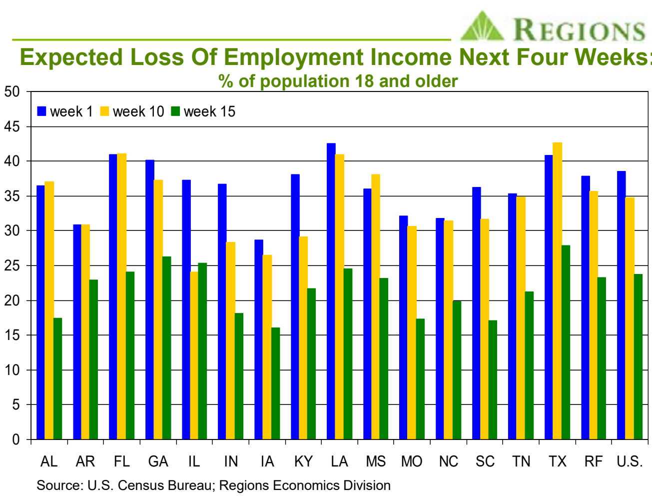
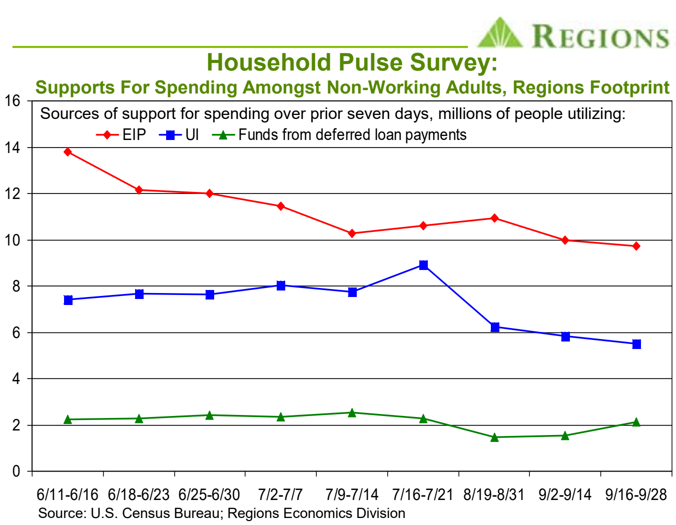
ECONOMIC UPDATE
REGIONS
October 8, 2020

Household Pulse Survey: Regions Footprint

The U.S. Census Bureau has launched Phase Two of its *Household Pulse Survey*, designed to measure the experiences of U.S. households during the COVID-19 pandemic. Phase One of the survey ran from April 23 through July 21 and was conducted on a weekly basis; Phase Two began on August 19, but rather than the weekly frequency during Phase One, the Phase Two survey periods will be ten-day periods and Census will release results every other week. Overall, the point of the *Household Pulse Survey* remains the same – respondents are asked a host of questions to assess the impact of 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, spending patterns, and K-12 educational changes. As with the counterpart *Small Business Pulse Survey*, Phase Two of the *Household Pulse Survey* includes some new questions while some of the Phase One questions have been adapted to better capture the economic and financial impacts of the pandemic and the efforts to stem its spread. These now bi-weekly updates will summarize what we think to be some of the more notable elements of the results. The most recent surveys were conducted over the September 16-September 28 period.



Though remaining quite real for a significant share of the population, the fear of job losses has become much less prominent over the past several weeks. As of the most recent survey period, 23.3 percent of the 18-and-over population within the Regions footprint expected to experience a loss of employment-based income over the coming four-week period, compared to 23.8 percent for the U.S. as a whole. These percentages translate into 23.287 million people within the Regions footprint and 59.254 million people nationally who expect a loss of employment-based income over the coming four weeks. The chart to the side compares the week 15 results with those of the initial week of the survey and week 10 of the survey. If you recall from our earlier summaries, fears of job losses eased over the first several weeks of Phase One of the survey, but then began to increase along with the sharp upturn in COVID-19 cases that began in late-June and carried through July. As such, week 10 of the survey marked the height of these "second wave" fears, and in some states, such as Florida and Texas, in which the upturn in COVID-19 cases was more severe, week 10 marked the peak of expected losses of employment-based income over the life of the pulse survey. To reiterate a point we made in earlier summaries, the loss of employment-based income could come in the form of a complete loss, i.e., the loss of a job, or a partial loss, i.e., having the numbers of hours worked cut. A third possibility is that someone could keep their job and continue to work their usual number of hours but have their pay cut, which would also fall into the Census Bureau's definition of a loss of employment-based income.



As of the latest survey period, 22.454 million people within the Regions footprint and 53.757 million people nationally reported they were still using proceeds from the Economic Impact Payments (EIP) provided by the CARES Act to help fund current expenditures. Of these totals, 9.710 people within the footprint and 23.923 million people nationally who reported using proceeds from the EIP to fund current spending were not employed. The chart to the side tracks the responses of those within the Regions footprint who are not working to the questions pertaining the funding of current expenditures. Though the number utilizing proceeds from the EIP has declined, we had expected to see a more rapid pace of decline in the wake of the supplemental unemployment insurance (UI) benefits provided by the CARES Act having expired in late-July. This points to households having built up at least somewhat of a cushion in the form of increased savings thanks to the assistance provided by the CARES Act, though the survey does not provide the details necessary to quantify the size of any such cushions. But,

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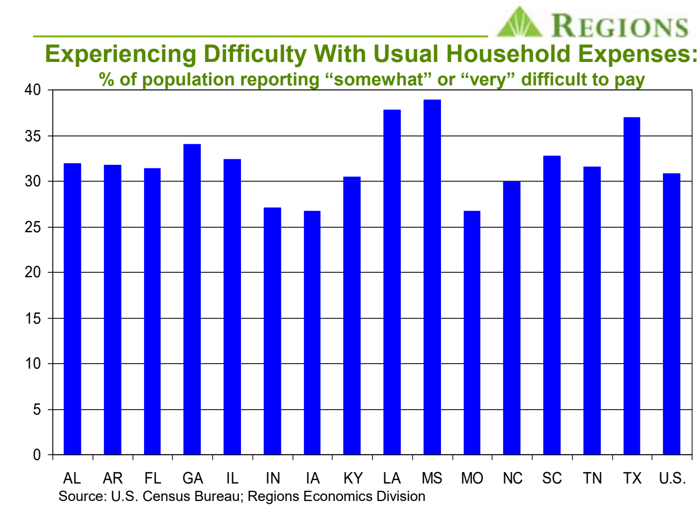
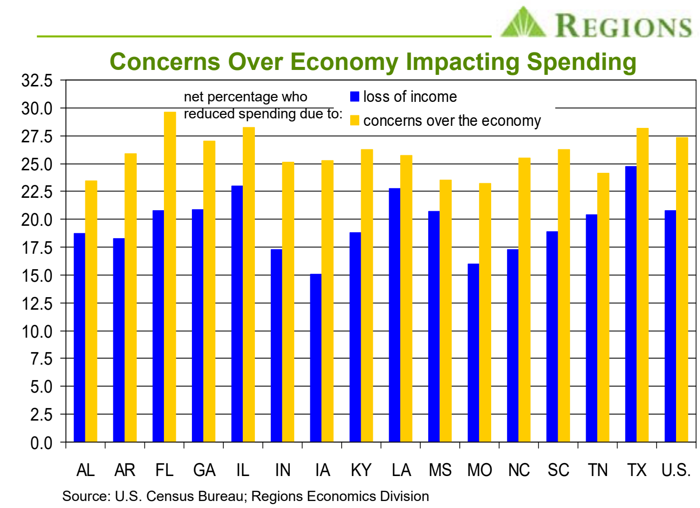
with the supplemental UI benefits having expired in late-July, it is only a matter of time before savings are depleted, particularly amongst lower income households who prior to receiving this assistance were less likely to have a meaningful degree of savings built up.

As for the extent to which unemployment insurance benefits continue to play a role in funding current expenditures of those not working, keep in mind that while the supplemental UI benefits provided by the CARES Act have expired, recipients continue to draw regular state-level benefits. The differential is significant, and as any savings that those displaced from the labor market may have built up with the help of the aid provided by the CARES Act dissipate, spending amongst this cohort could be materially reduced. It should also be noted that the number of people within the footprint receiving UI benefits as of late-September was about seven times higher than the pre-pandemic run rate. The decline in the number of those using UI benefits to help fund spending could reflect individuals having returned to work or having exhausted their UI benefits – the weekly UI claims data do not make this distinction.





In the most recent survey period, 32.688 million people, or, 32.7 percent of the 18-and-over population, within the Regions footprint reported that it was either "somewhat difficult" or "very difficult" to meet their usual expenses; the national numbers are 76.872 million people, and 30.9 percent, respectively. Mississippi, Louisiana, and Texas continue to exhibit the highest degree of financial stress within the footprint. As would be expected, the degree of financial stress is significantly higher amongst those in lower household income groups. While it is true that lower income households were more likely to have had more difficulty in making usual payments prior to the pandemic, the degree to which this is the case is likely much greater at present, particularly given the concentration of job losses amongst those in lower-earning industry groups. The second chart above illustrates the degree to with the loss of income and concerns over the economy are impacting spending. Note that these effects can go both ways – spending could either have decreased due to the loss of income or increased due to an increase in income, and spending could either have decreased due to growing concerns over the course of the economy or increased due to lessened concerns over the course of the economy. As such, the chart shows the net percentages, and the effects are overwhelmingly negative, i.e., far more people reported having decreased spending due to a loss of income and/or rising concerns over the course of the economy than reported the opposite. Again, the "loss of income" could be the expiration of supplemental unemployment insurance benefits or someone having lost a job or had their hours and/or wages cut. As this question was only introduced in Phase Two of the *Household Pulse Survey*, we can't track how these percentages have evolved over the course of the pandemic.

One thing that has been fairly constant over the entire life of the survey is the degree of difficulty in making housing payments. In the latest survey period, 3.362 million people within the Regions footprint, or, 16.7 percent of renters, reported being behind on their rent payments, while 3.748 million people, or 10.6 percent of homeowners with a mortgage, reported being behind on their mortgage payments. Nationally, 15.1 percent of renters and 9.8 percent of homeowners reported being behind on their monthly housing payments. Of those behind on their monthly housing payments, significant shares express fear that they will be evicted or foreclosed on over the coming two-month period. Concerns are greater amongst renters, which could reflect what is in generally a lesser degree of protection from displacement than has been afforded to homeowners. Either way, this is one area in which the effects of the pandemic and the efforts to stem its spread have not yet become fully evident