

Look Ahead 2020: State of the Economy

JULY 2020

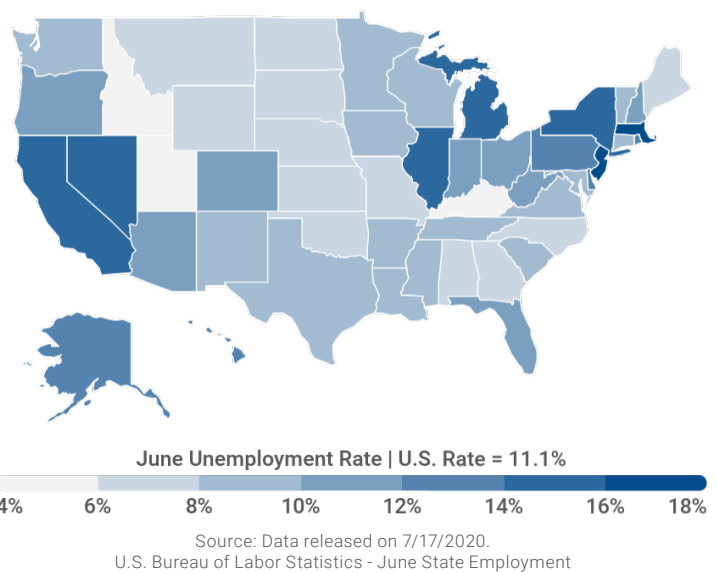
Experian's State of the Economy report is a timely look at state-level and industry-level data that banks, credit unions, and fintechs can leverage to track the downturn and be correctly positioned for the recovery.

Labor markets improve in June

The U.S. labor market improved broadly in June with employers adding back 4.8 million jobs and the national unemployment rate falling to 11.1%. The strong rebound in hiring was widespread and all 50 states added jobs over the month. However, while 42 states experienced a decline in unemployment, the rates in Massachusetts, New Jersey, and New York rose to new all-time highs.

Highest and lowest unemployment rates:

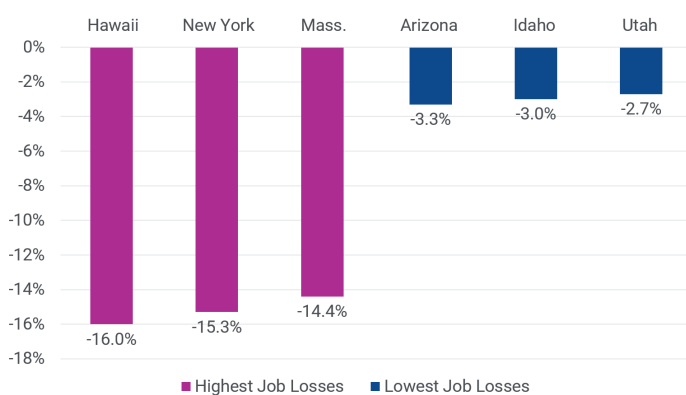
Highest	June 2020	Lowest	June 2020
1. Mass.	17.4%	1. Kentucky	4.3%
2. New Jersey	16.6%	2. Utah	5.1%
3. New York	15.7%	3. Idaho	5.6%



State-level employment impacts

Even with the broad-based hiring in June, employment in all 50 states remained below levels seen a year ago. Utah, Idaho, and Arizona, however, have held up fairly well and have only lost roughly 3% of jobs on an annual basis.

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

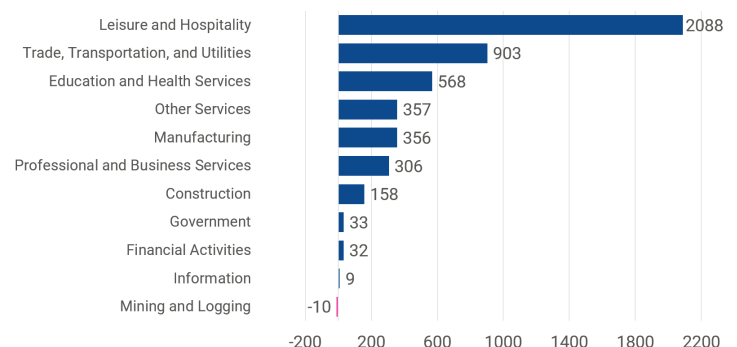


Source: Data released on 7/17/2020.
U.S. Bureau of Labor Statistics - June State Employment

Another big jump in leisure and hospitality

Nearly half of the 4.8 million jobs added in June were in the leisure and hospitality industry. Solid improvement was also seen in trade, transportation, and utilities, as well as education and health services.

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



Source: Data released on 7/02/2020.
U.S. Bureau of Labor Statistics - June Employment Situation

A v-shaped bounce in retail sales

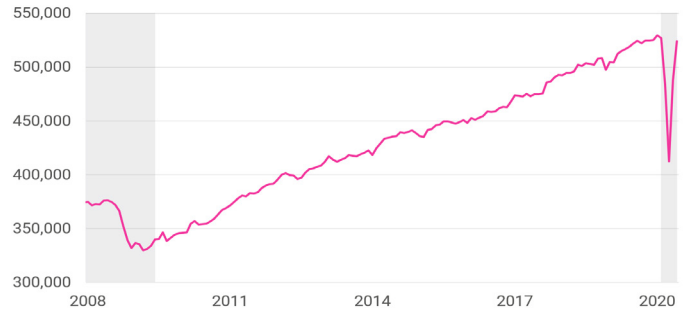
Retail sales jumped to pre-pandemic levels as states reopened and households benefited from congressional stimulus. In June, spending rose a better-than-expected 7.5% from the month before and was 1.1% higher than the same time last year.

Spending patterns continued to shift toward segments of the economy that were hardest hit during the shutdowns. Over the month, sales rose substantially at clothing stores (+105.1%), electronics and appliance stores (+37.4%), and furniture and furnishing stores (+32.5%).

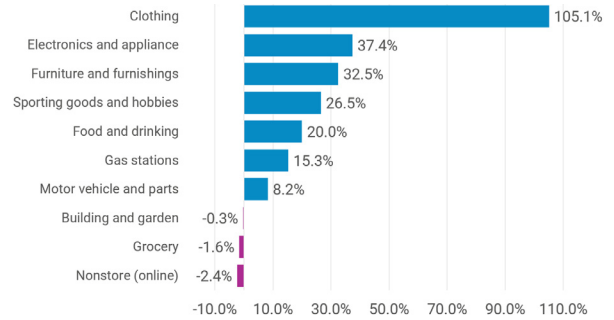
On a year-over-year basis, sales remained higher at online stores (+23.5%), building and garden stores (+17.3%), and grocery stores (+11.7%), even as spending declined slightly in those categories over the month.

July's sales report (released in August) will be important to watch as states have started to struggle with reopening and the \$600 unemployment boost is set to expire.

Advanced retail sales: retail and food services (in \$ millions)



By store type: month-over-month % change

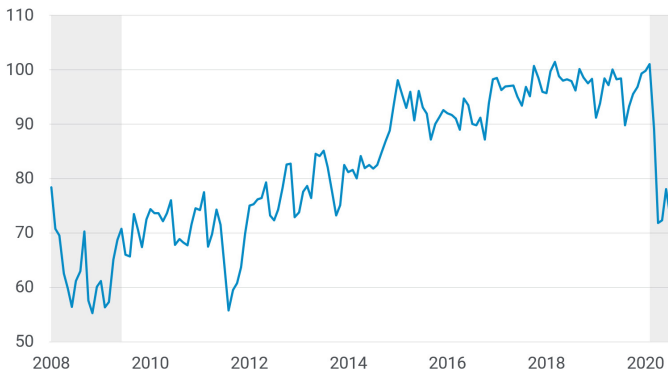


Source: Data released on 7/16/2020.
U.S. Census Bureau - June Retail Sales

Consumer sentiment retreats

After improving modestly in May and June, consumer sentiment retreated in the first half of July. This likely reflects the growing concern over rising coronavirus cases and the re-institution of restrictions in several states.

Consumer sentiment

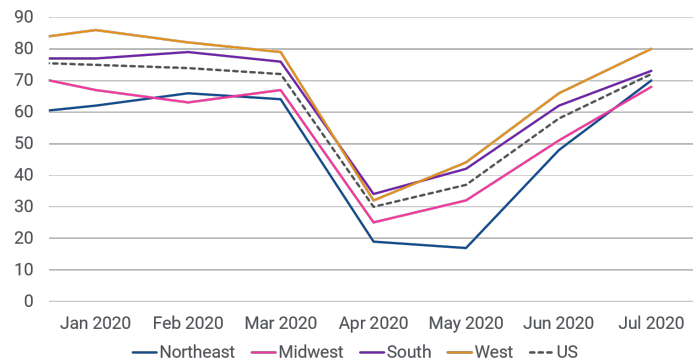


Source: Data released on 7/17/2020.
University of Michigan Consumer Sentiment Index - July

Big rebound in homebuilder confidence

U.S. homebuilder confidence rose for the third consecutive month as record-low mortgage rates and a shift to new home buying buoyed the industry. As of July, confidence sat near or above pre-pandemic levels in all four regions.

Housing market index



Source: Data released on 7/16/2020.
National Association of Homebuilders/Wells Fargo - July HMI

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