

# Economic Impacts of the COVID-19 Crisis

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Disclaimer: The views expressed here are those of the speaker and do not necessarily represent the views of the Federal Reserve Bank of Boston or the Federal Reserve System.

# About the Boston Federal Reserve Bank

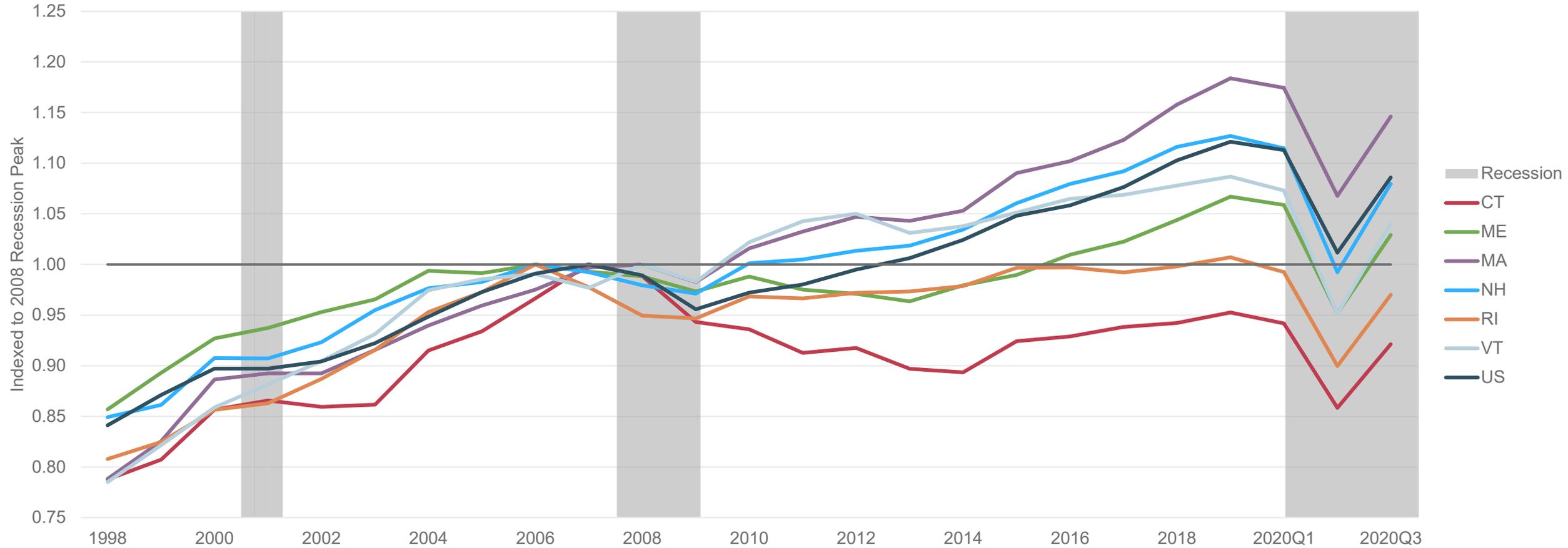
## Federal Reserve System

- ▶ Board of Governors (Washington., DC)
- ▶ Regional Fed banks (12, including Boston)
- ▶ Conducts monetary policy, bank supervision

## NEPPC

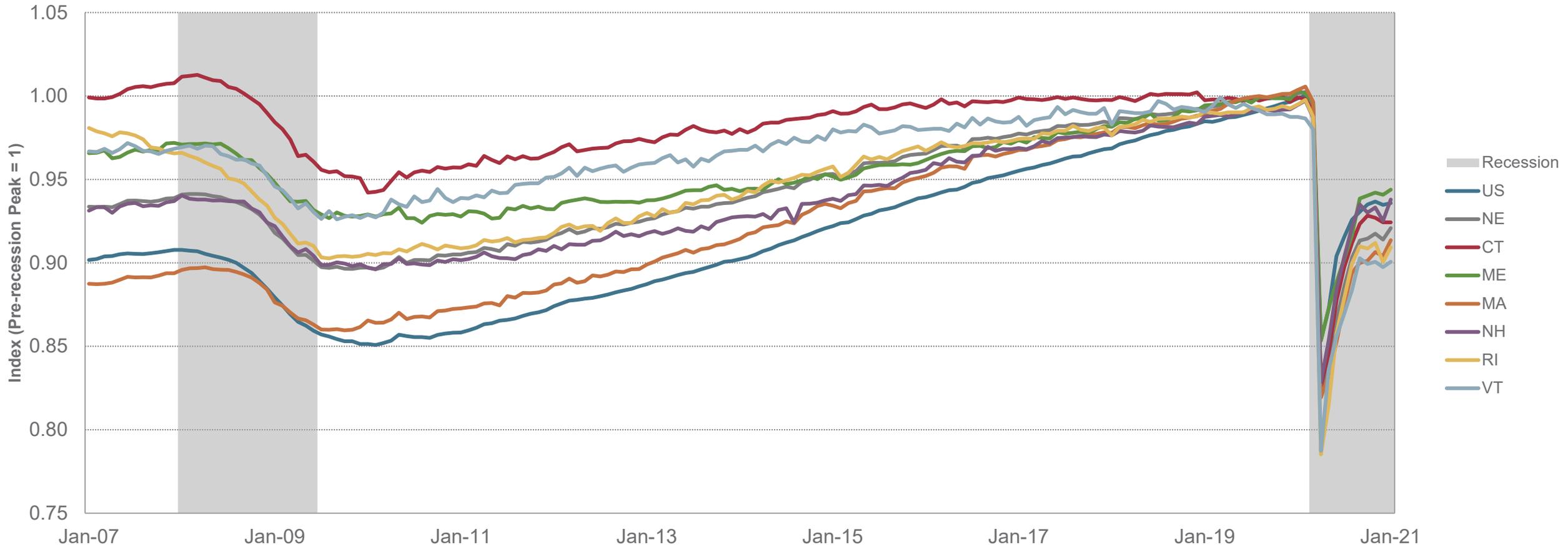
- ▶ Produces research that informs public policy in New England
- ▶ Recent issues: opioid epidemic, affordable housing, criminal records reform

# Real GDP per Capita



Source: Bureau of Economic Analysis and Haver Analytics

# Non-Agricultural Employment



Source: Bureau of Labor Statistics, NBER, Haver Analytics

Note: Peak values are determined after the recession of 2008-2009; they may differ for each region.

Values for New England 0.82 (Apr-20) and 0.92 (Jan-21), and the US 0.86 (Apr-20) and 0.94 (Jan-21)

# Employment Changes in the Pandemic Period

	Jobs Lost Feb-Apr		Jobs Gained Apr-Jan	
	Number (thous)	Percent	Number (thous)	Percent
United States	-22,362	-15%	12,508	10%
New England	-1,367	-18%	750	12%
Connecticut	-292	-17%	167	12%
Maine	-95	-15%	58	11%
Massachusetts	-692	-19%	350	12%
New Hampshire	-116	-17%	76	13%
Rhode Island	-108	-21%	63	16%
Vermont	-64	-20%	36	14%

*Denominator for Percent Jobs Lost Feb-Apr is February Employment, denominator for Jobs Gained Apr-Jan is April Employment*

*Source: Bureau of Labor Statistics, Haver Analytics*

## Employment by Sector in New England and US

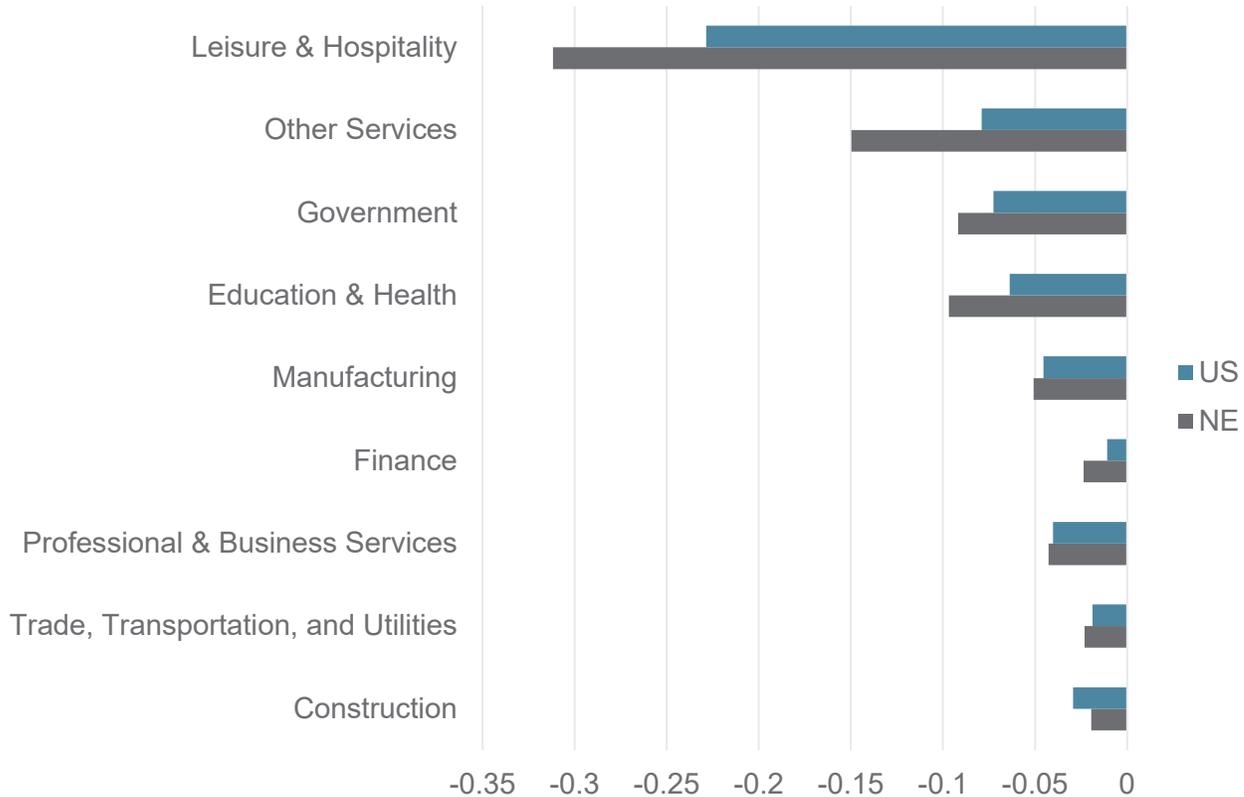
	Change Feb-Apr				Change Apr-Jan				Jan Employment Indexed to Feb	
	New England		United States		New England		United States		New England	United States
	Levels (thous)	Percent								
Leisure & Hospitality	-422	-58	-7,644	-47	196	64	3,921	45	0.69	0.77
Other Services	-99	-35	-1,363	-23	57	31	898	20	0.85	0.92
Construction	-56	-19	-826	-11	50	21	612	9	0.98	0.97
Trade, Transportation, and Utilities	-233	-19	-3,193	-12	204	20	2,676	11	0.98	0.98
Education & Health	-225	-14	-2,788	-11	68	5	1,215	6	0.90	0.94
Manufacturing	-65	-11	-1,358	-11	34	6	780	7	0.95	0.95
Professional & Business Services	-78	-7	-2,081	-10	33	3	1,232	6	0.96	0.96
Government	-70	-7	-875	-4	-25	-3	-801	-4	0.91	0.93
Information	-11	-7	-264	-9	-2	-1	15	1	0.92	0.91
Finance	-16	-3	-265	-3	5	1	169	2	0.98	0.99
Total	-1,371	-18	-22,362	-15	750	12	12,508	10	0.92	0.94

Source: Bureau of Labor Statistics and authors' calculations.

Note: Denominator for Percent Change Feb-Apr is February Employment, denominator for Percent Change Apr-Dec is April Employment.

# Employment Declines by Sector and Wages

Employment Declines since Feb 2020



Average Weekly Wage		
	NE	US
Leisure and Hospitality	\$ 528	\$ 482
Other Services	\$ 834	\$ 836
Government	\$ 1,247	\$ 1,189
Educational and Health Services	\$ 1,181	\$ 1,056
Manufacturing	\$ 1,527	\$ 1,321
Financial Services	\$ 2,115	\$ 1,735
Professional and Business Services	\$ 1,885	\$ 1,520
Trade, Transportation, and Utilities	\$ 1,045	\$ 970
Construction	\$ 1,417	\$ 1,269

Source: Bureau of Labor Statistics and Quarterly Census of Employment and Wages

# Consumer Spending in Key Sectors, Select Months Relative to January Benchmark

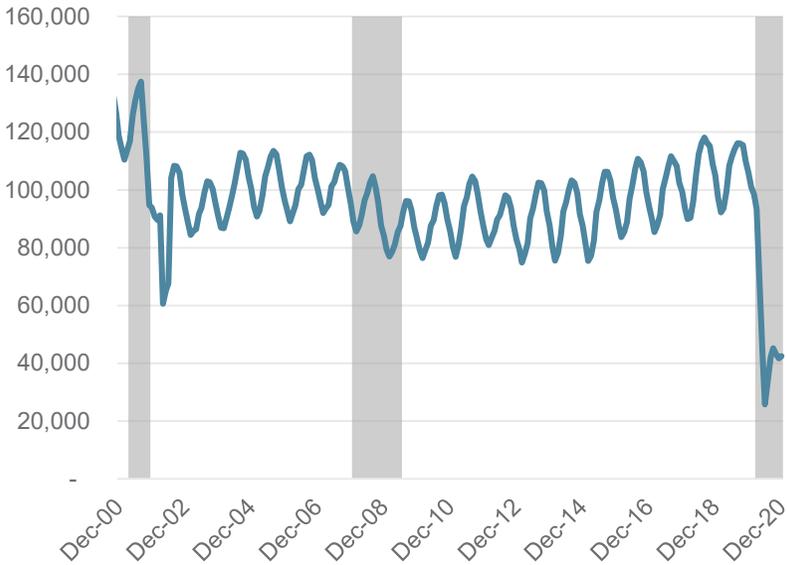
Panel A: All Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April	-0.34	-0.14	-0.30	-0.20	-0.37	-0.20	-0.26
July	-0.16	0.00	0.00	-0.07	-0.08	0.00	-0.09
February (2021)	0.03	0.07	0.11	-0.05	0.01	0.12	0.04
Panel B: All Grocery Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April	0.20	0.10	0.17	0.14	0.02	0.06	0.13
July	0.11	0.02	0.19	0.06	0.00	0.05	0.10
February (2021)	0.39	0.06	0.39	0.02	0.20	0.40	0.21
Panel C: All Food/Accommodation Spending Monthly Average							
	CT	ME	MA	NH	RI	VT	US
April	-0.72	-0.60	-0.65	-0.60	-0.71	-0.60	-0.62
July	-0.54	-0.23	-0.35	-0.32	-0.47	-0.42	-0.40
February (2021)	-0.25	-0.19	-0.17	-0.28	-0.36	-0.24	-0.19

Source: Opportunity Insights, Track the Recovery Project, underlying data is from Affinity

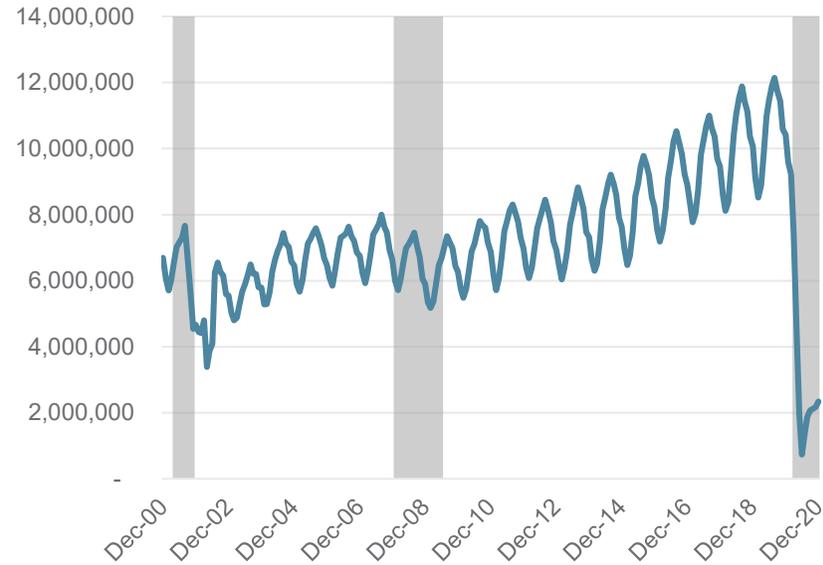
Note: Values relative to January 4-31 median benchmark.

# Boston Logan Airport Traffic

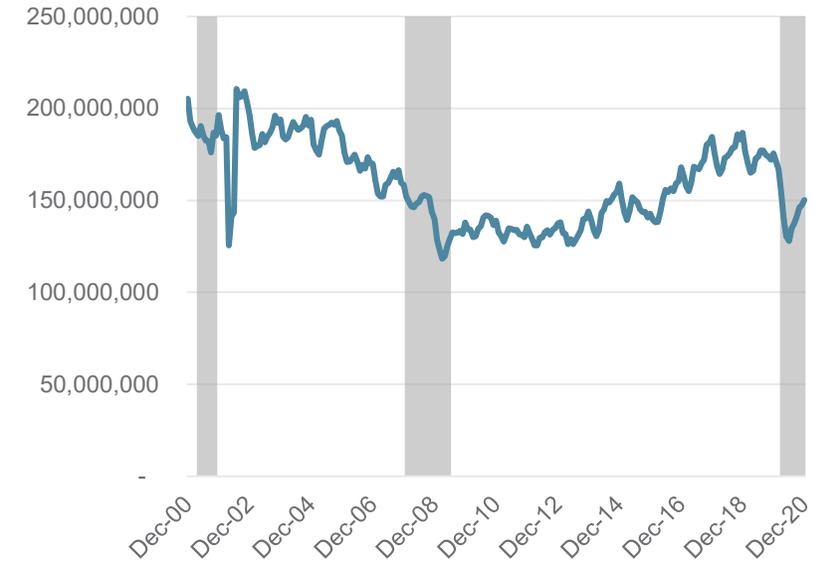
Flights



Passengers



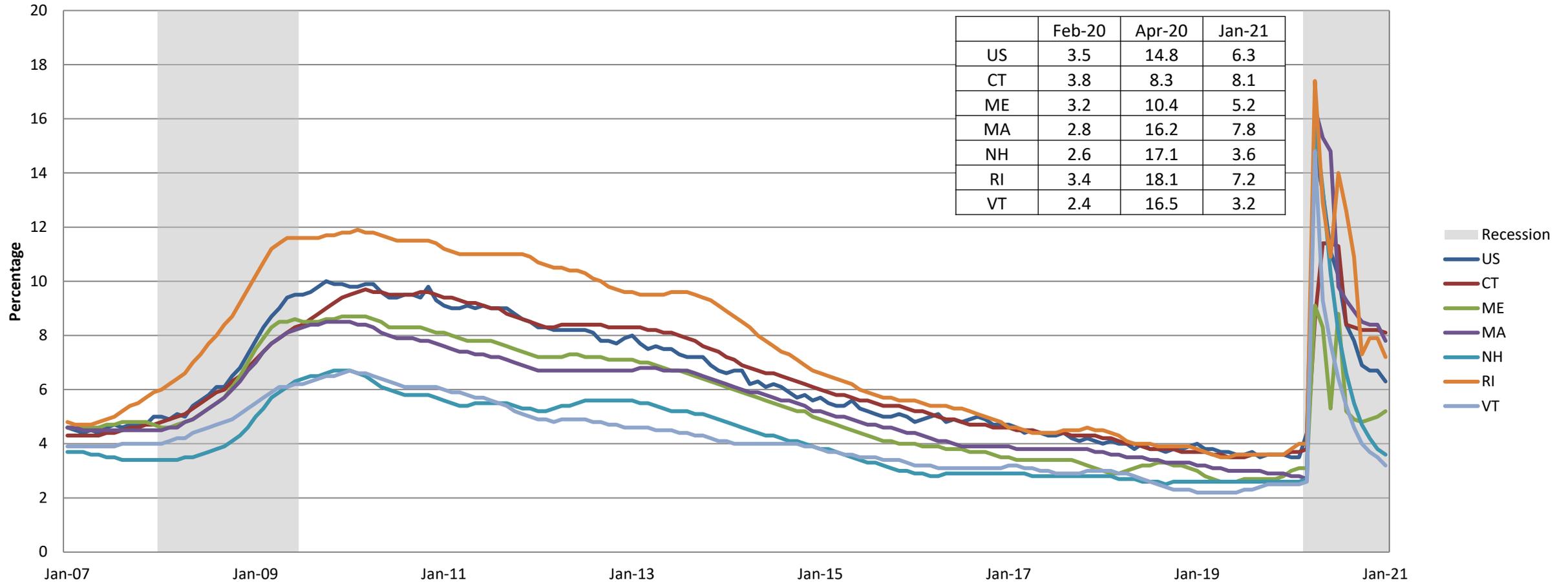
Cargo and Mail



Rolling 3 Month Sums

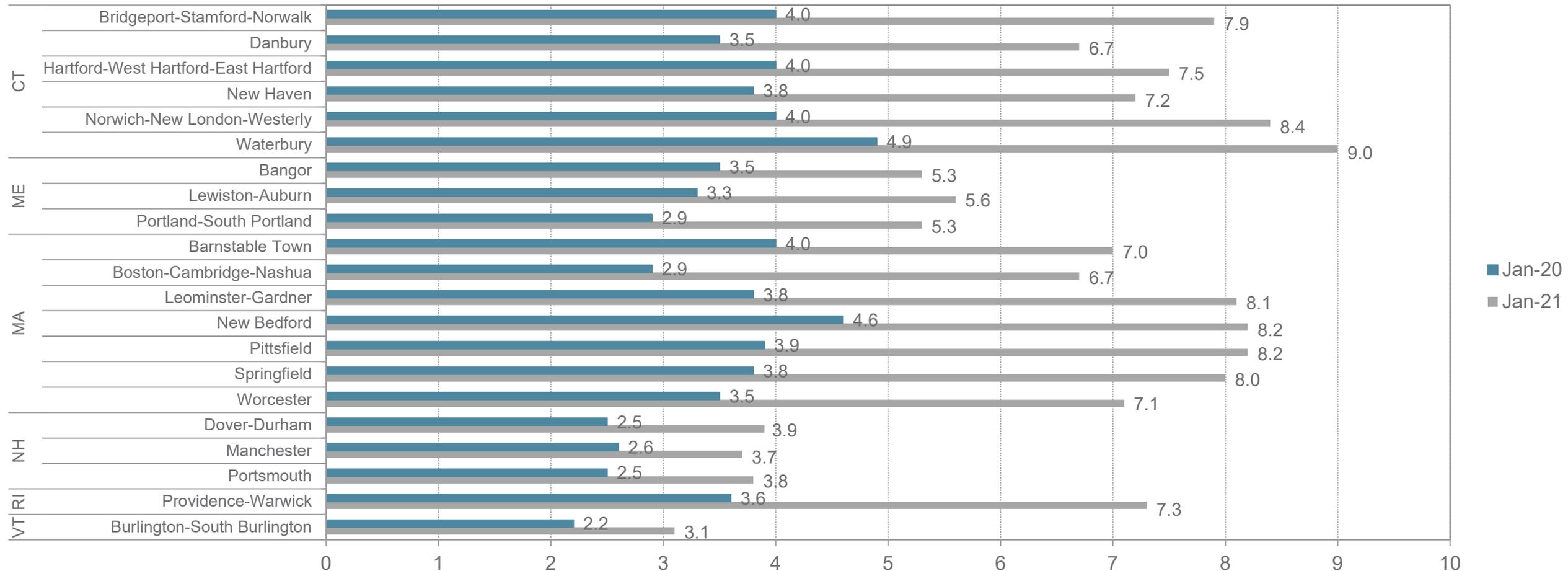
Source: MassPort

# Unemployment Rates



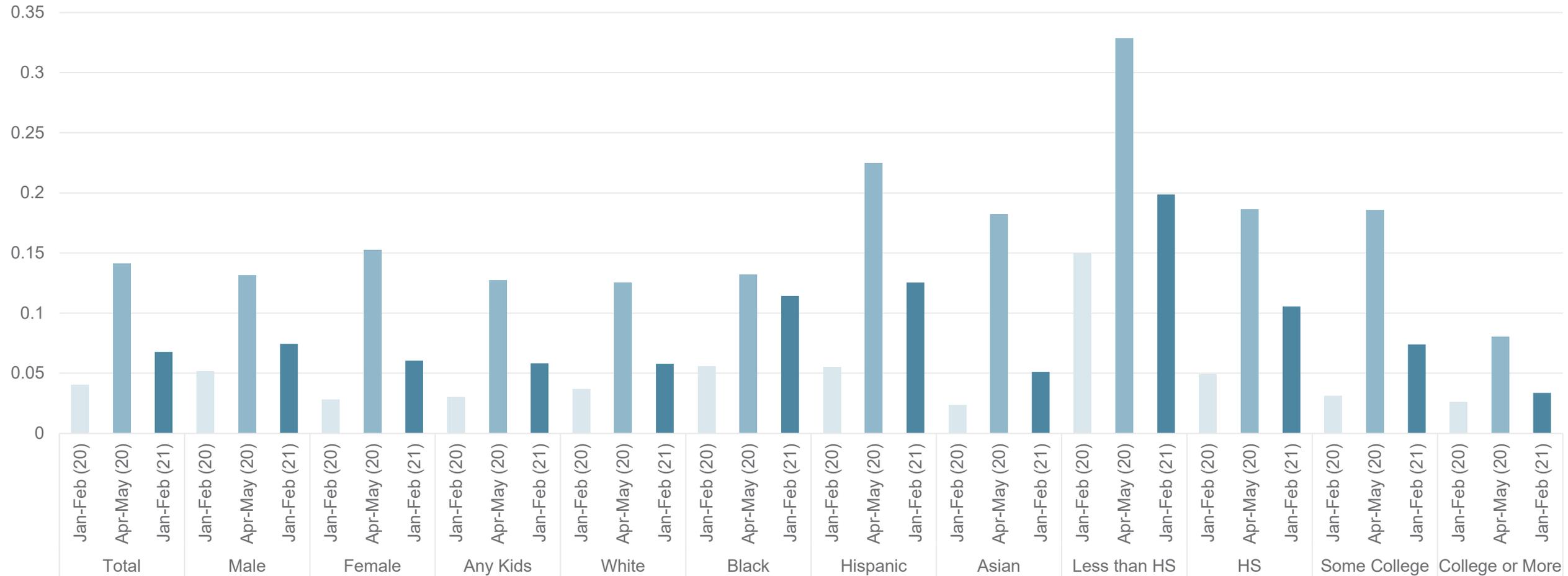
Source: Bureau of Labor Statistics, NBER, Haver Analytics

# Unemployment Rates in New England by Metropolitan Areas



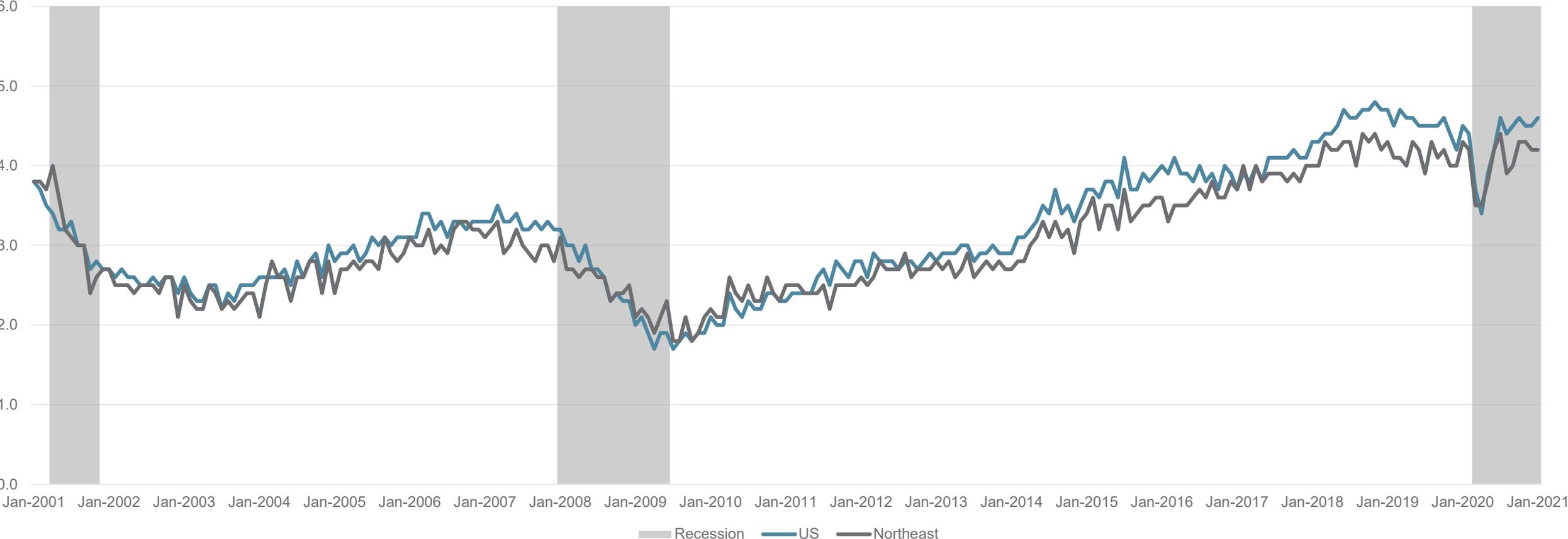
Source: Bureau of Labor Statistics, Haver Analytics, Federal Reserve Bank of Boston

# New England Unemployment Rates by Demographic Group



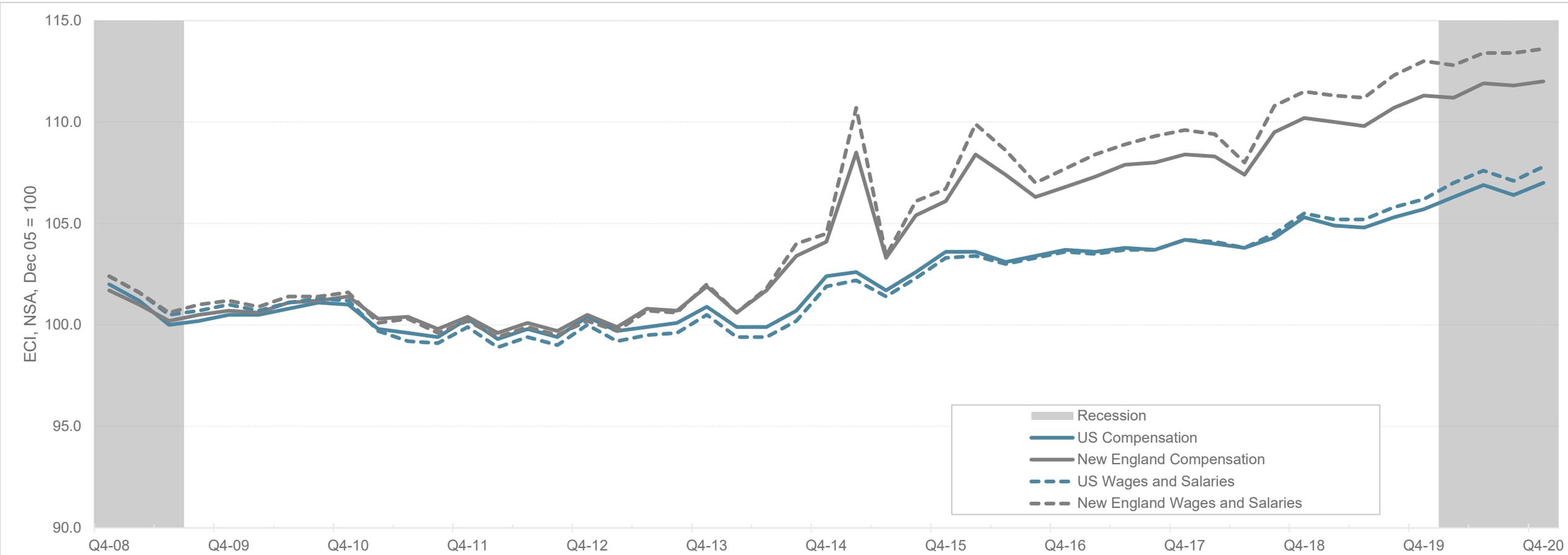
Source: Current Population Survey and Authors' Calculations

# Openings Rate



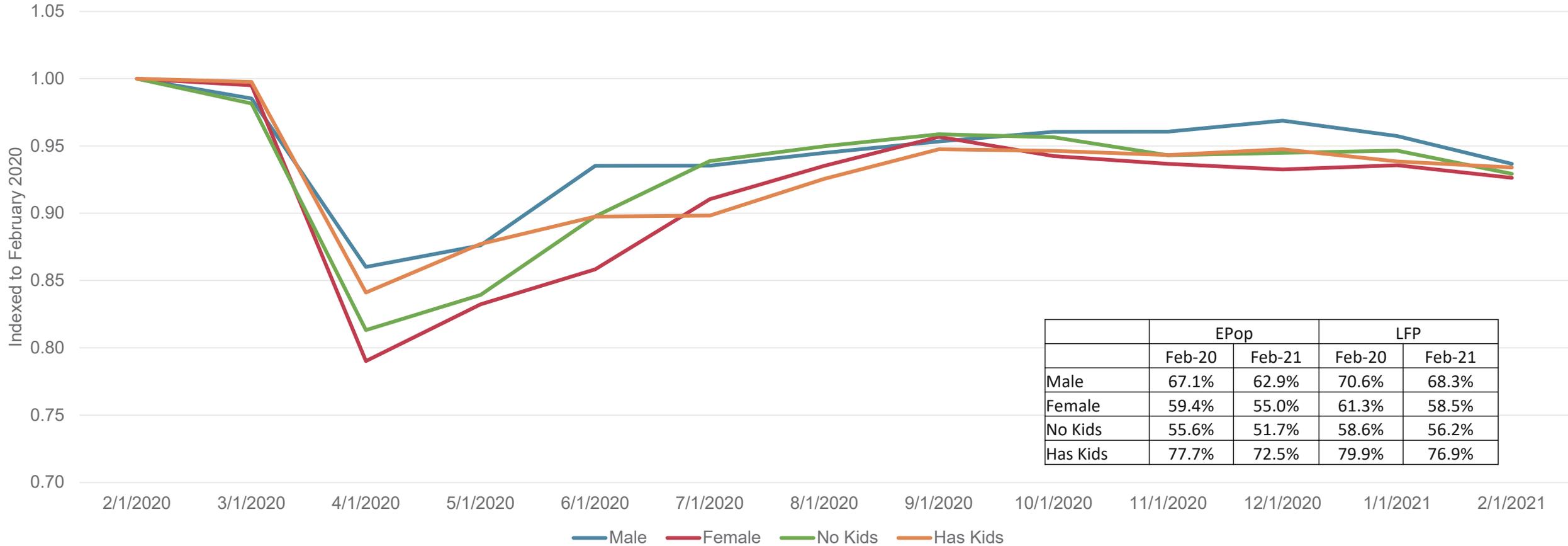
Seasonally adjusted  
Source: JOLTS, BLS

# Compensation: Private Industry Workers



Source: Bureau of Economic Analysis, Haver Analytics

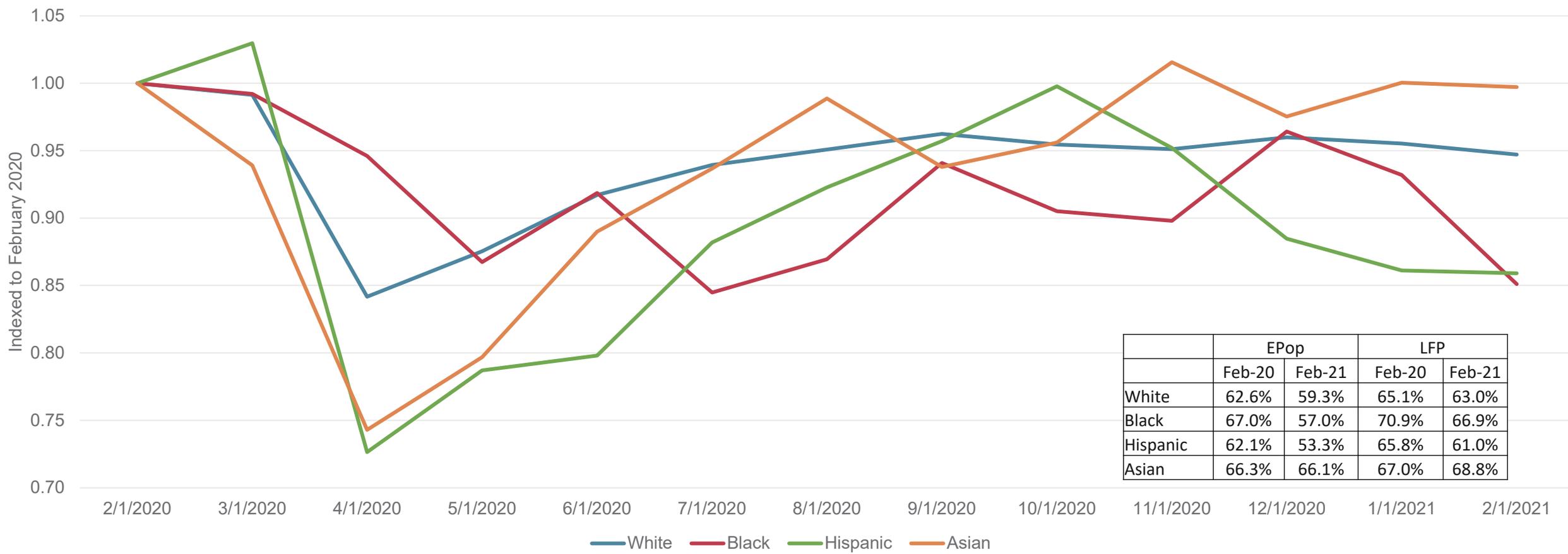
# New England Employment to Population Ratio by Gender and Presence of Kids



EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

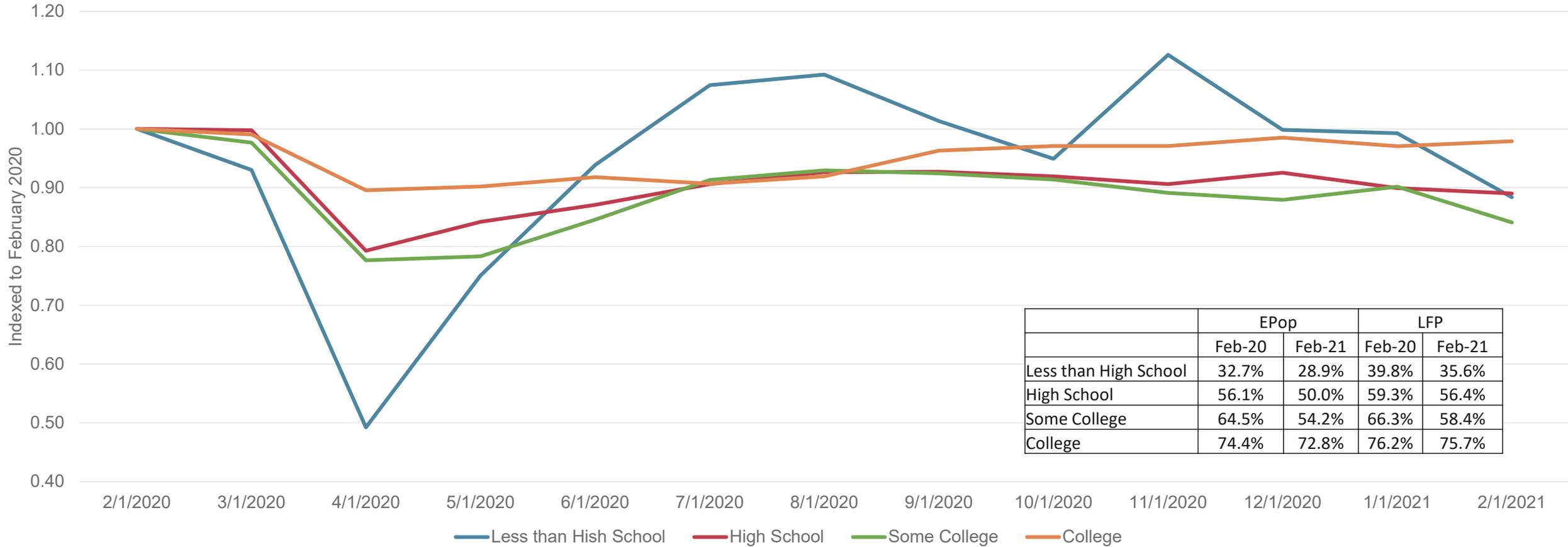
# New England Employment to Population Ratio by Race and Ethnicity



EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

# New England Employment to Population Ratio by Educational Attainment

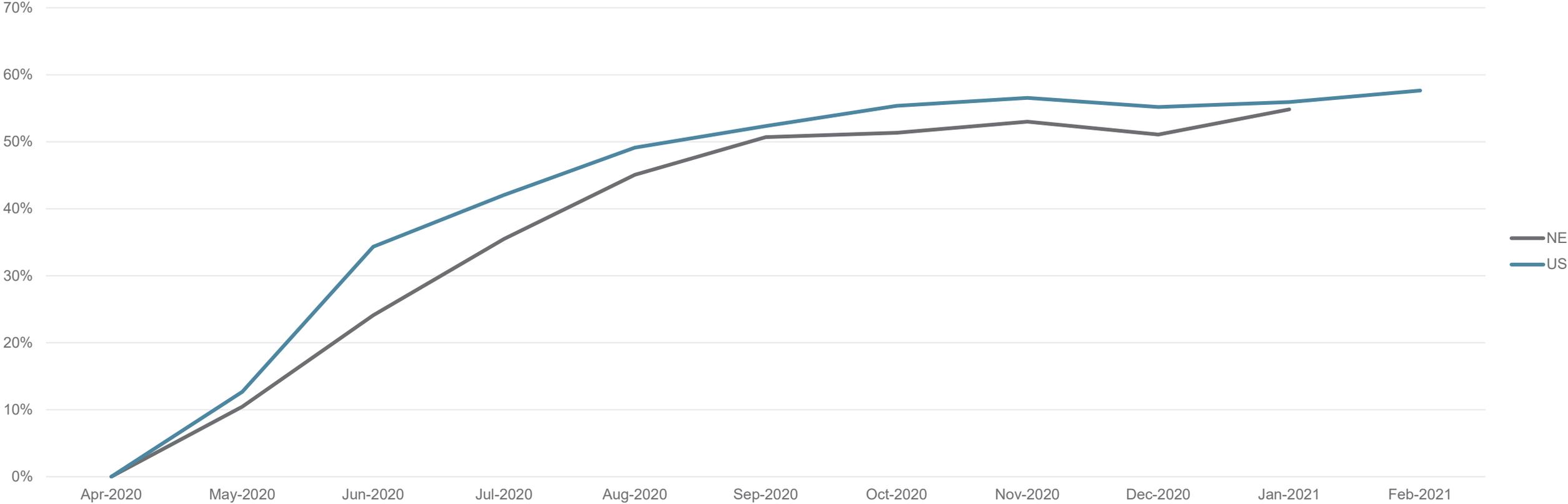


EPop refers to the employment to population ratio, LFP refers to Labor Force Participation

Source: CPS IPUMS

# Rate of Recovery has Slowed

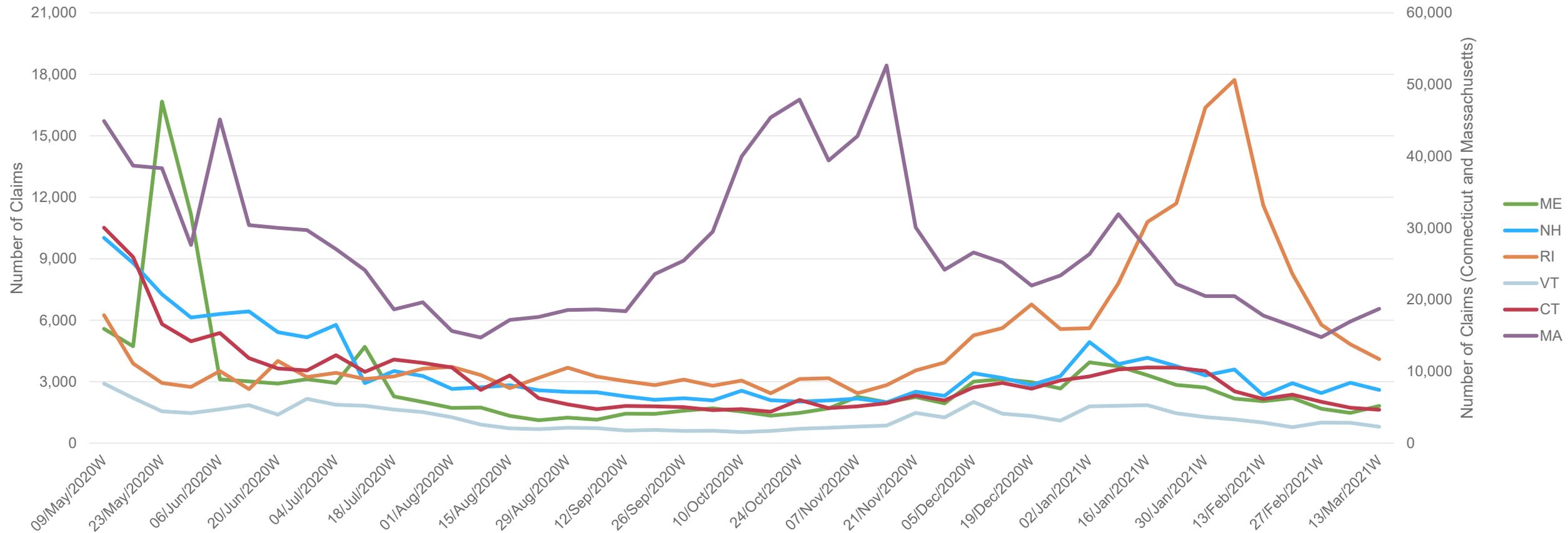
Share of Cumulative Net Jobs Replaced Since April



Source: Bureau of Labor Statistics and Haver Analytics

# Initial Claims Rose Again in Recent Months

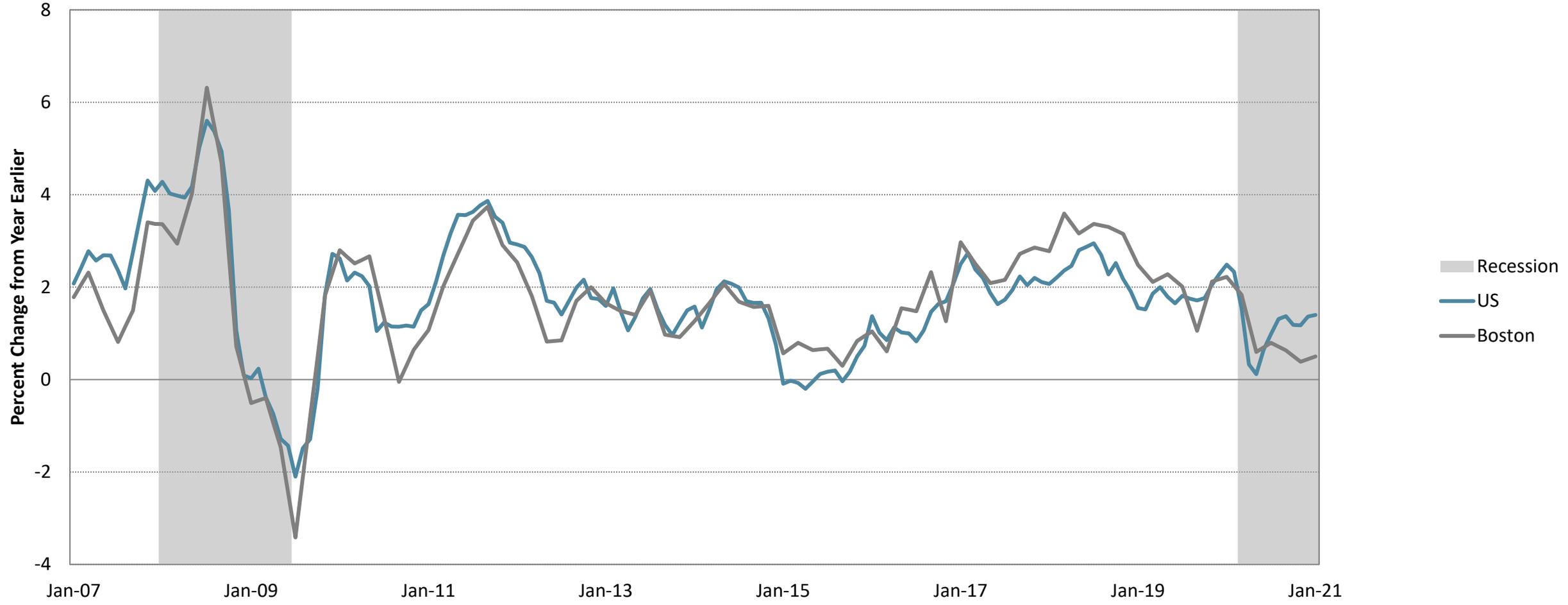
State UI - May 2020-March 2021



There have been high levels of fraudulent claims during the past year. From March 2020 to February 2021 Rhode Island found that 43% of submitted claims were suspected to be fraudulent. In that same time period, 8.8% of RI's total value of disbursements (approximately \$247.2 million) were to confirmed or suspected fraudulent claims. In Massachusetts from April 2020 to January 2021 approximately 4% of the total value of disbursements (approximately \$687 million) were to confirmed or suspected fraudulent claims.

Source: US Department of Labor and Haver Analytics

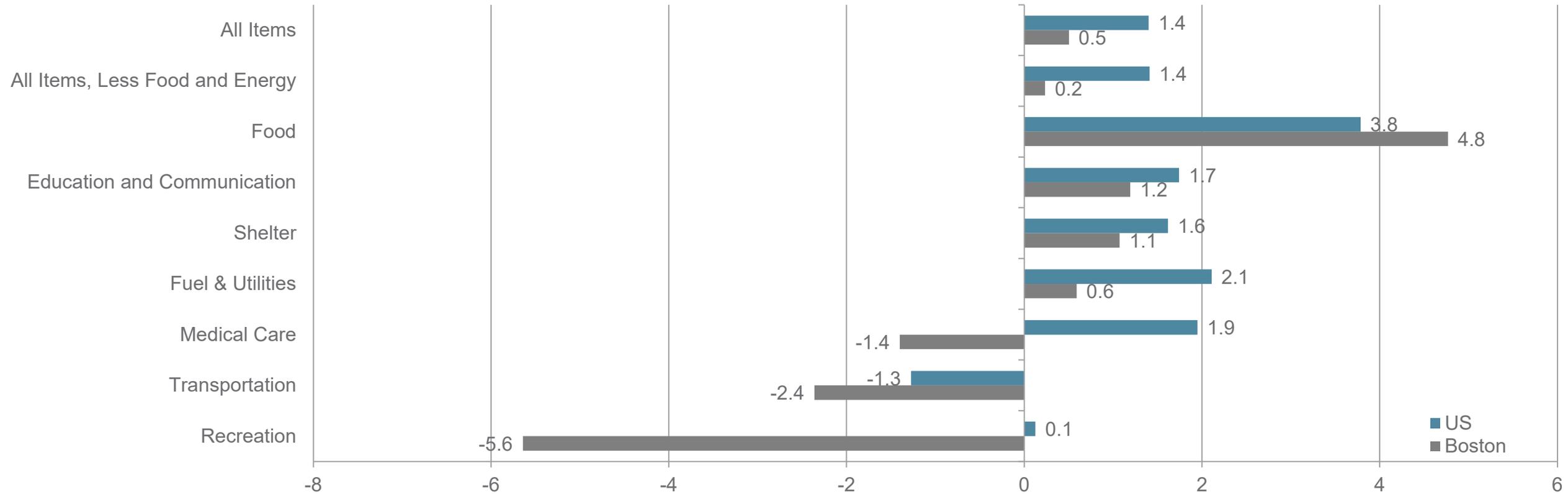
# Consumer Price Index



Source: Bureau of Labor Statistics, NBER, Haver Analytics

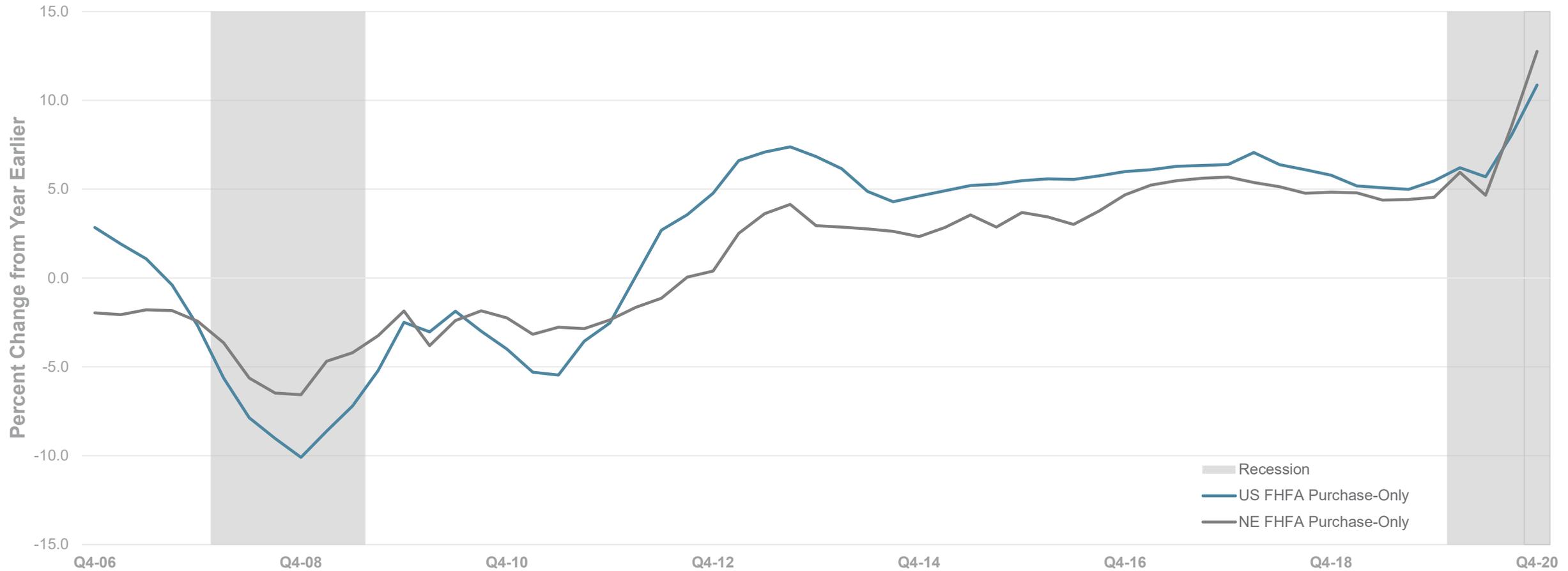
# Components of the Consumer Price Index

Percent Change, January 2020 - January 2021



Source: Bureau of Labor Statistics, Haver Analytics

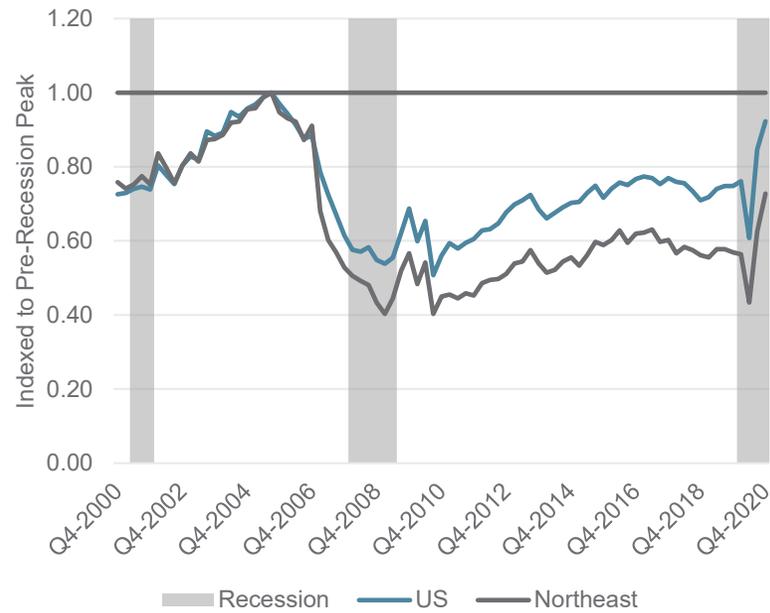
# Repeat-Sales Home Price Index



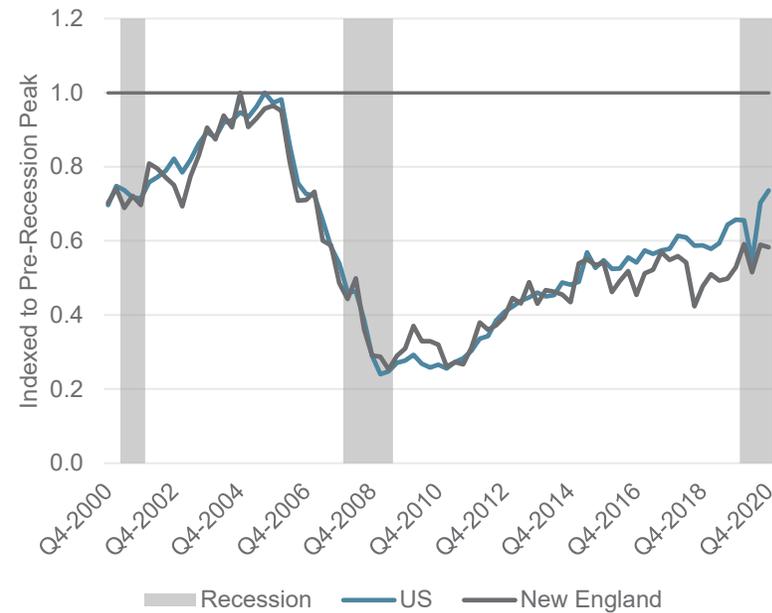
Source: FHFA, NBER, Haver Analytics

# Housing Sales, Permits, and Starts

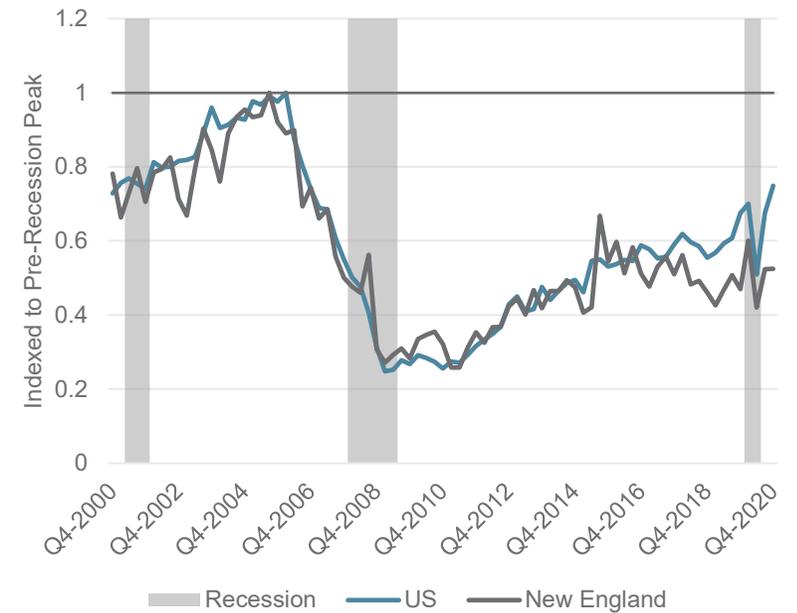
Sales of All Existing Homes



Housing Permits (Units)

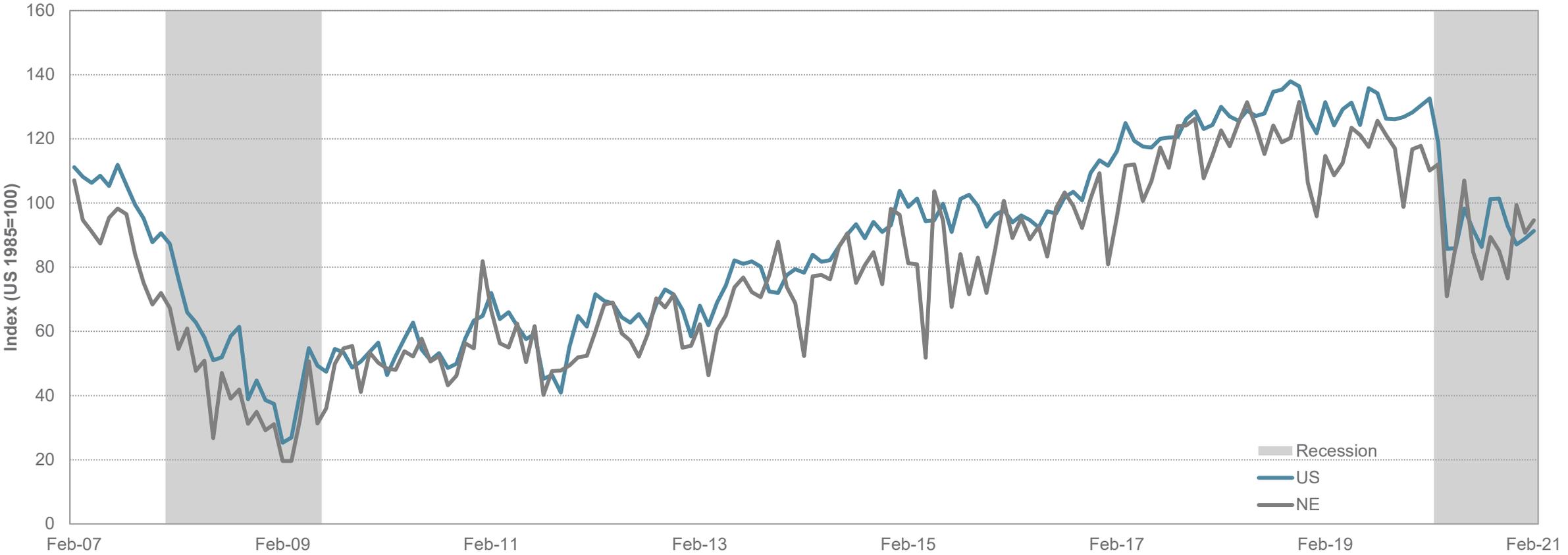


Housing Starts



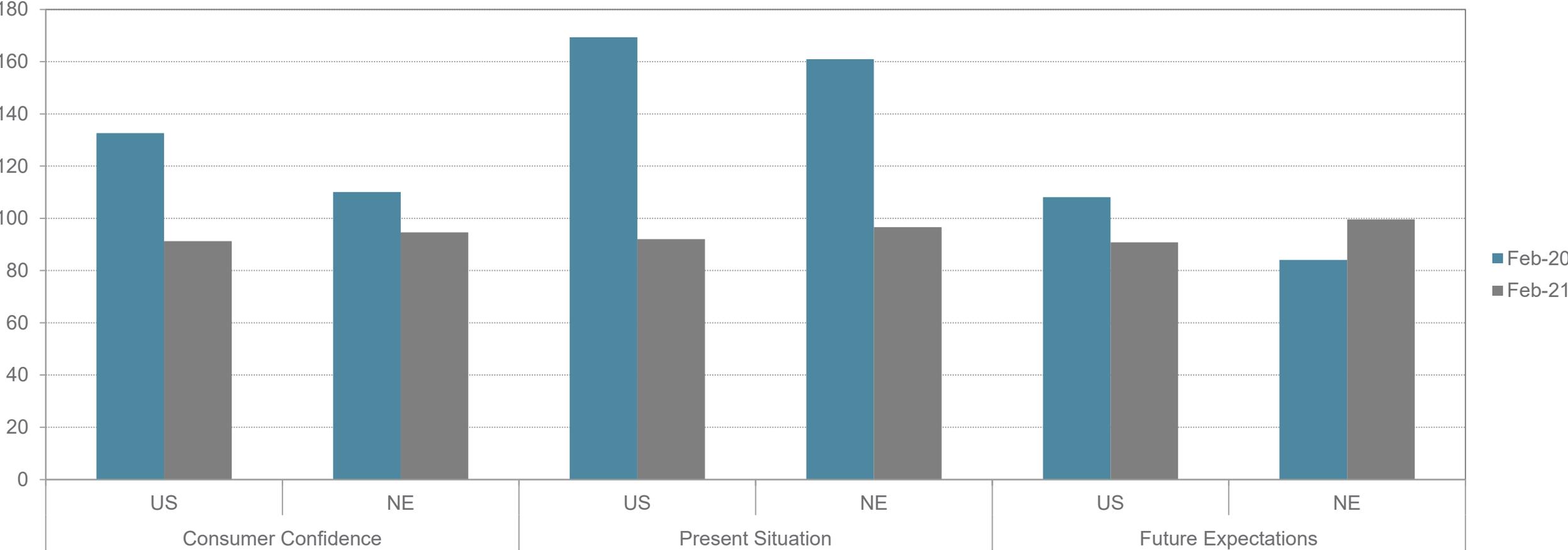
Source: Census Bureau, Bank of Tokyo-Mitsubishi UFJ, and Haver Analytics

# Consumer Confidence



Source: The Conference Board, Haver Analytics

# Consumer Confidence



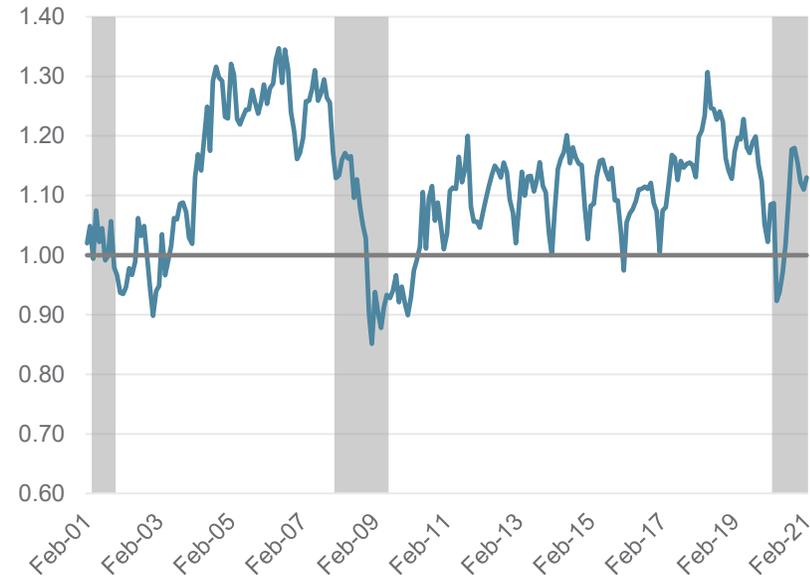
Source: The Conference Board, Haver Analytics

# Business Confidence

Assoc. Industries of MA



Cass Freight



ISM

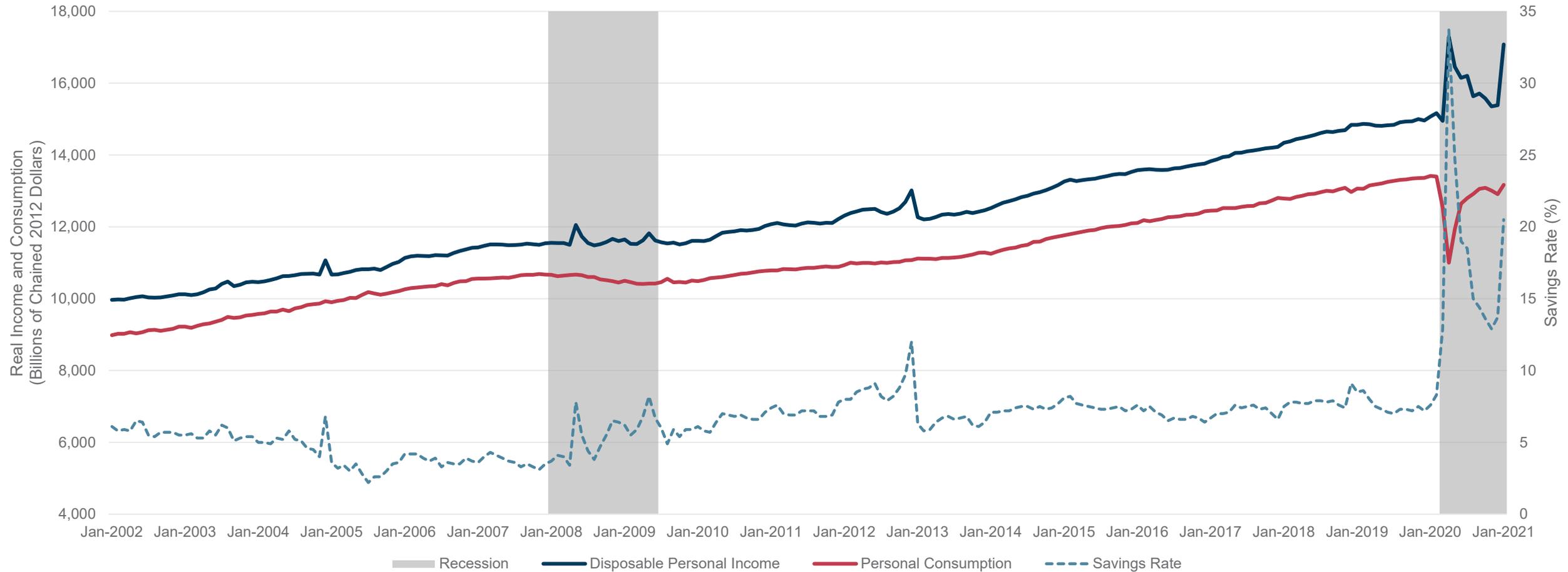


Source: Associated Industries of Massachusetts, Cass Freight and Institute for Supply Management

# Concluding Observations

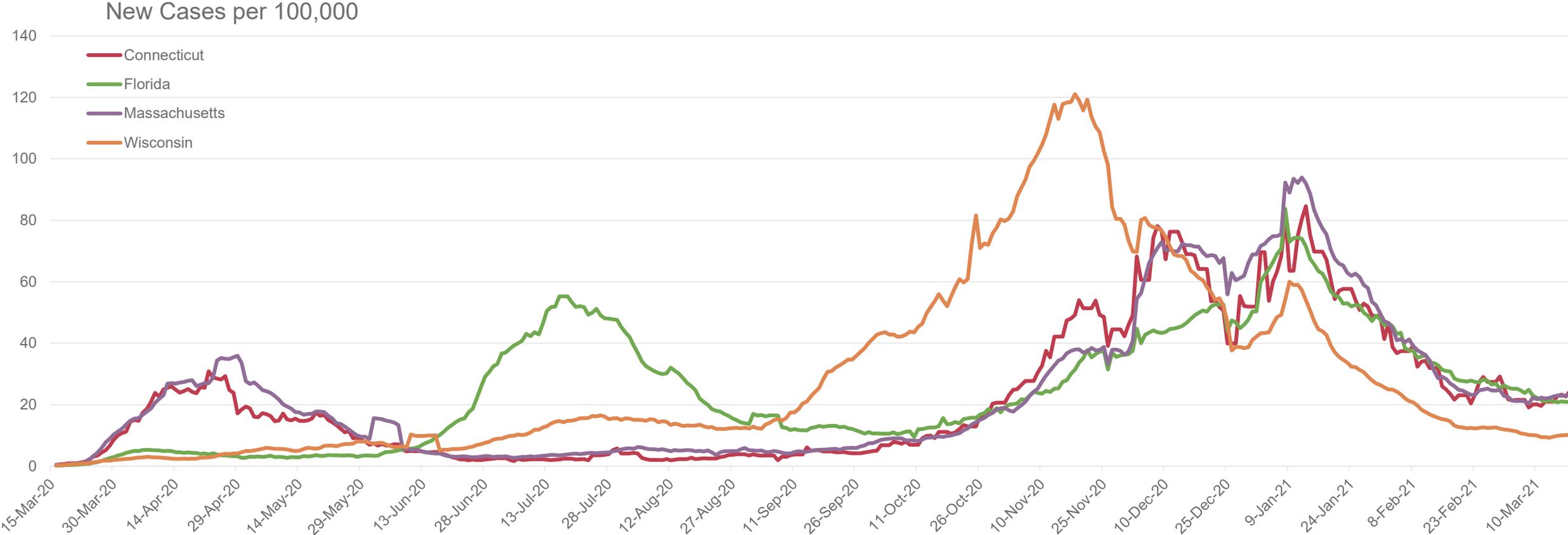
- ▶ The pace of the economic recovery has faltered and remains well below levels seen prior to the onset of the COVID-19 pandemic.
- ▶ The future path of the recovery depends in great part on two factors:
  - ▶ the continued success of public health efforts to distribute the vaccine and suppress the rate of spread, and
  - ▶ the effectiveness of policy actions taken to sustain households and businesses during a prolonged recovery and minimize long-term damage.

# Income, Consumption, and Savings



Source: BEA NIPA Table 2.1

# COVID-19 Cases per 100,000 Population

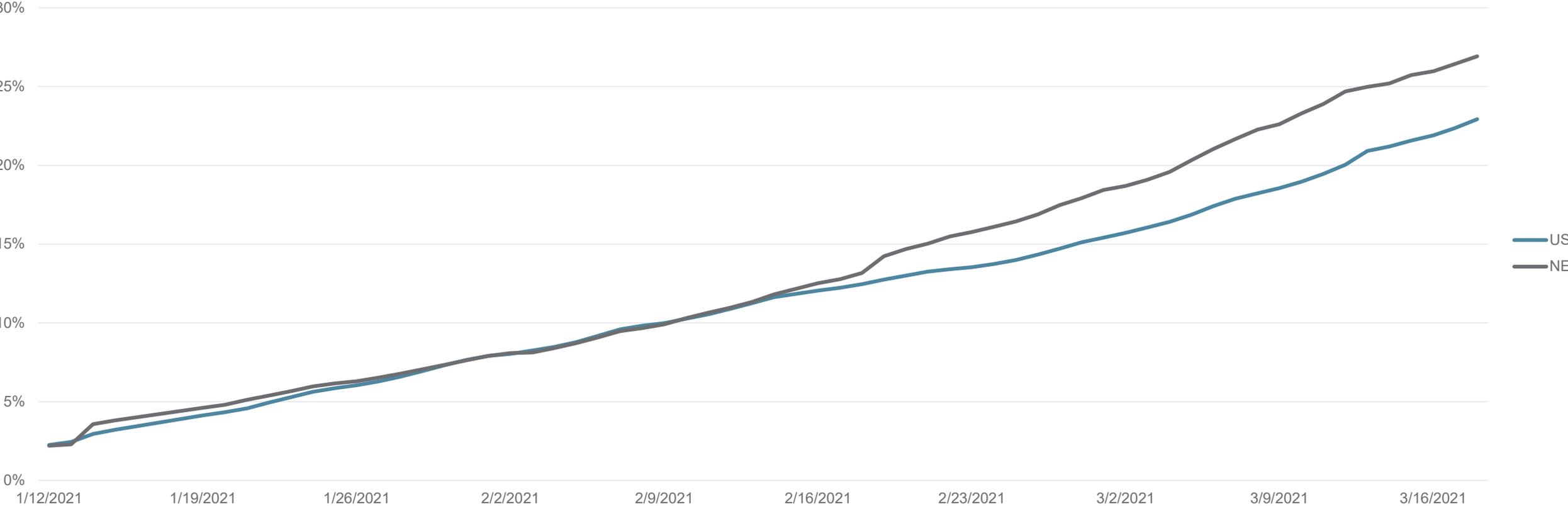


Note: New Cases are seven-day moving averages. Final day in figure is March 18<sup>th</sup>

Source: NYT COVID Repository

# Vaccine Distribution

Percent of Population with at Least 1 Vaccine Dose



Source: Our World in Data and Center for Disease Control

Note: Final Date in Series is March 18<sup>th</sup>

Thank you.