

Ask an Economist

Economic Update with Robert Eyler, PhD

January 25, 2021 Webinar



Robert Eyler, PhD

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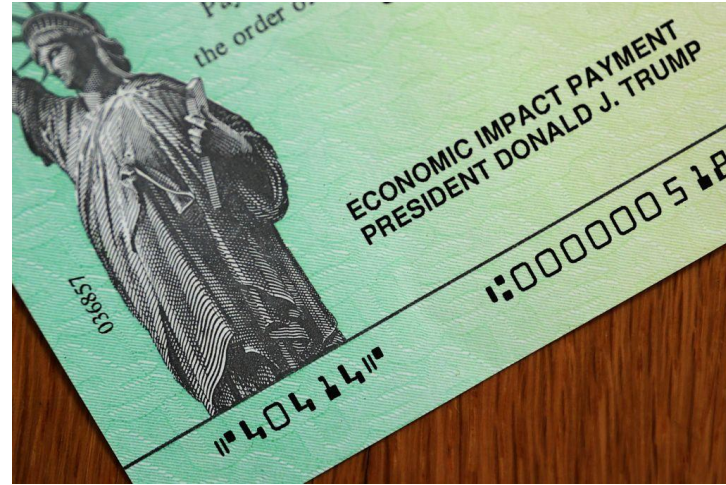
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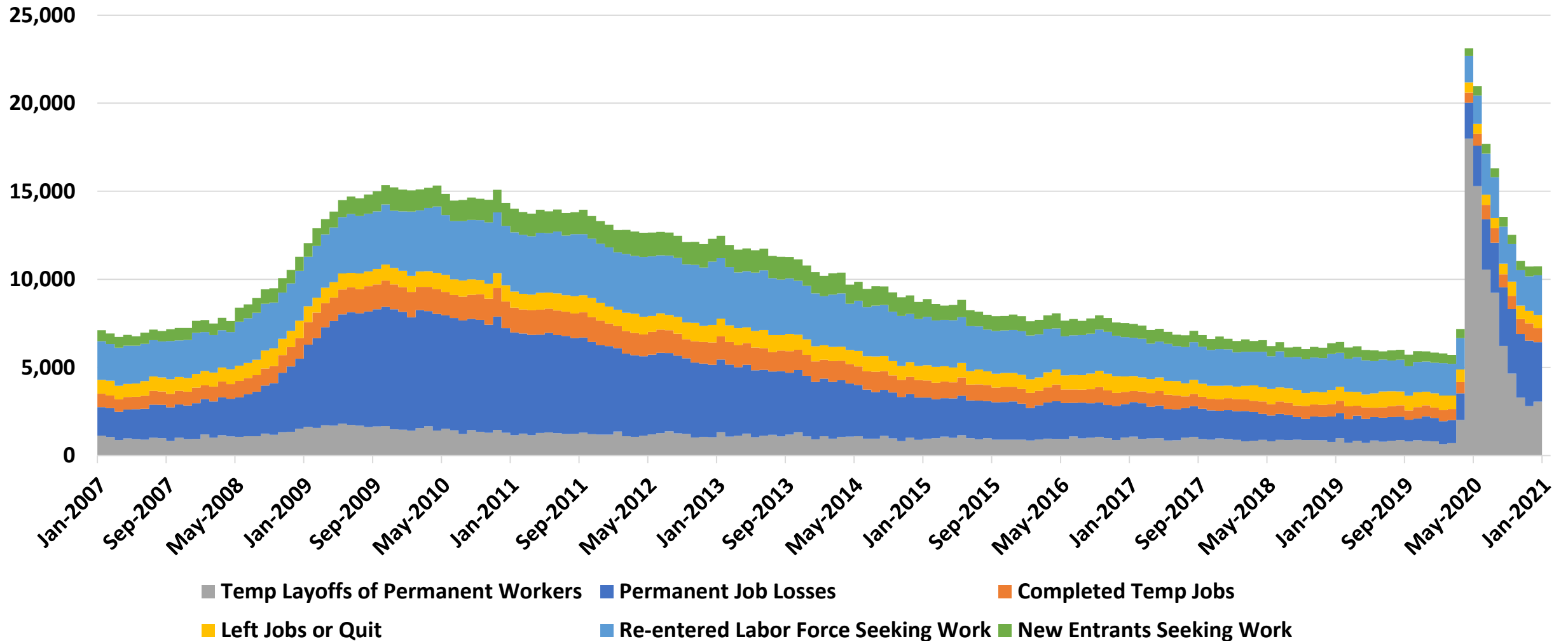


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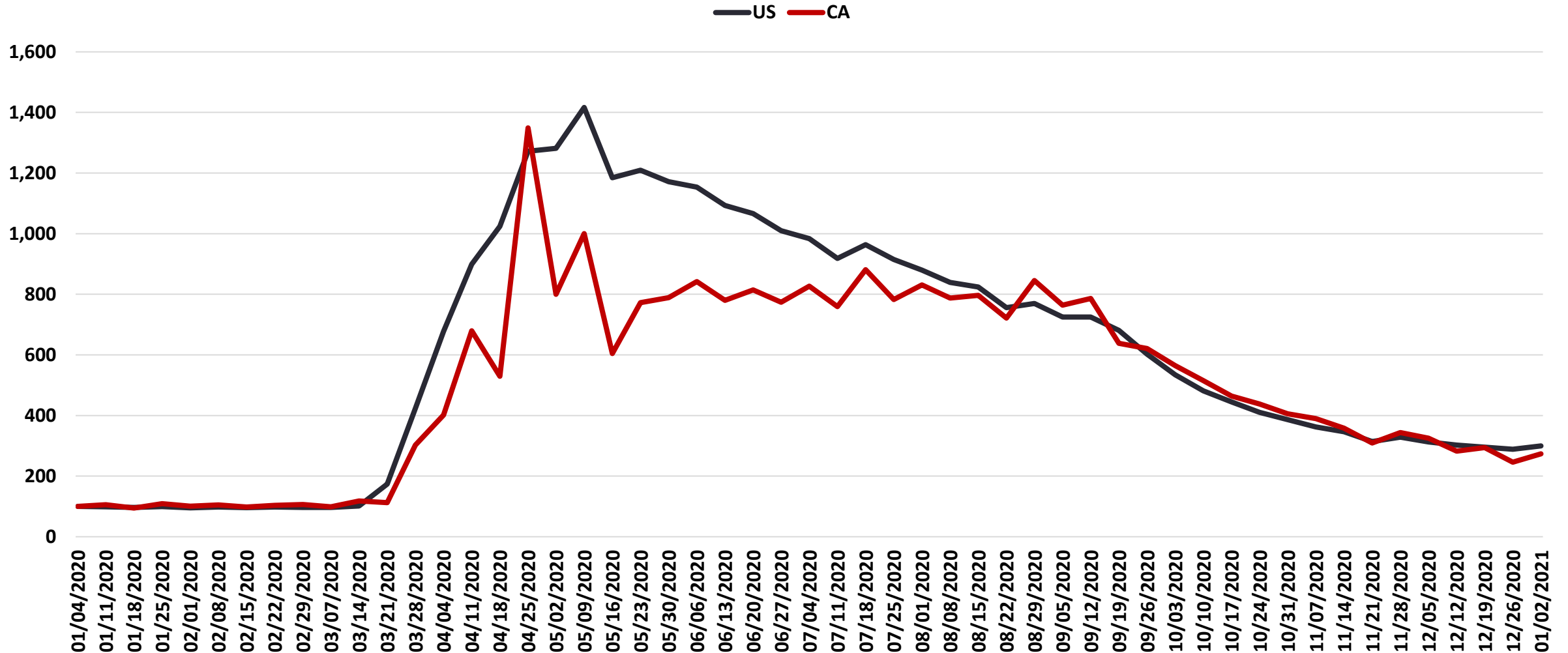
Sources: Getty
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US Labor Force Watch, Thousands of Workers Unemployed, January 2007 to December 2020

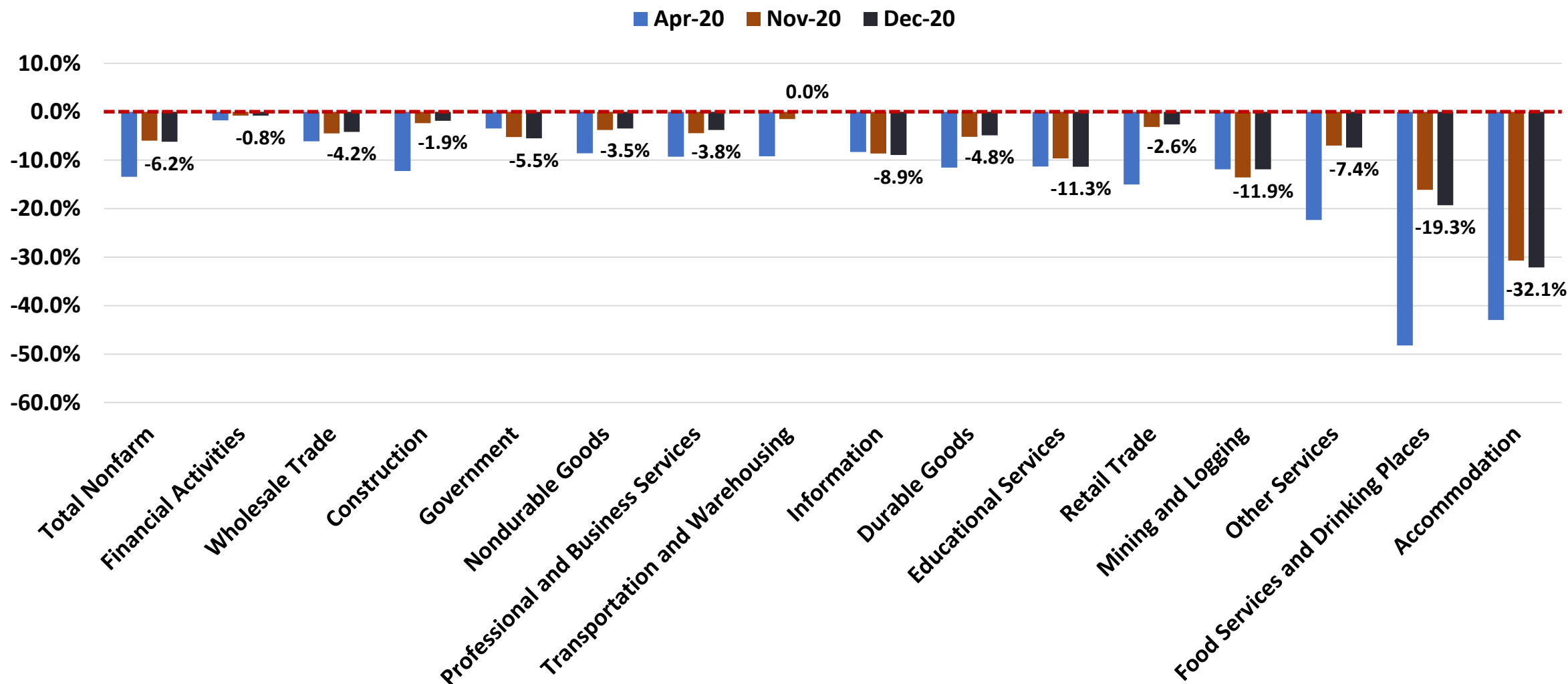


Continued Claims for Unemployment Insurance (UI), US and CA, Number of Workers, Jan 2020 to Dec 2020, Weekly

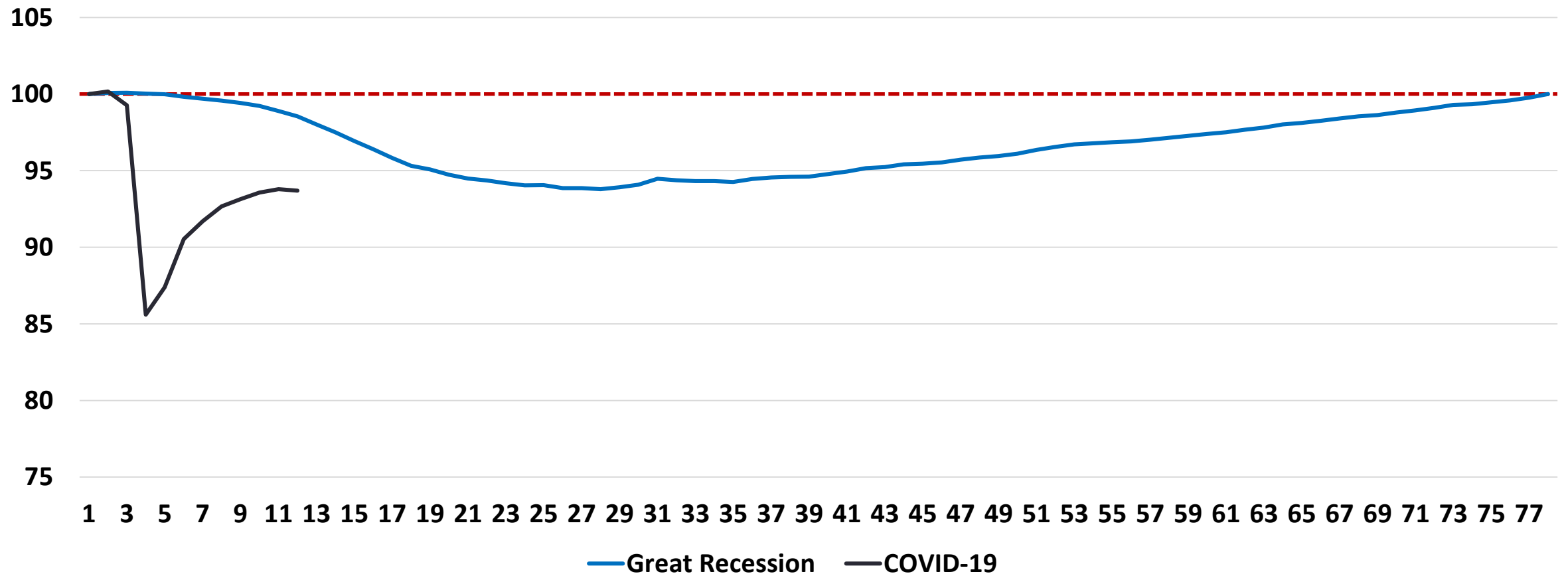


Source: BLS and EFA

Changes in Jobs, Selected Industries, % Change since previous year, April, November and December 2020, US



Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak, Index Nov 2007 and Jan 2020 = 100

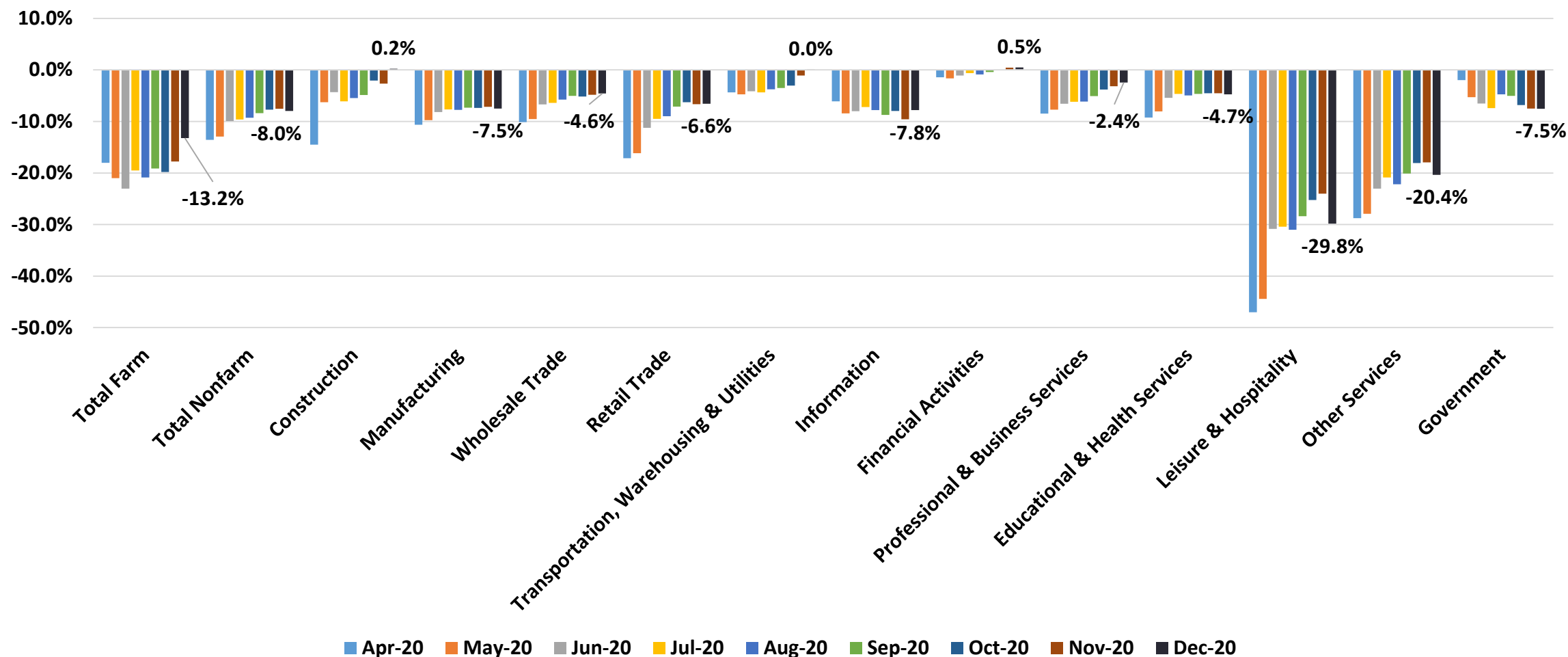


Employment Data, California, from Dec 2019 and Dec 2020

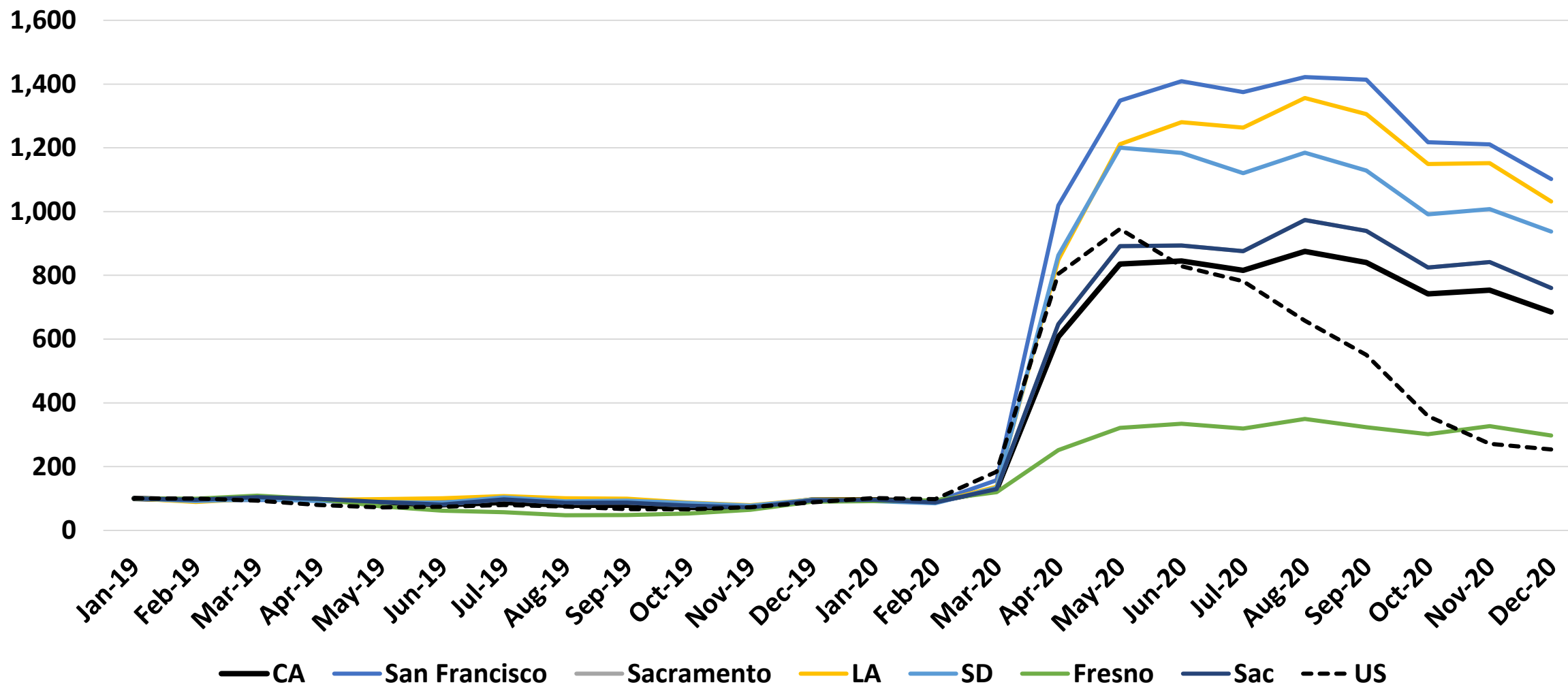
Unemployment Rate, Selected Areas, Non-Seasonally Adj

Category	Change California	% Change/ U Rate	Change LA MSA	% Change/ U Rate	Change SF MSA	% Change/ U Rate	Change SD	% Change/ U Rate	Change Sac	% Change/ U Rate
Civilian Labor Force	-196,700	-1.0%	-68,100	-1.3%	-19,300	-1.8%	12,200	0.8%	7,600	0.7%
Civilian Employment	-1,207,100	-6.4%	-459,800	-9.3%	-65,400	-6.3%	-64,400	-4.2%	-40,600	-3.8%
Unemployment Rate		9.0%		12.1%		7.8%		7.7%		7.6%

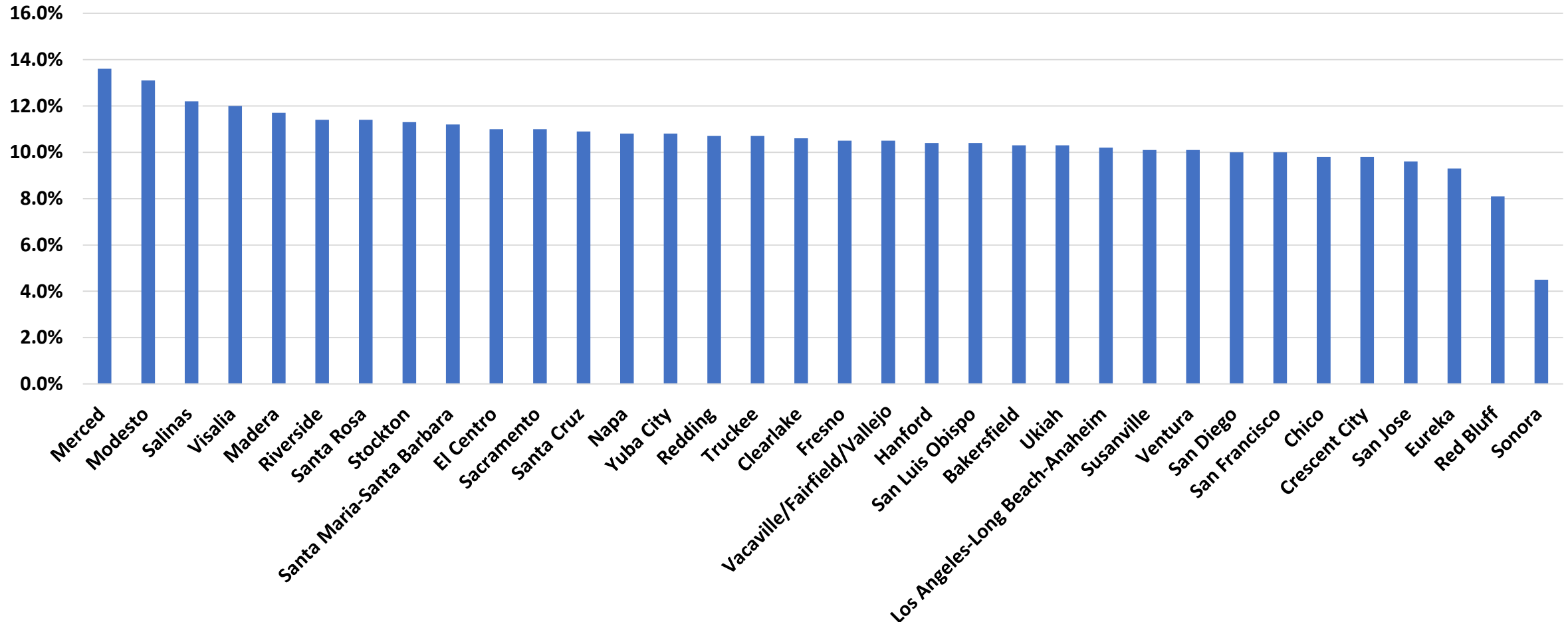
Jobs Changes, % Change from Previous Year, April 2020 to Dec 2020, California, Selected Industries



Continued Claims for Unemployment Insurance, California and Selected Areas, Jan 2019 to December 2020, Index Jan 2019 = 100



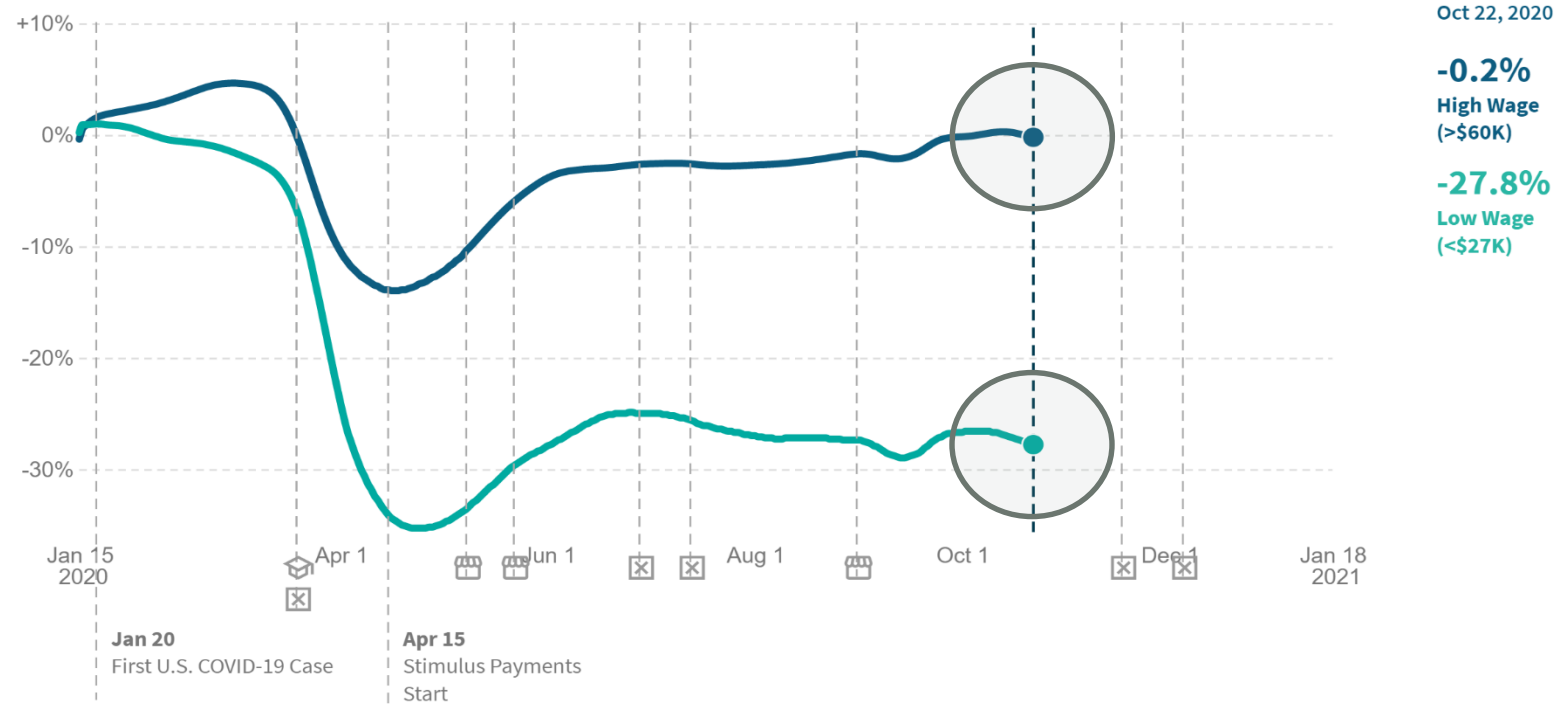
Housing Forecast to December 2021, as of Dec 2020, % Change in Median Home Prices, MSAs in CA



K-Shaped Recovery: Different Outcomes for Different Workers

Percent Change in Employment*

In **California**, as of **October 22, 2020**, employment rates among workers in the top wage quartile **decreased** by **0.2%** compared to January 2020 (not seasonally adjusted).



*Change in employment rates (not seasonally adjusted), indexed to January 4-31, 2020. This series is based on payroll data from Paychex and Intuit, worker-level data on employment and earnings from Earnin, and timesheet data from Kronos. The dotted line in the low-wage series is a prediction of employment rates based on Kronos data.

last updated: **January 08, 2021** next update expected: **January 20, 2021**

Pressures on:

1. Local government (rising social services demand);
2. Non-profits;
3. Apartments and other rental units; and
4. Ability of local businesses to hire back once cycle turns.

Small Business Recovery? Concerns Continue

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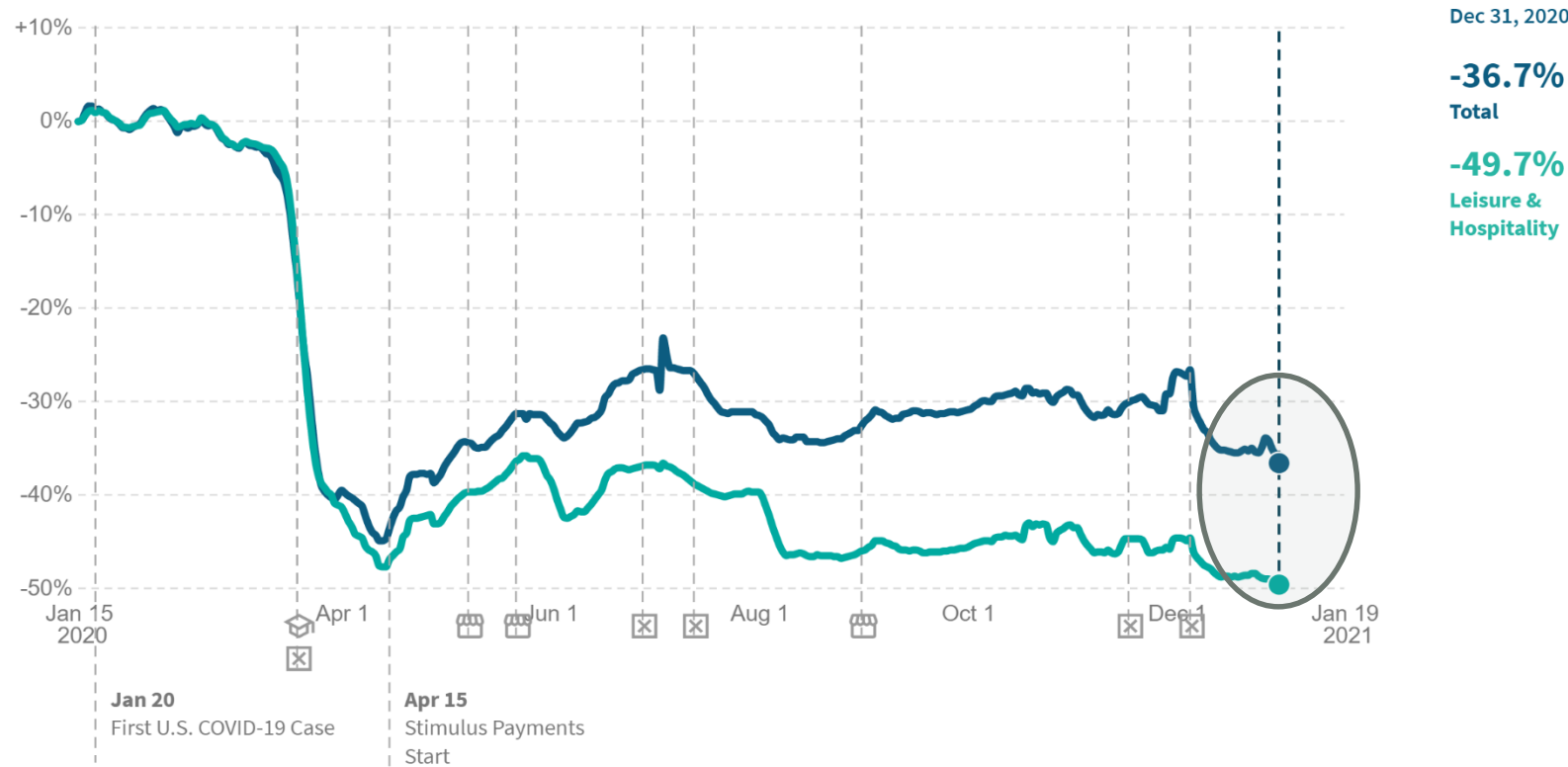
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Percent Change in Number of Small Businesses Open*

In **California**, as of **December 31, 2020**, the number of small businesses open **decreased** by **36.7%** compared to January 2020.



*Change in small businesses open (defined as having financial transaction activity), indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: **January 16, 2021** next update expected: **January 22, 2021**

So what? Why this split needs to fade:

1. Loss of regional restaurants, hotels reduces support for tasting rooms;
2. Prices will rise initially when demand comes back if fewer players; and
3. Suggests costs of operation (explicit and implicit) too much in leisure and hospitality

Part XIII: The Biden Economic Plan

- Emergency plan short-term: spending up front to turn corner
- Provide health insurance coverage for 97% of Americans in 10 years.
- Increase top tax rate to 39.6%, taxing capital gains at ordinary rates and raising the corporate tax rate to 28%.
- Forgive student loan debt and make college free for those making up to \$125,000.
- Raise minimum wage to \$15 an hour and repeal "right to work" laws.
- Expand "Buy American" policies
- \$2 trillion on clean energy during first term as president.

What to Watch

- Low interest rates to continue
 - New presidential regime should not affect rate path by edict
 - Economic growth the main sign of change
- Home prices watch: Urban to suburban and CA to else?
- K-Shaped vs. V-Shaped: low-wage workers remain threatened
 - Lower-wage and entry level industries not at same capacity
 - Hurts urban areas primarily, rural maybe less
- Public sector in CA avoiding issues at state level for now
 - Cities and counties still waiting, will Biden get funding for them?
- **Key challenge: managing debt as recovery slows**

Thanks for attending.

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



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