

U.S and Regional Economic Conditions

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The views herein are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Kansas City or the Federal Reserve System

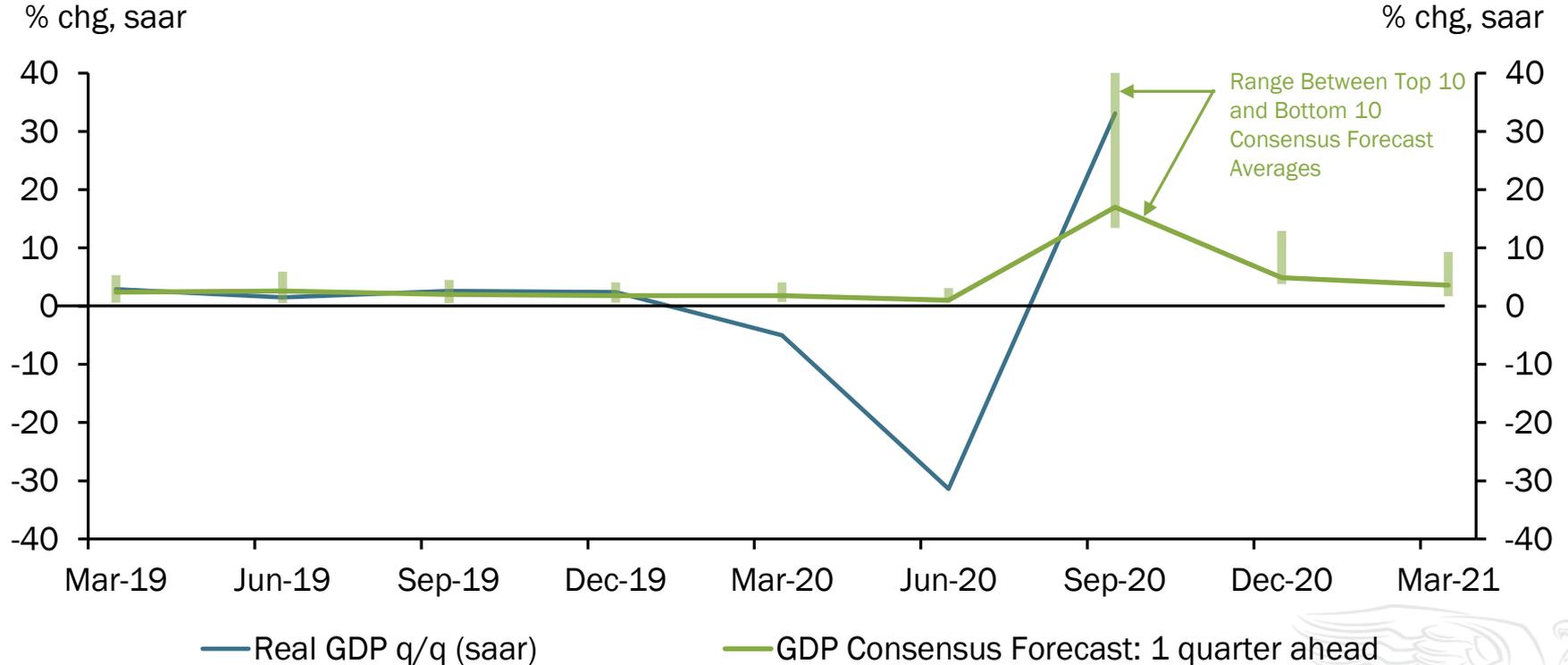


Outlook themes

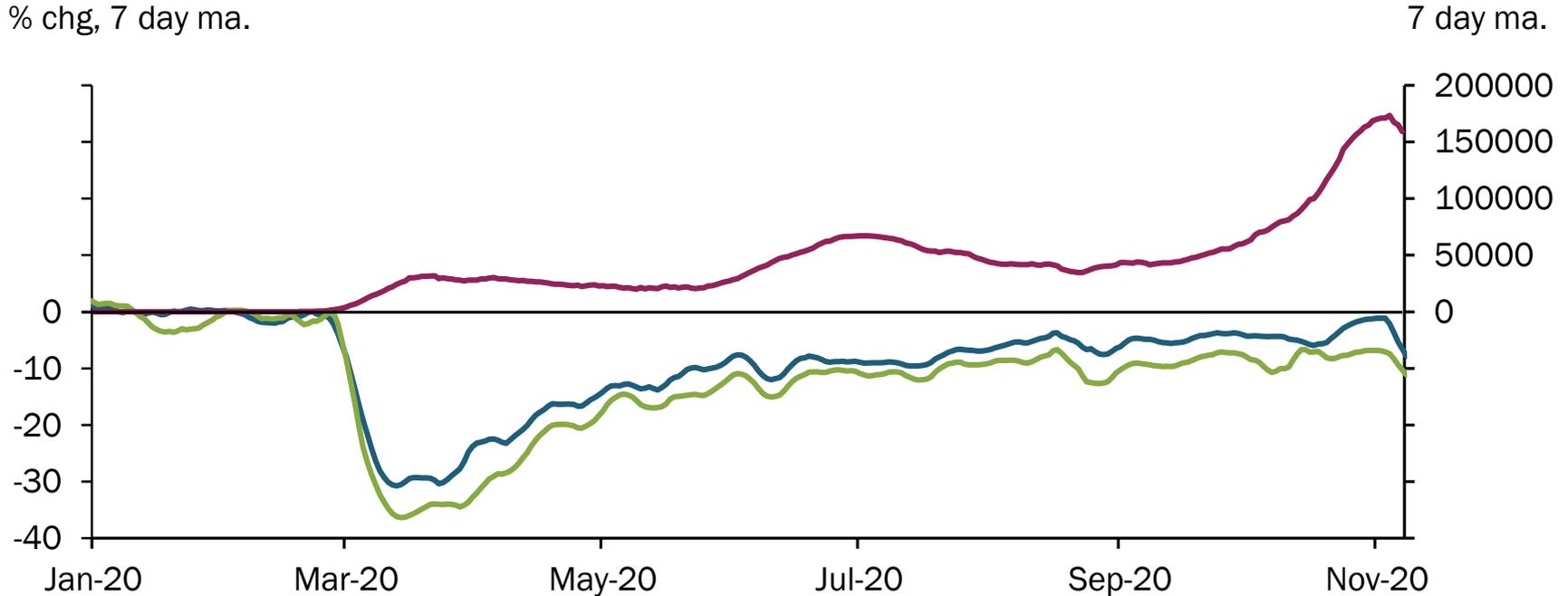
- Uncertainty about the near-term outlook remains elevated as a variety of factors – including the pandemic and economic policies – continue to fluctuate
- The rollout of COVID-19 vaccines firmed expectations about the medium- to long-term outlook, while questions linger about the viability of many households and businesses in coming months
- The swift pace of recovery in labor markets over the summer is unlikely to continue going forward
- Inflation remains subdued on net with some producer and consumer prices facing upward pressures



Uncertainty around the U.S. economic outlook continues to be elevated

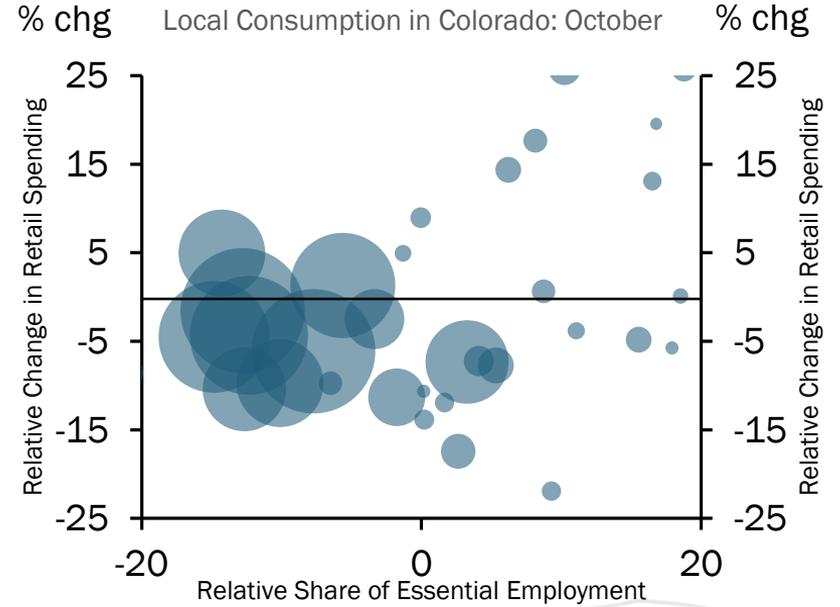
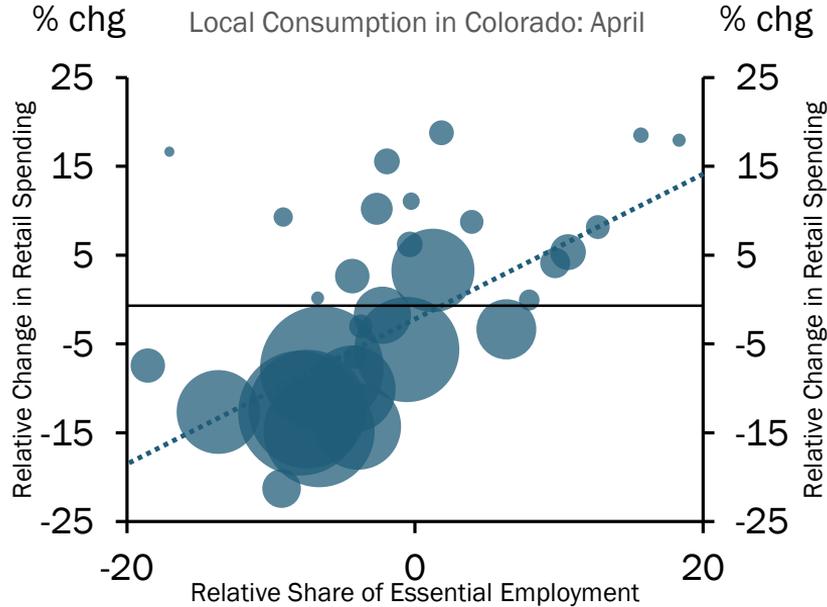


Consumer retail spending declined amid the current wave of COVID-19



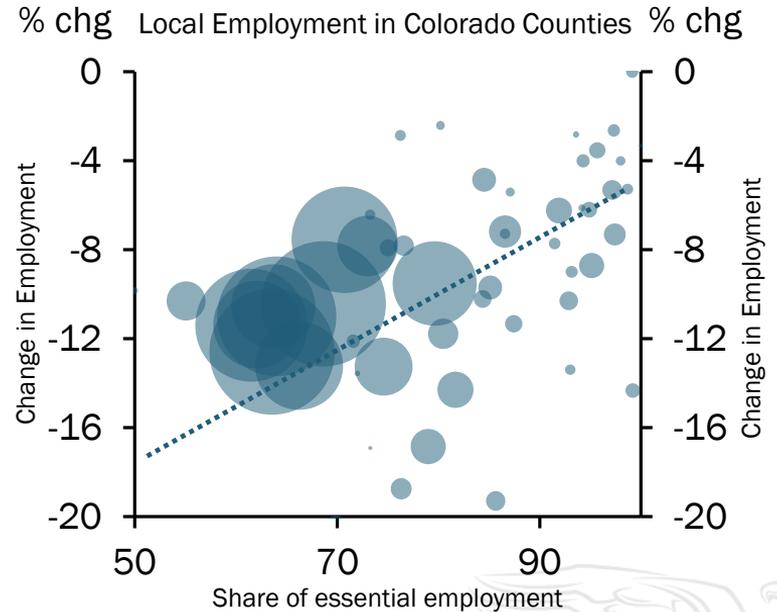
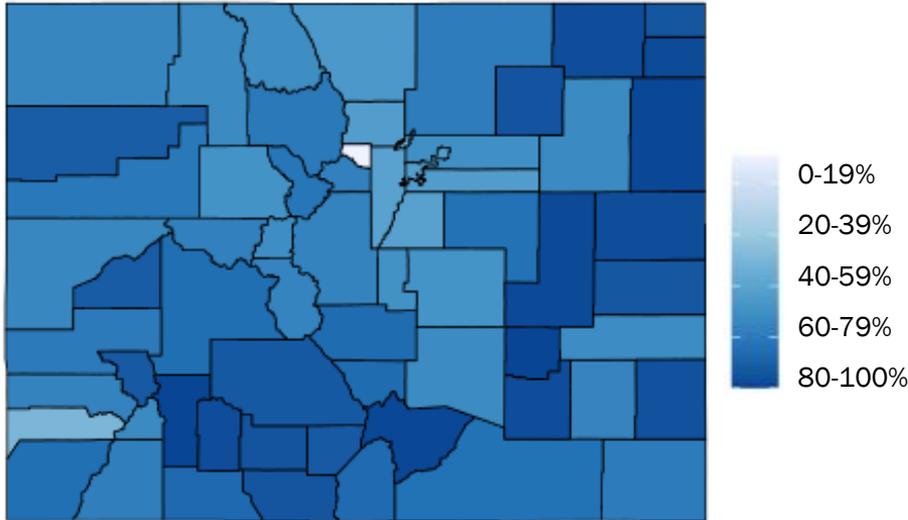
— Retail Spending: U.S. (Left) — Retail Spending: CO (Left) — COVID-19 New Cases: U.S. (Right)

Proximity to essential employment cushioned local consumption initially, while policy support and adaptation muted local differences later

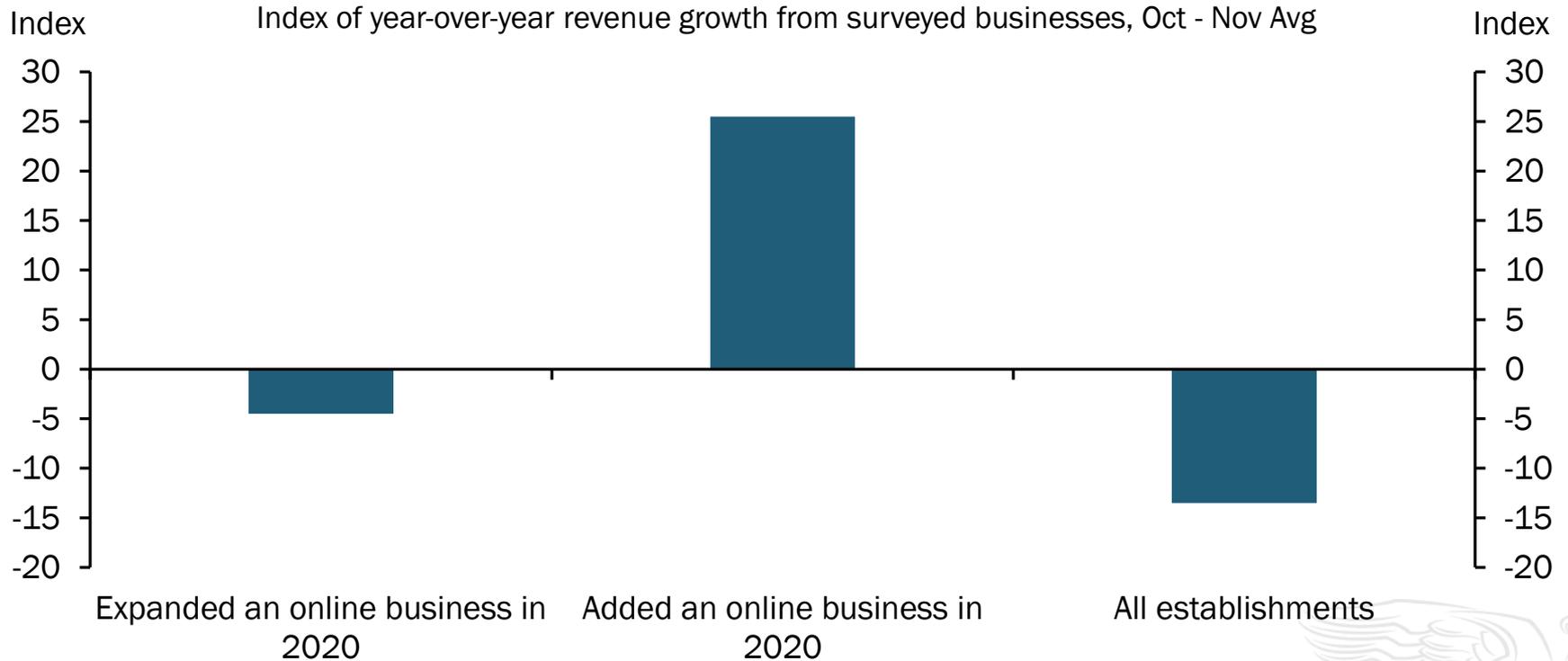


Colorado counties with a larger share of essential employment experienced smaller declines in employment at the onset of the pandemic

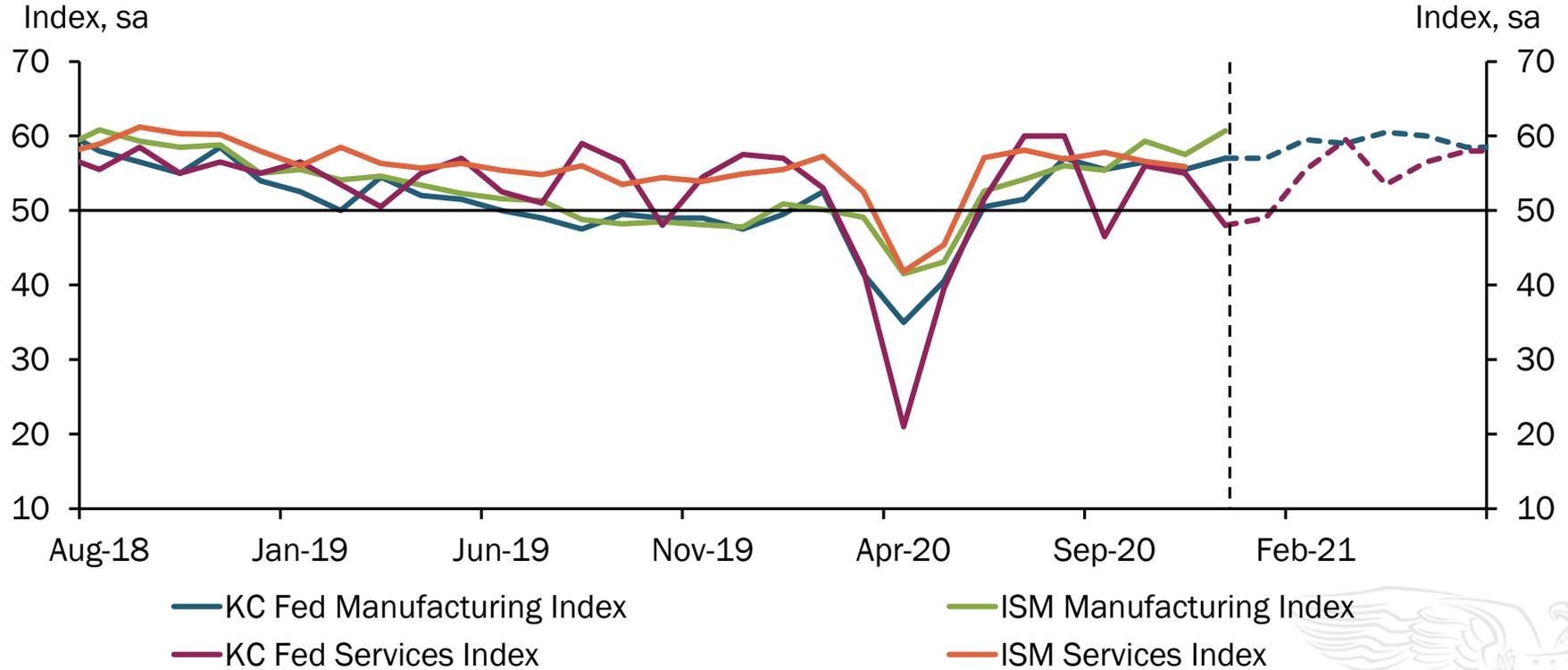
Proportion of Essential Employment



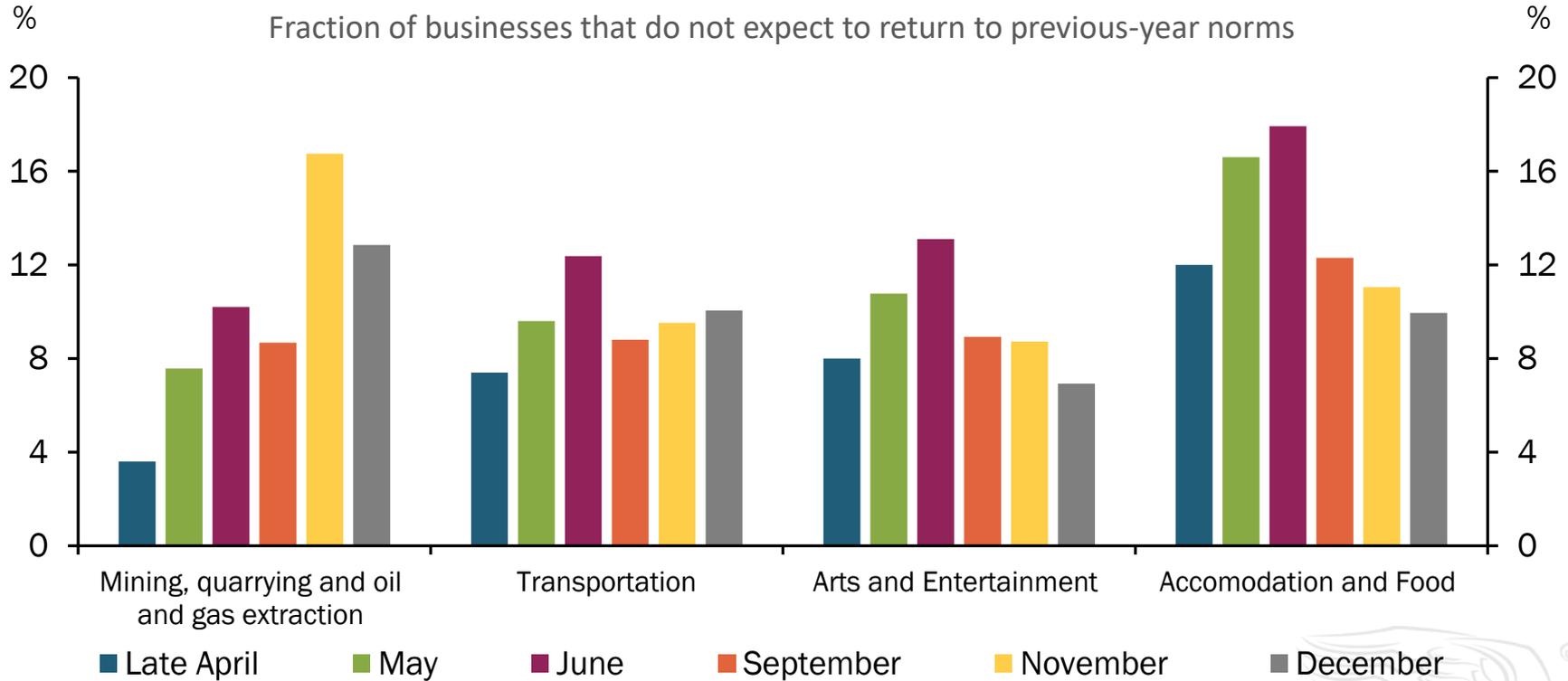
Businesses that evolved in their ability to serve customers remotely are faring better generally



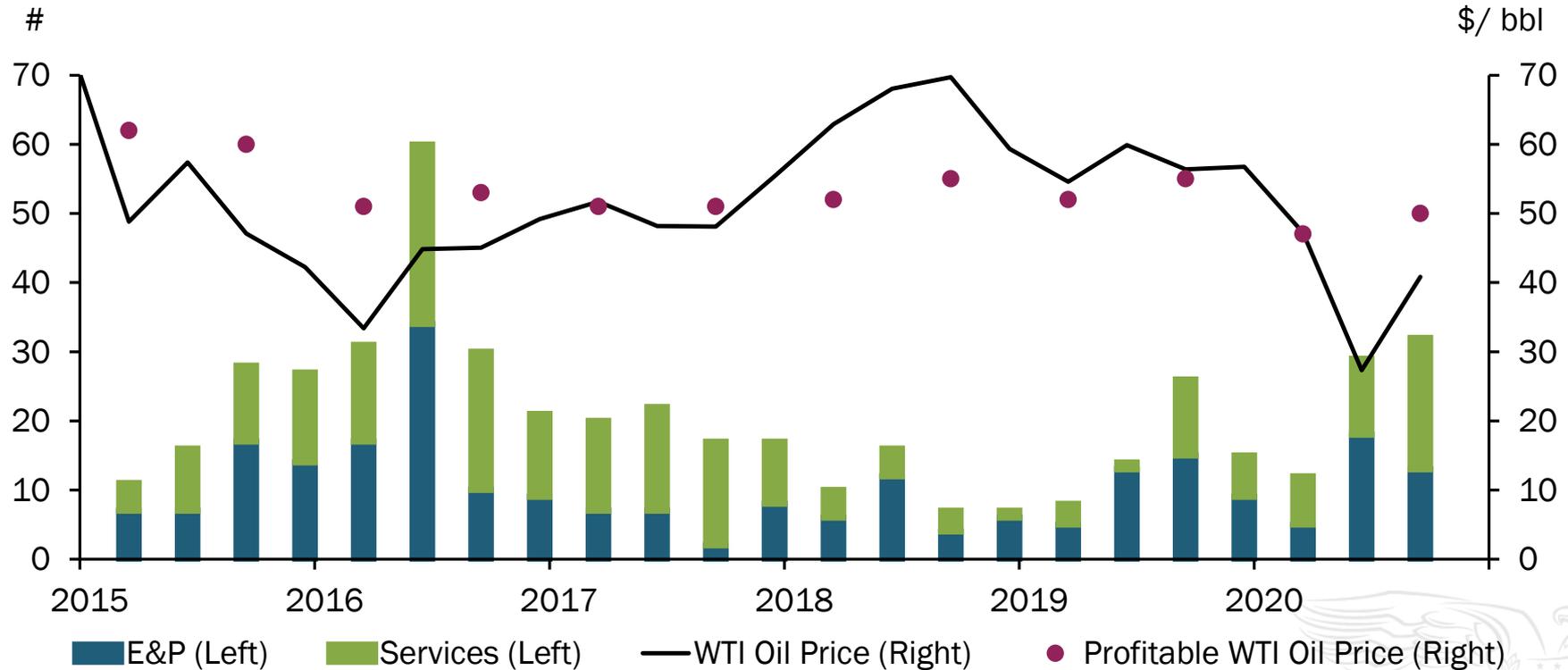
Business activity stabilized over the summer months but remains below pre-pandemic levels



Expectations for business conditions in the oil and gas sector continued to worsen throughout the year

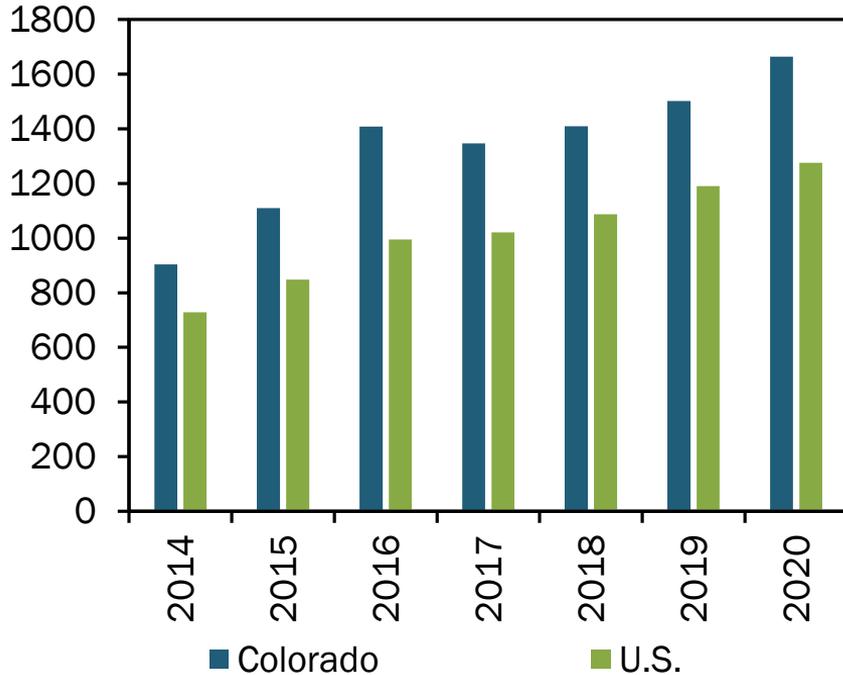


Low prices and diminished profitability are leading to more bankruptcies and consolidation.



Trends in labor efficiency and job flows paint a bleak outlook for oil and gas workers, with low demand and limited outside opportunities

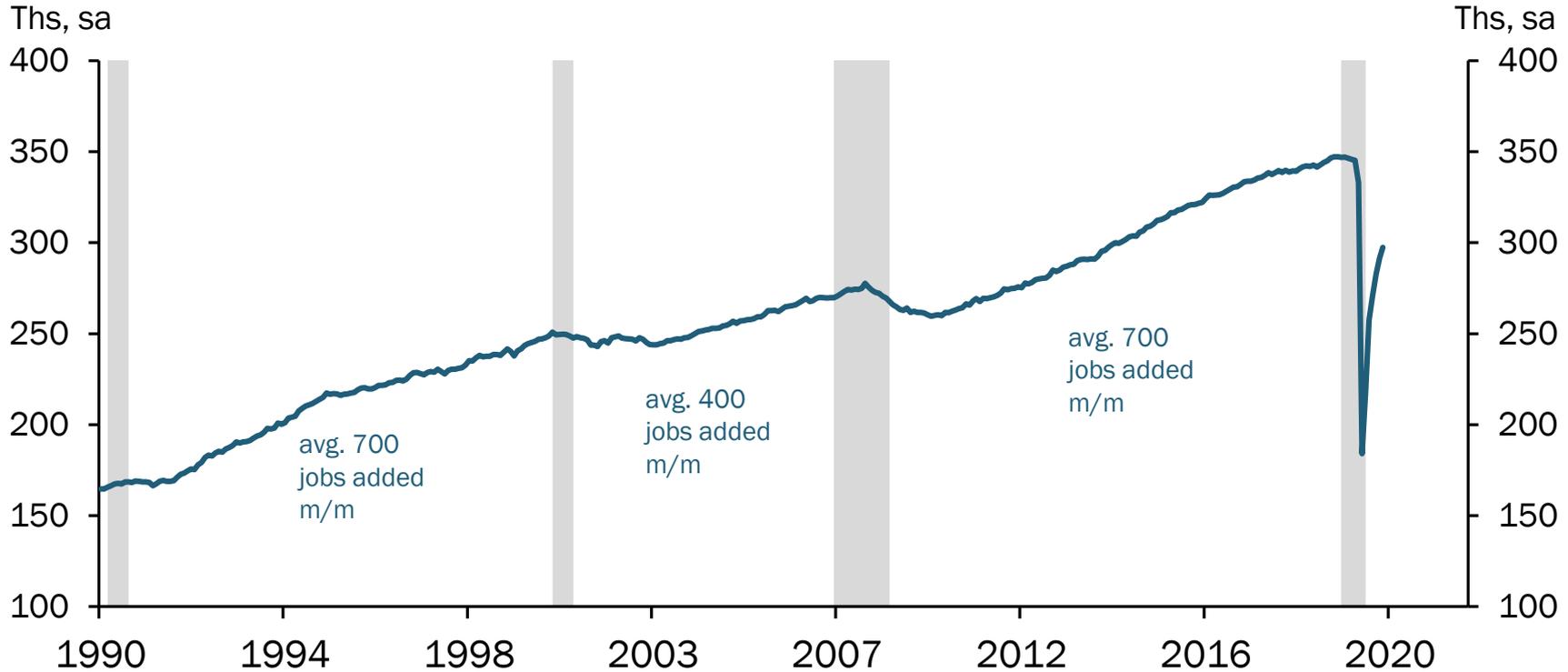
BOE/ emp



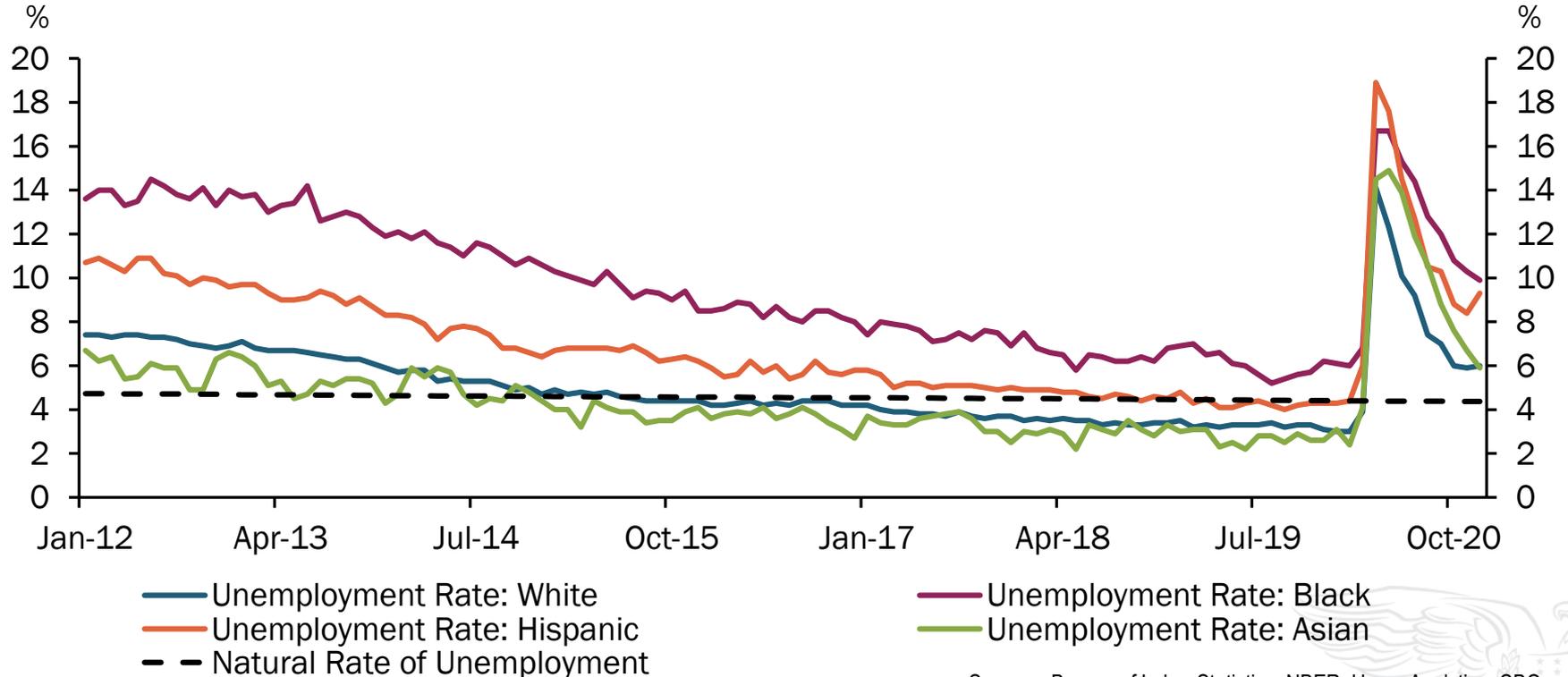
Job Flows: Mining & Oil



A return to peak employment in the leisure & hospitality sector may be delayed if sector recovers at typical rates

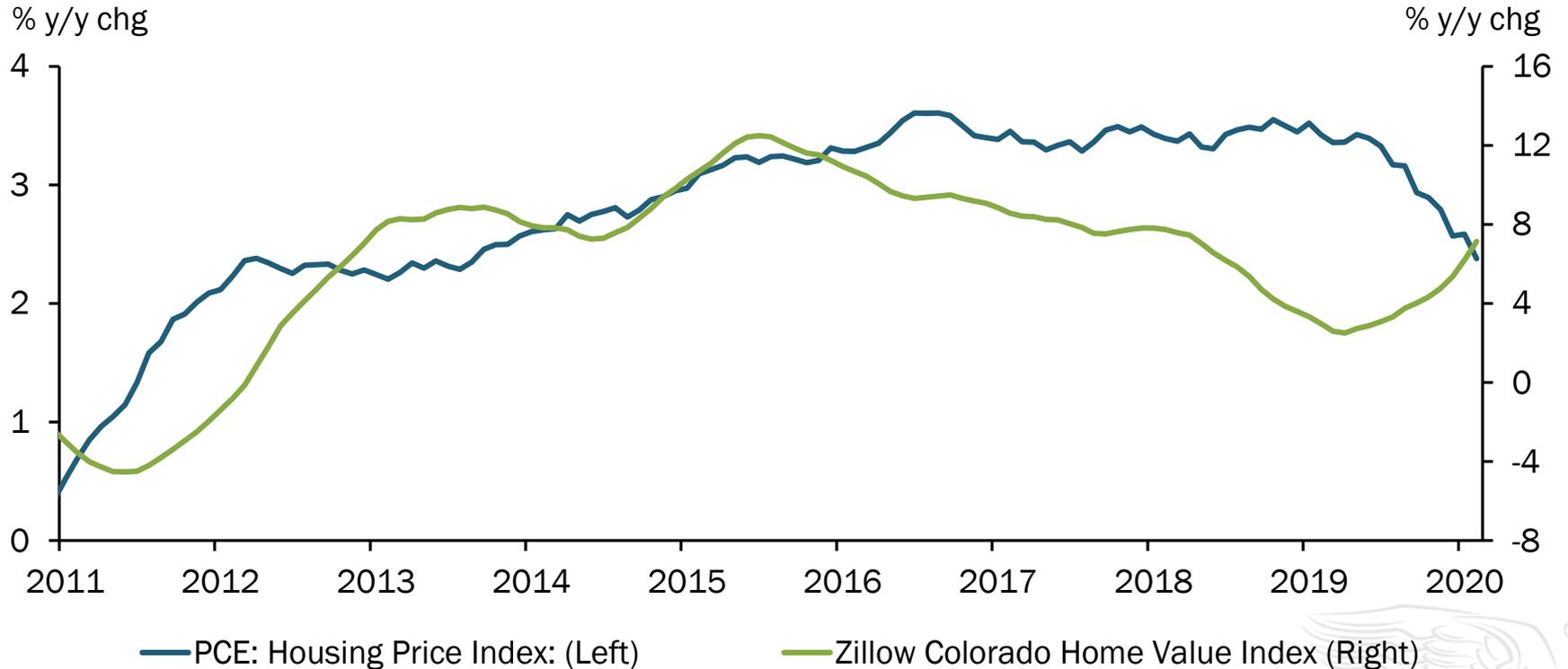


Unemployment remains above its natural level after several months of job gains

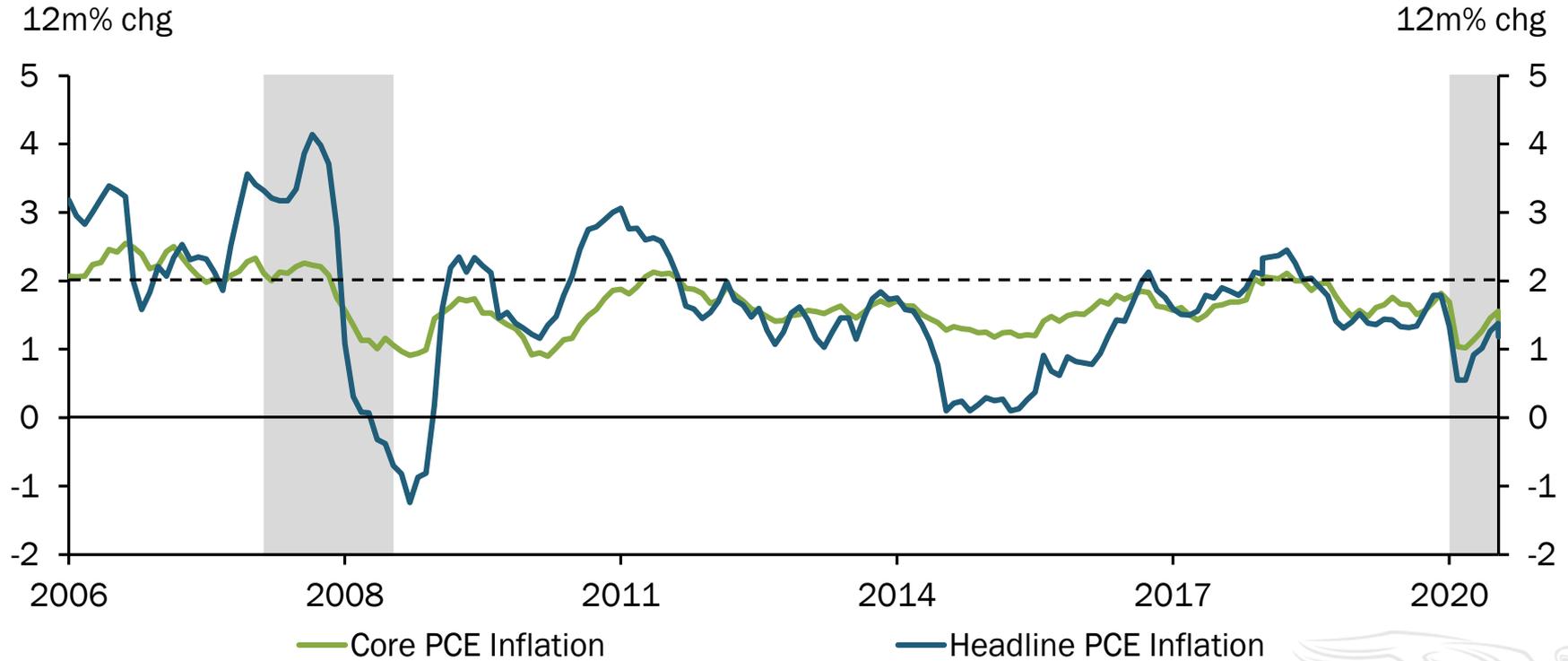


Sources: Bureau of Labor Statistics, NBER, Haver Analytics, CBO
 Note: Grey bars represent recession shading

Growth in Colorado home values is accelerating, while overall housing price growth is decelerating on average



Inflation is likely to remain subdued on net over the medium term



Sources: BEA, NBER, Haver Analytics
 Note: Grey bars represent recession shading

Looking forward

- A number of factors besides economic fundamentals continue to weigh on the near-term outlook, and so risks to the near-term remain elevated
- Recent fiscal policy developments may provide support in the near-term, as similar policies aided households in meeting their expenses earlier in the summer
- The rate of recovery in labor markets will depend how consumer confidence responds to the rollout of the vaccine and the remaining resources households have to continue spending



