



National and Regional Economic Update

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Summary

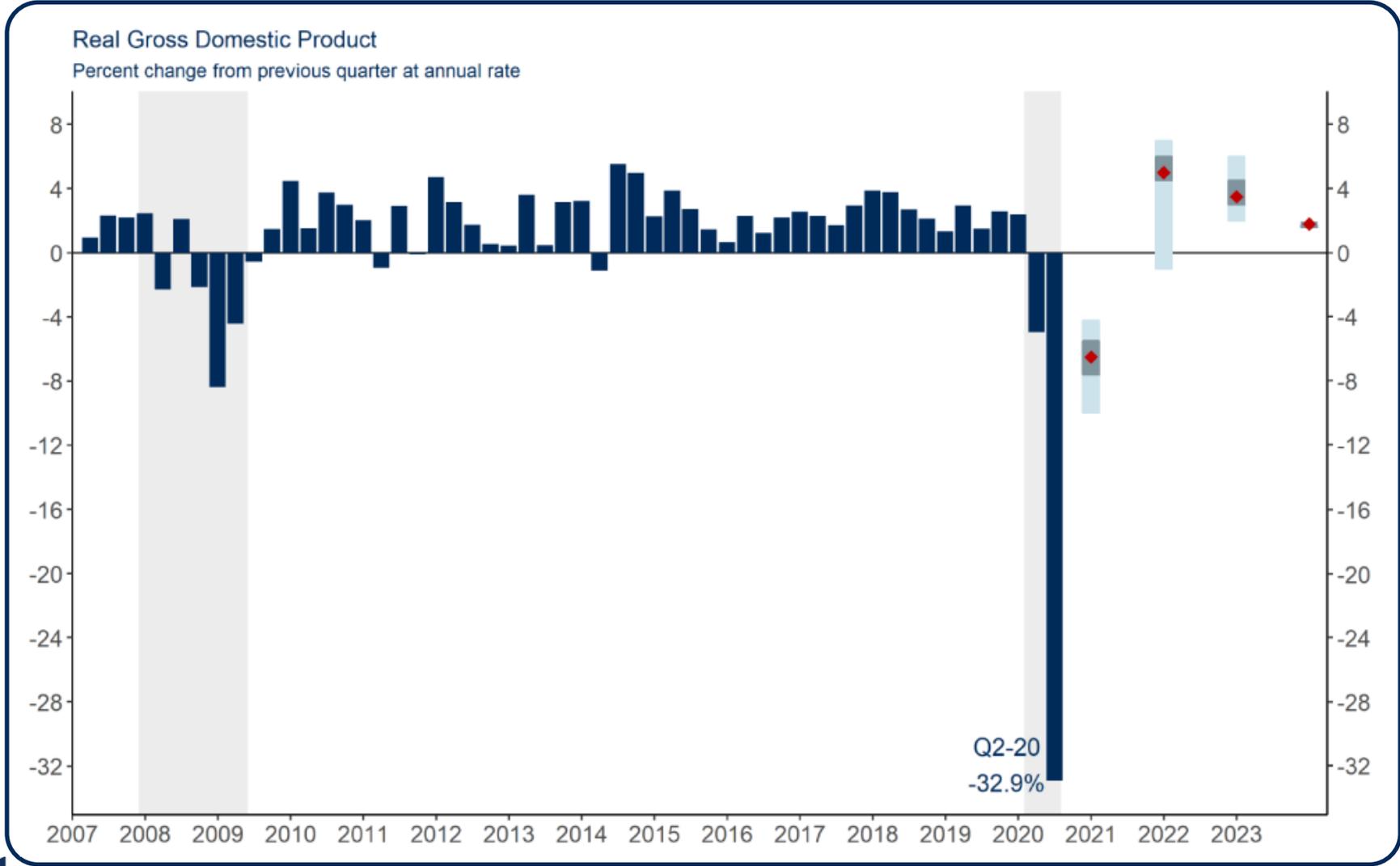
- **The U.S.**

- Unemployment rate peaked at 14.7% in April, down to 10.2% in July.
- High frequency data indicate a stalled recovery as COVID cases rose.
- Firms have trimmed costs and a business recovery is front-running a labor market recovery.
- The path of the virus and the response to it (including a vaccine) will largely set the course of economic growth going forward.
- Policy supports will be important as well.

- **The Region**

- North Carolina has fared somewhat better than the US, on the whole.
- Segments of the service industry have been especially hard hit, while the manufacturing slowdown has been relatively modest.
- Variations in regional outcomes reflect industry structure.
- Internal migration presents an opportunity for the region.

Expect a large, but incomplete, rebound in Q3



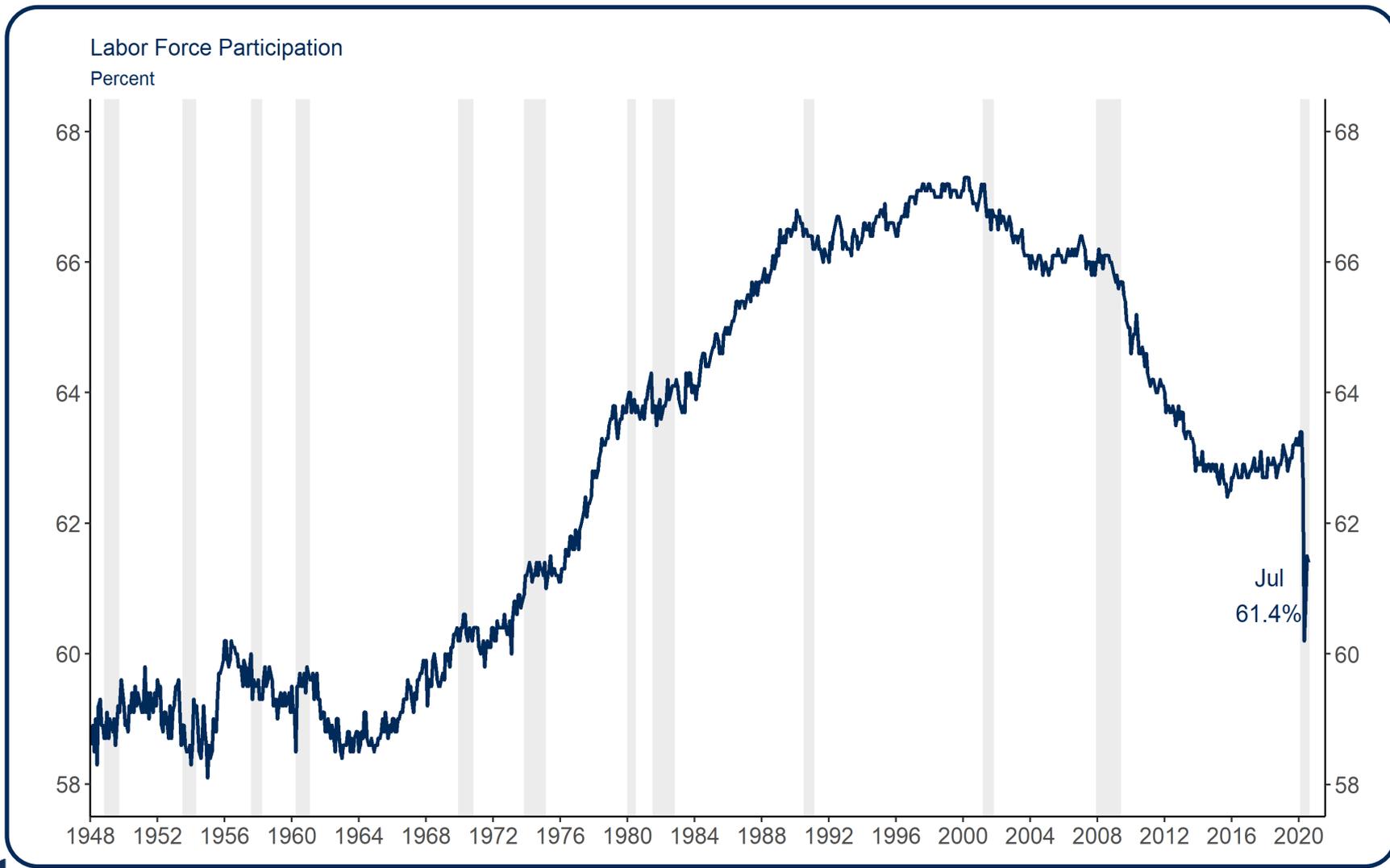
Source: Bureau of Economic Analysis, IHS Markit/Haver Analytics

The decline in unemployment has slowed ...



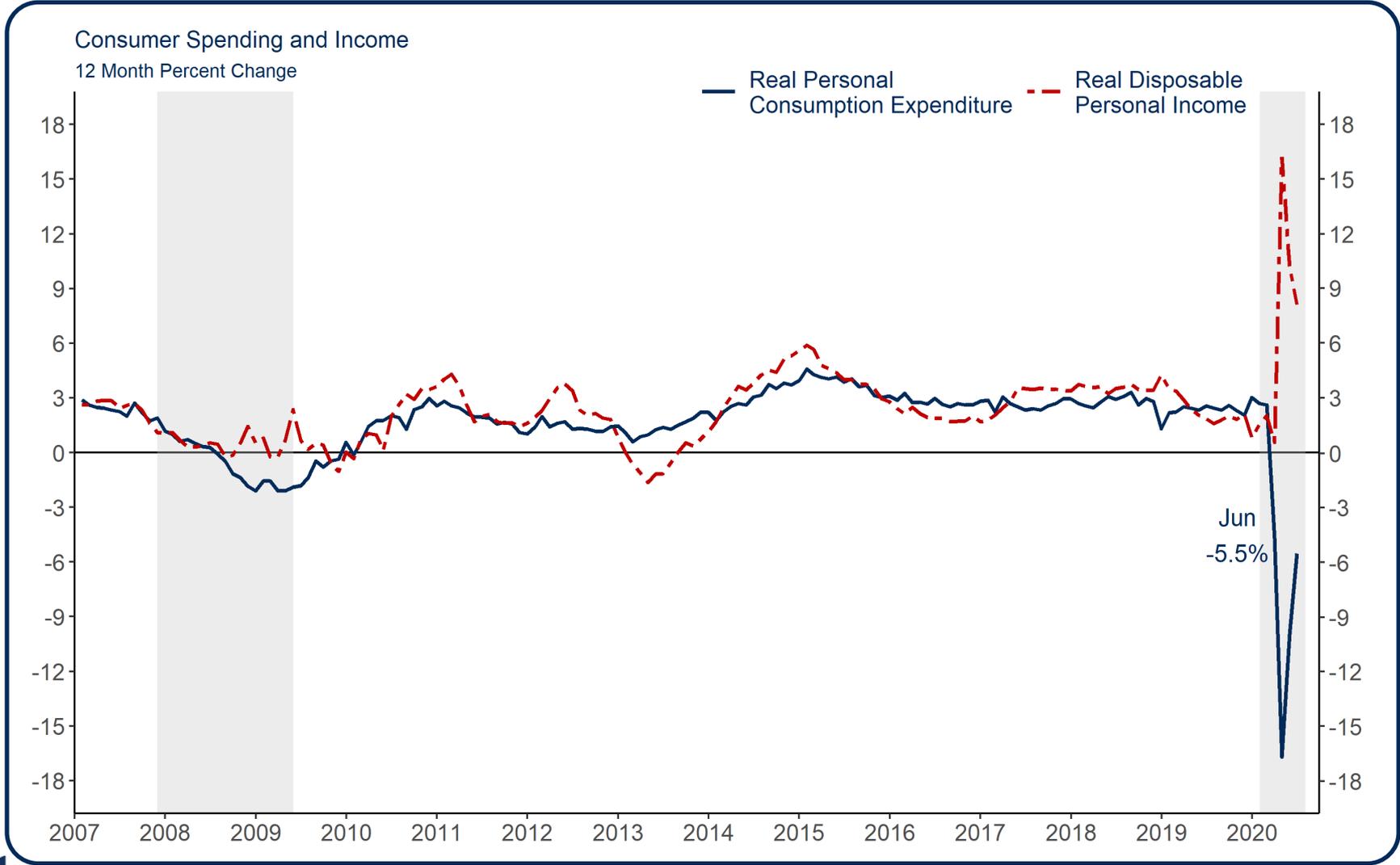
Source: Bureau of Labor Statistics, Federal Reserve Board of Governors/Haver Analytics

... while many who left the labor force have not returned



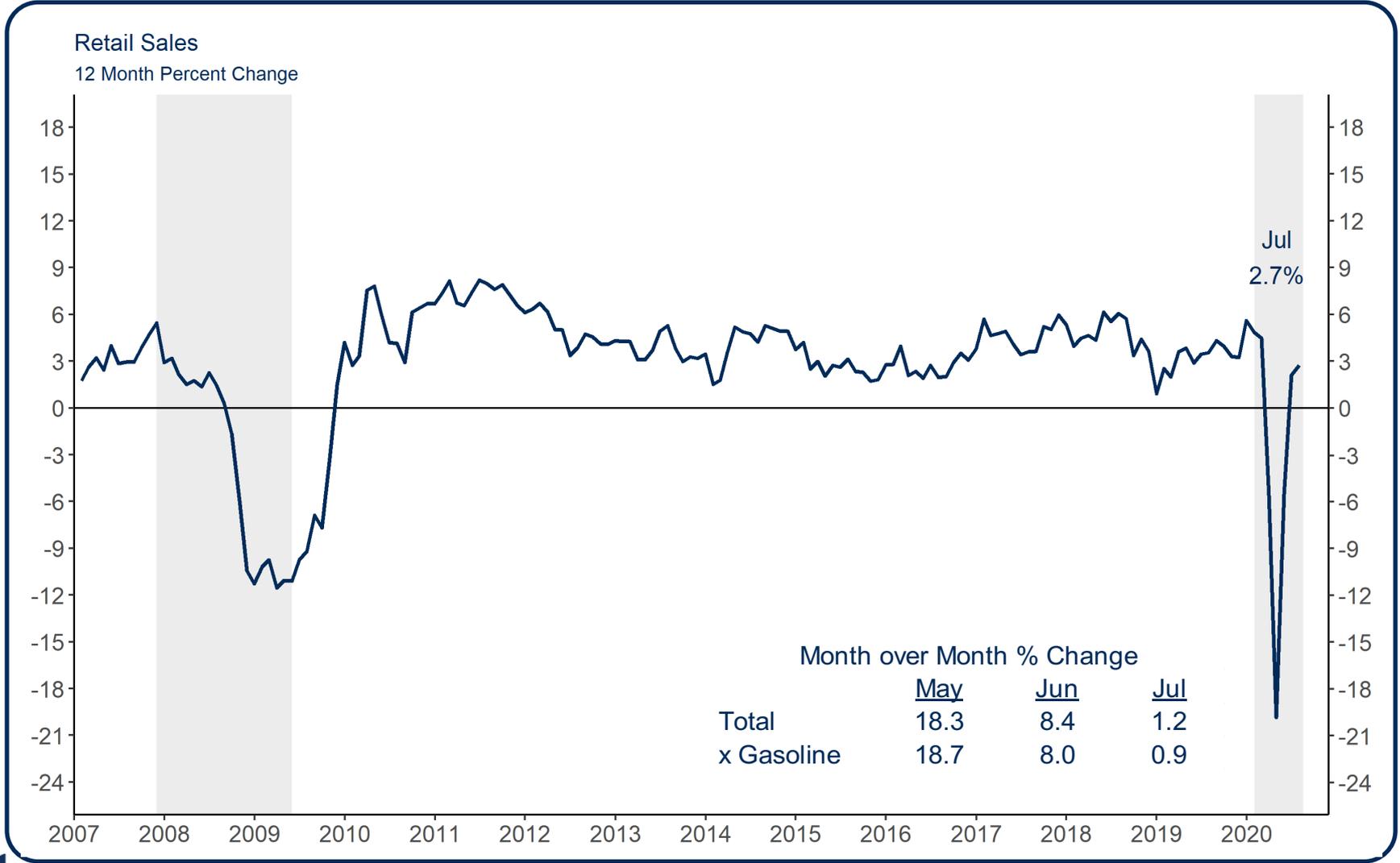
Source: Bureau of Labor Statistics via Haver

Stimulus has helped sustain spending for now



Source: Bureau of Economic Analysis via Haver

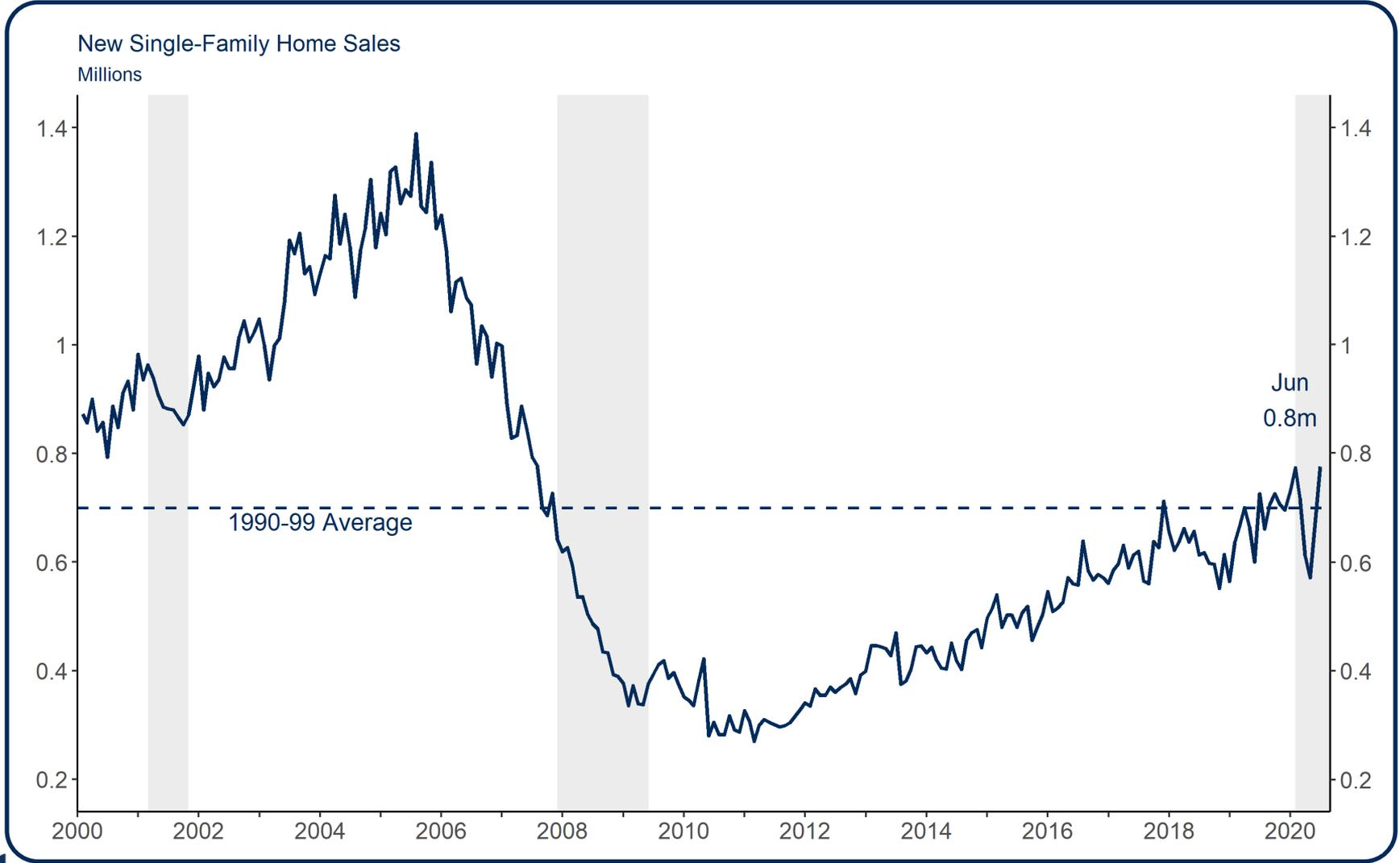
..and retail sales have recovered



Source: Bureau of Economic Analysis via Haver

Note: Retail sales includes food services.

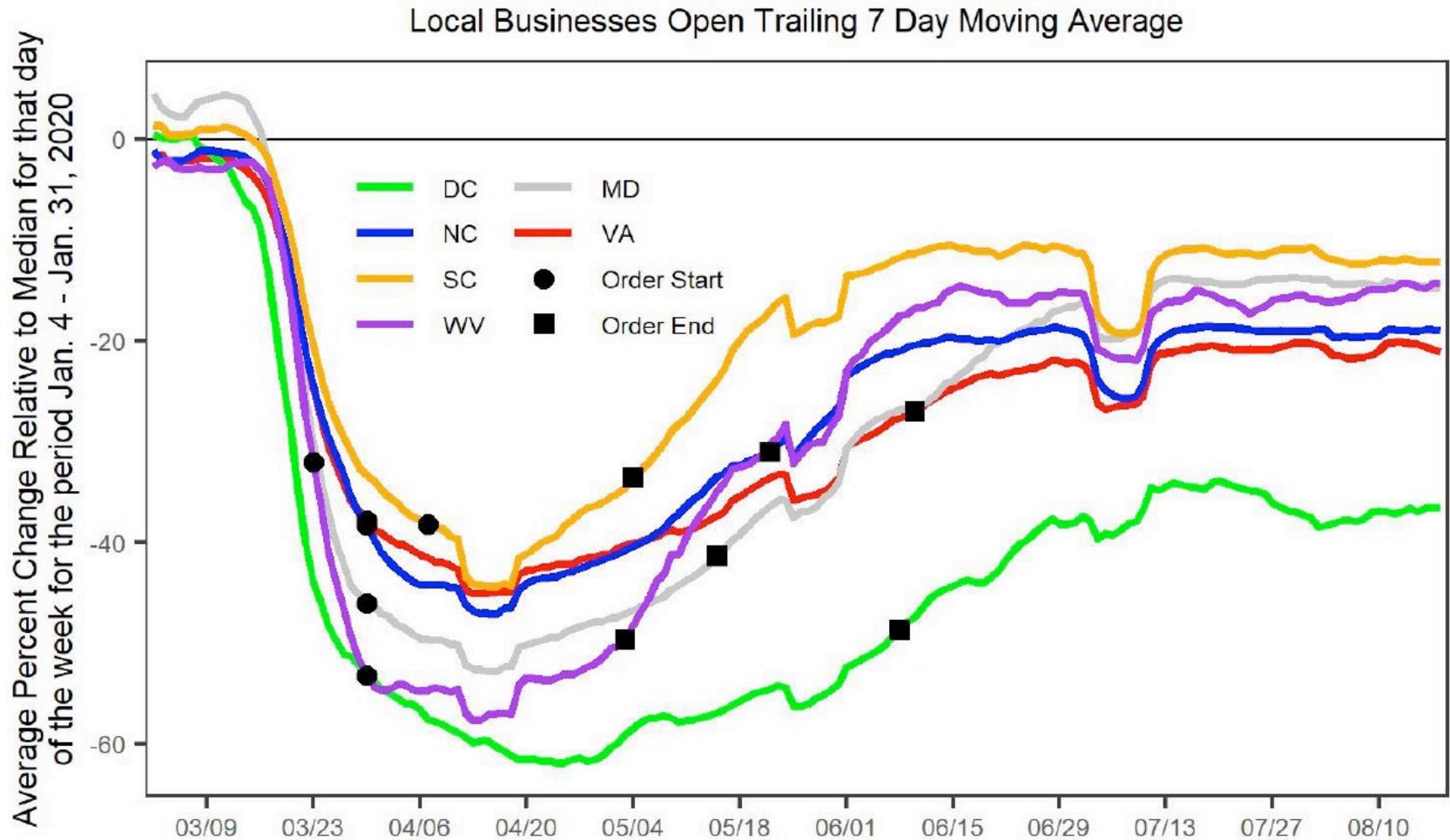
Home sales are also strong



Source: Census Bureau via Haver

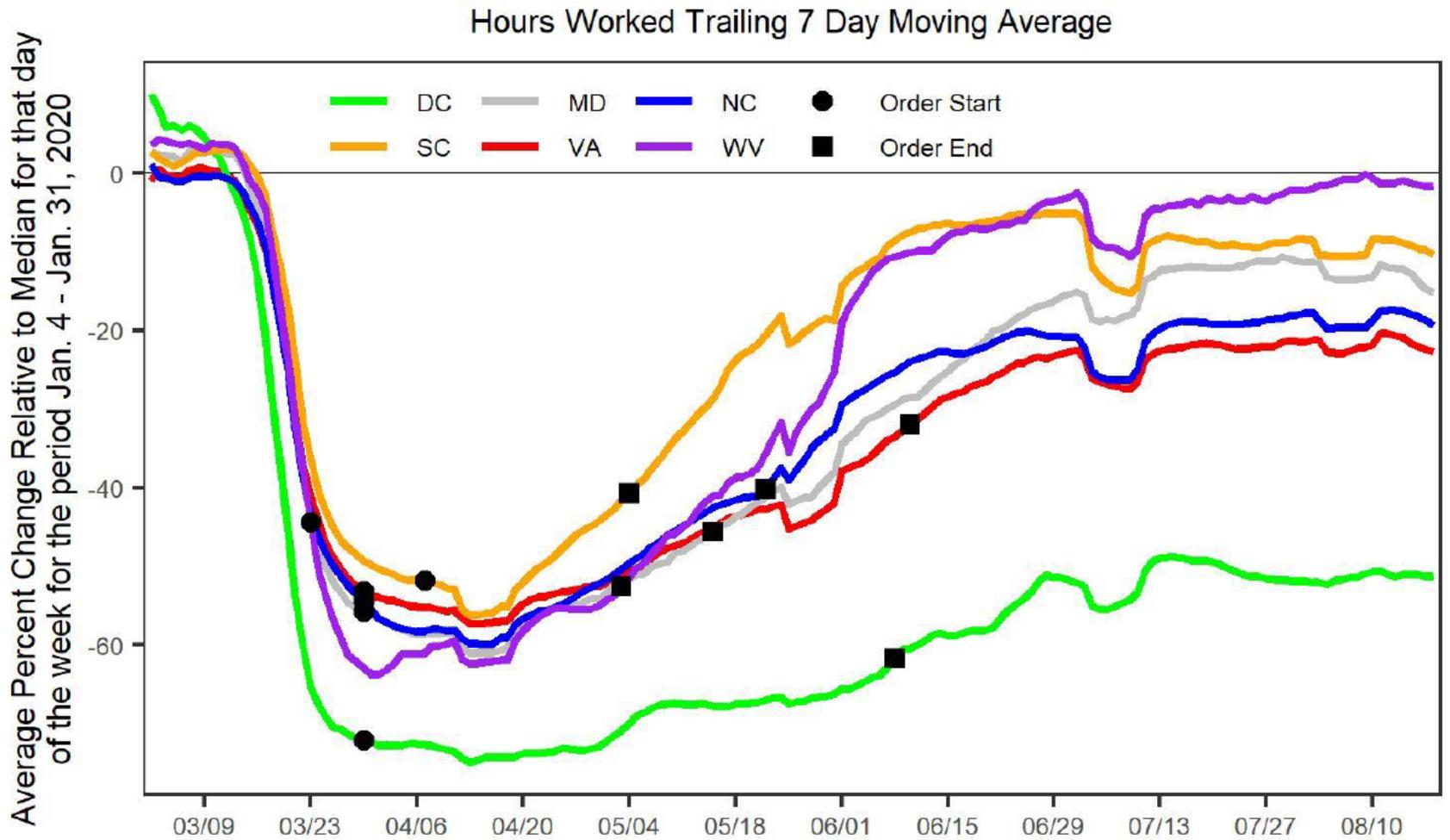
Regional Economy

Business reopenings have stalled...



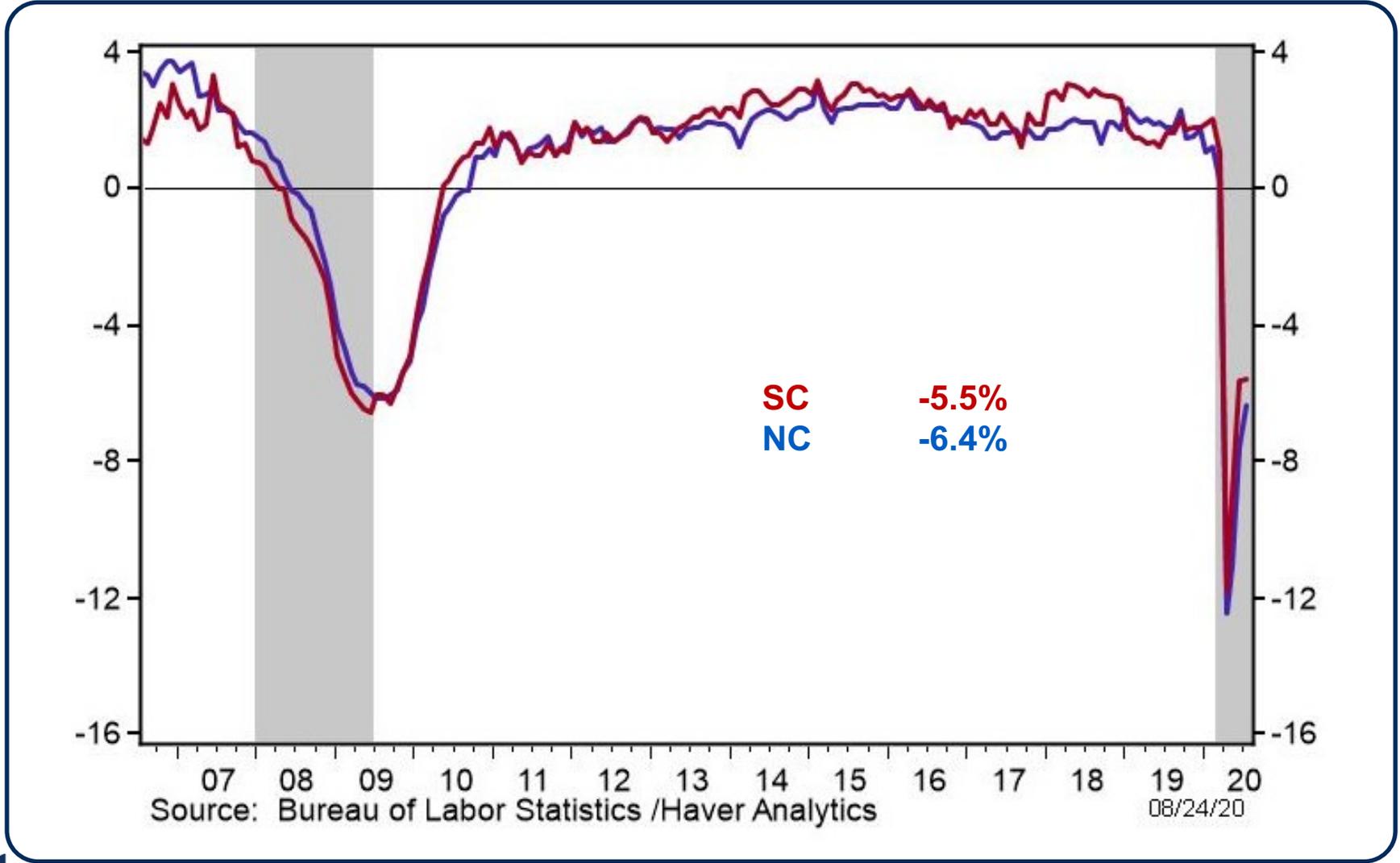
Source: Homebase

...as has hours for employees



Source: Homebase

The employment rebound slowed in July



Source: Bureau of Labor Statistics/Haver Analytics

Regional variations in payroll emp growth are ... interesting

Large metros:

Charlotte	-7.0%
Raleigh	-8.4%
Winston-Salem	-8.8%
Greensboro	-8.0%

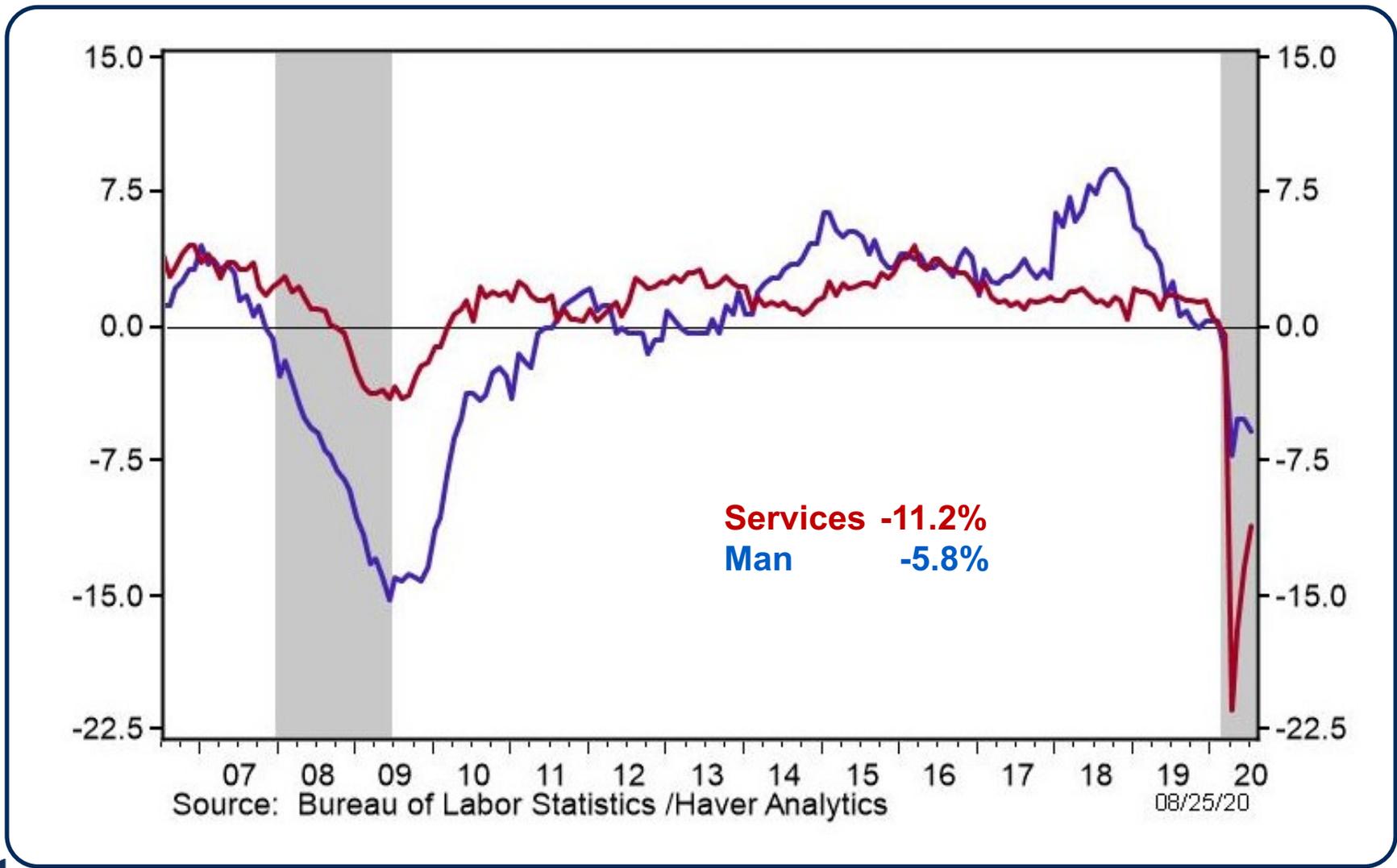
Best performing:

Jacksonville	-0.4%
Burlington	-5.5%
Rocky Mount	-6.2%
New Bern	-6.6%

Asheville	-10.3%
NC:	-6.4%

Source: Bureau of Labor Statistics/Haver Analytics

The service sector has been hardest hit in Asheville



Source: Bureau of Labor Statistics/Haver Analytics

Internal migration presents as opportunity for the region

Location	\$ Sold	List \$/sq ft
Asheville	322,500	222
Charlotte	282,000	161
Chicago	325,000	261
Philadelphia	250,000	189

Median prices

Source: Realtor.com

The Policy Response

- Health care decisions have been in the lead
 - Consumer confidence is tied to progress against the virus. A vaccine will help.
 - When will we be comfortable at a sporting event or concert?
- The fiscal policy response has been critical
 - The early stimulus payments helped support lower income HHs, in particular.
 - Financial distress is likely to increase without further help
- Monetary policy is in the third seat, but has moved quickly
 - New lending programs added to the Great Recession playbook
 - Tools not as well suited to episodes like this

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, especially with colleges and schools reopening?
 - Will there be additional fiscal stimulus? How much and when? Can it prevent the worst economic scars?
 - What impact will the elections have, both now and afterwards?
 - How will consumer activity react to all of these developments?
- An important wild card is the availability of a vaccine, which could be a key to shoring up consumer confidence.
 - What would it take for you to be comfortable traveling by airplane or going to a crowded bar or sporting event (when permissible)?

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Questions/Comments

