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THE COVID-19 ECONOMY
The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.
TODAY’S TALK

- The data challenge
- Getting a pulse via surveys
  - Generally speaking: Very poor conditions
  - Less bad in some sectors/places
- Workforce effects not evenly distributed
- New measures for COVID economy
FIRST, A STEP BACK IN DATA TIME ...

The most meaningful measure we have for economic growth terribly outdated

The most recent GDP figures for states are SIX MONTHS OLD
THE COVID DATA CHALLENGE

- Speed of pandemic has made real-time information critical
- Most macro data not relevant (or ‘as’ relevant)
- How to start filling the gap? *Ask the experts – you!*
- Conducted 7 surveys from mid-March to mid-May
- 60+ outside organization partners, including the Minneapolis Regional Chamber of Commerce.
- 7 surveys in 2 months = 6,500 responses from businesses, including 20,000 open comments
BUSINESS SURVEYS

- Ninth District survey – May
  - All states, 1,100 respondents
- Minnesota construction survey – May
- MN minority-, woman- & veteran-owned business survey – April
BUSINESS SURVEYS

● Many ways to splice data on who’s impacted, and to what degree

● Firm traits:
  • State
  • Sector
  • Size
  • Ownership
Businesses have been devastated everywhere, but to differing degrees.

Geography matters due to state-level business restrictions.

But it matters less than this chart suggests.
COVID IMPACT: BY SECTOR

Every sector hurt, but consumer-intensive businesses (crowds, face-to-face interaction) have been hit the hardest.

South Dakota’s lower impact comes (in part) on having higher % of respondents from manufacturing and banking.
COVID IMPACT: BY FIRM SIZE

Size matters

Sole proprietors:
70% have seen revenues cut in half, or worse.

For largest firms,
25% have seen revenues cut in half

# of FTE employees

More than 250

51 to 250

11 to 50

1 to 10

Sole proprietorship

April 2020 revenues compared with April 2019

- Lower by > 75%
- Lower by 50-75%
- Lower by 25-50%
- Lower by 5-25%
- Mostly flat (+/-5%)
- Higher (by any %)
- Don’t know/not applicable
COVID IMPACT BY OWNERSHIP

April survey of minority-, woman- and veteran-owned businesses

Almost 800 responses

Deeply negative effects seen among all ‘disadvantaged’ ownership groups

Expected sales/revenue in April compared with Jan-Feb monthly average (pre-virus)

- Race/ethnic minority-owned business
- Veteran-owned business
- Female-owned business

Lower by > 75 percent
Lower by 50 to 75 percent
Lower by 25 to 50 percent
Lower by 5 to 25 percent

Lower by 0 to 5 percent
Lower by 5 to 25 percent
Lower by 25 to 50 percent
Lower by 50 to 75 percent
Lower by > 75 percent
COVID IMPACT BY OWNERSHIP – FOLLOW-UP

May survey:

Slightly improved
Roughly similar results: All firms saw significant, negative impact on revenue
Disadvantaged firms saw greater negative impacts on revenue

Sales/revenue in April 2020 compared with April 2019 levels

- Woman owned
- Race/ethnic minority owned
- Veteran owned
- None of the above

- Lower > 75 percent
- Lower by 50 to 75 percent
- Lower by 25 to 50 percent
- Lower by 5 to 25 percent

0% 20% 40% 60% 80% 100%
COVID IMPACT BY OWNERSHIP – FOLLOW-UP

However, response sample also matters here:

- Higher shares of smaller firms among respondents minority/woman/vet-owned firms
- Higher shares of food/lodging & retail businesses
THE REGION’S WORKFORCE:
In ONE MONTH, unemployment levels reached or exceeded Great Recession levels.

Variation – especially in Minnesota’s case – suggests some anomalies or differences in ‘spot’ measurement.
Lots of firms are laying off or furloughing at least some workers.
OUTLOOK:
WHAT LIES AHEAD?
May survey:

About one in four firms say they cannot survive more than 3 months

That’s a small *improvement* from the same survey in early April.
MOVING FORWARD FOR THE MINNEAPOLIS FED:
FIND BETTER REAL-TIME MEASURES OF ECONOMIC ACTIVITY
CHANGE IN UNIQUE JOB POSTINGS
PERCENT, SEVEN-DAY ROLLING AVERAGE YOY

Last date here: June 5 (6 day lag)
GOOGLE MOBILITY: RETAIL AND RECREATION
PERCENT, SEVEN-DAY ROLLING AVERAGE

Note: Compared to median day-value from the 5-week period in January 3rd - February 6th, 2020
Source: Google Community Reports
SMALL BUSINESS EMPLOYMENT
PERCENT, SEVEN-DAY ROLLING AVERAGE

To view the graph, please refer to the visual representation provided. The data shows the employment percentage over time, with a note indicating the last date and a 2-day lag. The graph includes lines for different regions: MN, SD, WI, Minneapolis, and US. The chart notes that the employment percentage has increased over time since the initial low point in March 2020.

Note: Compared to Median Number of Hourly Employees Working in January 4-31, 2020
Source: Homebase
LOOKING AHEAD: METRICS WORTH WATCHING

How do we track what went on last week, or even yesterday?

Minneapolis Fed COVID-19 Dashboard

minneapolismfed.org

Change in seated diners at restaurants
Compared with year ago

Source: OpenTable
REAL-TIME METRICS

Minneapolis auto traffic volume
Compared with 2016-2019

Source: MnDOT

TSA checkpoint travel numbers (U.S.)
Total traveler throughput

Source: TSA
LOOKING AHEAD

- COVID-19 has had a huge impact everywhere
- Quick recovery appears unlikely, short of a vaccine breakthrough and ramp-up
- Gradual recovery more likely, driven by consumer confidence, which will be driven (+/-) by health and economic trends being closely watched by the Minneapolis Fed
THANK YOU!

SPEECH REFERRALS WELCOME!

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THANK YOU, AND BEST WISHES