

WED economic recovery lags behind U.S. average

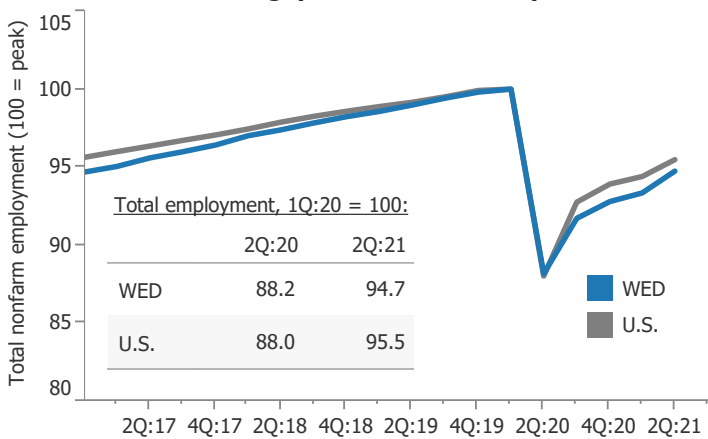
• **Western District (WED) job growth over the past year gained traction in 2Q:21, helping narrow the gap with the U.S. pace.** See figure 1. Despite headwinds generated by the Delta variant, the national surge in goods consumption benefited the WED because of its higher concentration of logistics-related jobs. Though the district added more than 600,000 jobs in 2Q:21, it remained 2.4 million jobs below its pre-COVID peak. In general, coastal states have trailed the district average, while plains states have had mixed results and two mountain states surpassed their pre-pandemic employment levels.

• **Nearly all industries in the WED gained jobs over the past year but are still below their pre-COVID levels.** See figure 2. Leisure & hospitality jobs, hardest hit during the pandemic, have rebounded but remain nearly 1 million below the 1Q:20 level. Government sector jobs have not yet started to meaningfully recover, with only a minor gain over the past year. Employment in the small but high-wage information and mining industries remains low, having an outsized damping effect on personal income.

• **Nevada, New Mexico, and California continue to trail the WED in recovering lost jobs due to their reliance on tourism and energy.** See figure 3. Construction jobs, which are nearly back to prior peak levels, have supported coastal state employment. This should help expand coastal housing supply and ease home price appreciation. The agriculture industry in plains states benefited from a boom in commodity prices, partially due to higher Chinese demand for corn and soybeans, but production may suffer from the historic drought. The agriculture futures market expects a modest price retrenchment by year-end.

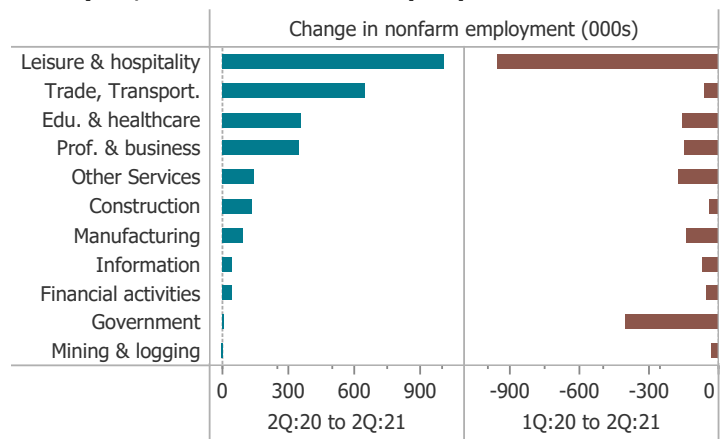
• **WED metros in energy or tourist-dependent areas are still the furthest away from their pre-pandemic levels of employment.** Los Angeles and Las Vegas are 8.5 and 10.5 percent below their prior peak levels of employment, respectively. Northern mountain metros home to local high-tech hubs have surpassed their prior peaks. Farmington is expected to continue its tepid jobs recovery because of the suspension on permits for new drilling on federal lands. See figure 4.

Figure 1: Accelerating WED employment growth helped narrow the gap with the national pace



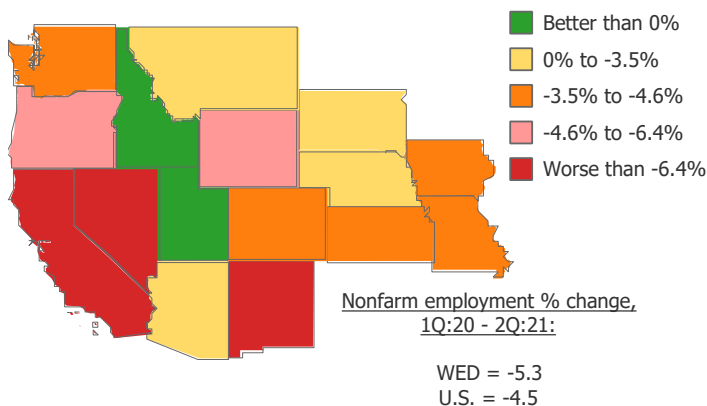
Source: BLS (data through June 2021)

Figure 2: Most WED industries gained jobs over the past year, but all are still below pre-pandemic levels



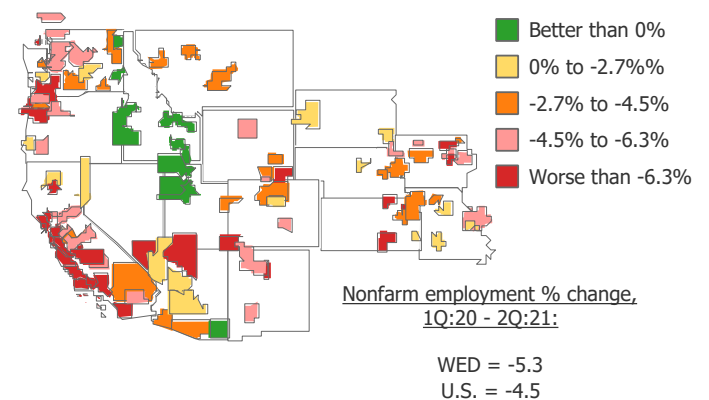
Source: BLS (data through June 2021)

Figure 3: California, Nevada, and New Mexico continue to have the most severe job loss rates



Source: BLS (data through June 2021)

Figure 4: Worst performing WED metros are in densely populated coastal areas, or reliant on tourism and energy



Source: BLS (data through June 2021)