

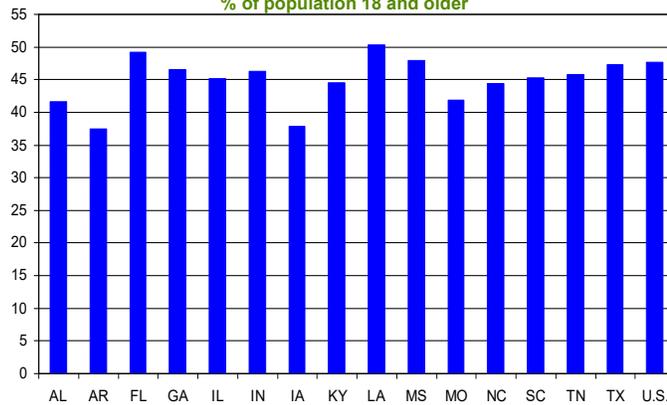
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Household Pulse Survey: Regions Footprint

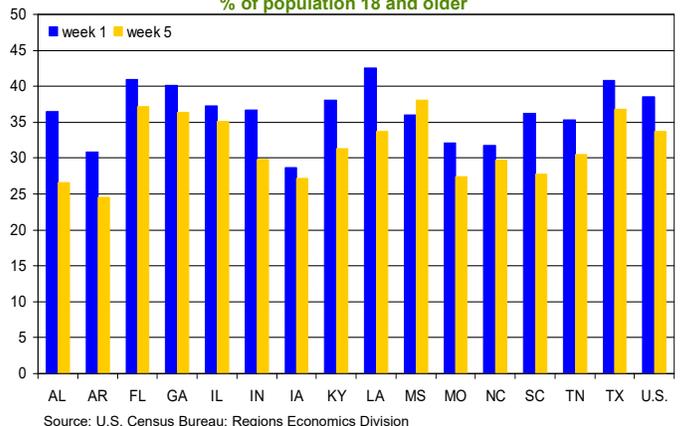
The U.S. Census Bureau has released the latest weekly installment of its *Household Pulse Survey*, a new survey designed to measure the experiences of U.S. households during the COVID-19 pandemic. Census is conducting weekly surveys, which began on April 23, 2020, asking respondents a host of questions to assess the impact of the shutdown of a wide swath of economic activity stemming from the COVID-19 virus and the efforts to stem its spread. Questions cover the loss of employment income, expected loss of employment income, food scarcity, delayed medical care, housing insecurity, and K-12 educational changes. The most recent surveys were conducted over the May 28-June 2 period.

Over the most recent survey period, 48.1 percent of the 18-and-over population reported a loss of employment-based income since March 13. For the Regions footprint as a whole, the share was 46.4 percent. The May 28-June 2 period is the fifth survey period, and over the entire survey period, 47.6 percent nationally and 46.0 percent within the Regions footprint reported a loss of employment-based income. Note that a loss of employment-based income could include the loss of a job, having weekly hours cut back, having wages/salaries reduced, or a combination of the latter two. Census does not provide data on the extent – full or partial – degree of income loss, though the data on nonfarm employment and the data on claims for Unemployment Insurance strongly suggest job losses are the primary cause of the loss of employment-based income. It should also be noted that, while the survey asks about the loss of employment income, it does not account for the various forms of aid that have been provided in response to the crisis, such as the Economic Impact Payments (EIP) and the supplemental Unemployment Insurance (UI) benefits being paid by the federal government, and various food assistance programs. While studies show roughly two-thirds of those who have lost a job are seeing meaningfully higher cash flows from UI benefits – their state-level payment combined with the supplemental \$600 per week being paid by the federal government – this is transitory, as the supplemental payments are now scheduled to expire on July 31.

Experienced Loss Of Employment Income Since March 13:
% of population 18 and older



Expected Loss Of Employment Income Next Four Weeks:
% of population 18 and older

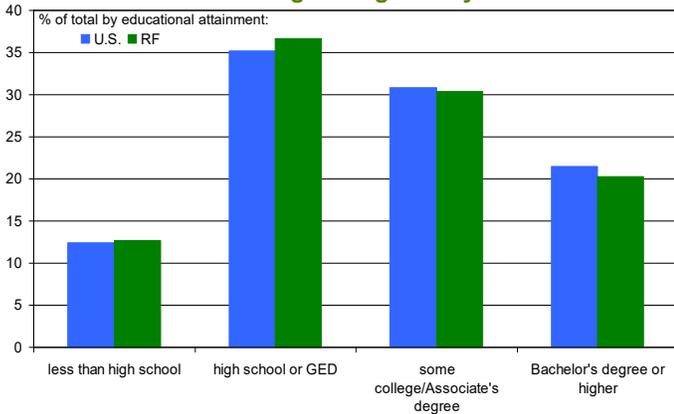


As we've noted in these weekly updates, the metric we're watching more closely is the share of the 18-and-over population who report that they expect to experience a loss of employment-based income (which, again, could be full or partial) over the coming four-week period. In the latest survey week, 33.8 percent of the 18-and-over U.S. population reported they expected a loss of employment-based income over the coming four weeks, compared with 33.5 percent within the Regions footprint. We attach importance to the decline in the shares expecting the loss of some or all of their employment-based income and, barring a "second wave" of the COVID-19 virus, would expect to see this share continue to decline over coming weeks. As we've noted, however, feeling less anxious about one's job and income prospects is an important step, but is only the first step in consumers becoming more fully engaged in economic activity on the road back to "normal."

As we discussed in one of our early summaries of the *Household Pulse Survey* data, actual and expected losses of employment-based income were more concentrated amongst those with lower levels of educational attainment and with lower levels of household income. Over subsequent weeks, these concentrations have become slightly more pronounced, both nationally and within the Regions footprint. In the most recent survey period, for the U.S. as a whole 47.7 percent of those not working had no more than a high school diploma/GED;



Not Working During Survey Week



Source: U.S. Census Bureau; Regions Economics Division

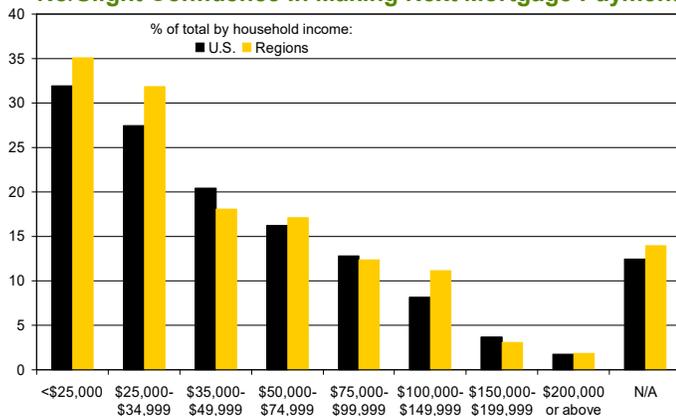
within the Regions footprint this share was 49.3 percent. This is in keeping with the data on nonfarm employment which show job losses more concentrated amongst lower skill/lower wage industry groups. Going forward, should the economic recovery be slow and uneven, leading firms across a broader range of industry groups to reassess their staffing needs, it could be that any subsequent layoffs would be more evenly distributed across skill levels and levels of educational attainment.

In keeping with the distribution of actual and expected losses of employment-based income, the *Household Pulse Survey* shows anxiety over the ability to make one's next mortgage/rent payment is also highly concentrated amongst lower levels of household income. To be sure, this could well be an ongoing concern amongst lower-income households, economic downturn or not, or it could even be that those in higher-income households have become more anxious than would otherwise be the case. That caveat aside, we nonetheless think it interesting

to show the breakdowns across income groups, which we do in the following two charts.



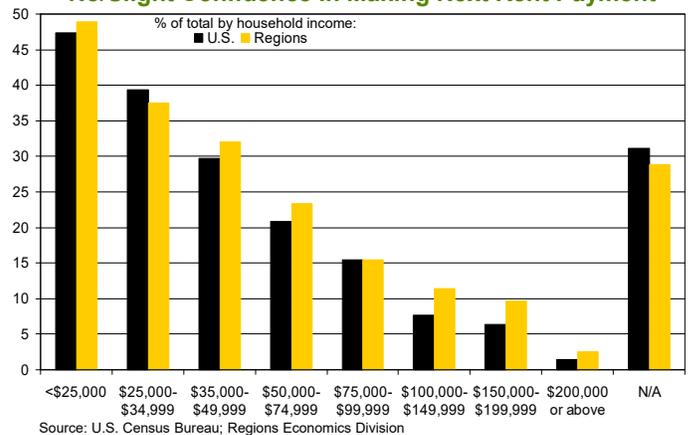
No/Slight Confidence In Making Next Mortgage Payment



Source: U.S. Census Bureau; Regions Economics Division



No/Slight Confidence In Making Next Rent Payment



Source: U.S. Census Bureau; Regions Economics Division

Respondents were asked how much confidence they had in their ability to make their upcoming mortgage/rent payment, and the charts show the combined shares of those expressing "no confidence" or "slight confidence" in their ability to do so. Note that these shares are expressed as a percentage of owner occupied households with mortgage payments (leaving out those who own their homes free and clear), or the percentage of renter occupied households with rent payments (leaving out those with no rent payments). In each case, anxiety over making the next scheduled payment is more concentrated amongst lower income levels (high shares of those expressing little or no confidence in their ability to make their next scheduled payment did not report their income). Again, this is in keeping with the distribution of those who have experienced or expect to experience a loss of employment-based income, and helps to illustrate why many, us included, are concerned about the potential fallout from the looming decline in cash flows for households adversely impacted by the downturn associated with the COVID-19 virus if the various aid payments included in the CARES Act are not extended/repeated. The concern is there even without an additional round of layoffs. As such, it bears watching in the weeks ahead how policy makers will respond – some are taking the May employment report as a sign that no further aid will be needed, while others argue more needs to be done. Barring a significant pick-up in the pace at which the labor market and the broader economy improve, it seems likely that the incidence of missed mortgage/rent payments will increase, perhaps sharply, by the end of this year's third quarter.