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

Sources: BEA, Wolters Kluwer, Haver Analytics
Consumer retail spending declined amid the current wave of COVID-19

% chg, 7 day ma.

Sources: Opportunity Insights Economic Tracker, CDC COVID Data Tracker
Note: Percentage change in retail spending is relative to January 2020 levels
Proximity to essential employment cushioned local consumption initially, while policy support and adaptation muted local differences later.

Sources: Bureau of Labor Statistics, Opportunity Insights Economic Tracker
Notes: Each dot corresponds to a single county in Colorado, with the size of the dot corresponding to county-level population.
Colorado counties with a larger share of essential employment experienced smaller declines in employment at the onset of the pandemic.
Businesses that evolved in their ability to serve customers remotely are faring better generally.

Index of year-over-year revenue growth from surveyed businesses, Oct - Nov Avg

Sources: KC Fed Services Survey

Note: Value greater than 0 indicates more businesses experiencing revenue growth.
Business activity stabilized over the summer months but remains below pre-pandemic levels

Sources: ISM, KC Fed

Note: An index level above 50 indicates the level of activity is increasing
Expectations for business conditions in the oil and gas sector continued to worsen throughout the year

Fraction of businesses that do not expect to return to previous-year norms

Sources: U.S. Census Bureau Small Business Pulse Survey
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.

Sources: EIA, BLS, U.S. Census Bureau, Haver Analytics
A return to peak employment in the leisure & hospitality sector may be delayed if sector recovers at typical rates.

Sources: Bureau of Labor Statistics, Haver Analytics

Note: Grey bars indicate recession shading.
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.

Sources: Zillow Research, Bureau of Economic Analysis, Haver Analytics.
Inflation is likely to remain subdued on net over the medium term
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 on how consumer confidence responds to the rollout of the vaccine and the remaining resources households have to continue spending.