

IMPACT OF COVID-19 ON THE LABOR MARKET

Navigation for Stability + Recovery

Dr. Sam Chandan

Silverstein Chair & Dean
of the NYU Schack
Institute; Founder of
Chandan Economics



Jay Denton

SVP, Business
Intelligence and Chief
Innovation Officer
ThinkWhy LLC

Tuesday, April 7, 2020



The first platform to bridge the gap between market analysis and salary answers





IMPACT OF COVID-19 ON THE LABOR MARKET

Navigation for Stability + Recovery



Dr. Sam Chandan

Silverstein Chair & Dean of the NYU Schack
Institute; Founder of Chandan Economics

Biography at www.samchandan.com



IMPACT OF COVID-19 ON THE LABOR MARKET

Navigation for Stability + Recovery



Jay Denton

Senior Vice President, Business Intelligence &
Chief Innovation Officer

ThinkWhy LLC

Biography at ThinkWhy.com/about-us

Connect With Us



Dr. Sam Chandan



@SamChandan



/in/SamChandan

Think *Why*®



@ThinkWhy_



/company/ThinkWhy-LLC



IMPACT OF COVID-19 ON THE LABOR MARKET

AGENDA

1. Labor Market Conditions Heading Into the Crisis
2. Review of Current Labor Market Data
3. CARES Act and Recovery Projections
4. Live Polling



IMPACT OF COVID-19 ON THE LABOR MARKET

Labor Market Conditions Heading Into the Crisis

LABOR MARKET TURNOVER



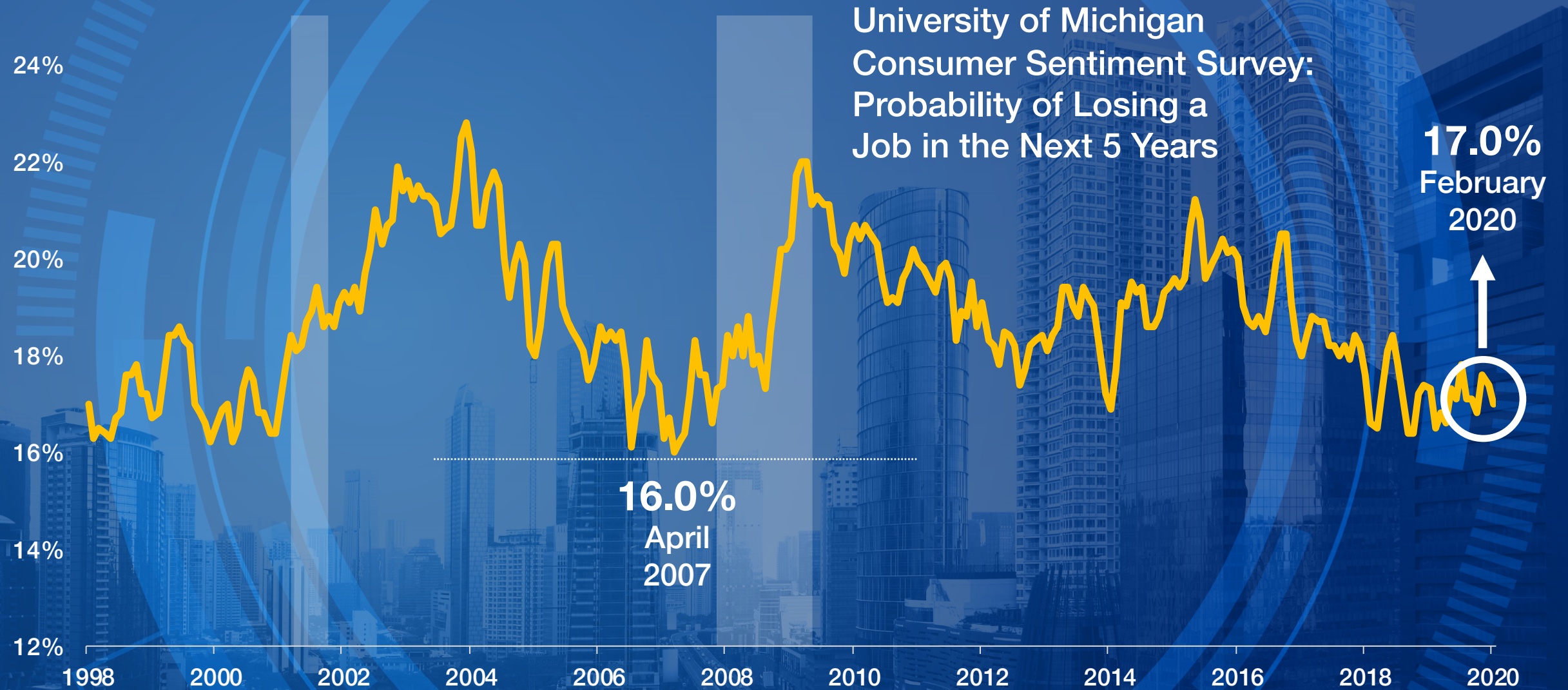
Source: Bureau of Labor Statistics; Through December 2019

LABOR MARKET TURNOVER



Source: Bureau of Labor Statistics; Through January 2020

CONSUMER SENTIMENT



Source: University of Michigan: Through February 2020



IMPACT OF COVID-19 ON THE LABOR MARKET

Review of Current Labor Market Data

PROXIES FOR EMPLOYMENT TRENDS

Weekly Initial Claims
In Millions



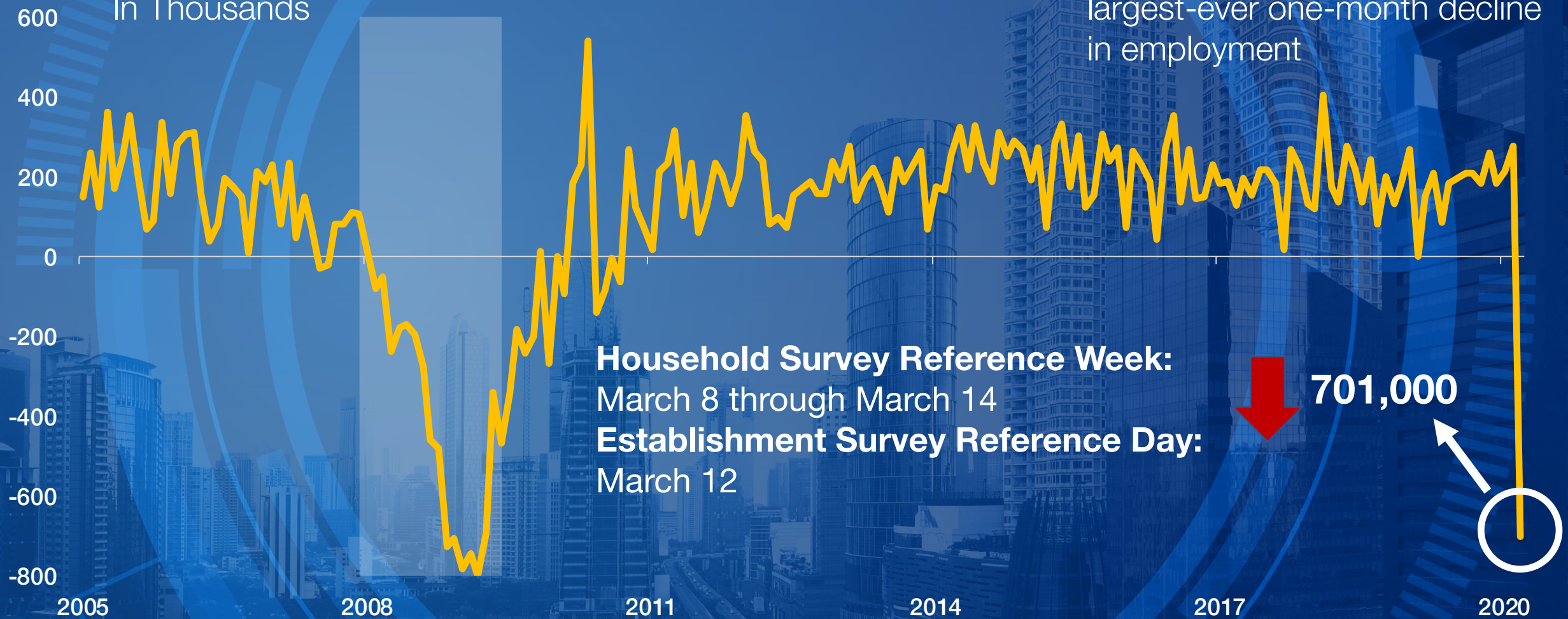
Google Trend Keyword Searches for
Unemployment Benefits
Index Max=100



Source: Department of Labor, Google Trends; Through March 28th, 2020

EMPLOYMENT TRENDS

Month-Over-Month Employment Change In Thousands



Baseline Projection

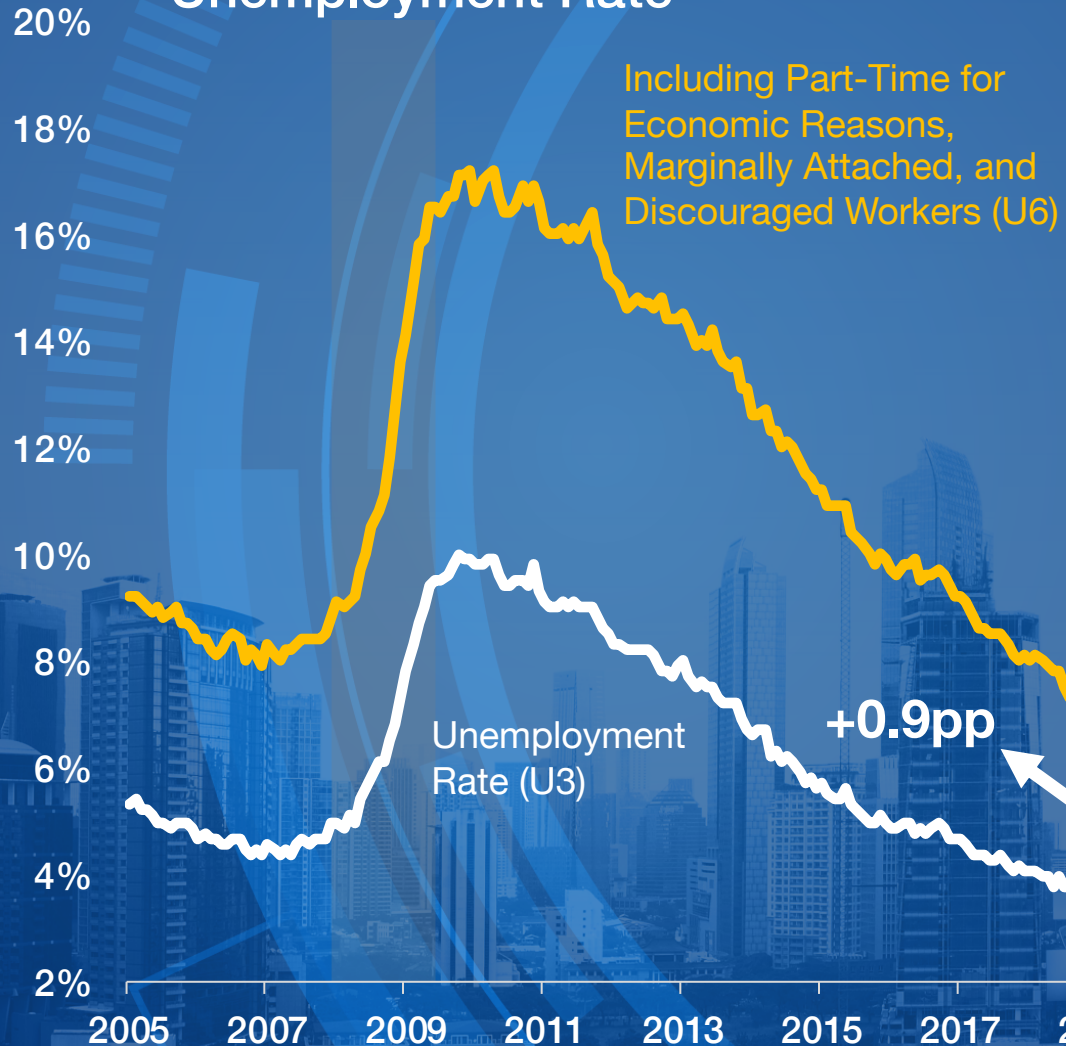
Employment report for April, due May 8, will show the largest-ever one-month decline in employment

Household Survey Reference Week:
March 8 through March 14
Establishment Survey Reference Day:
March 12

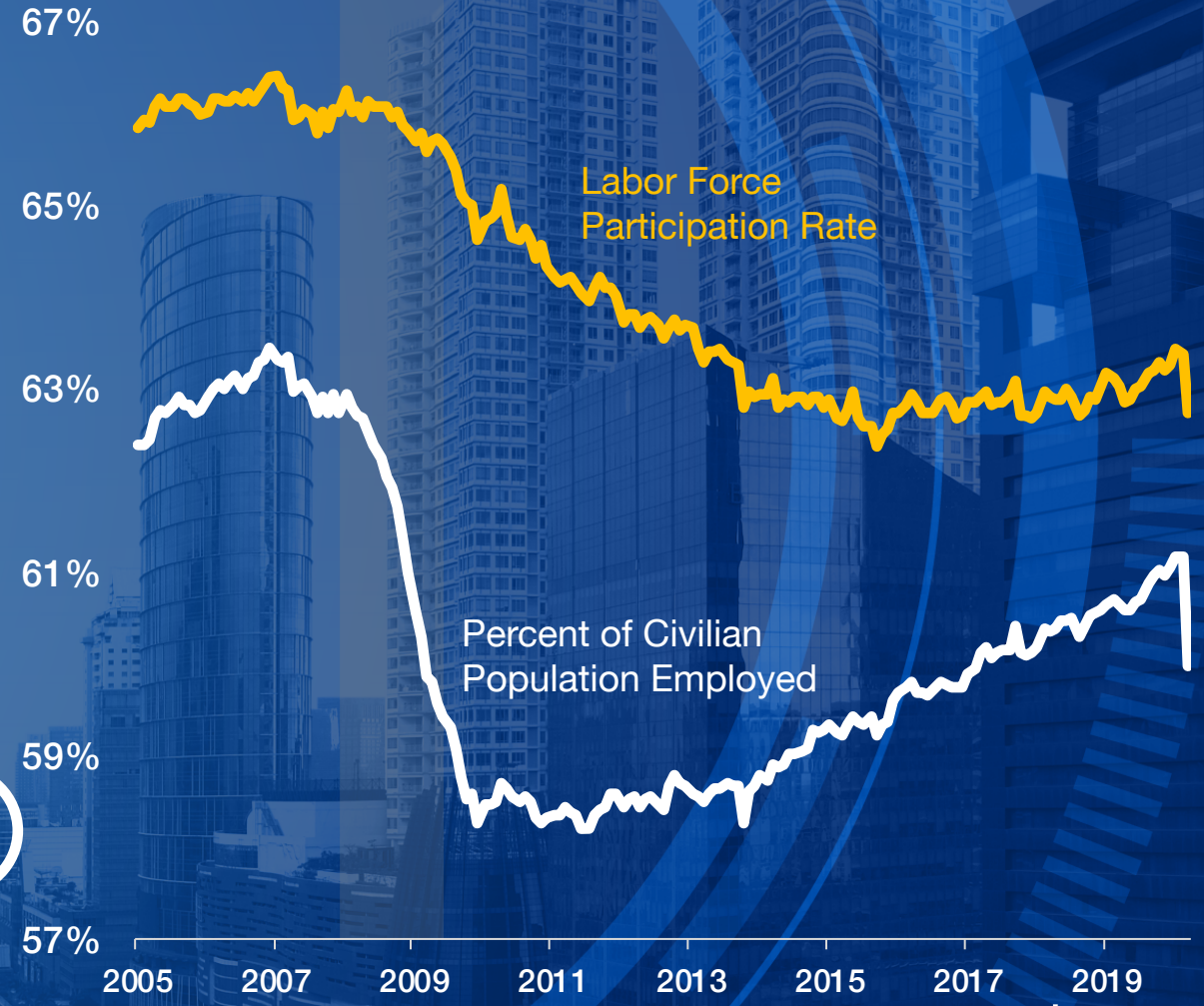
701,000

EMPLOYMENT TRENDS

Unemployment Rate

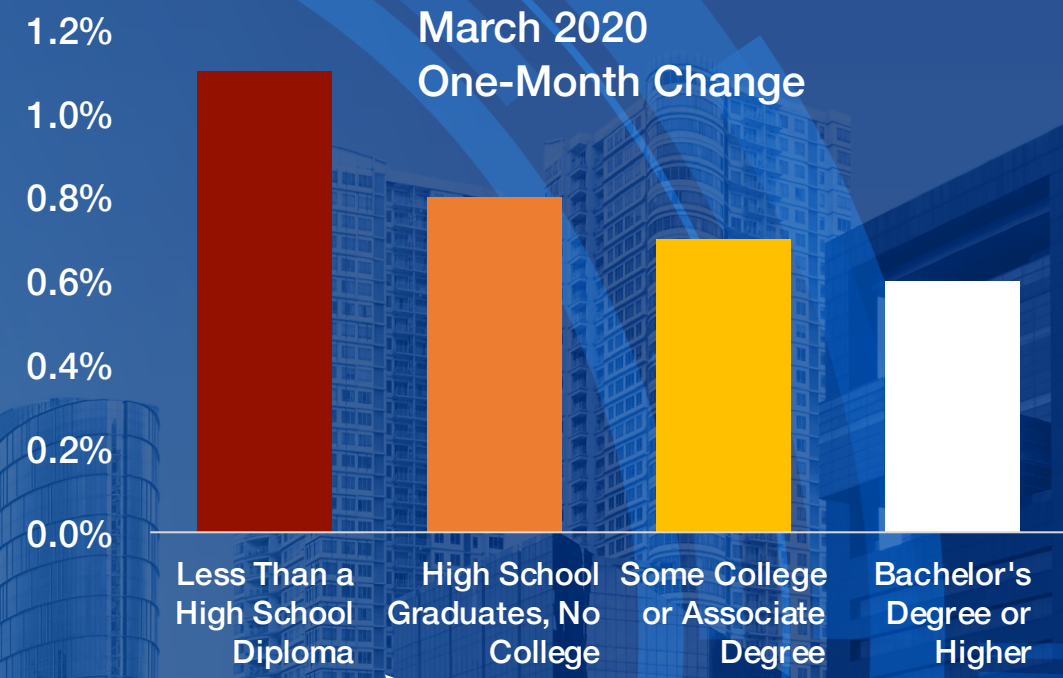


Labor Force Participation



EMPLOYMENT TRENDS

Unemployment Rate by Educational Attainment
Workers 25 Years and Older

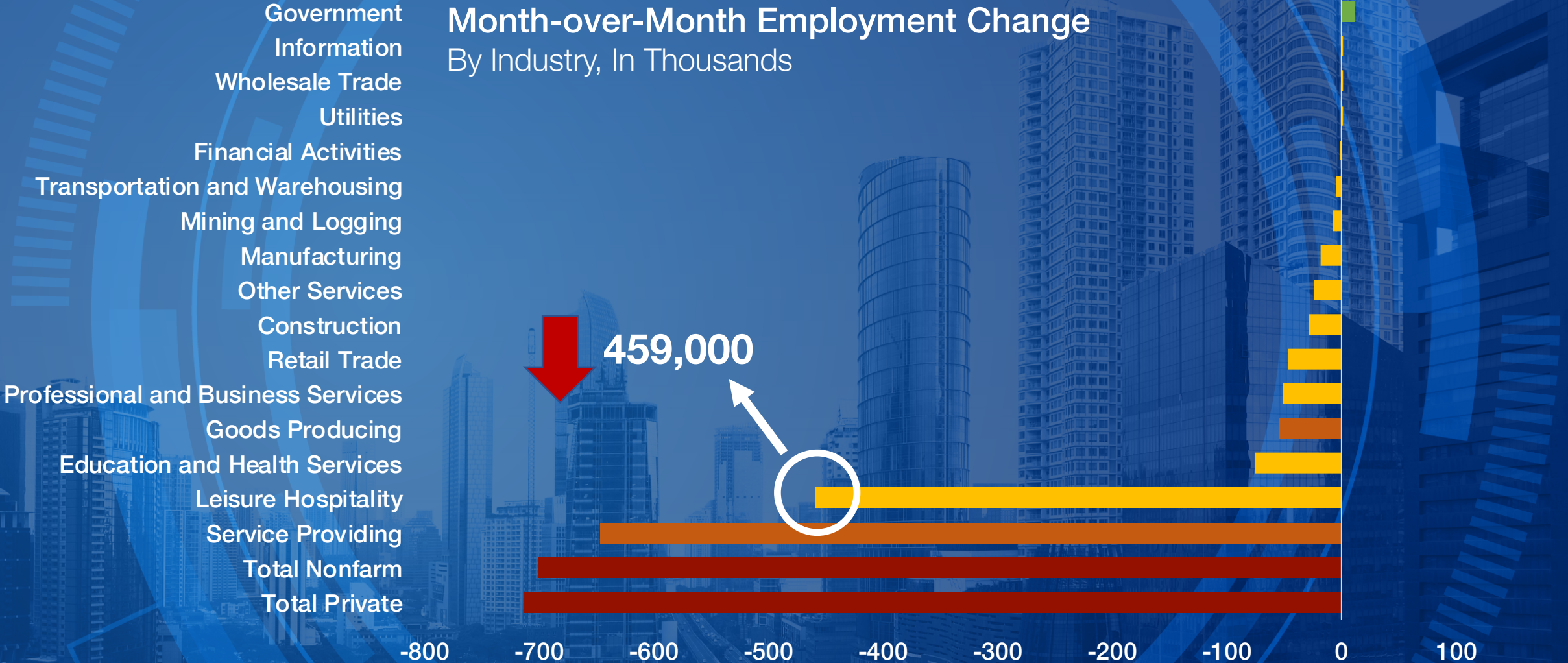


Post-Webinar Update
Refer to the Appendix for additional demographic breakouts, including by age and race

Source: Bureau of Labor Statistics; Through March 2020

EMPLOYMENT TRENDS

Month-over-Month Employment Change
By Industry, In Thousands



Source: Bureau of Labor Statistics; March 2020

RESTAURANTS AND BARS

Restaurant Bookings YoY % Change



Source: OpenTable; Through March 23, 2020

ANATOMY OF EMPLOYMENT RISK

Which Occupations Are At Greatest Immediate Risk

- High-contact jobs requiring physical co-location
- Production jobs with location-specific elements

45%-
50%

\$39K
Average
Salary

Which Occupations Are At Moderate or Low Risk

- Essential jobs
- Jobs where value creation is location-independent
- However, jobs impacted by business process disruption are also at-risk medium-term

50%-
55%

\$62K
Average
Salary

A similar analysis by **Charles Gascon** of the Federal Reserve Bank of St Louis places the average salary for high layoff risk occupations at \$36,600 and for low layoff risk occupations at \$64,600.

METROS AT RISK

Employment in Major Metro Areas In Thousands

Major Metro	Art, Sports, and Media	Food Prep and Serving	Personal Care and Service	Total Jobs	% of All Jobs in Metro
Chicago	63	393	150	606	13%
Los Angeles	165	598	401	1,164	19%
New York	213	753	444	1,410	14%
San Francisco	54	225	131	410	14%
Washington DC	74	265	103	442	16%

Exposure to Leisure and Hospitality

Major Metro	Jobs In Thousands	% of All Jobs in Metro
Las Vegas	295	29%
Orlando	276	21%
New Orleans	91	16%
San Diego	207	14%
San Antonio	141	13%

Overall Major Metros and Megaregions at **Highest Risk**

Las Vegas

Southern Florida

Central Florida

Chicago

New Orleans

Detroit

Leisure and
Hospitality
Exposure

Fiscal
Exposure

Overall Major Metros and Megaregions at **Lowest Risk**

Washington DC

New York City

Bay Area

Boston

Philadelphia



IMPACT OF COVID-19 ON THE LABOR MARKET

The CARES Act and Recovery Scenarios

The hit to economic activity will be deep, but its ultimate magnitude and duration are highly uncertain and will depend on the ability of public health measures to contain the spread of the pandemic

Sylvain Leduc and Zheng Liu
Federal Reserve Bank of San
Francisco

PROJECTING PEAK UNEMPLOYMENT

Current estimates of peak unemployment are typically the range of 12% to 15%.

Some estimates are much higher, reflecting unusually high uncertainty in model assumptions.

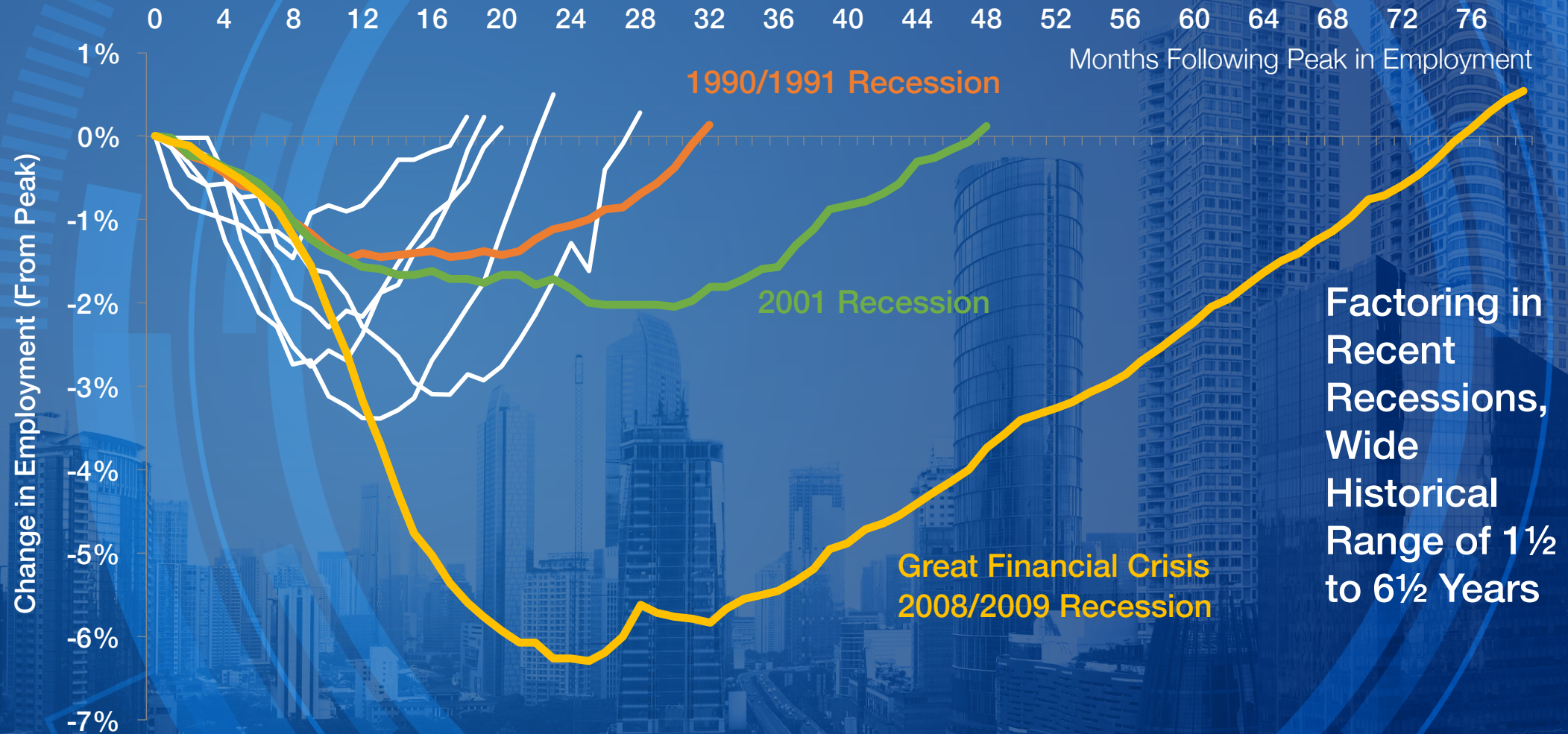
Note that some estimates are intended only as illustrative exercises.

	Measure	Value	Source
A	Civilian Labor Force in February 2020	164.5 M	BLS
B	Unemployment Rate in February 2020	3.5%	BLS
C	Unemployed Persons in February 2020	5.76 M	A x B
D	Workers in Occupations with High Risk of Layoff	66.8 M	Gascon
E	Workers in High Contact-Intensive Occupations	27.3 M	Famiglietti/Leibovici /Santacreu
F	Estimated Layoffs in Q2 2020	47.1 M	Average of (D) + (E)
G	Unemployed Persons in Q2 2020	52.8 M	(B) + (F)
H	Unemployment Rate in Q2 2020	32.1%	(G) ÷ (A)

From **Back-of-the-Envelope Estimates of Next Quarter's Unemployment Rate**
Miguel Faria-e-Castro, Federal Reserve Bank of St Louis

DOWNTURNS AND RECOVERIES

Employment Loss and Time to Recovery During and Following Recessions



Sources: Bureau of Labor Statistics, Chandan Economics; Through March 2020

WHO IS HIRING AND WHO IS NOT

Current hiring is concentrated in essential services including groceries, pharmacy, and household products. These spikes will reverse, at least in part, as the crisis abates.

Job losses are across the board, though mass layoffs at large firms are the most visible.

Employer	Hiring Target	Sector
Instacart	300,000	Retail: Online
Walmart	150,000	Retail: Discount and Home Products
Amazon	100,000	Retail: Online
CVS Health	50,000	Pharmacy
Dollar General	50,000	Retail: Discount and Home Products
Pizza Hut	30,000	Prepared Food Delivery
Lowe's	30,000	Retail: Discount and Home Products
Dollar Tree	25,000	Retail: Discount and Home Products
Walgreens	25,000	Pharmacy
7-Eleven	20,000	Retail: Grocery and Convenience
Kroger	20,000	Retail: Grocery and Convenience
Chewy	10,000	Retail: Online
Domino's	10,000	Prepared Food Delivery
Target	10,000	Retail: Grocery and Convenience

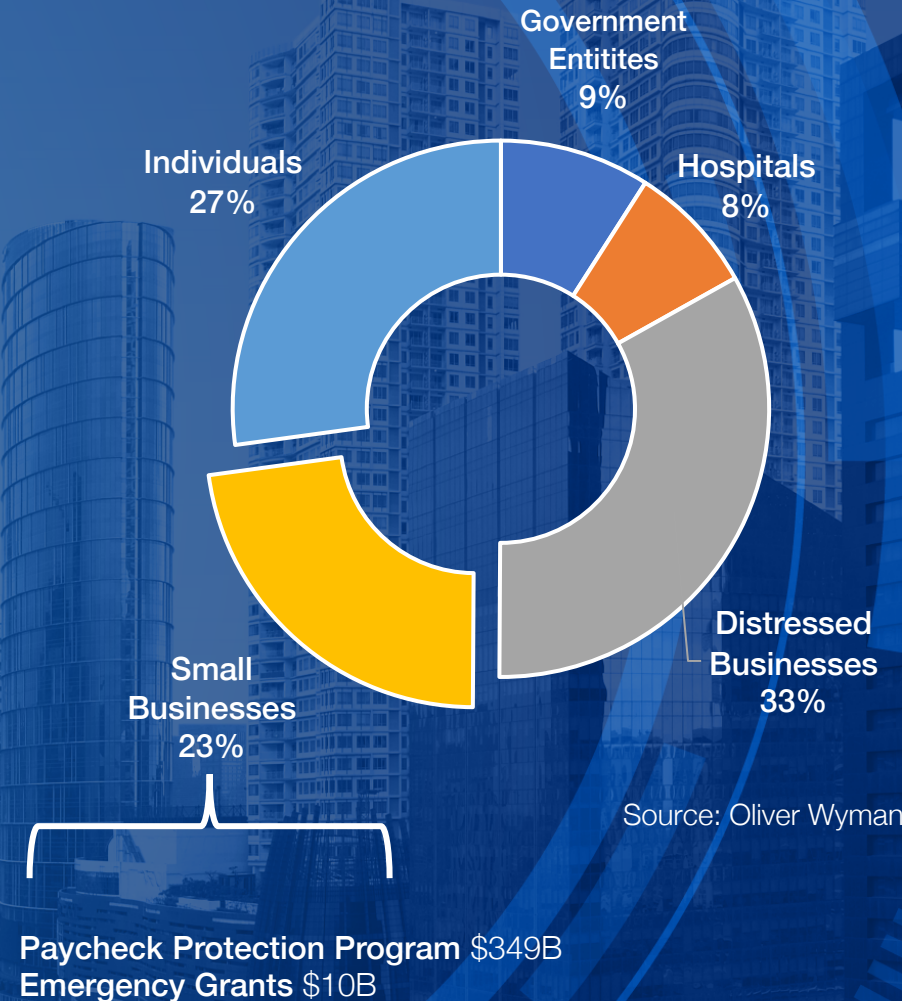
Source: LinkedIn, Andrew Seaman

THE CARES ACT

Coronavirus Aid, Relief and Economic Security (CARES) Act

- Largest economic relief bill in American history, equivalent to roughly 9% of GDP
- Allocates \$2.2 trillion to individuals and businesses impacted by the crisis.
- Major allocations to individuals, large and small businesses.
- Predicated on a relatively transient interruption to normal business activity; recent data from China suggests headwinds to resumption in discretionary activity by households.

Where is the Money Going

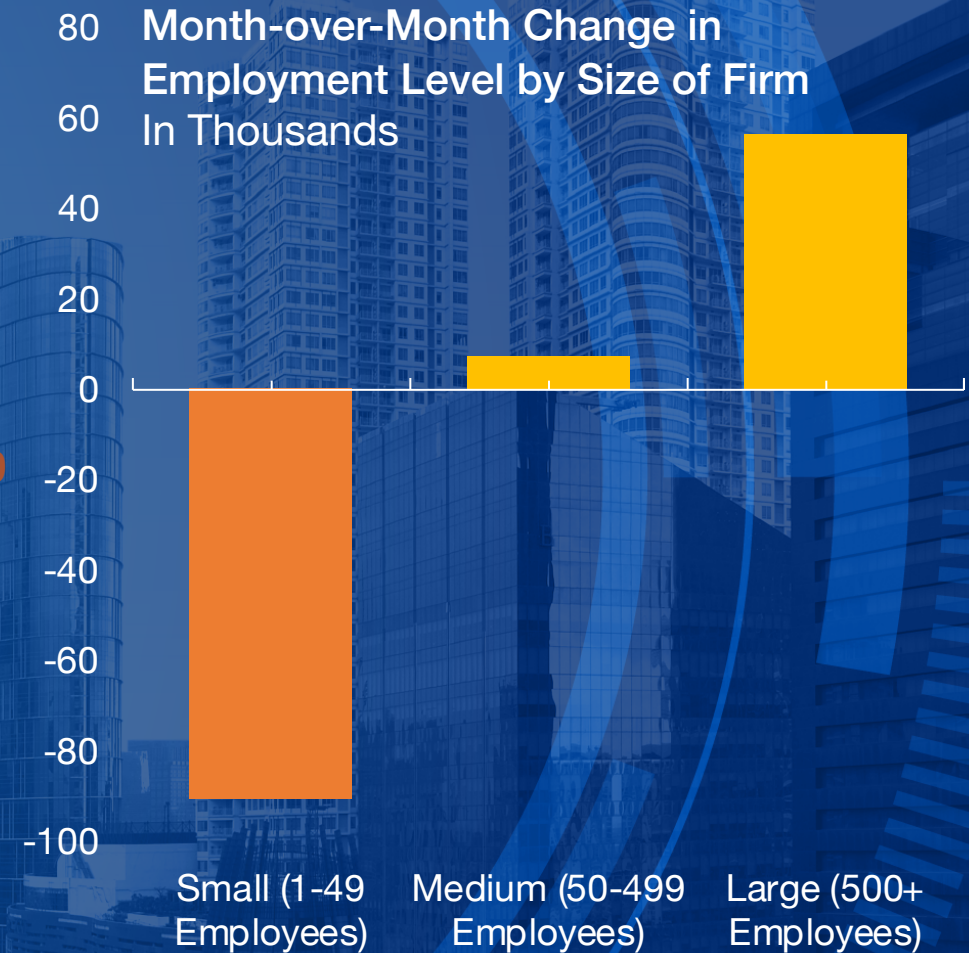


THE CARES ACT

Paycheck Protection Program (PPP)

- The CARES Act's most salient direct intervention supporting near-term employment is focused on small- and medium-size firms.
- \$349 billion in forgivable loans to small businesses to pay employees during the crisis.
- Eight weeks of support through a loan up to 2.5 times monthly payroll.
- Loan is forgiven if proceeds are used to cover payroll costs, mortgage interest, rent, and utility costs and employee counts and compensation levels are maintained.
- Anecdotal evidence of execution challenges facing originators and borrowers in the first days of the program

FRESB 2020-SB70





IMPACT OF COVID-19 ON THE LABOR MARKET

Polling Questions

Stay Current With Us

We are here to support organizations and provide insights during the economic downturn, as well as the recovery.

ThinkWhy.com

Send your questions to

Insights@ThinkWhy.com

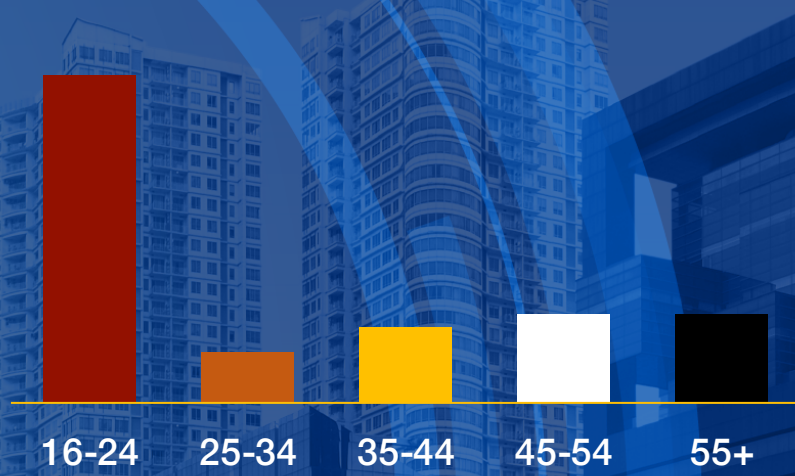
Save the Date for Our Next Labor Market Impact Briefing

Tuesday, May 5, 2020
2 PM ET / 1 PM CT / 11 AM PT

DEMOGRAPHIC TRENDS

March 2020 One-Month Change

Unemployment Rate by Age



Source: Bureau of Labor Statistics; Through March 2020

DEMOGRAPHIC TRENDS

Unemployment Rate by Sex

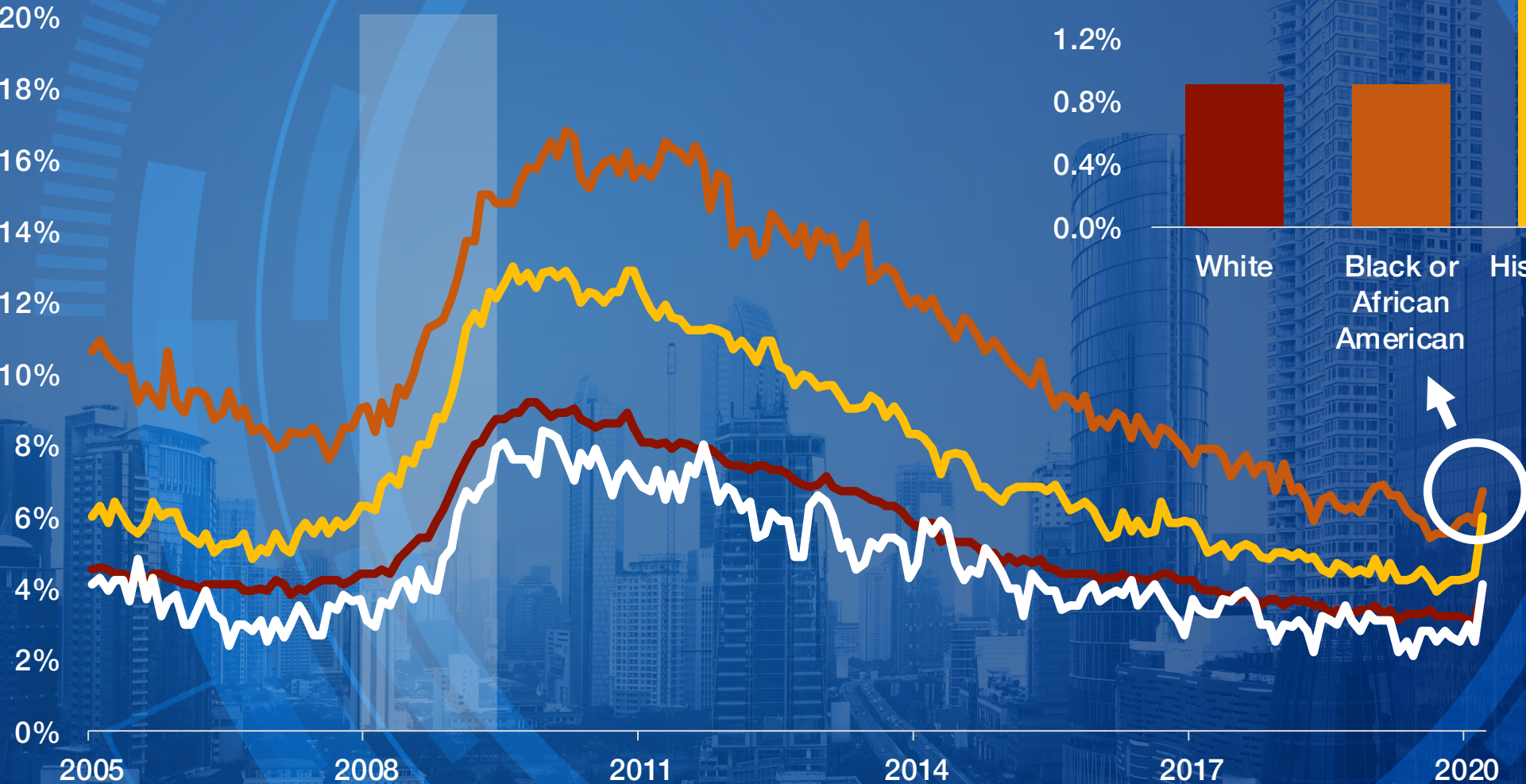
March 2020 One-Month Change



Source: Bureau of Labor Statistics; Through March 2020

DEMOGRAPHIC TRENDS

Unemployment Rate by Race



March 2020 One-Month Change



Source: Bureau of Labor Statistics; Through March 2020