

Regional Economic Update

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April 3, 2020



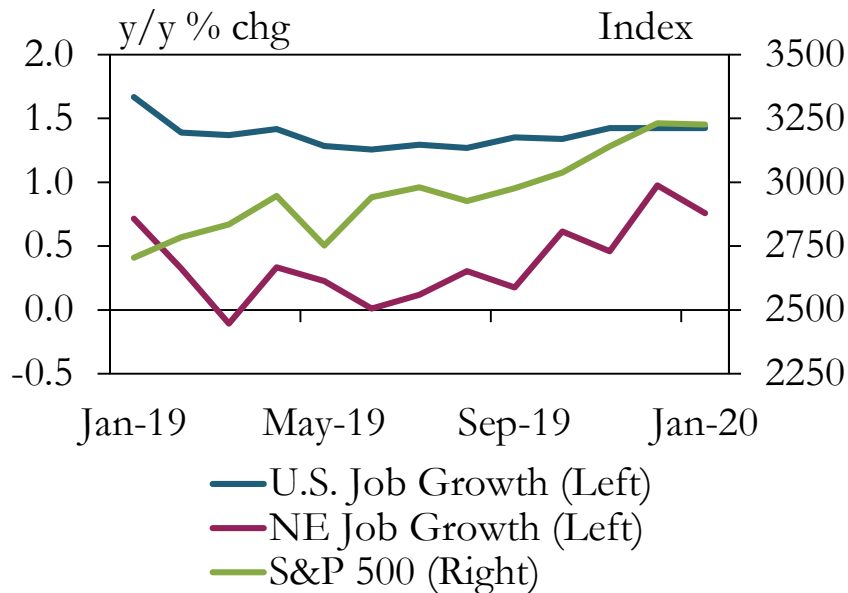
Outlook Themes

- As COVID-19 cases continue to rise, and the “shutdown” persists, recent data points to a sharp decline in economic activity.
- During the month of March, the Fed announced numerous policy actions in response to economic developments and credit markets.
- Incoming regional data shows developments that generally mirror the nation, and an unprecedented increase in unemployment insurance claims.

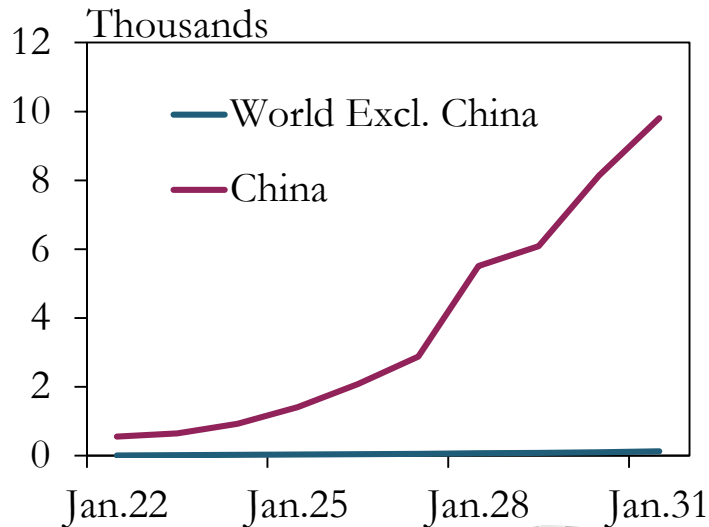


In January, the economy appeared to be on solid footing, even as coronavirus cases in China were mounting.

Job Growth & Equity Markets



Global COVID-19 Cases

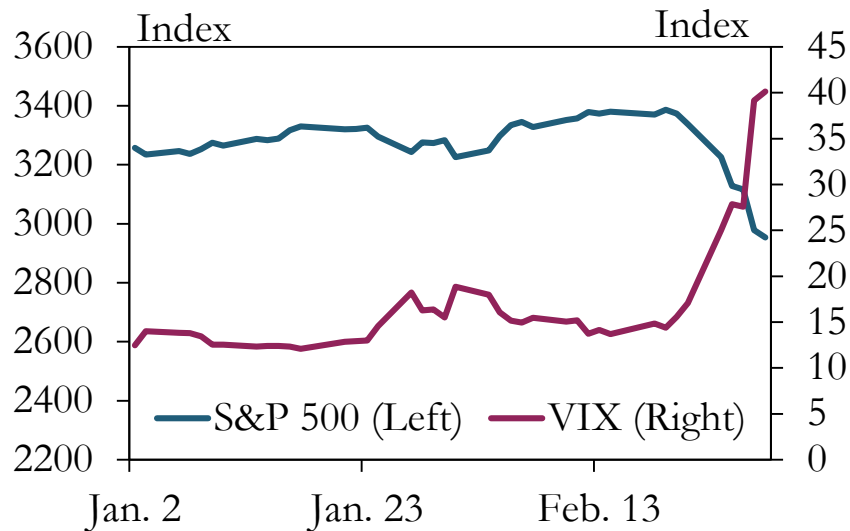


Sources: Johns Hopkins University, Yahoo Finance, BLS, Haver Analytics.

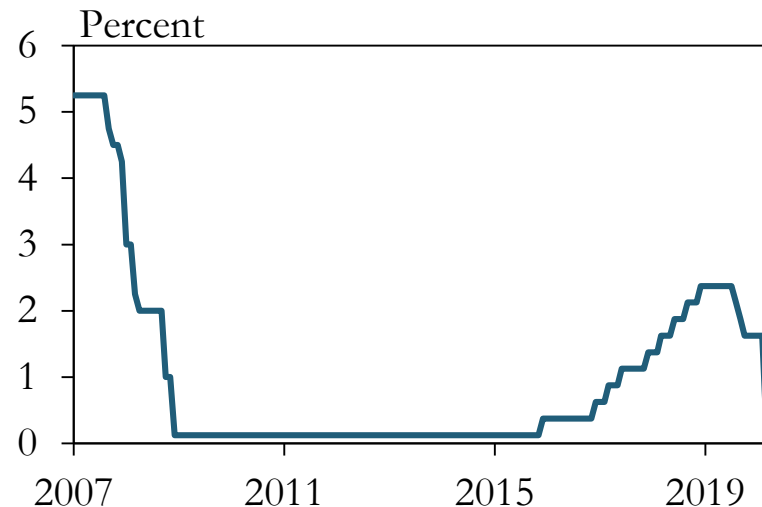


Markets began to plunge in late February, and the Fed took action in an emergency meeting on March 3.

Equity Markets and Volatility

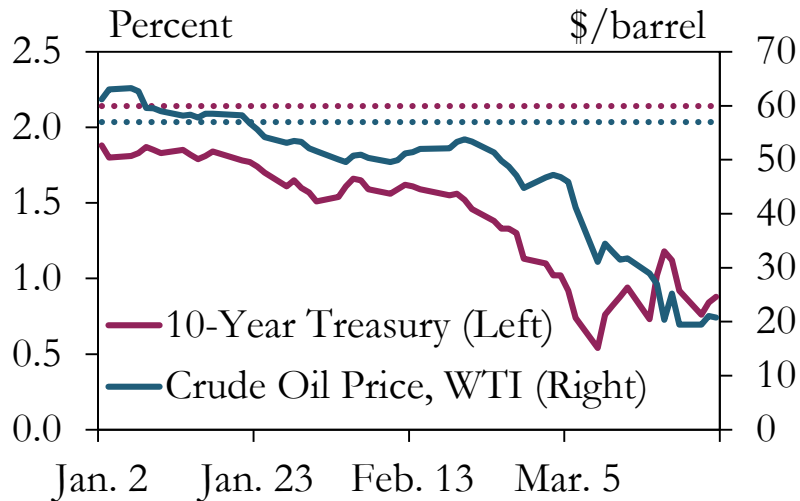


Fed Funds Rate

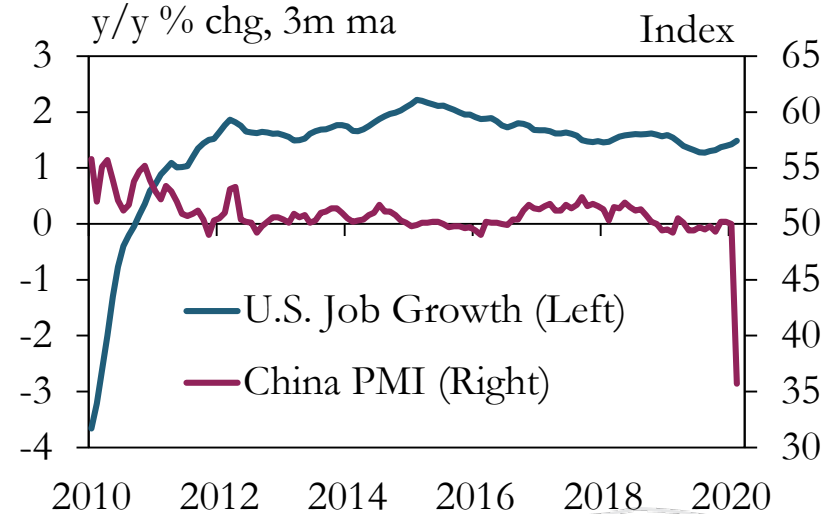


Following the last Omaha board meeting, market turmoil surged and data from China weighed heavily.

Treasury Yield and Oil Price



U.S. Job Growth and China Manufacturing Activity



Note: Dotted lines indicate 2019 average level.

Sources: Yahoo Finance, Federal Reserve Board, Haver Analytics.



The “global shutdown” began the week of March 9 as equity markets plummeted and volatility soared.

March 9:

- Italy expands its lockdown nationwide.

March 11:

- WHO declares pandemic.
- NBA cancels season.

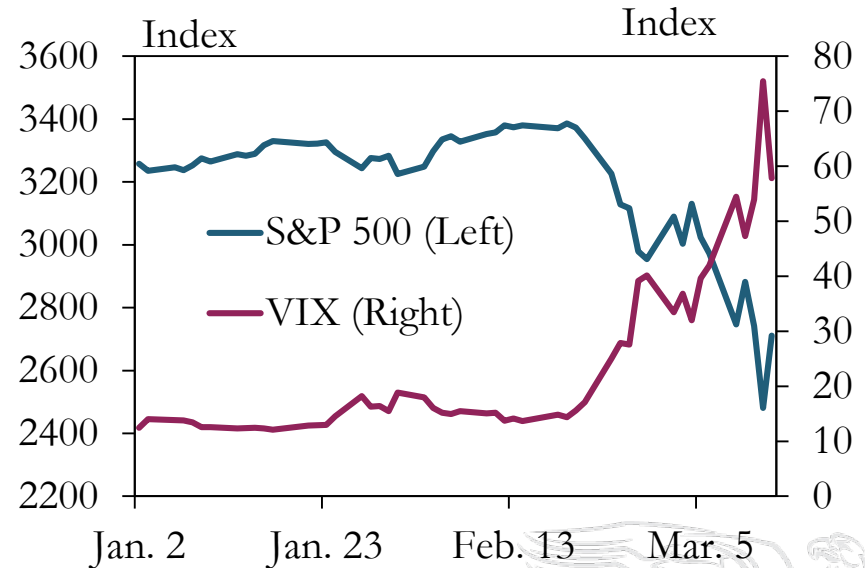
March 12:

- NCAA cancels tournament.
- KC Fed moves to work from home.
- NE universities move to remote learning.

March 13:

- National emergency declaration.
- State of emergency in Nebraska.
- Initial ban on travel to Europe.

Equity Markets and Volatility



Sources: Yahoo Finance, Federal Reserve Board, Haver Analytics.

Beginning March 15, the Fed took additional steps to provide stability as market conditions worsened.

March 15:

- Fed Funds rate cut to zero.
- \$700 billion asset purchase program.
- U.S. dollar liquidity swaps.

March 16:

- \$500 billion in overnight repo actions.

March 17:

- Commercial paper and primary dealer facilities.

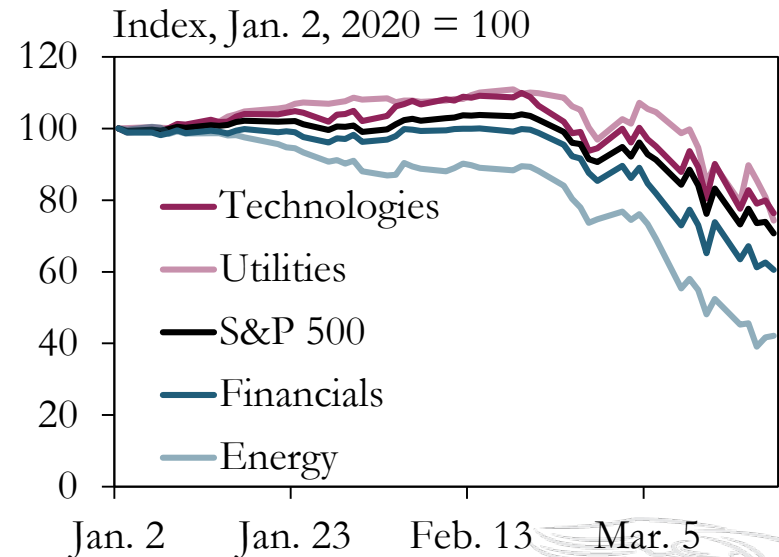
March 18:

- Money market liquidity facility.
- ECB: 750 billion euro bond buying program.

March 19:

- BoE cuts primary interest rate to 0.1%

Best and Worst Performing S&P 500 Sectors

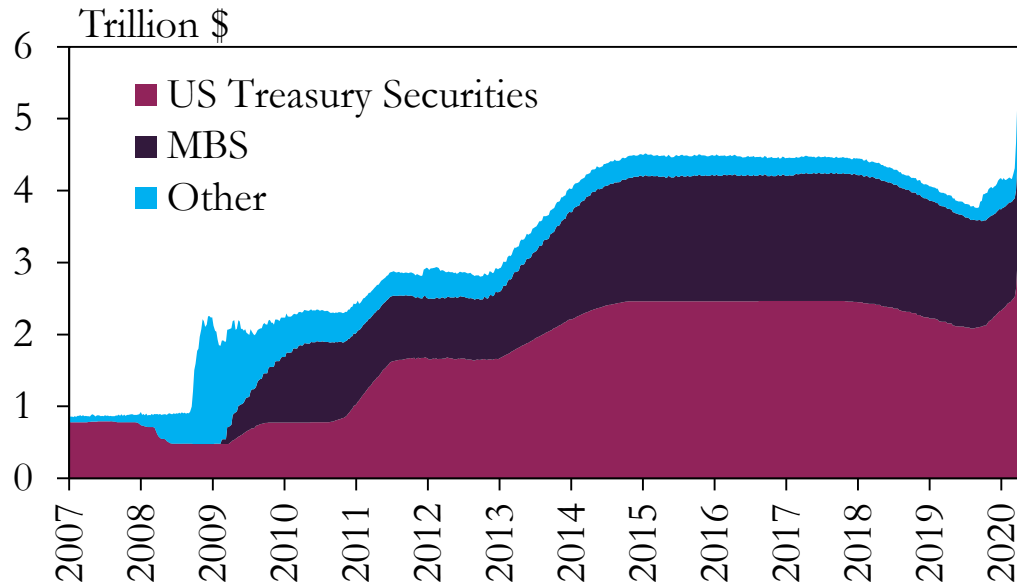


Sources: Barchart.com.



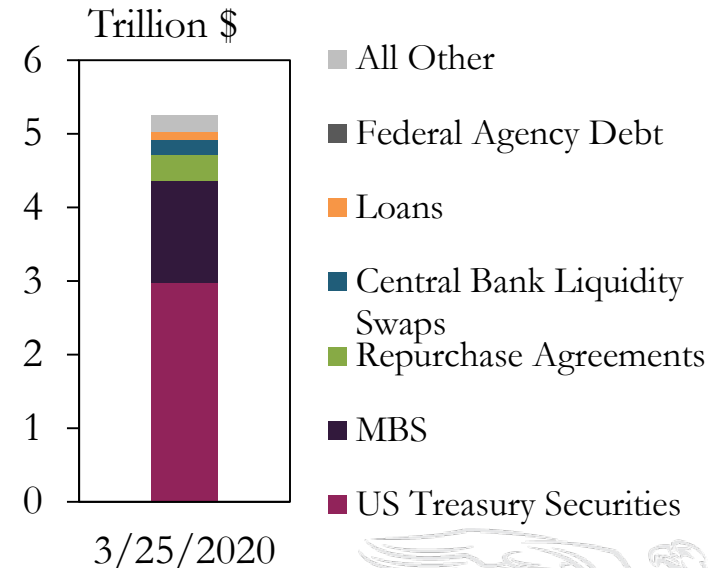
As a result of Fed actions, the balance sheet has begun to grow again.

Federal Reserve Balance Sheet



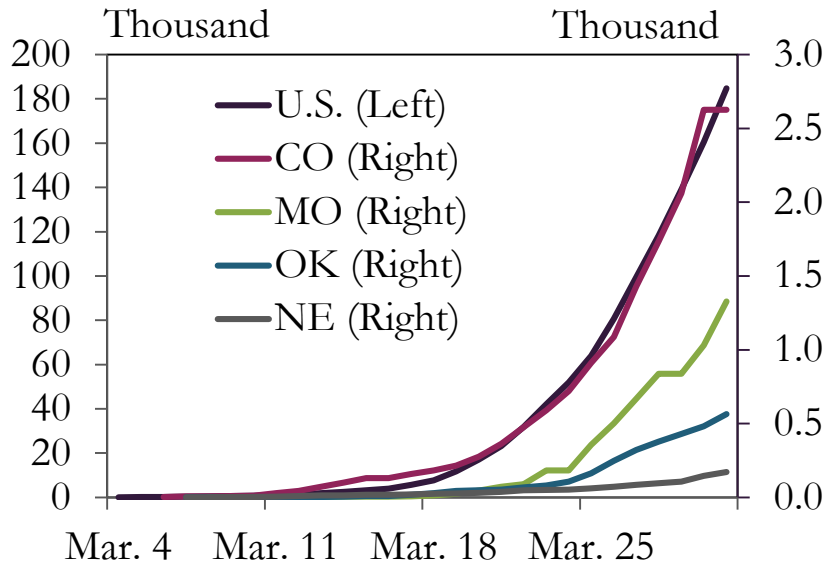
Source: Federal Reserve Bank of St. Louis.

Fed Balance Sheet: March 25

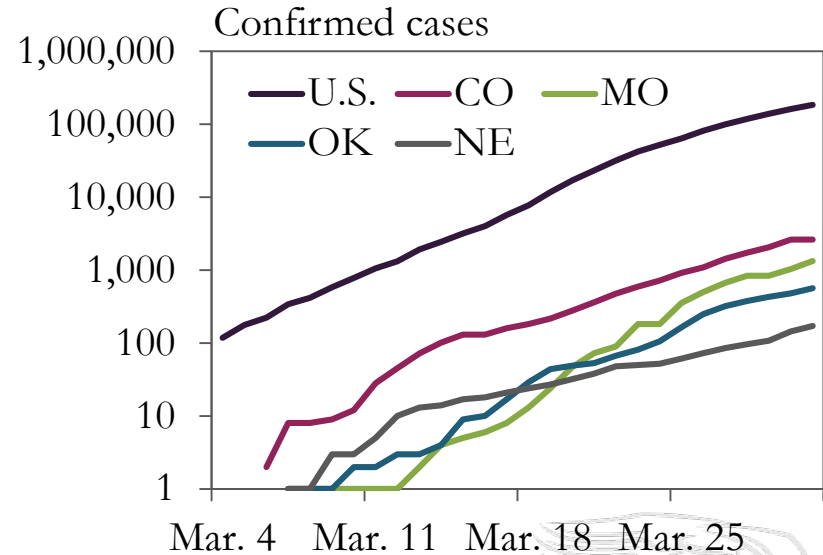


COVID-19 cases have continued to increase, but at a notably slower pace in Nebraska.

Cumulative COVID-19 Cases

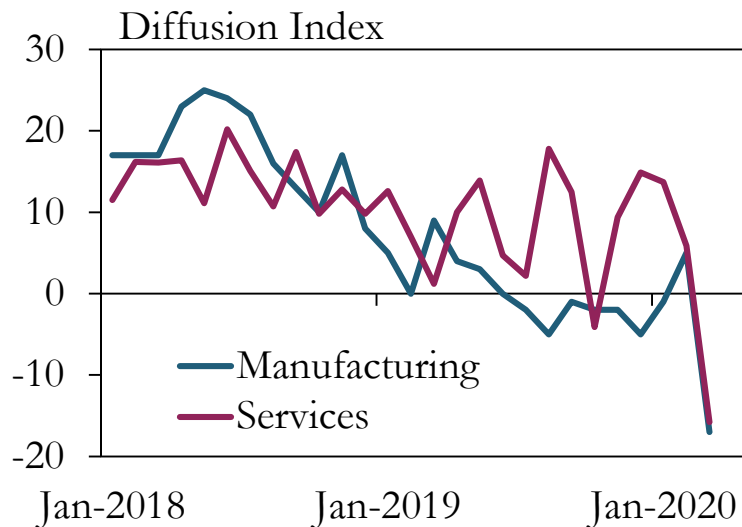


COVID-19 Cases – Log Scale

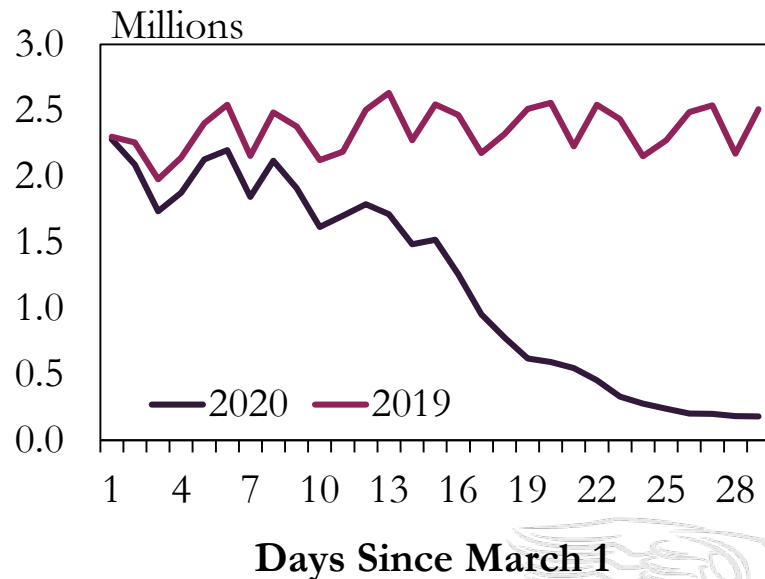


Regional data has begun to show measures of sharp economic decline.

Tenth District Surveys

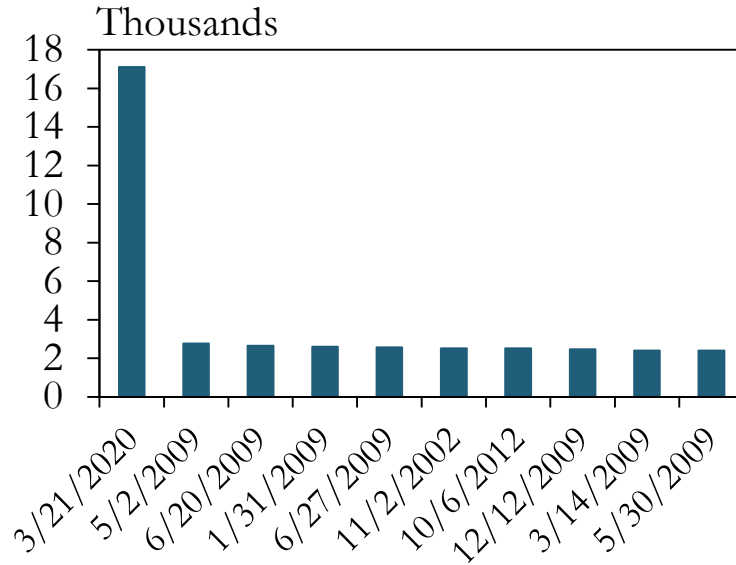


U.S. Daily Passenger Enplanements

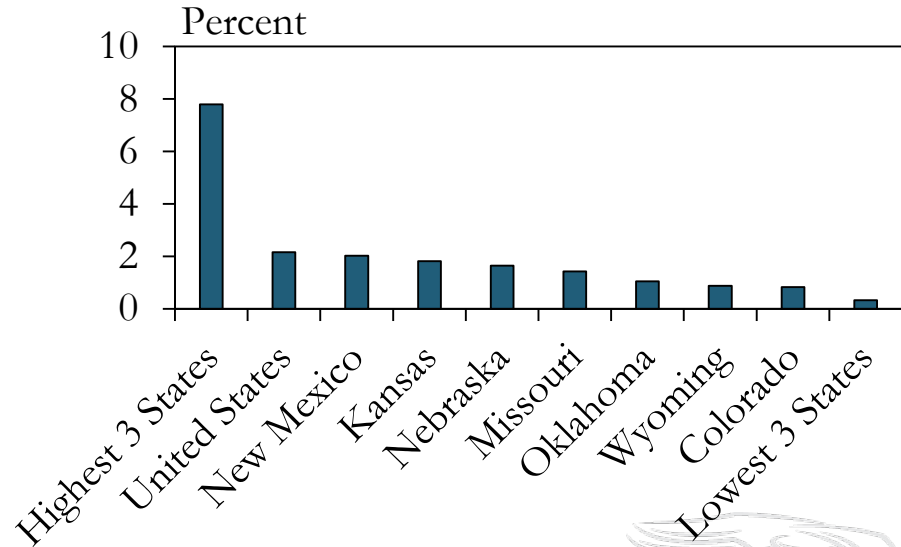


Initial claims for unemployment insurance shattered previous records.

Nebraska Initial UI Claims (Largest 10 weeks since 2000)



Initial UI Claims as Share of Total Employment (Mar. 21)



Note: Lowest 3 states is the average of Utah, Georgia, and South Dakota. Highest three states is the average of Pennsylvania, Nevada, and Rhode Island.
Sources: BLS, Department of Labor, Haver Analytics.



Concluding thoughts

- Uncertainty and volatility remain very high. The economic path forward appears directly tied to COVID-19 and associated countermeasures.
- COVID-19 cases in Nebraska have been fewer than other “hotspots,” but many businesses and households still severely impacted.
- The agricultural sector appears (relatively) better positioned, but there are notable risks: e.g., ethanol, cattle.

