



IMPACT OF COVID-19 PANDEMIC ON THE KANSAS CITY METROPOLITAN ECONOMY (U.S. FORECAST: JUNE 2020)

Economic Forecast Webinar for Local
Officials
June 25, 2020



ONE PART OF THE CIVIC RESPONSE TO COVID-19

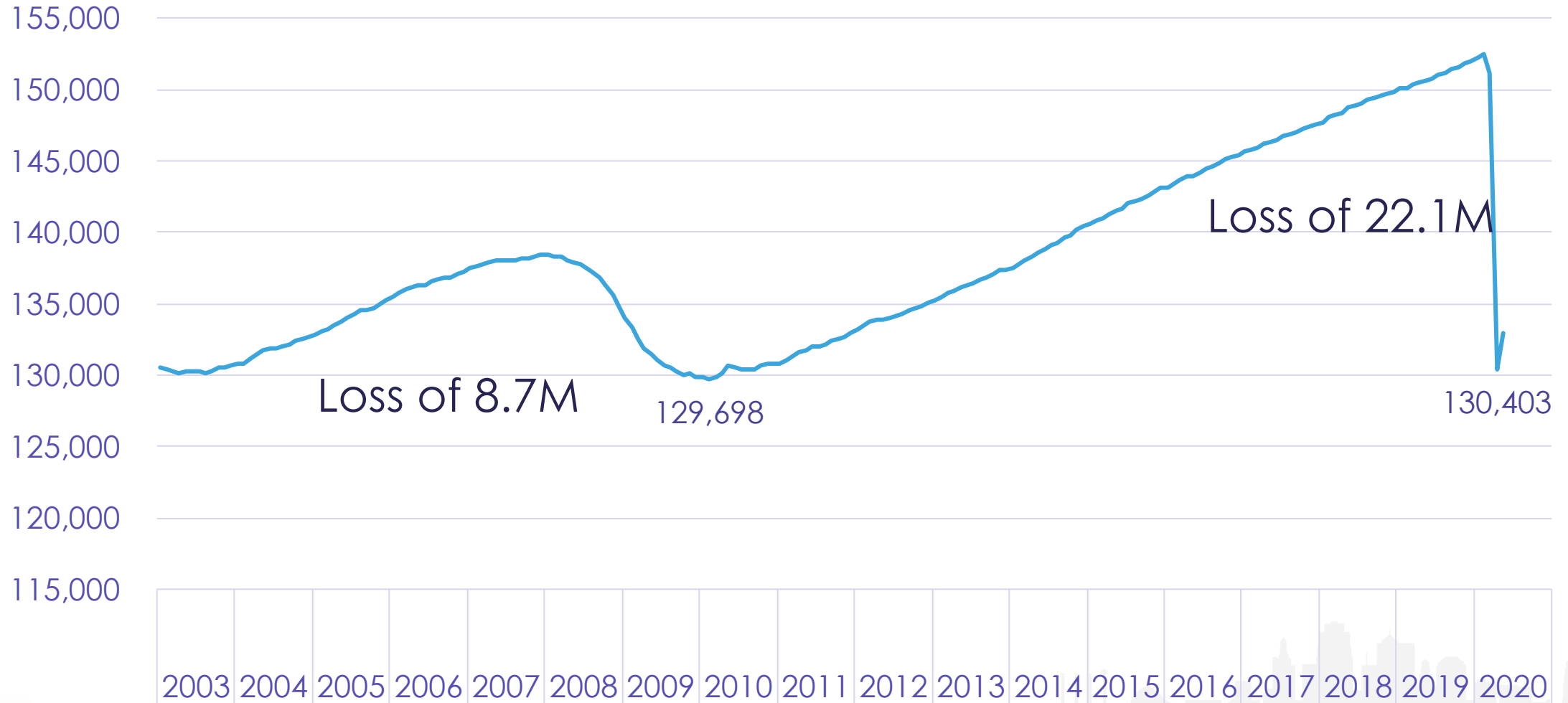
- Numerous surveys of businesses and entrepreneurs
- Small Business Relief Loan Fund
- Non-profit loan fund
- KC Chamber, KC ADC, Civic Council, MARC Safe Return Guide
- And much more
- This forecast is being conducted under the auspices of KC Rising and its Data and Analytics Resource Team, with funding from the Civic Council.

U.S. Macroeconomic Forecast

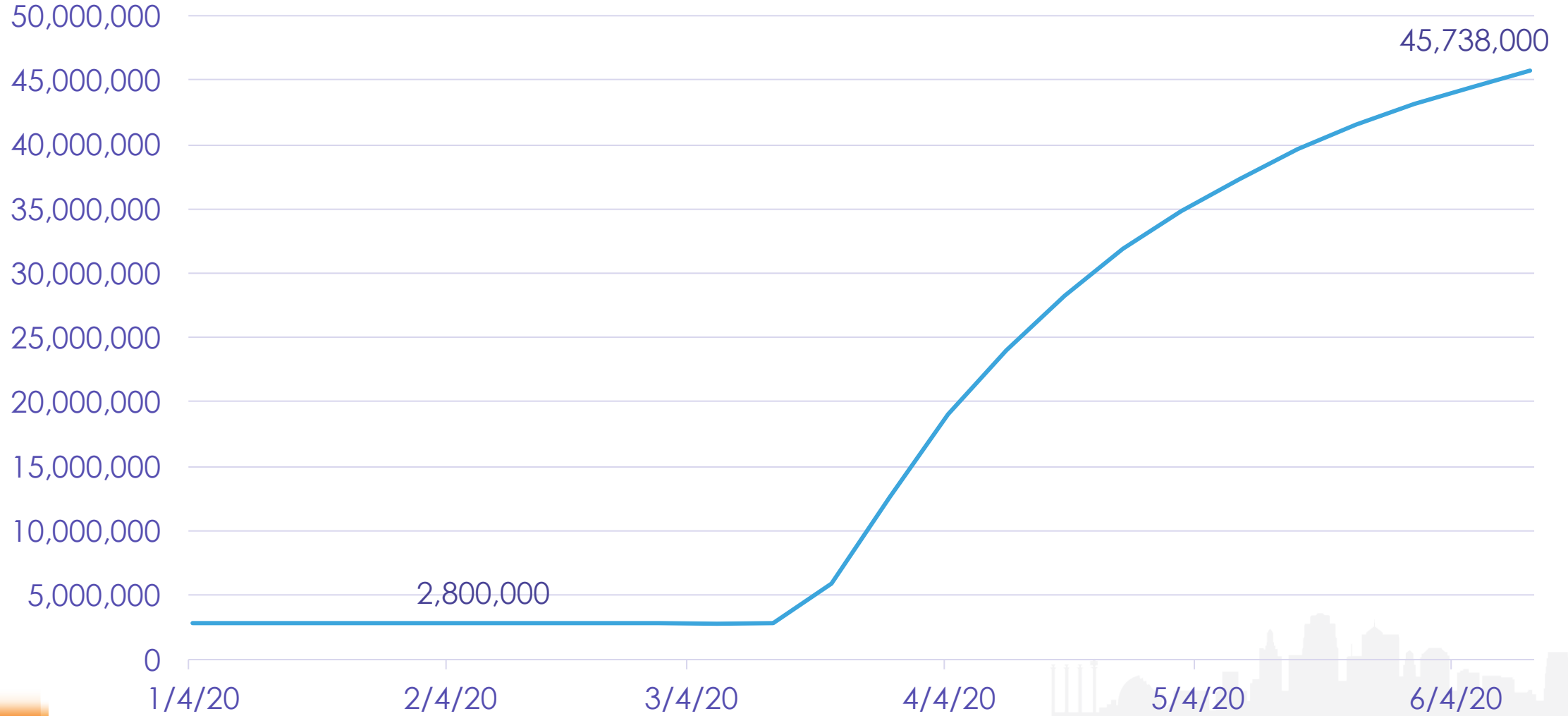


U.S. Total Non-Farm Payroll Employment

(Through May 2020, in thousands)



U.S. Initial UI Claims, Seasonally adjusted Sum over prior 13 weeks

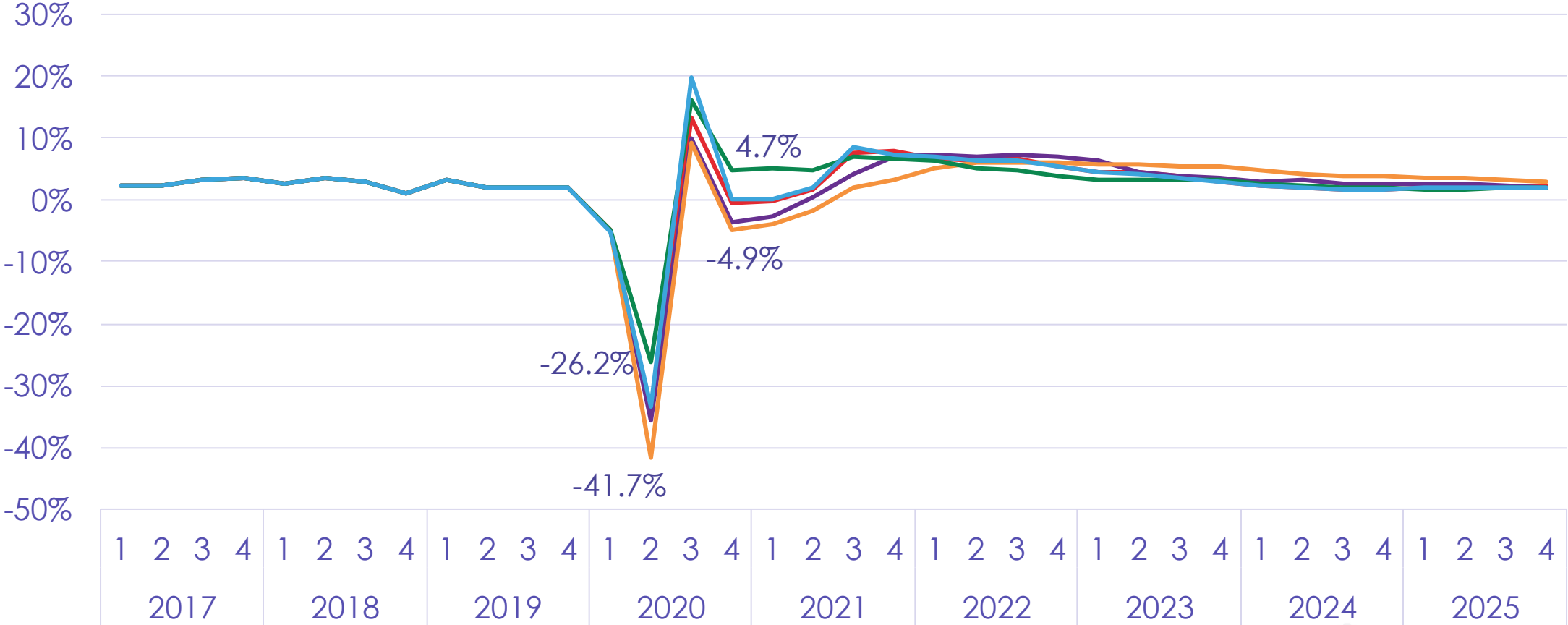


MOODY'S ANALYTICS BASELINE U.S. FORECAST ASSUMPTIONS

- There is no widespread second wave of COVID-19
- The next round of fiscal stimulus is passed by August and includes aid to state and local governments
- Lawmakers extend the expansion of unemployment insurance benefits, currently scheduled for July 31.
- Small-business bankruptcies are limited so that people can return to their jobs relatively quickly
- Financial markets don't tighten significantly
- U.S./China tensions don't ratchet up significantly

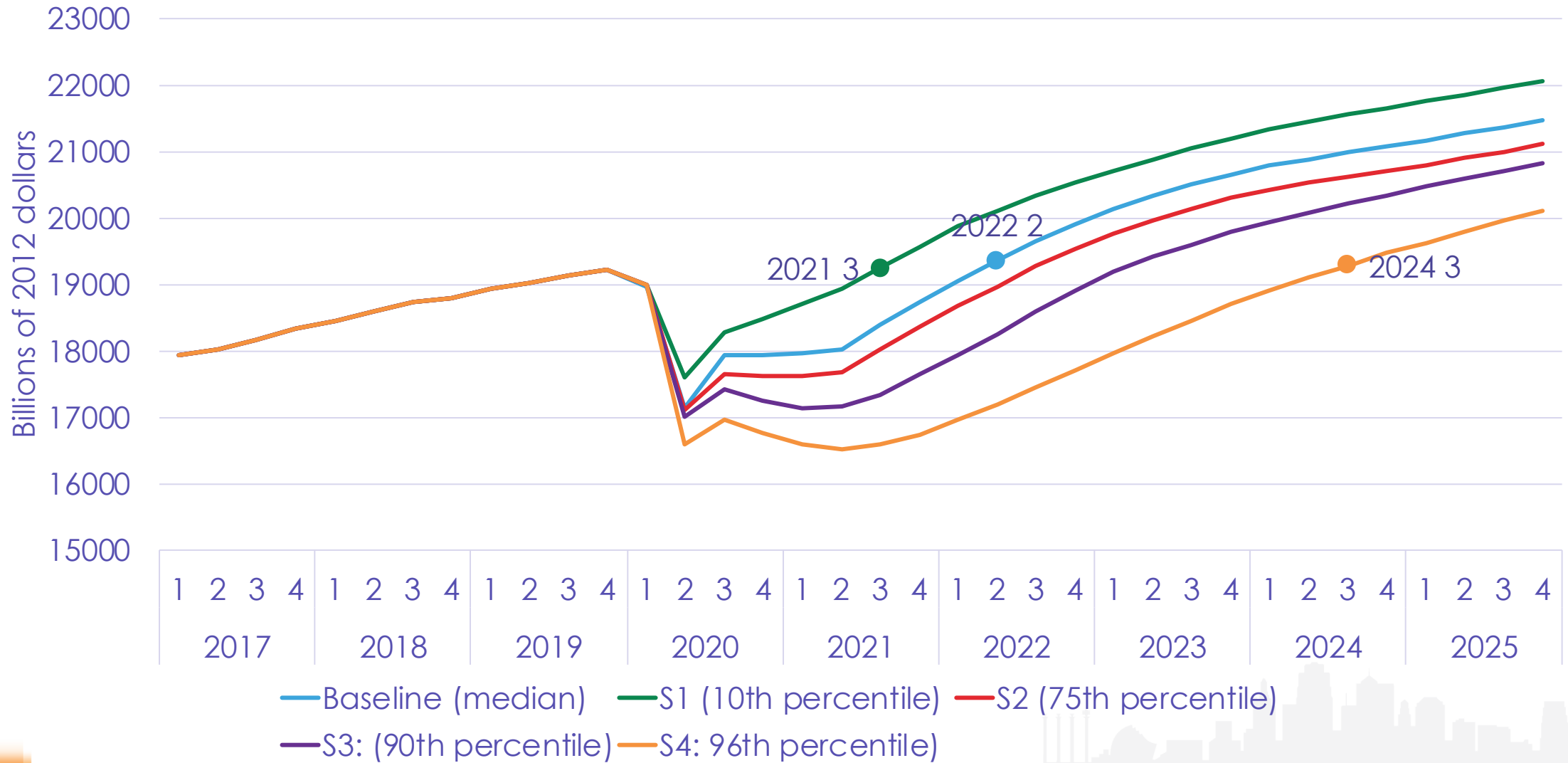
U.S. GDP: June 2020 Scenarios

(percent change at annual rates)



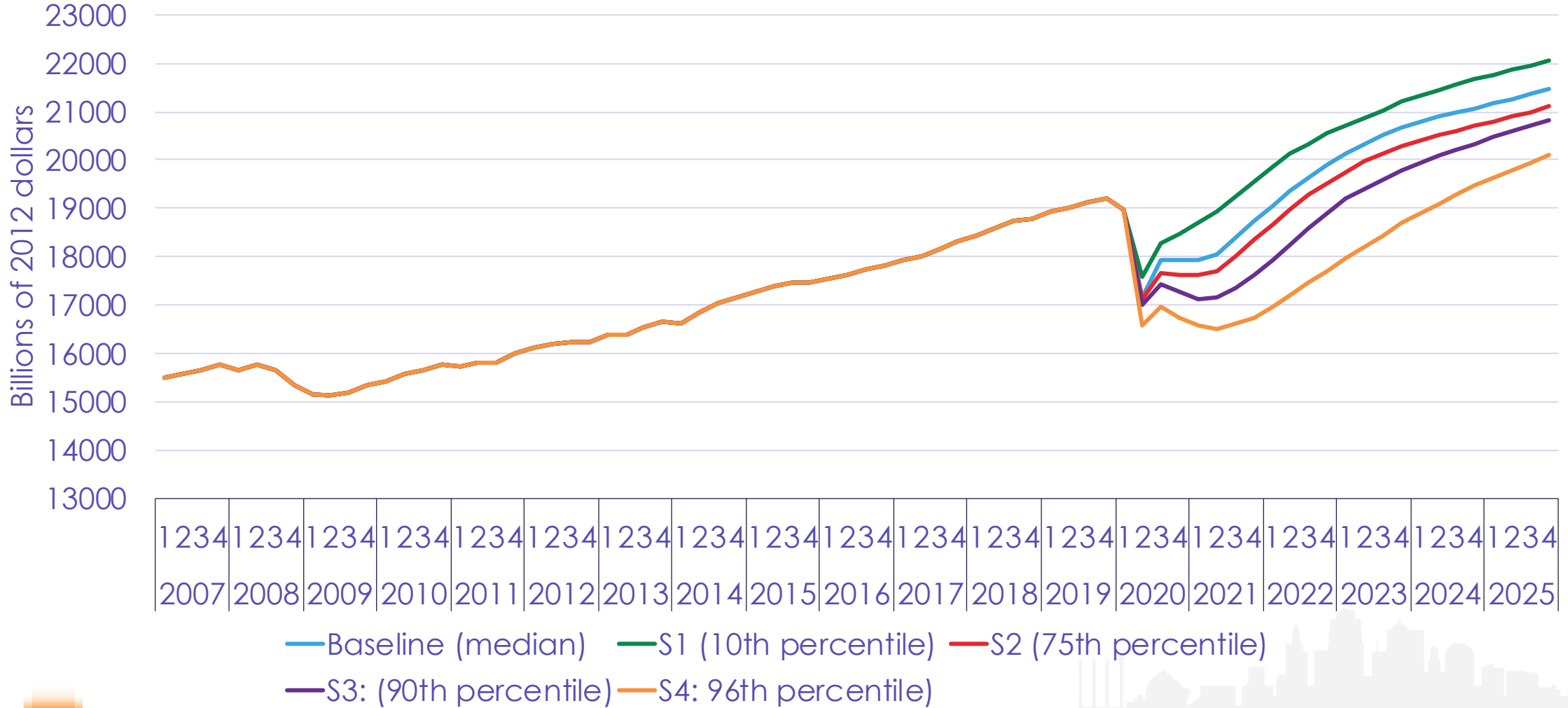
— S2 (75th percentile) — S3: (90th percentile) — S4: 96th percentile)
 — S1 (10th percentile) — Baseline (median)

U.S. GDP: June 2020 Scenarios



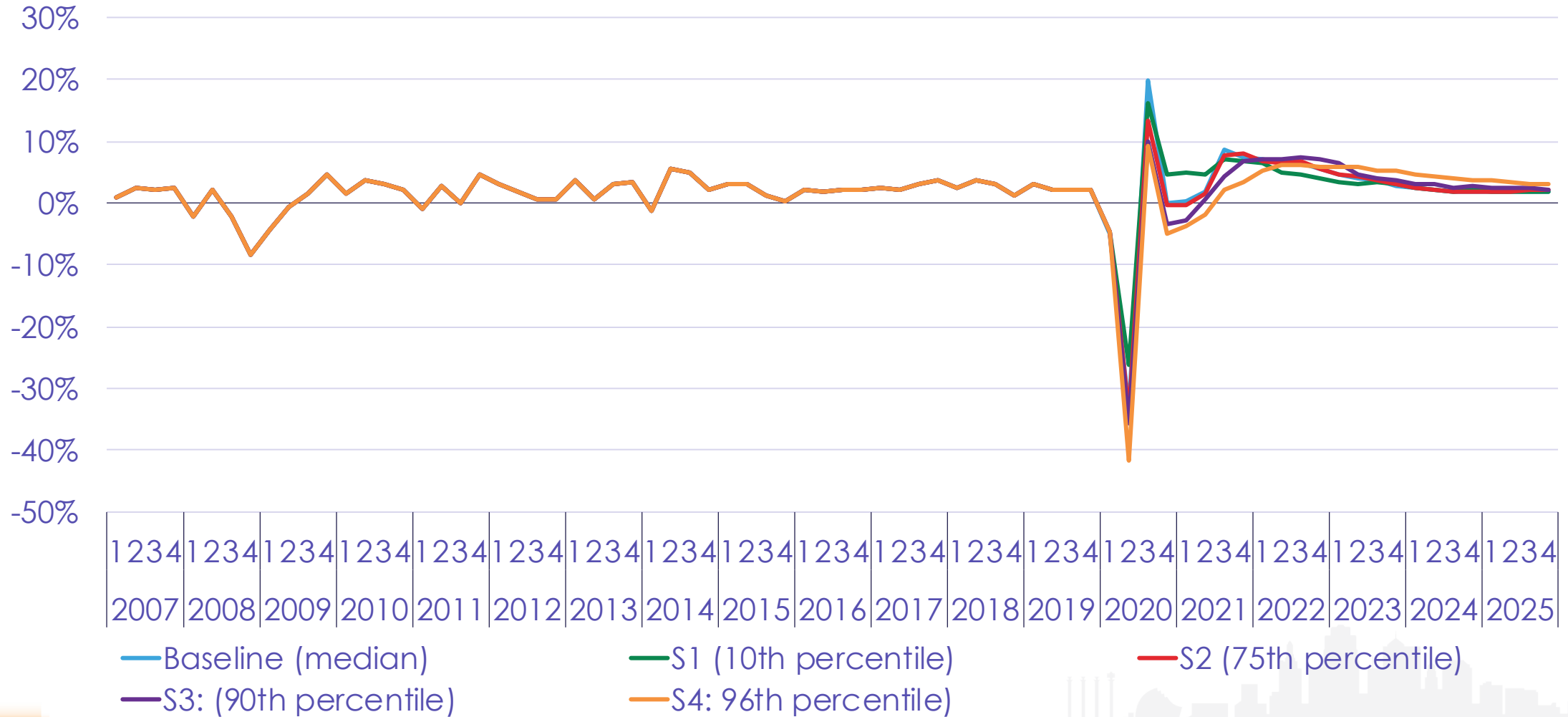
U.S. GDP: Great Recession vs. COVID-19 Recession

June 2020 Scenarios



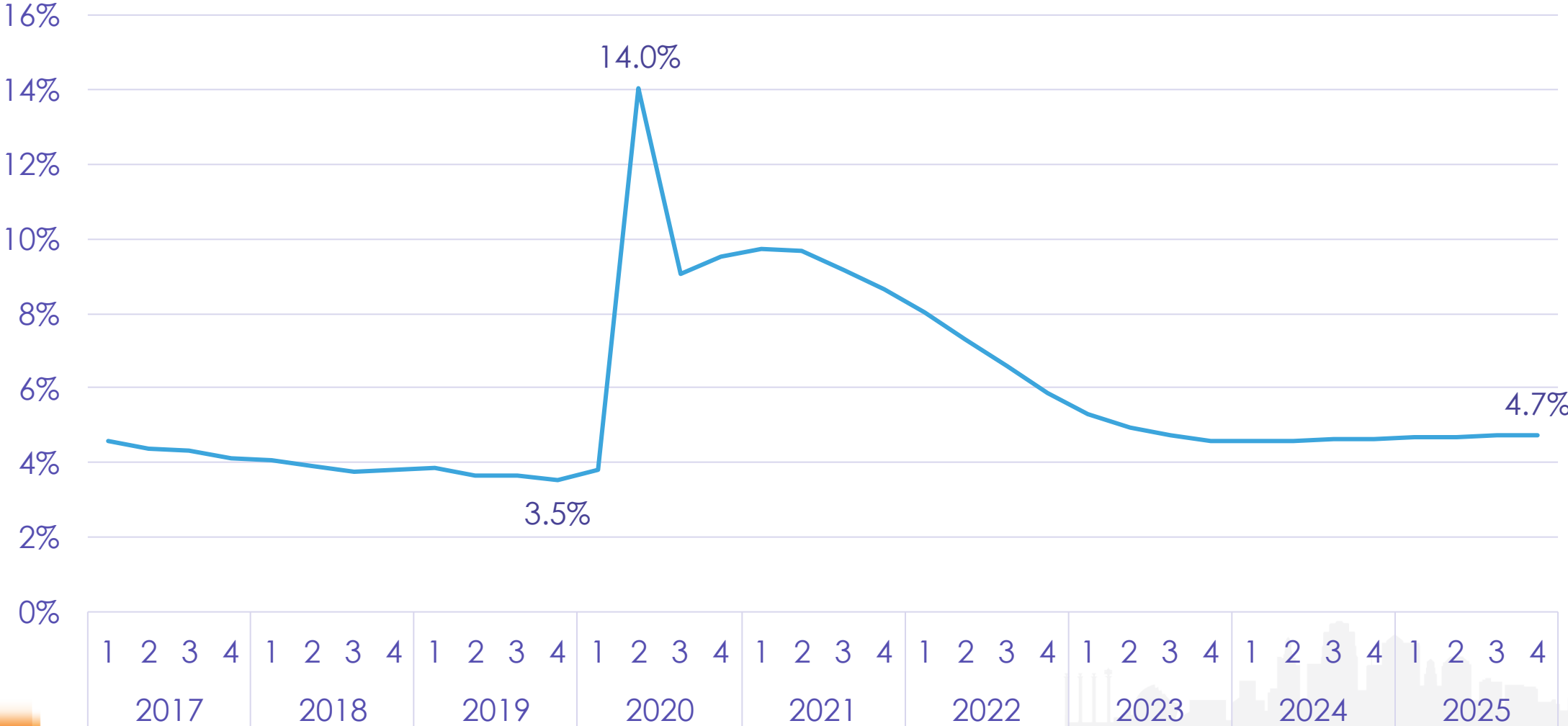
U.S. GDP: Great Recession vs. COVID-19 Recession

June 2020 Scenarios, percent change at annual rates



U.S. Unemployment Rate

Moody's June Baseline



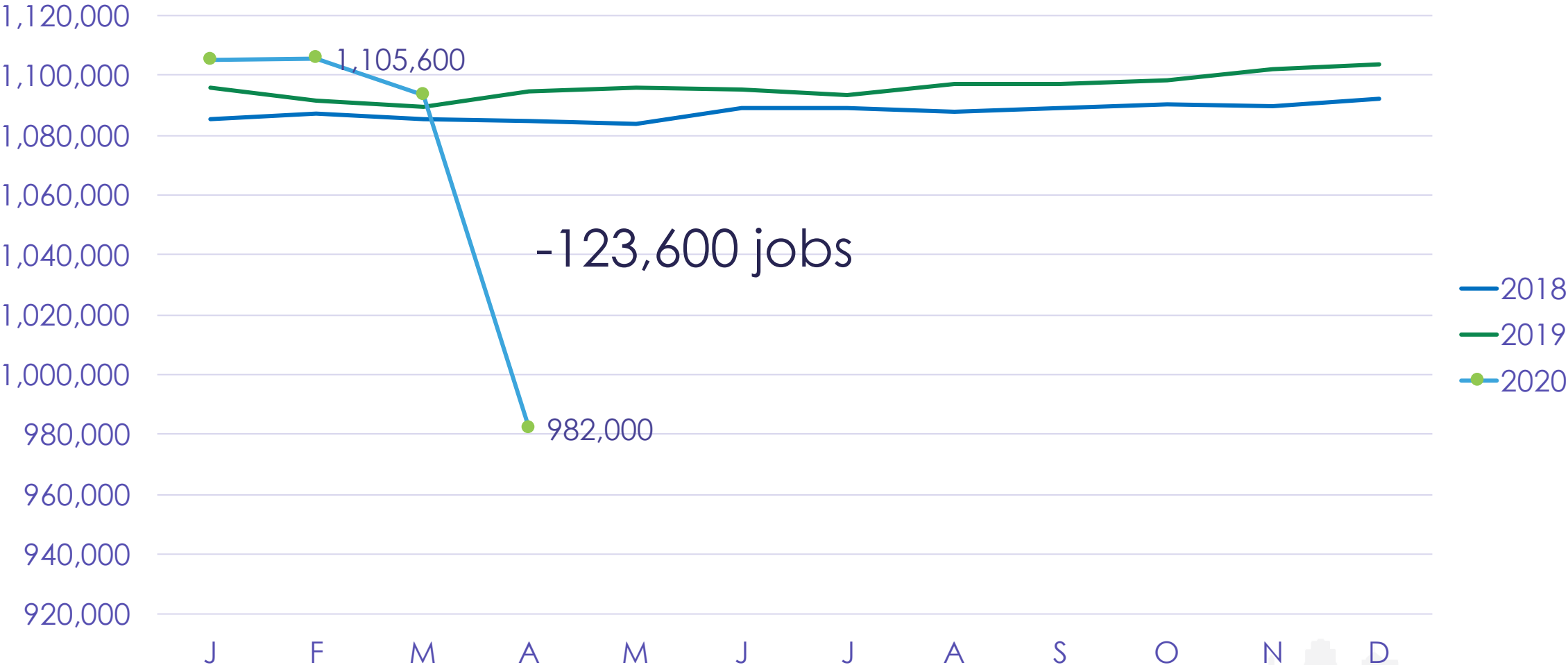
OUR SHARED VISION FOR REGIONAL PROSPERITY



KC Economic Forecast



KC Monthly Total Employment, Jan 2018 – April 2020

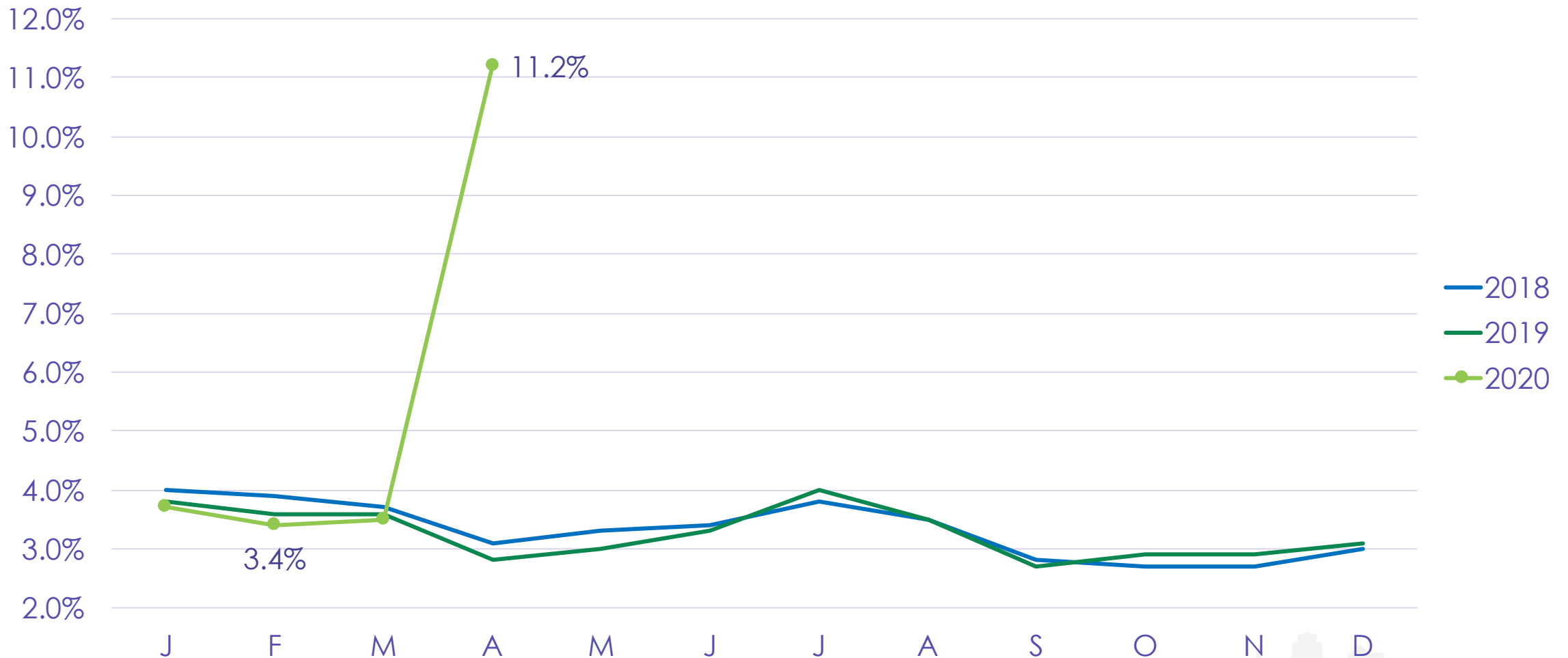


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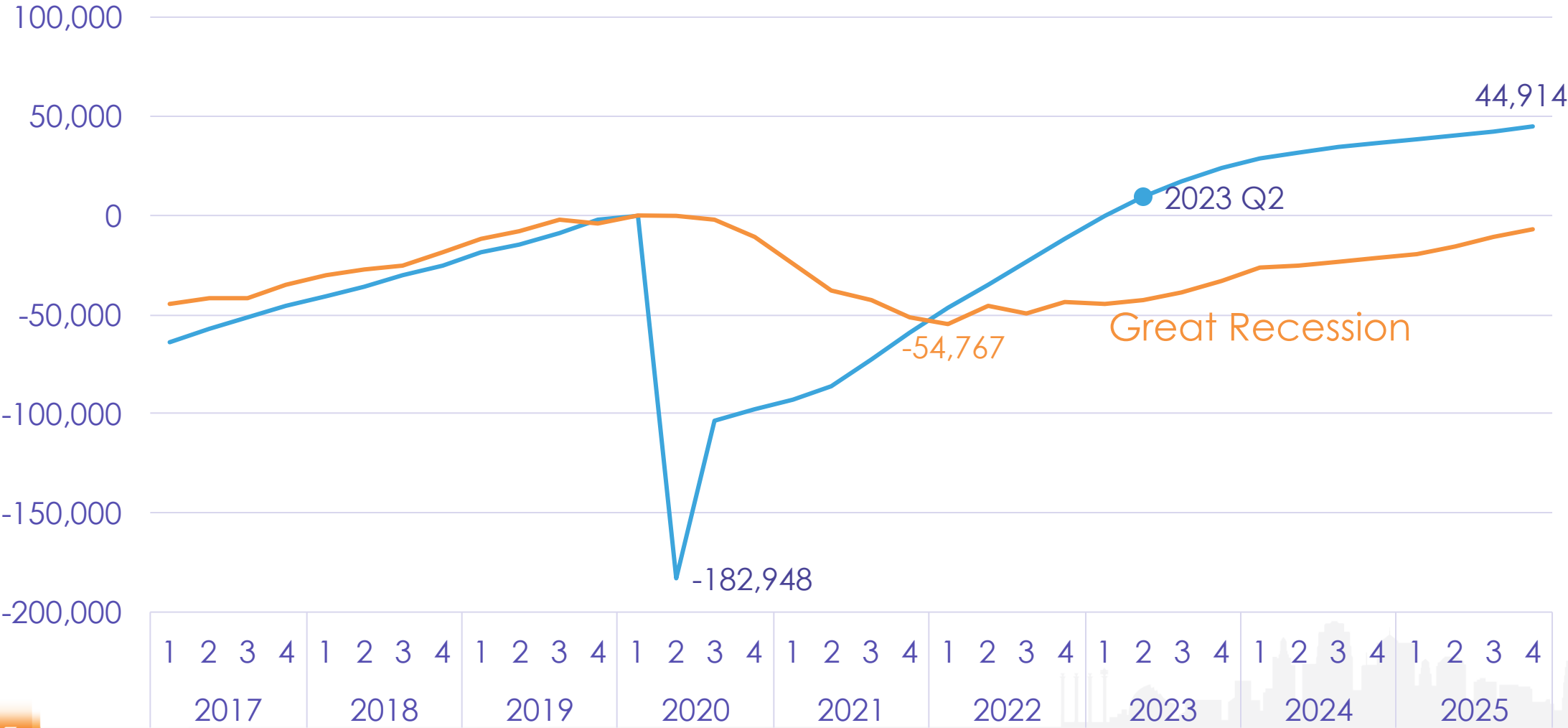
KC Monthly Unemployment Rate

Jan 2018 – April 2020



KC Total Employment, June Baseline

Change Since 2020 Q1

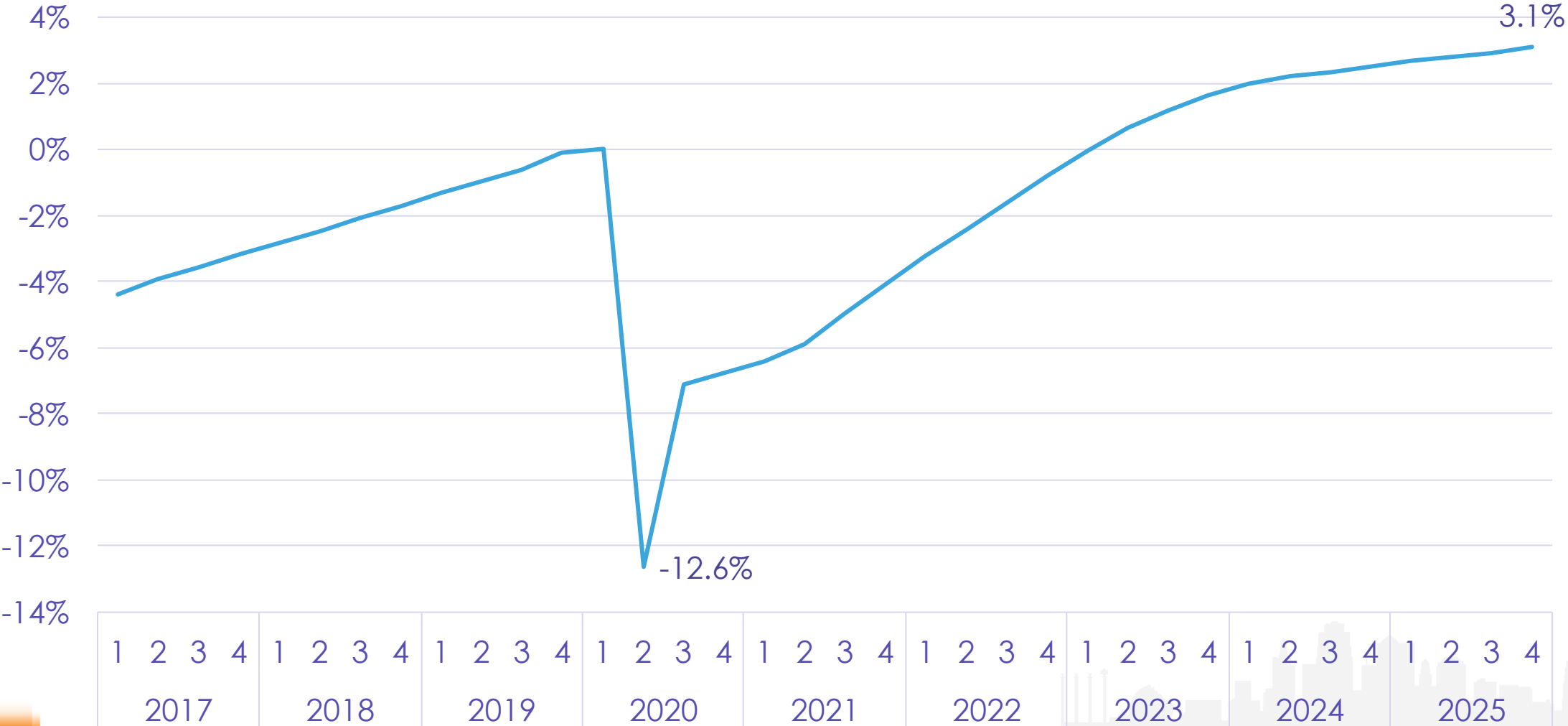


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KC Total Employment, June Baseline

Percent change since 2020 Q1

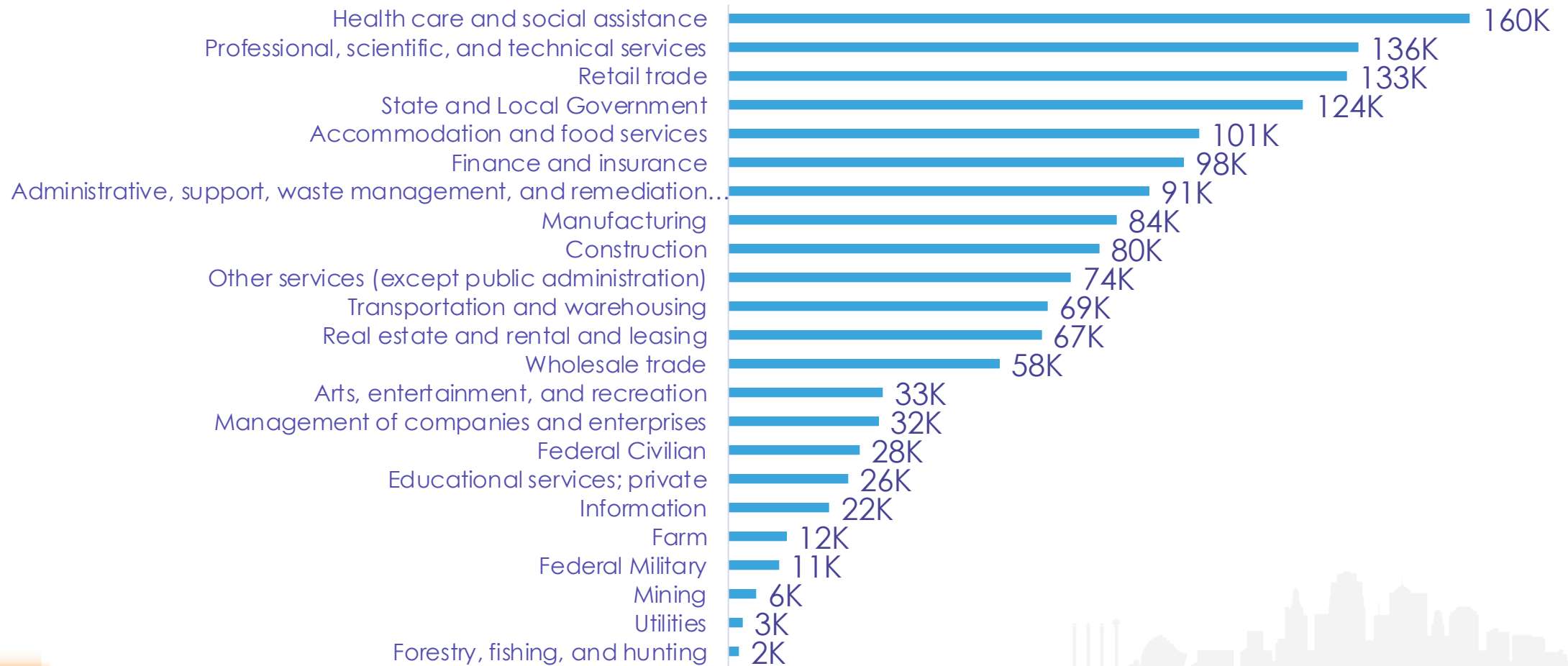


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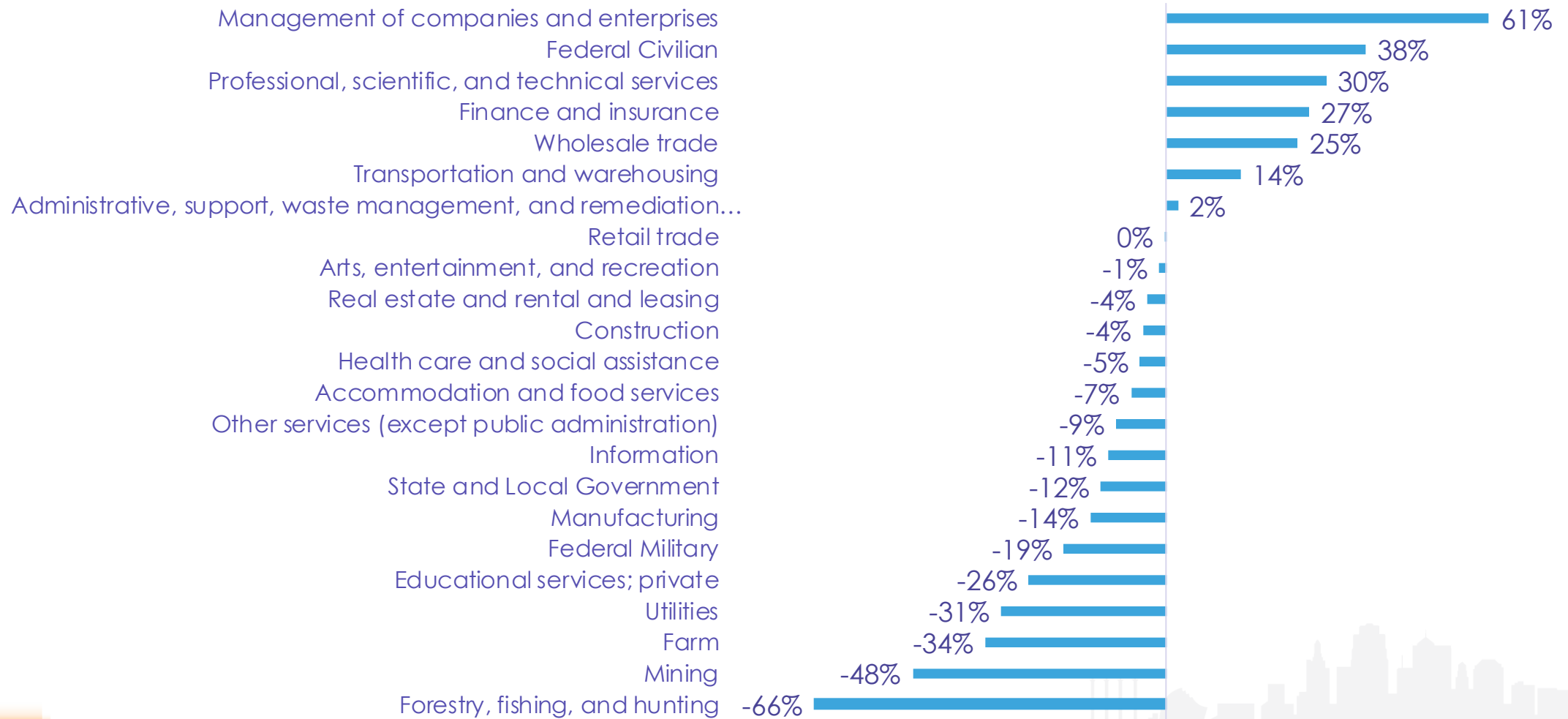
KC Employment by Industry, 2020 Q1

(Includes the Self-Employed, Public Education is Included in Government)



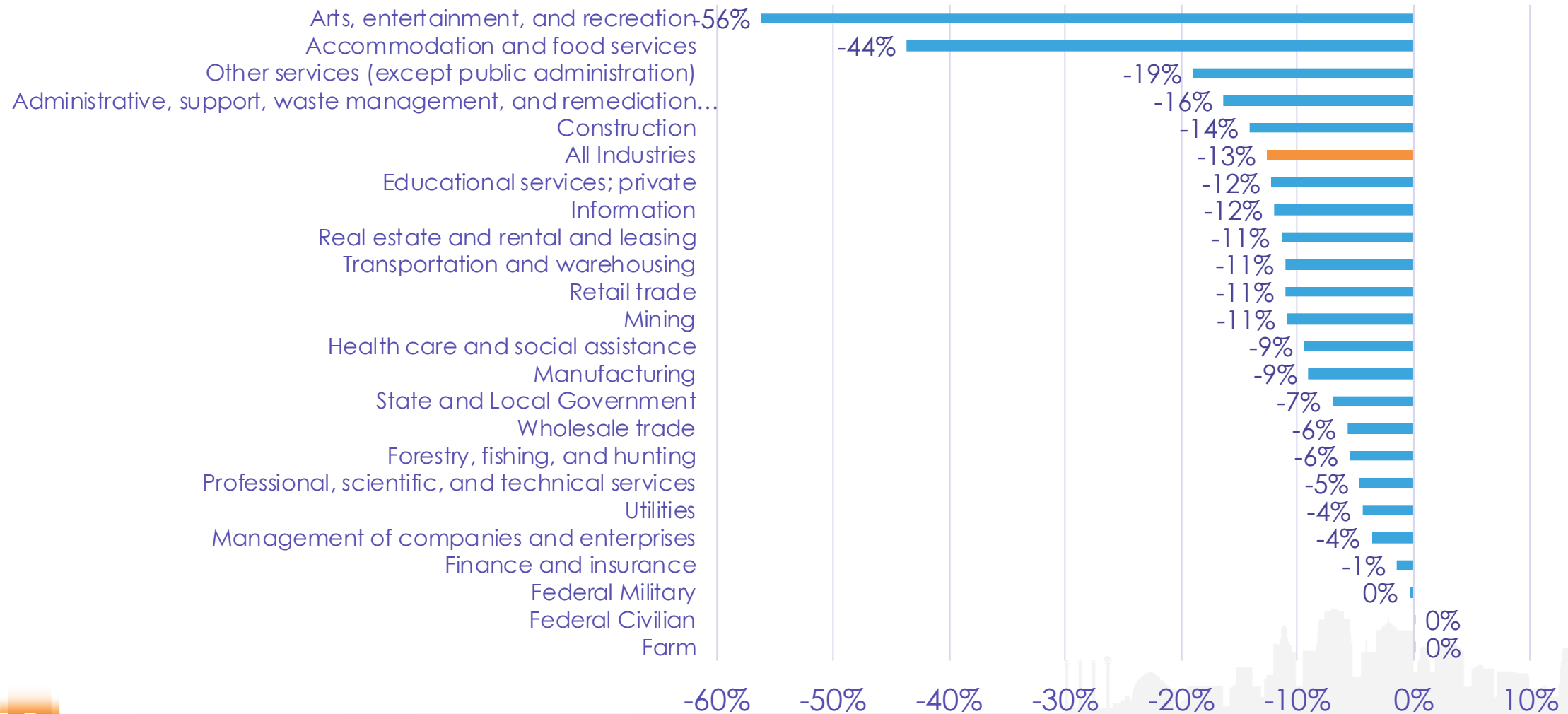
KC Industry Employment Specializations

Share of KC Economy Relative to Share of U.S.



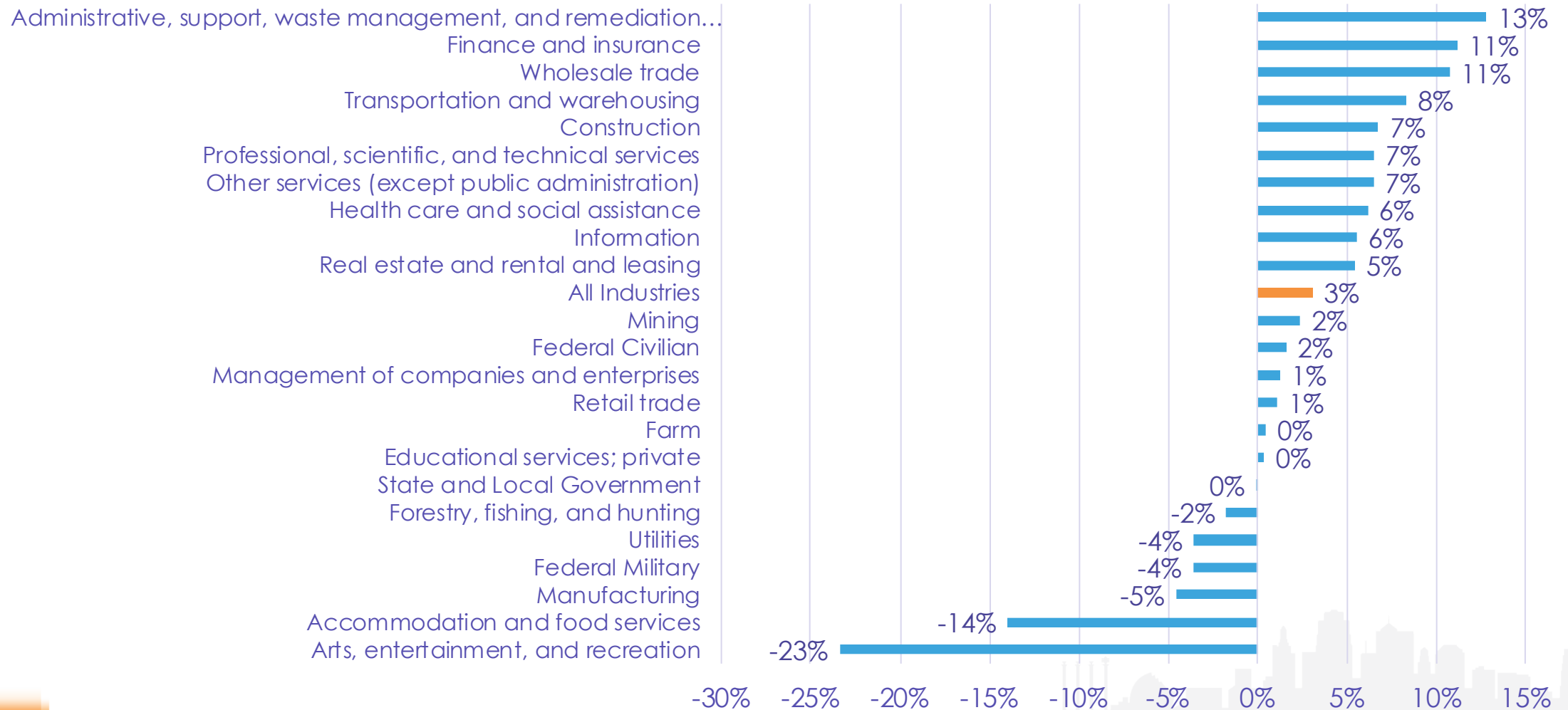
Depth of Downturn by Industry, June Baseline

Percent change in employment from 2020 Q1 to 2020 Q2

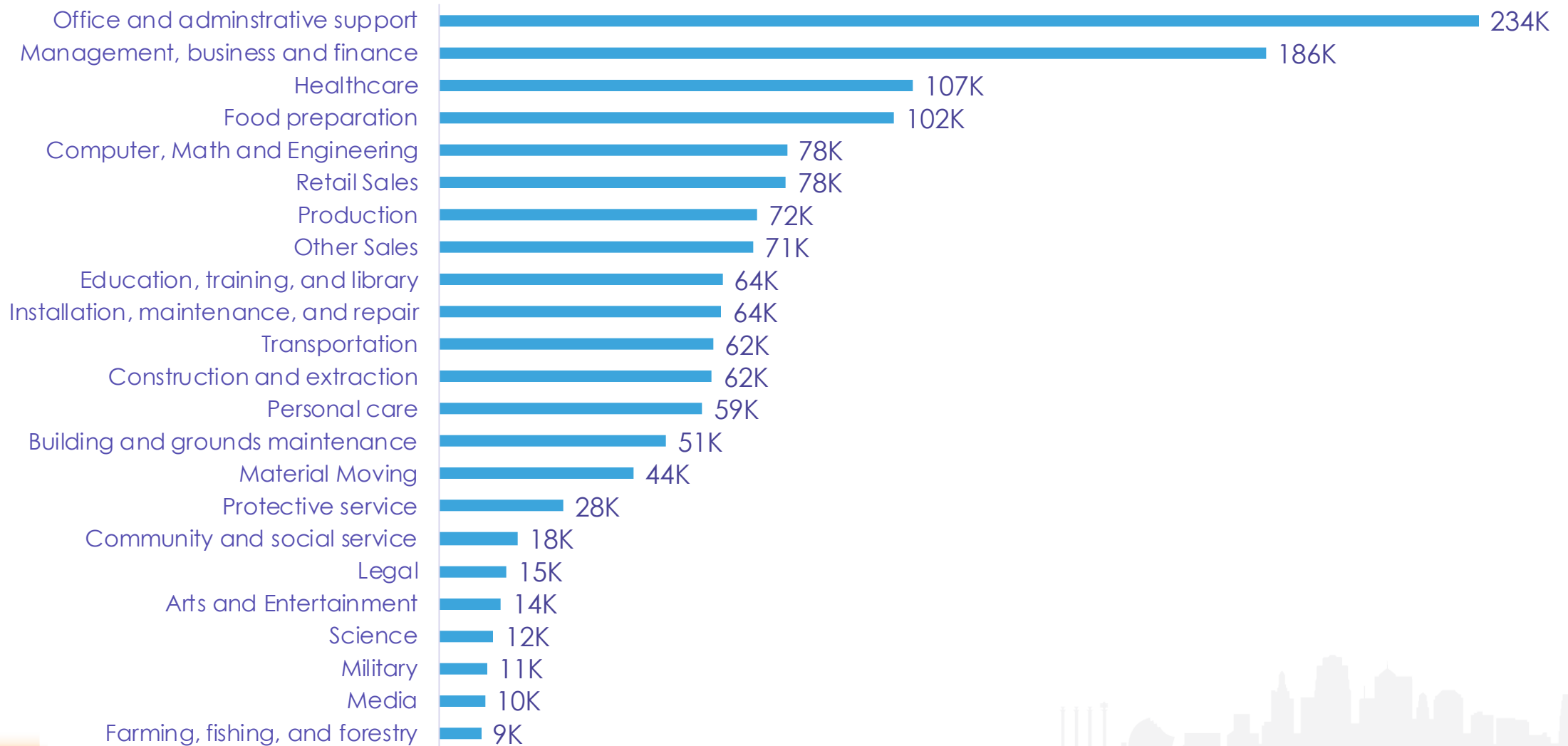


Strength of Recovery by Industry, June Baseline

Percent change from 2020 Q1 to 2025 Q4

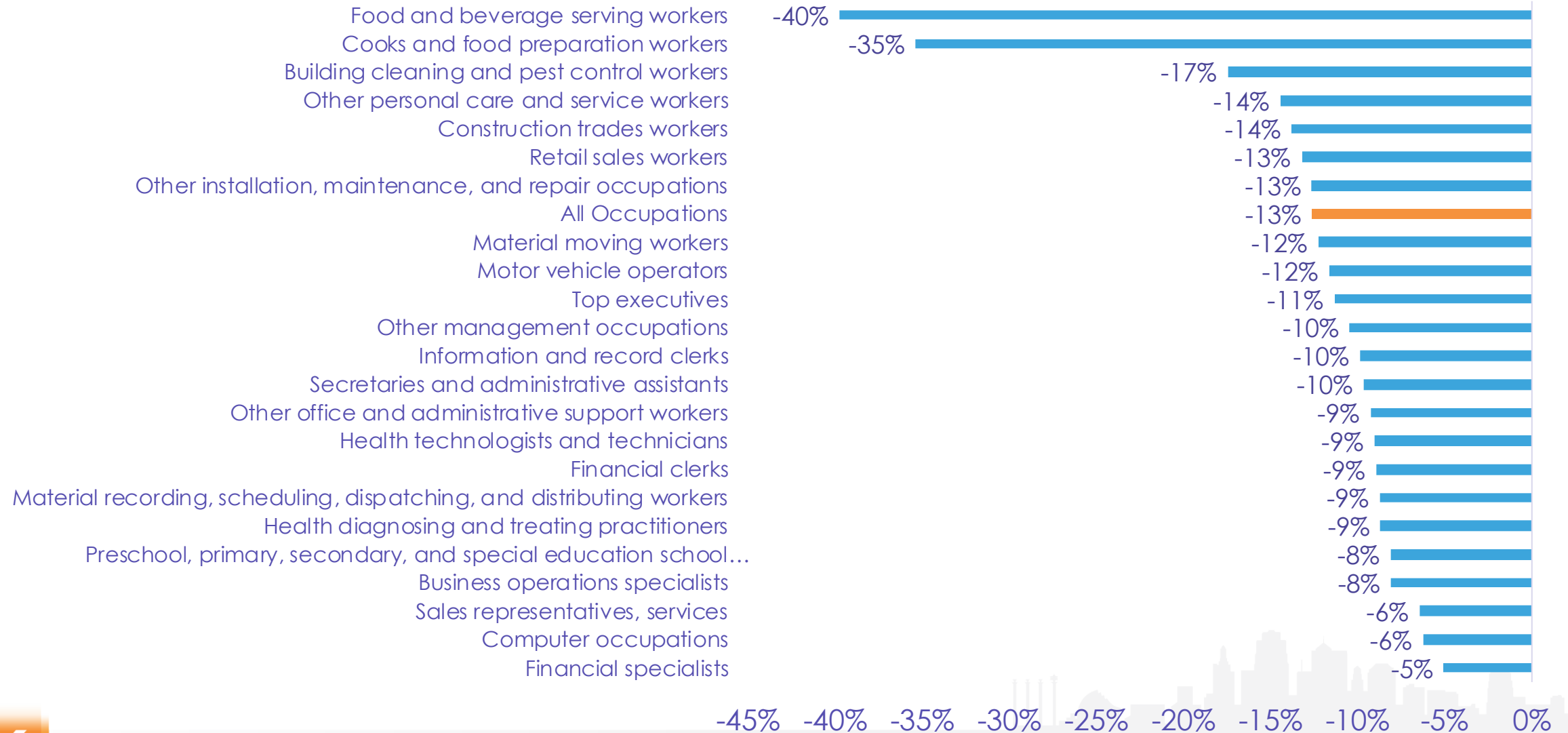


KC Employment by Occupation, 2020 Q1



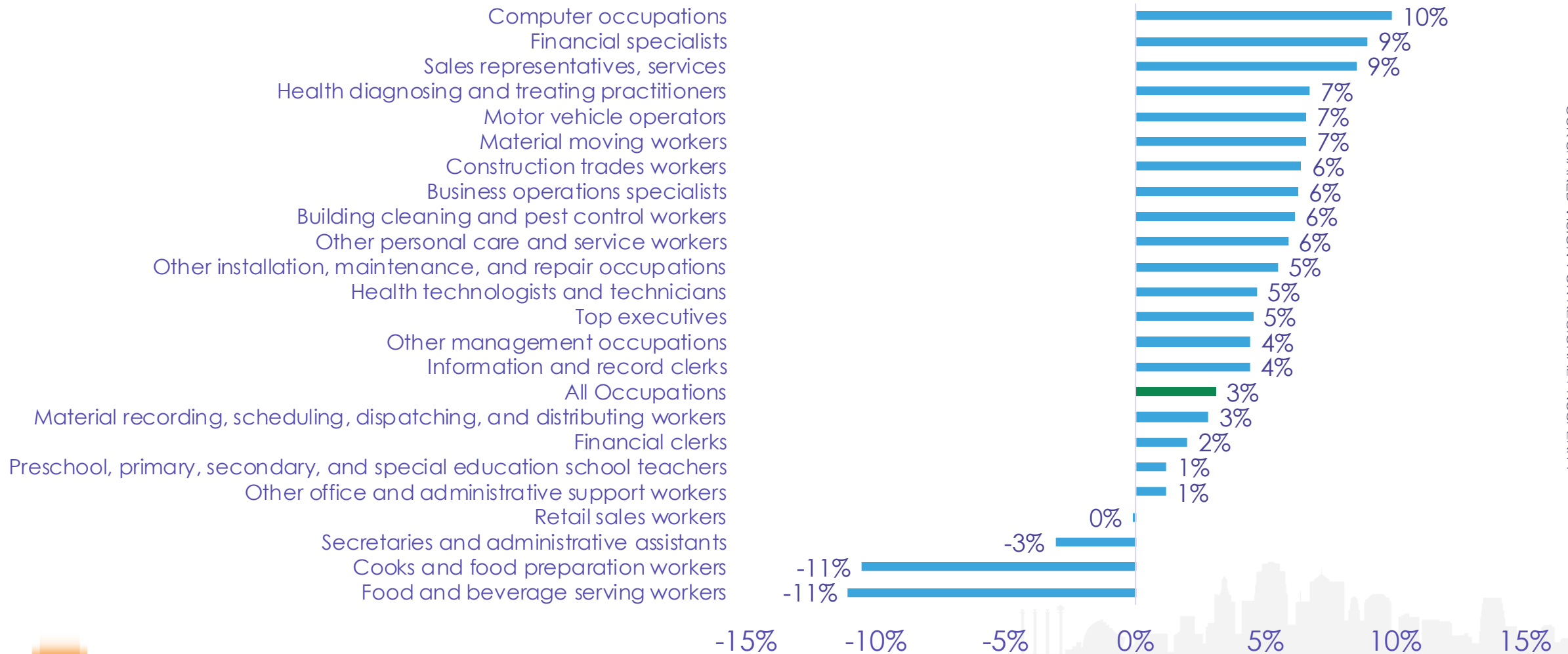
Depth of Downturn by Occupation, June Baseline

Percent Change in Employment, 2020 Q1 to 2020 Q2



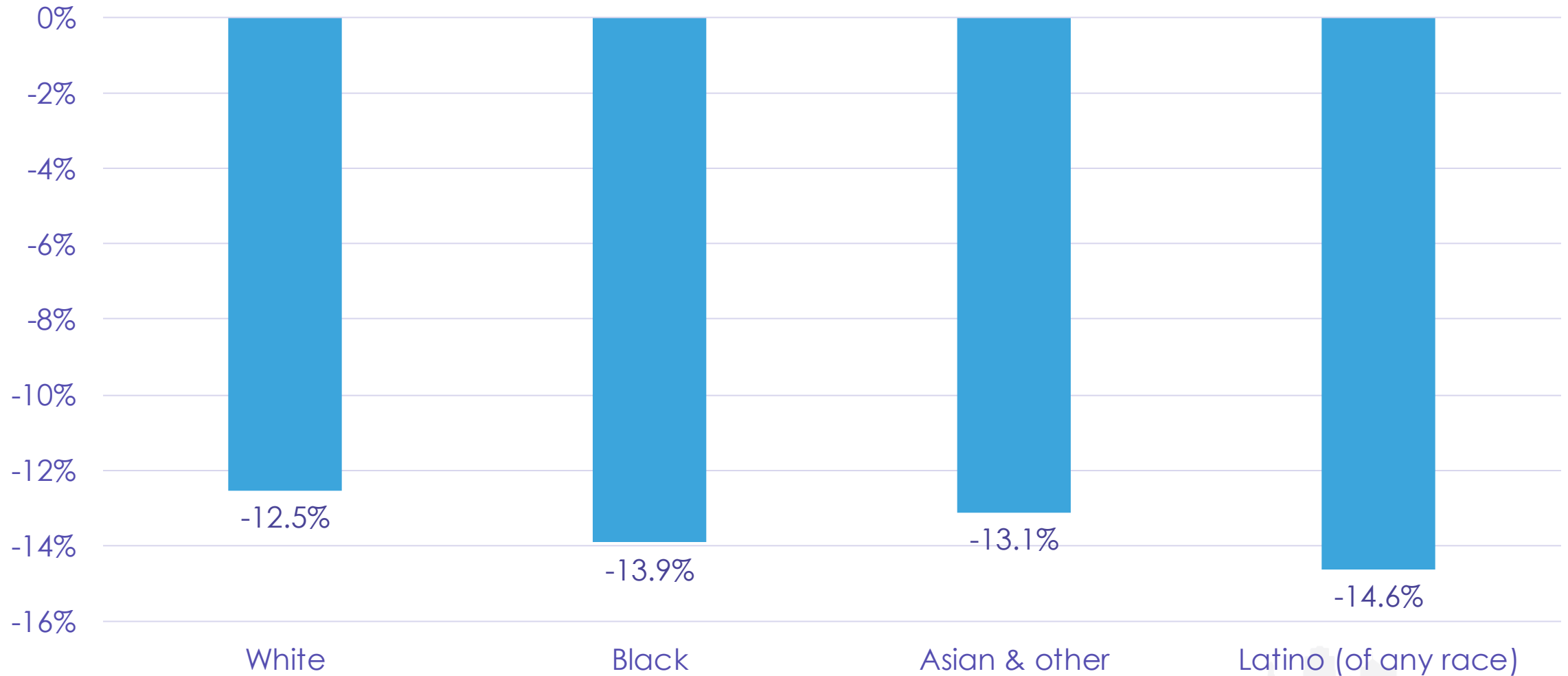
Strength of Recovery by Occupation, June Baseline

Percent Change in Employment, 2020 Q1 to 2025 Q4



Depth of Downturn by Race/Ethnicity, June Baseline

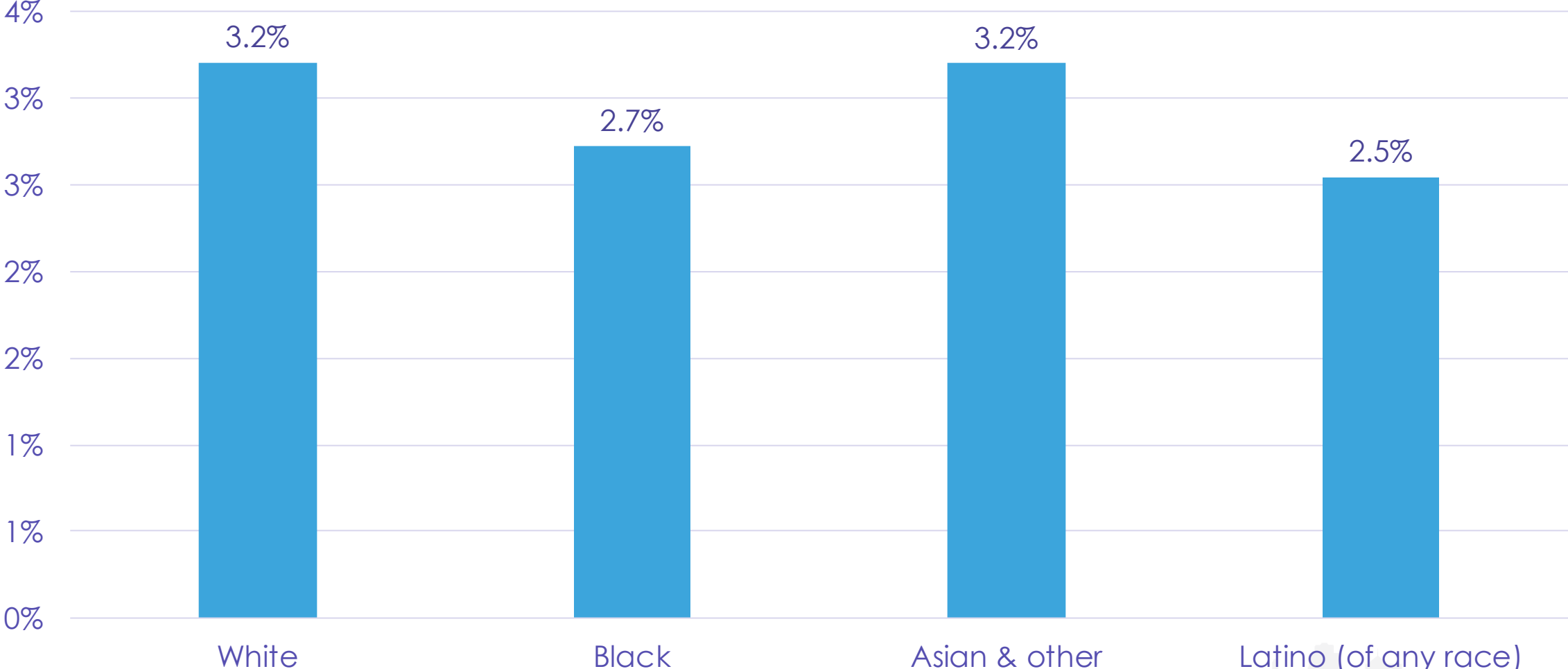
Percent Change in Employment, 2020 Q1 to 2020 Q2



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Strength of Recovery by Race/Ethnicity, June Baseline

Percent Change in Employment, 2020 Q1 to 2025 Q4

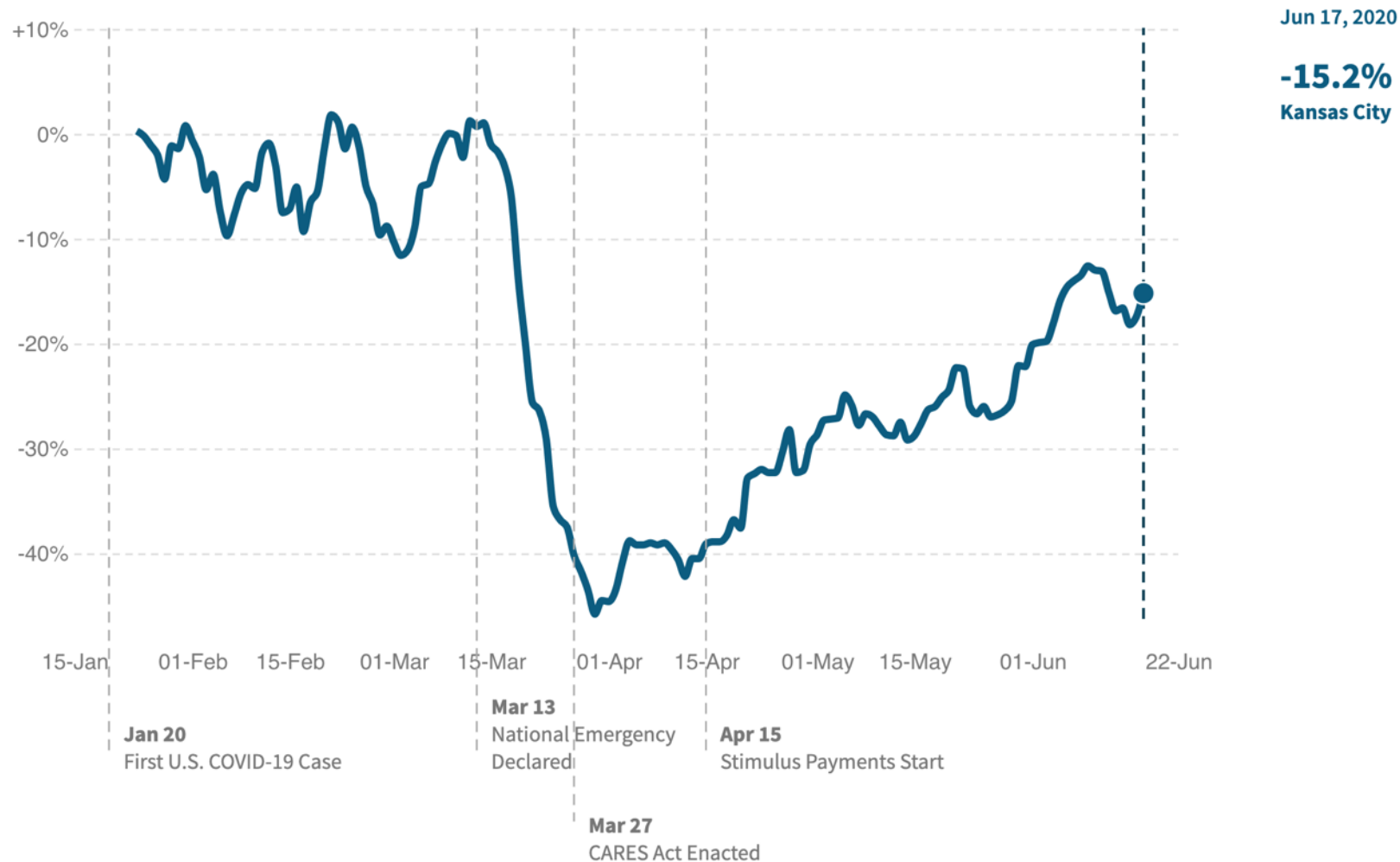


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Percent Change in All Consumer Spending*

In **Kansas City**, as of June 17, 2020, total spending by all consumers decreased by **15.2%** compared to January 2020.



*Change in average consumer credit and debit card spending, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Affinity Solutions.

last updated: **June 22, 2020** next update expected: **June 30, 2020**

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last updated: **June 22, 2020** next update expected: **June 30, 2020**



Percent Change in Small Business Revenue*

In **Kansas City**, as of June 08 2020, total small business revenue decreased by **9.4%** compared to January 2020.



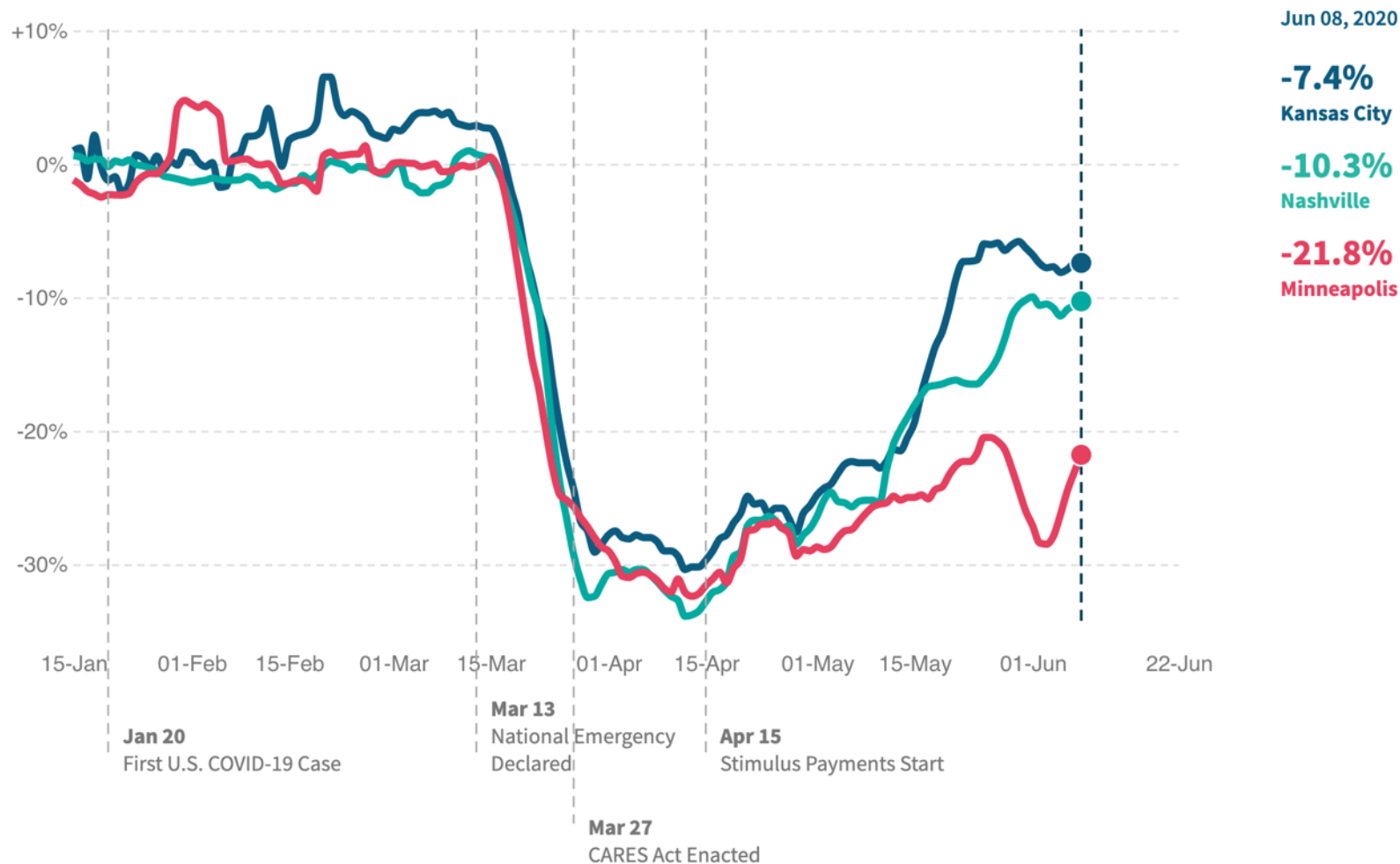
*Change in net business revenue for small businesses, indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: **June 17, 2020** next update expected: **June 23, 2020**



Percent Change in Number of Small Businesses Open*

In **Kansas City**, as of June 08 2020, the number of small businesses open decreased by **7.4%** compared to January 2020.



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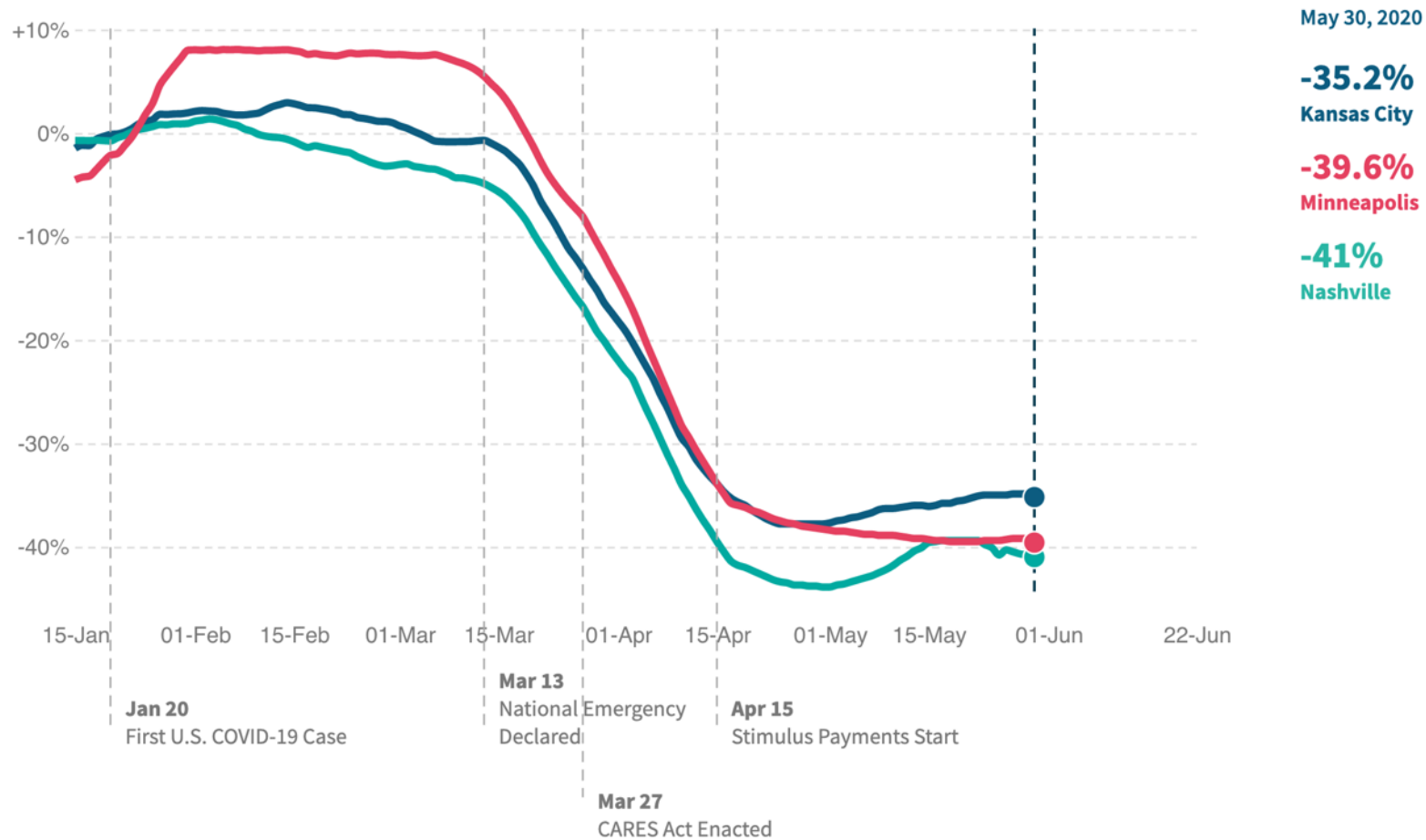


*Change in small businesses open (defined as having financial transaction activity), indexed to January 4-31 2020 and seasonally adjusted. This series is based on data from Womply.

last updated: **June 17, 2020** next update expected: **June 23, 2020**

Percent Change in Employment among Low-Income Workers at Small and Medium-S

In **Kansas City**, as of May 30 2020, employment rates among low-income workers in small and medium-size businesses decreased by **35.2%** compared to January 2020.



*Change in employment rates among low-income workers (median annual after-tax income ~\$20,000) at small and medium-sized businesses (<1000 employees), indexed to January 4-31 2020. This series is based on data from Earnin and Homebase.

last updated: **June 17, 2020** next update expected: **June 23, 2020**



SUMMARY

- It's bad, but it would be much worse without the exceptional federal monetary and fiscal policy response.
- A quick but partial rebound resulting in a recovery of about 1/3 of the jobs lost by the end of the year.
- The path from there depends on the virus, confidence in our ability to contain it, and additional stimulus to state and local governments to avoid large budget cuts
- Our industry/occupation mix provides some modest protection, but a more rapid, sustainable recovery depends on re-tooling it to meet 21st Century demands.



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RISING

Please contact Sheri Gonzales at sgonzales@kcciviccouncil.org
to learn how you can get involved or visit us at:

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