Salt Lake County Economy

What’s on the horizon?

September 1, 2020
Today’s Conversation

1. Insights on the Utah economy
2. Salt Lake County perspective
3. What’s next?
Impact sudden, severe and uneven
Utah a top performer
Worst is over
Economic diversity a plus
Job Change

Source: U.S. Bureau of Labor Statistics

Kem C. Gardner Policy Institute

DAVID ECCLES SCHOOL OF BUSINESS

UNIVERSITY OF UTAH
# Utah Job Change by Industry

*July 2019 – July 2020*

<table>
<thead>
<tr>
<th>Industry</th>
<th>Job Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>-1.8%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>7.0%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Trade/Transportation/Utilities</td>
<td>1.3%</td>
</tr>
<tr>
<td>Information</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>3.3%</td>
</tr>
<tr>
<td>Professional/Business Services</td>
<td>-2.7%</td>
</tr>
<tr>
<td>Education/Health Services</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Leisure/Hospitality Services</td>
<td>-19.0%</td>
</tr>
<tr>
<td>Other Services</td>
<td>4.6%</td>
</tr>
<tr>
<td>Government</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: U.S. Bureau of Labor Statistics
Job Change

Year-Over Percent Change July 2020

Source: U.S. Bureau of Labor Statistics
Unemployment Rate

July 2020

Source: U.S. Bureau of Labor Statistics
Continued Unemployment Claims as a % of Workforce
August 2020

Source: Utah Dept. of Workforce Services and Governor’s Office of Management and Budget
Coincident Indicator Index

Three-month change: June 2020

Source: Federal Reserve Bank of Philadelphia and Kem C. Gardner Policy Institute
“This is not a short-term problem, but rather a new risk we must learn to manage.”

- Former HHS Secretary Mike Leavitt
Economic Diversity by State

2018

Hachman Index Score
- 95.0+ (Most Diverse)
- 90.0 - 94.9
- 85.0 - 89.9
- 75.0 - 84.9
- < 75.0 (Least Diverse)

Source: Kem C. Gardner Policy Institute
Salt Lake County Perspective

Tracks the state

Stacks up well to other urban counties

Economic diversity provides resiliency

Face coverings an economic tool
New Weekly Unemployment Claims

January 2020 – August 2020

Source: Utah Department of Workforce Services
Job Change by County
July 2019-July 2020

Source: U.S. Bureau of Labor Statistics

Kem C. Gardner Policy Institute
DAVID ECCLES SCHOOL OF BUSINESS
UNIVERSITY OF UTAH
Economic Diversity by County

2018

Source: Kem C. Gardner Policy Institute

Kem C. Gardner Policy Institute
David Eccles School of Business
University of Utah

Legend:
- < 20.0 (Least Diverse)
- 20.0 - 39.9
- 40.0 - 59.9
- 60.0 - 79.9
- 80.0+ (Most Diverse)
COVID-19 Cases

Seven-day Average

Salt Lake County face covering mandate

Source: Governor’s Office of Management and Budget
What’s next?

Froth v. recovery

Need for another stimulus

Structural changes have commenced

Debt: the next shoe to job
U.S. Economy Moves Sideways

U.S. Initial UI claims, ths, NSA

Sources: BLS, Moody’s Analytics
The COVID-19 Fiscal Cliff

Monthly change in federal debt, $ bil, 2020

Stimulus checks peak
Tax filing deadline postponed
CARES Act
Extra UI expires

Sources: U.S. Treasury, Moody’s Analytics
Stimulus Debate: Four Proposals

1. House Democrats – $3.4 trillion HEROES act…now $2.5 trillion

2. Senate Republicans – $1.0 trillion

3. Pres. Trump Executive Orders – $400 billion (optimistic)

4. Moody’s macro model – $1.5 trillion needed
“Historically, pandemics have forced humans to break with the past and imagine their world anew. This one is no different. It is a portal, a gateway between one world and the next.”

- Arundhati Roy, author
Cyclical vs. Structural Trends

- **Structural Trend**
- **Cyclical Trend**
U.S. Retail Winners and Losers
% change, July v. February 2020

Clothing
Restaurants
Gasoline
Furniture
Electronics
Misc.
General merchandise
Health & personal
Vehicles
Building materials
Food stores
Sporting goods
Online
Total

Source: Census Bureau, Moody’s Analytics
Four Structural Changes to Watch

1. **New banking paradigm** – Zero interest rates and a flat yield curve present new challenges for financial services.

2. **De-globalization** – Reshoring and shorter supply chains will become more common.

3. **Tech-enabled services** – Remote work, telemedicine, remote sales, online education, and other technology-enabled services have been accelerated.

4. **Reckoning of commercial real estate** – Behavioral changes increase risk.
U.S. Debt to GDP Ratio

*Held by the Public; End of the Period*

Sources: Department of the Treasury, Office of Management and Budget, and Moody’s Analytics

Estimated impact of COVID-19 borrowing
# Back-to-Normal Index

*What’s in the index?*

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<tr>
<th>Frequency</th>
<th>Indicator</th>
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<td>Daily</td>
<td>High frequency GDP model*</td>
<td>Moody’s Analytics</td>
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<td>Seated restaurant diners</td>
<td>OpenTable</td>
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<td>Workplace mobility index</td>
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<td>Airline checkpoint traveler throughput</td>
<td>Transportation Safety Administration</td>
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<td>Homebase</td>
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<td>New-home postings</td>
<td>Zillow</td>
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<td>Weekly</td>
<td>U.S. petroleum products supplied (bpd)</td>
<td>Energy Information Administration</td>
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<td>Railroad traffic: Intermodal traffic (trailers)</td>
<td>Association of American Railroads</td>
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<td>Unemployment insurance: Continuing claims</td>
<td>Employment &amp; Training Administration</td>
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<td>MBA Applications Survey: Activity index - purchase</td>
<td>Mortgage Bankers Association</td>
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<td>Business Confidence Index: North America</td>
<td>Moody’s Analytics</td>
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<td>Johnson Redbook Index: Same-Store - all</td>
<td>Redbook Research Inc.</td>
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<td>Monthly</td>
<td>Employment</td>
<td>Bureau of Labor Statistics</td>
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</table>

Sources: Moody’s Analytics
Back-to-Normal Index

*Early March = 100*

Sources: CNN and Moody’s Analytics