



LAEDC

Monthly Economic Briefing

August 24, 2020

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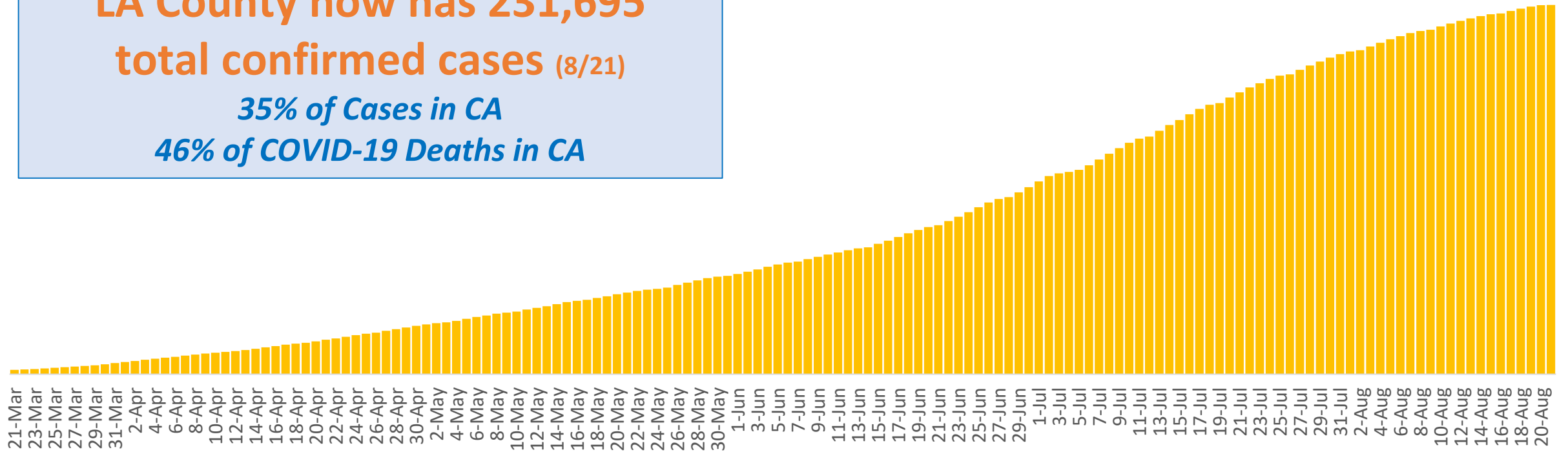
If 2020 was
a slide...



Confirmed COVID-19 Cases

in LA County (8/21)

LA County now has 231,695
total confirmed cases (8/21)
35% of Cases in CA
46% of COVID-19 Deaths in CA



Source: LA County



New Daily Cases of COVID-19 in LA County (8/21)

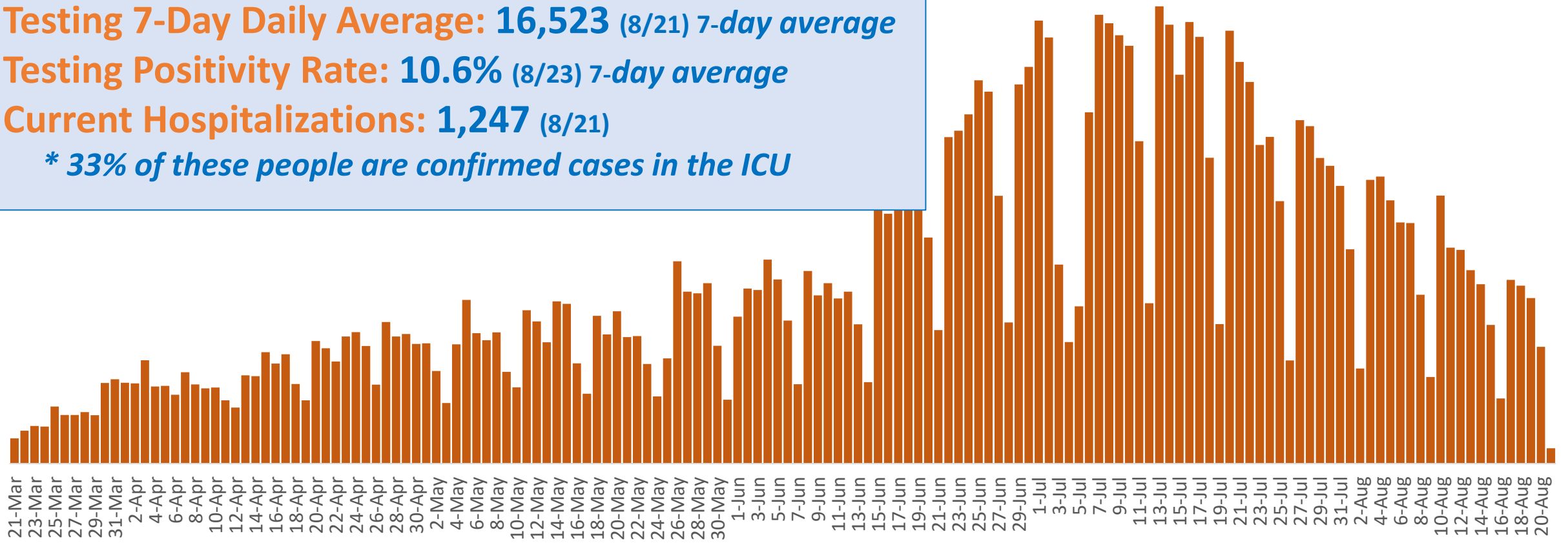
In LA County:

Testing 7-Day Daily Average: **16,523** (8/21) 7-day average

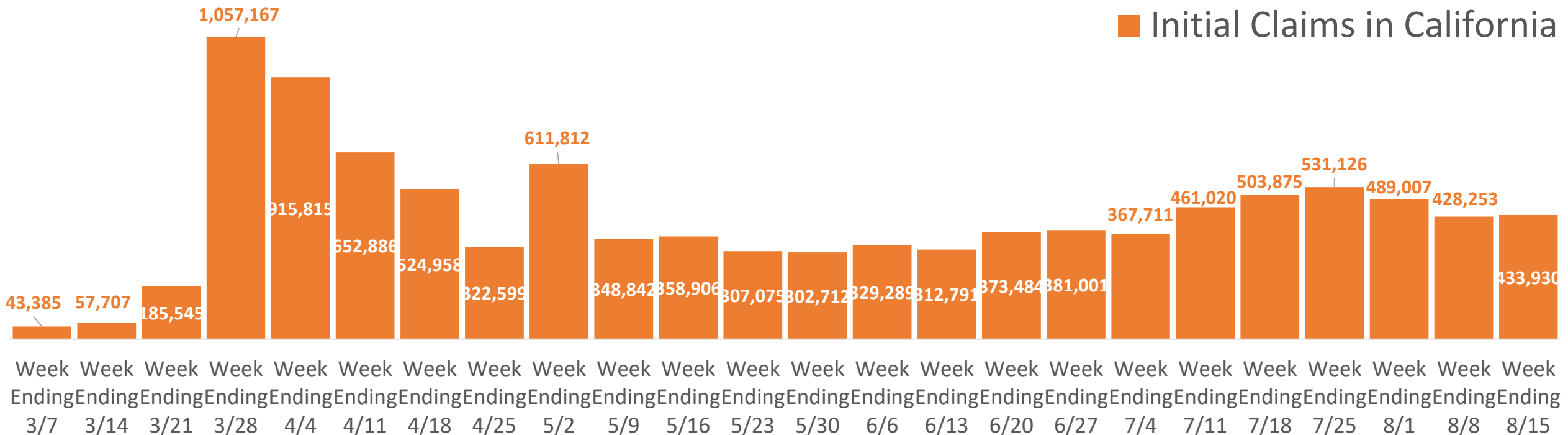
Testing Positivity Rate: **10.6%** (8/23) 7-day average

Current Hospitalizations: **1,247** (8/21)

** 33% of these people are confirmed cases in the ICU*



Unemployment Insurance Weekly Claims in CA

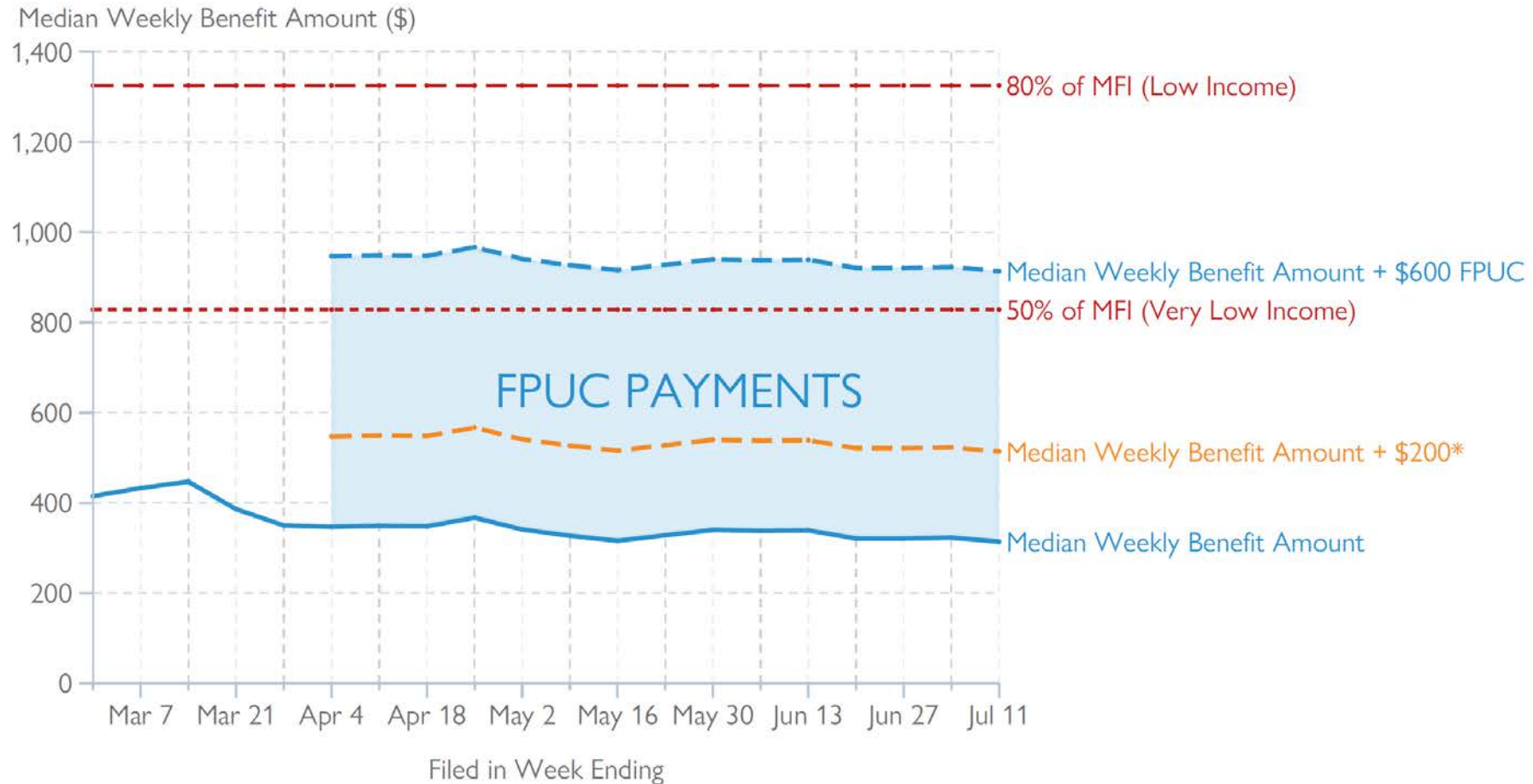


CA Stay at home order issued March 19th

- More than **10.6 million** initial unemployment insurance claims have been filed since the pandemic began (8/20).
- Extra \$600 federal stimulus payments ended July 25
- Total unemployment benefits paid to workers through the pandemic reach **\$67 billion**
- 95% of PUA claims were from previously self-employed individuals, suggesting approximately 60% of the 2.2 million self-employed individuals in CA claimed PUA benefits



FPUC Significantly Raised Weekly Benefits

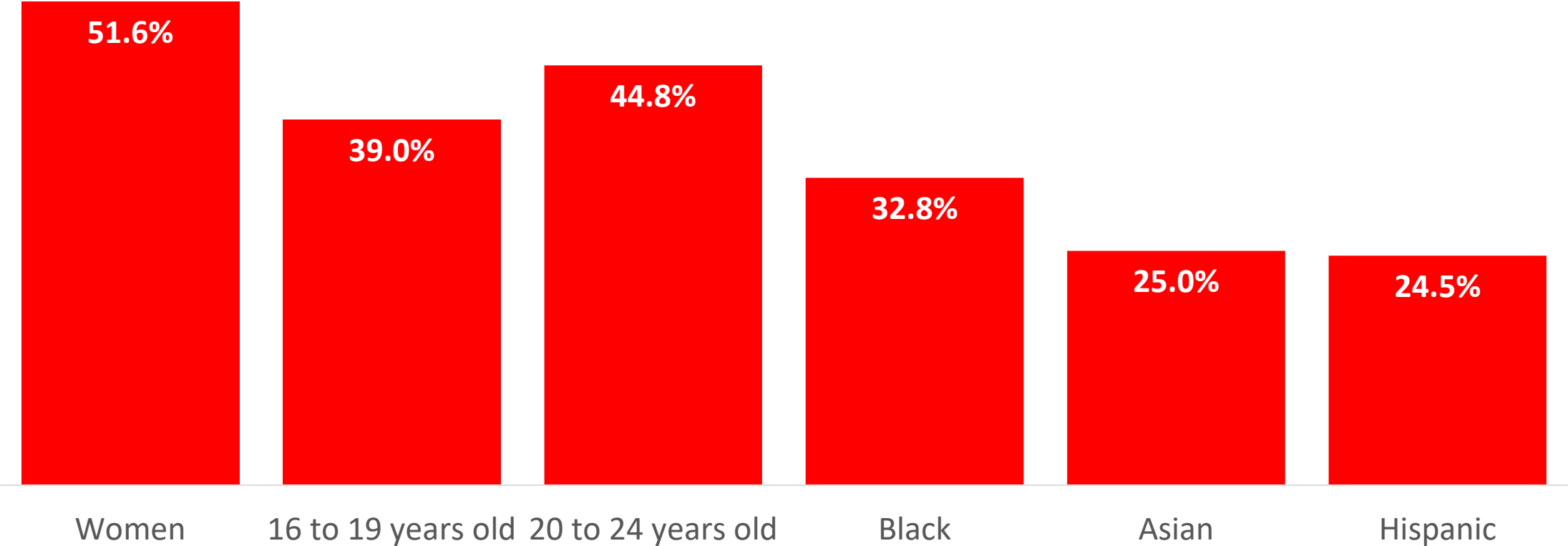


X-axis Labels Correspond to Saturdays. Median weekly benefit calculation excludes claimants receiving no benefits. California Median Family Income (MFI) is \$86,165 (Census, 2018 ACS). Using \$86,165/52 weeks gives \$1,657/week. Low Income and Very Low Income definitions from HUD: <https://www.huduser.gov/portal/datasets/il/fmr98/sect8.html> Median Weekly Benefit Amount based on initial claims for regular UI, and does not include claims from Pandemic Unemployment Assistance. *One proposal would reduce the FPUC payments to \$200 through September and then starting in October, states would shift to an amount that would replace up to 70% of lost wages (capped at \$500), though states could apply for a waiver to pay the \$200 for two additional months.



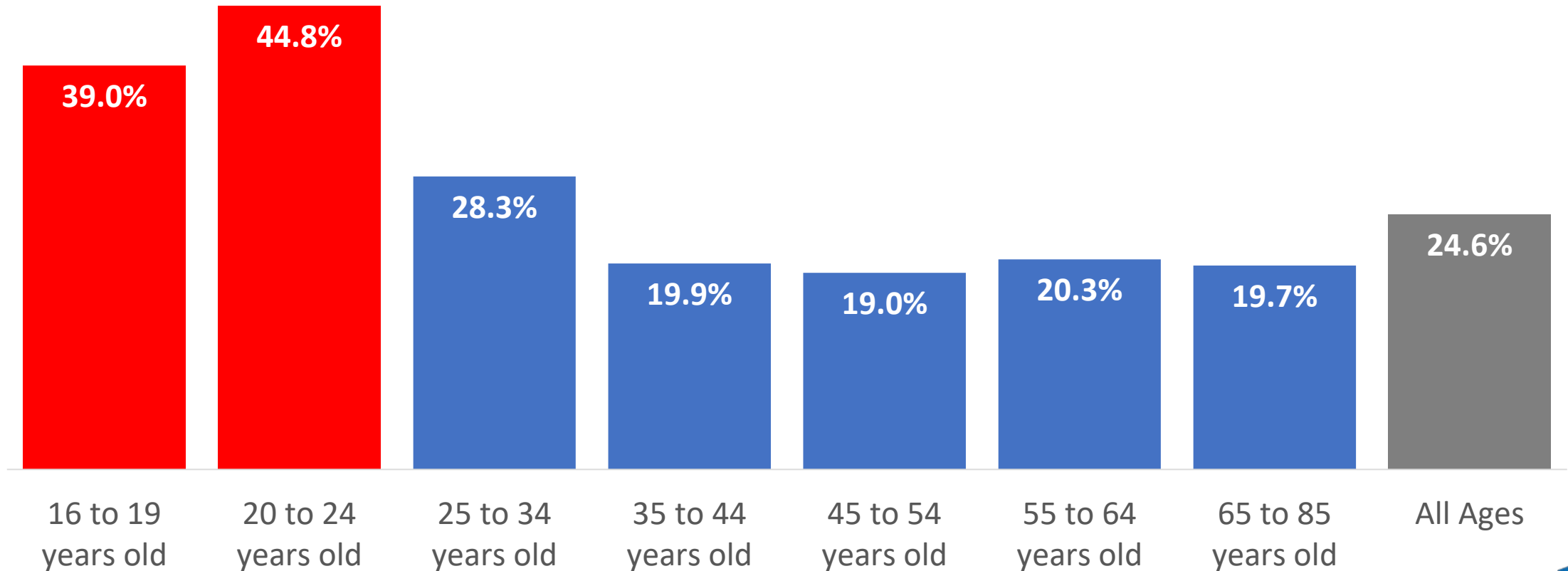
COVID-19 in CA: Disproportionately Impacted Cohorts

Unique UI Claimants as a Share of the Cohort's Labor Force from Mid-March to July 25th



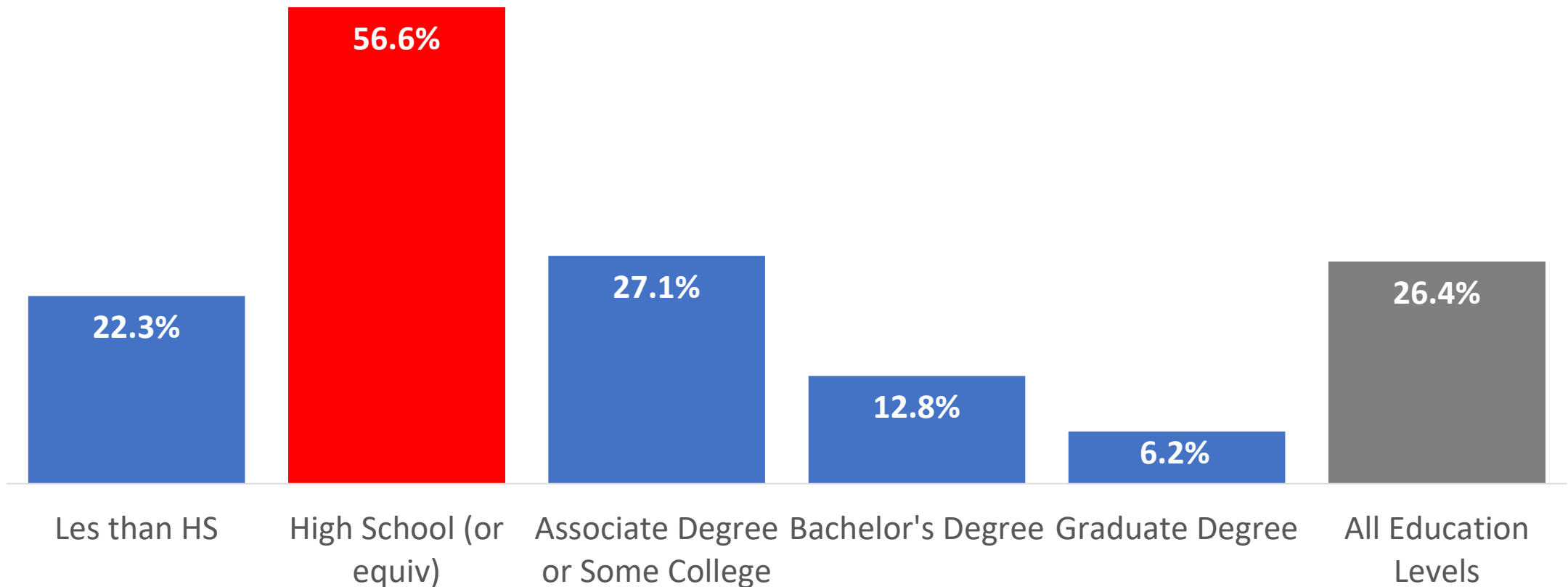
COVID-19 in CA: By Age

Unique UI Claimants as a Share of the Cohort's Labor Force from Mid-March to July 25th



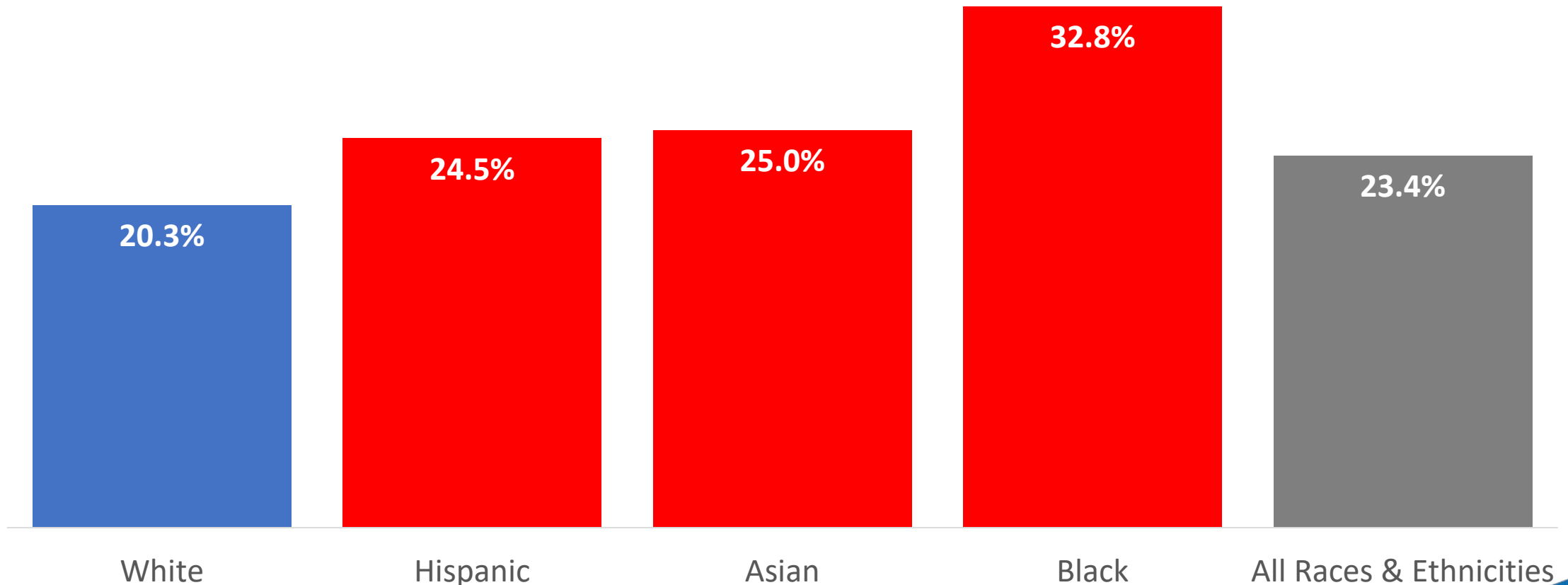
COVID-19 in CA: By Educational Attainment

Unique UI Claimants as a Share of the Cohort's Labor Force from Mid-March to July 25th



COVID-19 in CA: By Race and Ethnicity

Unique UI Claimants as a Share of the Cohort's Labor Force from Mid-March to July 25th



July 2020 Employment in Los Angeles County

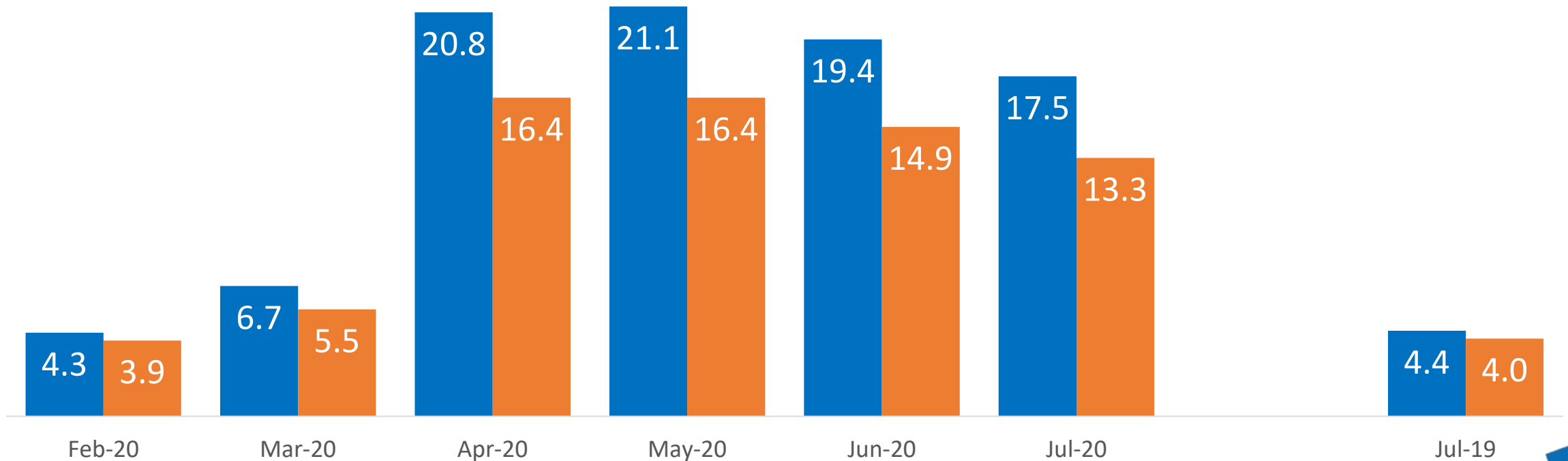
Unemployment Rate July 2020

Unemployment Rate (SA)

LA County
Unemployment Rate:

Down by 1.7 pp from last month
Up by 15.0 pp from last year

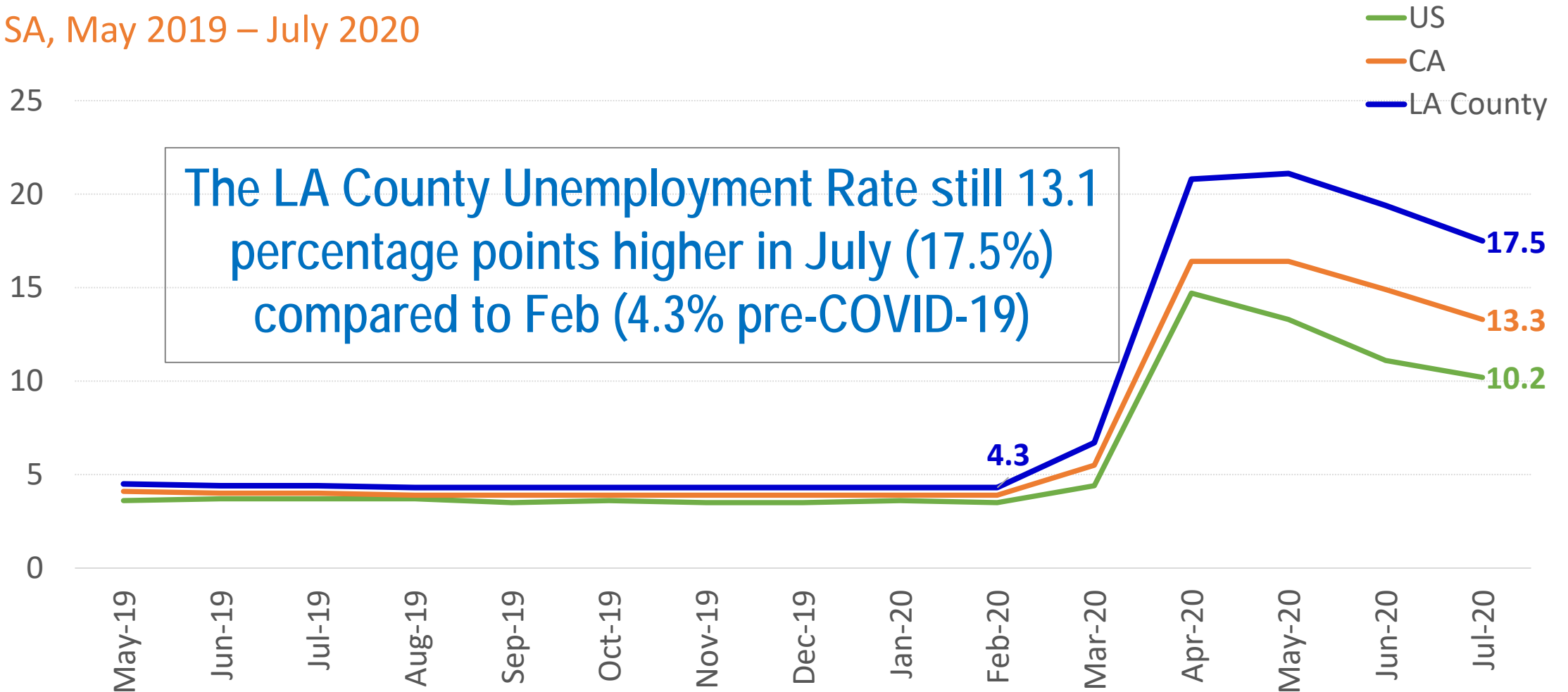
■ LA County ■ CA



Source: CA EDD

Monthly Unemployment Rates

SA, May 2019 – July 2020



Source: BLS



Monthly Change in Payroll Employment by Sector - Los Angeles County

Month-Over-Month Change in Jobs by Industry, July 2020 (NSA)



Source: BLS

Yearly Change in Payroll Employment by Sector - Los Angeles County

Year-Over-Year Change in Jobs by Industry, July 2020 (NSA)

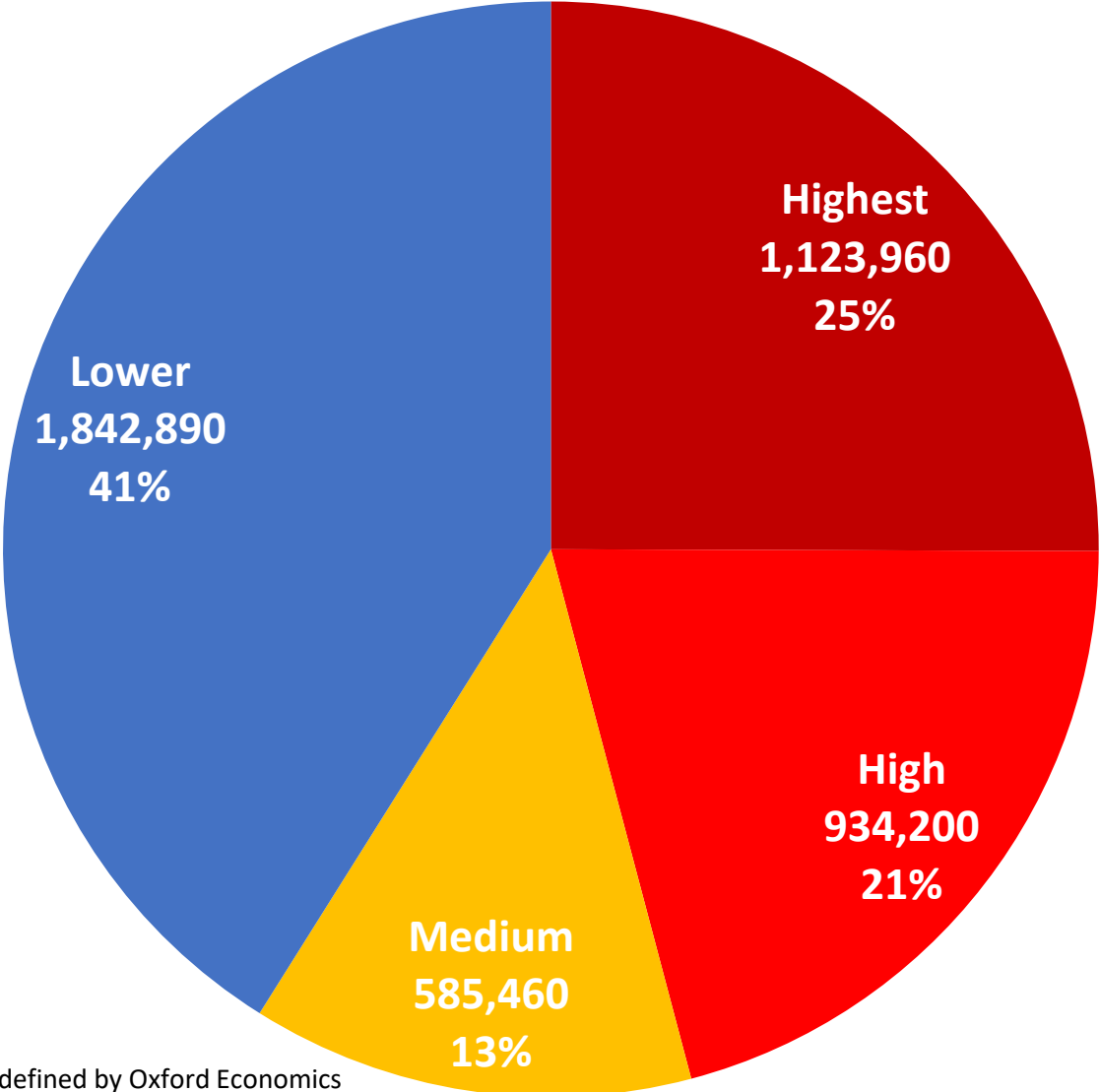


Source: BLS



Why is LA County's Unemployment Rate Higher?

At Risk Jobs in LA County*



Total Jobs in LA County:
4.5 million

High Risk Job Share:
45.9%

Highest Risk

- Retail Trade
- Arts, Entertainment, and Recreation
- Accommodation and Food Services
- Other Services (except Public Administration)

High Risk

- Construction
- Manufacturing
- Wholesale Trade
- Transportation and Warehousing

Medium Risk

- Mining, Quarrying, and Oil and Gas Extraction
- Information
- Real Estate and Rental and Leasing
- Professional, Scientific, and Technical Services

Lower Risk

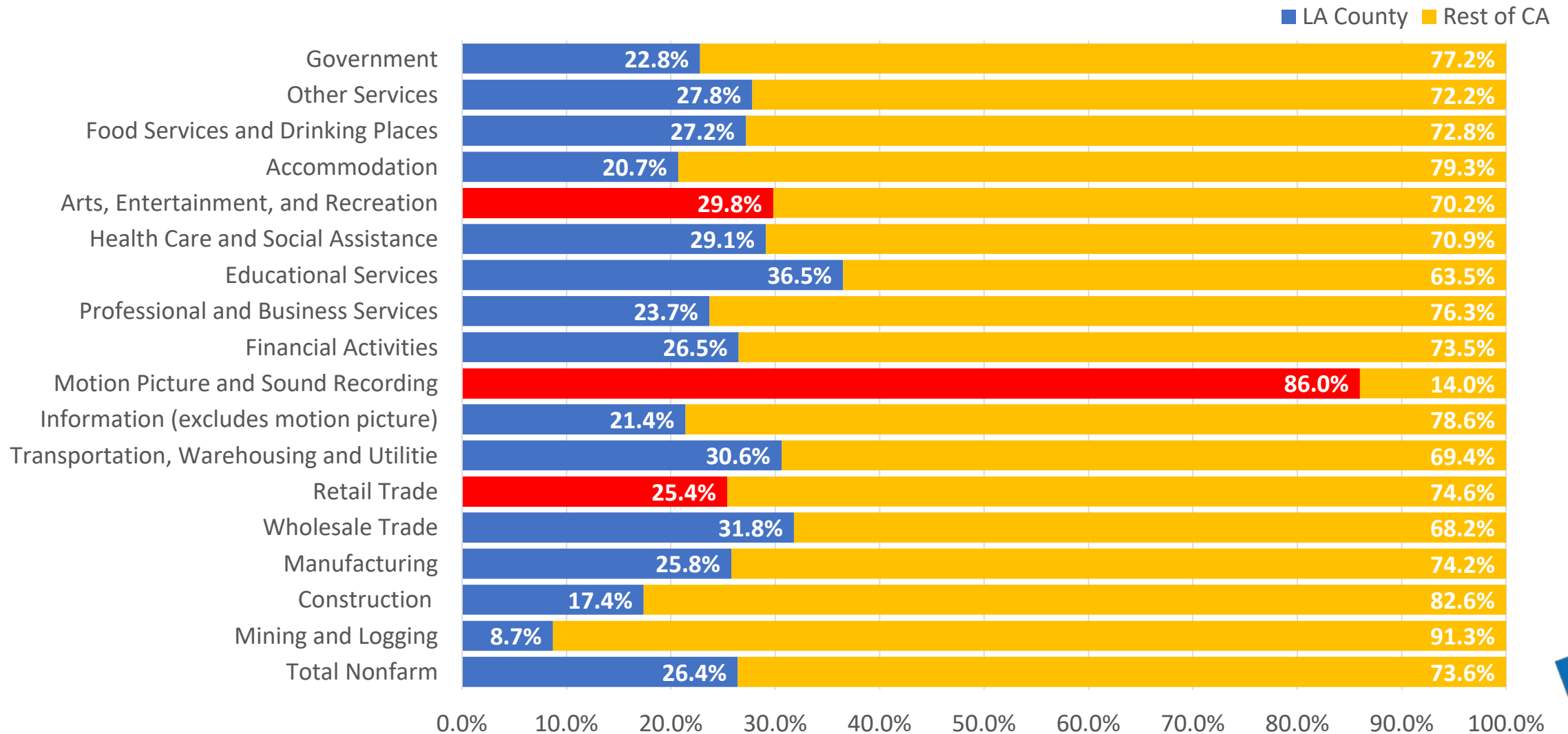
- Agriculture, Forestry, Fishing and Hunting
- Utilities
- Management of Companies and Enterprises
- Administrative and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Public Administration



*As defined by Oxford Economics

Why is LA County's Unemployment Rate Higher?

LA County's Share of At-risk Industries



The Good News

- The number of new daily cases of COVID-19 has declined
- LA County is meeting 5 out of 6 state indicators tracking progress in slowing the spread of COVID-19
- The unemployment rate has fallen for two consecutive months, by 3.6 pp from May to July
- Payroll employment increased across all industry sectors from June, with the exception of educational services and government (seasonal factors)
- CA could be approved for the LWA program providing supplemental payments of \$300 per week for eligible claimants

Tyler Laferriere

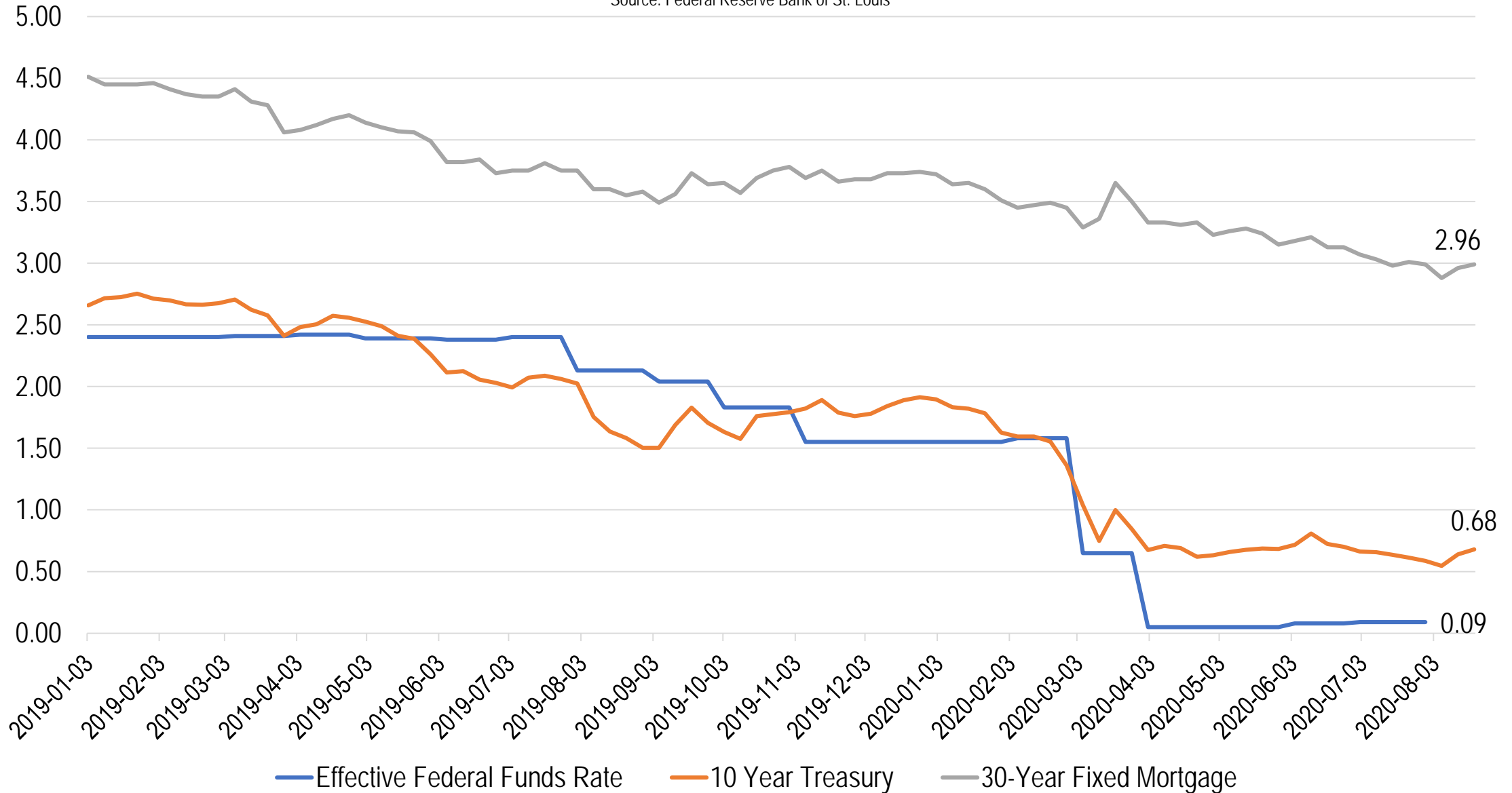
ASSOCIATE ECONOMIST
INSTITUTE FOR APPLIED ECONOMICS

The Great Disconnect: Market Movers and Sentiment

LAEDC INSTITUTE FOR APPLIED ECONOMICS

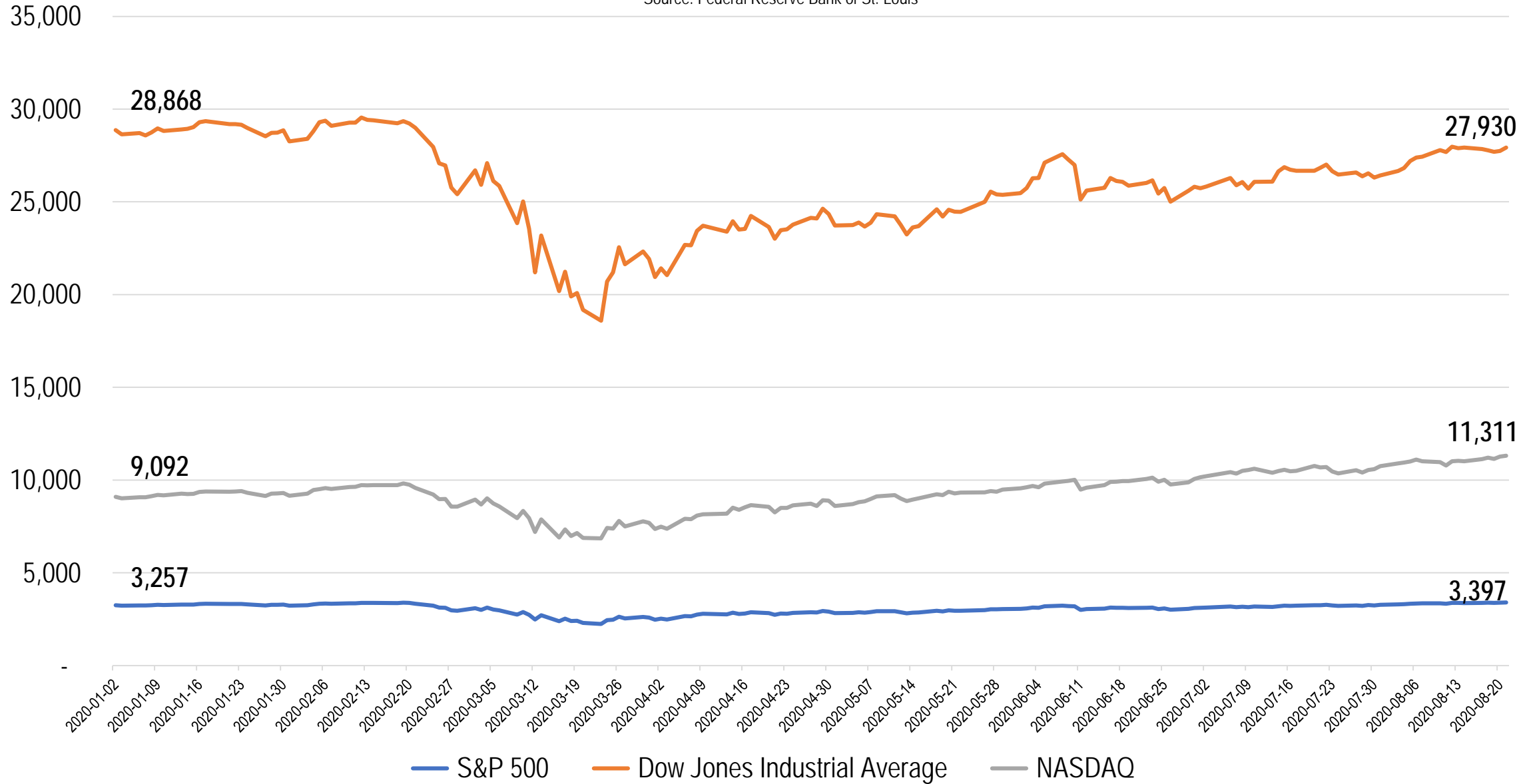
Major Interest Rate Benchmarks, YTD

Source: Federal Reserve Bank of St. Louis



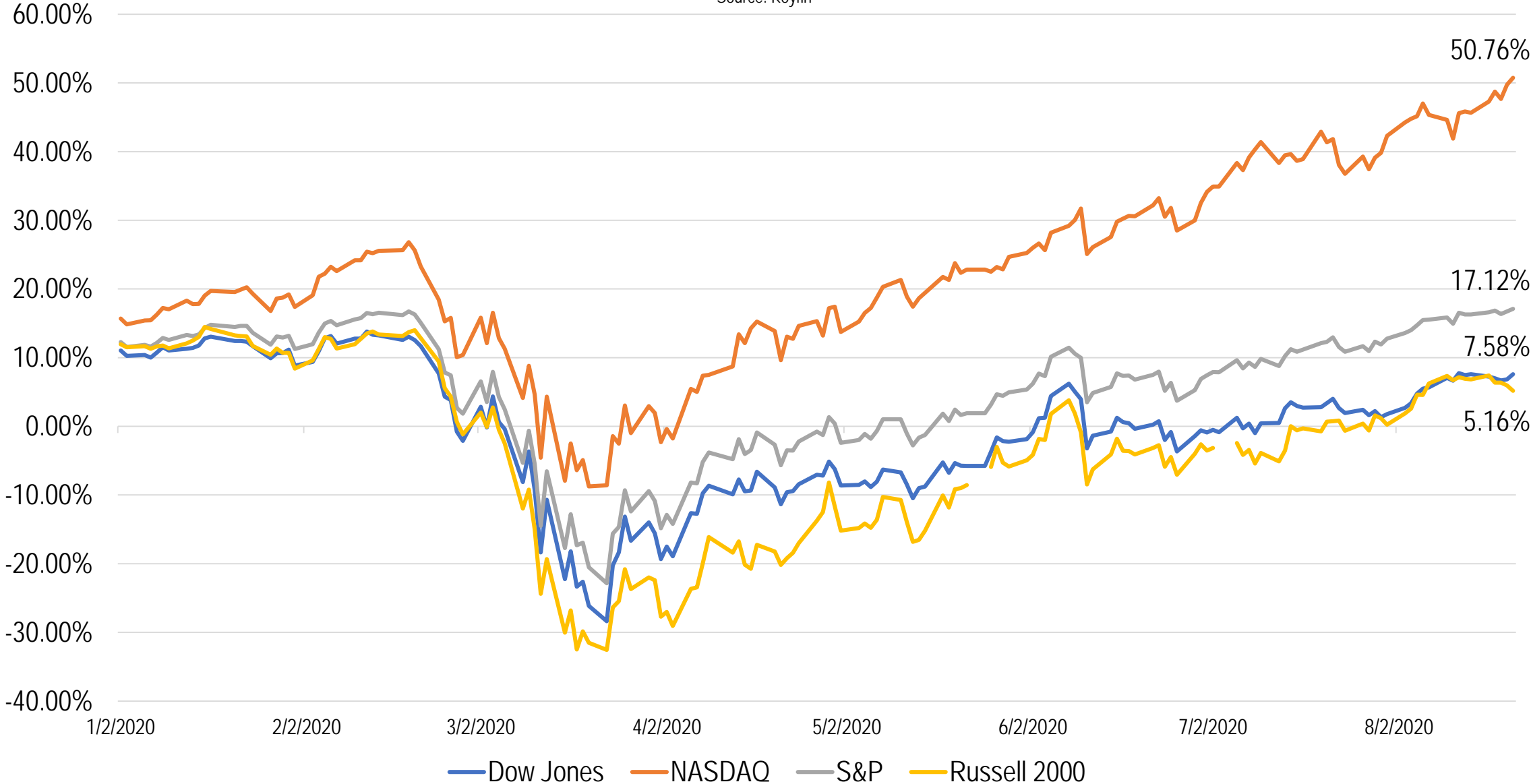
Major Stock Indices, YTD

Source: Federal Reserve Bank of St. Louis



Normalized Performance, Major Indices & ETFs

Source: Koyfin



Gold, Silver and Crude, YTD

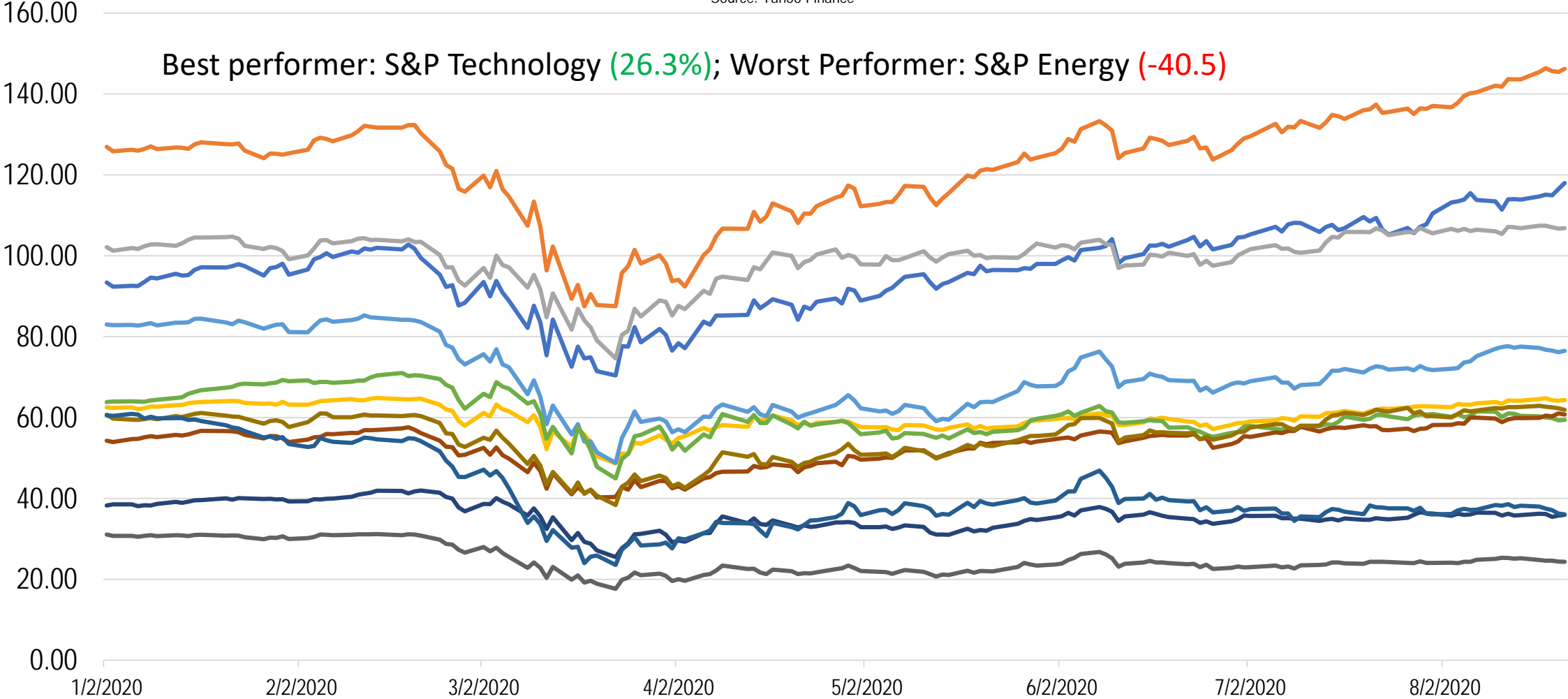
Source: Yahoo Finance



S&P Component Performance

Source: Yahoo Finance

Best performer: S&P Technology (26.3%); Worst Performer: S&P Energy (-40.5)

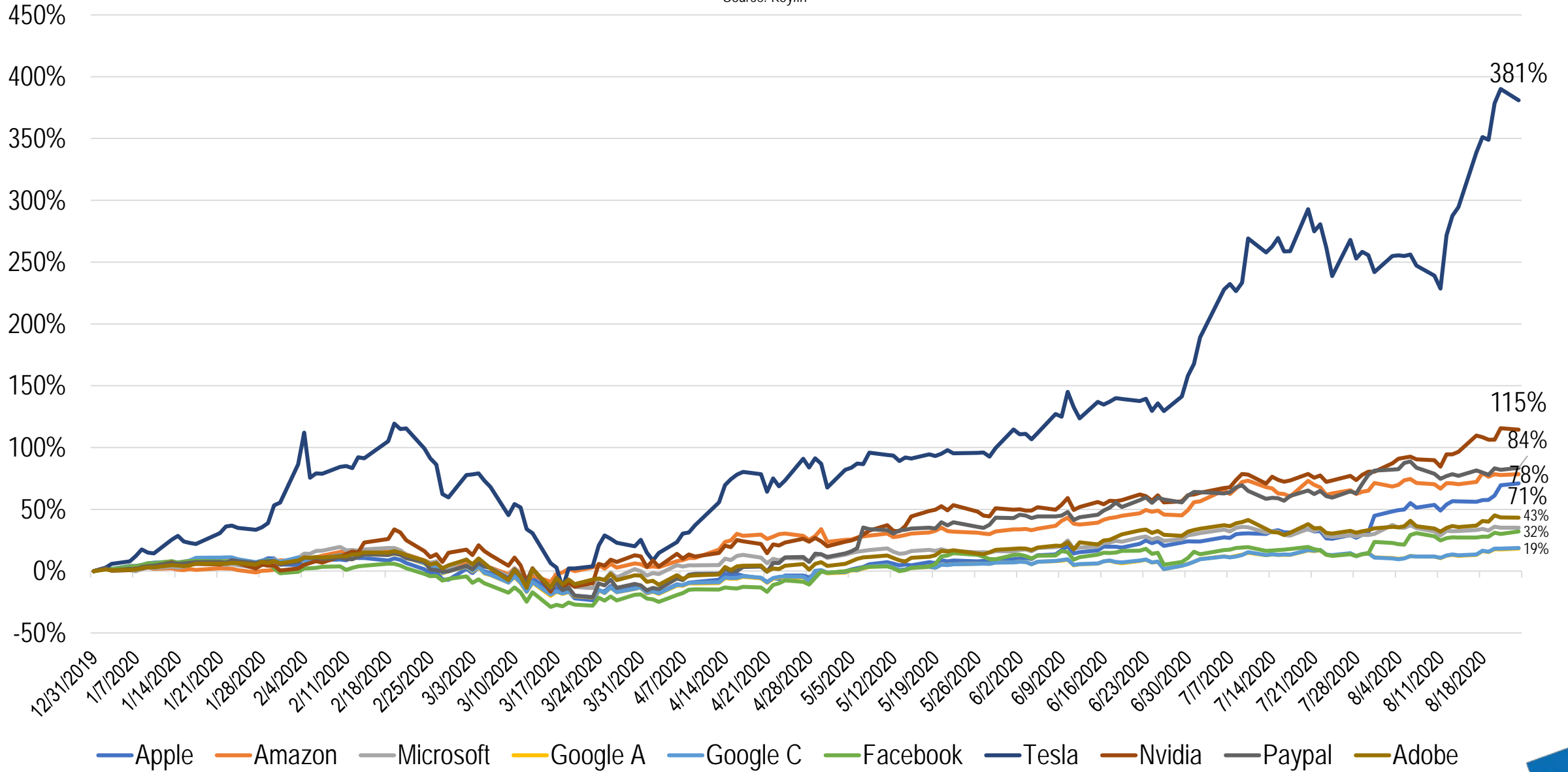


- S&P Technology
- S&P Consumer Discretionary
- S&P Healthcare
- S&P Staples
- S&P Industrials
- S&P Utilities
- S&P Real Estate
- S&P Comms
- S&P Financials
- S&P Materials
- S&P Energy



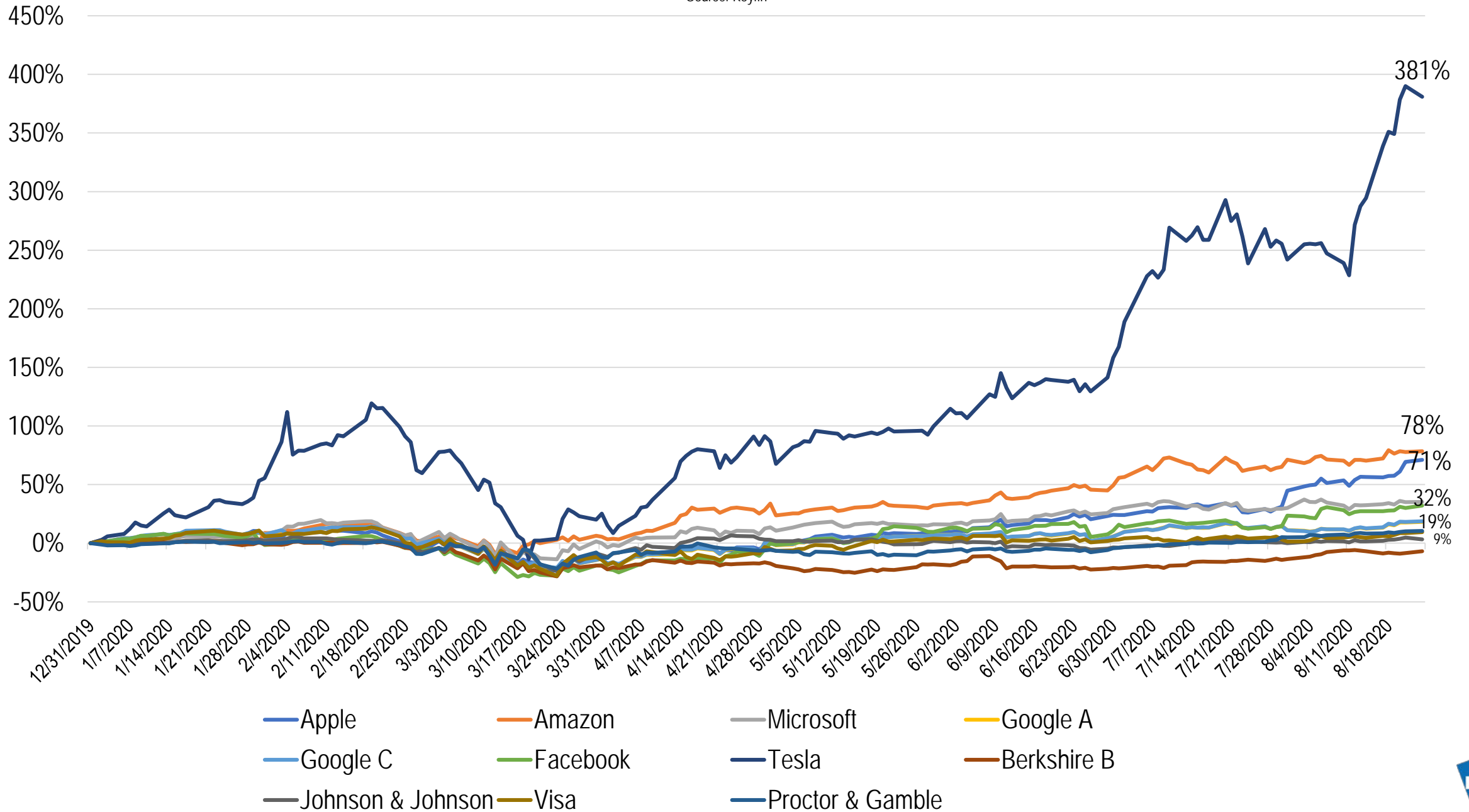
Stock Price Performance, Top 10 NASDAQ-100, YTD

Source: Koyfin



Stock Price Performance, Top 10 S&P 500, YTD

Source: Koyfin

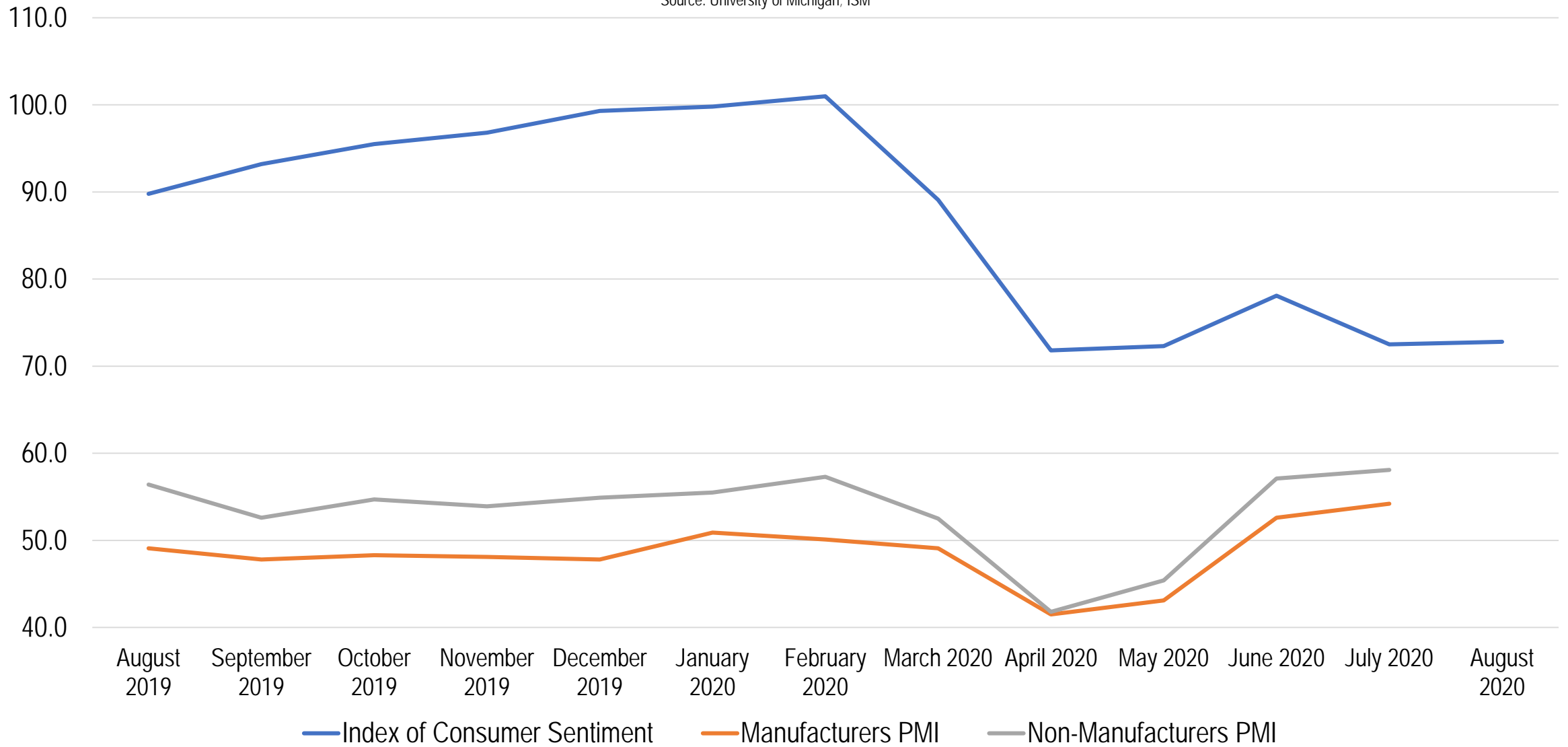


Market Cap Records

S&P 500	NASDAQ 100	Company	Date	Value
#1	#1	Apple	08/24/2020	2,169.9B
#3	#2	Amazon	08/24/2020	1,662.8B
#5	#5	Google Class A	08/24/2020	1,080.1B
#6	#6	Google Class C	08/24/2020	1,079.95B
#4	#4	Facebook	08/24/2020	770.5B
N/A	#7	Tesla	08/21/2020	382.04B
#2	#3	Microsoft	08/03/2020	1,638.7B
#11	#8	Nvidia	08/24/2020	313.97B
#17	#9	PayPal	08/06/2020	239.46B
#19	#10	Adobe	08/20/2020	229.5B
#8	N/A	Johnson & Johnson	04/23/2020	410.0B
#9	N/A	Visa	02/19/2020	458.26B
#10	N/A	Proctor & Gamble	08/24/2020	342.26B

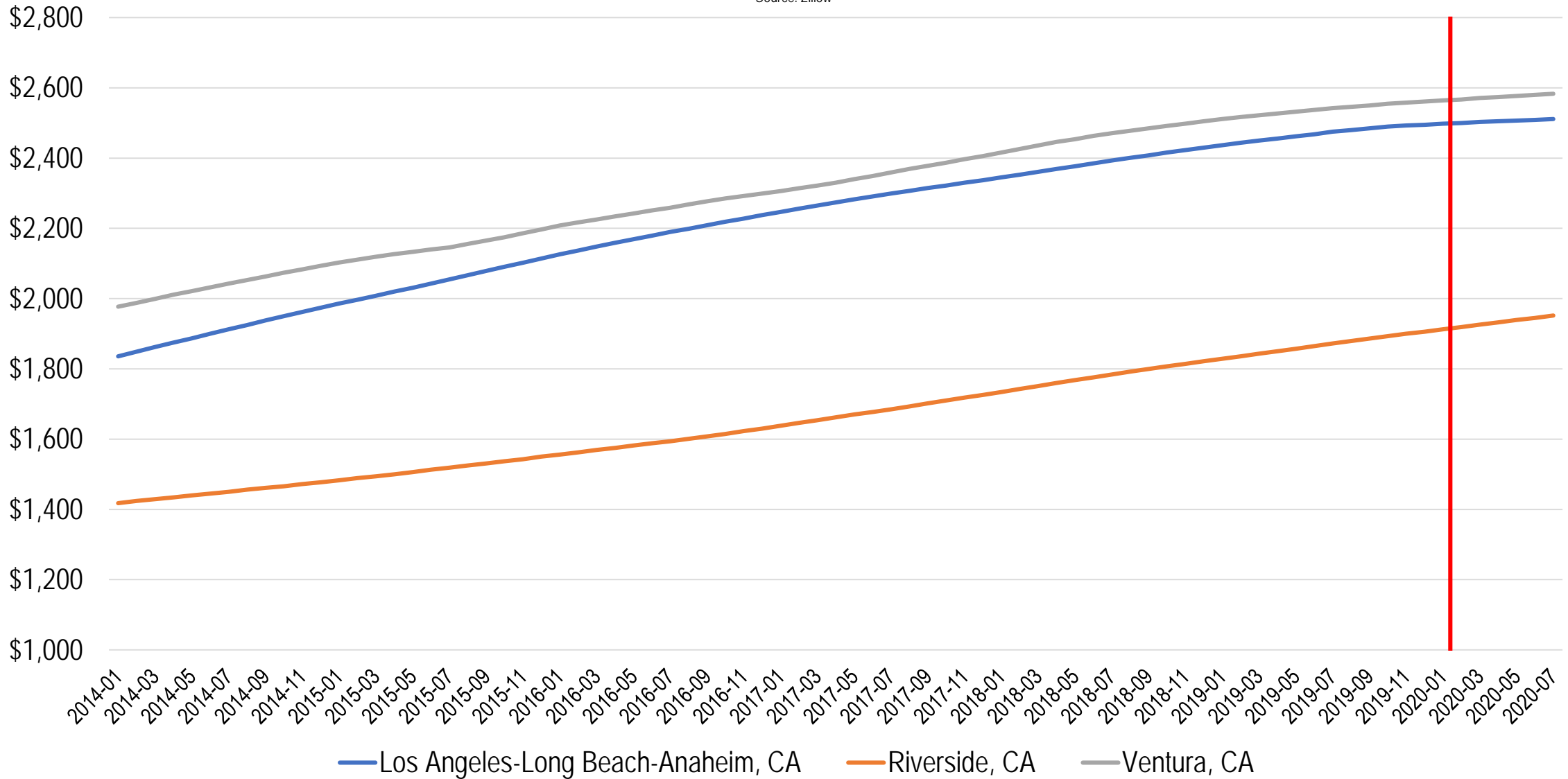
Consumer and Industry Sentiment, YtY

Source: University of Michigan; ISM



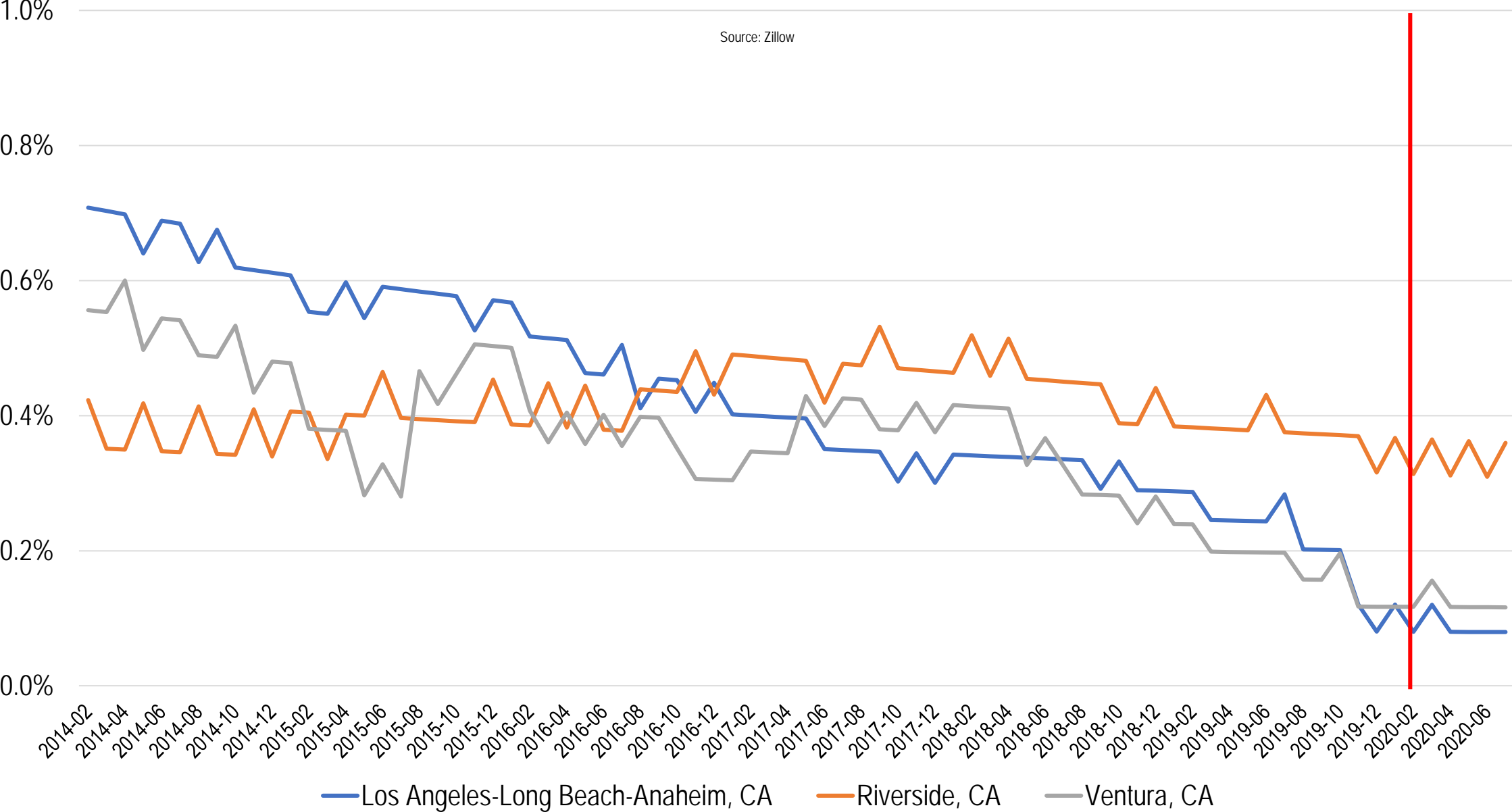
Rents in SoCal 5 MSA's

Source: Zillow



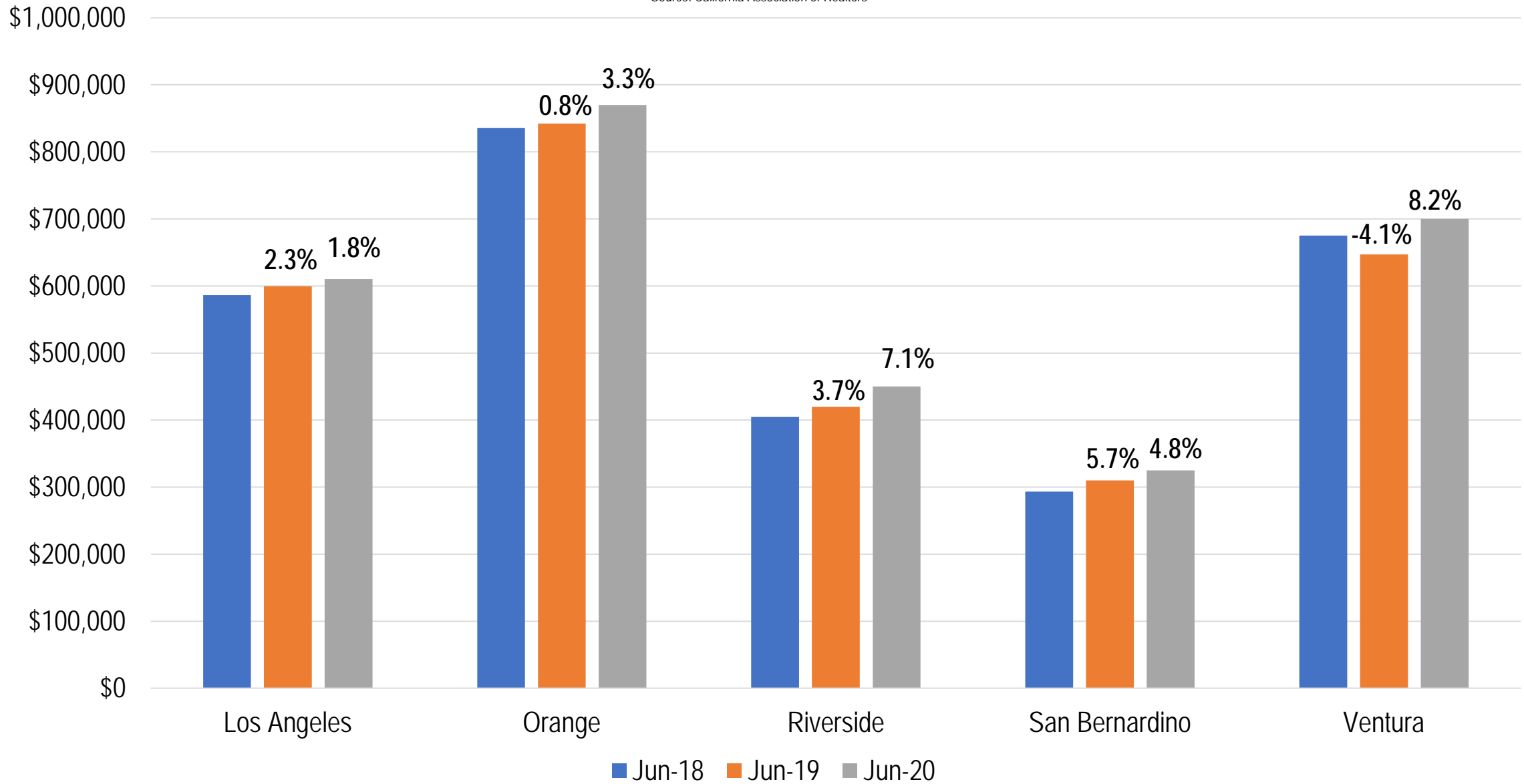
% Change in Rents, MtM, in SoCal 5 MSA's

Source: Zillow



Median Home Prices, SoCal 5

Source: California Association of Realtors



Final Thoughts

- ❖ Interest rates remain low, and minutes from July 2020 FOMC meeting indicates Federal Reserve Board will maintain its stance unless inflationary pressures prompt adjustment
- ❖ Investors both searching for security and yield, prompting low yields on Treasuries while S&P 500, NASDAQ and gold post records
- ❖ “National champions” post records for market cap, especially in the last several weeks
- ❖ Strong performance for large caps in communications, technology and consumer discretionary with some positivity in healthcare
- ❖ Industry and markets more bullish than consumers and households
- ❖ Rents appear to be stabilizing and slowing; non-LA housing markets accelerating



LAEDC | Mission

LAEDC works with business, education and government partners to collectively advance opportunity and prosperity for all L.A. County residents.

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QUESTIONS

Thank you!

- Next LAEDC Economic Briefing:
Monday, September 20th at 11:00 AM PDT
- Visit the LAEDC COVID-19 Response page for additional resources at <https://laedc.org/coronavirus/>.
- Do you have questions you would like answered on these webinars? Please send to shane.cullen@laedc.org.