

Look Ahead 2020: State of the Economy

JUNE 2020

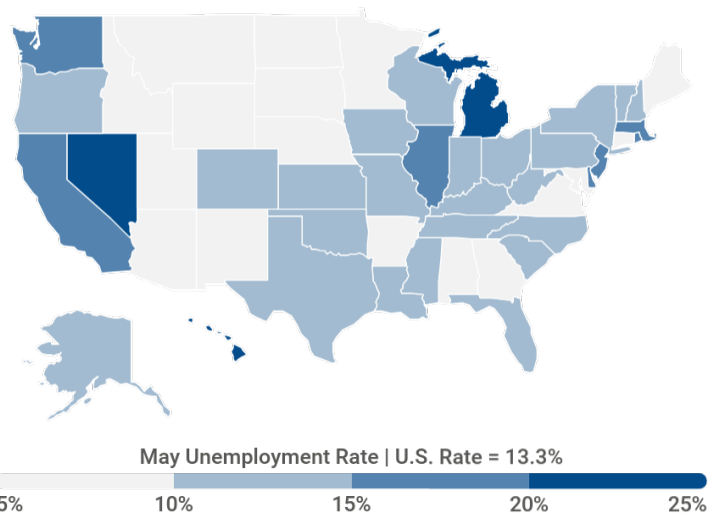
Experian's State of the Economy report is a timely look at state-level and industry-level data that banks, credit unions, and fintechs can leverage to track the downturn and be correctly positioned for the recovery.

Unemployment remains uneven

Many economic and labor market indicators improved in May as states eased their shelter-in-place measures. Forty-six states had job growth from April to May and the unemployment rate fell in 38 states. While the overall economic picture has brightened somewhat, there remains a wide discrepancy between the states. Nevada, Hawaii, and Michigan still have unemployment rates above 20%.

Highest and lowest unemployment rates:

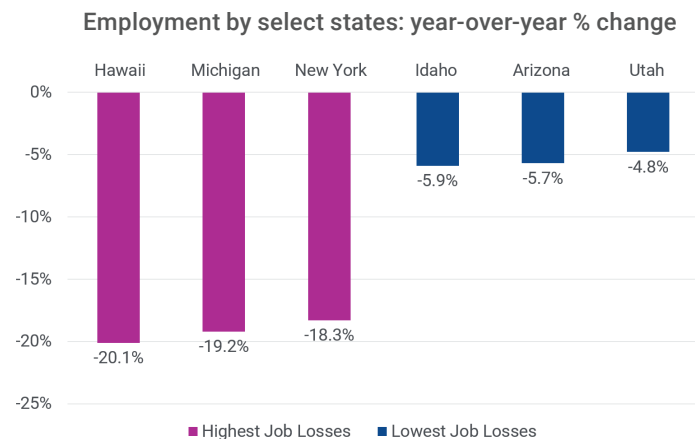
Highest	May 2020	Lowest	May 2020
1. Nevada	25.3%	1. Nebraska	5.2%
2. Hawaii	22.6%	2. Utah	8.5%
3. Michigan	21.2%	3. Wyoming	8.8%



Source: Data released on 6/19/2020. U.S. Bureau of Labor Statistics - May State Employment

State-level employment impacts

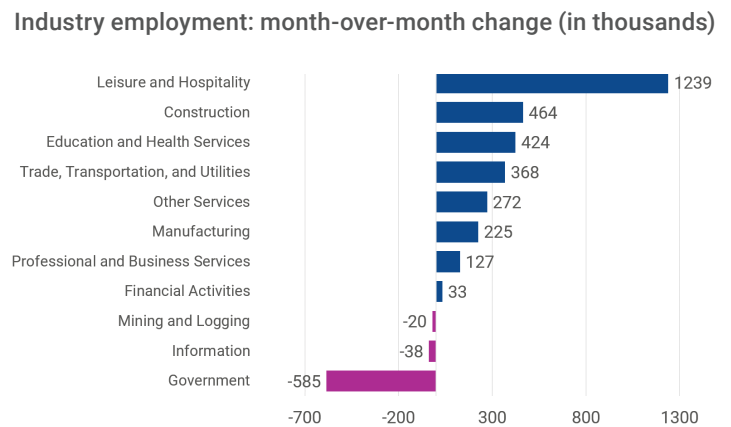
Despite job creation occurring in the majority of states in May, total employment remains well below the levels seen in 2019. Hawaii, Michigan, and New York have faced the steepest year-over-year declines.



Source: Data released on 6/19/2020. U.S. Bureau of Labor Statistics - May State Employment

Industry-level improvement

Solid job gains were seen in nearly every industry in May. After being hard hit in the early months of the crisis, the leisure and hospitality industry added back 1.2 million jobs as restaurants and bars began to reopen.



Source: Data released on 6/5/2020. U.S. Bureau of Labor Statistics - May Employment Situation

Big rise in retail sales in May

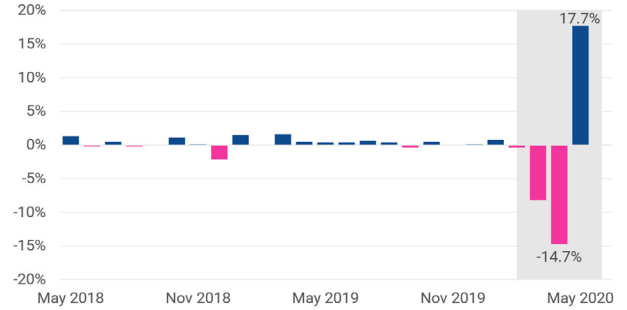
After two consecutive months of substantial declines, retail sales jumped by 17.7% in May. The strong rebound was the best on record and occurred as states began to relax their shelter-in-place measures.

The stores that were hit the hardest in March and April experienced the biggest spending increases in May. The largest monthly gains occurred in clothing stores (+188%), furniture and home furnishing stores (+89.7%), and sporting goods and hobby stores (+88.2%).

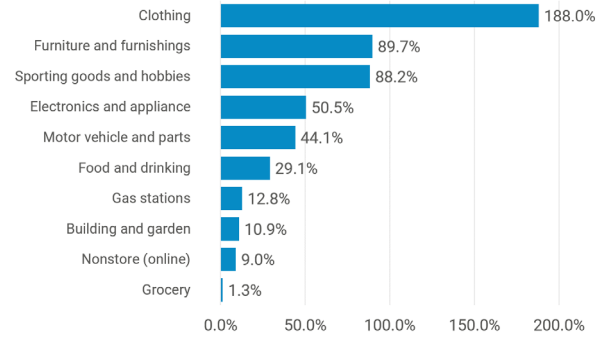
When compared to the year before, sales were up at nonstore/online stores (+30.8%), building materials and garden stores (+16.4%), grocery stores (+14.4%), and sporting goods and hobby stores (+4.9%).

While total retail sales are still below the levels witnessed in early 2020, May's strong report was a step in the right direction.

Retail sales: month-over-month % change



By store type

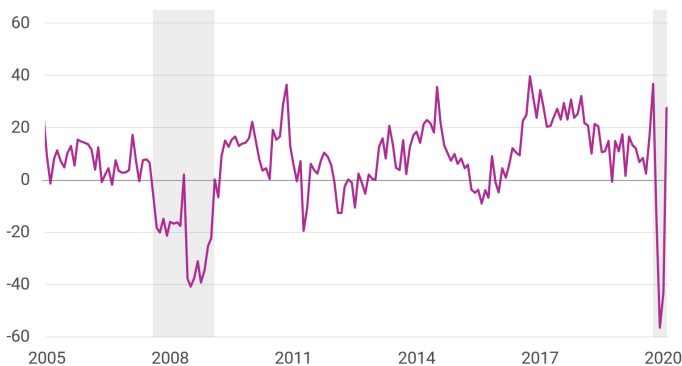


Source: Data released on 6/16/2020.
U.S. Census Bureau - May Retail Sales

Jump in manufacturing activity

The Philadelphia Fed manufacturing index jumped to its first positive reading since February. The much better-than-expected improvement occurred as firms took an increasingly positive view of their economic prospects.

Manufacturing index

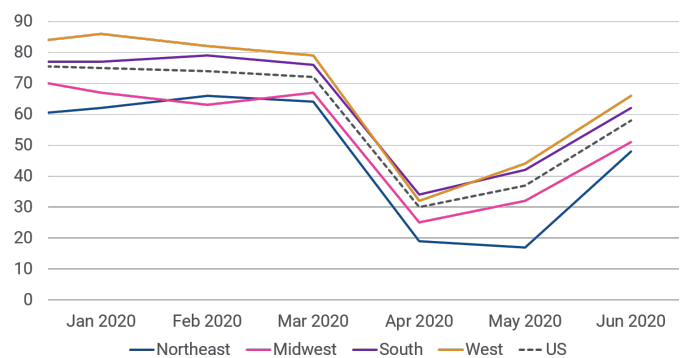


Source: Data released on 6/18/2020.
Federal Reserve Bank of Philadelphia, Manufacturing Survey

Solid rebound for homebuilders

U.S. homebuilder confidence rose for the second consecutive month in June. Regional improvement was seen across the board with the Northeast experiencing the largest jump of 31 points.

Housing market index



Source: Data released on 6/16/2020.
National Association of Homebuilders/Wells Fargo - June HMI

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