

Ask an Economist

Economic Update with Robert Eyler, PhD

June 22, 2020 Webinar



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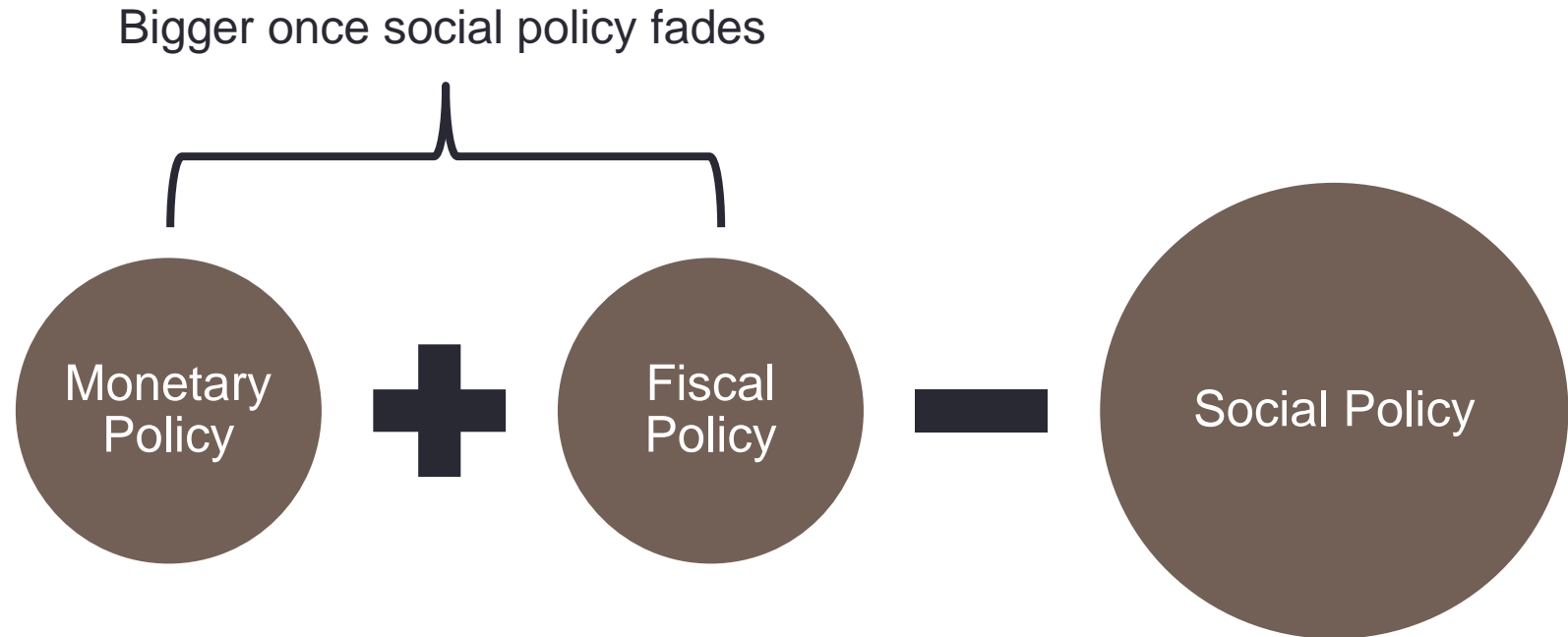


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Agenda

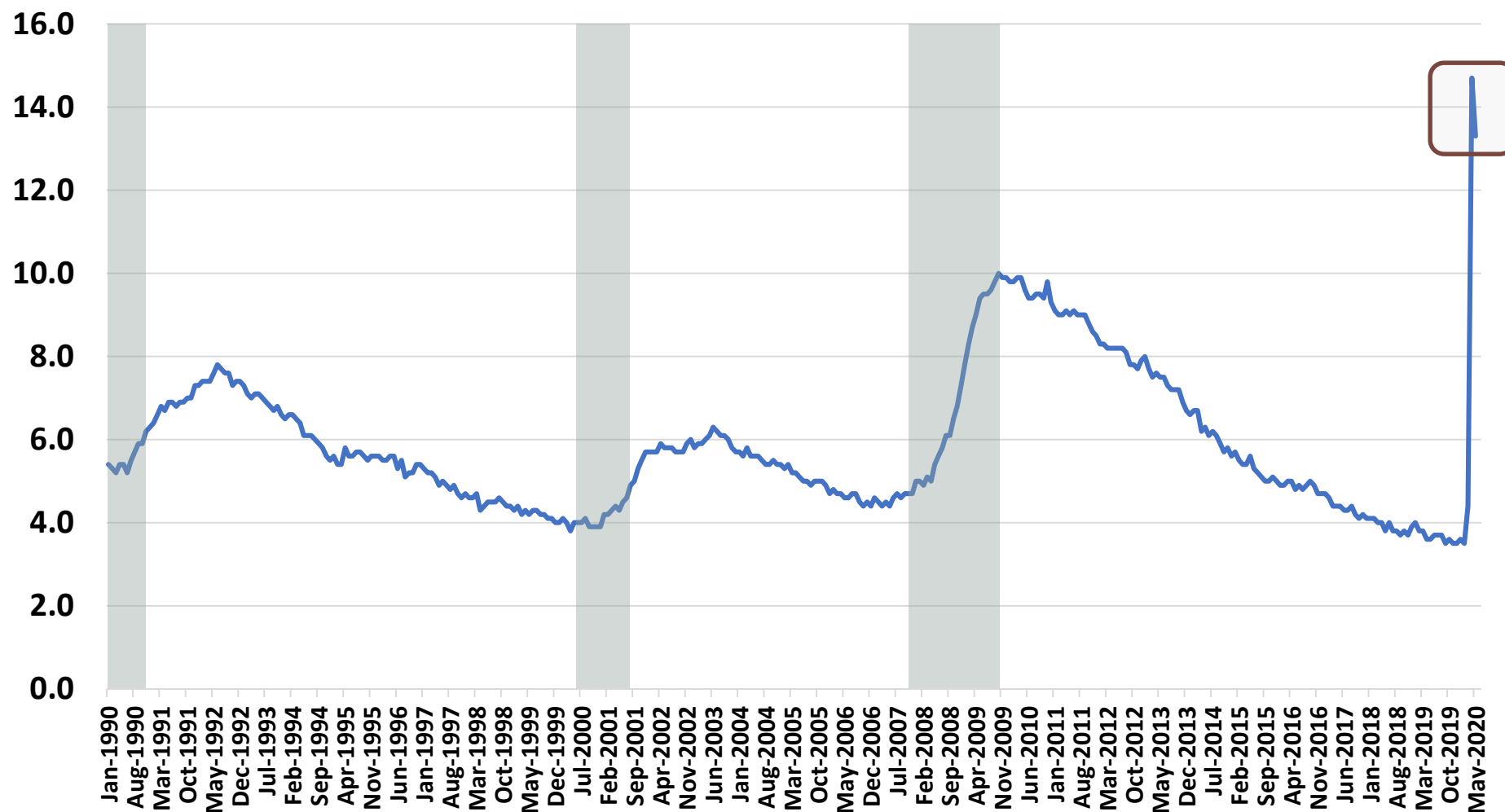
- Data on Jobs and Recovery
 - **US Unemployment in May 2020 13.3%, 17.7 million jobs lost since May 2019**
 - **CA 16.3% unemployment in May 2020, 3.066 million jobs lost since May 2019**
 - Re-opening concerns: what to consider
 - What do the forecasts look like now?
- Mixed Signs of Improvements
 - Jobs numbers better, but may be a short-term blip
 - Policy attempting to preserve capacity: is it?

Recovery: A Tale of Three Policies

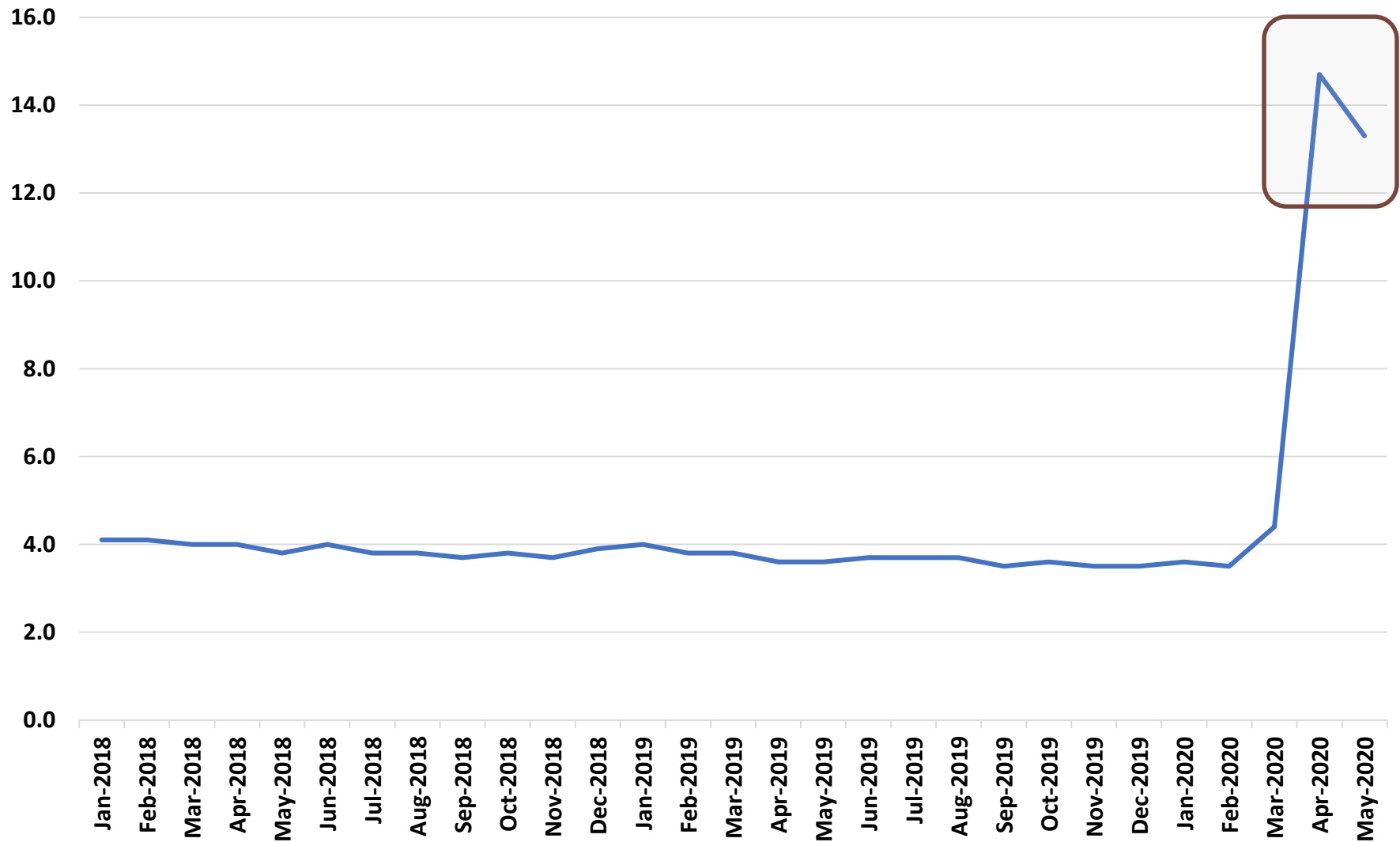


Improvements have started

US U Rate (%), Jan 1990 to May 2020, % of Labor Force

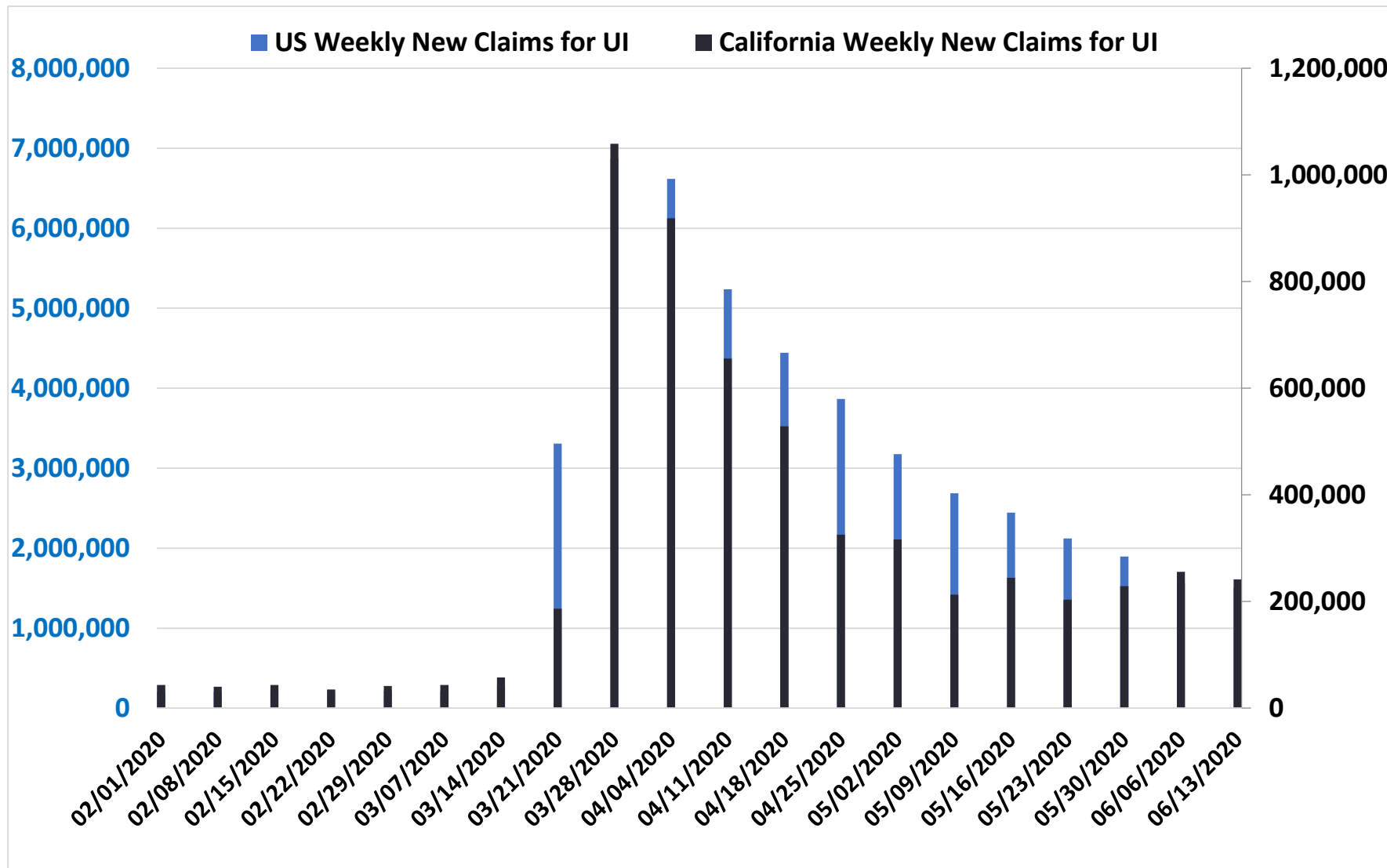


US U Rate (%), Jan 2018 to May 2020, % of Labor Force

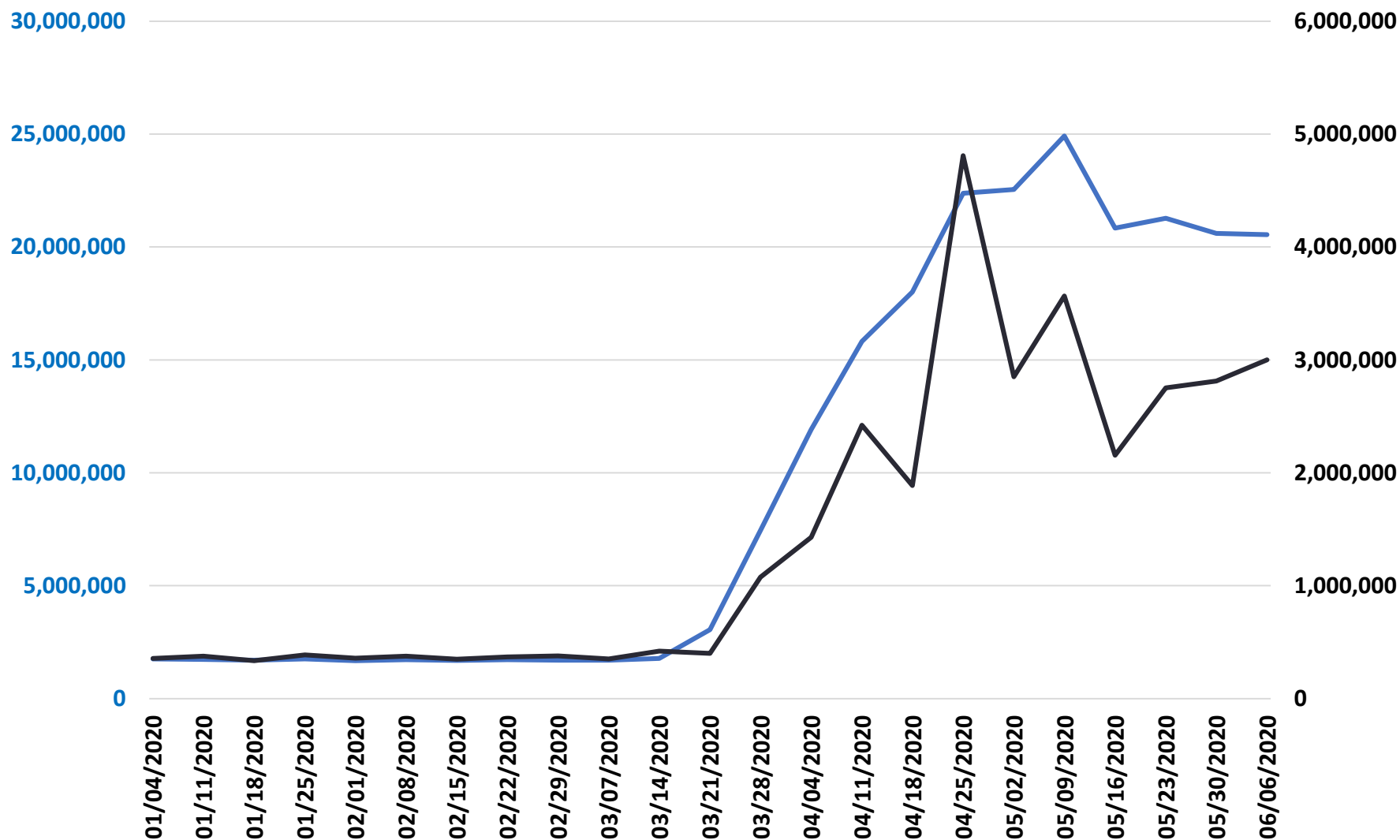


Weekly Claims: Have we already peaked?

Feb – June 2020

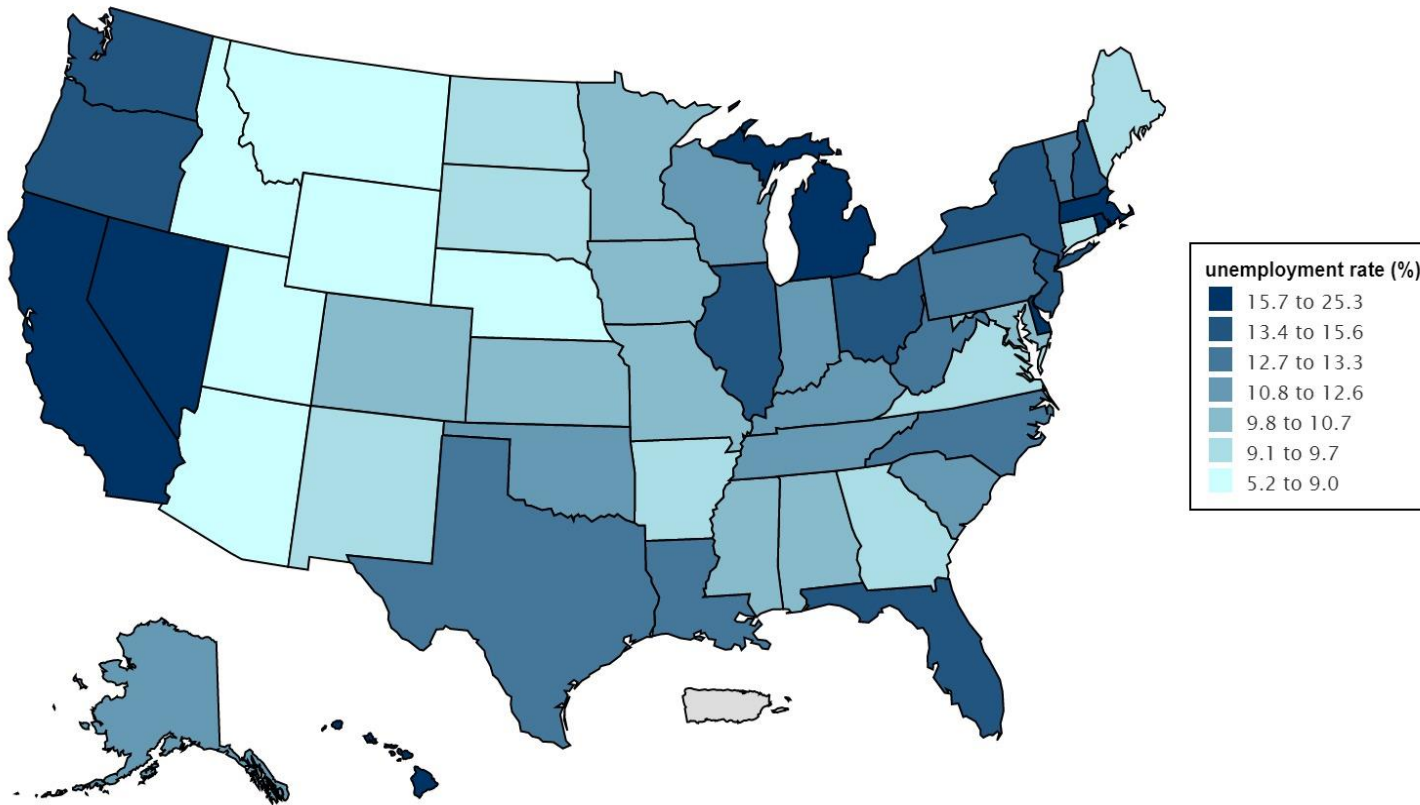


US and CA Continued UI Claims, Weeks on UI, Jan 2020 – May 2020, Seasonally Adjusted



Unemployment across the States, May 2020, % of State Labor Force, Seasonally Adjusted

Unemployment rates by state, seasonally adjusted, May 2020



May 2020:

US = 13.3%

CA = 16.3%

NE = 5.2%

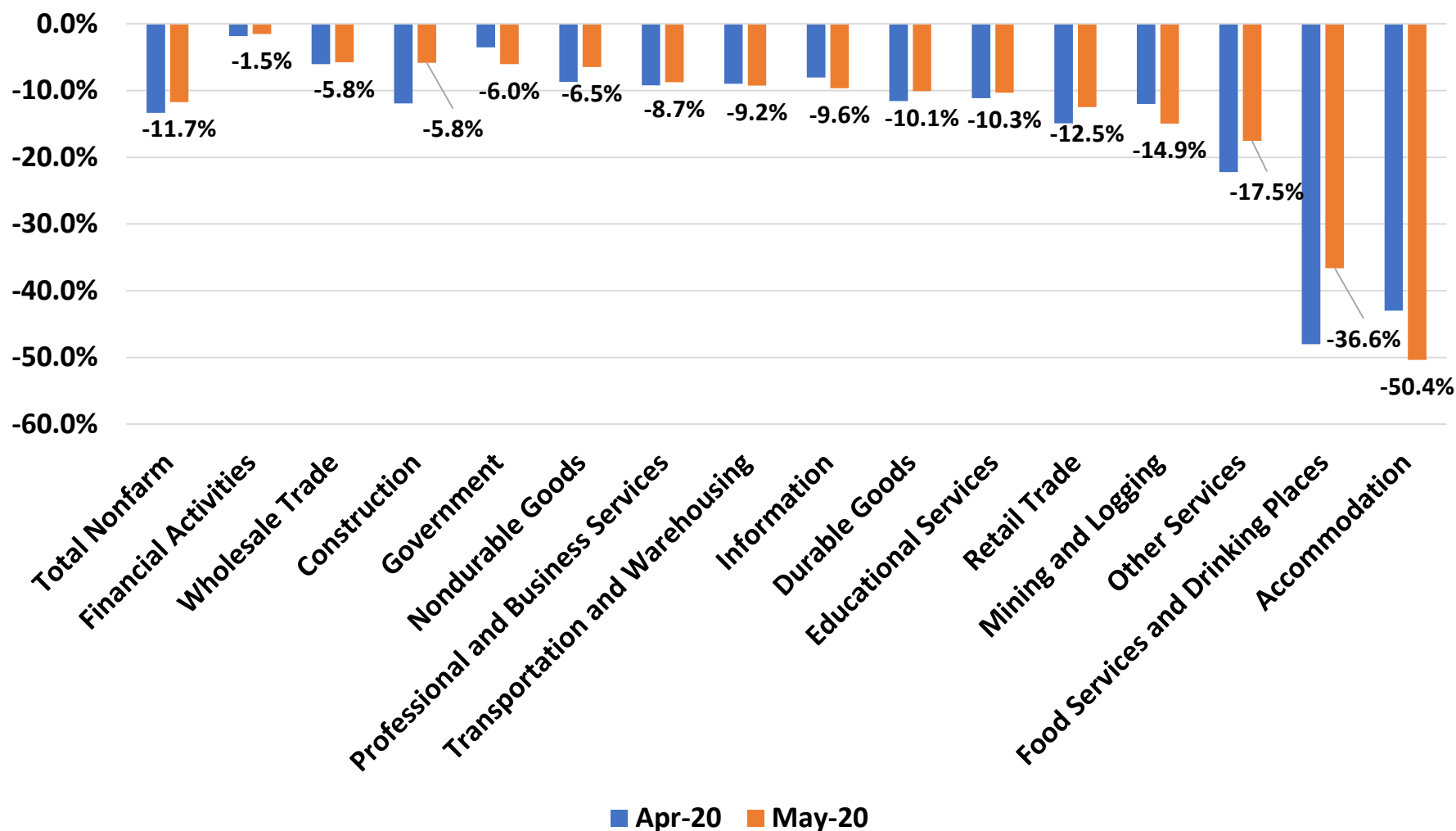
OR = 14.2%

WA = 15.1%

NV = 25.3%

Self-employed
and part-time
workers not
counted here

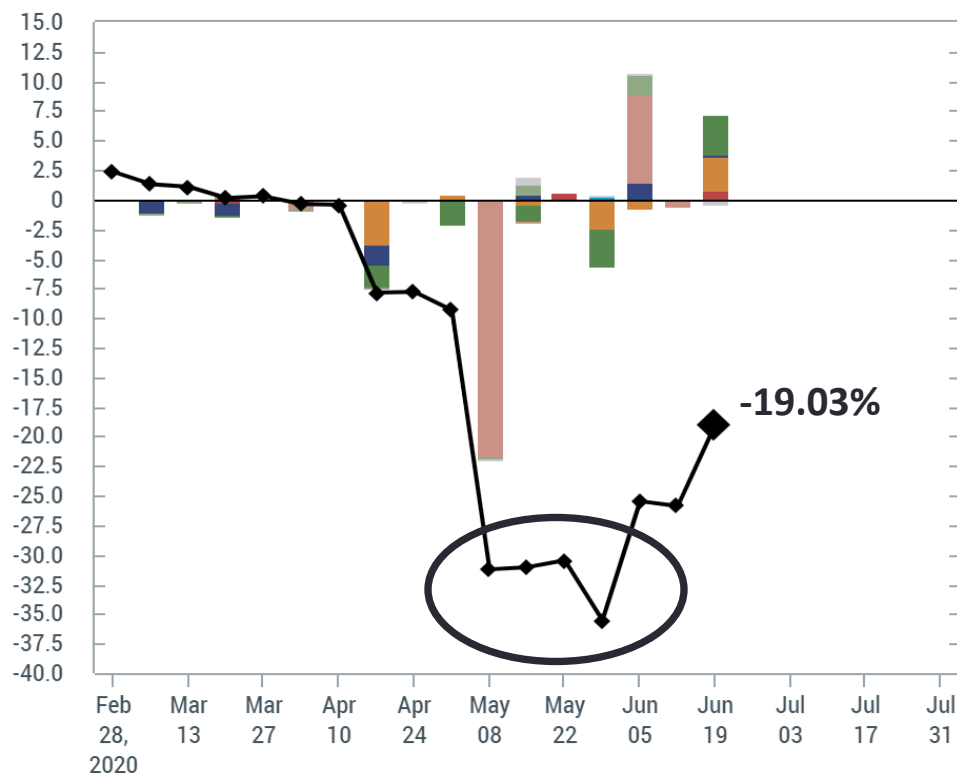
Jobs Lost (% Change from Previous Year), US, April and May 2020, Selected Industries



NY Fed Nowcast, GDP for Q2 as of June 19, 2020



Percent (annual rate)



Data Flow (Jun 19, 2020)

Model Update	Release Date	Data Series	Actual	Impact	Nowcast GDP Growth
Jun 19					-19.03
	8:30AM Jun 18	Philadelphia Fed Mfg. Business Outlook: Current activity	27.50	0.05	
	8:30AM Jun 17	Building permits	154.00	0.38	
	8:30AM Jun 17	Housing starts	4.28	0.37	
	9:10AM Jun 16	Capacity utilization	0.83	1.46	
	9:10AM Jun 16	Industrial production index	1.39	1.48	
	8:30AM Jun 16	Retail sales and food services	17.69	3.30	
	8:30AM Jun 15	Empire State Mfg. Survey: General business conditions	-0.20	0.14	
		Data revisions		-0.31	
Jun 12					-25.90

Depth and Duration

The Lift Out

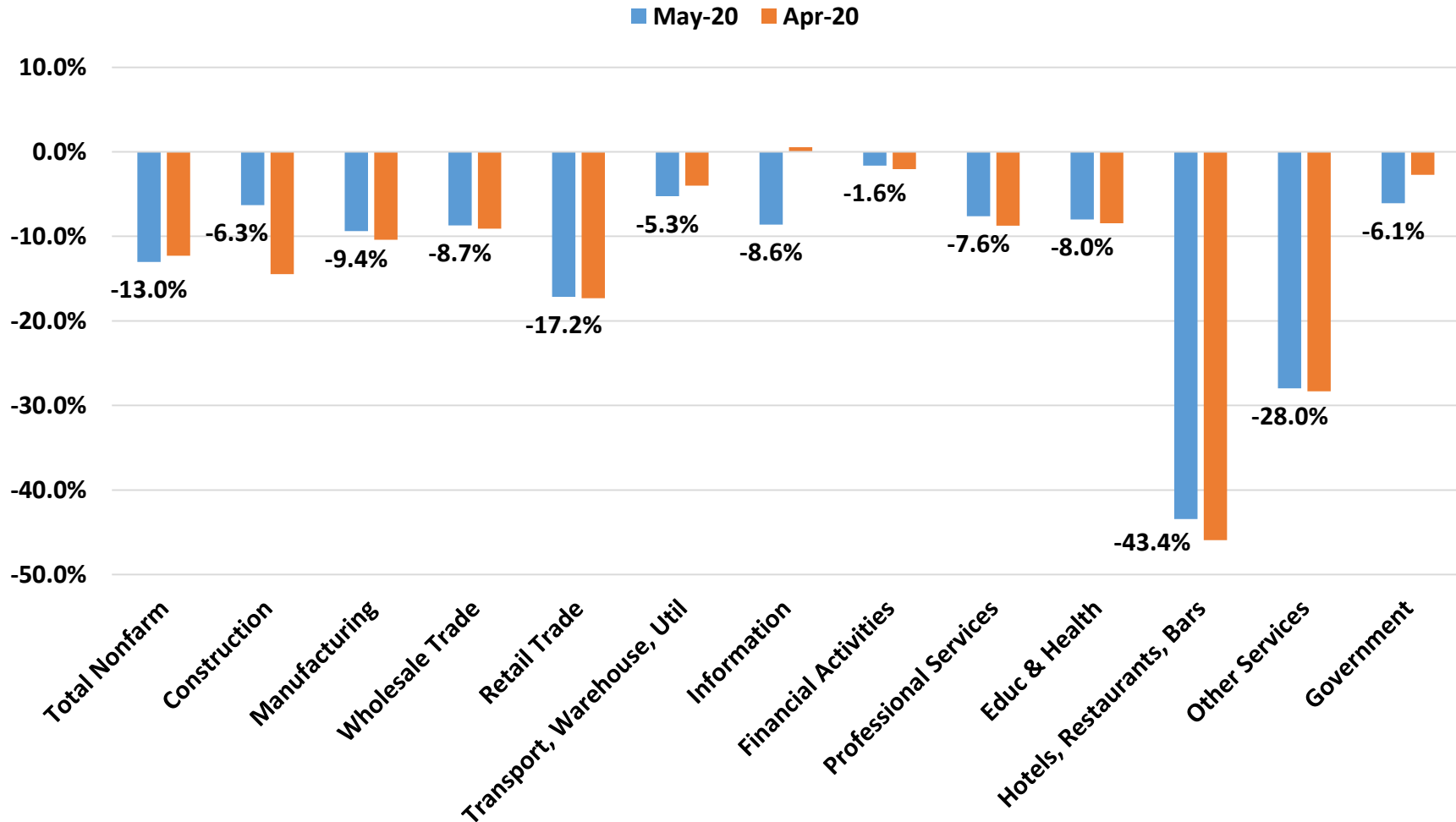
- The economics of staying open
 - Costs to sterilize and make patrons safe rising
 - How realistic is this for bars and restaurants?
- The economics of re-closing
 - Can't generally re-close without serious implications
 - Costs rising there also: how can you stay open in a modified way?
- What can cities and counties do?
 - Continue to press for local shopping
 - Provide support for bulk supply purchases, perhaps as a municipal group and spread that to local employers
 - Provide resources and cost/time certainty

May 2020, Changes in Labor Force Variables California, Since May 2019

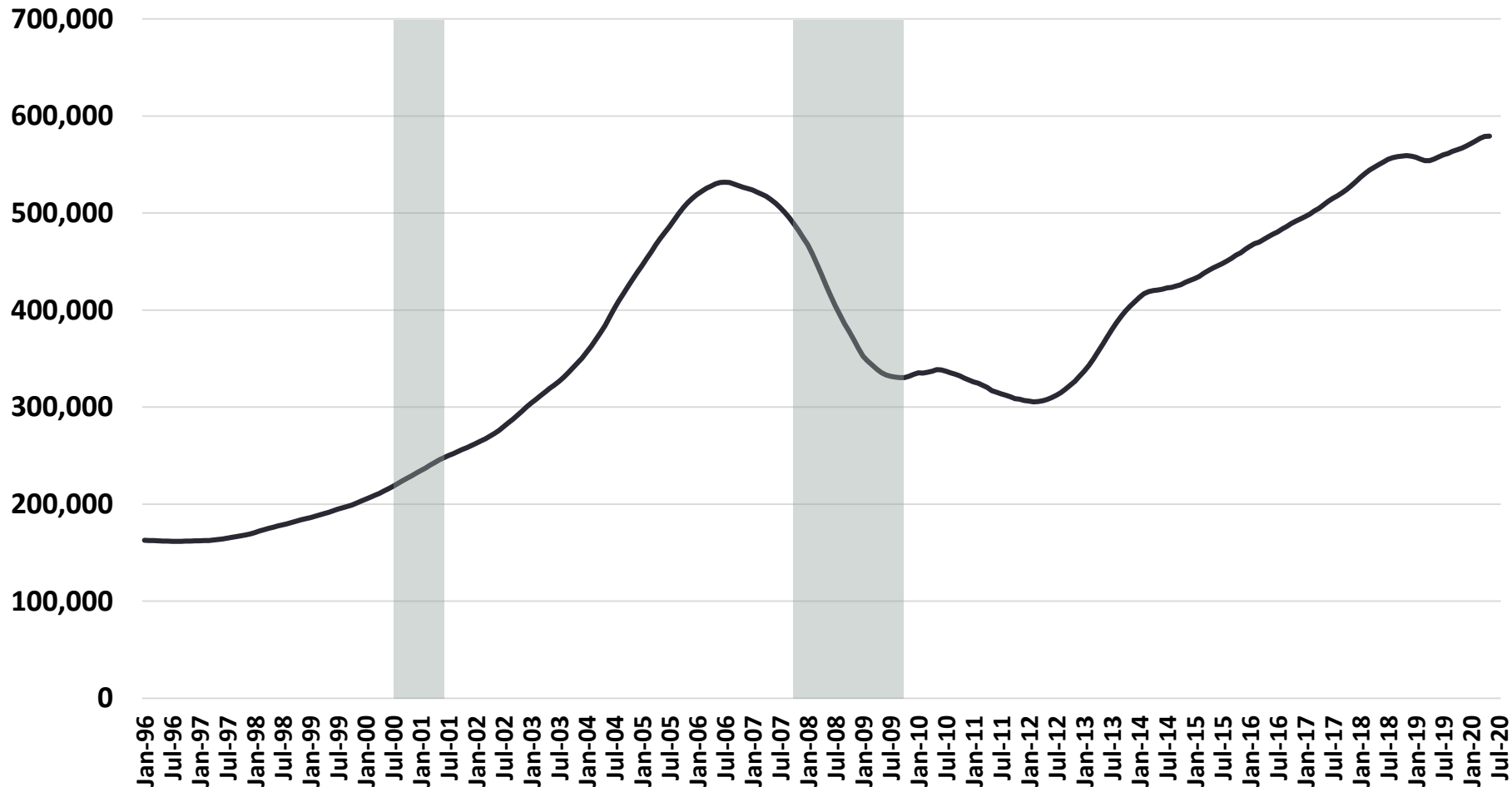


Labor Force Variables	Change California Employees	% Change/ U Rate	April 2019-20 Change California Employees	April 2019-20 % Change/ U Rate
Civilian Labor Force	-856,000	-4.4%	-719,500	-3.7%
Civilian Employment	-3,082,200	-16.6%	-2,975,000	-16.1%
Civilian Unemployment	2,226,300	15.9%	2,255,400	16.1%

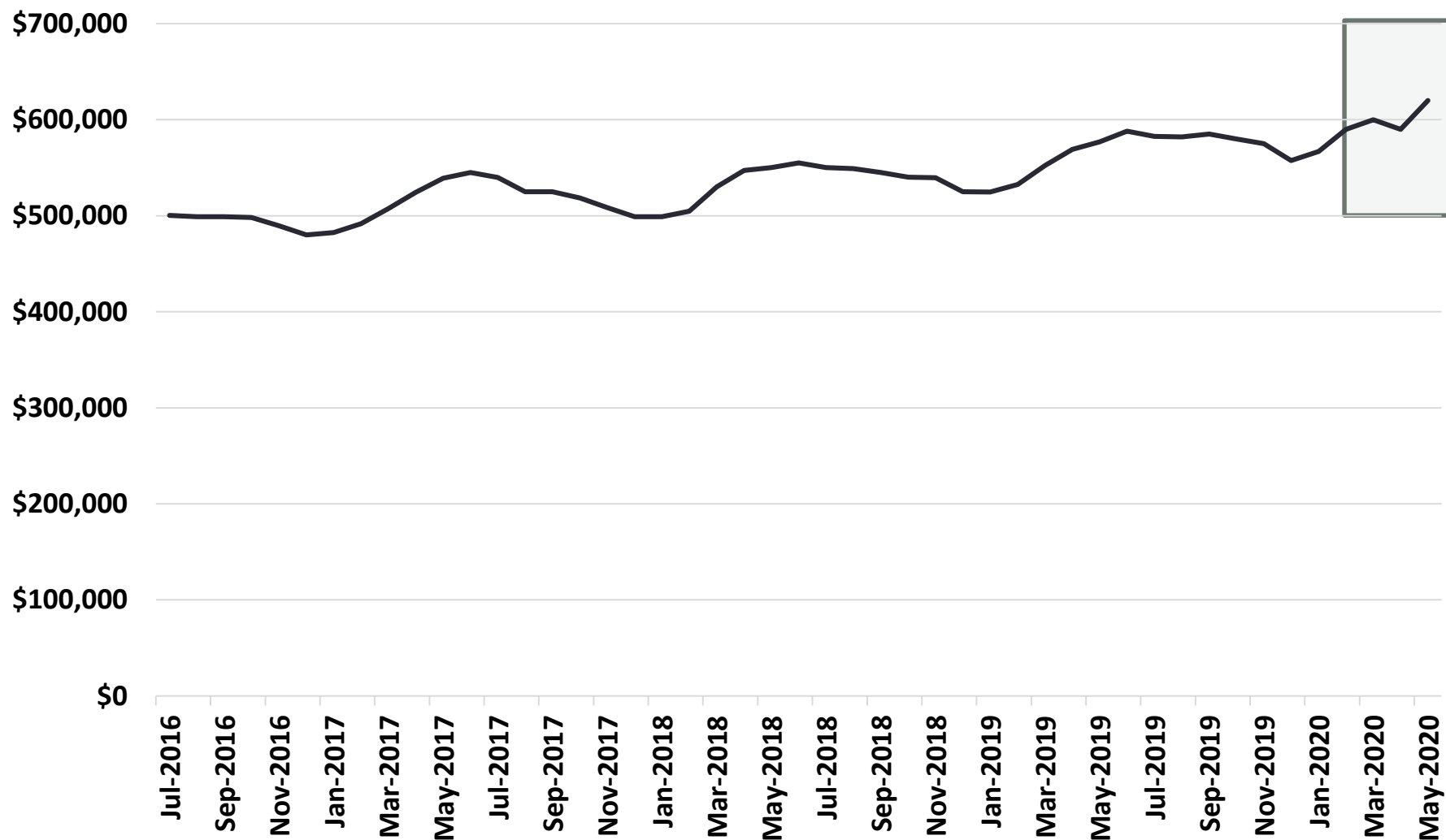
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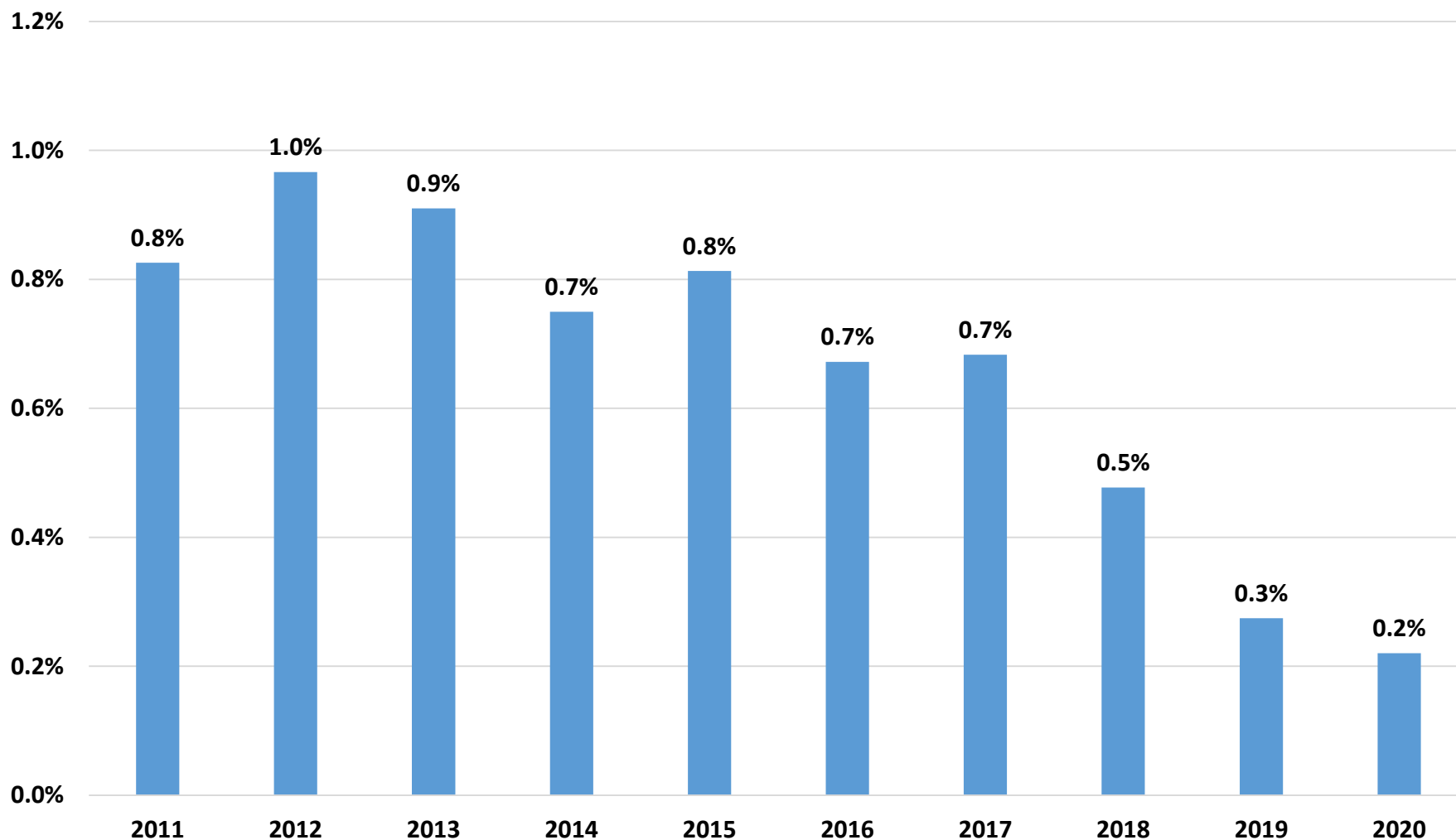
Median Home Prices, Jan 1996 to May 2020, Current \$, California



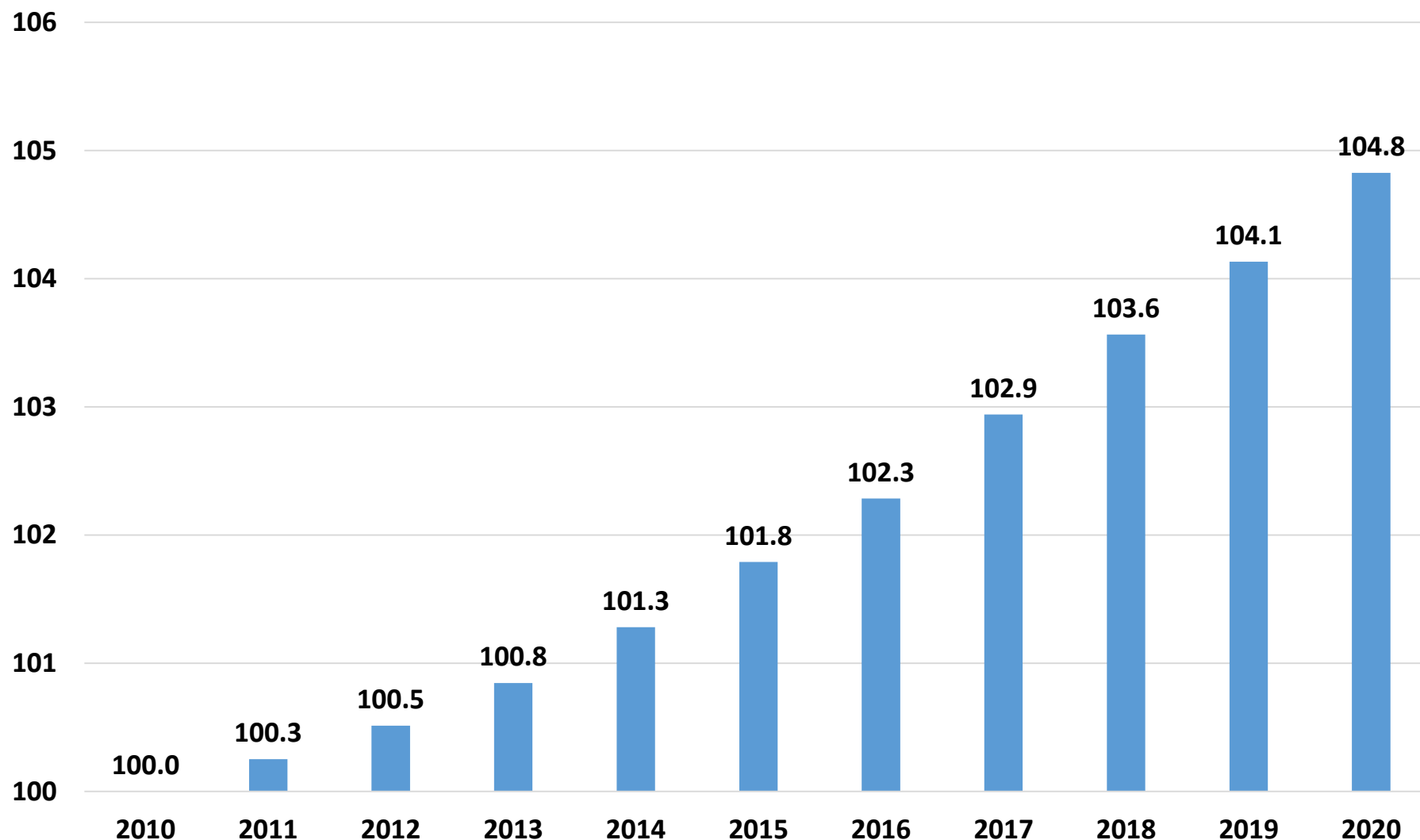
Median Listing Price, July 2016 – May 2020, Current \$, California



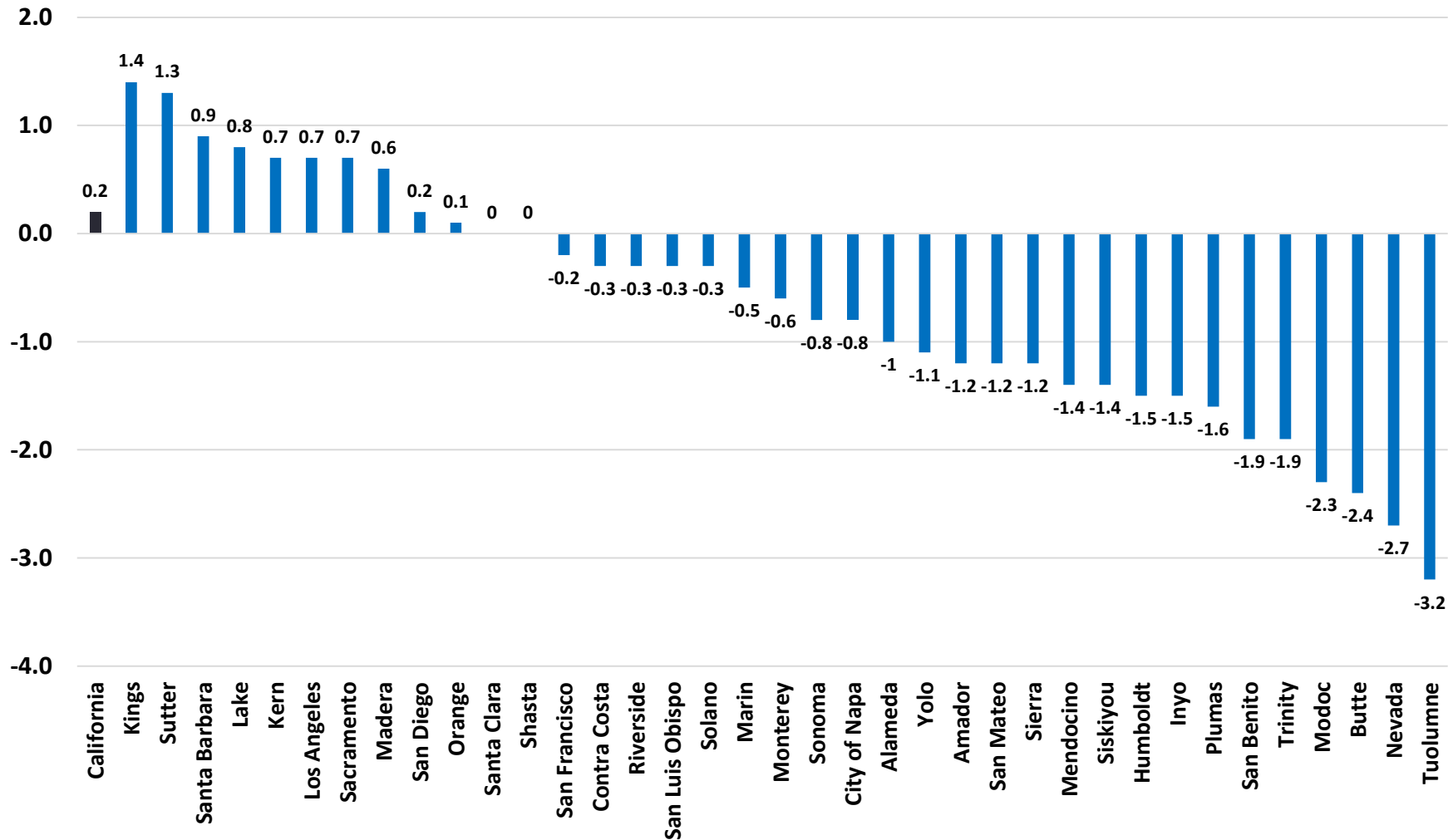
Population Growth, 2012-2020, % Change from Previous Year, California



Housing Units Growth, 2012-2020, Index, 2010 = 100, California



Housing Forecast, May 2020, Zillow™ Research, % Change for the coming year to May 2021, Median Home Price Growth



Part VI: Commercial RE

- Retail
 - What is the future of brick and mortar, especially locally-owned?
- Restaurants
 - Who will survive and what does that do on the high-end?
- Office
 - Will office become suburban and rural co-working space?
- Malls
 - B&M Retail with large square footage: what now?
- Industrial
 - Manufacturing may be the new growth area, especially in health care supply chain
 - Flex/R&D: more growth coming in life sciences rises
 - Warehousing: the new normal

What to Watch

- Labor market changes
 - Continued claims for unemployment insurance
 - May have peaked, waiting to see what businesses survive the summer
 - Housing starts and permits: watching the supply side of housing
- Policy: the shelter in place lift is coming
 - Can we stay open?
 - If we see infections rise again, are we more resilient?
 - What can economic development do?

Thanks for attending.

A recording of this webinar will be posted at
chabinconcepts.com



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Questions From Chat

- How long can restaurants operate at a low % of customers? Is there help being discussed for additional assistance? Or new models?
 - No new models, short of expanding take-out options.
 - For fine-dining, it is partial experience, partial food, and partial up-sell on wine and other menu items not possible in take out model.
 - Best thing to do: reduce costs of opening back to something close to normal and drive patrons to go.
- Could you touch on the potential economic impacts of the current riots and protests? Last presentation you indicated it would only have a short-term impact.
 - Looks like the impacts are short (classically true), depends on if they evolve as we get closer to elections or if there is a second shutdown, more concerns, or both. Costs starting to subside.
- Many counties don't want visitors yet, but hotels need business. How do balance visitors and economics?
 - Difficult task if local areas are not marketing, but hotels are. For most counties, especially rural places that depend on tourists, it is not just the hotels at risk if visitors do not come back, it is retail, restaurants, and attractions otherwise that may go away without some increased visitor flow