

COVID-19 Impact on the U.S. and California Economies

June 25, 2020



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Promoting Good Government at the Local Level

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Webinar Overview

The COVID-19 recession has had a tremendous impact on the economy, led by record-breaking job losses and upended business operations. The near-term outlook is grim but there is optimism that a recovery is on the way. Still, uncertainty looms over the outlook depending upon virus infections and potential medical solutions. There remain several potential paths forward for the economy, both to the upside and to the downside.

Today's Agenda

Welcome & Overview

About CSAC, ILG, Nationwide Financial, American Century

Presentations by:

- Steve Ebert, Institutional Sales Executive, Nationwide Financial
- Jeff Hoernemann, CFA, Portfolio Manager & Biotechnology Analyst, American Century Investments
- Mike Rode, Vice President, Senior Client Portfolio Manager, American Century Investments
- Ben Ayers, Senior Economist, Nationwide Financial

Q&A

Tools & Resources

How to Ask a Question During the Webinar

- All webinar participants will be on MUTE during the entire call.
- Please TYPE any questions into the question box at any time during the webinar.
- The moderator will read your questions during the question period at the end of the webinar.



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ILG is the non-profit training and education affiliate of...



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Districts Association**
Districts Stronger Together



We provide practical and easy-to-use resources so local agencies can effectively implement policies on the ground.

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Program Areas

Leadership & Governance

Civics Education & Workforce

Public Engagement

Sustainable Communities



Services

Education & Training

Technical Assistance

Capacity Building

Convening

Our mission is to help local government leaders navigate complexity, increase capacity & build trust in their communities

ILG's FREE Resources

COVID-19

- www.ca-ilg.org/COVID-19
 - Local Government Resources
 - State and National Resources
 - Executive Orders
 - Tools and Training Opportunities
 - Local Government Response

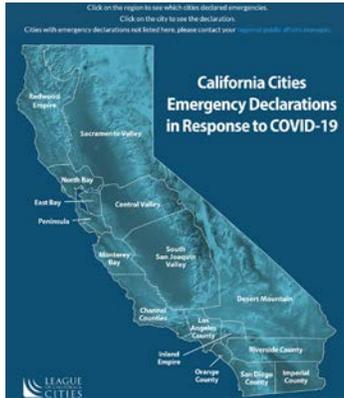
Leadership Resources

- www.ca-ilg.org/leadership
 - Information and resources on effective boards & councils, decision-making, responsibilities and powers and more

Public Engagement Resources

- www.ca-ilg.org/engagement
 - Basics of Public Engagement
 - ILG's TIERS Public Engagement Framework
 - Partnering with Community Based Organizations
 - Language Access

COVID-19 Resources for Local Government Officials



www.cacities.org/Regions/California-Cities

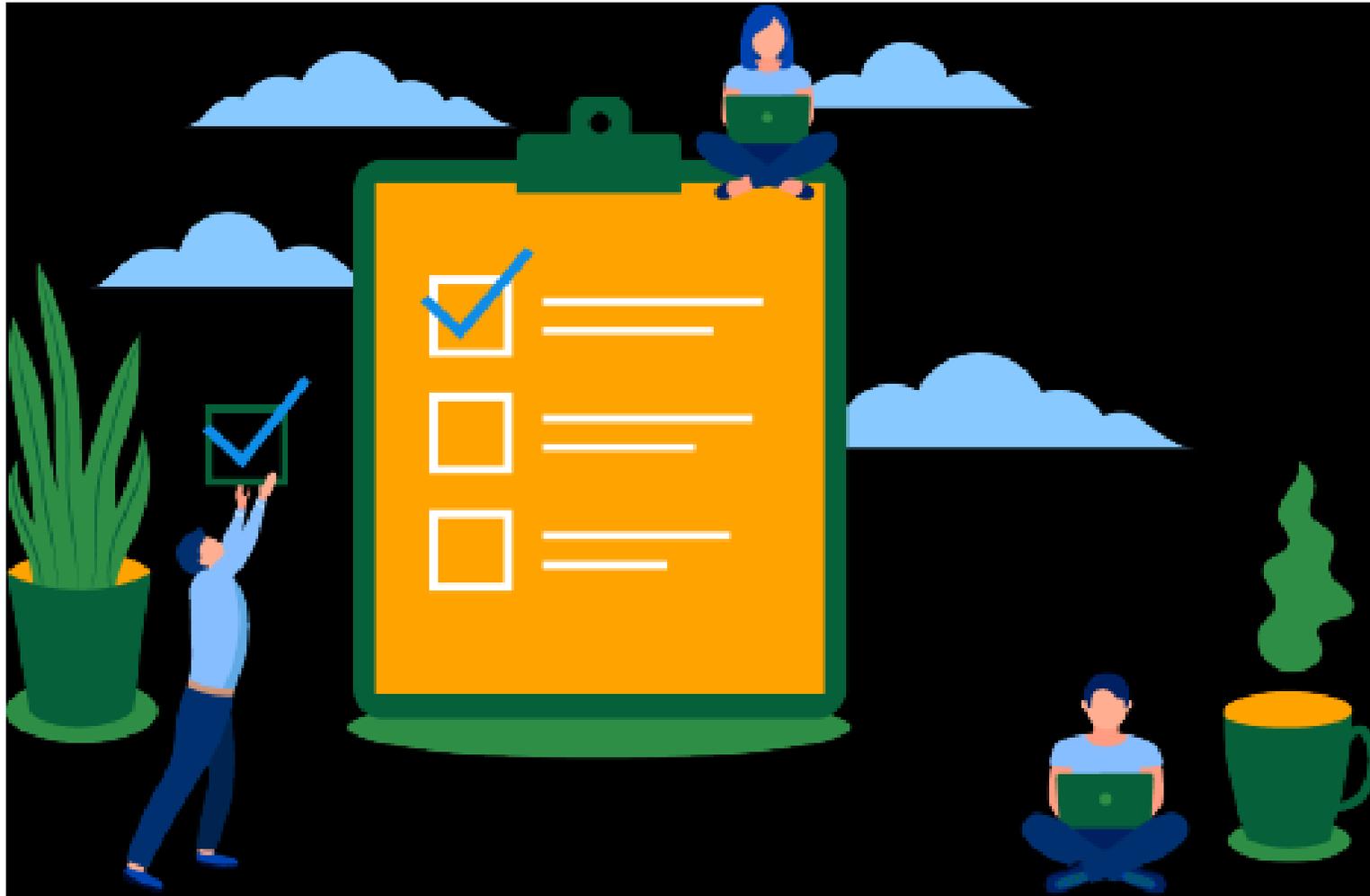


www.cstda.net/covid-19-resources



www.counties.org/carousel/resources-regarding-coronavirus-covid-19

Tell Us More About You – Audience Poll



Today's Presenters

Steve Ebert, Institutional Sales Executive, Nationwide Financial

Jeff Hoernemann, CFA, Portfolio Manager & Biotechnology Analyst,
American Century Investments

Mike Rode, Vice President, Senior Client Portfolio Manager, American
Century Investments

Ben Ayers, Senior Economist, Nationwide Financial



Nationwide

COVID-19 Virus Update and Outlook

June 25, 2020

Jeff Hoernemann, CFA

Portfolio Manager

Mike Rode

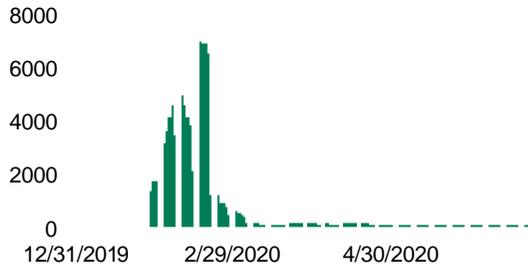
Vice President

Senior Client Portfolio Manager

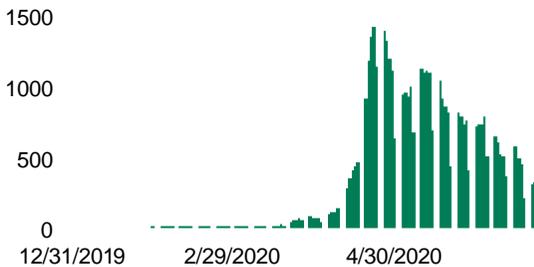
Top Countries Daily COVID Cases

Asia

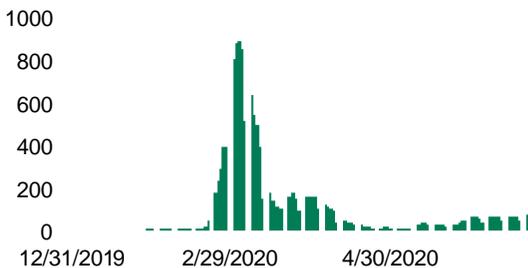
China



Singapore



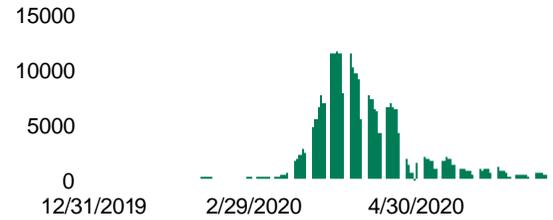
South Korea



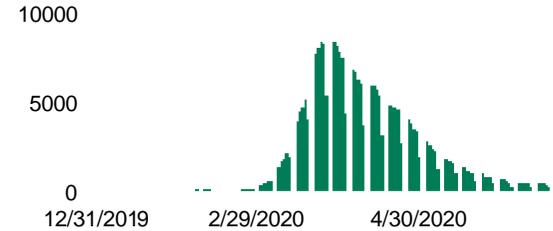
Data from 12/31/2019 to 6/23/2020
Source: FactSet

Europe

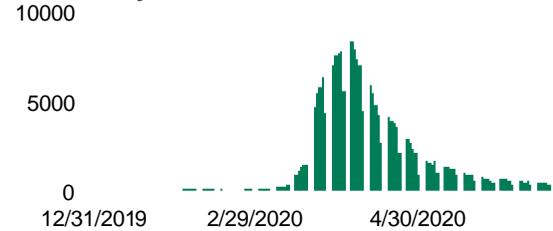
Spain



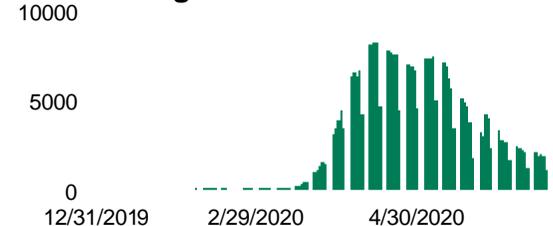
Italy



Germany

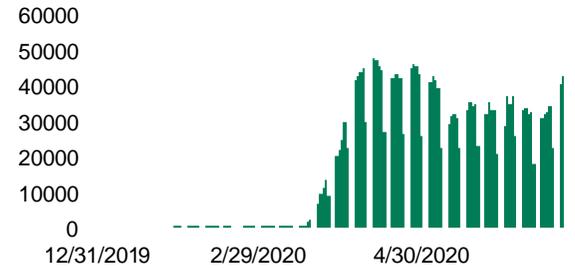


United Kingdom

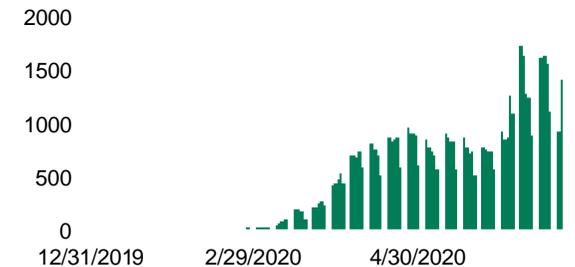


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United States

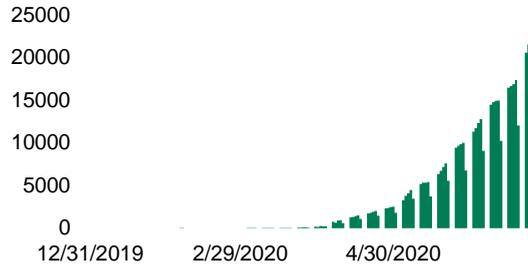


Sweden

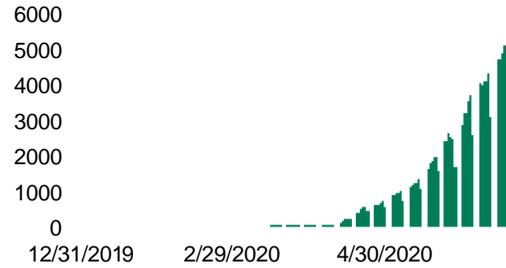


Emerging Markets: Cases on Rise

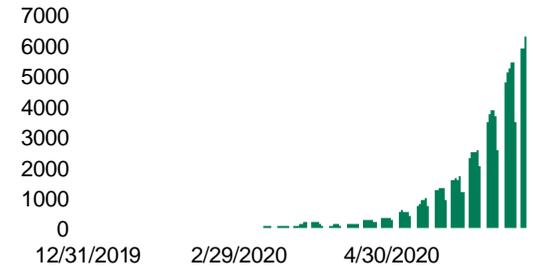
India



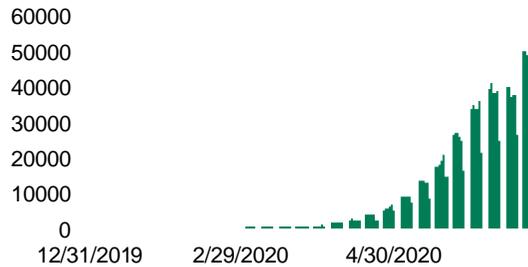
Bangladesh



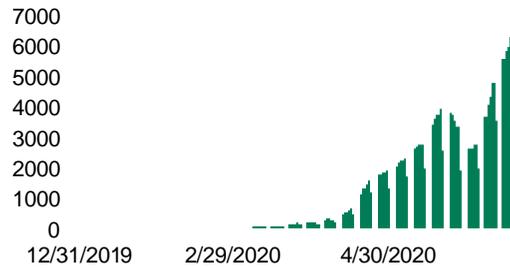
South Africa



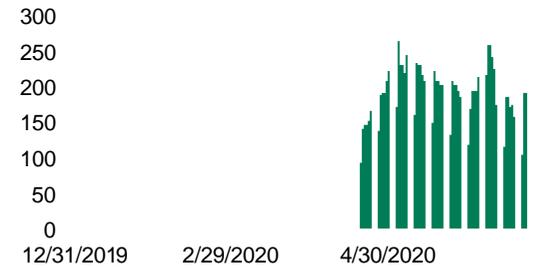
Brazil



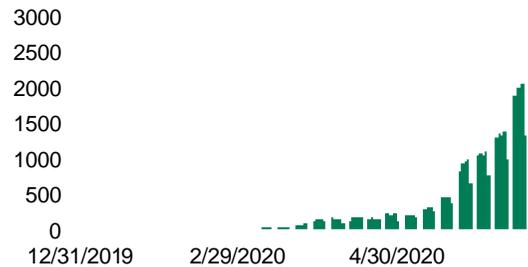
Saudi Arabia



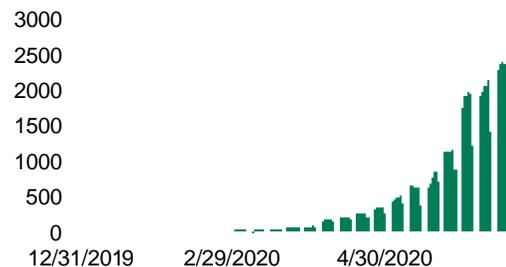
Mexico



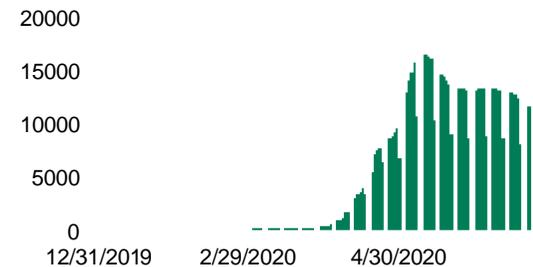
Argentina



Egypt



Russia

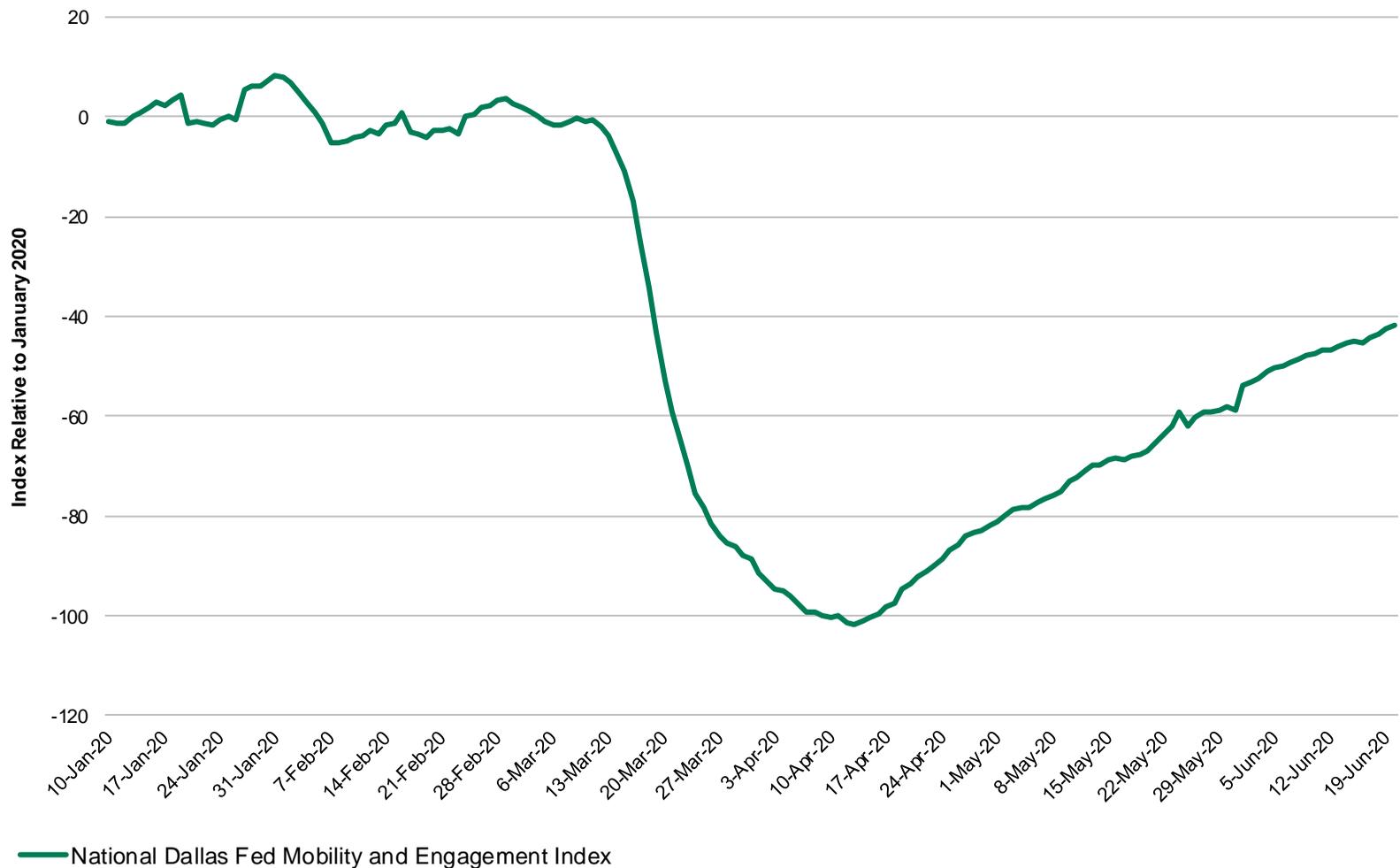


Data from 12/31/2019 to 6/23/2020
Source: FactSet



National Mobility Is Not Back to Normal

National Dallas Fed Mobility and Engagement Index

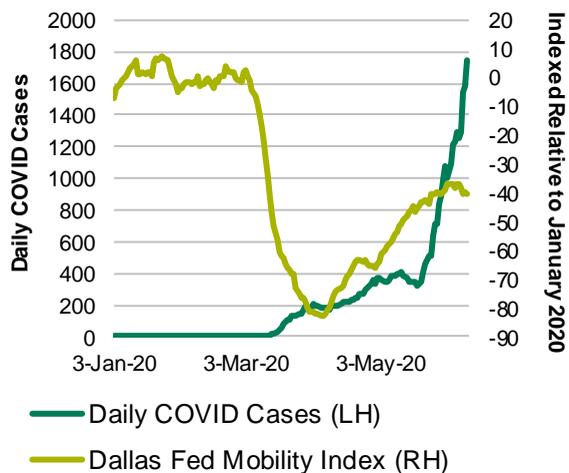


Data from 1/3/2020 to 6/20/2020
Source: Dallas Federal Reserve

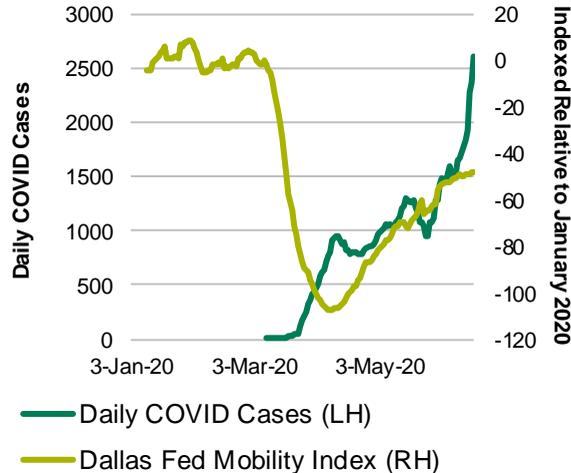


Does Increasing Mobility Increase Risk?

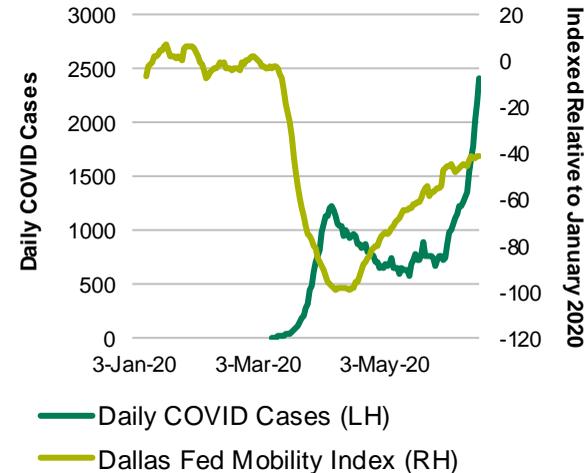
Arizona



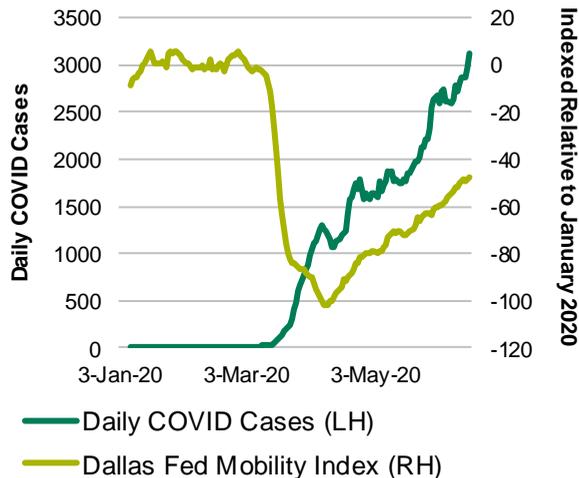
Texas



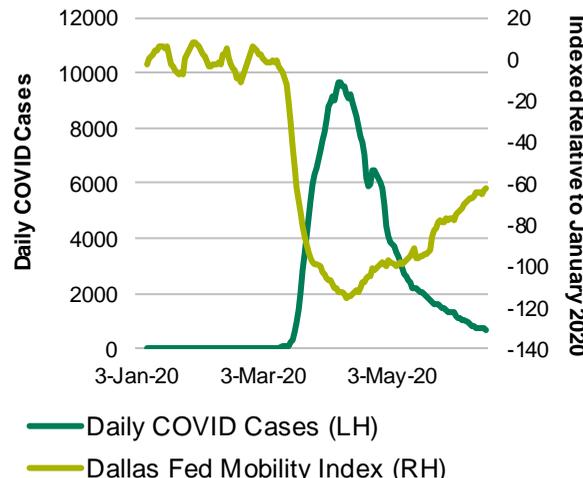
Florida



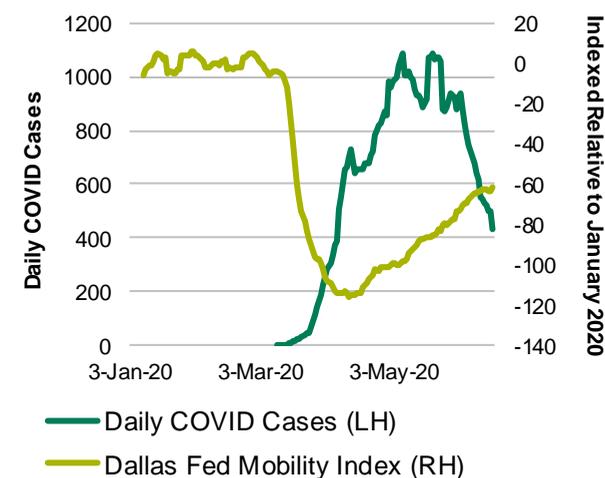
California



New York



Maryland

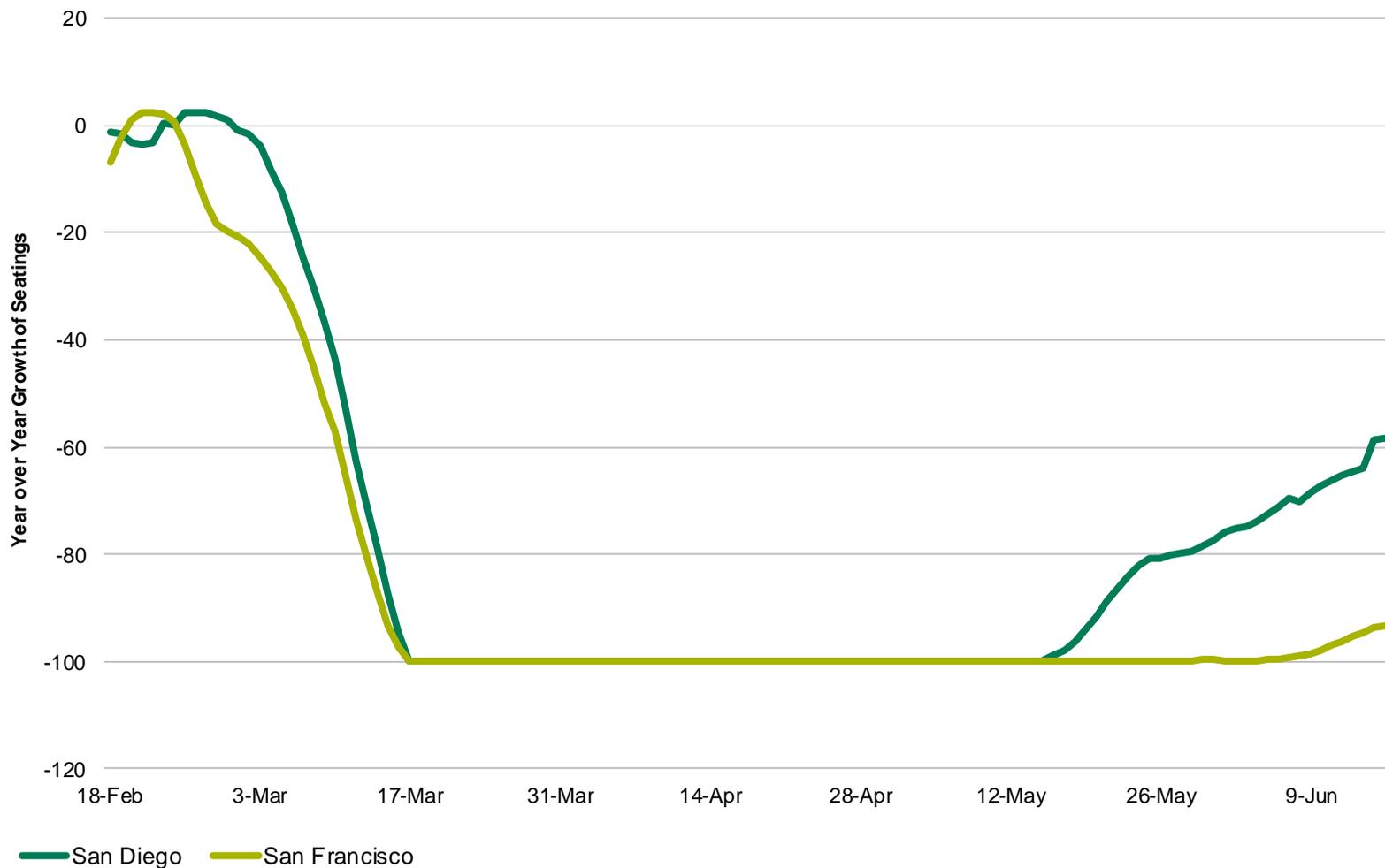


Dallas Fed Mobility and Engagement Index is states scaled.
Data from 1/3/2020 to 6/18/2020
Source: FactSet



Mixed Results California

California Opentable Seatings



Data from 2/18/2020 to 6/23/2020
Source: Opentable



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- **Pure-Play Business Model**
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COVID-19 impact on the U.S. and California Economies

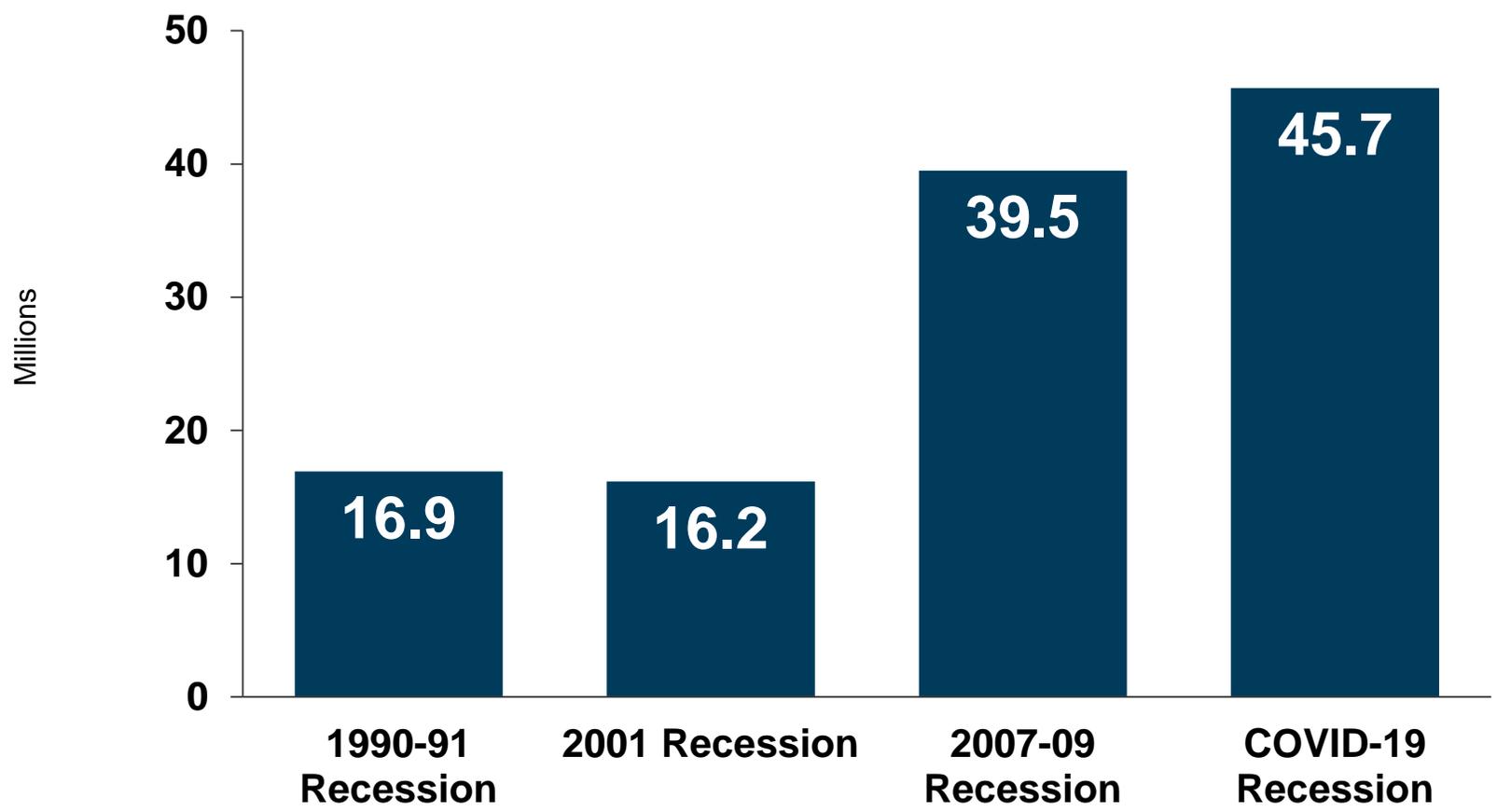
Ben Ayers, Senior Economist – Nationwide Economics



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Job losses have come much faster than usual

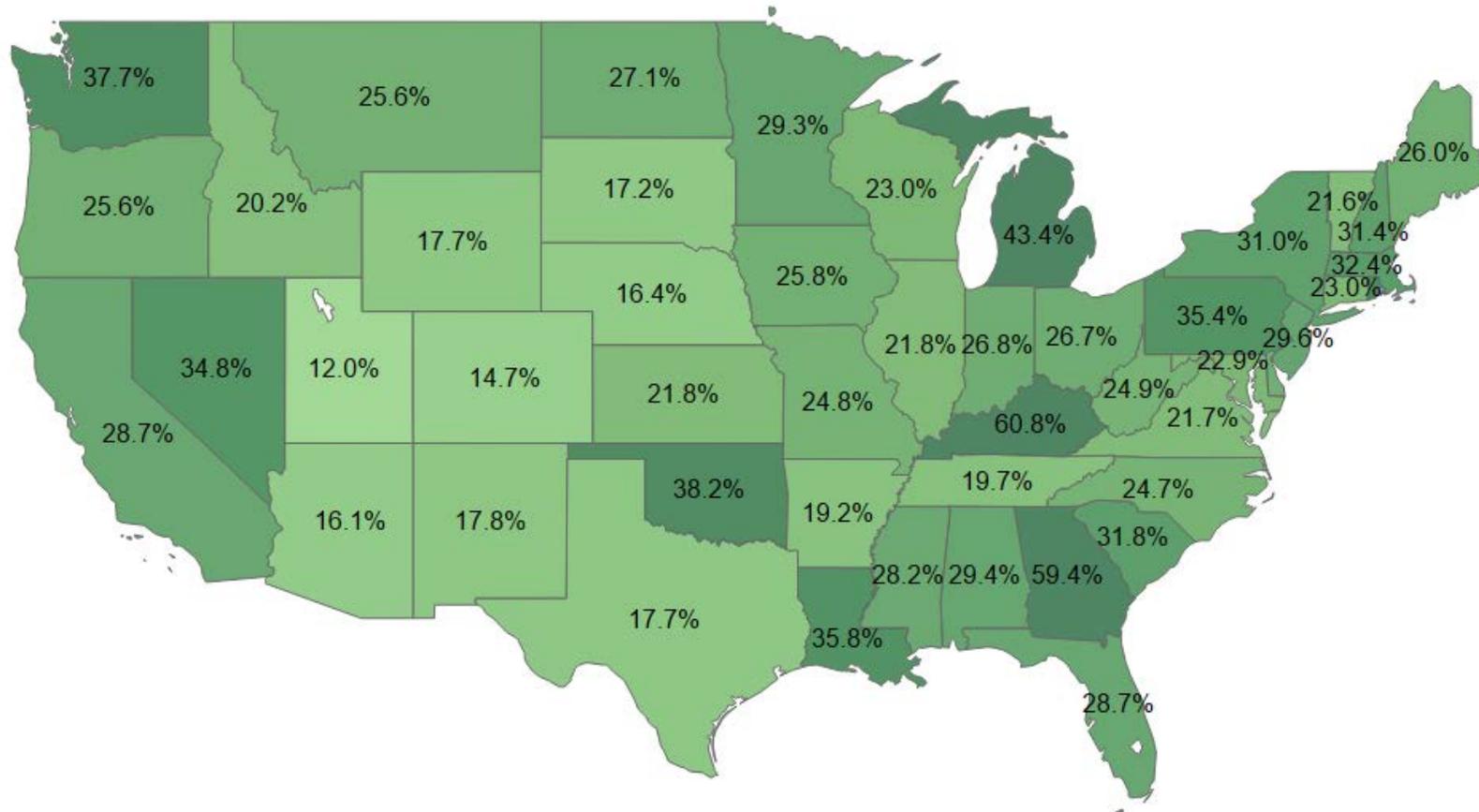
Cumulative initial jobless claims
Weeks ending March 21 – June 13



COVID-19 impact everywhere, but some states have been hit harder than others

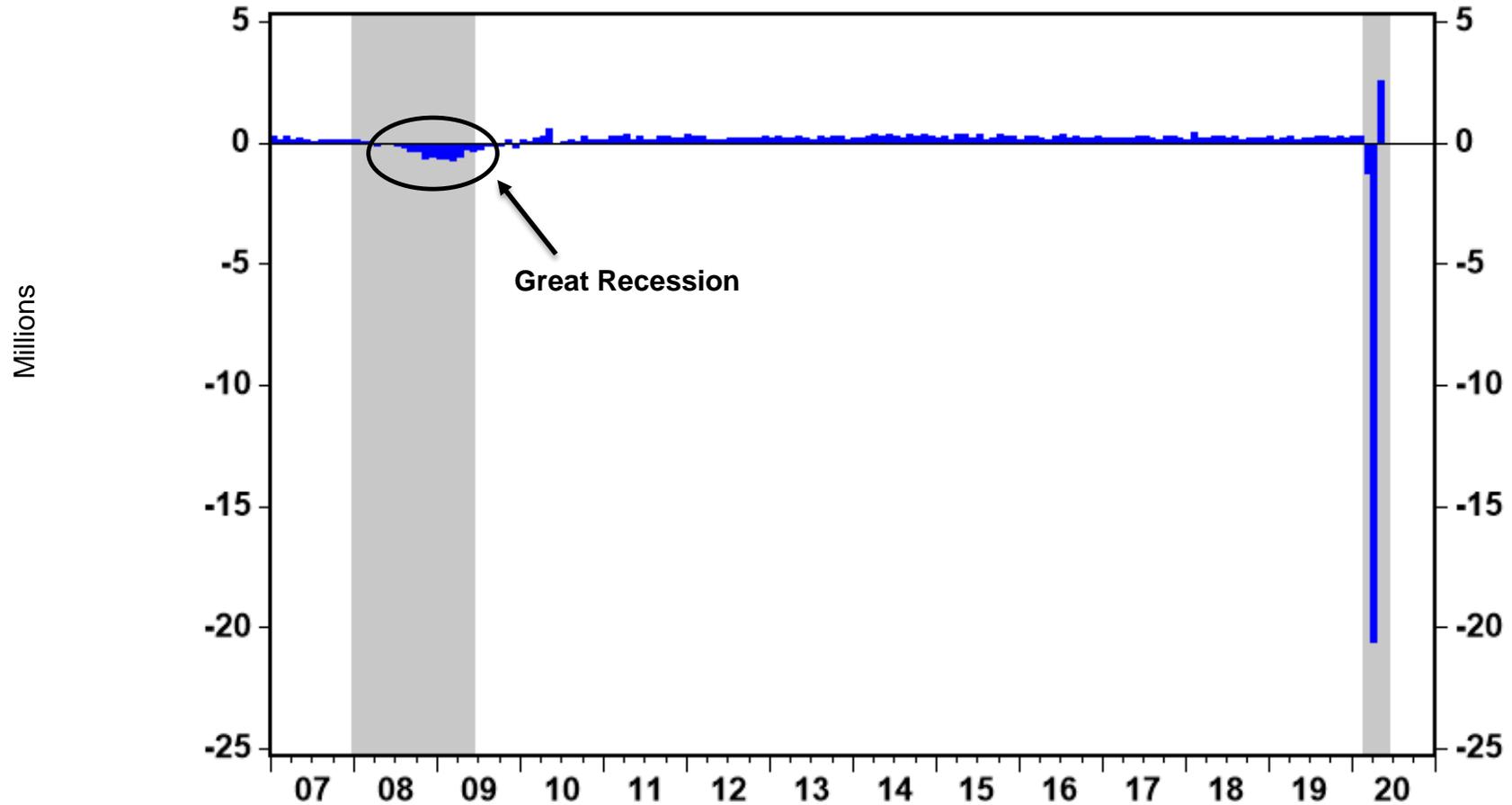
Cumulative initial jobless claims as share of labor force

Weeks ending March 21 – June 13



Job losses were off the charts in April – improved in May

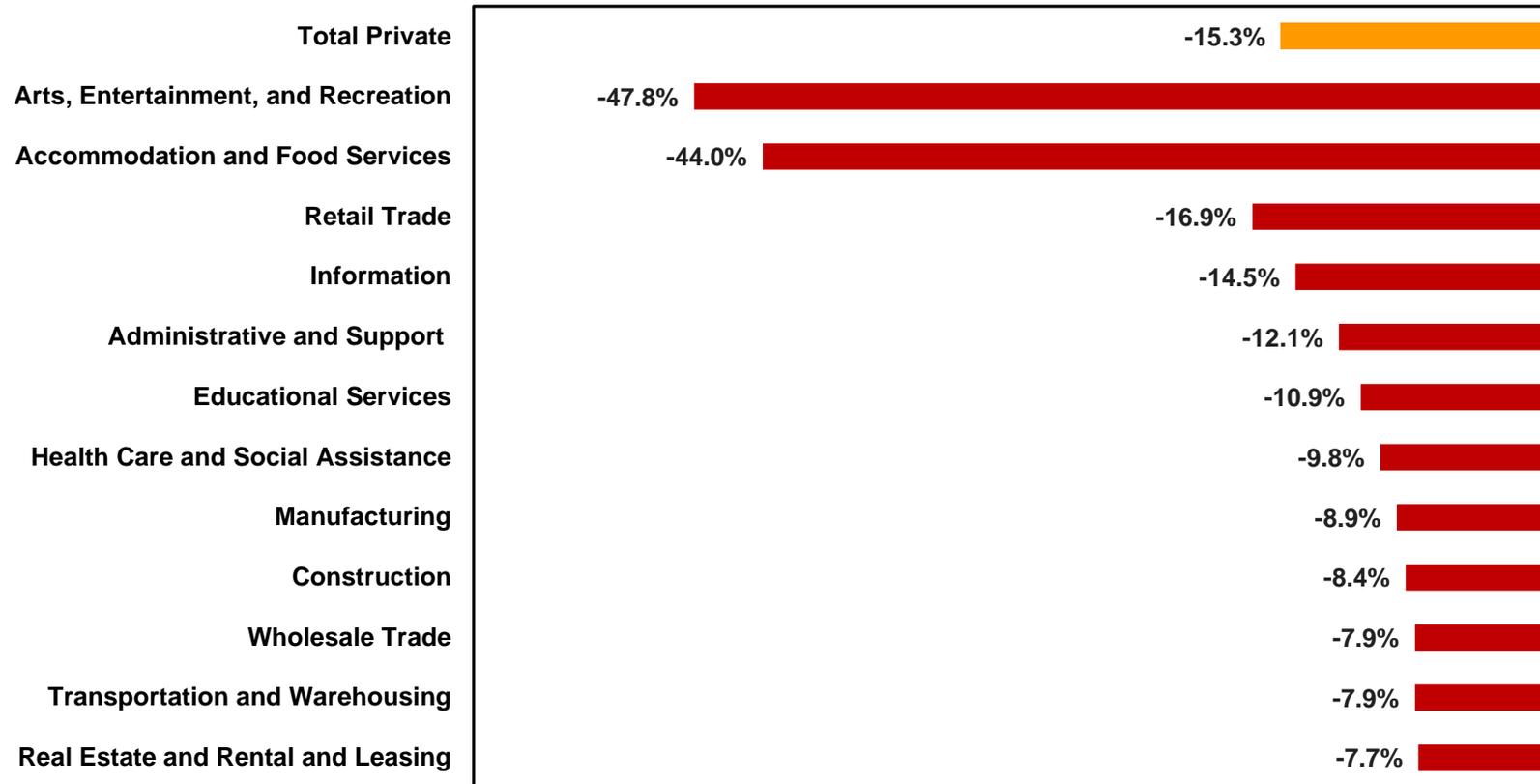
Change in payroll employment
May 2020



Service industries have the highest job losses – at the national level and in California



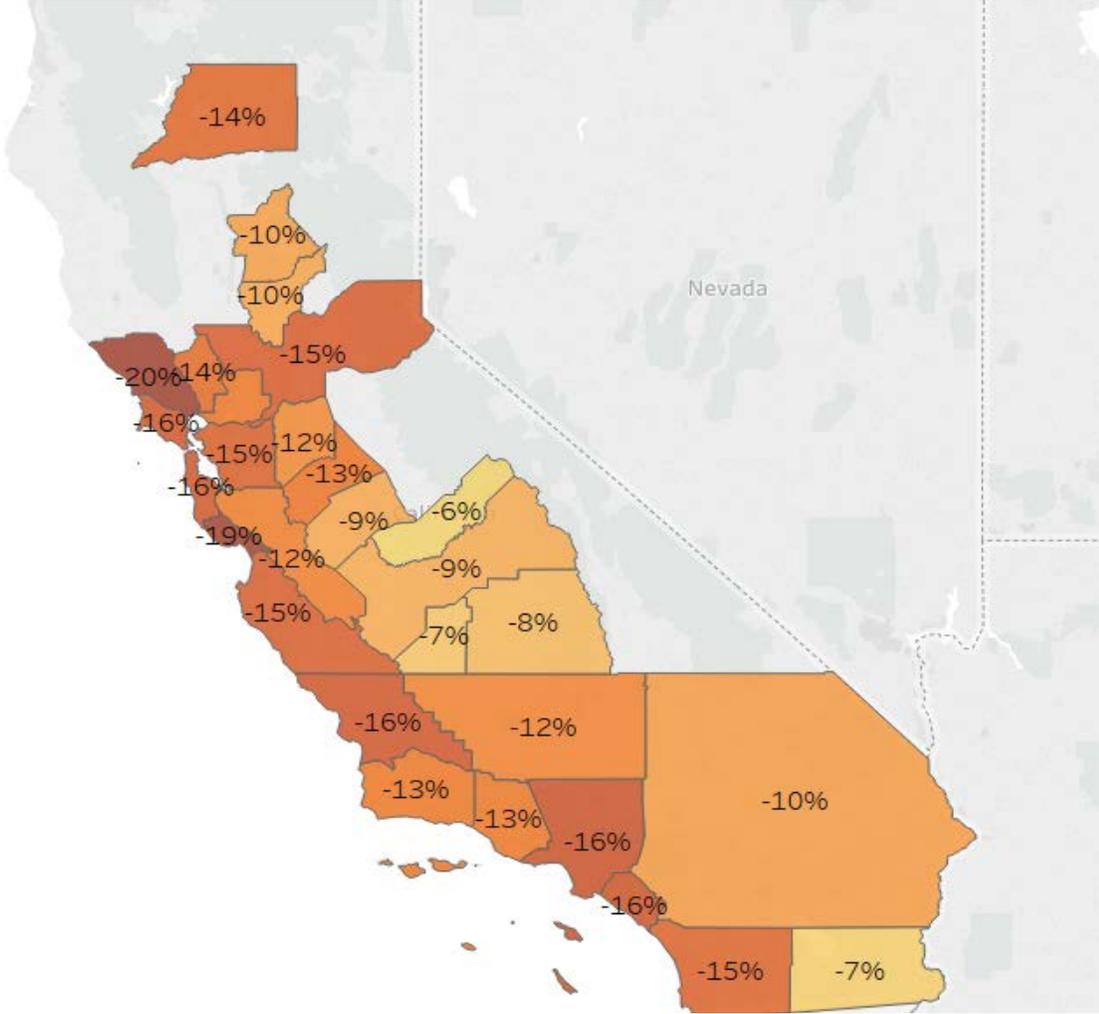
Decline in payroll employment by sector - California February 2020 to May 2020



COVID-19 job losses stronger in coastal cities

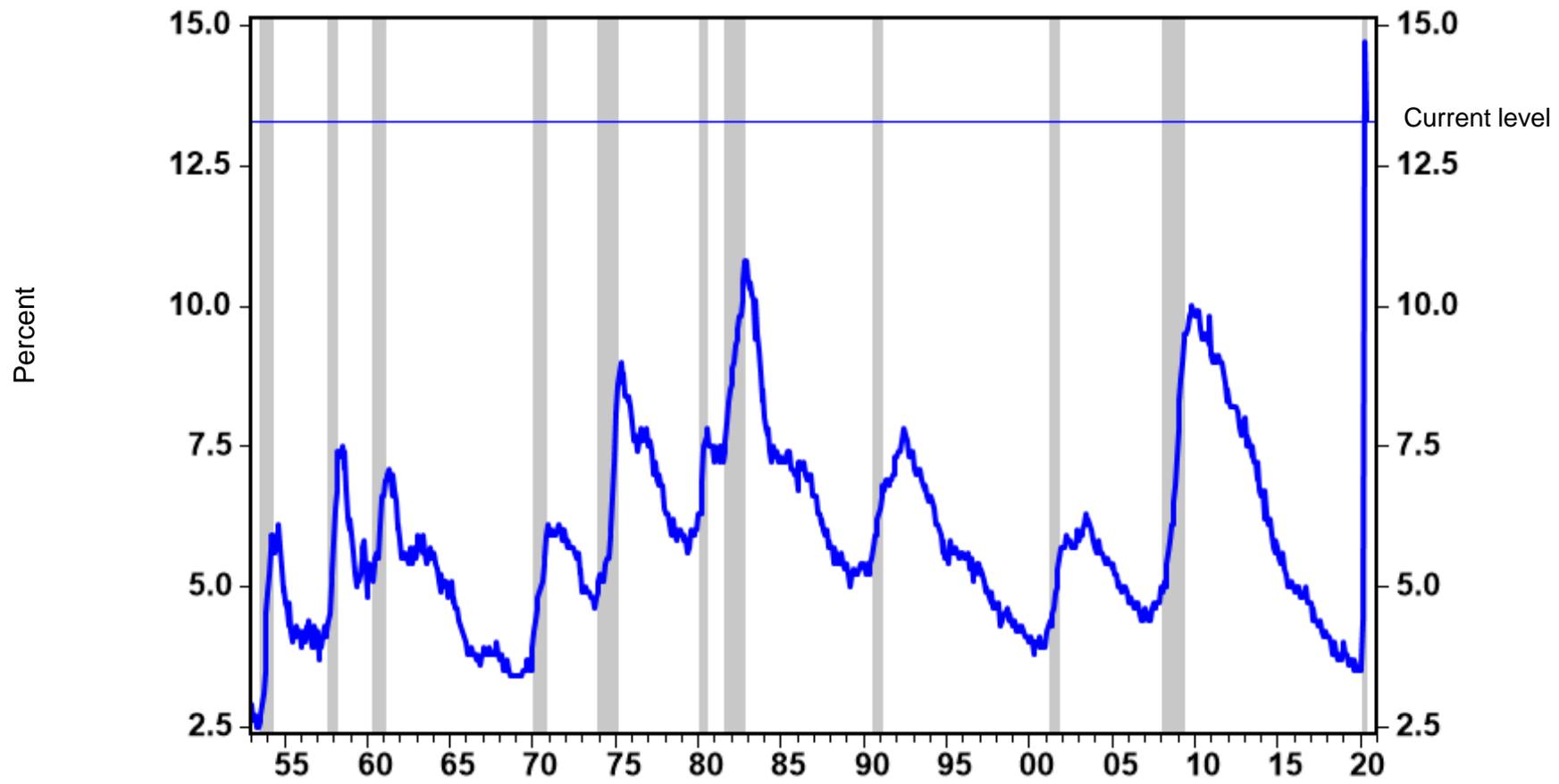


Decline in payroll employment – California MSAs February 2020 to April 2020



While unemployment spiked to Great Depression levels

Unemployment rate
May 2020

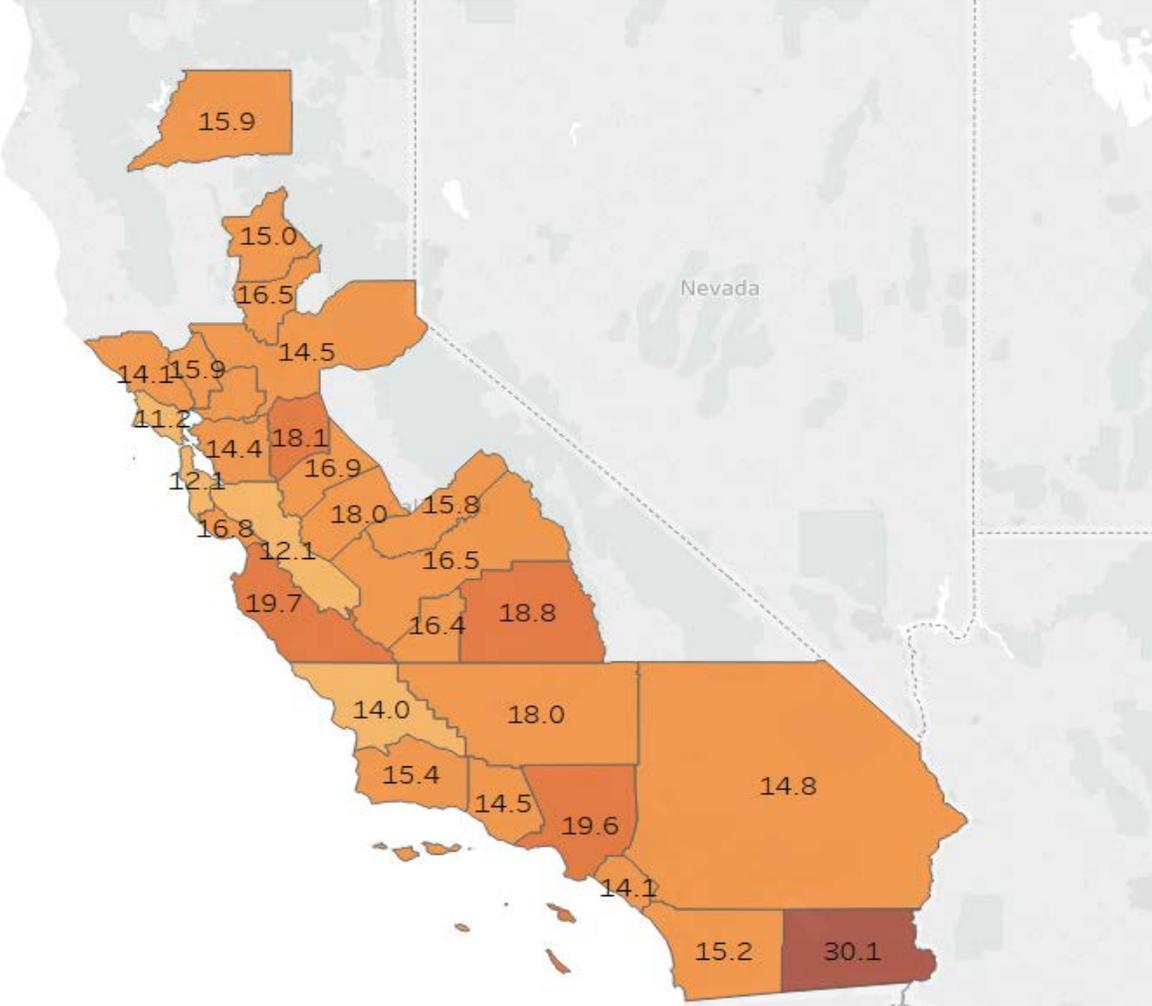


Sources: BLS; Haver Analytics; Shaded area depicts recessionary period

Double-digit unemployment throughout the state

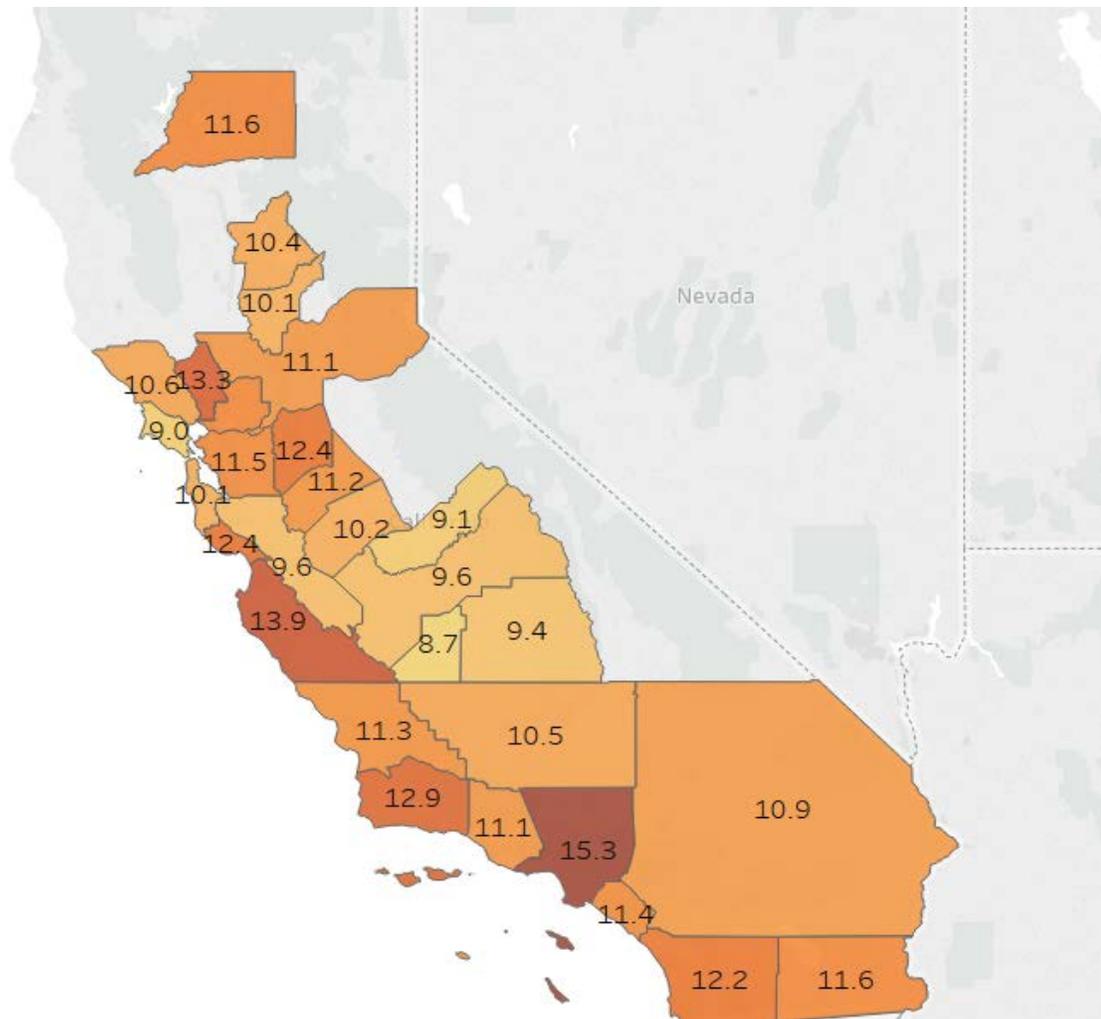


**Unemployment rate
– California MSAs**
April 2020



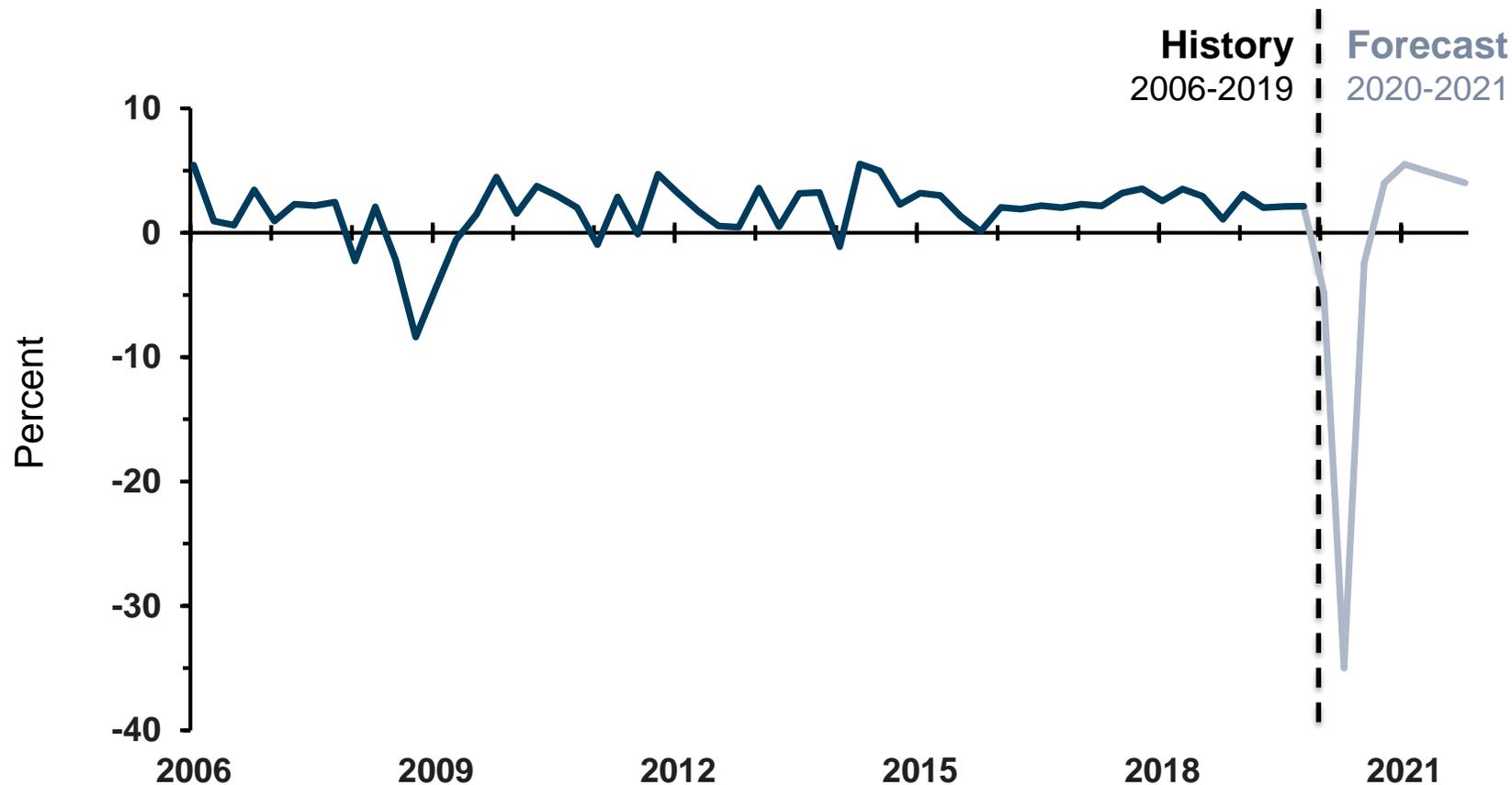
Unemployment rates rise the most along the coast too

**Increase in unemployment rate
– California MSAs**
February 2020 to April 2020



For all of 2020, the worst drop in the economy since 1946

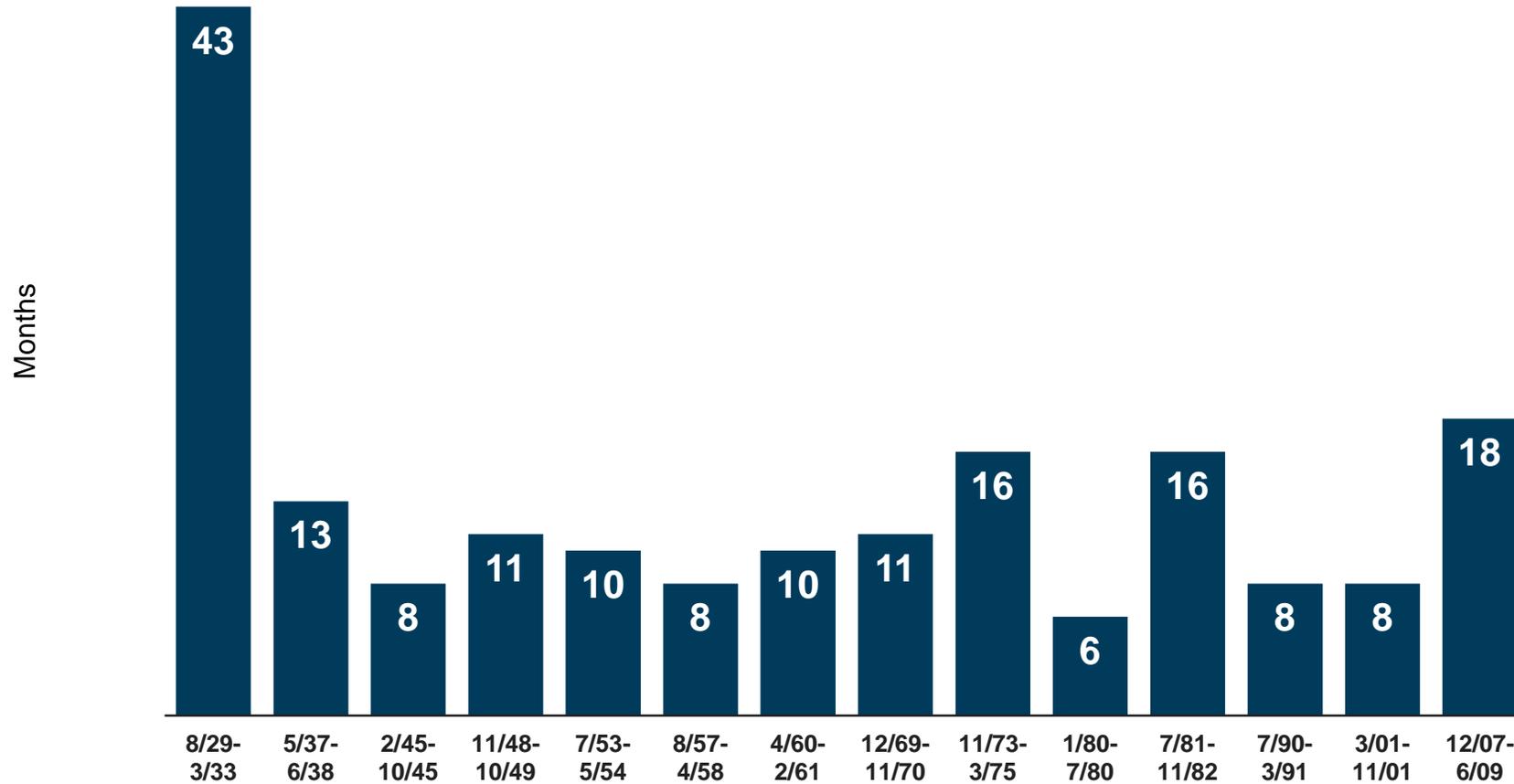
Real GDP Growth (Quarterly annualized growth)



The current recession is expected to be shorter than average, but there are risks of a prolonged downturn



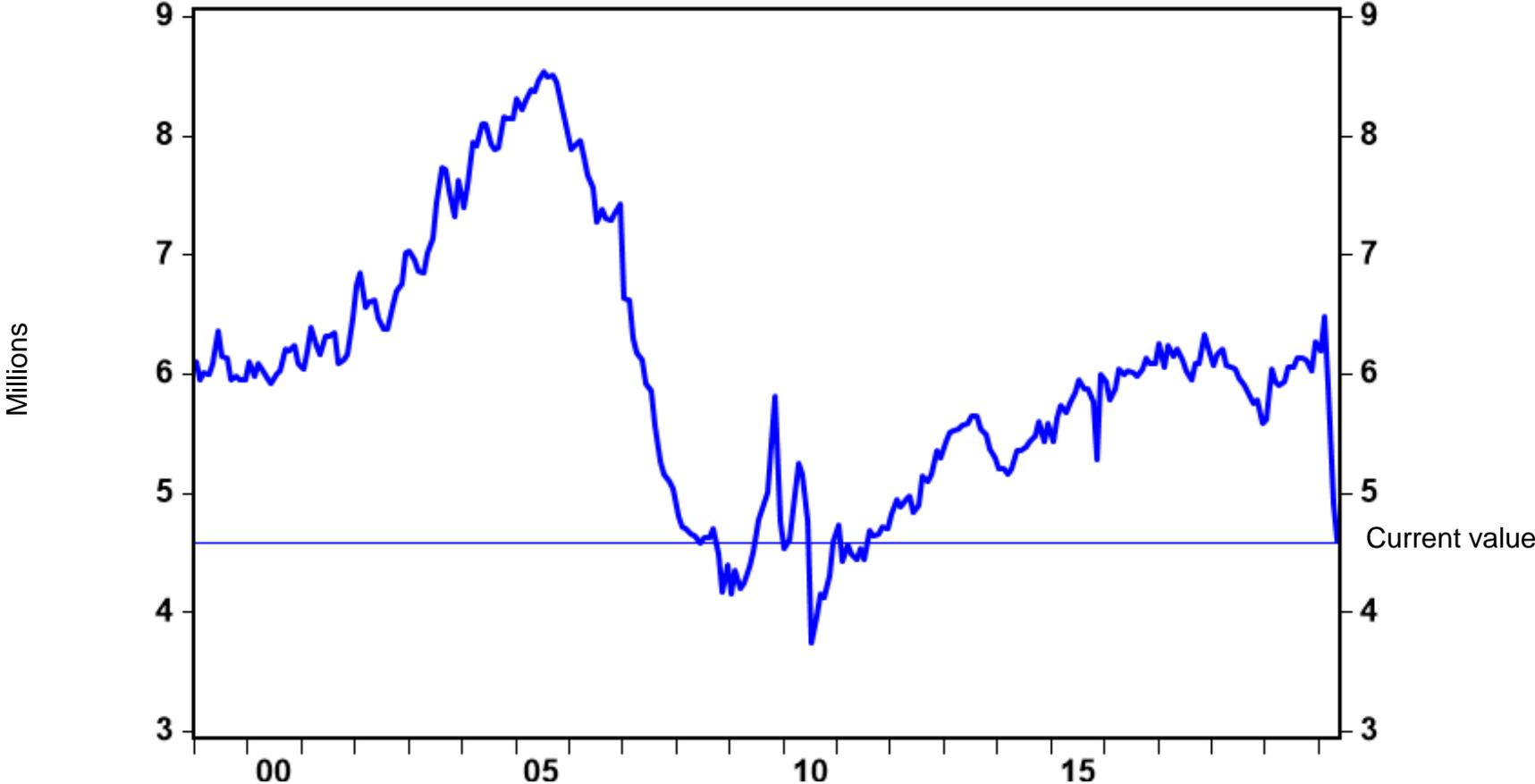
Length of economic recessions



Housing activity plunged in April and May, led by a decline for existing home purchases



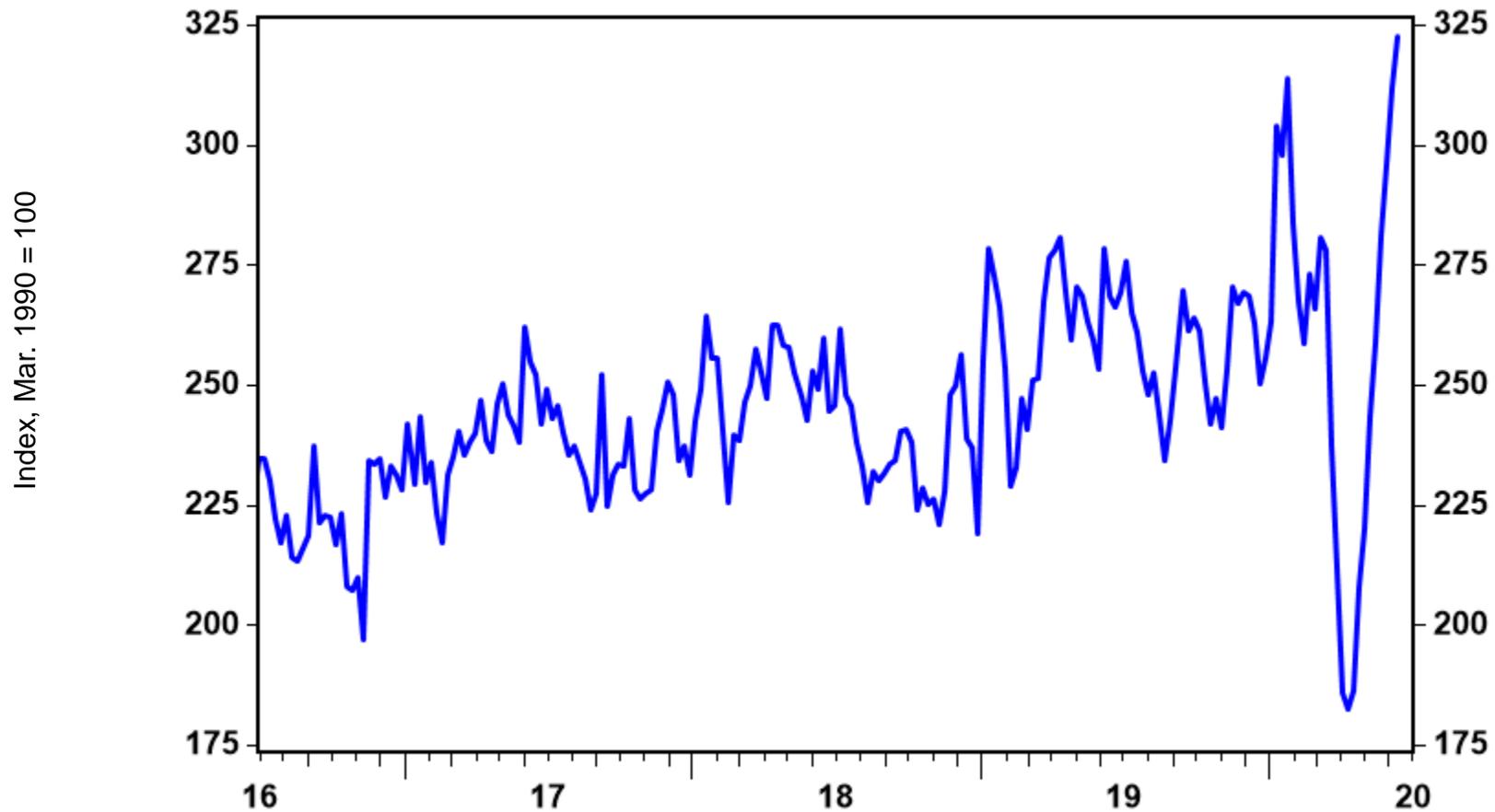
Total home sales (new plus existing)
May 2020



Homebuyer demand has swung back sharply

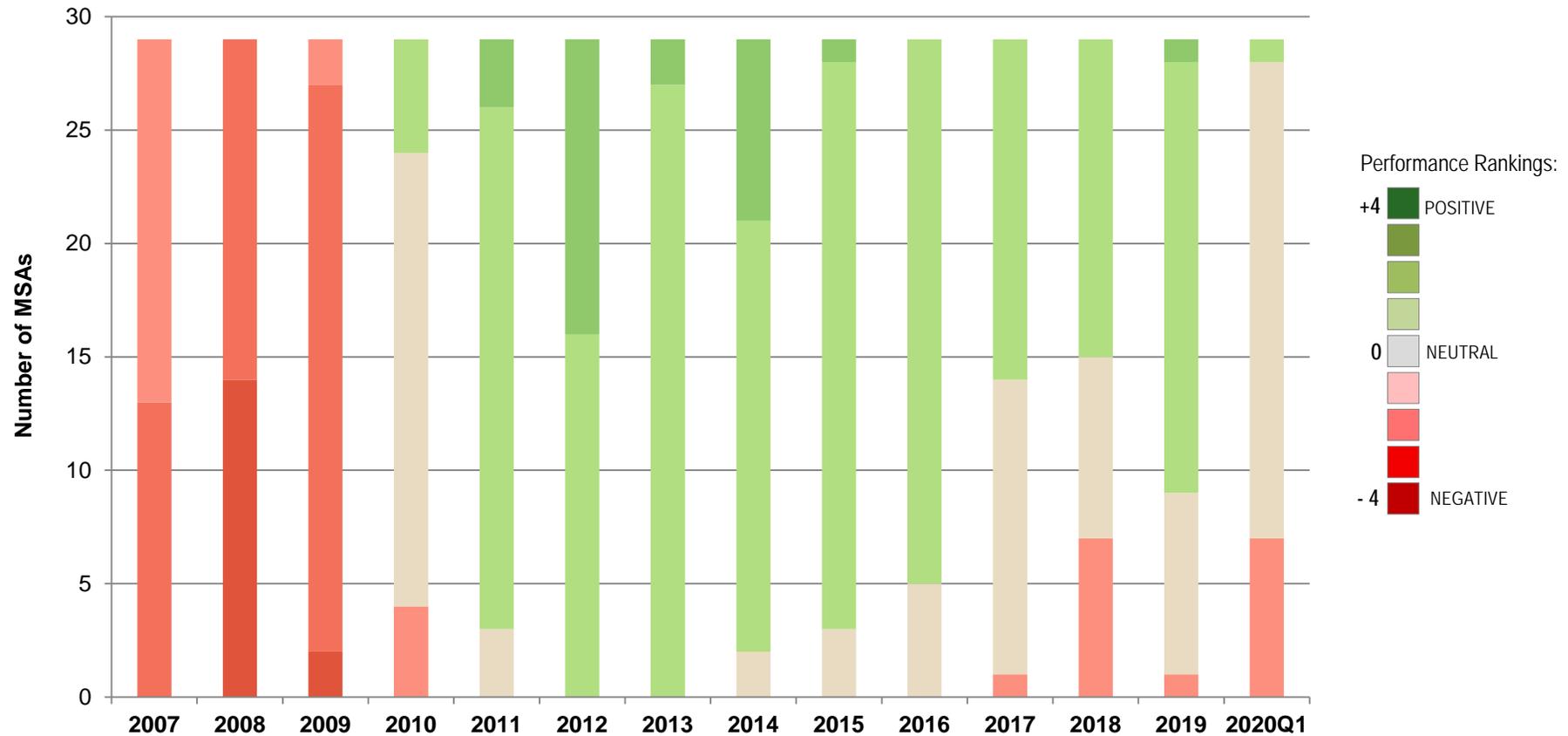
Weekly mortgage applications for purchase

June 12, 2020



California housing markets have a mixed outlook

Nationwide's Housing Health Rankings – California MSAs



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Questions & Answers



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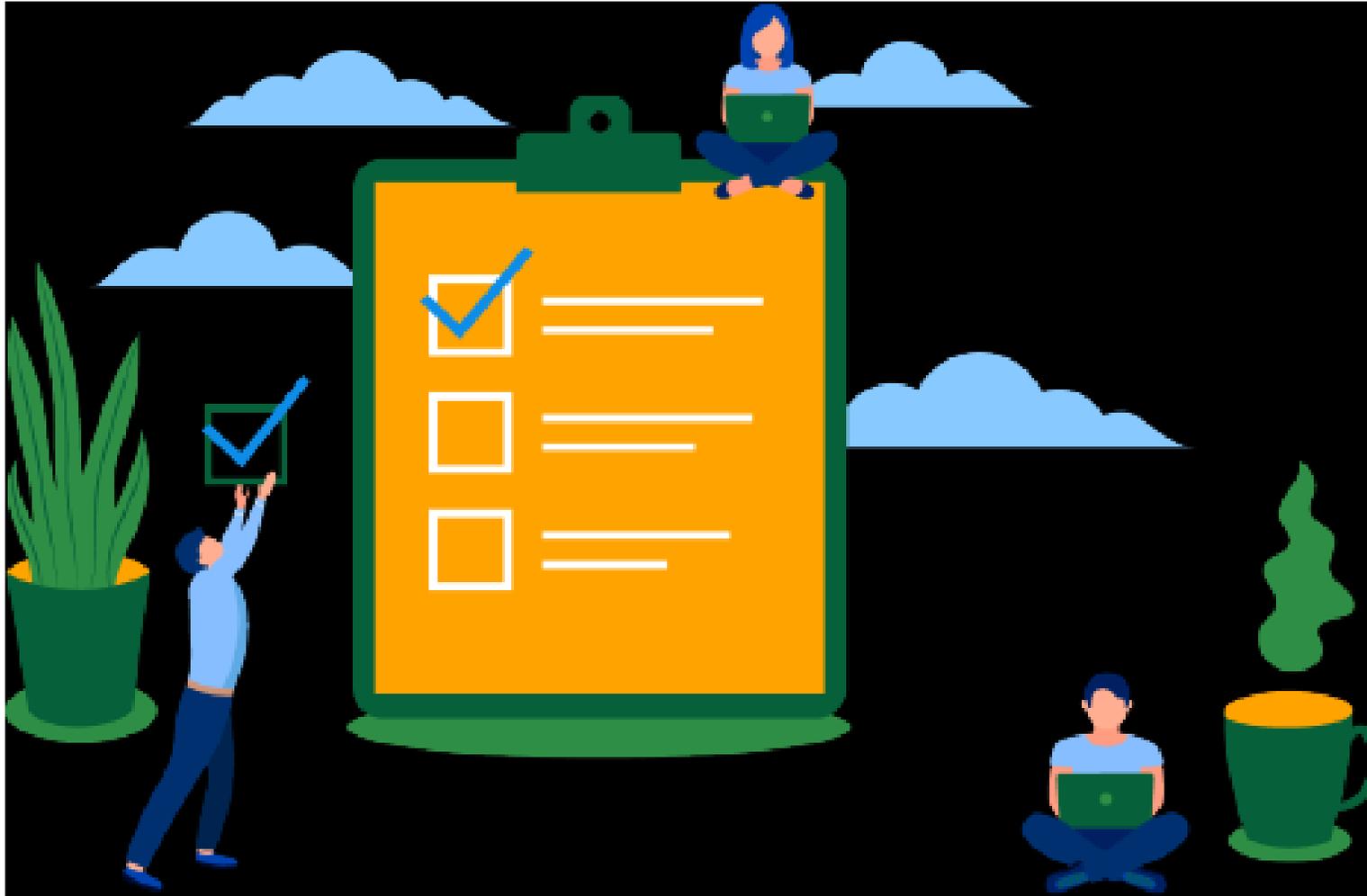


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