

Look Ahead 2020: State of the Economy

SEPTEMBER 2020

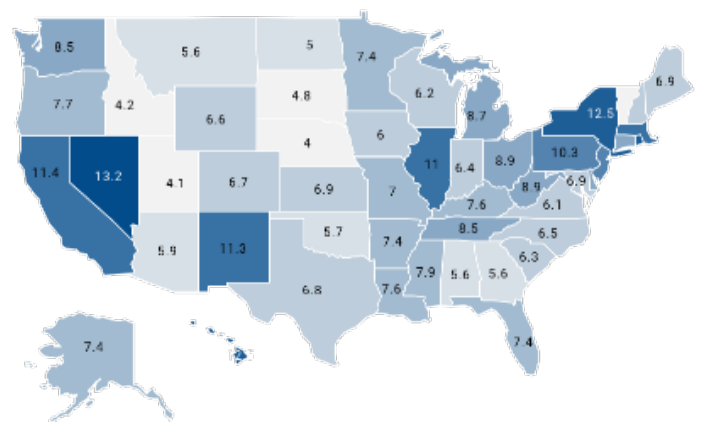
Experian's State of the Economy report is a timely look at state-level and industry-level data that banks, credit unions, and fintechs can leverage to track the downturn and be correctly positioned for the recovery.

A slowing but resilient labor market

In August, employers added back 1.4 million workers and the unemployment rate declined from 10.2% to 8.4%. The improvement was broadly felt as 41 states experienced an overall decline in joblessness. While employment gains have slowed in recent months, the labor market has shown surprising resilience in the face of new coronavirus outbreaks and the loss of fiscal stimulus.

Highest and lowest unemployment rates:

Highest	August 2020	Lowest	August 2020
1. Nevada	13.2%	1. Nebraska	4.0%
2. Rhode Island	12.8%	2. Utah	4.1%
3. New York	12.5%	3. Idaho	4.2%



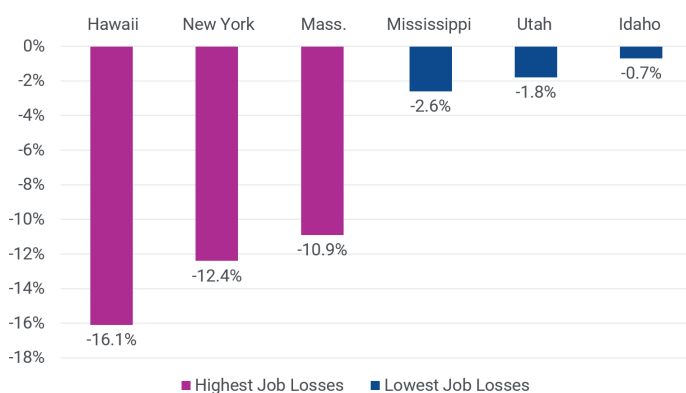
August Unemployment Rate | U.S. Rate = 8.4%

Source: Data released on 9/18/2020.
U.S. Bureau of Labor Statistics - August State Employment

Some states seeing strong recoveries

While every state has fewer jobs than it did a year ago, Idaho and Utah have come close to recouping their losses. However, several states including Hawaii, New York, and Massachusetts still have employment declines in excess of 10%.

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

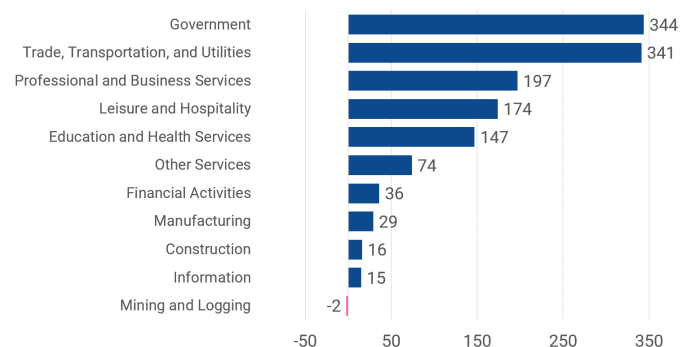


Source: Data released on 9/18/2020.
U.S. Bureau of Labor Statistics - August State Employment

Broad industry improvement

In August, employment increased in every major industry except for mining and logging. Government added the most jobs as 238,000 temporary workers were hired to conduct the 2020 Census.

Industry employment: month-over-month change (in thousands)



Source: Data released on 9/04/2020.
U.S. Bureau of Labor Statistics - August Employment Situation

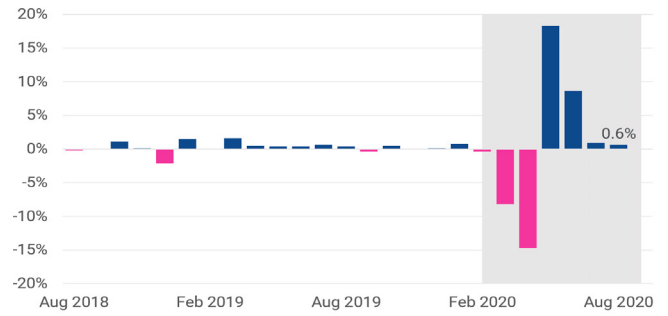
Retail sales growth moderating

In the first look at consumer spending since the expiration of the \$600 unemployment enhancement, retail sales rose a modest 0.6% in August. While sales remained above pre-pandemic levels, the slowdown marked the third consecutive month of declining growth. This will be an important trend to watch as the loss of congressional stimulus and the onset of winter could weigh on spending in the coming months.

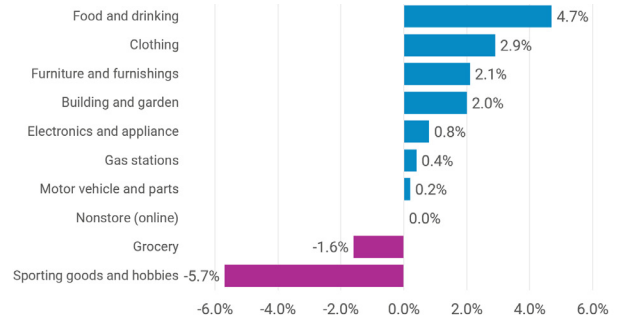
In August, sales improved the most at food and drinking places (+4.7%), clothing stores (+2.9%), and furniture and furnishing stores (+2.1%). Sales declined the most at sporting goods and hobby stores (-5.7%) and grocery stores (-1.6%). They remained flat at nonstore/online retailers.

Compared to a year ago, sales remain significantly higher at nonstore/online retailers (+22.4%), building and garden stores (+15.4%), and grocery stores (+9.0%).

Advanced retail sales (month-over-month % change)



By store type: month-over-month % change

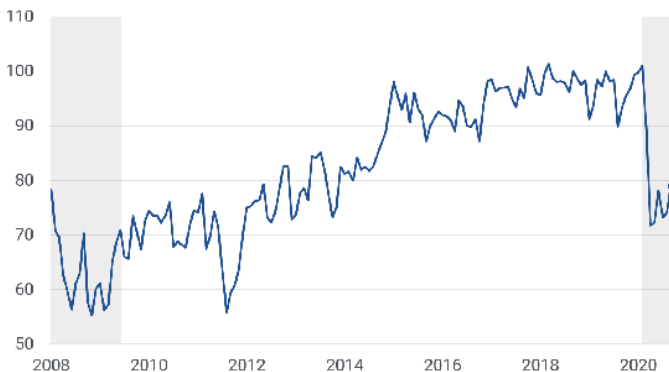


Source: Data released on 9/16/2020.
U.S. Census Bureau Advanced Retail Sales - August

Uptick in consumer sentiment

After stagnating in August, U.S. consumer sentiment rose to the highest level since March in September. The improvement was driven by consumers taking a more optimistic view about their future economic prospects.

Consumer sentiment

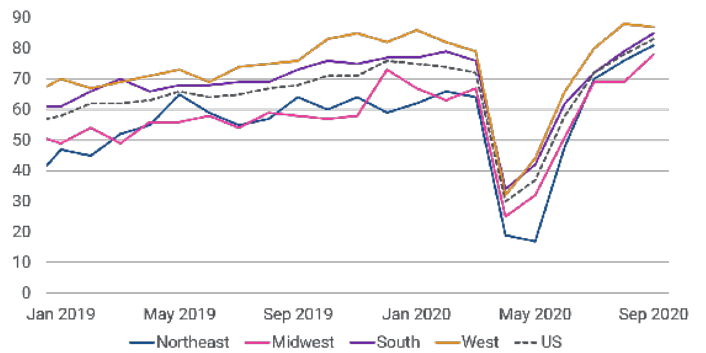


Source: Data released on 9/18/2020.
University of Michigan Consumer Sentiment Index - September (preliminary)

Homebuilder confidence hits record high

Record-low interest rates and shifting consumer preferences continue to buoy the U.S. housing market. In September, homebuilder confidence rose for the fifth consecutive month and marked a new all-time high.

Housing market index



Source: Data released on 9/16/2020.
National Association of Homebuilders/Wells Fargo HMI - September

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