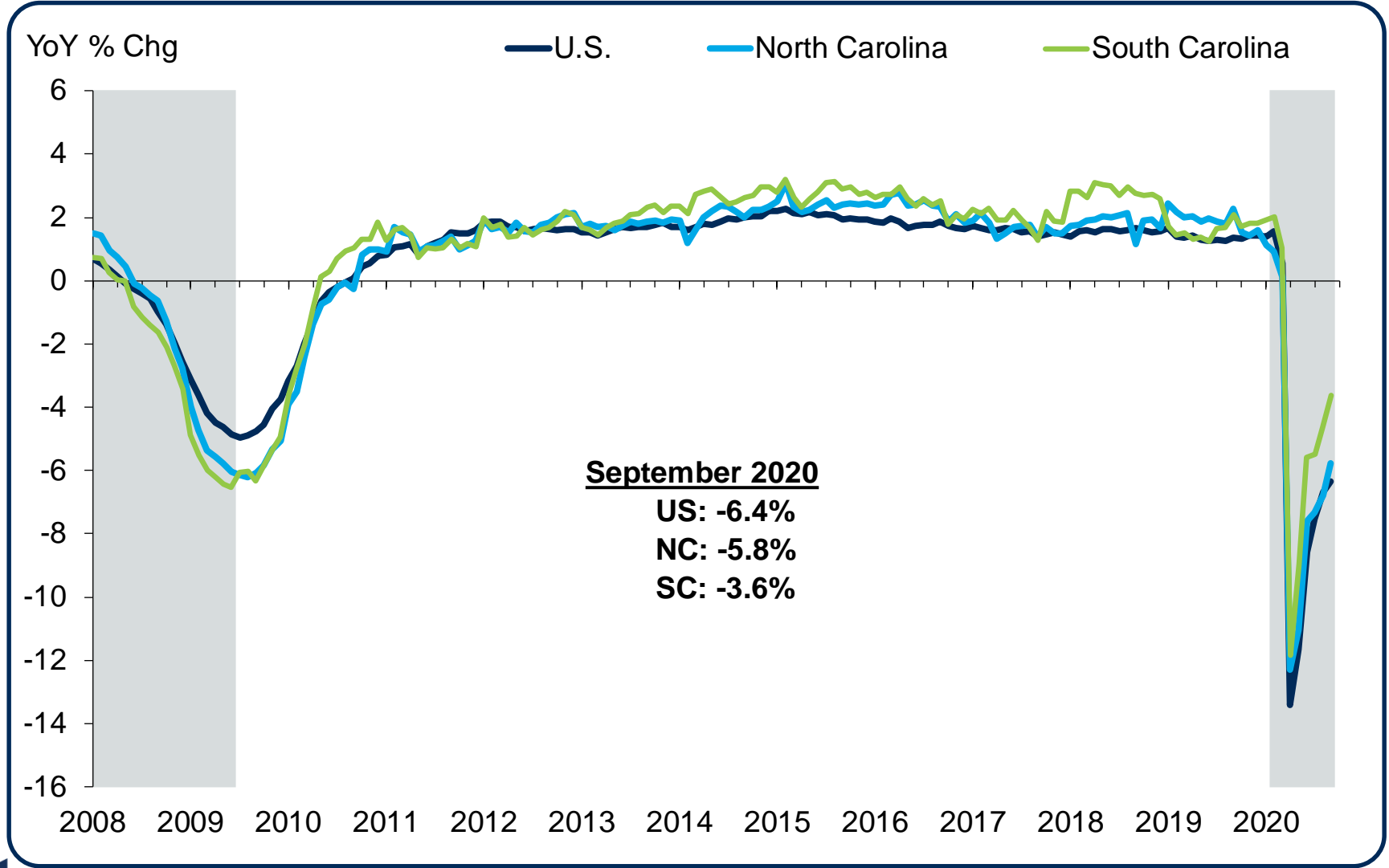
YoY % Chg



Source: Bureau of Economics Analysis, Federal Reserve Board of Governors/Haver Analytics

Regional Economy

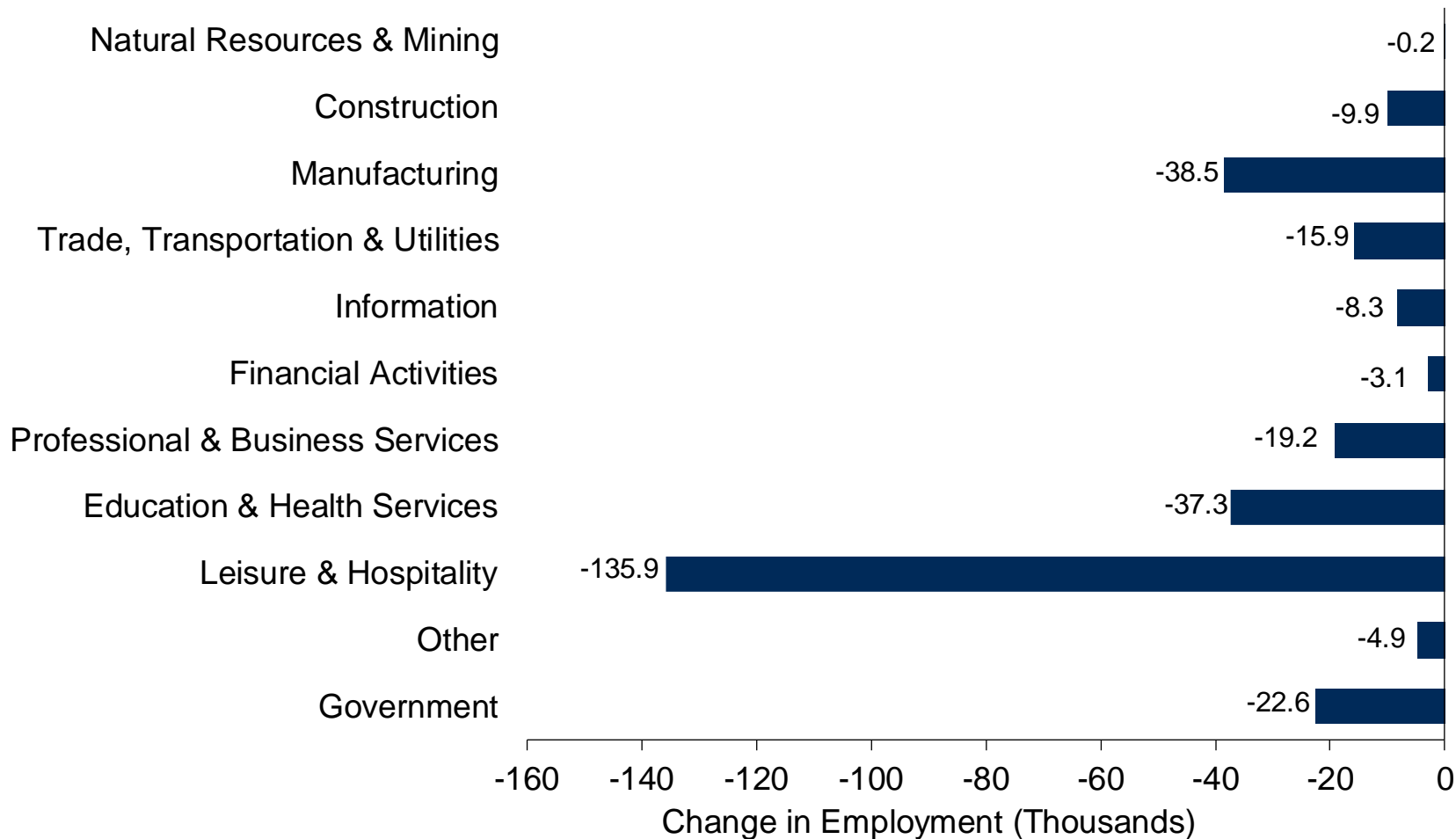
Payroll Employment



Source: Bureau of Labor Statistics/Haver Analytics

Jobs are coming back across industries

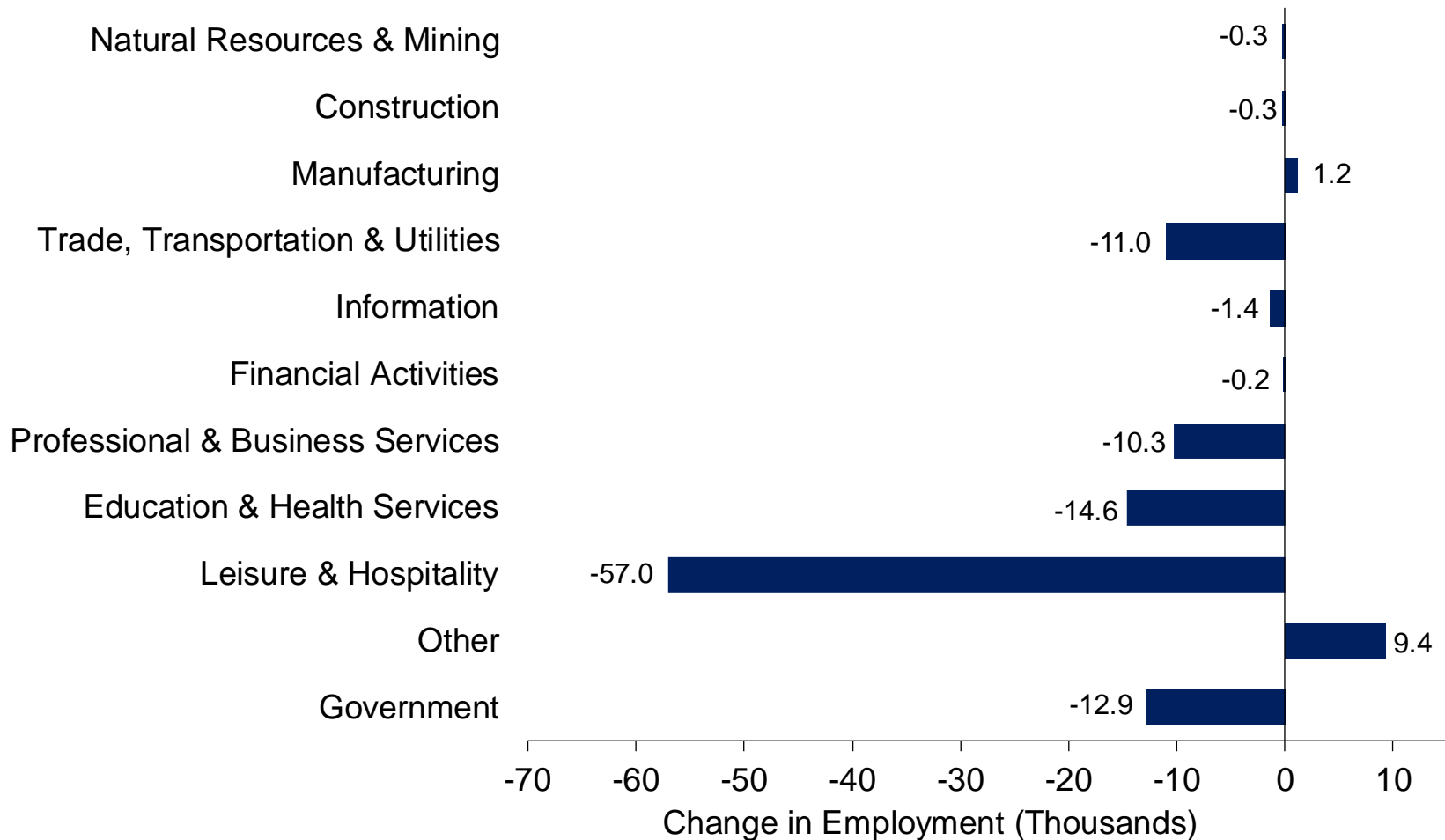
North Carolina Employment Change February to September



Source: Bureau of Labor Statistics/Haver Analytics

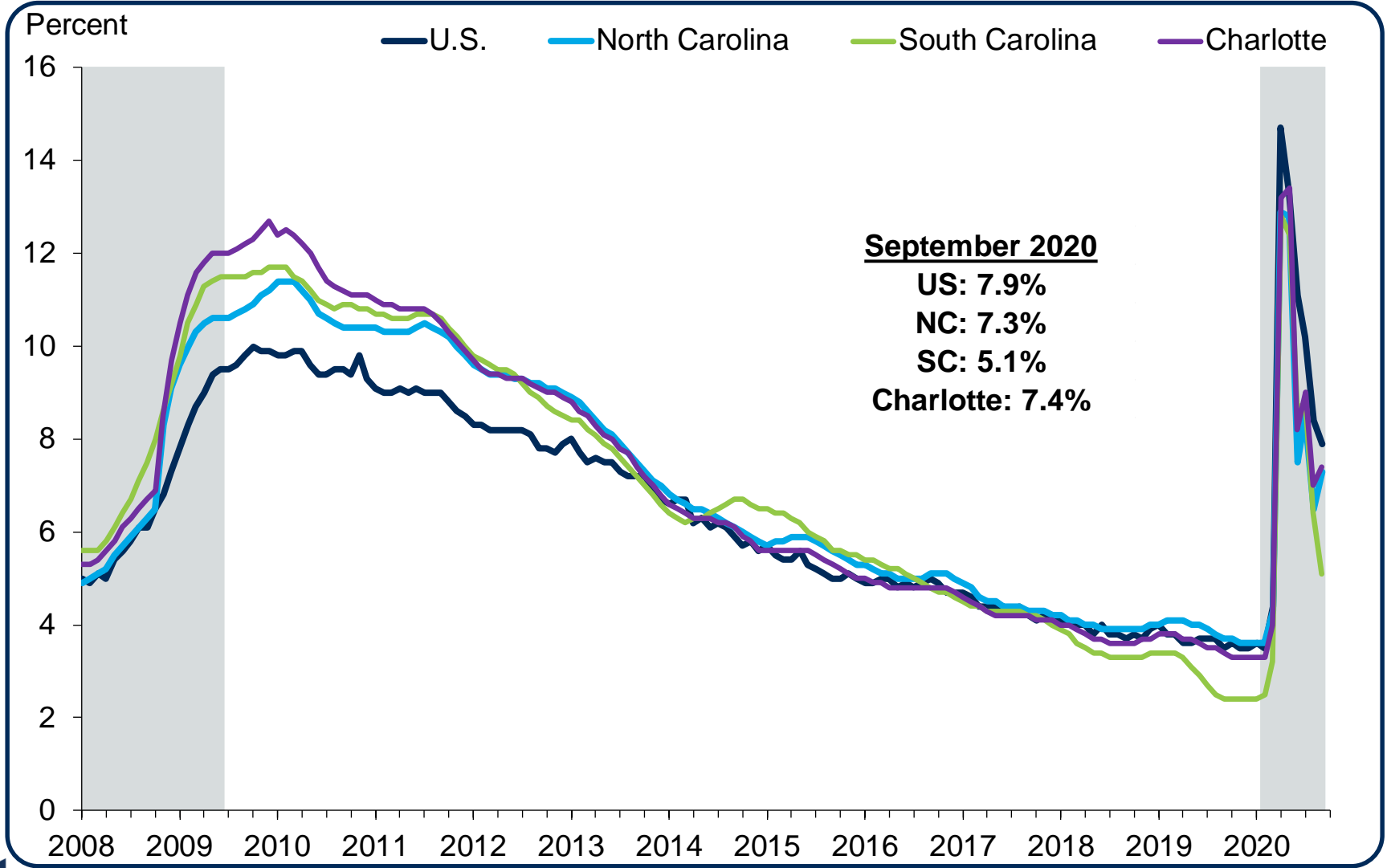
Jobs are coming back across industries

South Carolina Employment Change February to September



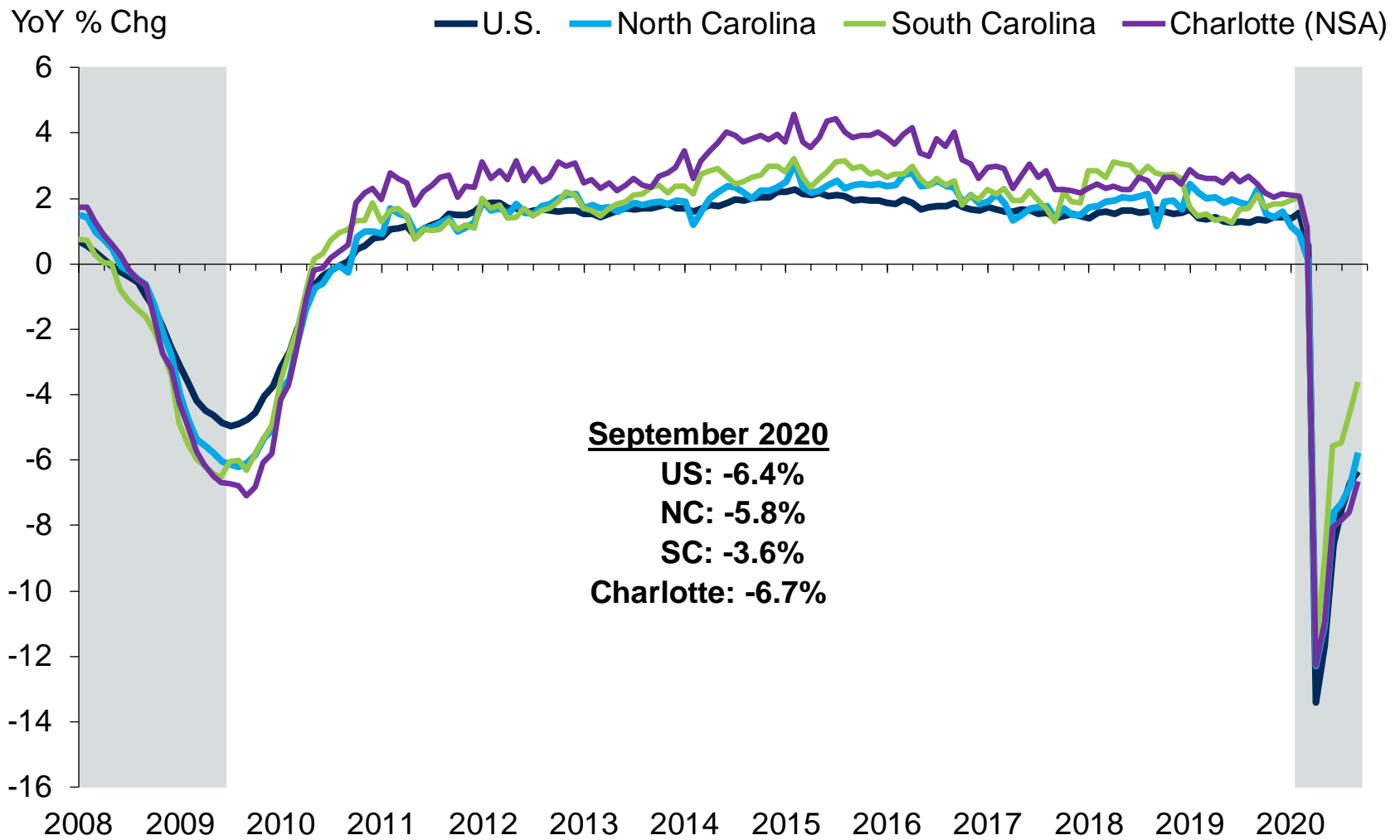
Source: Bureau of Labor Statistics/Haver Analytics

Unemployment Rate



Source: Bureau of Labor Statistics/Haver Analytics

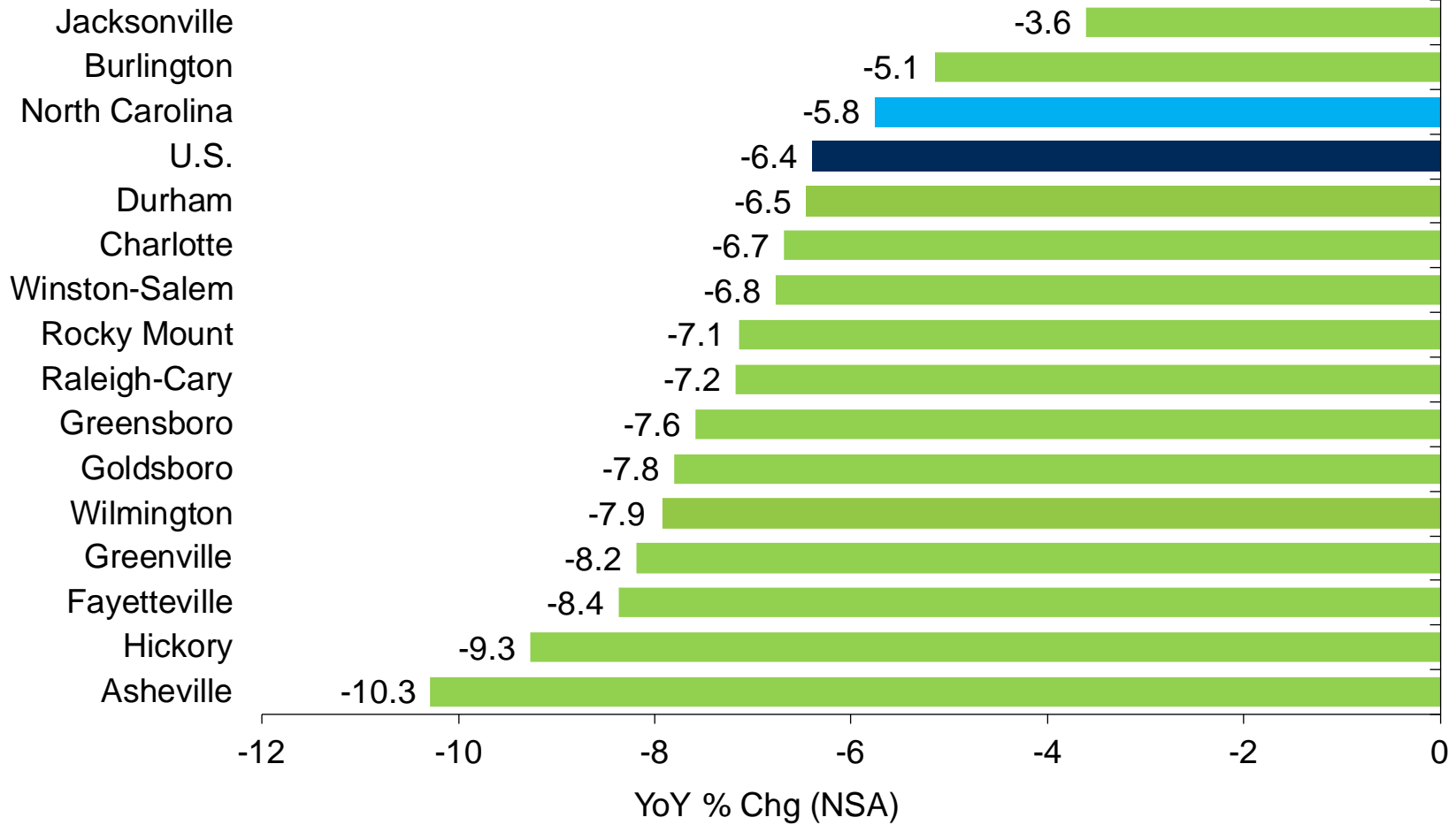
Charlotte MSA Payroll Employment



Source: Bureau of Labor Statistics/Haver Analytics

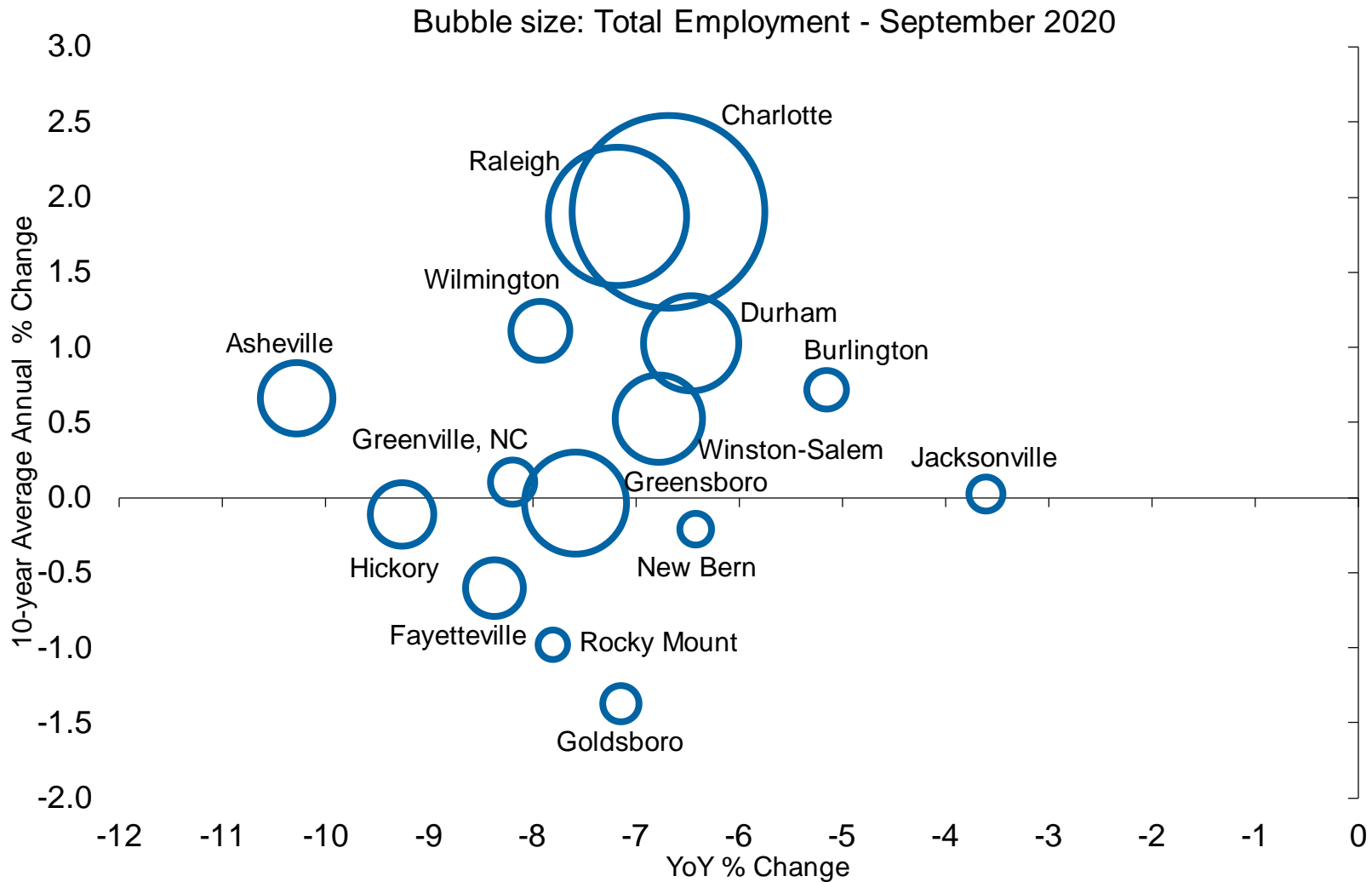
MSA Payroll Employment Growth in North Carolina

September 2020



Source: Bureau of Labor Statistics/Haver Analytics

1- and 10-year Employment Changes



Source: Bureau of Labor Statistics/Haver Analytics

Where do we go from here?

- The second quarter (April-June) numbers were abysmal. The third quarter was much better, but we are still significantly below where we started the year (in terms of employment and overall GDP).
- Recent employment reports have been very positive, but momentum seems to have slowed significantly.
- While unemployment rates have fallen considerably, labor force participation remains far below what it was in March.
- Parts of the economy have recovered quite well. Significant disparities exist between sectors and demographic groups.

Where do we go from here?

- What are the unknowns? Among other things...
 - How will the pandemic progress over the next few weeks and months? How bad will this fall surge be?
 - Will there be additional stimulus for small businesses and individuals?
 - When will people feel comfortable returning to more ‘normal’ activity?
 - When will schools be able to fully open? What impact does this have on labor force participation and student outcomes?
 - What economic shifts remain after the pandemic? Working from home? Online education? Take-out meals?

*Questions?
... and thank you!*