U.S.
Regional Outlook

July 2020

Creating Opportunities

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Creating Opportunities

Regional economies under influences of COVID-19

- The development of the COVID-19 remains the dominant factor for most regional economies.

  - Many businesses, especially in the services sector, become insolvent due to the loss of income.

  - Social distancing measures suppress people's mobility.

  - Individuals and businesses also voluntarily cut consumption and investment, to boost their rainy day savings.

- States with higher cases of Covid-19 experience worse job losses.

- According to the latest data, New York, California, New Jersey, Texas, and Florida have the most cases.

- States with a larger hospitality sector (Nevada and Hawaii) and auto industry (Michigan) have been affected disproportionately.

Confirmed cases of COVID-19

CASES PER 100,000 POPULATION

(1,000,5,000]
(500,1,000]
(100,500]
(50,100]
(10,50]
[0,10]
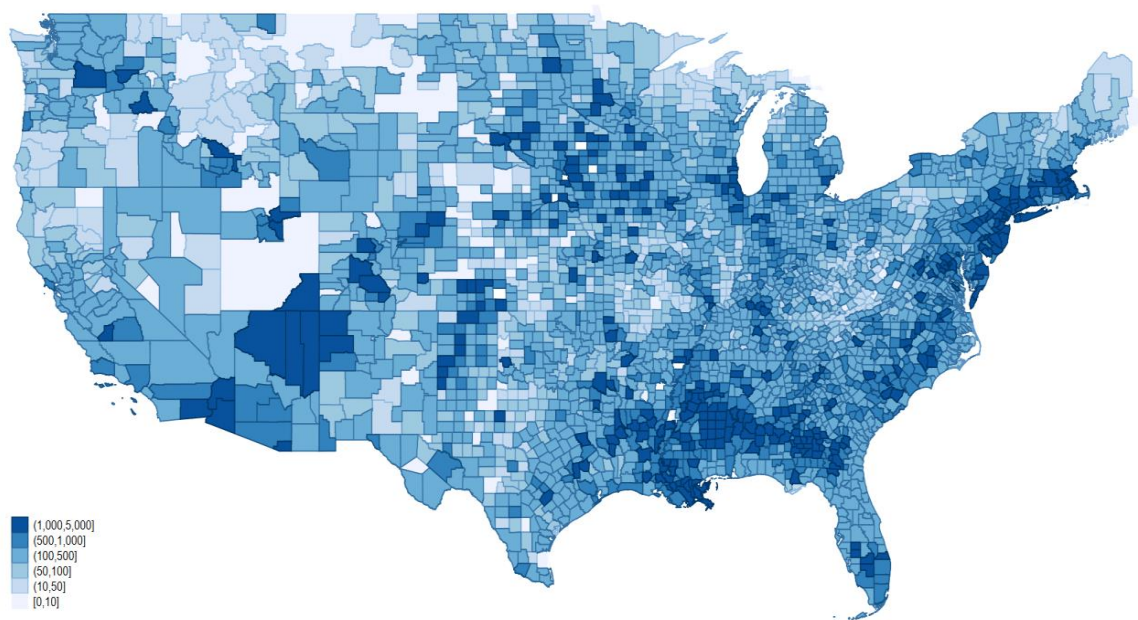
State	Cases
New York	393,197
California	222,558
New Jersey	171,272
Texas	155,965
Florida	146,341
Illinois	142,461
Massachusetts	108,768
Pennsylvania	90,467
Georgia	79,417
Arizona	74,545
Michigan	70,223
Maryland	67,254
North Carolina	63,736
Virginia	62,189
Louisiana	57,081
Ohio	51,046
Connecticut	46,362
Indiana	45,228
Tennessee	42,297
Alabama	37,175
...	
United States	2,545,250

Source: Johns Hopkins University and BBVA Research. As of June 29

Deaths of COVID-19

DEATHS PER 100,000 POPULATION
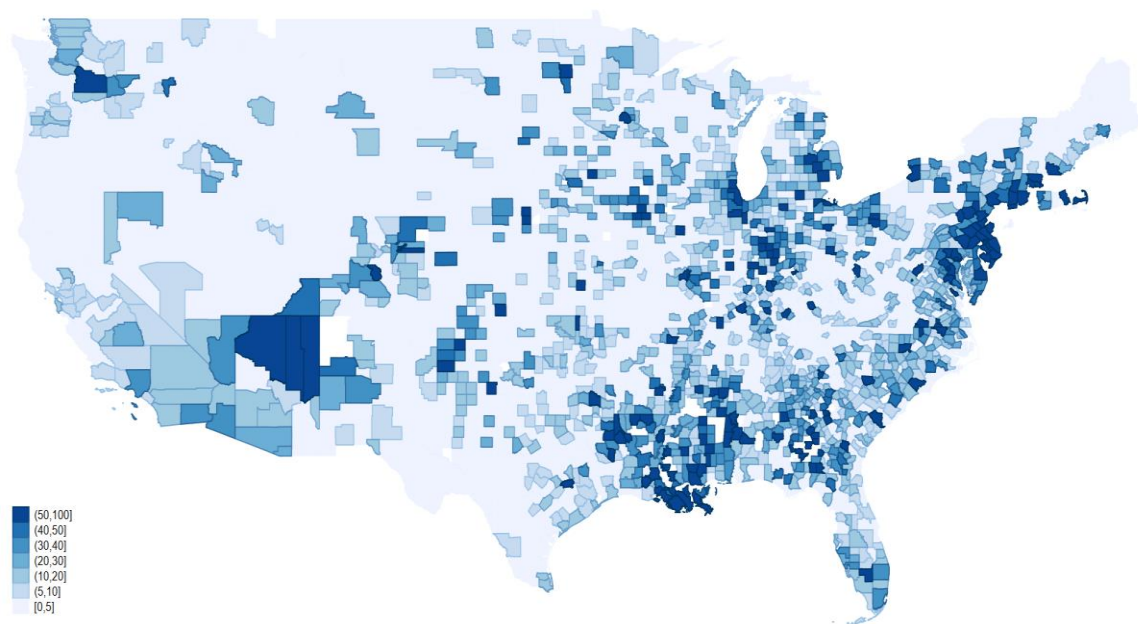
State	Deaths
New York	31,403
New Jersey	14,992
Massachusetts	8,094
Illinois	6,902
Pennsylvania	6,614
Michigan	6,161
California	5,976
Connecticut	4,320
Florida	3,447
Louisiana	3,199
Maryland	3,175
Ohio	2,818
Georgia	2,784
Indiana	2,624
Texas	2,416
Virginia	1,740
Colorado	1,681
Arizona	1,598
Minnesota	1,470
North Carolina	1,357
...	
United States	126,369

Legend:
(50,100]
(40,50]
(30,40]
(20,30]
(10,20]
(5,10]
[0,5]

Source: Johns Hopkins University and BBVA Research. As of June 29

Variations among sectors

JOB REDUCTIONS BY SECTOR SINCE FEBRUARY
%

Source: BEA & BBVA Research
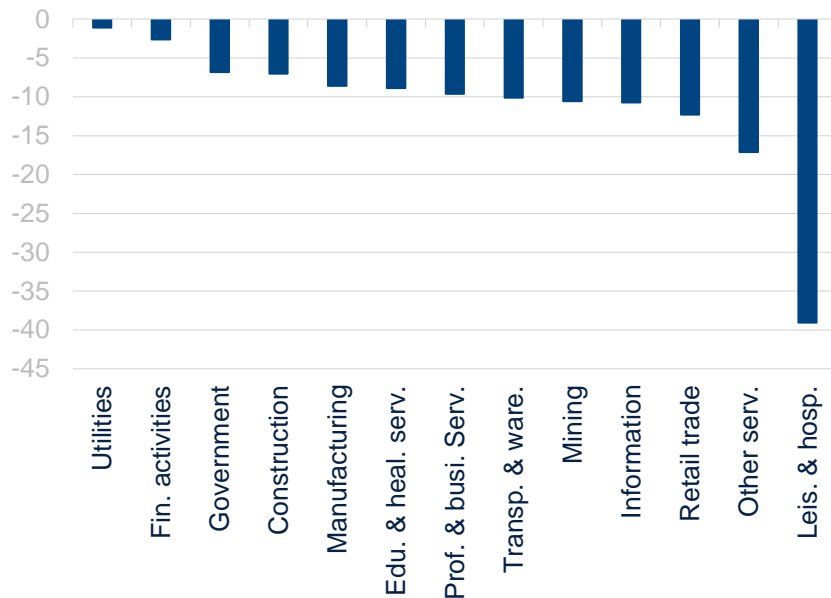
- In April and May, the leisure and hospitality sector lost almost 40% of jobs.

  - This sector accounts for 15% of state GDP for Nevada and 9% for Hawaii. Therefore, these two states are significantly affected, regardless of the cases and deaths of coronavirus.

  - Other states with high percentage of GDP from this sector are: Vermont (6%), Florida (6%), Tennessee (5%), and Maine (5%).
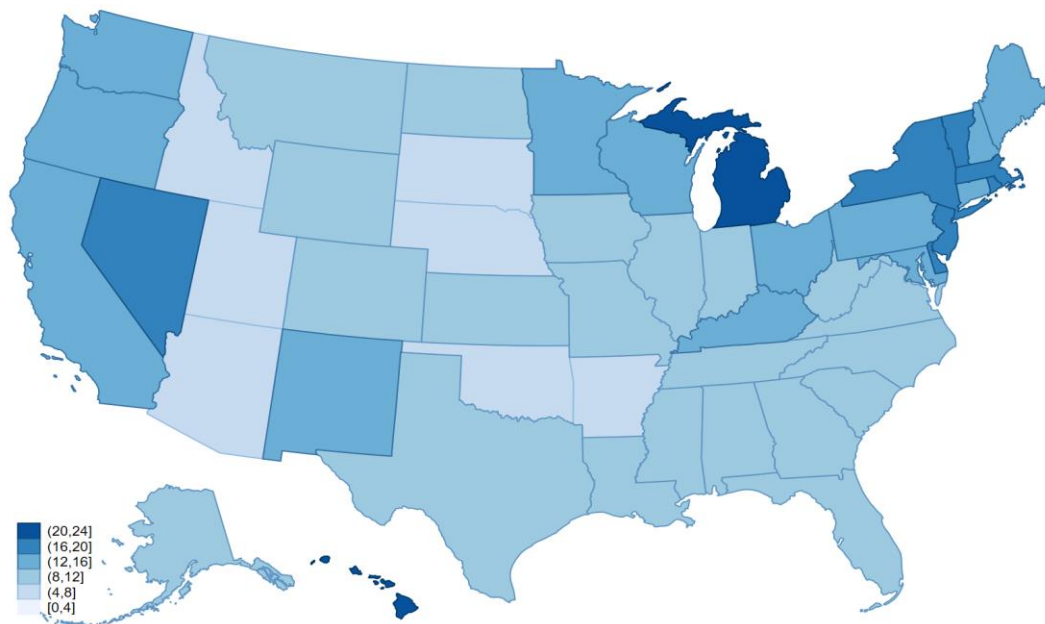
- The financial sector is one of the least affected.

  - Adequate monetary and fiscal policies prevented credit crunches and financial collapses.

# Payroll reductions in April & May

JOB LOSSES
%

State	Job losses (%)
Hawaii	22.0
Michigan	20.8
New York	19.7
New Jersey	18.4
Nevada	18.1
Delaware	17.3
Vermont	17.2
Massachusetts	17.2
Rhode Island	17.0
Pennsylvania	15.4
Kentucky	15.3
New Hampshire	15.1
Connecticut	15.0
California	14.1
Maine	14.0
Maryland	13.6
Ohio	13.5
Washington	13.4
New Mexico	13.1
District of Columbia	12.8
...	
United States	12.0

(20,24]
(16,20]
(12,16]
(8,12]
(4,8]
[0,4]

Source: BLS, Haver, and BBVA Research

Unemployment rates

UNEMPLOYMENT RATES
%
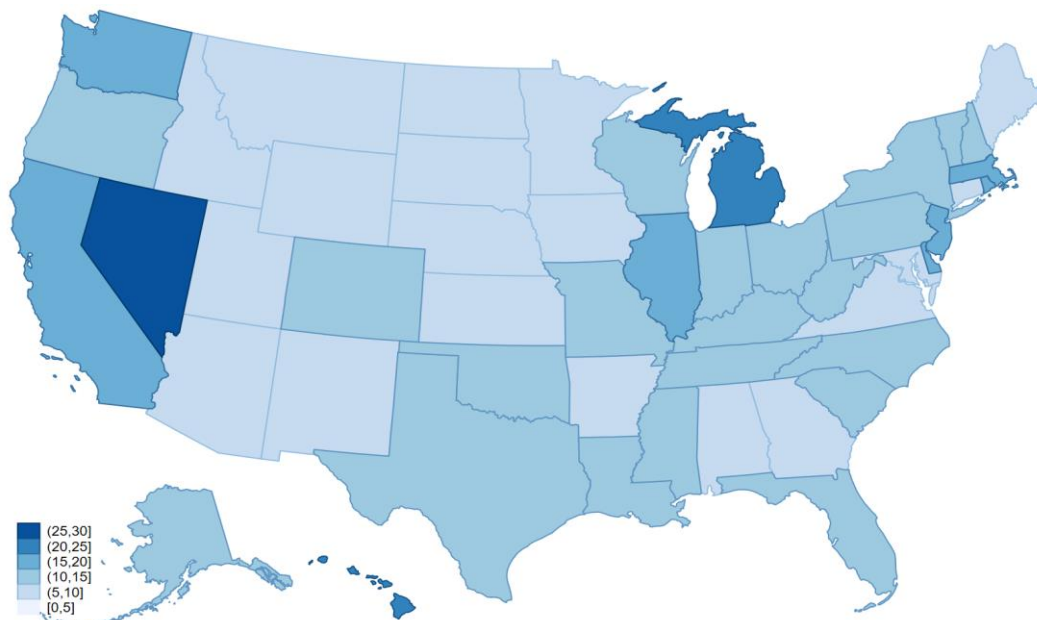
State	March	May	Change
Hawaii	2.4	22.6	20.2
Nevada	6.9	25.3	18.4
Michigan	4.3	21.2	16.9
Massachusetts	2.8	16.3	13.5
New Hampshire	2.4	14.5	12.1
Rhode Island	4.7	16.3	11.6
New Jersey	3.7	15.2	11.5
Illinois	4.2	15.2	11.0
Delaware	5.0	15.8	10.8
California	5.5	16.3	10.8
Oregon	3.5	14.2	10.7
New York	4.1	14.5	10.4
Florida	4.4	14.5	10.1
Washington	5.1	15.1	10.0
Oklahoma	2.9	12.6	9.7
Vermont	3.1	12.7	9.6
Indiana	3.0	12.3	9.3
South Carolina	3.2	12.5	9.3
Wisconsin	3.1	12.0	8.9
North Carolina	4.3	12.9	8.6
...			
United States	4.4	13.3	8.9

Source: BLS, Haver, and BBVA Research

Apple mobility index in 100 U.S. cities

INDEX, 7-DAY M.A., JAN. 13=100
DRIVING 🚗
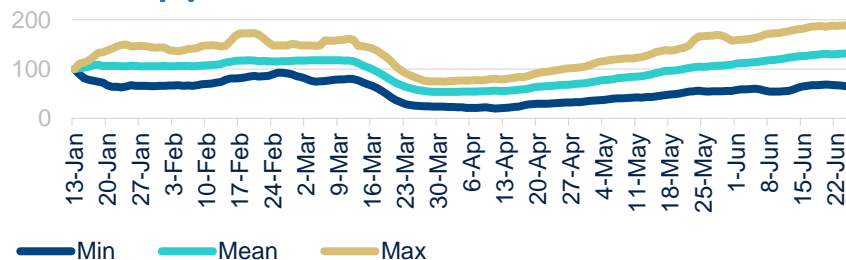
WALKING 🚶

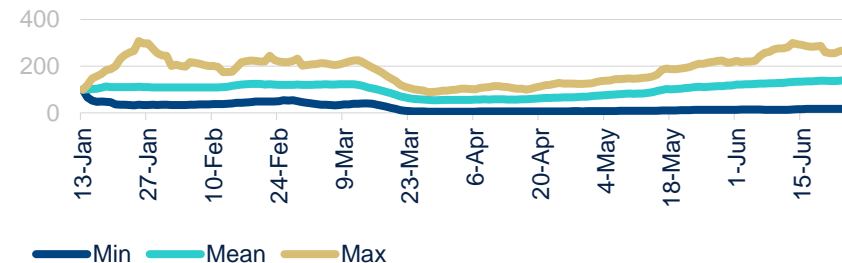**PUBLIC TRANSIT** 🚌
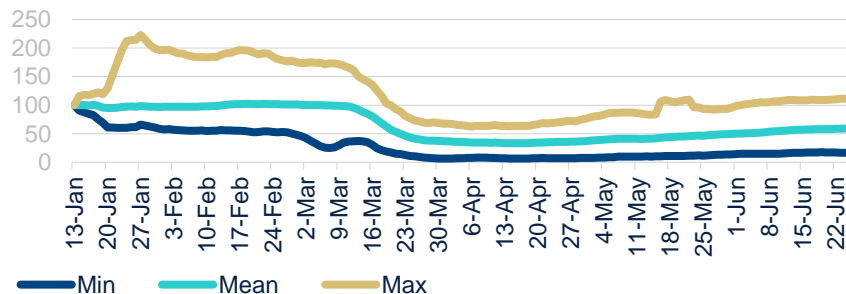
- Driving and walking recovered to their pre-pandemic levels in late May and early June for most cities.

- Mobility through public transit systems is still around 50% below pre-pandemic levels.

- Insufficient recovery in public transit will have a negative impact on large urban economies where a significant portion of population rely on metro systems for daily activities.

Source: Apple Inc. and BBVA Research

Pandemic development since late-May

- The curve flattens in New York and New Jersey, two early epicenters.

- Outbreaks in California, Arizona, Texas and Florida turn the four states into new hotspots.

- Under these conditions, relaxing social distancing rules will be challenging.

  - Plans to fully re-open will be postponed.

  - Face mask policies will stay in place.

  - Many public places will remain closed or be closed again.

  - Massive gatherings and social protests will be restricted.
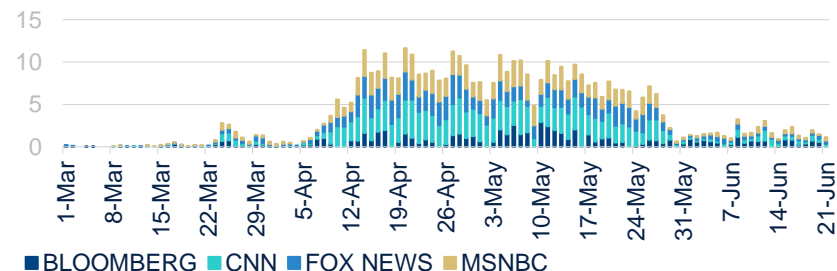
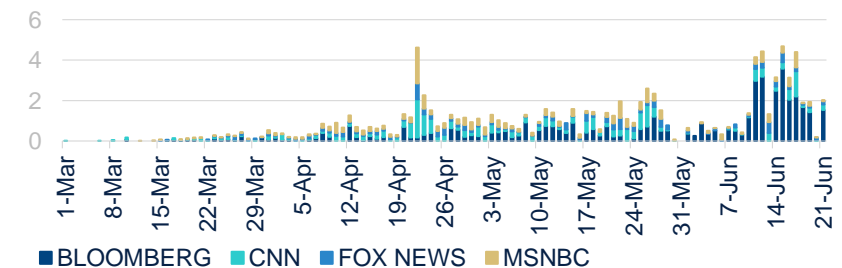# Air time of topics on national TV programs

TOPIC: CORONAVIRUS
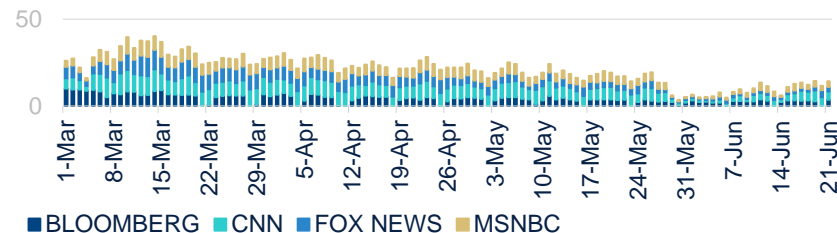
TOPIC: PROTEST
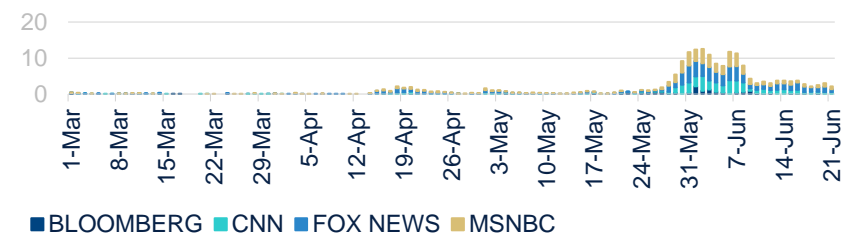
TOPIC: REOPEN
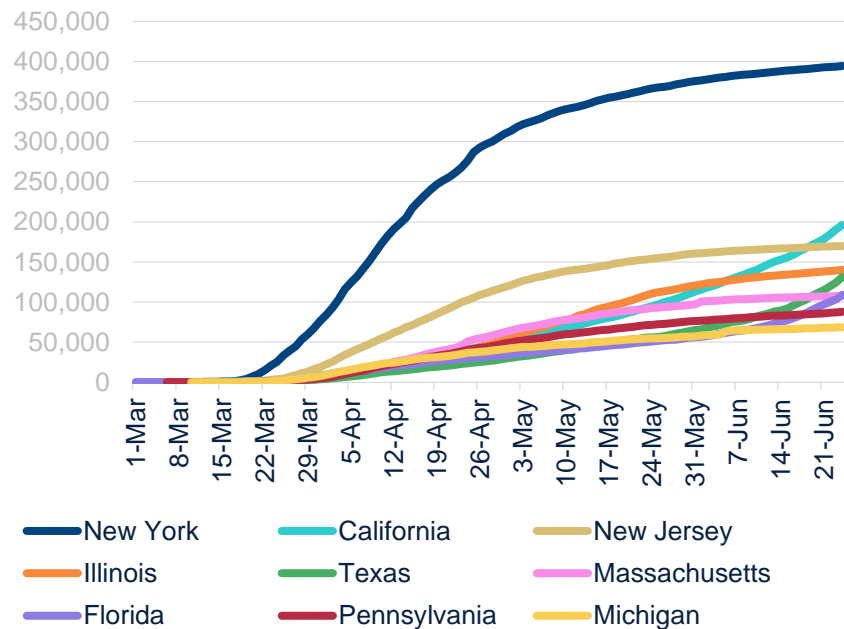

TOPIC: SECOND WAVE

Source: GDELT and BBVA Research

California, Texas, and Florida show sharp increases in cases

CONFIRMED CASES IN STATES WITH MOST INFECTIONS
UNIT

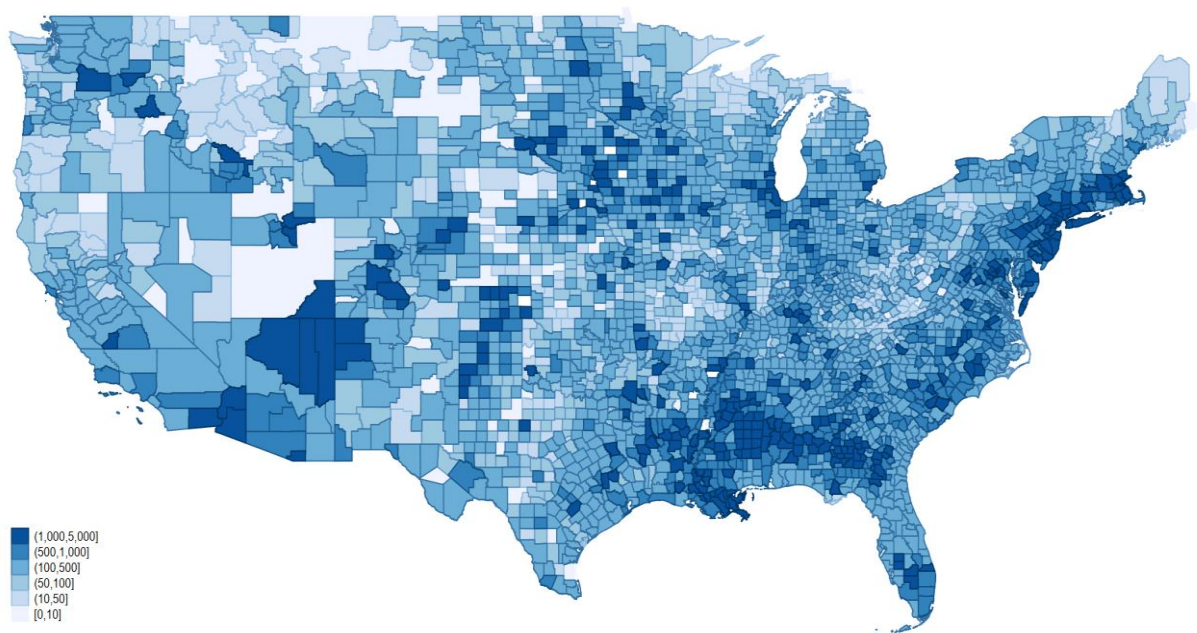**COVID-19 DEATHS IN STATES WITH MOST INFECTIONS**
UNIT

Legend: New York, California, New Jersey, Illinois, Texas, Massachusetts, Florida, Pennsylvania, Michigan

Source: CDC and BBVA Research
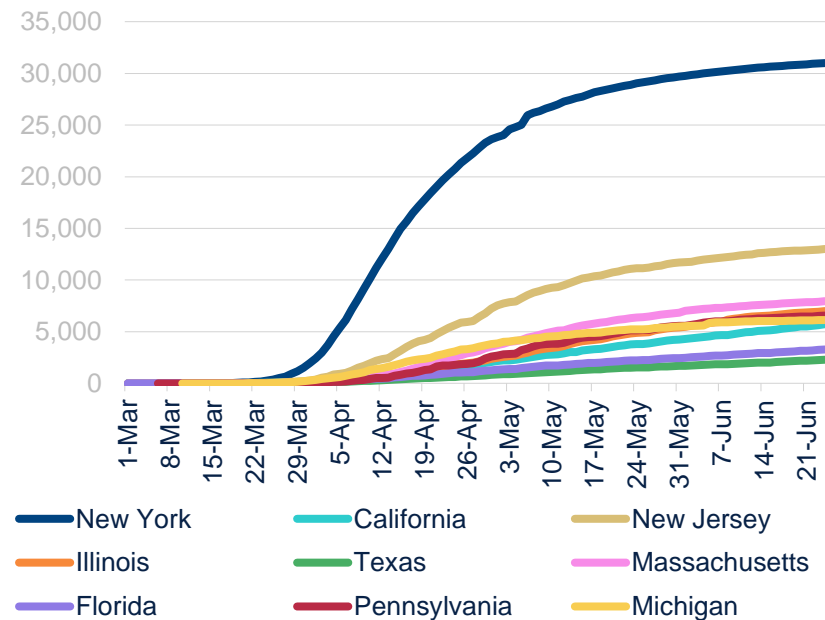
Confirmed cases of COVID-19 (June 1st - 29rd)

CASES PER 100,000 POPULATION

| (1,000,5,000] |
| (500,1,000] |
| (100,500] |
| (50,100] |
| (10,50] |
| [0,10] |

State	Cases
California	110,607
Texas	91,313
Florida	90,178
Arizona	54,609
North Carolina	34,951
Georgia	32,354
South Carolina	22,783
New York	22,427
Illinois	22,201
Tennessee	19,731
Alabama	19,223
Virginia	17,582
Louisiana	17,165
Ohio	15,533
Maryland	14,476
Pennsylvania	14,338
Arkansas	13,004
Michigan	12,826
Utah	11,867
Massachusetts	11,803
...	
United States	757,570

Source: Johns Hopkins University and BBVA Research

Deaths of COVID-19 (June 1st - 29rd)

DEATHS PER 100,000 POPULATION
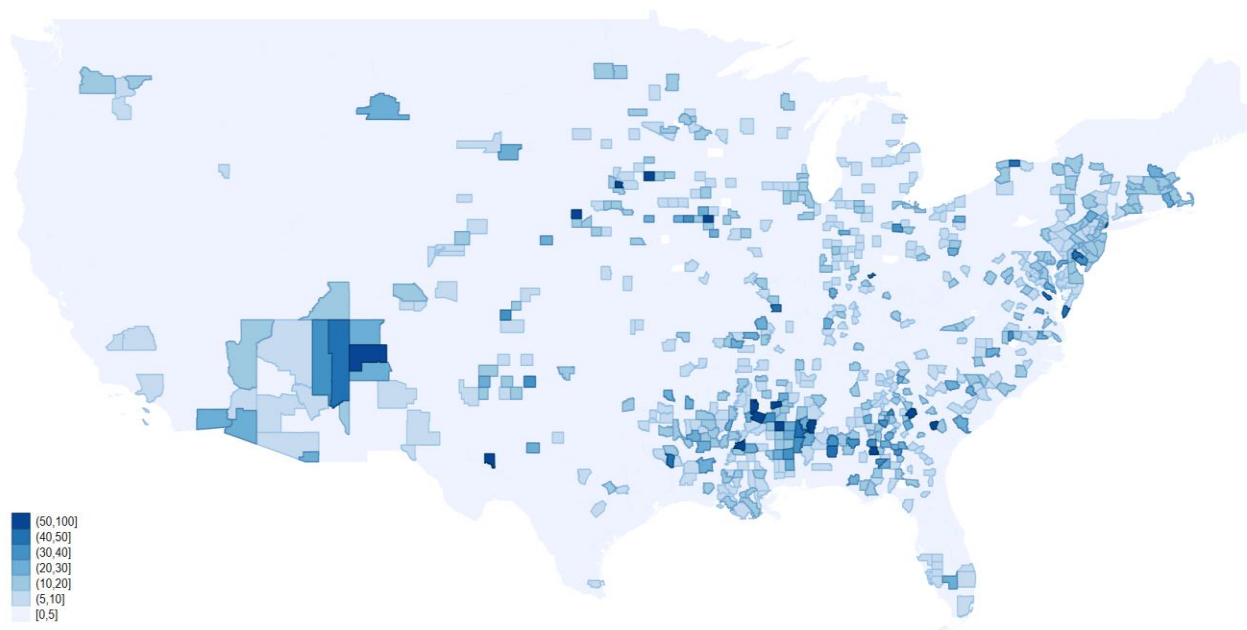
State	Deaths
New Jersey	3,294
California	1,804
New York	1,619
Illinois	1,512
Massachusetts	1,248
Pennsylvania	1,059
Florida	996
Texas	741
Georgia	731
Arizona	691
Michigan	670
Ohio	663
Maryland	643
Indiana	490
Minnesota	420
North Carolina	420
Louisiana	408
Connecticut	376
Virginia	365
Mississippi	325
...	
United States	21,713

Legend:
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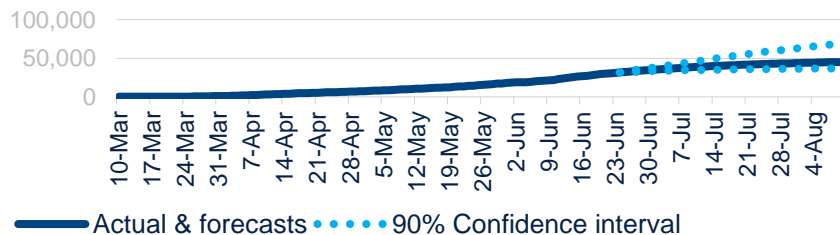(5,10]
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Source: Johns Hopkins University and BBVA Research
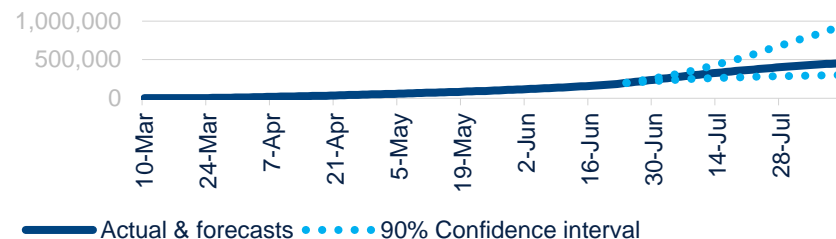
Outlook on economies and policies

- The on-going pandemic will continue damaging regional economies at an uneven pattern.

- States with more COVID-19 cases will suffer heavier economic costs.

- Recent outbreaks in Sunbelt states could impact confidence and pace of reopening.

- States more dependent on the leisure and hospitality sector will be significantly affected.

- Suppressed demand for oil and gas will deal additional damage to states with high concentration of the energy sector.

- States' trust funds, which finance unemployment benefits, are running low; particularly for low for California and Texas.

- Given recent outbreaks and lockdowns, additional fiscal support is likely.

COVID-19 forecasts in Sunbelt states – Confirmed cases (1)

ALABAMA

Actual & forecasts •••• 90% Confidence interval

CALIFORNIA

Actual & forecasts •••• 90% Confidence interval

ARIZONA

Actual & forecasts •••• 90% Confidence interval

COLORADO

Actual & forecasts •••• 90% Confidence interval

Source: Los Alamos National Lab and BBVA Research (forecast data: 6/26/2020)
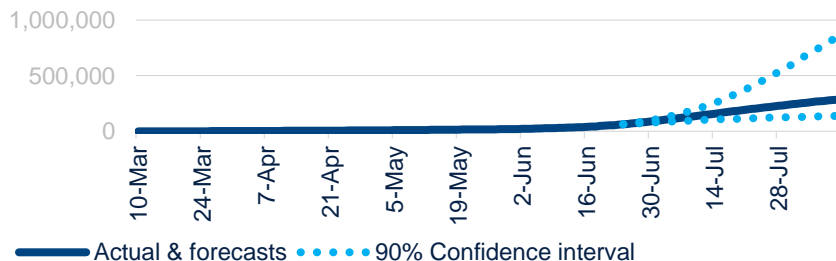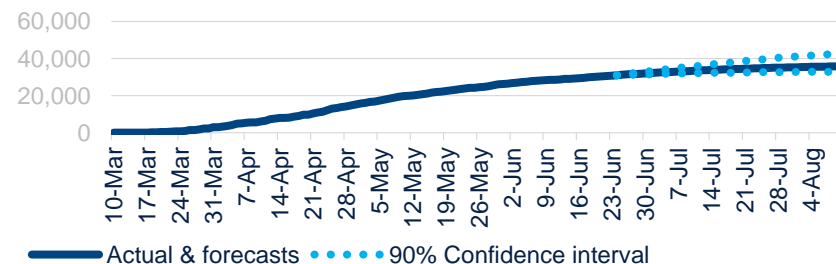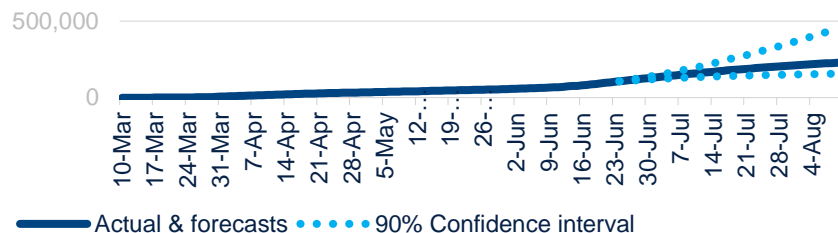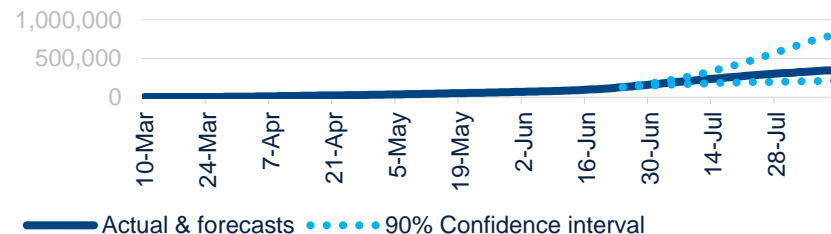
COVID-19 forecasts in Sunbelt states – Confirmed cases (2)

FLORIDA

Actual & forecasts ••••• 90% Confidence interval

TEXAS

Actual & forecasts ••••• 90% Confidence interval

NEW MEXICO

Actual & forecasts ••••• 90% Confidence interval
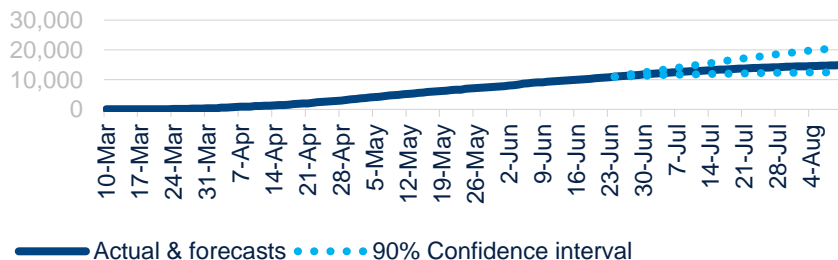
▲ Recent outbreaks in California, Arizona, Florida, and Texas suggest great uncertainties on the spread of COVID-19.

▲ High infection numbers could force state and local governments to take drastic measures – slower reopening, stay-at-home orders, lockdowns, etc.

▲ Enforced and self-imposed social distancing measures will delay the economic recovery in 2H20.

Source: Los Alamos National Lab and BBVA Research (forecast data: 6/26/2020)

COVID-19 forecasts in Sunbelt states – Deaths (1)

ALABAMA

Actual & forecasts ••••• 90% Confidence interval

CALIFORNIA

Actual & forecasts ••••• 90% Confidence interval

ARIZONA

Actual & forecasts •••• 90% Confidence interval

COLORADO

Actual & forecasts •••• 90% Confidence interval

Source: Los Alamos National Lab and BBVA Research (forecast data: 6/26/2020)
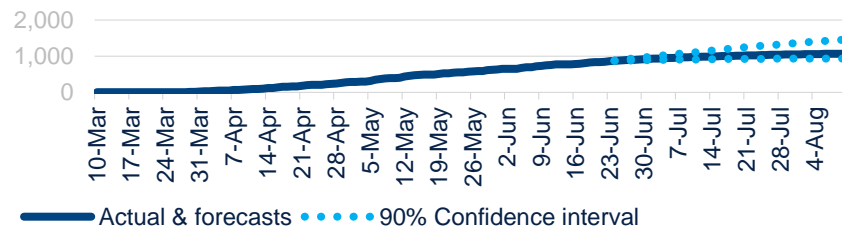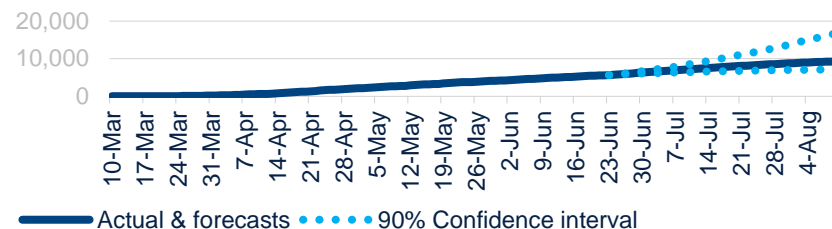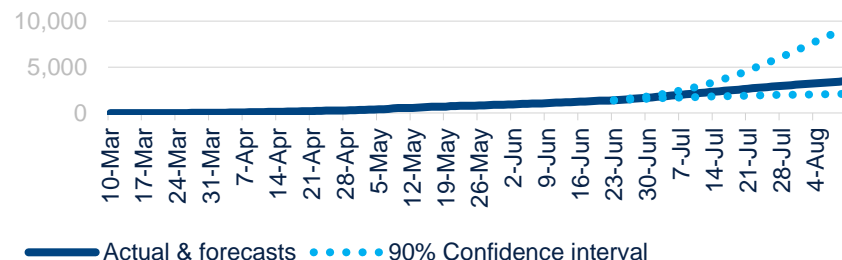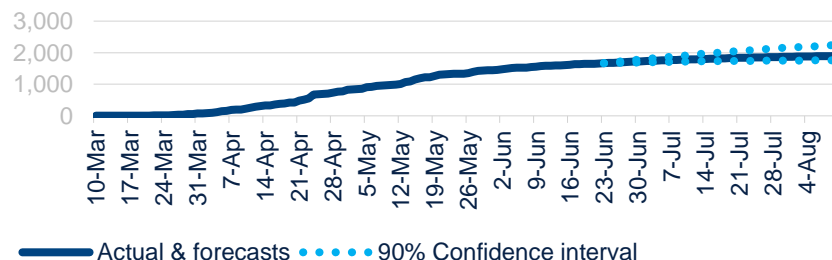
COVID-19 forecasts in Sunbelt states – Deaths (2)

FLORIDA

Actual & forecasts ••••• 90% Confidence interval

NEW MEXICO

Actual & forecasts ••••• 90% Confidence interval

TEXAS

Actual & forecasts ••••• 90% Confidence interval
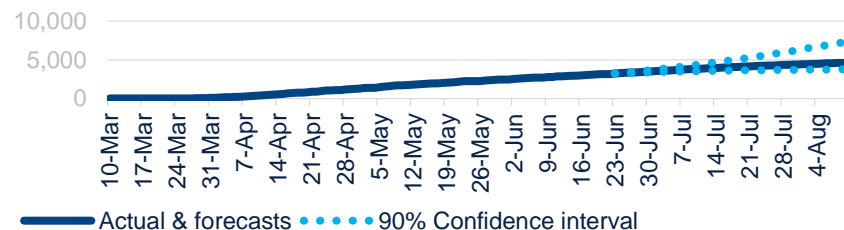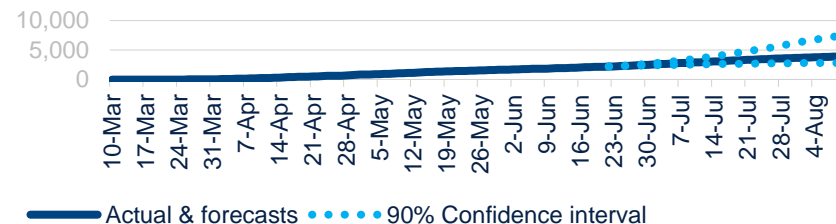
▲ The number of deaths is jointly determined by number of infections, age distribution of patients, and supply of medical services.

▲ Sunbelt states are especially vulnerable, since they have long been favored places to retirees.

▲ However, lower density and urbanization will help limit some of the downside risks.

Source: Los Alamos National Lab and BBVA Research (forecast data: 6/26/2020)

State GDP Forecast

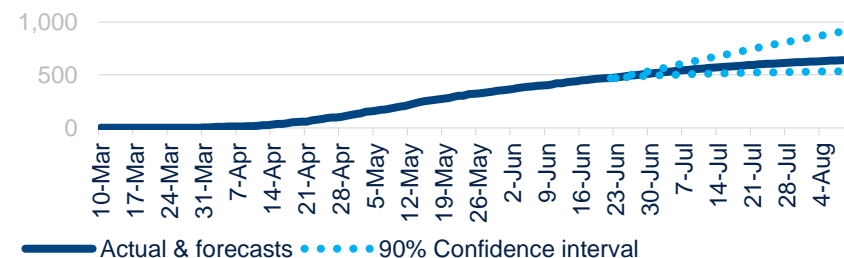| State	2019	2020(f)	2021(f)	State	2019	2020(f)	2021(f)	State	2019	2020(f)	2021(f)
ALABAMA	2.3	-4.2	2.6	LOUISIANA	1.3	-3.3	1.7	OHIO	1.7	-3.7	1.7
ALASKA	2.5	-6.1	-0.7	MAINE	1.9	-2.5	1.3	OKLAHOMA	2.4	-6.3	0.4
ARIZONA	3.1	-6.3	4.0	MARYLAND	1.5	-1.3	2.5	OREGON	2.7	-5.0	0.7
ARKANSAS	1.8	-5.1	2.0	MASSACHUSETTS	2.5	-3.2	2.0	PENNSYLVANIA	2.3	-3.2	1.8
CALIFORNIA	2.6	-4.4	3.7	MICHIGAN	0.7	-6.7	3.1	RHODE ISLAND	2.7	0.0	2.7
COLORADO	3.5	-3.4	3.3	MINNESOTA	1.4	-6.0	2.1	SOUTH CAROLINA	3.0	-3.8	2.7
CONNECTICUT	1.6	-2.5	1.5	MISSISSIPPI	1.3	-3.8	-0.1	SOUTH DAKOTA	0.7	-3.9	1.6
DELAWARE	0.8	-0.7	-0.5	MISSOURI	2.1	-3.1	0.9	TENNESSEE	2.2	-4.0	1.7
FLORIDA	2.8	-7.9	2.9	MONTANA	2.1	-0.7	1.8	TEXAS	4.4	-5.6	3.8
GEORGIA	2.0	-3.2	2.8	NEBRASKA	0.6	-0.7	3.0	UTAH	3.8	-5.0	3.6
HAWAII	1.0	-10.5	6.1	NEVADA	2.9	-4.9	1.3	VERMONT	2.5	-3.9	2.1
IDAHO	2.8	-5.3	2.1	NEW HAMPSHIRE	2.7	-2.9	3.0	VIRGINIA	1.9	-1.8	2.0
ILLINOIS	1.6	-4.8	2.3	NEW JERSEY	1.5	-3.8	1.7	WASHINGTON	3.8	-3.9	2.7
INDIANA	0.8	-7.5	2.7	NEW MEXICO	3.7	-7.2	2.5	WEST VIRGINIA	1.0	-4.3	0.9
IOWA	0.9	-4.8	3.2	NEW YORK	1.8	-6.4	5.2	WISCONSIN	1.4	-4.4	2.7
KANSAS	0.9	-6.1	4.5	NORTH CAROLINA	2.3	-4.0	2.9	WYOMING	3.3	-7.0	0.0
KENTUCKY	1.1	-5.5	2.1	NORTH DAKOTA	2.3	-4.9	-2.1				

(f): Forecast

State Unemployment

State	2019	2020(f)	2021(f)	State	2019	2020(f)	2021(f)	State	2019	2020(f)	2021(f)
ALABAMA	3.0	6.3	5.0	LOUISIANA	4.8	7.4	6.1	OHIO	4.1	7.5	5.8
ALASKA	6.1	7.0	6.3	MAINE	3.0	5.6	4.3	OKLAHOMA	3.3	5.2	4.0
ARIZONA	4.7	7.5	6.1	MARYLAND	3.6	5.5	4.5	OREGON	3.8	6.8	5.2
ARKANSAS	3.6	6.2	5.1	MASSACHUSETTS	2.9	5.8	4.2	PENNSYLVANIA	4.4	7.3	5.8
CALIFORNIA	4.1	8.2	6.3	MICHIGAN	4.1	10.6	6.9	RHODE ISLAND	3.6	7.8	5.8
COLORADO	2.8	6.2	4.7	MINNESOTA	3.2	4.7	3.8	SOUTH CAROLINA	2.9	6.4	4.9
CONNECTICUT	3.7	5.9	5.1	MISSISSIPPI	5.4	7.9	6.4	SOUTH DAKOTA	3.3	4.4	3.4
DELAWARE	3.8	6.6	5.1	MISSOURI	3.2	6.0	4.8	TENNESSEE	3.4	6.6	5.0
FLORIDA	3.1	6.7	5.1	MONTANA	3.5	5.5	4.3	TEXAS	3.5	6.3	7.0
GEORGIA	3.4	6.9	5.5	NEBRASKA	3.1	4.2	3.4	UTAH	2.6	5.0	5.9
HAWAII	2.7	7.4	4.2	NEVADA	3.9	12.5	7.8	VERMONT	2.4	5.0	5.4
IDAHO	2.9	5.5	4.1	NEW HAMPSHIRE	2.6	5.1	3.3	VIRGINIA	2.8	5.1	6.0
ILLINOIS	4.0	7.3	5.6	NEW JERSEY	3.5	7.0	5.3	WASHINGTON	4.3	7.2	7.6
INDIANA	3.3	6.7	4.7	NEW MEXICO	4.9	6.9	6.1	WEST VIRGINIA	4.9	7.4	8.1
IOWA	2.7	4.7	3.7	NEW YORK	3.9	6.6	5.2	WISCONSIN	3.4	6.0	6.4
KANSAS	3.2	5.1	3.9	NORTH CAROLINA	3.9	7.0	5.5	WYOMING	3.6	5.1	6.4
KENTUCKY	4.3	7.4	5.7	NORTH DAKOTA	2.4	3.2	2.6				

(f): Forecast

MSA Unemployment Rate

UNEMPLOYMENT RATES BY MSA (2020)
%

20.00 – 25.10	8.00 – 12.00	No data
16.00 – 20.00	4.00 – 8.00	
12.00 – 16.00	3.10 – 4.00	
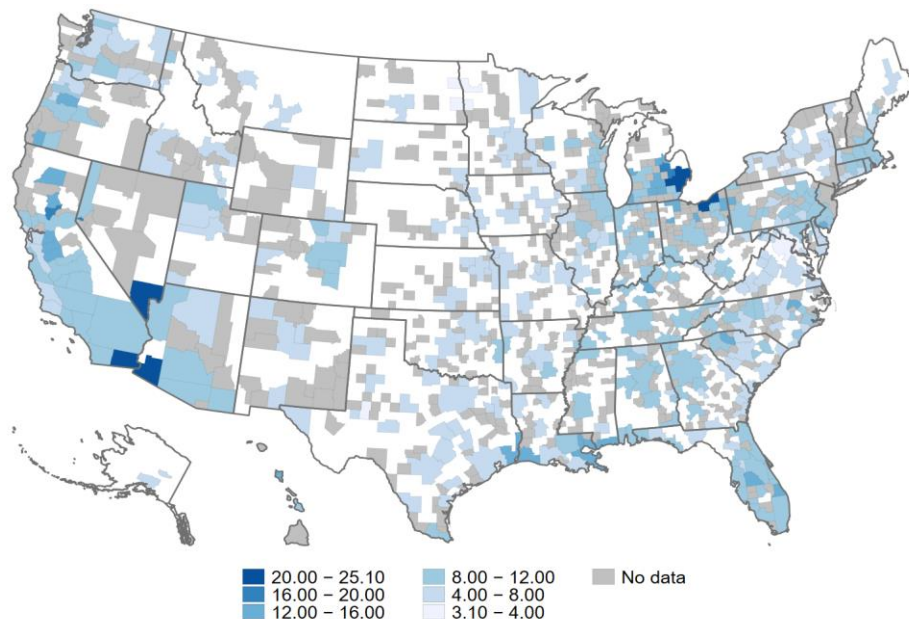
Most affected MSAs

Las Vegas-Henderson-Paradise, NV

El Centro, CA

Detroit-Warren-Dearborn, MI

Yuma, AZ

Cleveland-Elyria, OH

Flint, MI

Yuba City, CA

Saginaw, MI

Carson City, NV

Hammond, LA

Source: BBVA Research

U.S.
Regional Outlook

July 2020

Creating Opportunities