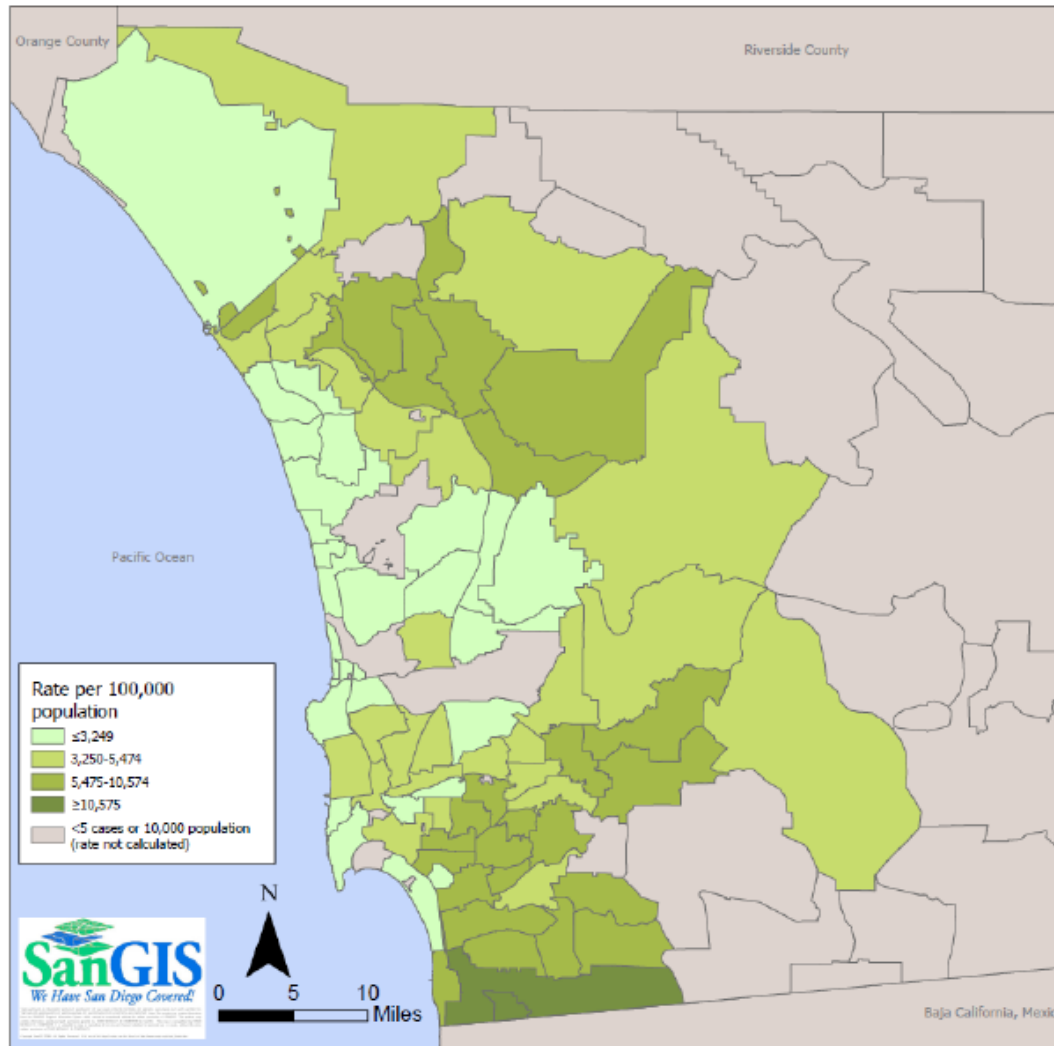


SD COVID Cases per 100k Residents (1/9/21)



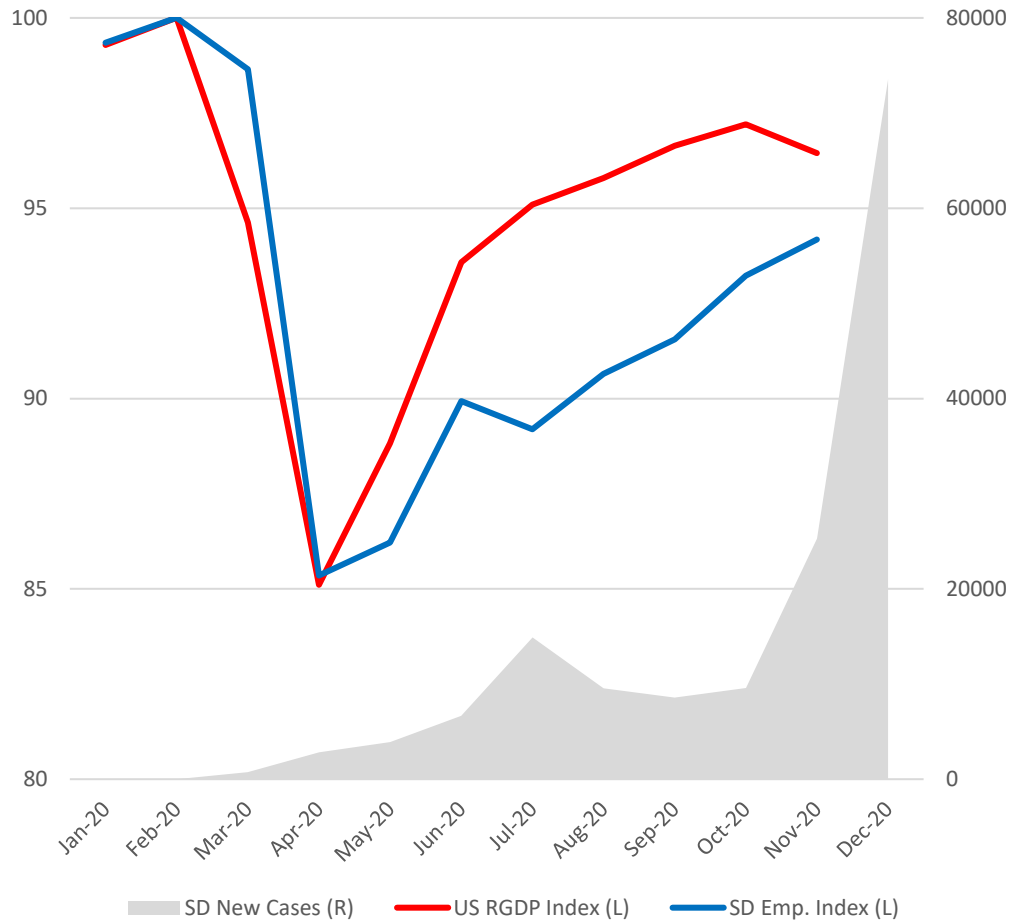
2021 Economic Outlook

Dr. Ryan Ratcliff

Associate Professor
of Economics

2020: The COVID Economy

Index of US Real GDP (IHS Monthly) & SD NF Payroll Employment, SD New COVID 19 Cases



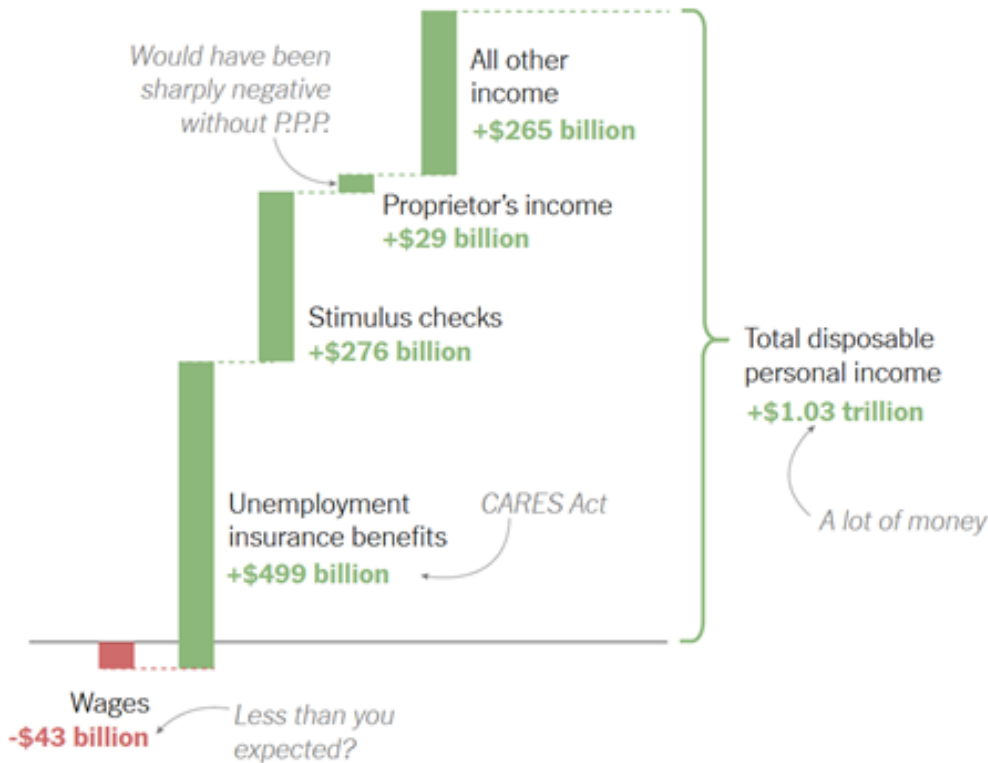
- Initial shock was like compressing the entire Great Recession into two months.
- GDP and asset prices had a quick initial recovery, but GDP slowed a bit after the summer surge.
- SD employment is recovering, but more slowly. Summer spike saw a brief pause in the recovery.
- Using summer as a guide, how will the current tidal wave of new cases affect the US and SD economies in 2021?

US: Stimulus Keeps Spending Afloat

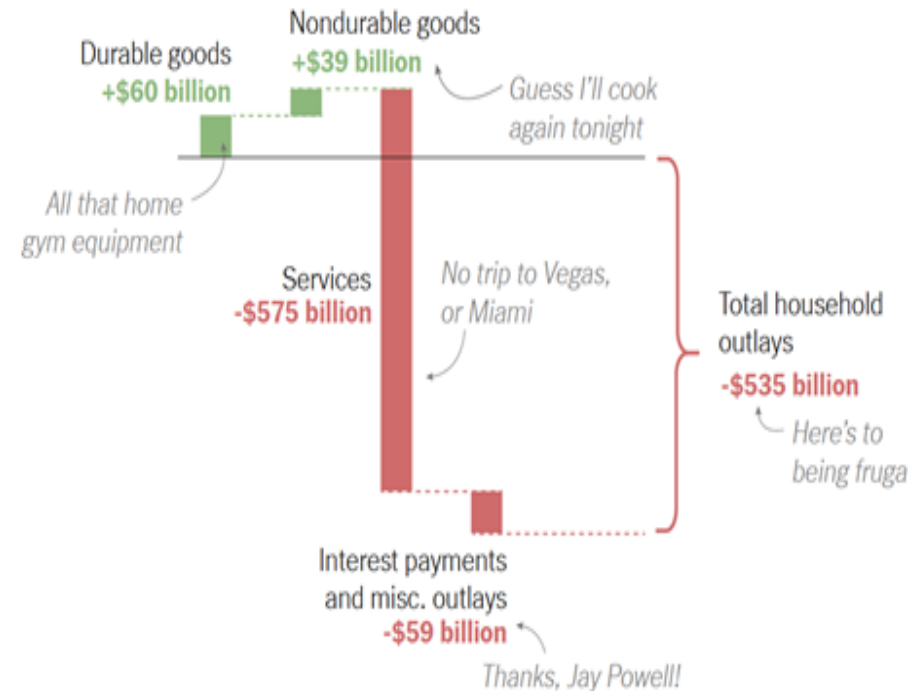
Unemployment, Stimulus Checks and PPP kept incomes growing in 2020, but quarantine still crushed spending on services. \$1.5b in new savings buoys asset and housing markets.

Chg in Personal Income and Household Spending, Mar-Nov '19 vs '20

Personal income increased



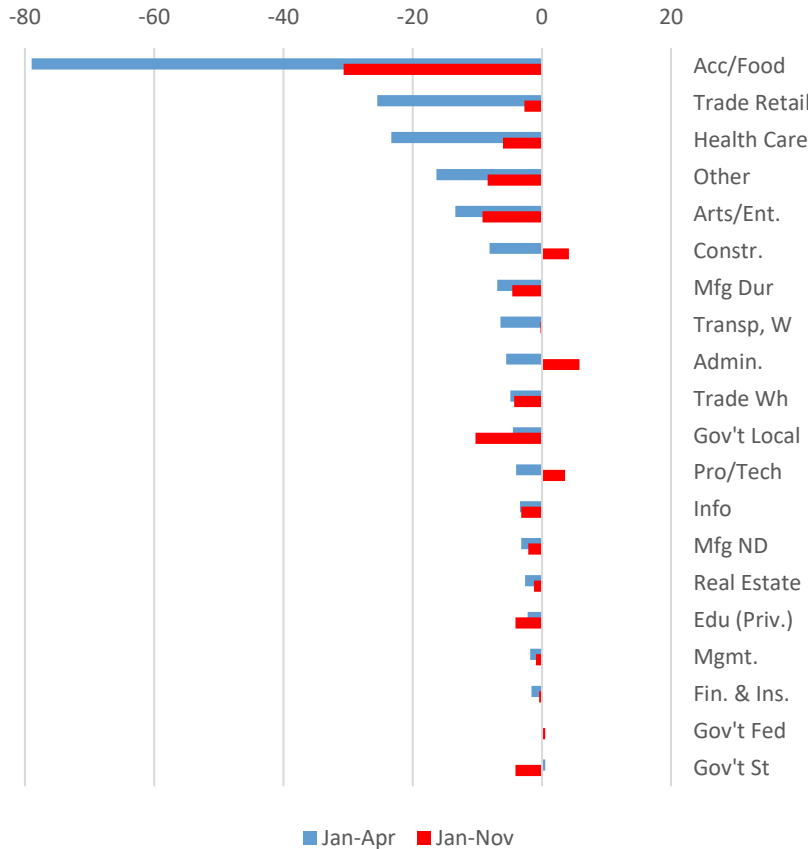
Spending decreased



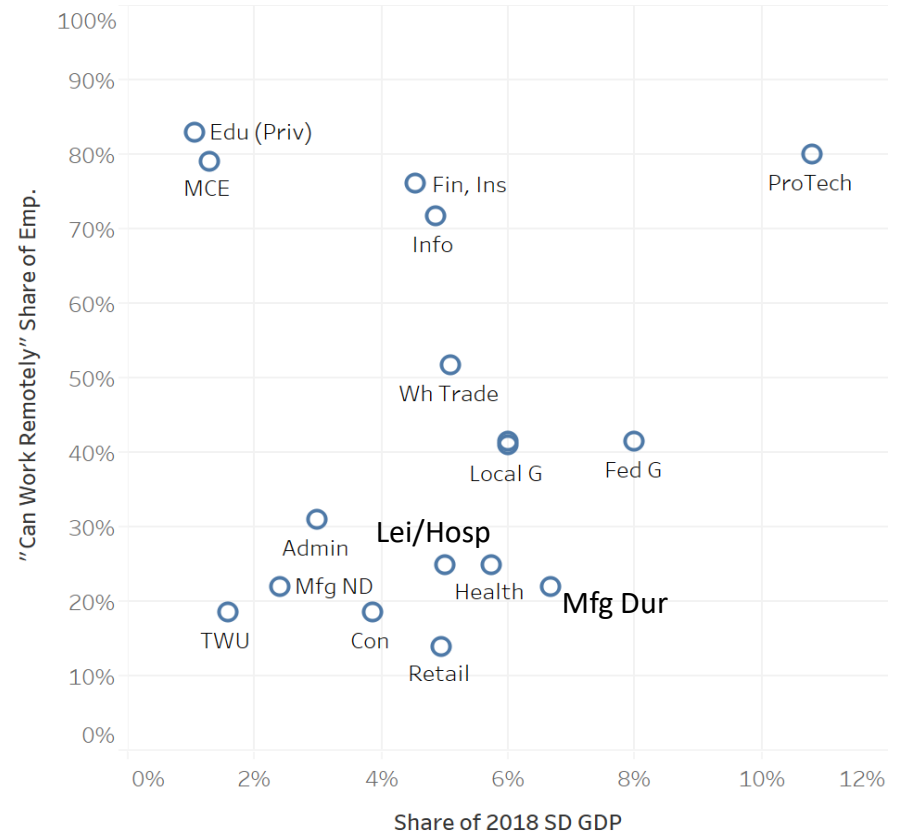
SD: A Tale of Two Economies

Sectors that easily went remote have seen small job losses, or even small gains. Sectors that are hard to distance have recovered much of their initial job losses.

SD Chg in Employment (1000s)



Share of SD GDP vs. % Can Work Remotely



SD/CA: A Tale of Two Economies

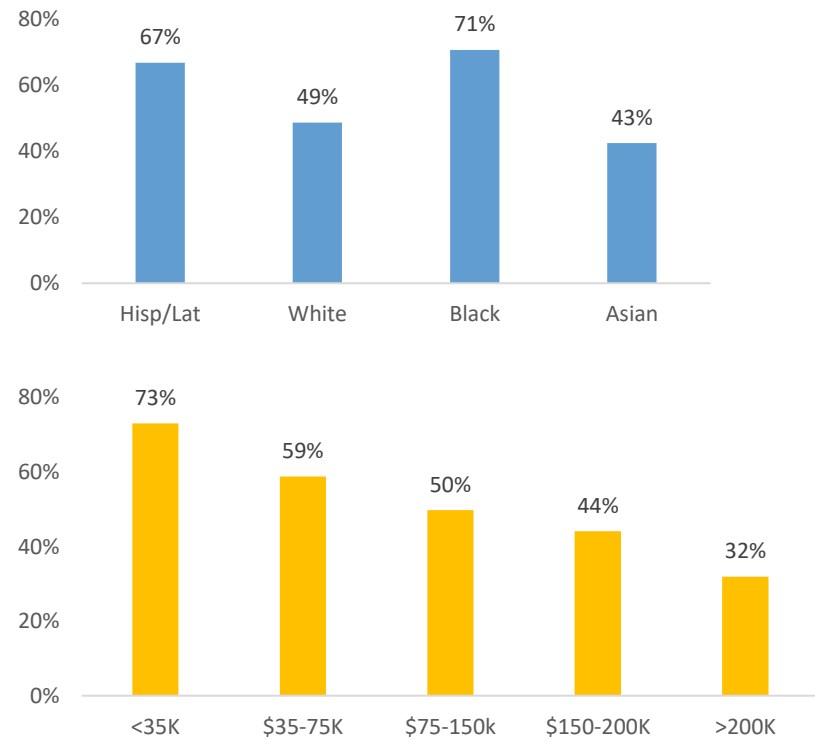
Both the virus and its economic impacts have disproportionately impacted communities of color and the poor in California and San Diego – particularly Hispanic/Latino.

SD COVID Stats by Race/Ethnicity (1/9/21)

Group	% of SD Cases	% Cases / Pop
Hisp/Lat	57.2%	9.0%
White	25.5%	2.9%
Black	3.5%	3.5%
Asian	6.3%	2.5%

Group	% of SD Hosp.	% of SD Deaths
Hisp/Lat	55.5%	45%
White	25.7%	37%
Black	5.2%	4%
Asian	7.2%	10%

Pct of CA Households Surveyed w/ “Loss of Employment Income” Since Mar. ‘20



Some Data on SD Outbreaks

Which businesses shut down and why should be driven by data. Contract tracing (positive case visited _ in last 14d) is available, but specific outbreak info is... closely held.

SD Contact Tracing Outbreak Data

June 5 – Jan. 9

Of the 48% of positive cases interviewed, what % reported visiting this location?

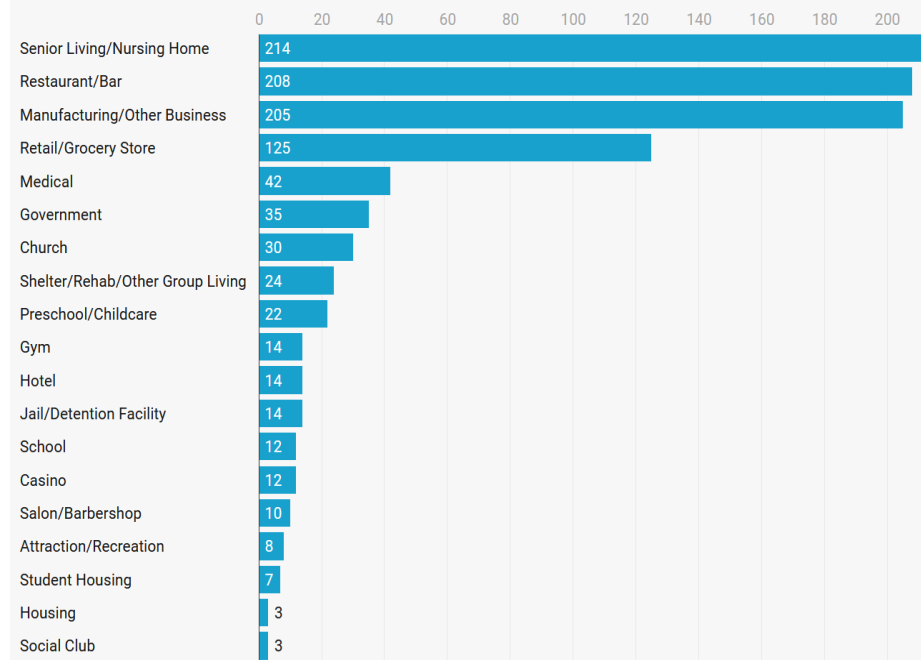
No potential community exposure setting reported	54.4%
Workplaces ^c	32.8%
Retail locations	9.8%
Bars and Restaurants	7.9%
Group Gatherings	4.4%
Hair Salons or Barbers	2.1%
Places of Worship	2.0%
Casinos	0.9%
Gyms	0.4%
Protests	0.1%

of Outbreaks by Location Type,

March - November

Total San Diego County Outbreaks by Category

Number of community outbreaks by type of establishment from March through November.



Outlook for 2021

- The ongoing supersurge suggests another slowdown in Q1, Q2. Initially hard-hit sectors are better at distancing now, so job impacts should be less severe. Lockdown implementations still a mess.
- Buoyant asset markets and recovery in high \$ jobs mean that state and federal tax collections are better than initially feared. Summer '20 suggests we'll need another round of unemployment + PPP to stave off a big decline in spending.
- If we can slow this recent surge, I expect a weak first half of 2021... same or slightly weaker than late 2020. When we finally reach the tipping point on vaccination, I expect an explosion of pent-up service/leisure demand – the roaring 2022's?

