

Look Ahead 2020: State of the Economy

AUGUST 2020

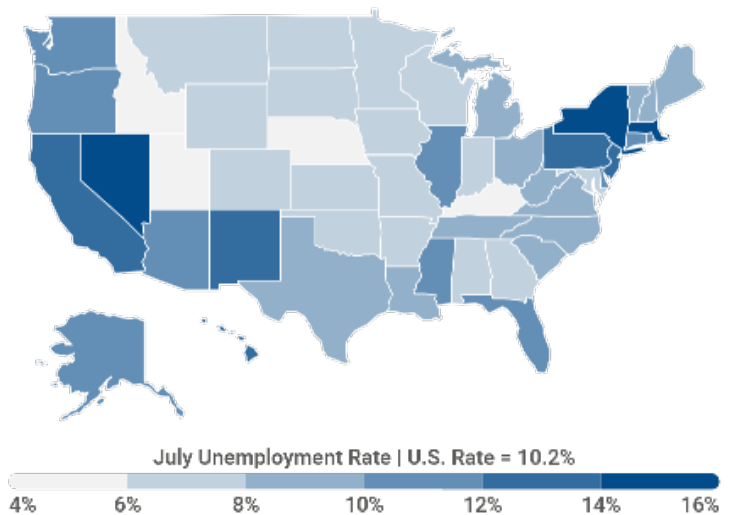
Experian's State of the Economy report is a timely look at state-level and industry-level data that banks, credit unions, and fintechs can leverage to track the downturn and be correctly positioned for the recovery.

A moderating labor market

The U.S. labor market continued to rebound in July as employers added back 1.8 million jobs and the unemployment rate declined from 11.1% to 10.2%. While conditions improved on average, new coronavirus outbreaks and renewed state-level restrictions made the gains more moderate and uneven than in recent months. Overall, unemployment fell in 30 states, remained flat in 11, and increased in 9.

Highest and lowest unemployment rates:

Highest	July 2020	Lowest	July 2020
1. Mass.	16.1%	1. Utah	4.5%
2. New York	15.9%	2. Nebraska	4.8%
3. Nevada	14.0%	3. Idaho	5.0%

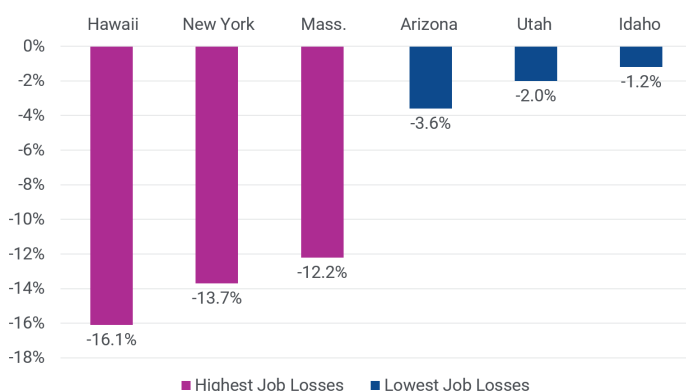


Source: Data released on 8/21/2020.
U.S. Bureau of Labor Statistics - July State Employment

Uneven state-level employment impacts

Even after three months of broad improvement, year-over-year job losses remain in the double-digits for the hardest hit states. However, several states, including Idaho, Utah, and Arizona have shown strong recoveries.

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

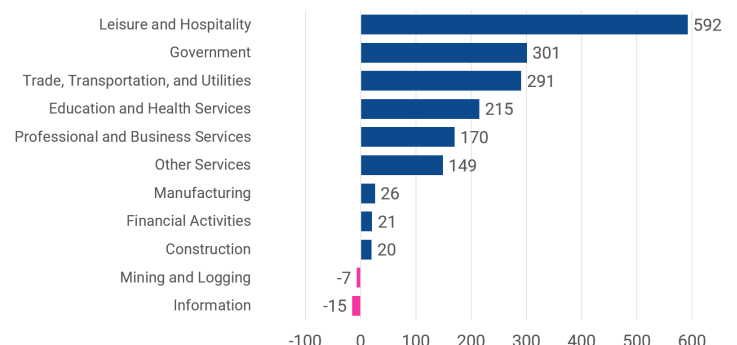


Source: Data released on 8/21/2020.
U.S. Bureau of Labor Statistics - July State Employment

Improvement across most industries

Employment in leisure and hospitality improved in July but at a more subdued pace than in May and June. Solid gains were also seen in government; trade, transportation, and utilities; and education and health services.

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



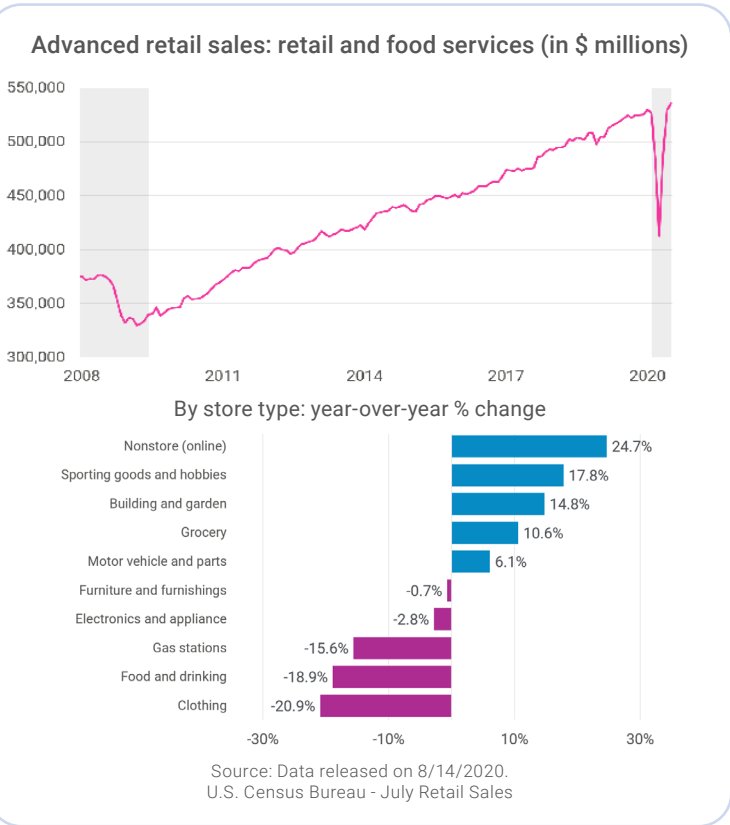
Source: Data released on 8/07/2020.
U.S. Bureau of Labor Statistics - July Employment Situation

Retail sales above pre-pandemic levels

Retail sales are one of the few indicators to rise above pre-pandemic levels and show a true v-shaped recovery. In July, spending rose for the third consecutive month and sat 2.7% higher than the year before.

The pandemic has significantly shifted consumer spending patterns and those changes are most apparent in the year-over-year data. Since July of last year, sales are up strongly at nonstore/online retailers (+24.7%), sporting goods and hobby stores (+17.8%), and building and garden stores (+14.8%). Sales are down the most at clothing stores (-20.9%), food and drinking places (-18.9%), and gas stations (-15.6%).

While sales rose 1.2% from June to July, the improvement was more modest than in the previous two months. It will be important to watch August's retail sales report (released in September) in order to gauge consumer behavior after the expiration of the CARES Act \$600 enhancement to unemployment.



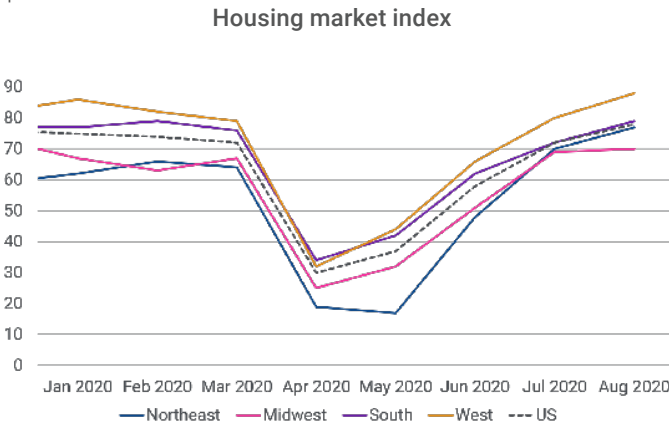
Consumer confidence at 6-year low

Consumer confidence fell for the second consecutive month in August and dropped to the lowest level in six years. Consumers are feeling the pinch of waning stimulus and renewed coronavirus outbreaks.



Homebuilder confidence at 35-year high

Even as consumer confidence has fallen, the housing market remains the brightest spot in the economy. In August, homebuilder confidence jumped to the highest level in 35 years and every region had confidence readings above pre-pandemic levels.



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