Join the Conversation!

@LAEDC  Facebook/LAEDC  #LAEDCBriefing
Bill Allen
CEO
LAEDC
Shannon Sedgwick
DIRECTOR
INSTITUTE FOR APPLIED ECONOMICS
If 2020 was a slide...
LA County now has 231,695 total confirmed cases (8/21)

35% of Cases in CA
46% of COVID-19 Deaths in CA

Confirmed COVID-19 Cases
in LA County (8/21)

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

Source: LA County
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

Initial Claims in California

Source: CA EDD
FPUC Significantly Raised Weekly Benefits

Median Weekly Benefit Amount ($)

- 80% of MFI (Low Income)
- Median Weekly Benefit Amount + $600 FPUC
- 50% of MFI (Very Low Income)
- Median Weekly Benefit Amount + $200*
- Median Weekly Benefit Amount

Filed in Week Ending

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/fm98/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.

Source: CA Policy Lab
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

- Women: 51.6%
- 16 to 19 years old: 39.0%
- 20 to 24 years old: 44.8%
- Black: 32.8%
- Asian: 25.0%
- Hispanic: 24.5%
COVID-19 in CA: By Age

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

- 16 to 19 years old: 39.0%
- 20 to 24 years old: 44.8%
- 25 to 34 years old: 28.3%
- 35 to 44 years old: 19.9%
- 45 to 54 years old: 19.0%
- 55 to 64 years old: 20.3%
- 65 to 85 years old: 19.7%
- All Ages: 24.6%
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

- Less than HS: 22.3%
- High School (or equiv): 56.6%
- Associate Degree or Some College: 27.1%
- Bachelor's Degree: 12.8%
- Graduate Degree: 6.2%
- All Education Levels: 26.4%
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

- White: 20.3%
- Hispanic: 24.5%
- Asian: 25.0%
- Black: 32.8%
- All Races & Ethnicities: 23.4%
July 2020 Employment in Los Angeles County
Unemployment Rate July 2020

LA County
Unemployment Rate:
Down by 1.7 pp from last month
Up by 15.0 pp from last year

Unemployment Rate (SA)

Feb-20 3.9
Mar-20 6.7
Apr-20 20.8
May-20 21.1
Jun-20 19.4
Jul-20 17.5
Jul-19 4.0

Source: CA EDD
The LA County Unemployment Rate still 13.1 percentage points higher in July (17.5%) compared to Feb (4.3% pre-COVID-19)
Monthly Change in Payroll Employment by Sector – Los Angeles County

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

Other Services: 7,700
Retail Trade: 7,500
Health Care and Social Assistance: 7,000
Arts, Entertainment, and Recreation: 6,200
Transportation, Warehousing and Utilities: 4,700
Financial Activities: 4,100
Professional and Business Services: 3,000
Information: 1,600
Manufacturing: 800
Nondurable Goods: 500
Durable Goods: 300
Mining and Logging: 0
Construction: -100
Food Services and Drinking Places: -100
Wholesale Trade: -500
Accommodation: -500
Educational Services: -6,700
Government: -38,300

Source: BLS
<table>
<thead>
<tr>
<th>Sector</th>
<th>Year-Over-Year Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining and Logging</td>
<td></td>
<td>-100</td>
</tr>
<tr>
<td>Educational Services</td>
<td></td>
<td>-1,900</td>
</tr>
<tr>
<td>Financial Activities</td>
<td></td>
<td>-2,400</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>-2,400</td>
</tr>
<tr>
<td>Durable Goods</td>
<td></td>
<td>-5,300</td>
</tr>
<tr>
<td>Transportation, Warehousing and Utili</td>
<td></td>
<td>-5,800</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td></td>
<td>-9,900</td>
</tr>
<tr>
<td>Nondurable Goods</td>
<td></td>
<td>-13,500</td>
</tr>
<tr>
<td>Information</td>
<td></td>
<td>-18,600</td>
</tr>
<tr>
<td>Accommodation</td>
<td></td>
<td>-23,100</td>
</tr>
<tr>
<td>Manufacturing</td>
<td></td>
<td>-23,900</td>
</tr>
<tr>
<td>Government</td>
<td></td>
<td>-24,400</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td></td>
<td>-29,700</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td></td>
<td>-30,000</td>
</tr>
<tr>
<td>Other Services</td>
<td></td>
<td>-30,800</td>
</tr>
<tr>
<td>Retail Trade</td>
<td></td>
<td>-32,400</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td></td>
<td>-35,200</td>
</tr>
<tr>
<td>Food Services and Drinking Places</td>
<td></td>
<td>-50,300</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>LA County</th>
<th>Rest of CA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>22.8%</td>
<td>77.2%</td>
</tr>
<tr>
<td>Other Services</td>
<td>27.8%</td>
<td>72.2%</td>
</tr>
<tr>
<td>Food Services and Drinking Places</td>
<td>27.2%</td>
<td>72.8%</td>
</tr>
<tr>
<td>Accommodation</td>
<td>20.7%</td>
<td>79.3%</td>
</tr>
<tr>
<td>Arts, Entertainment, and Recreation</td>
<td>29.8%</td>
<td>70.2%</td>
</tr>
<tr>
<td>Health Care and Social Assistance</td>
<td>29.1%</td>
<td>70.9%</td>
</tr>
<tr>
<td>Educational Services</td>
<td>23.7%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>23.7%</td>
<td>76.3%</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>26.5%</td>
<td>73.5%</td>
</tr>
<tr>
<td>Motion Picture and Sound Recording</td>
<td>86.0%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Information (excludes motion picture)</td>
<td>21.4%</td>
<td>78.6%</td>
</tr>
<tr>
<td>Transportation, Warehousing and Utility</td>
<td>25.4%</td>
<td>74.6%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>21.4%</td>
<td>74.6%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>31.8%</td>
<td>68.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25.8%</td>
<td>74.2%</td>
</tr>
<tr>
<td>Construction</td>
<td>17.4%</td>
<td>82.6%</td>
</tr>
<tr>
<td>Mining and Logging</td>
<td>8.7%</td>
<td>91.3%</td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>26.4%</td>
<td>73.6%</td>
</tr>
</tbody>
</table>
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
Gold, Silver and Crude, YTD

Source: Yahoo Finance

Gold: 27.5%
Silver: 48.9%
Oil: -30.6%
Best performer: S&P Technology (26.3%); Worst Performer: S&P Energy (-40.5)
Stock Price Performance, Top 10 NASDAQ-100, YTD

Source: Koyfin
<table>
<thead>
<tr>
<th>S&amp;P 500</th>
<th>NASDAQ 100</th>
<th>Company</th>
<th>Date</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>#1</td>
<td>Apple</td>
<td>08/24/2020</td>
<td>2,169.9B</td>
</tr>
<tr>
<td>#3</td>
<td>#2</td>
<td>Amazon</td>
<td>08/24/2020</td>
<td>1,662.8B</td>
</tr>
<tr>
<td>#5</td>
<td>#5</td>
<td>Google Class A</td>
<td>08/24/2020</td>
<td>1,080.1B</td>
</tr>
<tr>
<td>#6</td>
<td>#6</td>
<td>Google Class C</td>
<td>08/24/2020</td>
<td>1,079.95B</td>
</tr>
<tr>
<td>#4</td>
<td>#4</td>
<td>Facebook</td>
<td>08/24/2020</td>
<td>770.5B</td>
</tr>
<tr>
<td>N/A</td>
<td>#7</td>
<td>Tesla</td>
<td>08/21/2020</td>
<td>382.04B</td>
</tr>
<tr>
<td>#2</td>
<td>#3</td>
<td>Microsoft</td>
<td>08/03/2020</td>
<td>1,638.7B</td>
</tr>
<tr>
<td>#11</td>
<td>#8</td>
<td>Nvidia</td>
<td>08/24/2020</td>
<td>313.97B</td>
</tr>
<tr>
<td>#17</td>
<td>#9</td>
<td>PayPal</td>
<td>08/06/2020</td>
<td>239.46B</td>
</tr>
<tr>
<td>#19</td>
<td>#10</td>
<td>Adobe</td>
<td>08/20/2020</td>
<td>229.5B</td>
</tr>
<tr>
<td>#8</td>
<td>N/A</td>
<td>Johnson &amp; Johnson</td>
<td>04/23/2020</td>
<td>410.0B</td>
</tr>
<tr>
<td>#9</td>
<td>N/A</td>
<td>Visa</td>
<td>02/19/2020</td>
<td>458.26B</td>
</tr>
<tr>
<td>#10</td>
<td>N/A</td>
<td>Proctor &amp; Gamble</td>
<td>08/24/2020</td>
<td>342.26B</td>
</tr>
</tbody>
</table>
% Change in Rents, MtM, in SoCal 5 MSA's

Source: Zillow
Median Home Prices, SoCal 5

Source: California Association of Realtors

<table>
<thead>
<tr>
<th>City</th>
<th>Jun-18</th>
<th>Jun-19</th>
<th>Jun-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>2.3%</td>
<td>1.8%</td>
<td></td>
</tr>
<tr>
<td>Orange</td>
<td>3.3%</td>
<td></td>
<td>0.8%</td>
</tr>
<tr>
<td>Riverside</td>
<td></td>
<td>3.7%</td>
<td>7.1%</td>
</tr>
<tr>
<td>San Bernardino</td>
<td>5.7%</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>Ventura</td>
<td></td>
<td>-4.1%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>
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.
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.