

2020 Economic Outlook: Wyandot County

A presentation to
WYANDOT COUNTY ECONOMIC DEVELOPMENT

Jim Robey, PhD
W.E. Upjohn Institute for Employment Research

November 5, 2020

W.E. Upjohn Institute for Employment Research

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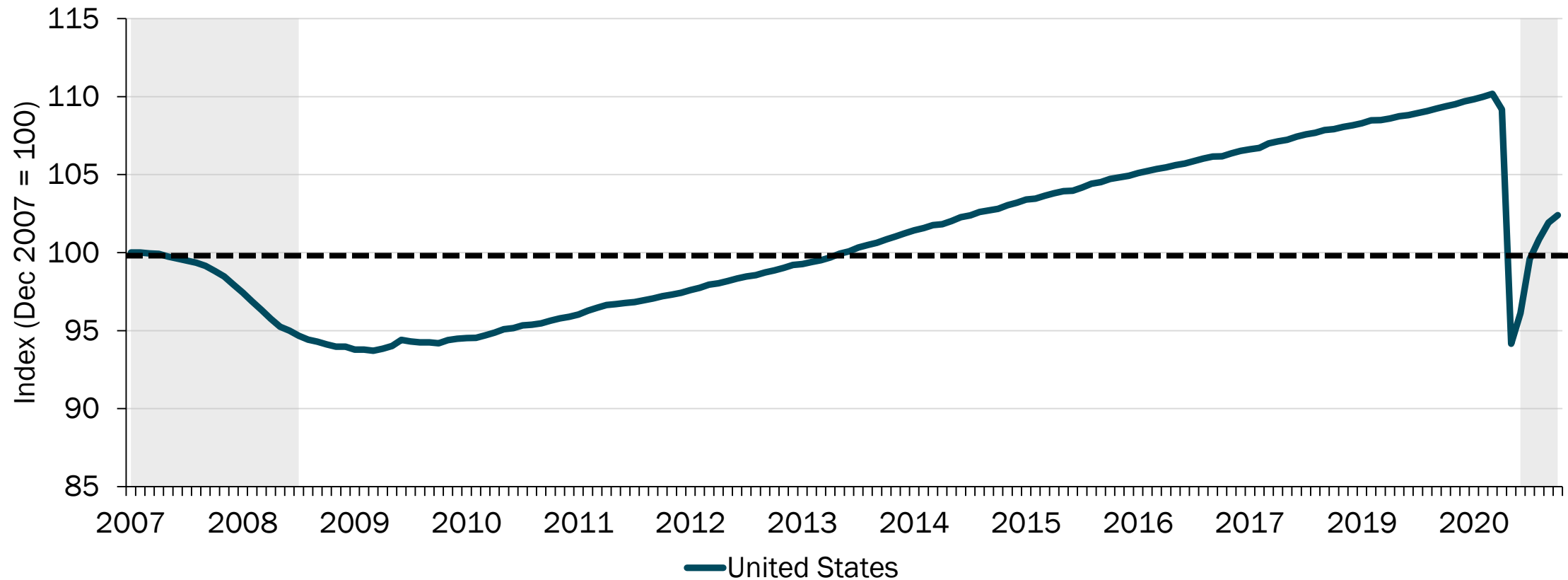
The W.E. Upjohn Institute for Employment Research is a private, nonprofit, nonpartisan, independent research organization devoted to investigating the causes and effects of unemployment, to identifying feasible methods of insuring against unemployment, and to devising ways and means of alleviating the distress and hardship caused by unemployment.

We're at the end of the longest business cycle (contraction and expansion) and the longest expansion, while experiencing the longest recession since measurement began

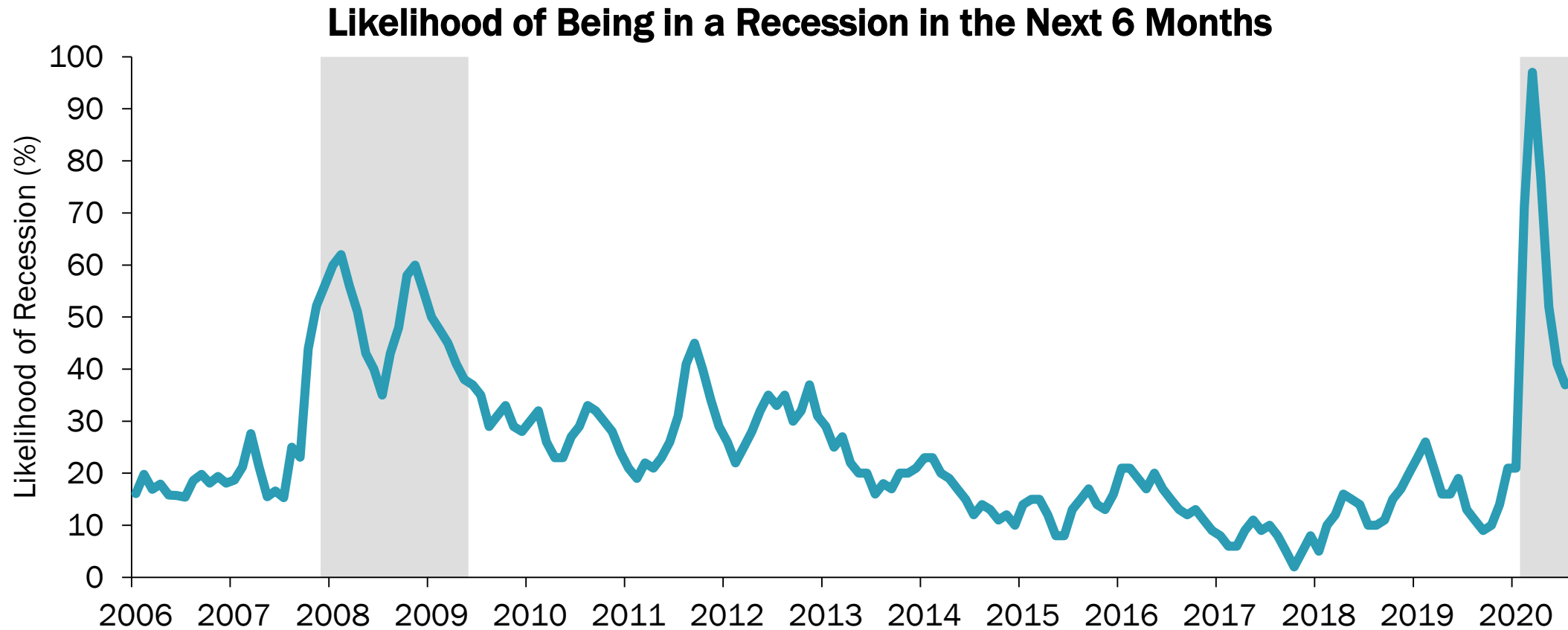
Length of:	1945-1948	1949-1953	1954-1957	1958-1960	1961-1969	1970-1973	1975-1980	1980-1981	1982-1990	1991-2001	2002-2007	2007-2020	2020-?
Contraction	8	11	10	8	10	11	16	6	16	8	8	18	?
Expansion	37	45	39	24	106	36	58	12	92	120	73	128	
Business Cycle	45	56	49	32	116	47	74	18	108	128	81	146	

Employment is just only slightly higher than December 2007

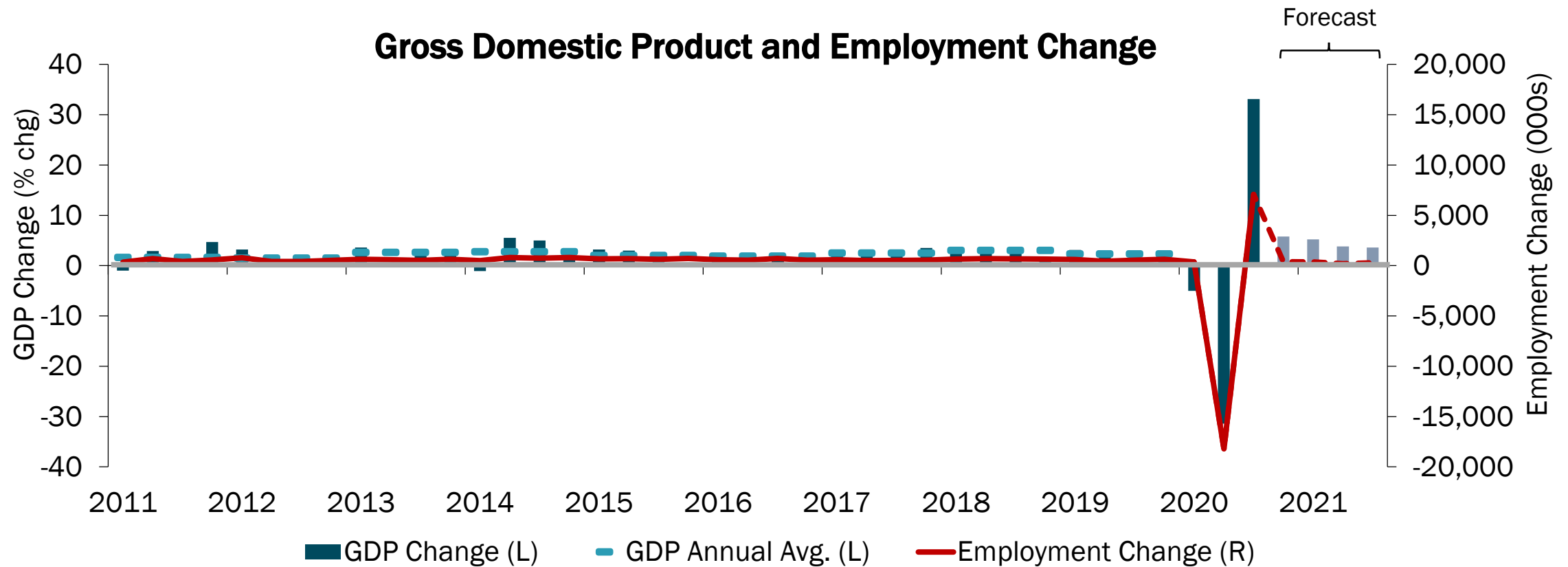
Non-Farm Employment Index



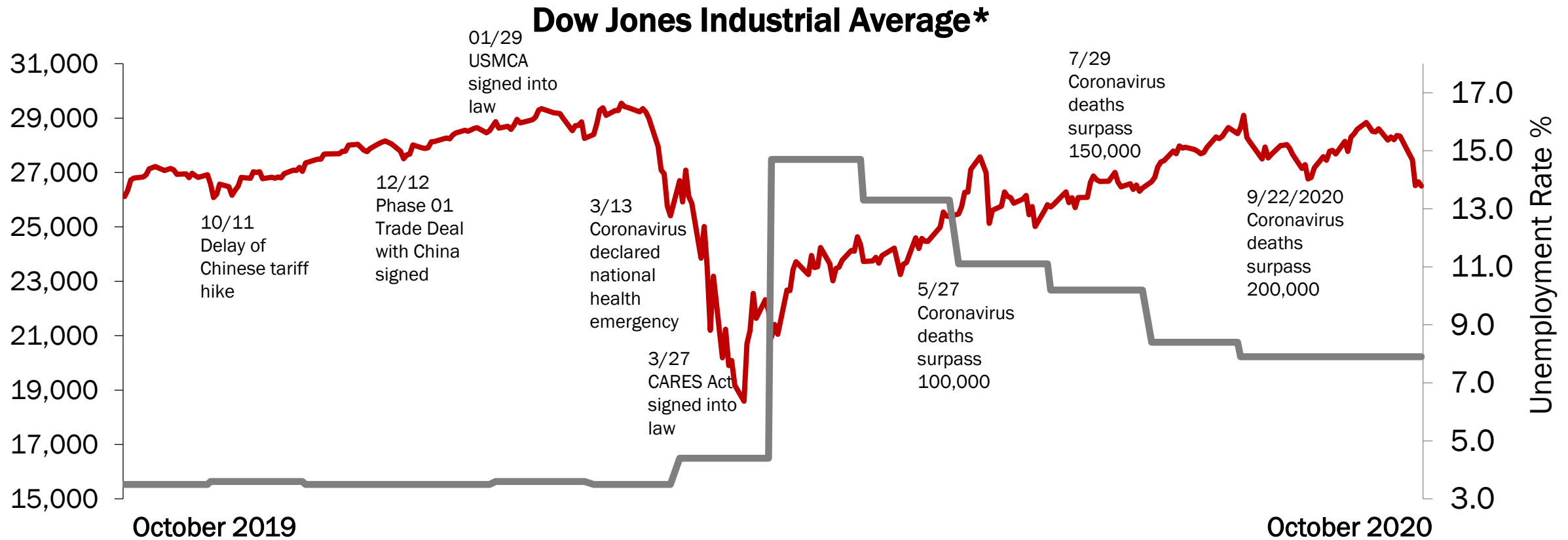
Moody's predictions of a recession are trending downward: 37% in August



GDP growth is projected to remain solid, although employment growth is slowing



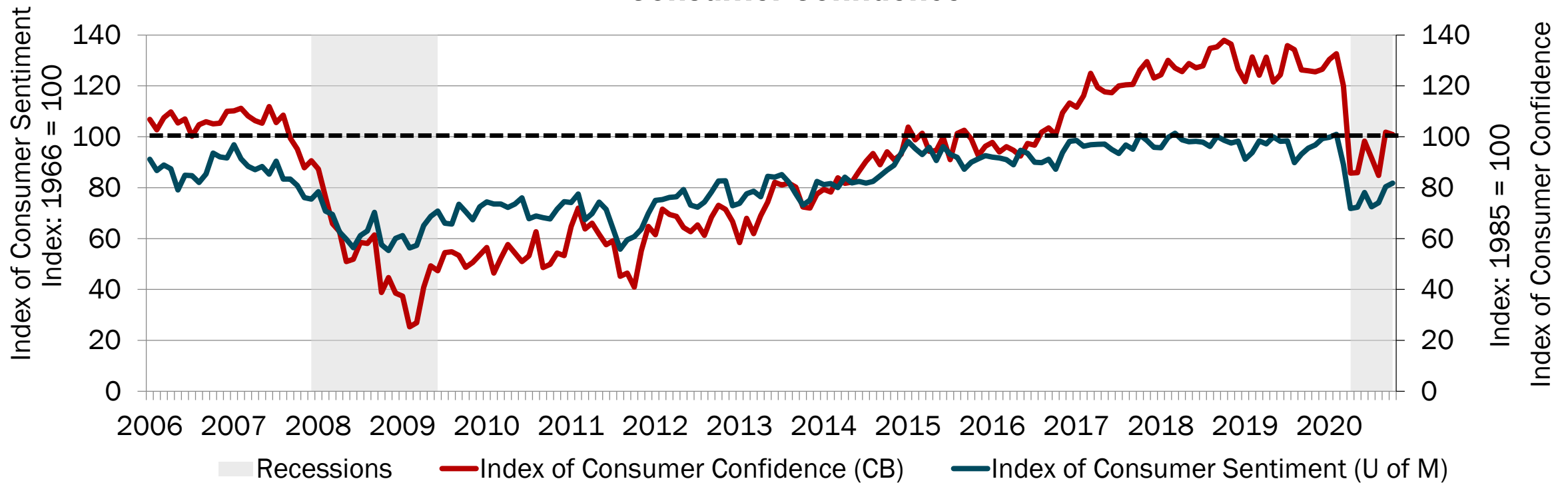
The stock market has reacted to various events this year, and the recent ride has been surprisingly good



*As of 10/30/2020

Consumer confidence and sentiment are bouncing around, after falling precipitously between February and April

Consumer Confidence

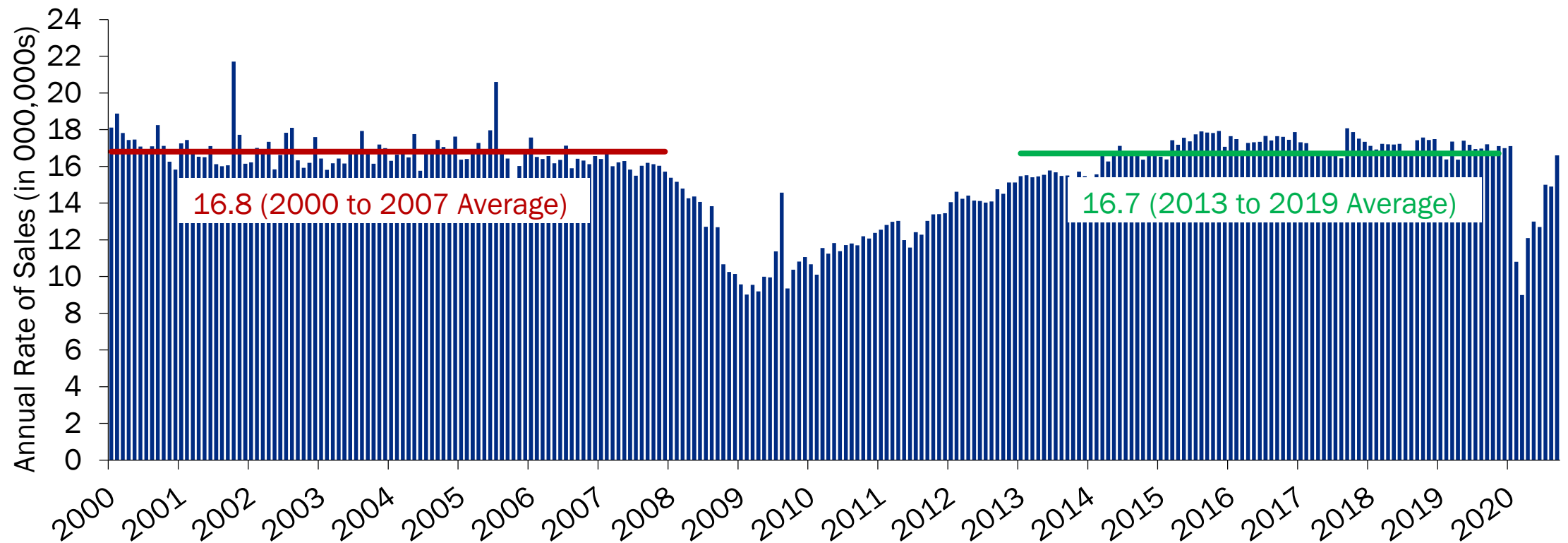


University of Michigan RSQE interim national forecast: Note that these estimates are annualized

	2019	2020 (Forecast)	2021 (Forecast)
GDP	2.3%	-4.9%	3.6%
Employment	1.3%	-5.8%	2.1%
Light Vehicle Sales (Millions)	16.9	13.8	15.0
Unemployment Rate	3.7%	9.2%	8.1%
Housing Starts (Millions)	1.30	1.18	1.08
CPI/Inflation	1.8%	0.7%	1.2%

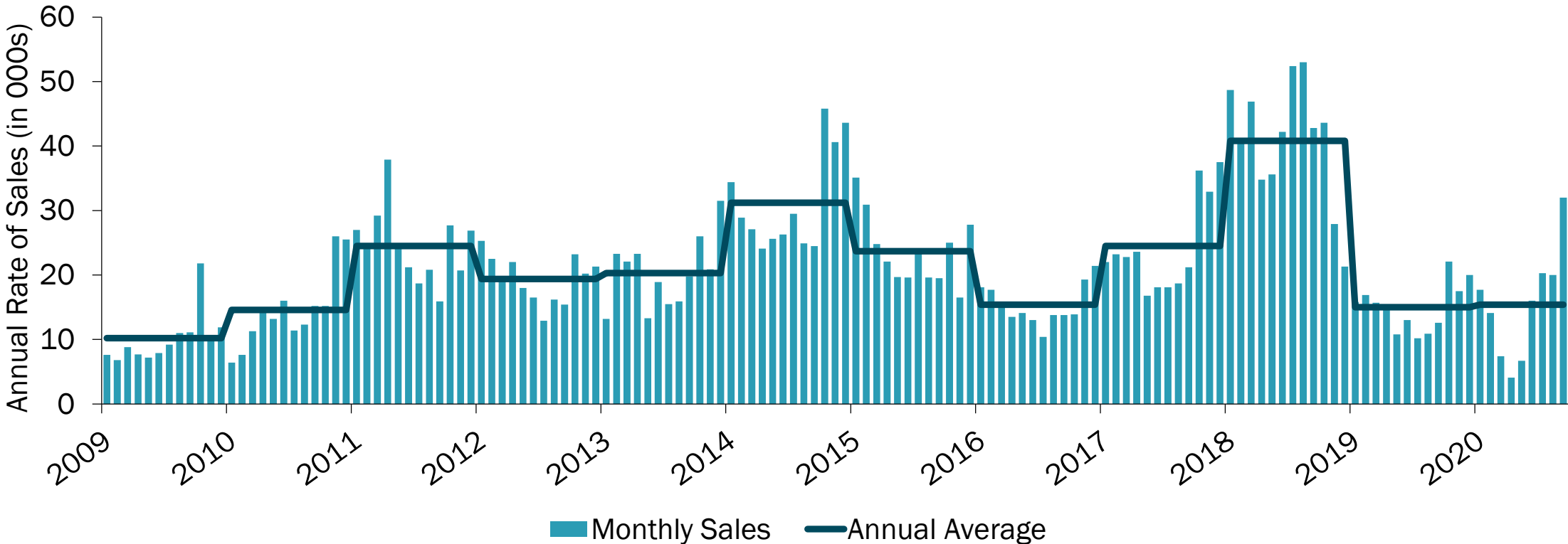
Light vehicle sales are starting to rebound; will work from home change consumption patterns?

Annualized Rate of U.S. Light Vehicle Sales (in millions)



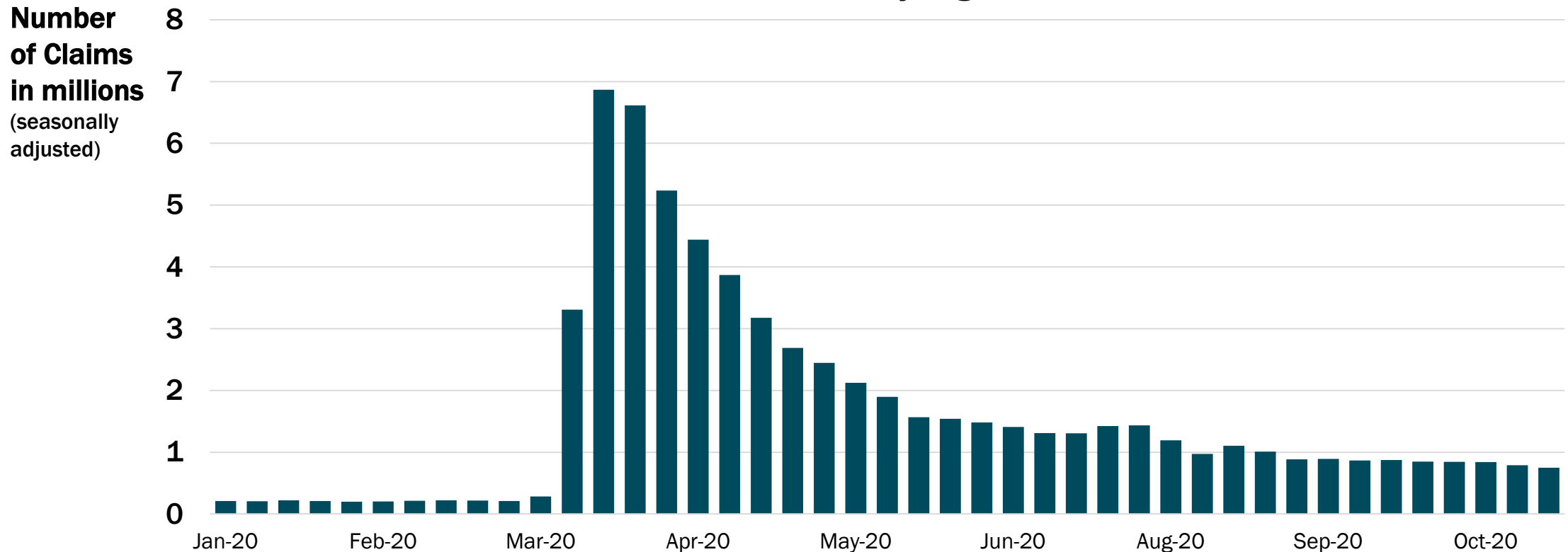
Class 8 Truck Orders reach highest level since 2019

Class 8 Truck Orders



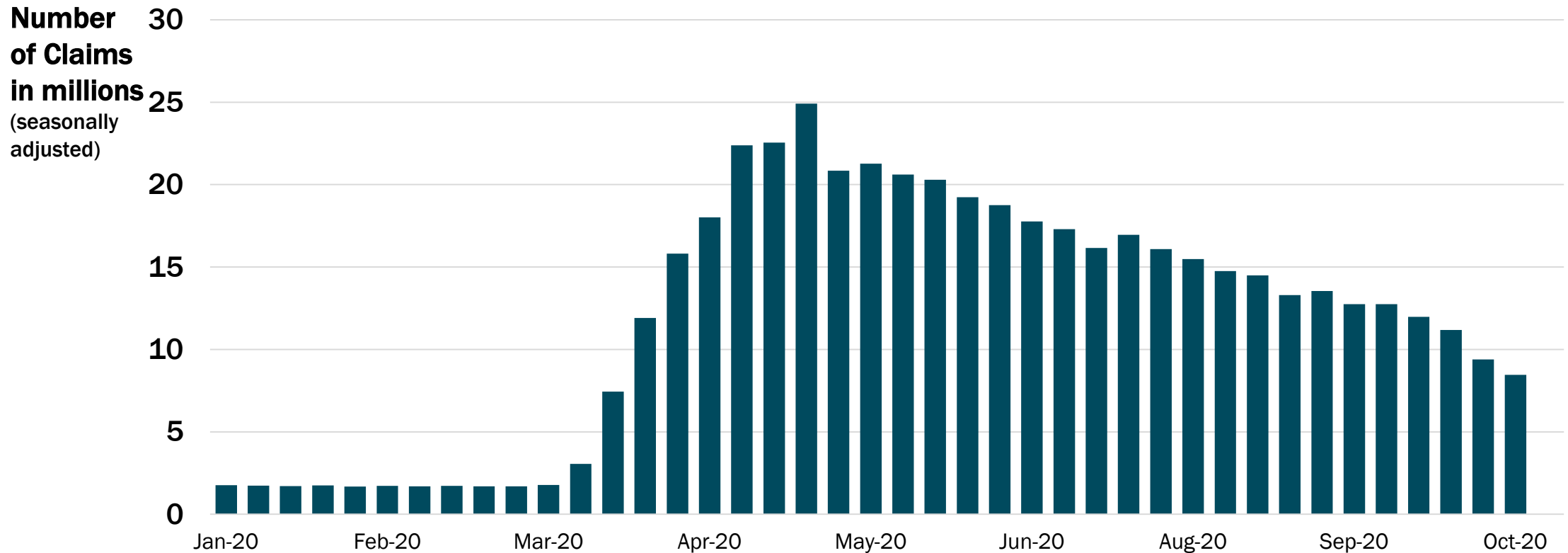
The number of UI filings have stabilized after trending downward

Weekly initial claim filings for unemployment insurance are slowing, but remain at historically high levels

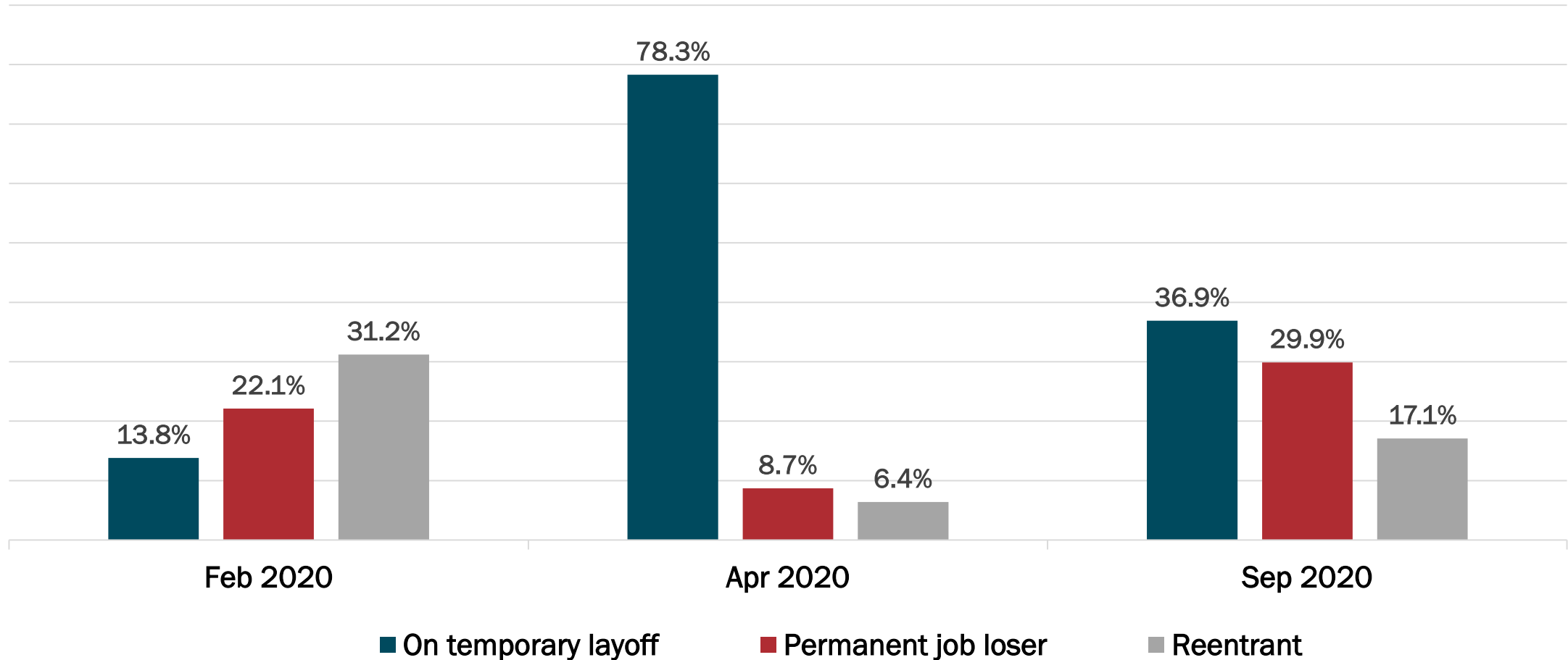


The number of continuing claims are trending downward

Weekly continuing claims for unemployment insurance



Distribution of unemployment by selected reason, February to September 2020, seasonally adjusted





News Release

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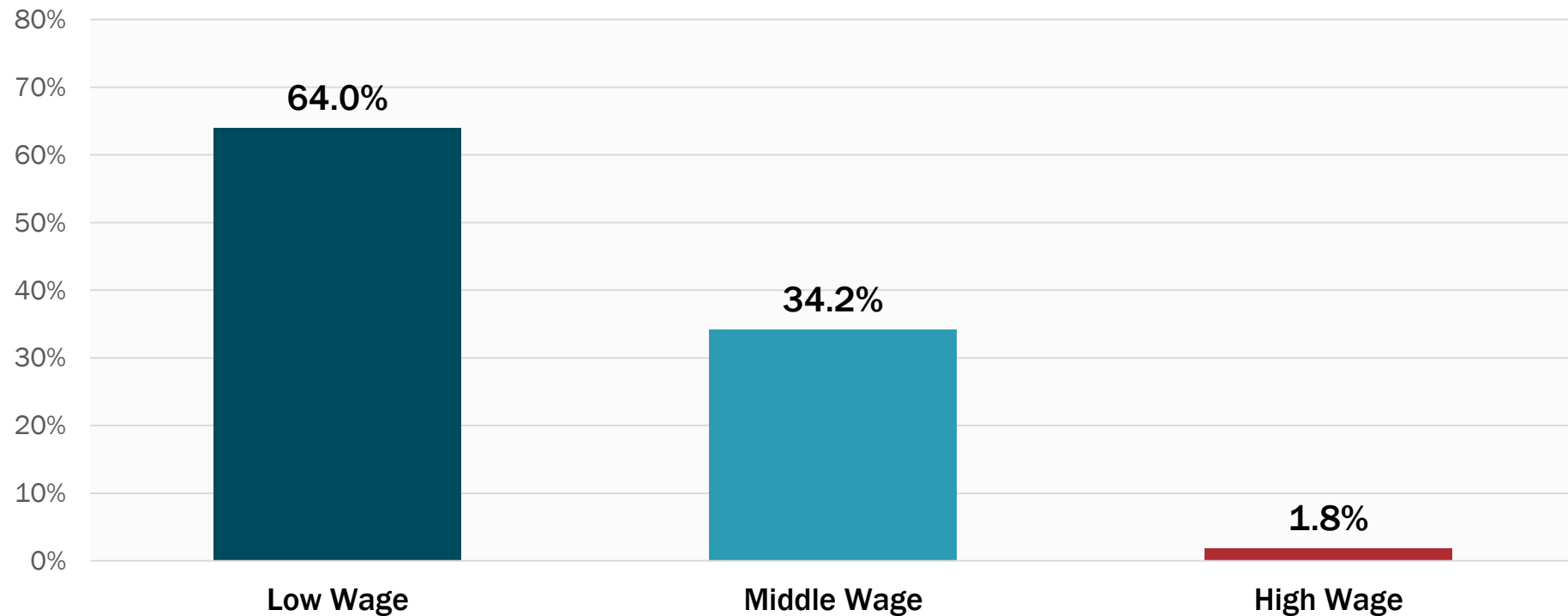
TRANSMISSION OF MATERIALS IN THIS RELEASE IS EMBARGOED UNTIL
8:30 A.M. (Eastern) Thursday, October 15, 2020

TECHNICAL NOTE: In response to recommendations resulting from an internal review of state operations, the state of California has announced a two week pause in its processing of initial claims for unemployment insurance benefits. The state will use this time to reduce its claims processing backlog and implement fraud prevention technology. Recognizing that the pause will likely result in significant week to week swings in initial claims for California and the nation unrelated to any changes in economic conditions, California's initial claims published in the UI Claims News Release will reflect the level reported during the last week prior to the pause. Upon completion of the pause and the post-pause processing, the state will submit revised reports to reflect claims in the week during which they were filed.

For additional information on California's efforts: https://www.edd.ca.gov/About_EDD/pdf/news-20-49.pdf

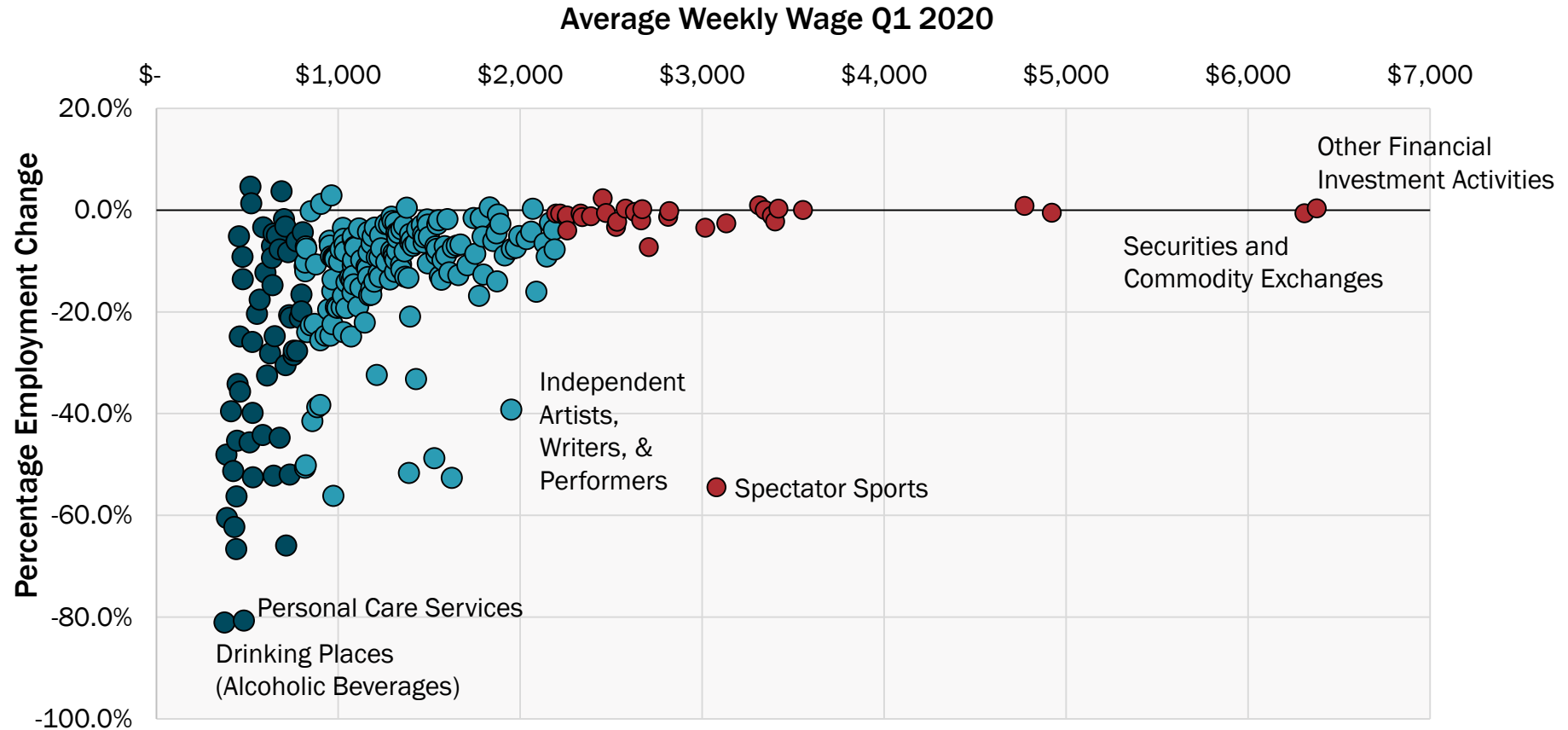
UNEMPLOYMENT INSURANCE WEEKLY CLAIMS

Worker displacement by low, medium and high wage private industry establishments as a percentage of total employment change,* February to April 2020, seasonally adjusted data



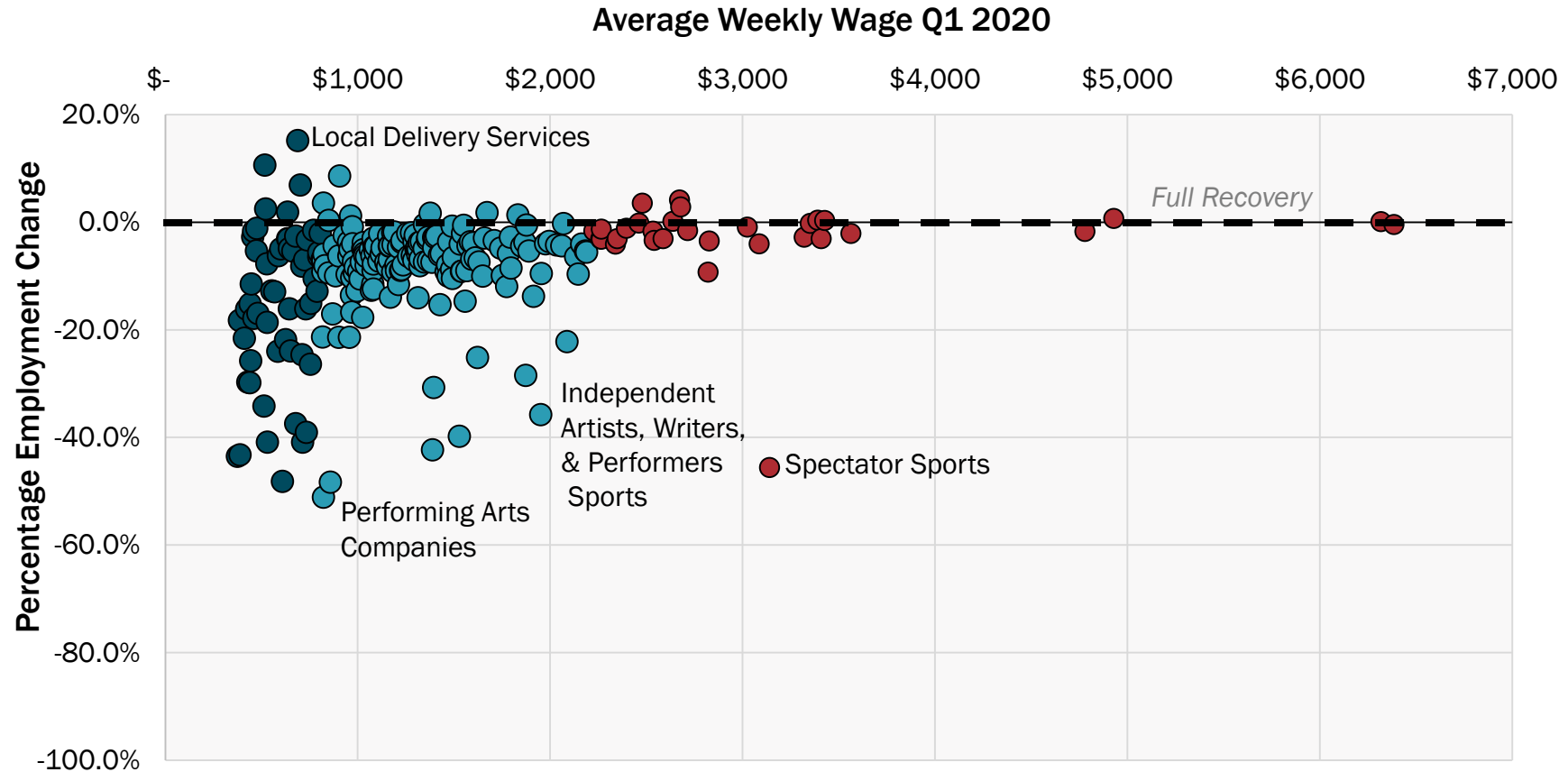
* Derived from 3- and 4-digit NAICS industries with employment losses from Feb – Apr 2020; low, medium and high wage industries based on average weekly wages, 2020 Q1. Thresholds based on percentages of the overall average weekly wage (Low $\leq .67$, $.67 < \text{Medium} \leq 1.8$, High > 1.8).

Percentage Employment Change February 2020 to April 2020



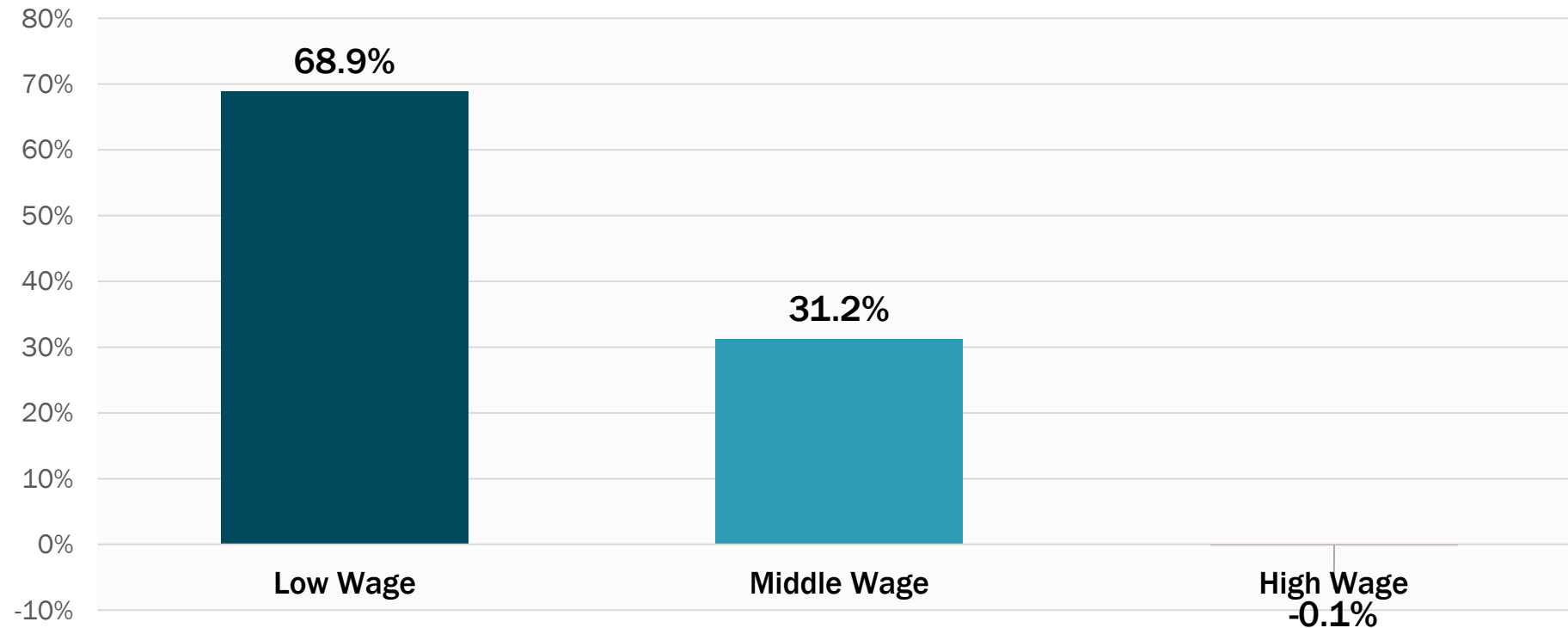
* Based on percentage employment changes of 3- or 4-digit NAICS industries using seasonally adjusted data. Low, medium, and high wage industries based on average Q1 2020 (QCEW) weekly wages. Thresholds based on industry percentages of the overall average weekly wage (Low < .67, $.67 \leq$ Medium < 1.8, High \geq 1.8).

Percentage Employment Change February 2020 to August/September 2020



* Based on percentage employment changes of 3- or 4-digit NAICS industries using seasonally adjusted data. Low, medium, and high wage industries based on average Q1 2020 (QCEW) weekly wages. Thresholds based on industry percentages of the overall average weekly wage (Low < .67, .67 ≤ Medium < 1.8, High ≥ 1.8).

Employment gains of low, medium and high wage private industry establishments as a percentage of total employment change*, April to August/September 2020, seasonally adjusted data



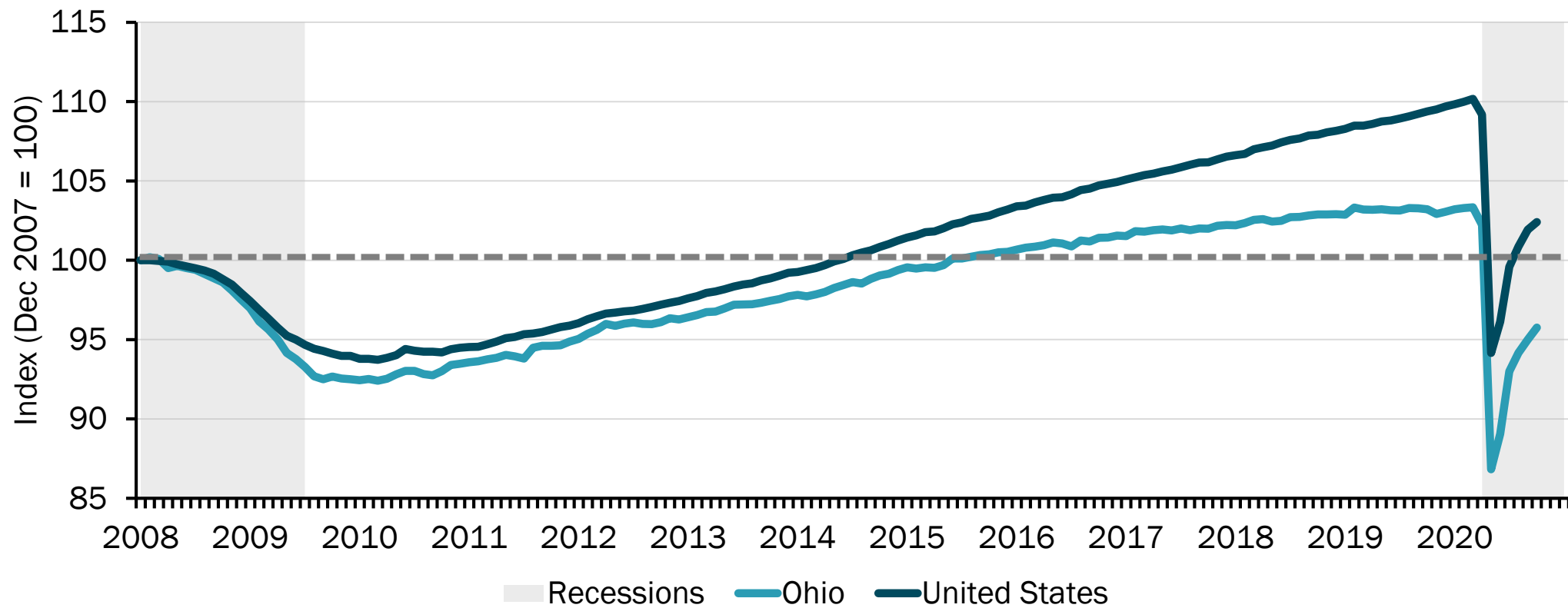
* Derived from net employment changes among CES 4-digit NAICS industries (or higher-level aggregations as relevant) from Feb – Apr 2020. Low, medium and high wage industries are based on QCEW average weekly wages, 2020 Q1. Thresholds are based on percentages of the overall average weekly wage (Low $\leq .67$, $.67 < \text{Medium} \leq 1.8$, High > 1.8).

State Conditions

Ohio

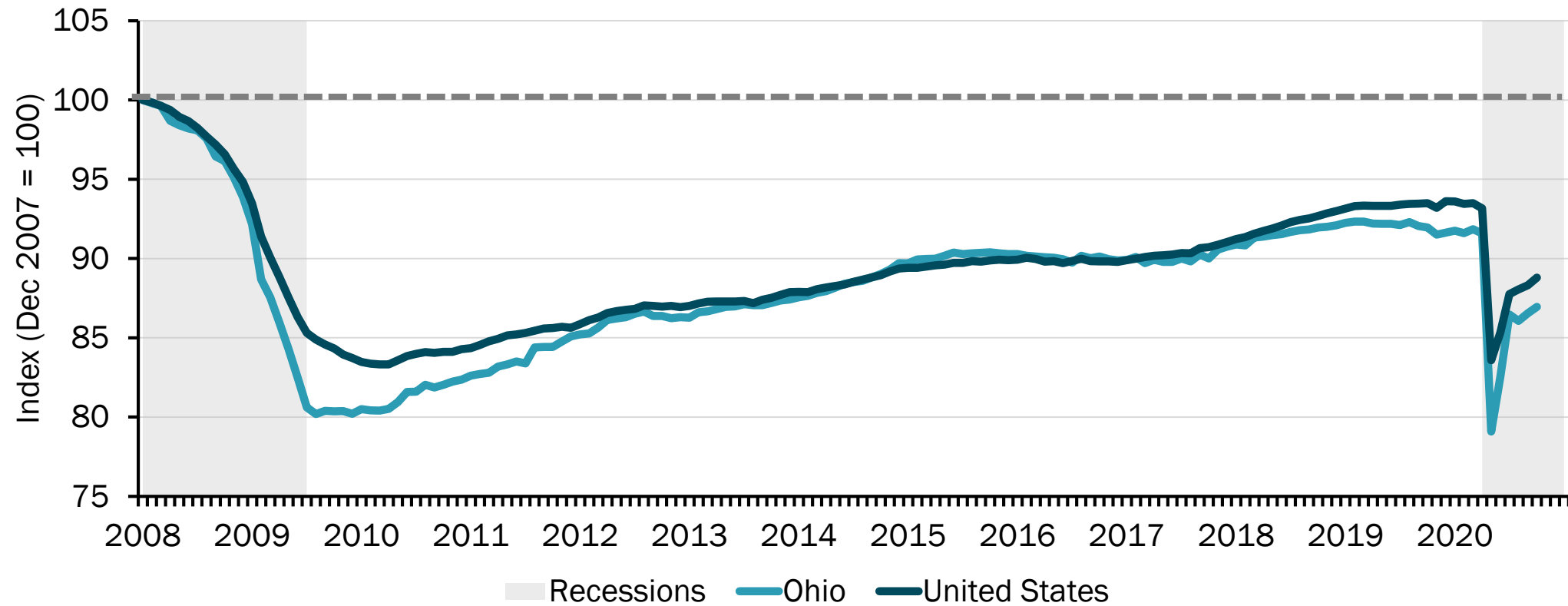
Ohio has yet to fully recover jobs displaced in the Covid-19 Recession

Total Employment Index



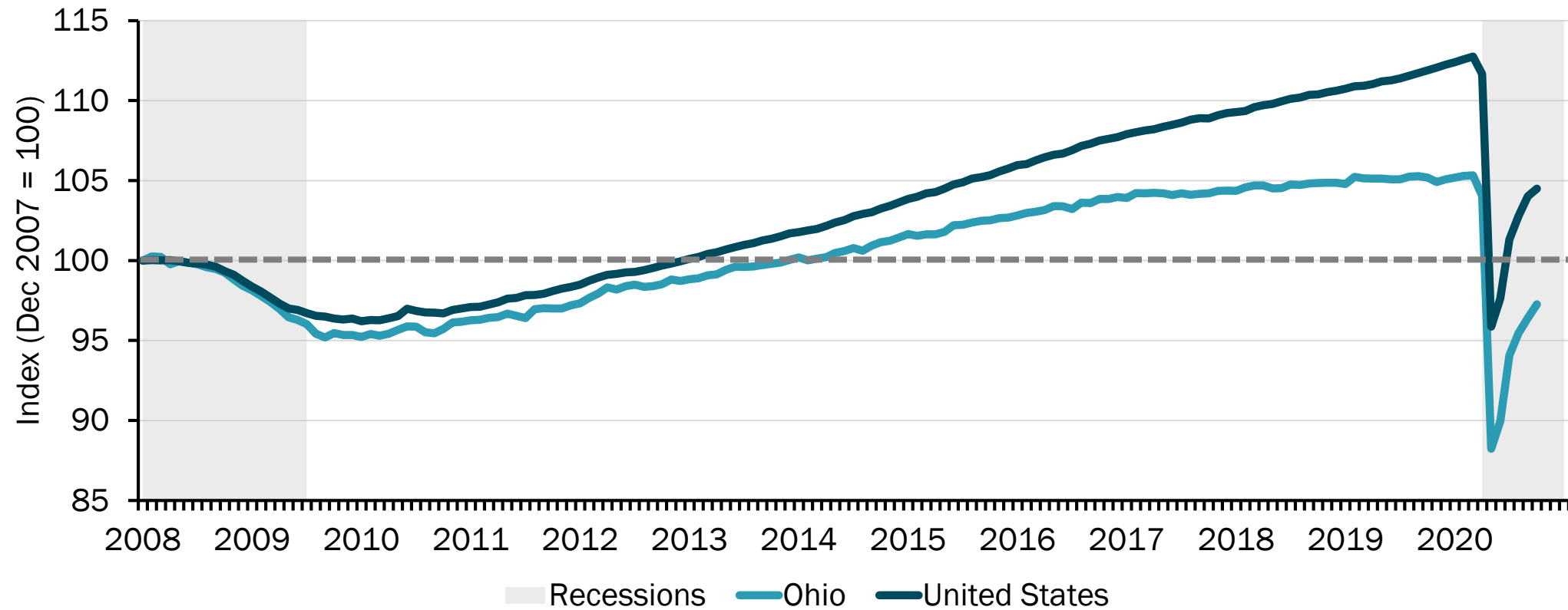
Manufacturing was hit hard but is starting to rebound

Manufacturing Employment Index



The service sector in Ohio is rebounding quickly

Service Providing Employment Index

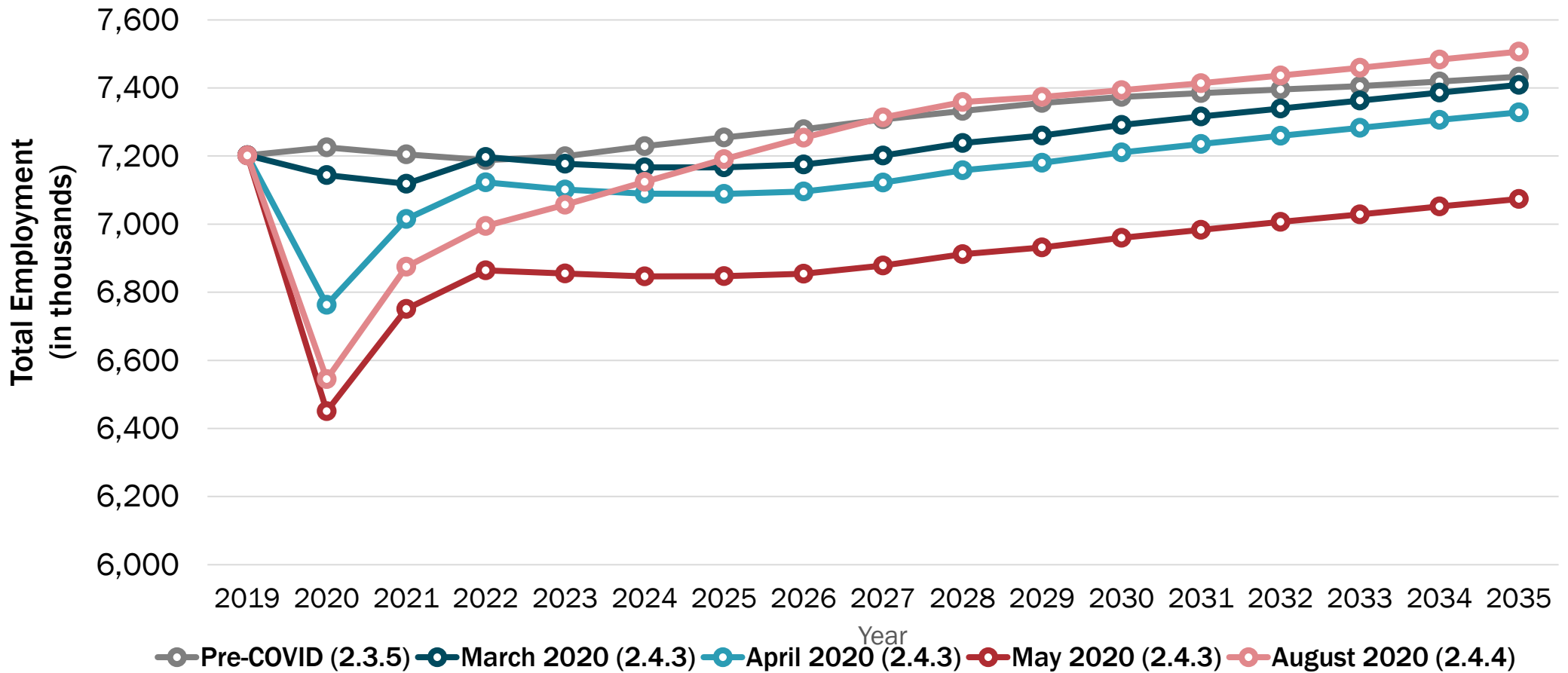


Ohio Economy REMI Forecasts

Methodology

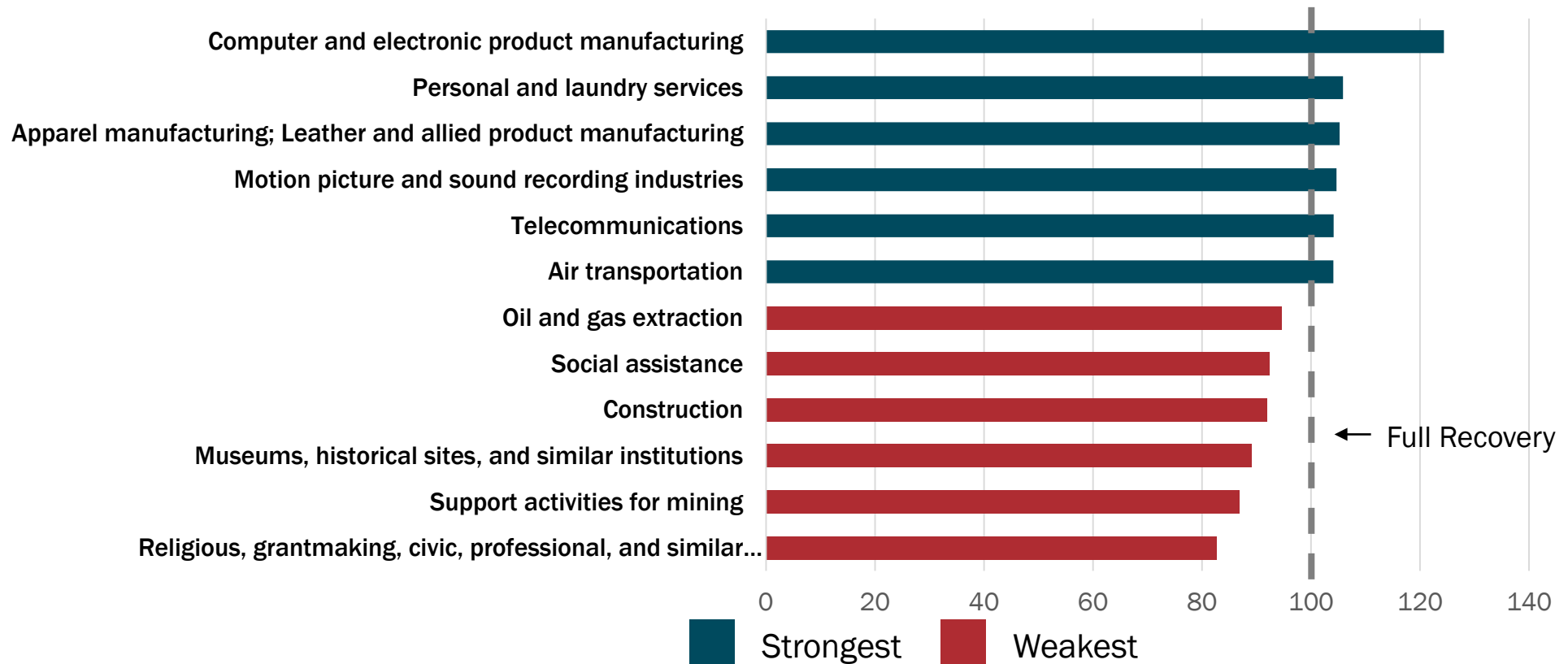
- Upjohn uses a REMI model (www.REMI.com)
 - To estimate economic impacts from projects and events
 - Forecast regional changes in trends
- Pre-COVID-19 baseline using a prior version of REMI (version 2.3.5)
- As new forecasts were produced the latest REMI model was updated (2.4.3)
 - National forecast is updated
 - Regional forecasts are updated
 - Revised forecasts come from:
 - Research Seminar in Quantitative Economics at UofM
 - Congressional Budget Office

Total Projected Employment in Ohio



Industry Recovery Forecast

Selected sectors and subsectors with the strongest and weakest projected recoveries in Ohio by 2025



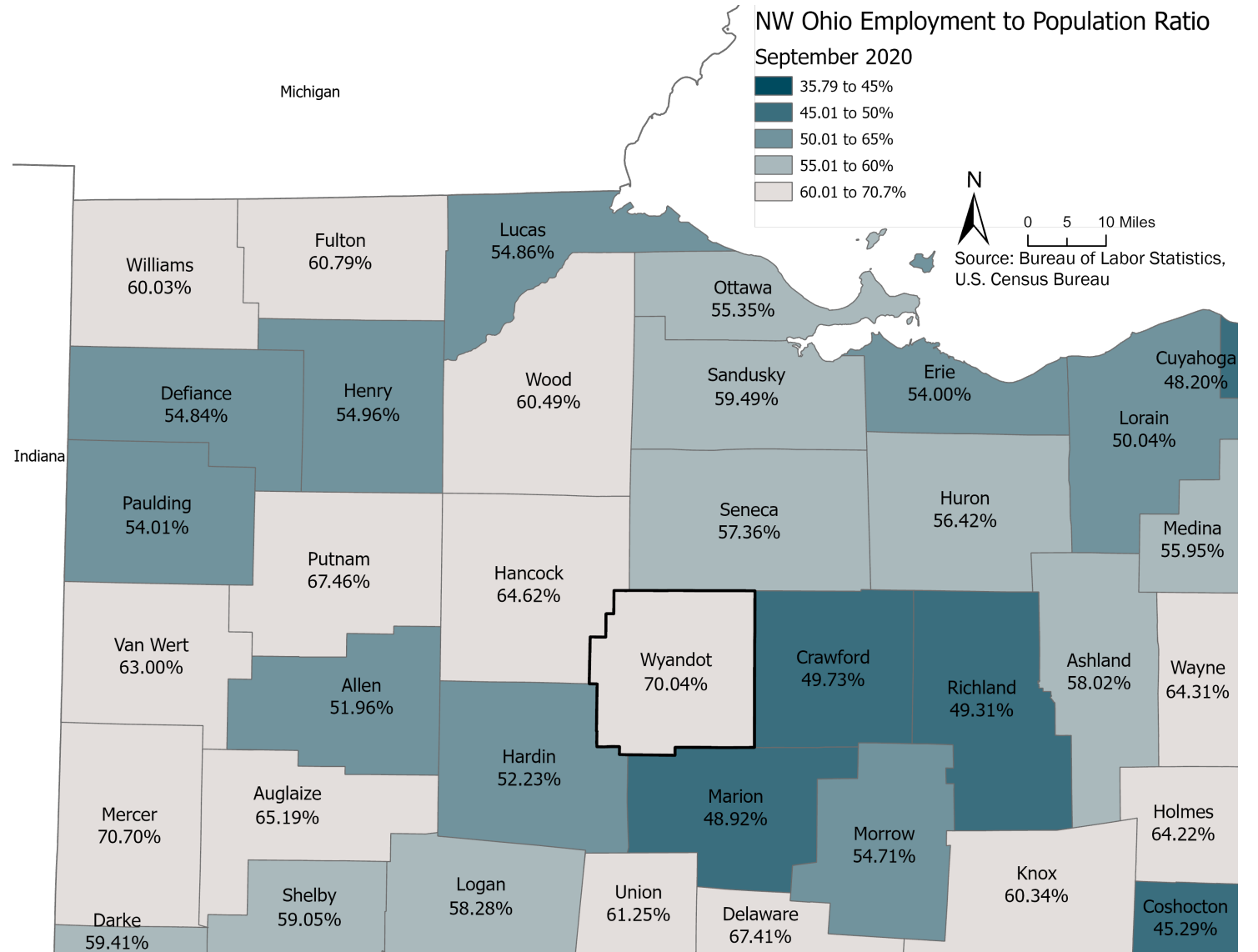
Regional Conditions

Northwest Ohio

Employment to population ratios are less varied in Northwest Ohio and remain high relative to the State.

Ohio's rate was 53.5%.

The national rate was 56.6%



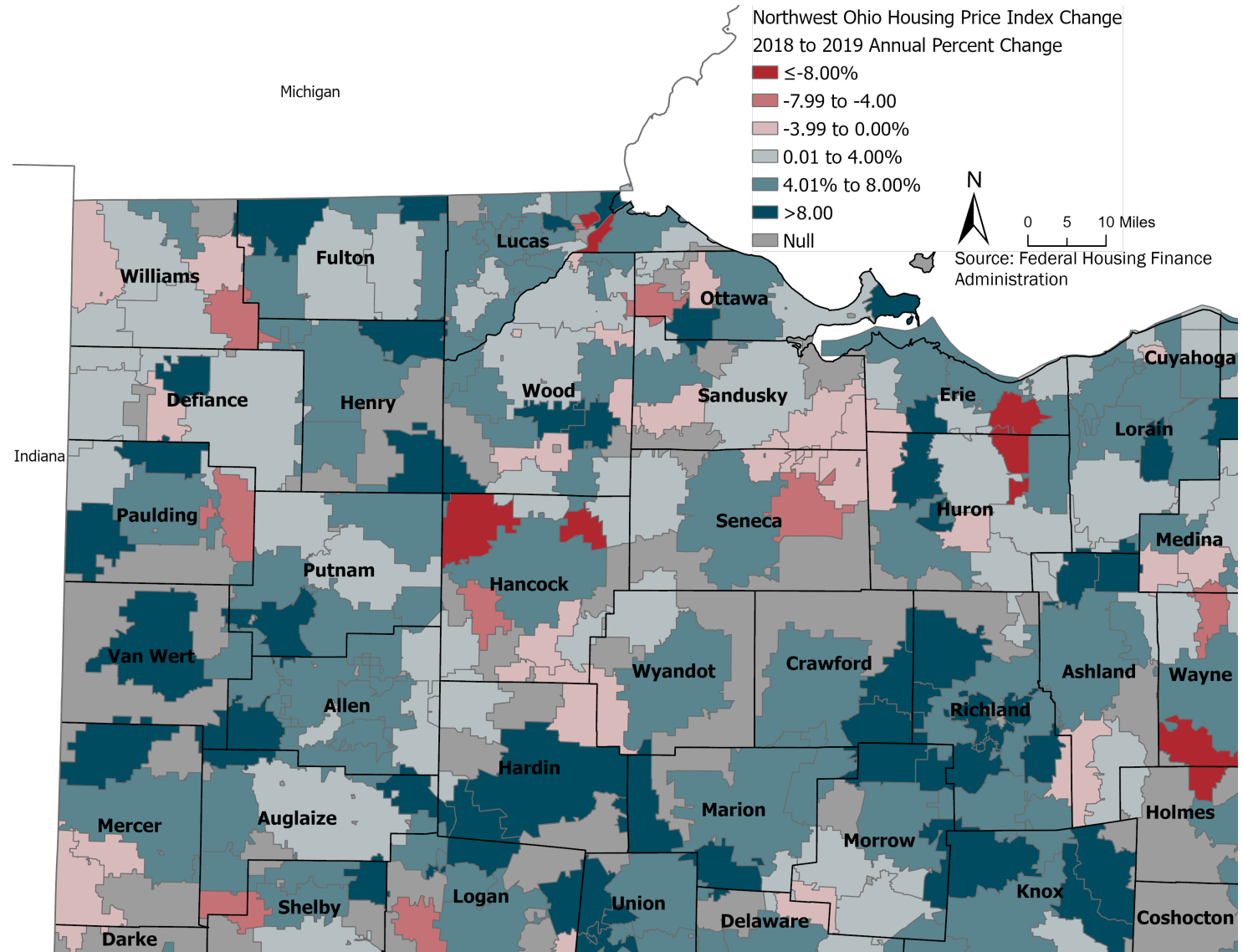
Many industries have yet to fully recover their employment losses

Percent of jobs regained* by September 2020 following employment losses beginning in March in Northwest Ohio by major industry



Percent of jobs regained* by September 2020 *Data not seasonally adjusted

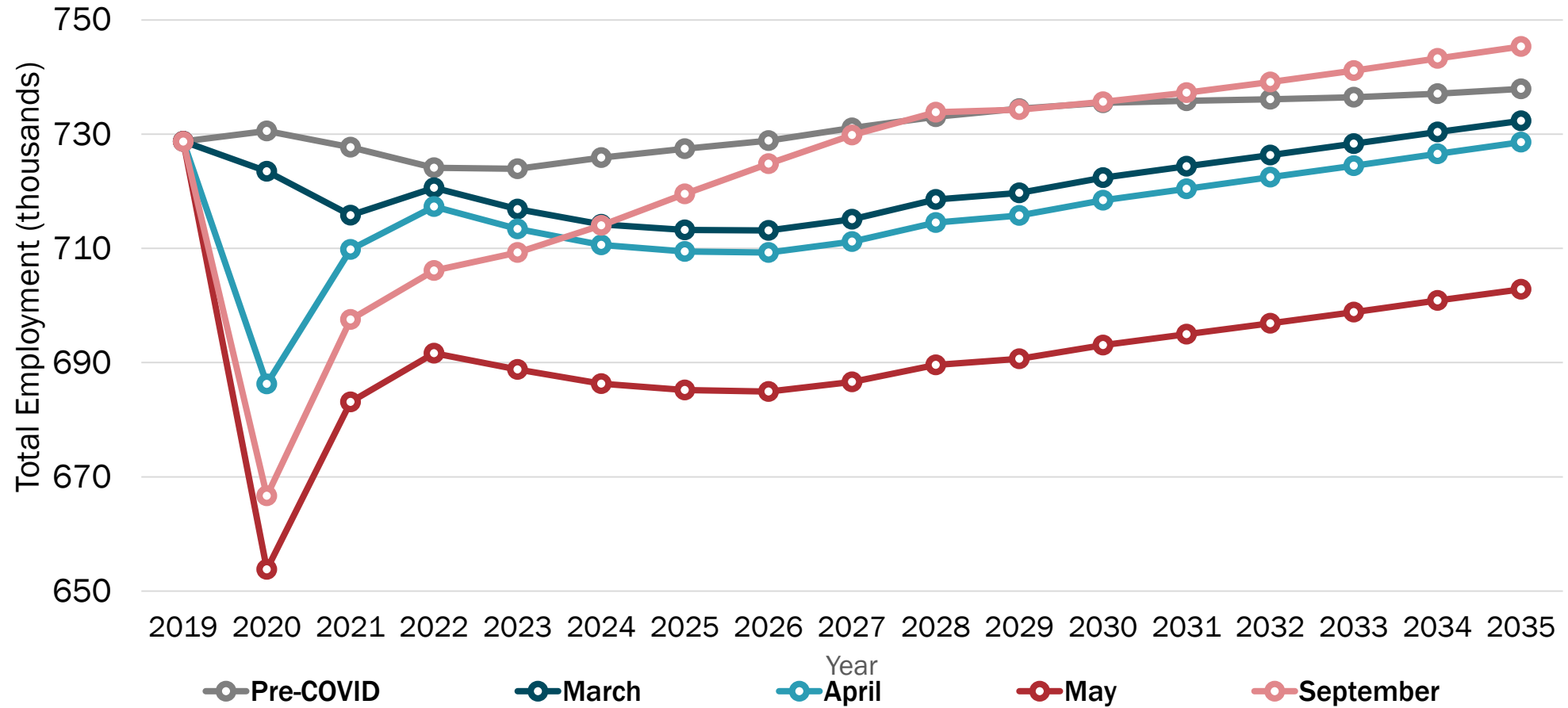
Housing values continue to rise, as does the pace nationally.



Northwest Ohio

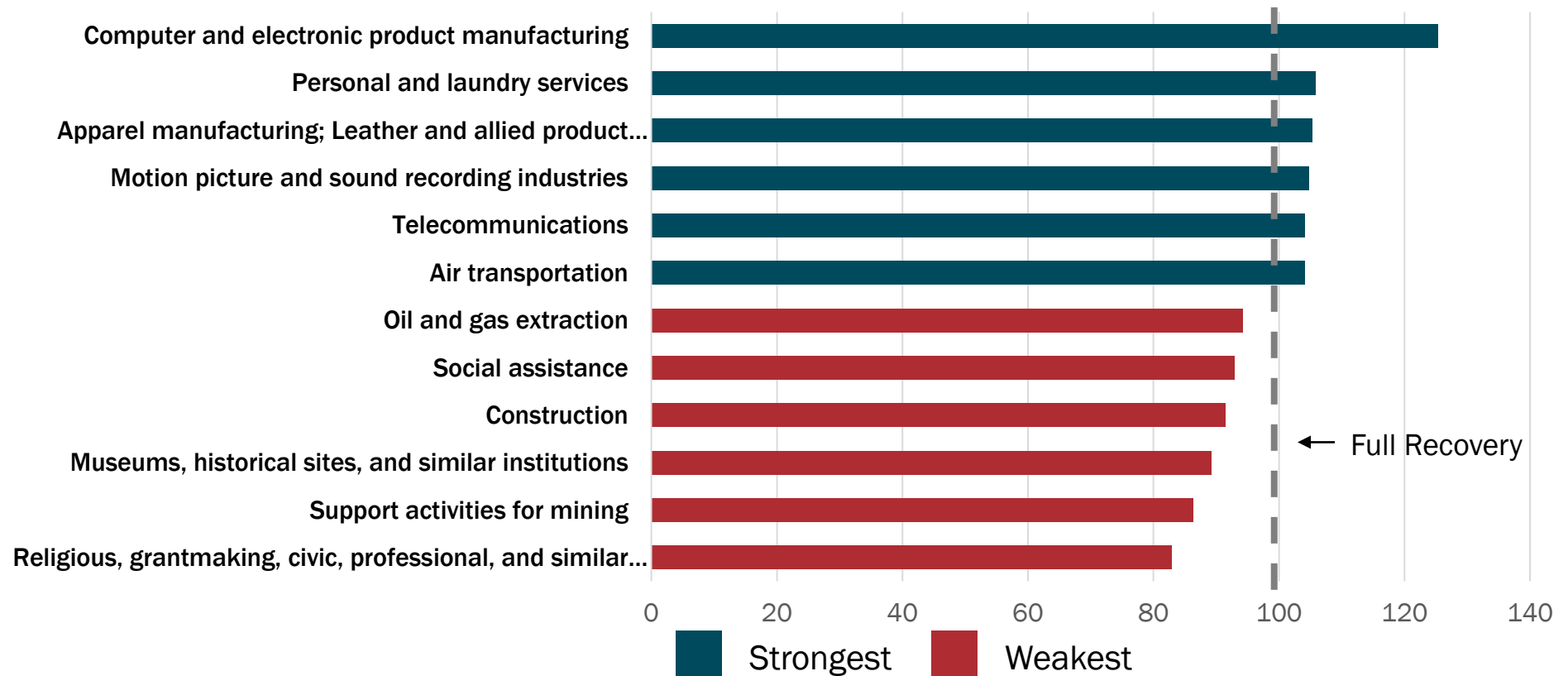
- Summary Pre-COVID-19
 - Jobs: 731K
 - Output: \$156.8 billion
 - GRP: \$76.3 billion
 - Personal Income: \$61.8 billion
- Projected annualized loss of more than 78k (10.7%) positions
- Location Quotients
 - Motor vehicle manufacturing: 12.3
 - Glass product manufacturing: 11.0
 - Other nonmetallic mineral product manufacturing: 10.7
 - Motor vehicle parts manufacturing: 7.7

Total Projected Employment in Northwest Ohio



Industry Recovery Forecast

Selected sectors and subsectors with the strongest and weakest projected recoveries in Northwest Ohio by 2025



Moving Forward

Considerations for the Economy

- The shape of the recovery curve?
- Is there another stimulus on way?
 - How large
 - Affected groups, industries, and sectors
- What will be the impact of a second wave?
- Supply versus demand?
 - How have and will SMEs fare?
- Is re-shoring real?
 - Supply chain issues
- How will technology impact employment?
- Will people go back to work?
 - Fear of illness
 - Barriers, notably childcare, in returning
 - Uncertainty around unemployment benefits

Questions?

- Jim Robey, PhD
 - Email: jrobey@upjohn.org
 - Phone: 269-385-0450
 - Twitter: @JimRobey