

Look Ahead 2020: State of the Economy

MAY 2020

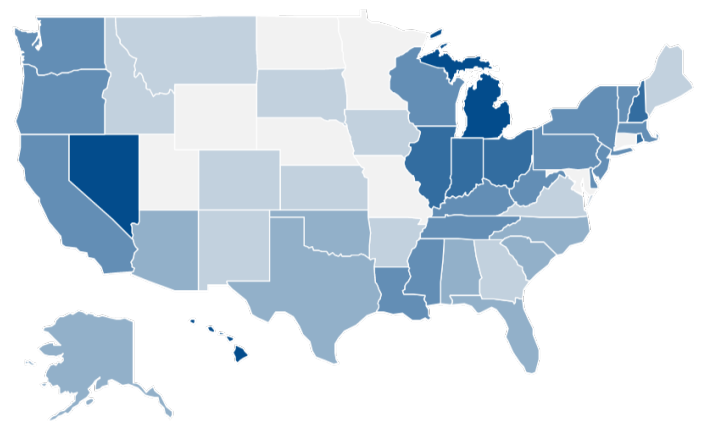
Experian's State of the Economy report is a timely look at state-level and industry-level data that banks, credit unions, and fintechs can leverage to track the downturn and be correctly positioned for the recovery.

Unemployment rises across the country

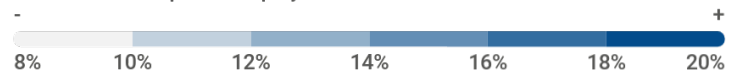
The latest release of official state-level employment data shows that COVID-19 has significantly impacted area labor markets. In April, all 50 states experienced a rise in unemployment, with 43 states recording new all-time highs. While no market was spared, states with high concentrations of travel and tourism jobs were especially hard hit.

Unemployment rates jump in the hardest-hit states:

	Mar 2020	Apr 2020
1. Nevada	6.9%	28.2%
2. Michigan	4.3%	22.7%
3. Hawaii	2.4%	22.3%



April Unemployment Rate | U.S. Rate = 14.7%

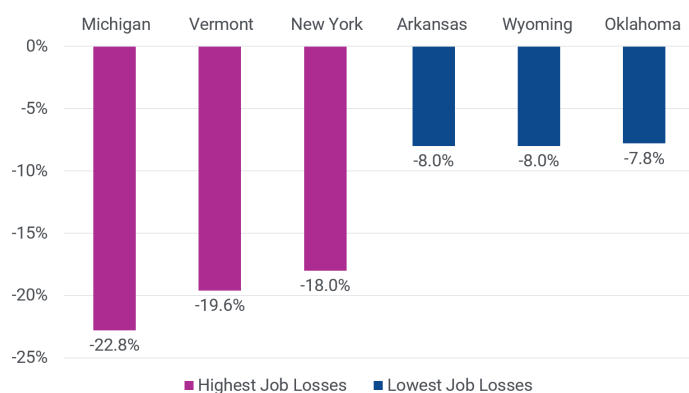


Source: Data released on 5/22/2020.
U.S. Bureau of Labor Statistics - April State Employment

State-level employment impacts

While every state experienced employment losses in April, Michigan, Vermont, and New York were the hardest hit. Arkansas, Wyoming, and Oklahoma held up better than average as they had less restrictive stay-at-home orders.

Employment by select states: month-over-month % change

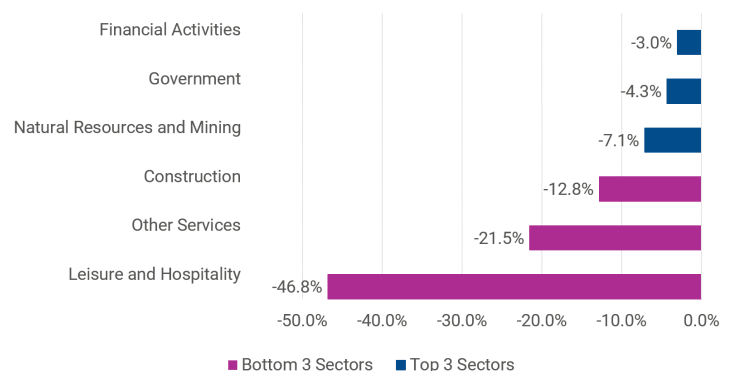


Source: Data released on 5/22/2020.
U.S. Bureau of Labor Statistics - April State Employment

Industries at a glance

Job losses in April were widespread and every major industry experienced employment declines. For the second month in a row, leisure and hospitality was the hardest hit, with employers shedding nearly 47% of the workforce.

Employment by select industry: month-over-month % change



Source: Data released on 5/08/2020.
U.S. Bureau of Labor Statistics - April Employment Situation

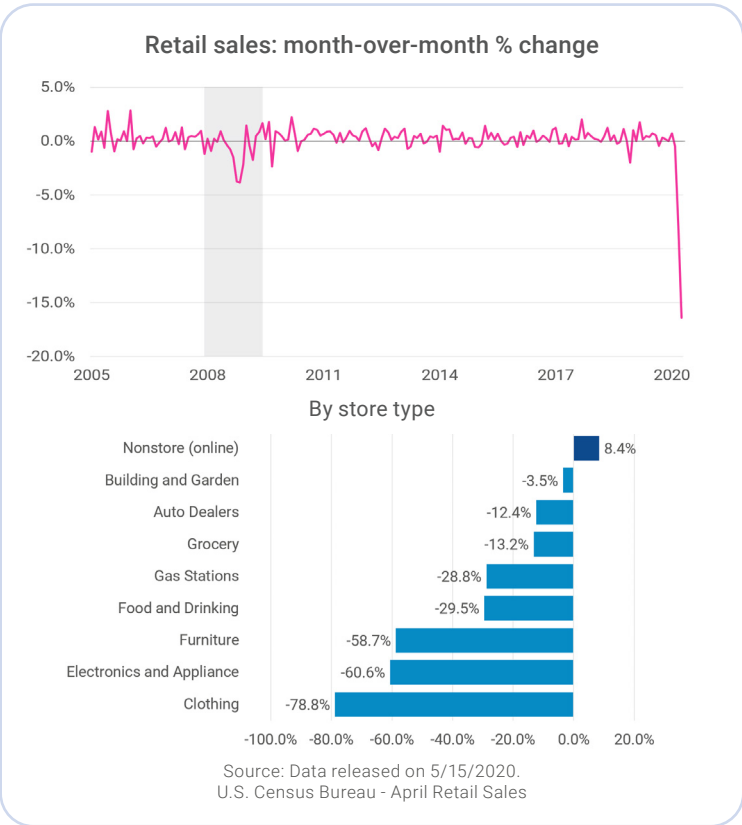
Retail sales searching for a bottom

The latest retail sales report showed the full impact of COVID-19 and subsequent shelter-in-place measures on U.S. consumer spending. In April, retail sales fell 16.4% as Americans cut back on expenditures across the board.

Declines in spending were broad-based with the largest losses occurring at clothing stores (-78.8%) and electronics and appliance stores (-60.6%). Only nonstore/online retailers experienced an improvement over the month, with sales rising 8.4%.

When compared to the year before, sales were up at nonstore/online retailers (21.6%), grocery stores (13.2%), and building equipment and garden stores (0.4%).

While retail sales have posted two consecutive months of record declines, there is hope that the drop in spending has found a bottom. Watch for a change in trend as more states begin to reopen.



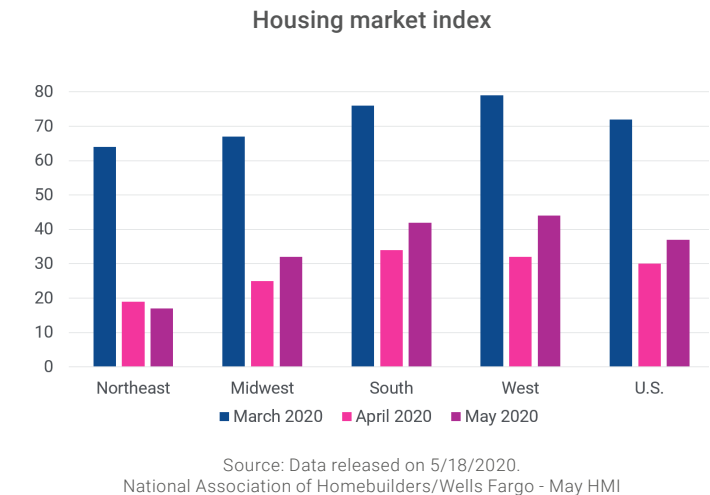
Slight boost for manufacturing

Despite remaining near a 40-year low, manufacturing activity increased moderately in May. While it is still too early to tell if this is a durable trend, it is a sign that the economy may be moving beyond the most acute phase of the crisis.



Tentative hope from homebuilders

After posting a record drop in April, U.S. homebuilder confidence rose slightly in May - an indicator that the housing market may be finding its footing. Regional improvement was seen in the Midwest, South, and West.



[Watch Experian's Credit Trends webinar](#) to learn how the current pandemic has impacted consumer credit in Q1, what these insights mean for your organization, and how you can use these trends on the road to recovery.