

ECONOMIC CONDITIONS IN THE SERVICES SECTOR

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.



REGIONAL ECONOMIC CONDITIONS

REC: A new webinar series from the Minneapolis Fed

- Extension of annual Regional Economic Conditions Conference connecting people & research related to Ninth District economy
- More surveys and more real-time data being gathered
- Webinars help Bank connect w/ business and community leaders about real-time conditions in the Ninth District
- Enhanced data sharing: Greater value for survey partners and survey participants





TODAY'S PRESENTATION

- The Federal Reserve
 - The Ninth District
- Services sector
- Survey results
 - Generally speaking: Poor conditions
 - Outlook pessimistic
- Pandemic impacts





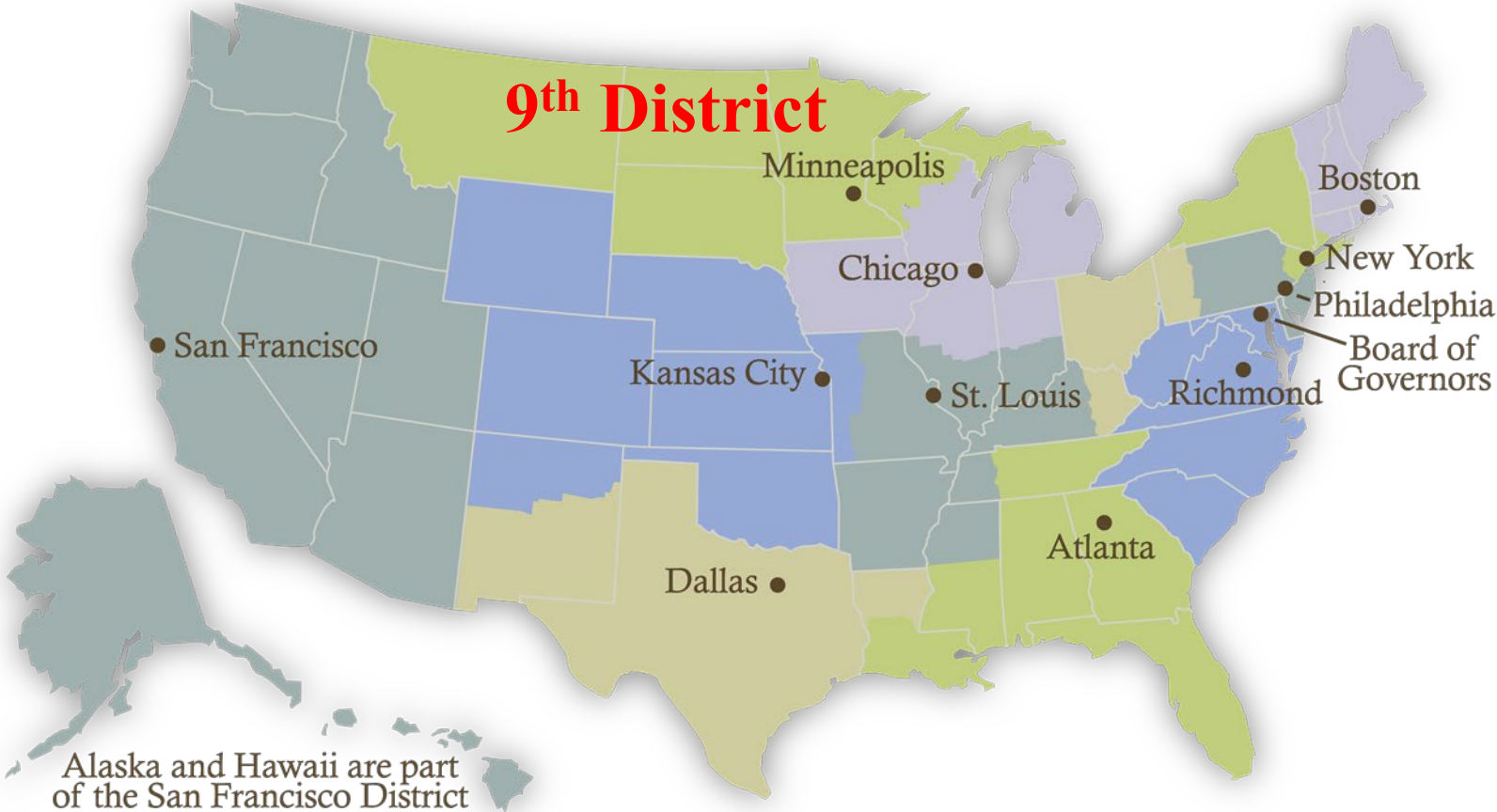
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THE FEDERAL RESERVE SYSTEM

The Federal Reserve Districts





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THE SERVICES SECTOR

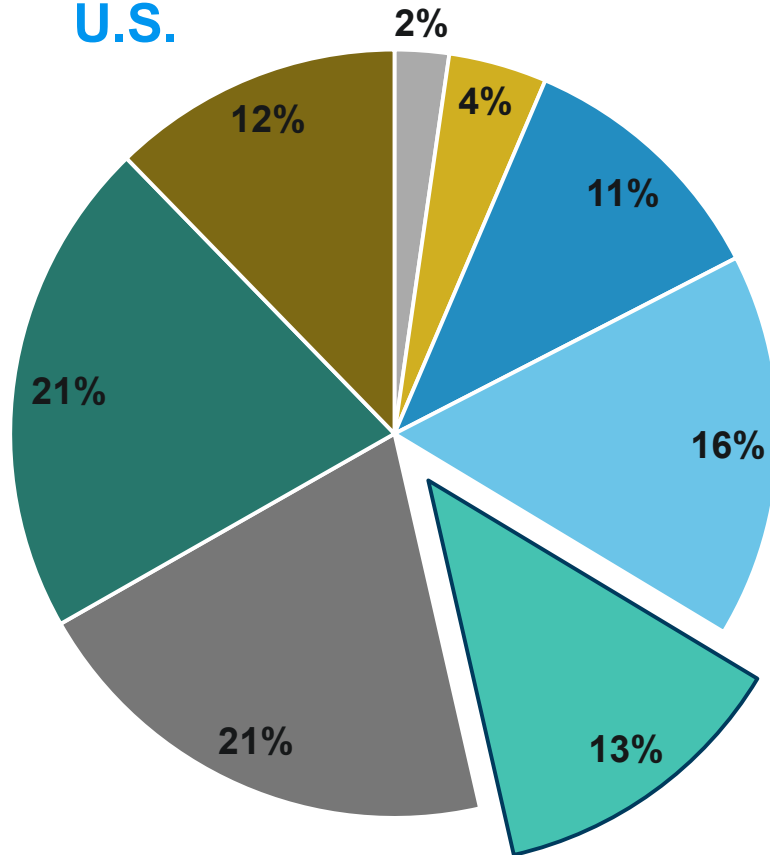
SECTORS WE SURVEYED

- Professional, scientific, and technical services (NAICS code 541)
 - Design, engineering, architecture
 - Marketing and advertising
 - Research and development
 - Legal services
 - Accounting, tax prep
- Administrative and support services (NAICS code 561)
 - Employment services
 - Business support
 - Clerical and administrative
 - Investigation and security
 - Facilities support and cleaning

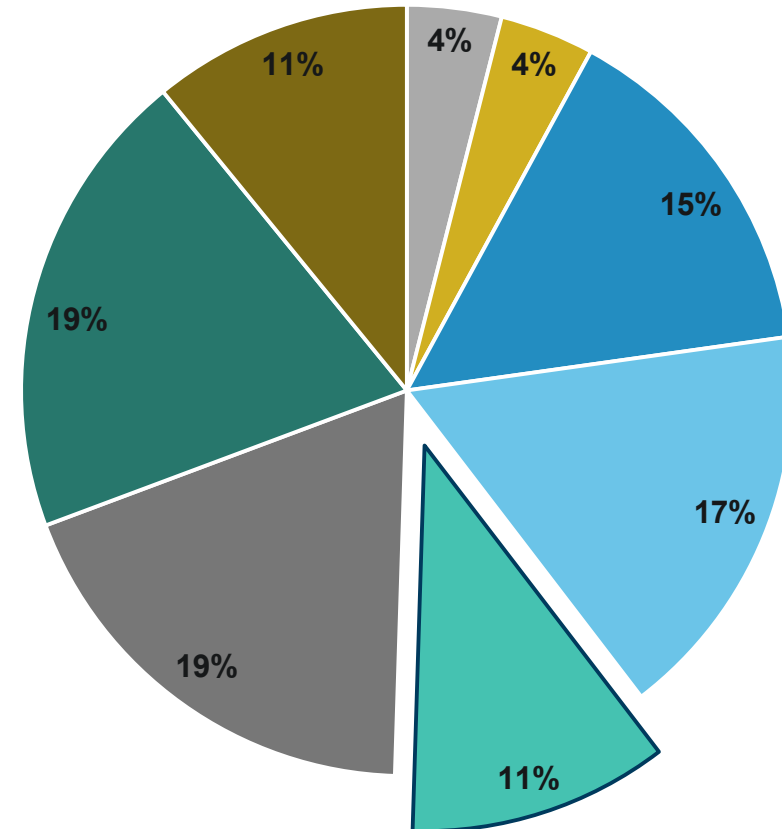


OUTPUT BY INDUSTRY, 2019, U.S. & NINTH DISTRICT

U.S.



Ninth District



- Natural resources
- Construction
- Manufacturing
- Trade, Transportation & Utilities
- Professional and Business Services
- Other Services
- Finance, Insurance & Real Estate
- Government

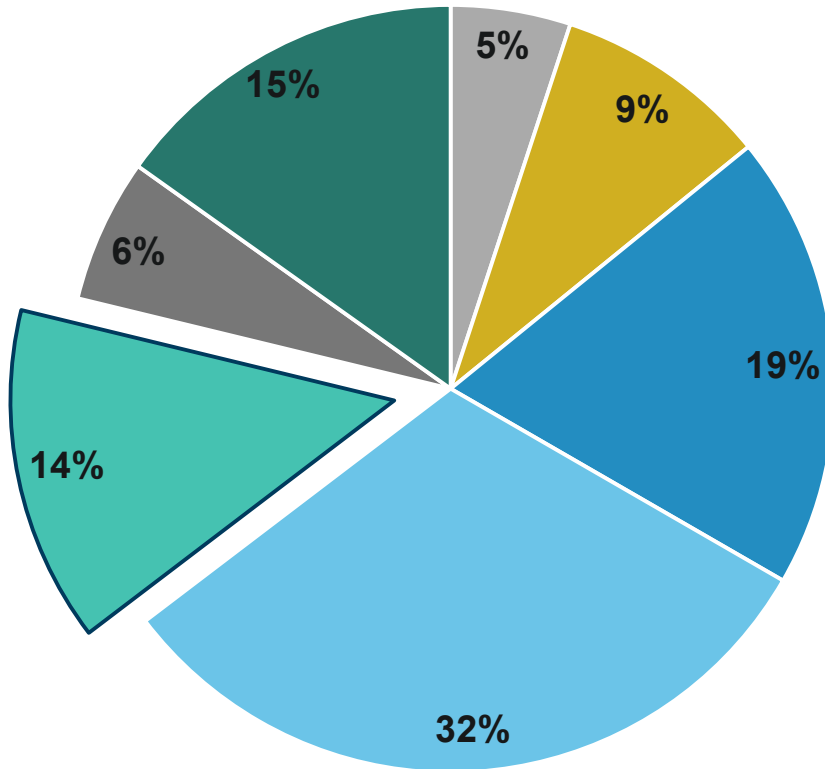
Source: Bureau of Economic Analysis



FEDERAL RESERVE BANK OF MINNEAPOLIS

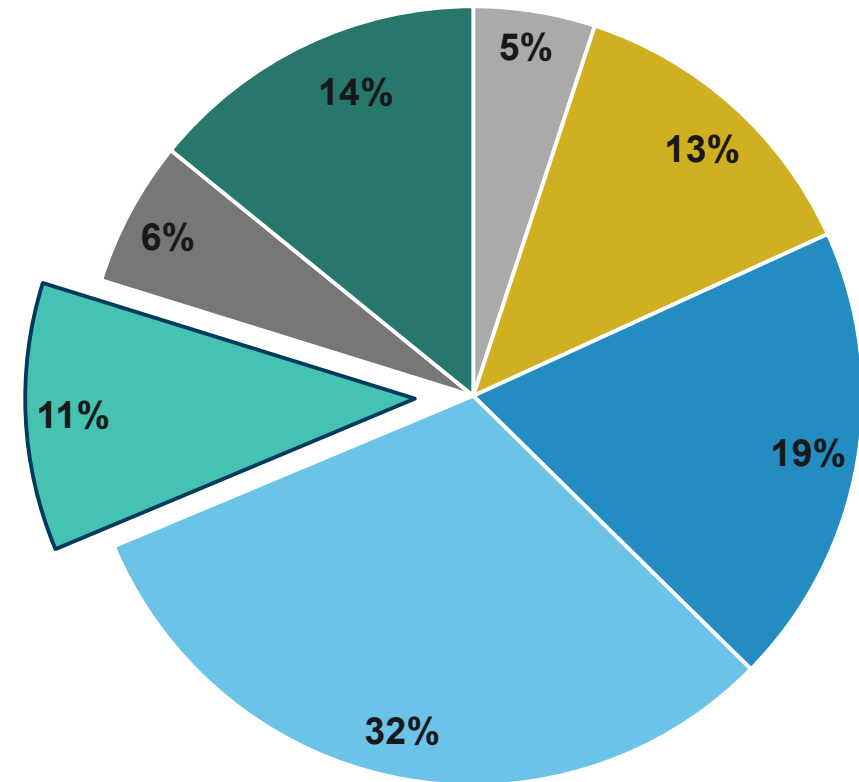
EMPLOYMENT BY INDUSTRY, 2019, U.S. & DISTRICT

U.S.



- Construction
- Trade, Transportation and Utilities
- Professional and Business Services
- Government

Ninth District



- Manufacturing
- Other Services
- Financial Services

Source: Bureau of Labor Statistics



FEDERAL RESERVE BANK OF MINNEAPOLIS



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SERVICES SECTOR IN CONTRACTION

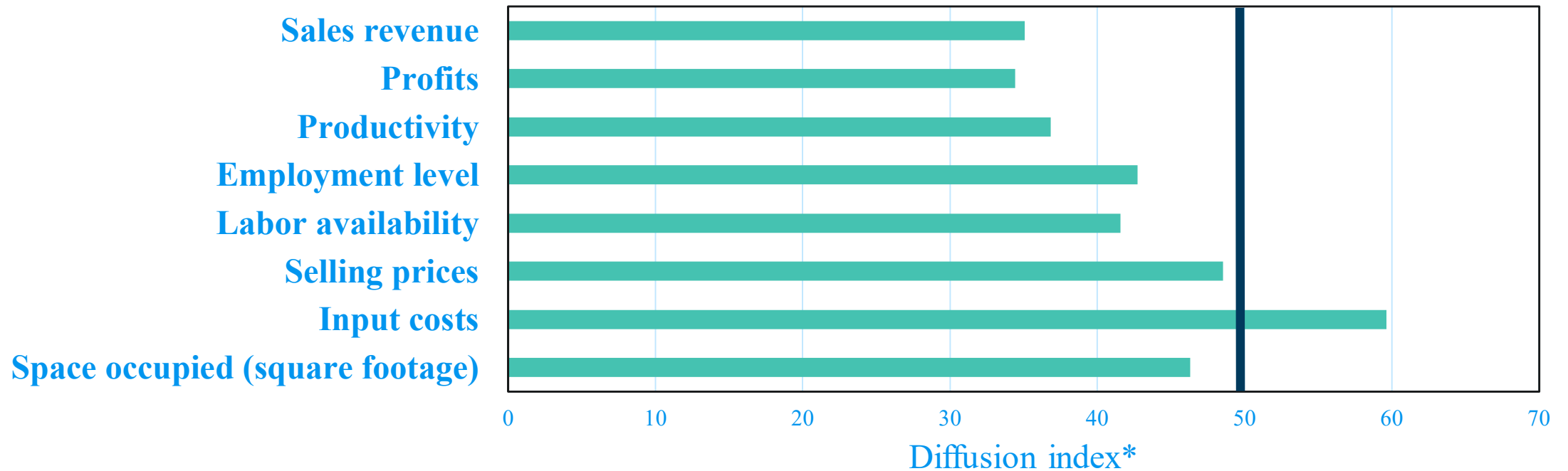
- **Ninth District survey**
 - **Conducted July and August, looking backward and forward one year (four quarters)**
 - **Random sample of services firms, polled online**
 - **Stratified by state and firm size**
 - **All states, 236 respondents**
- **Conducted in partnership with Minnesota DEED**



SURVEY RESULTS

LAST YEAR HAS BEEN DIFFICULT, EVEN WITH GROWTH IN LATE 2019/EARLY 2020

2019/2020 Performance

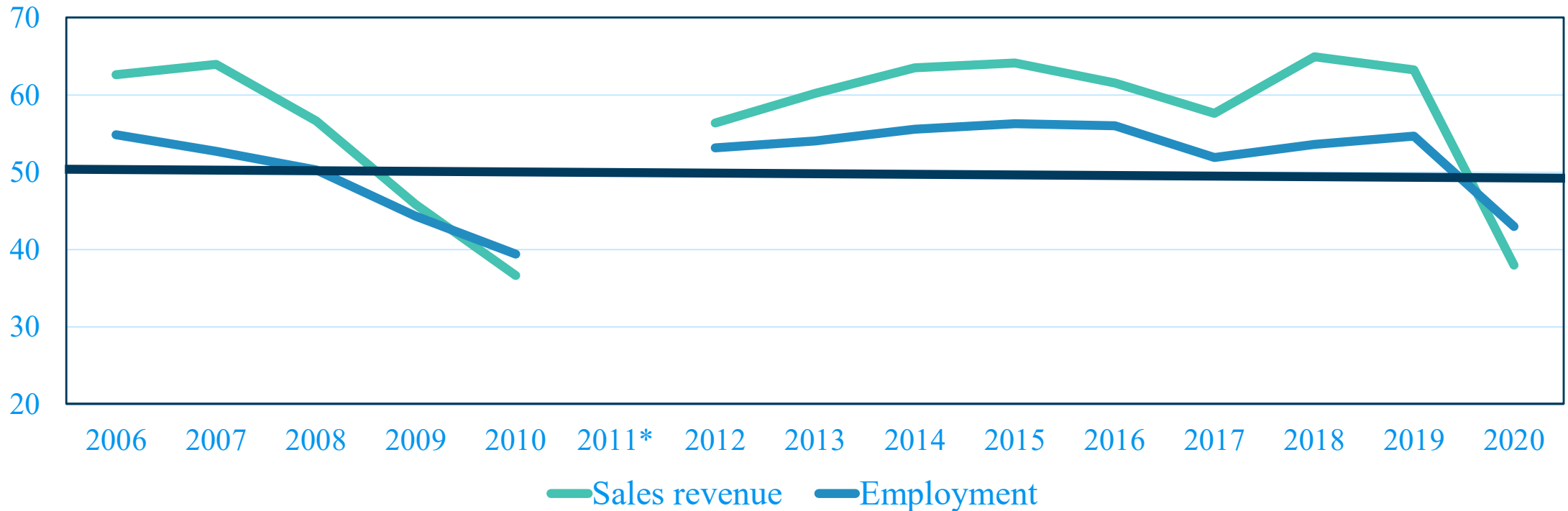


*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.



SURVEY RESULTS

COMING ON THE HEELS OF MANY YEARS OF GROWTH



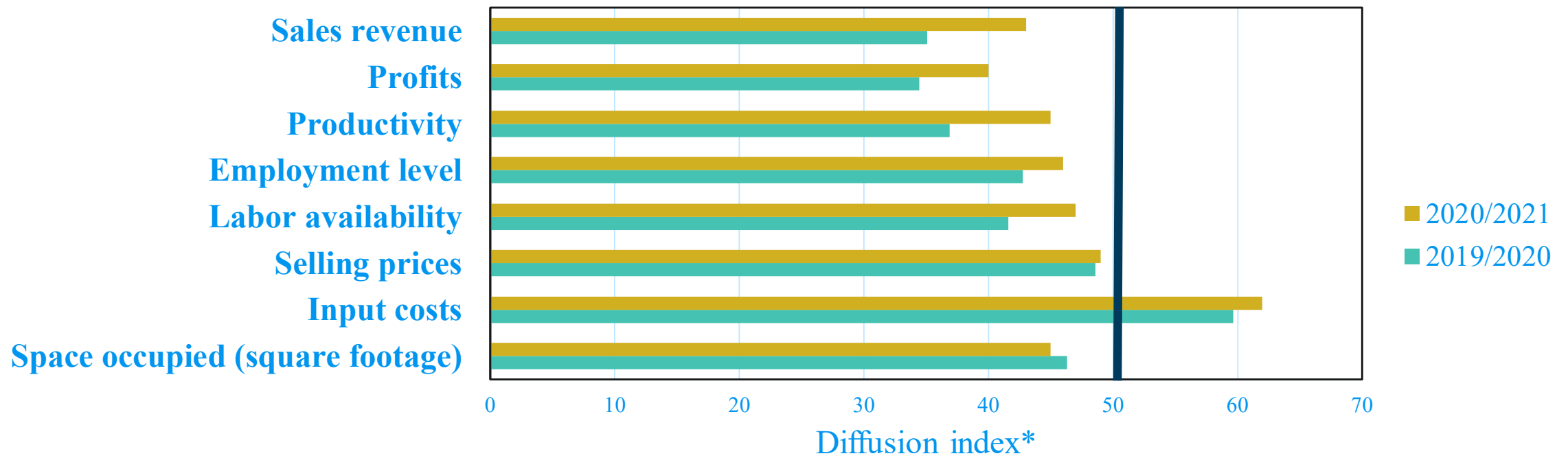
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SURVEY RESULTS

OUTLOOK FOR NEXT YEAR REMAINS PESSIMISTIC

2020/2021 Outlook

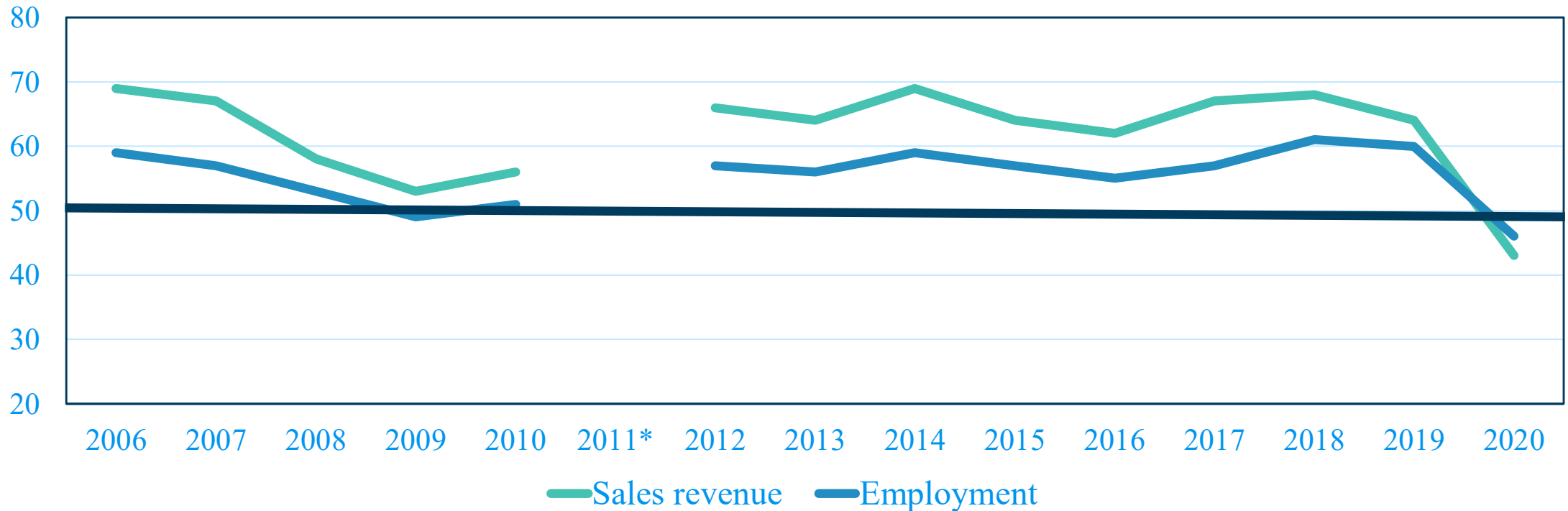


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SURVEY RESULTS

OPTIMISM AT ITS LOWEST LEVEL IN HISTORY OF SURVEY

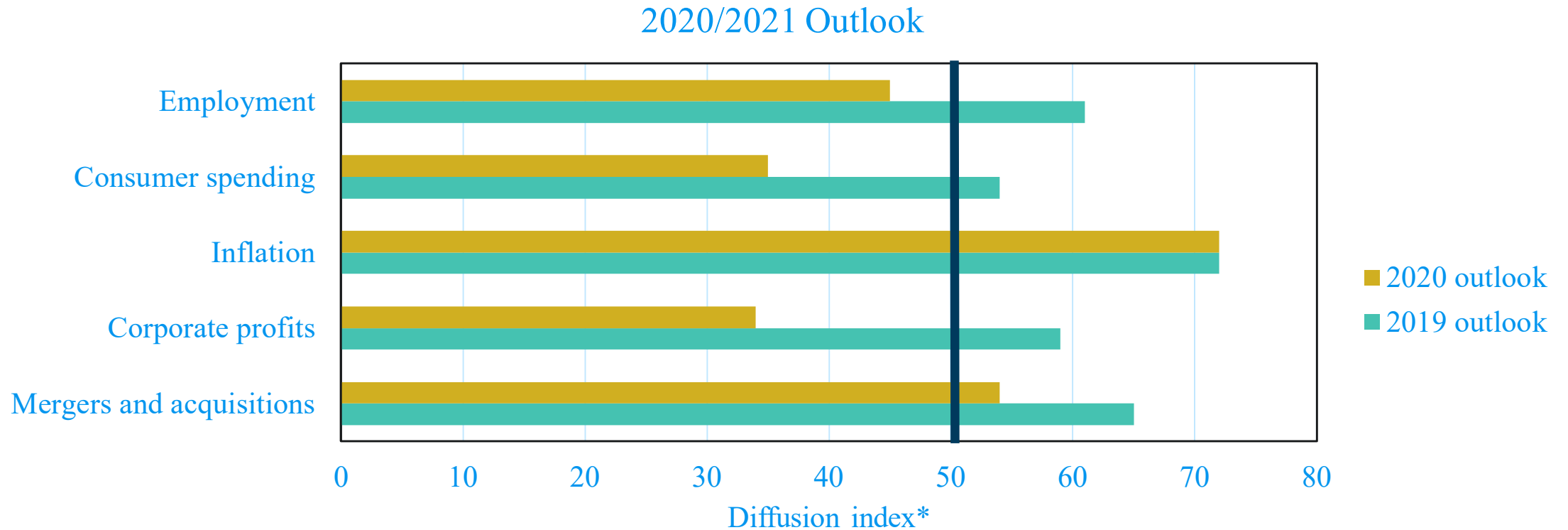


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SURVEY RESULTS

STATE ECONOMIC OUTLOOKS PESSIMISTIC TOO



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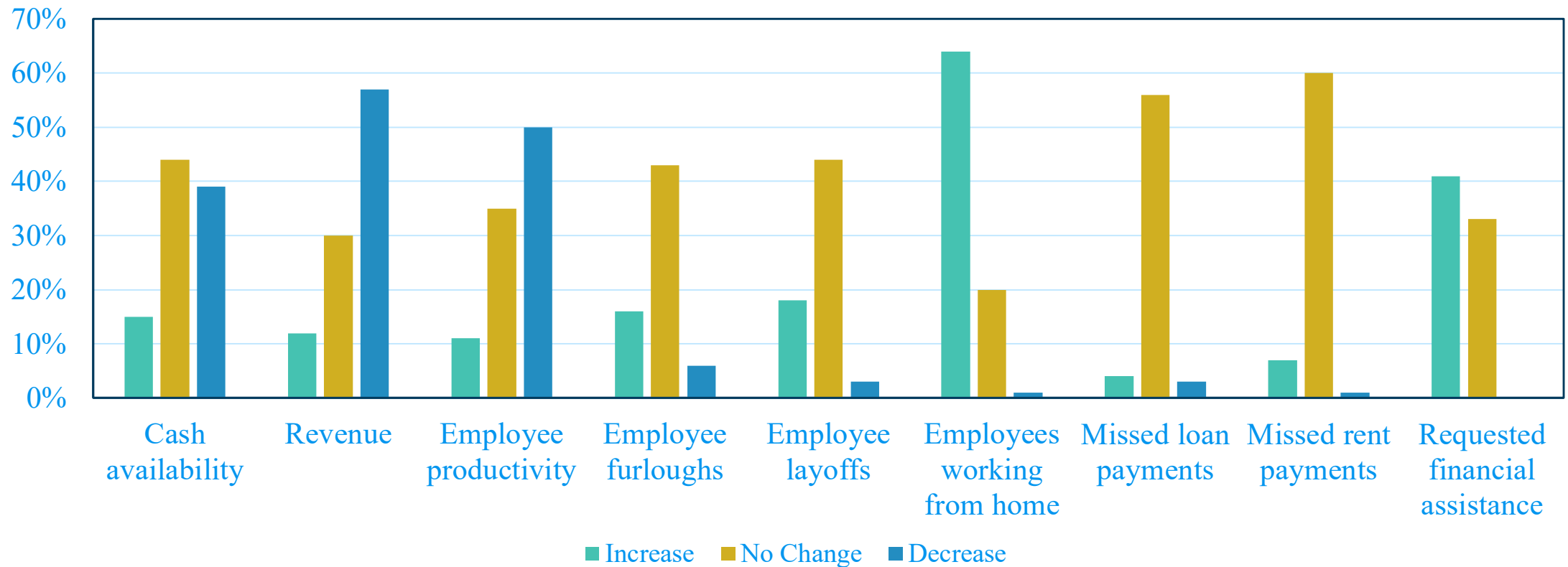
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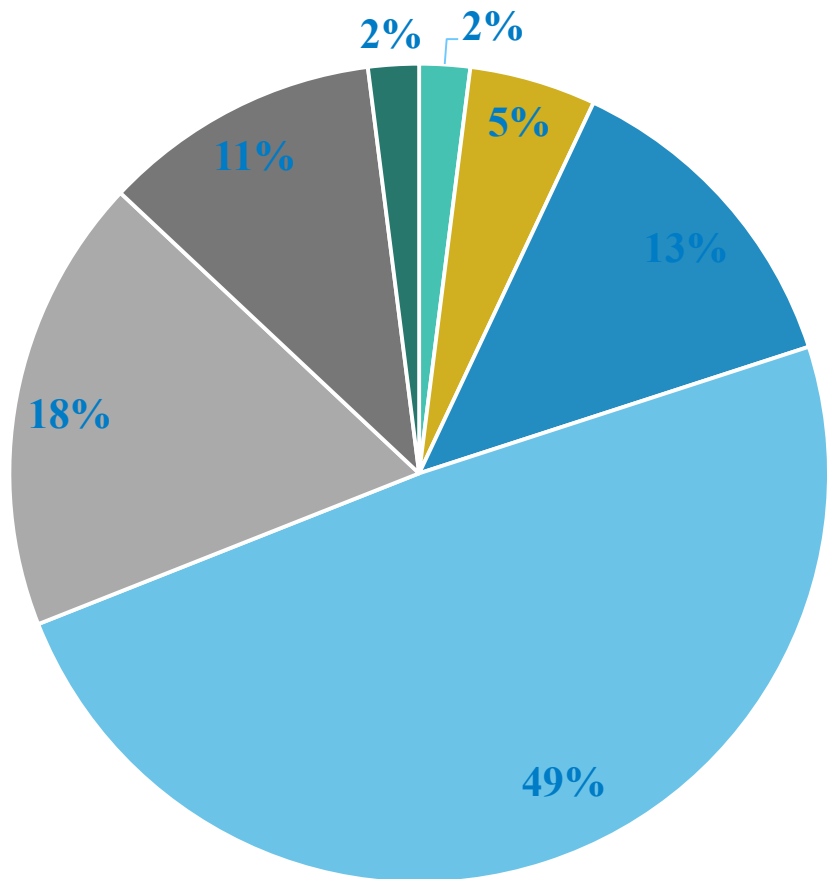
PANDEMIC IMPACTS

IMPACT OF THE COVID-19 PANDEMIC ON YOUR BUSINESS



PANDEMIC IMPACTS

IN YOUR OPINION, HOW LONG WILL IT BE BEFORE YOUR BUSINESS GOES BACK TO NORMAL OPERATIONS?



- 1 month or less
- 2-3 months
- 4-6 months
- More than 6 months
- I don't believe my business will go back to normal
- There has been little or no effect on my business
- Going out of business



THANK YOU!
SPEECH REFERRALS
WELCOME!

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