

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) WEBINAR SERIES

- Accelerated survey work due to the pandemic; complements existing work
 - Quarterly: General business, construction, hospitality & tourism, & ag credit
 - Annual: Manufacturing, professional services
- Minneapolis Fed connecting with more businesses across the Ninth District
- Webinars help disseminate and discuss what businesses are telling us about current conditions





TODAY'S PRESENTATION

- The Federal Reserve
 - The Ninth District
- Services sector
- Survey results
 - Conditions down but varied greatly
 - Outlook optimistic
- Lingering pandemic impacts



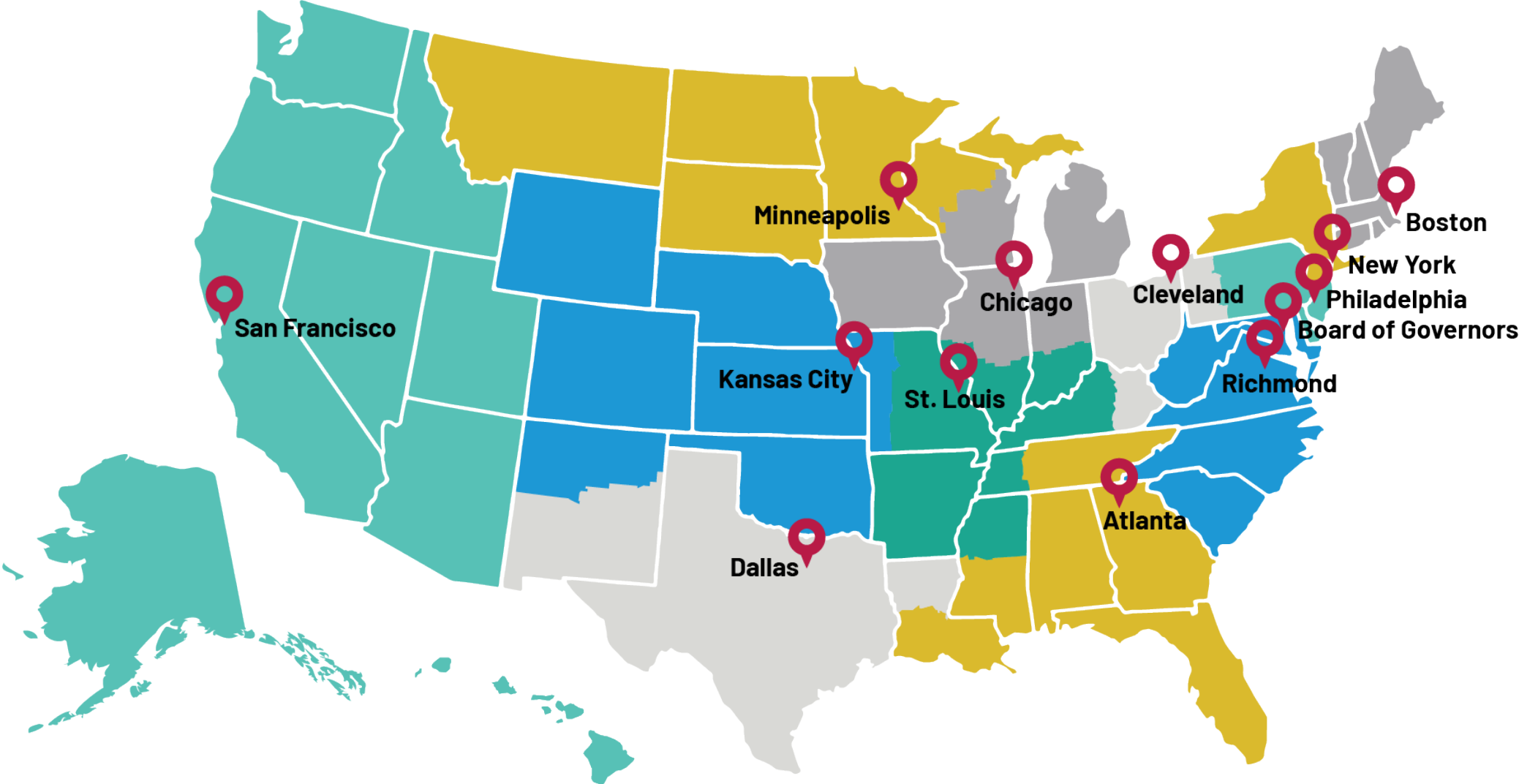


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THE FEDERAL RESERVE





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THE SERVICES SECTOR

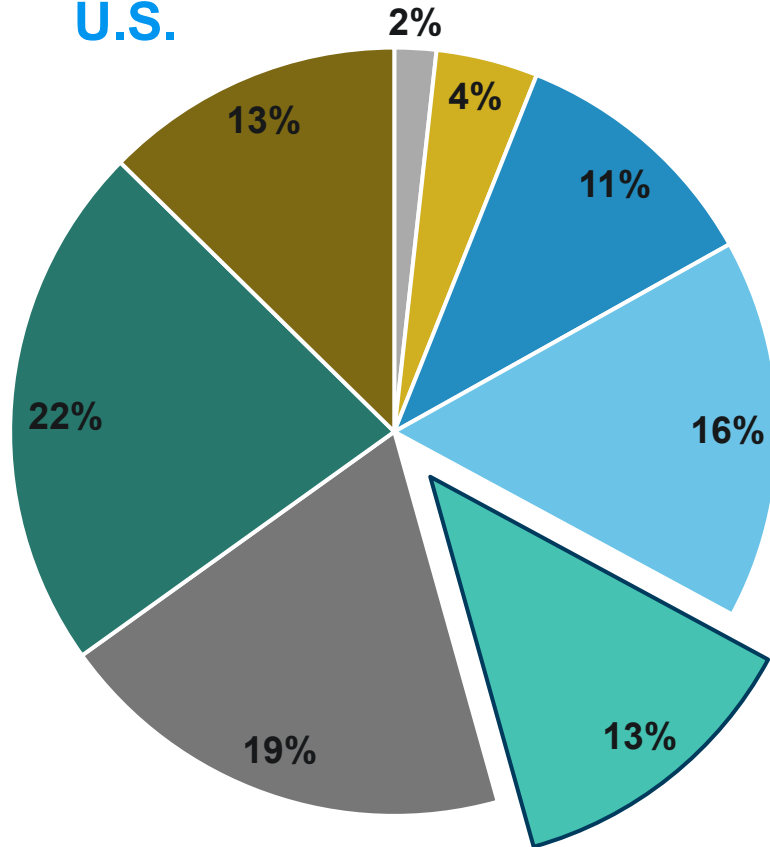
SECTORS WE SURVEYED

- 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

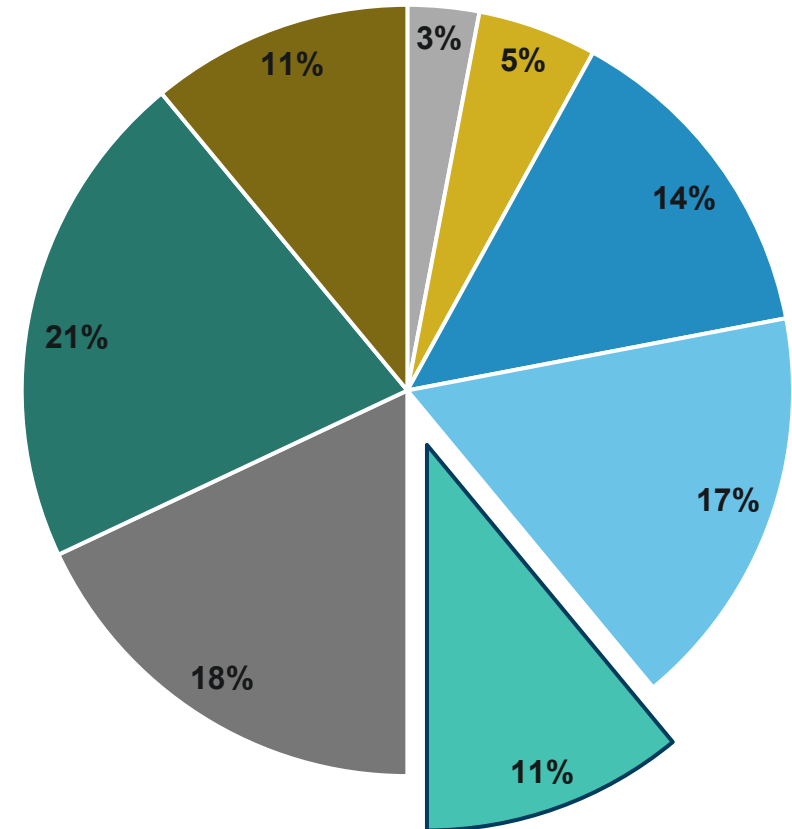


OUTPUT BY INDUSTRY, 2020, U.S. & NINTH DISTRICT

U.S.



Ninth District



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

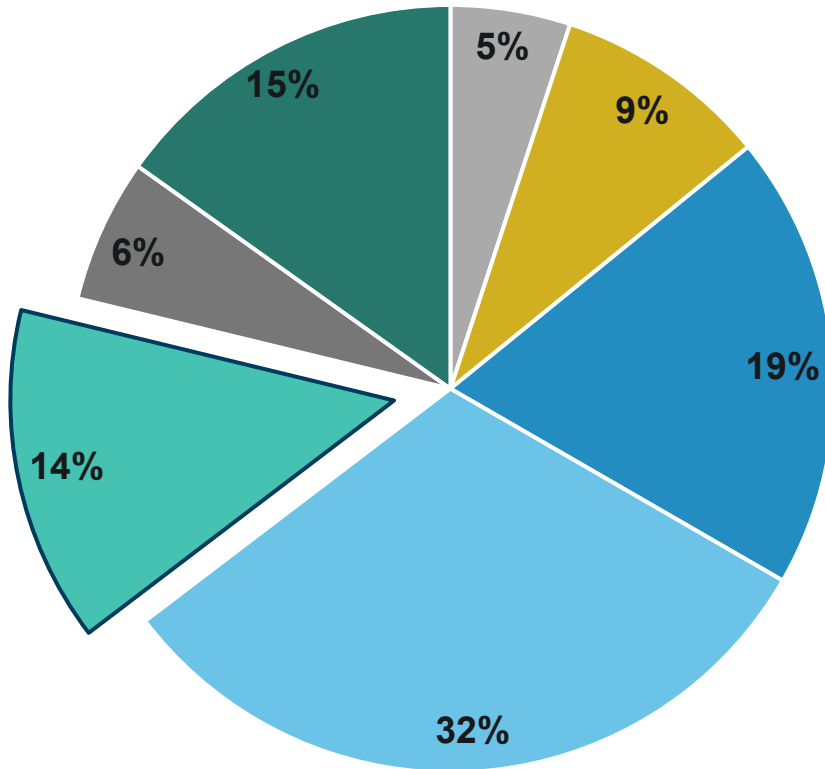
Source: Bureau of Economic Analysis



FEDERAL RESERVE BANK OF MINNEAPOLIS

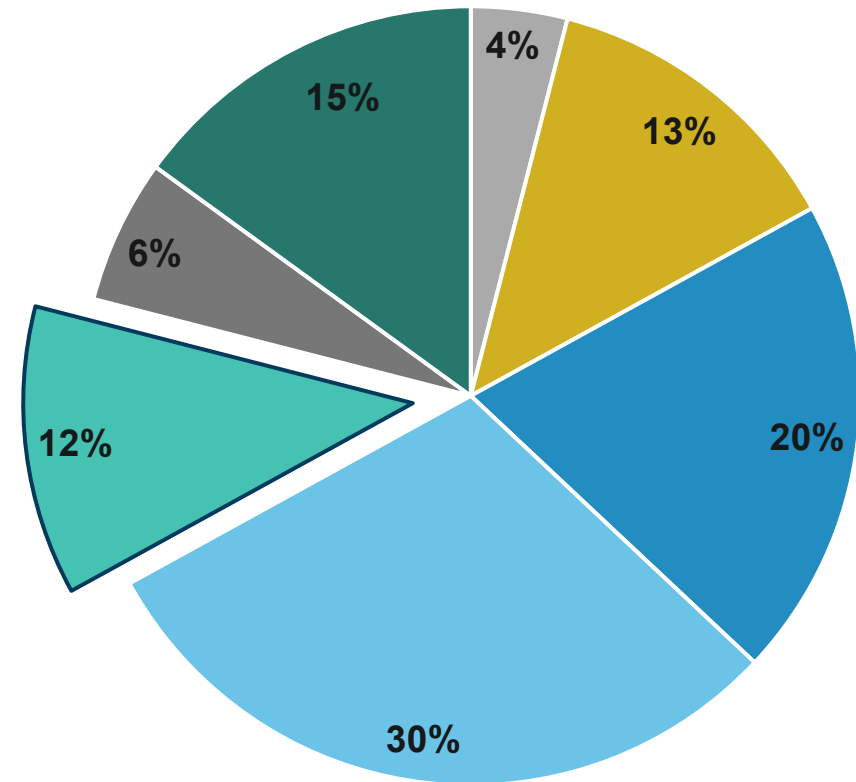
EMPLOYMENT BY INDUSTRY, 2020, U.S. & DISTRICT

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

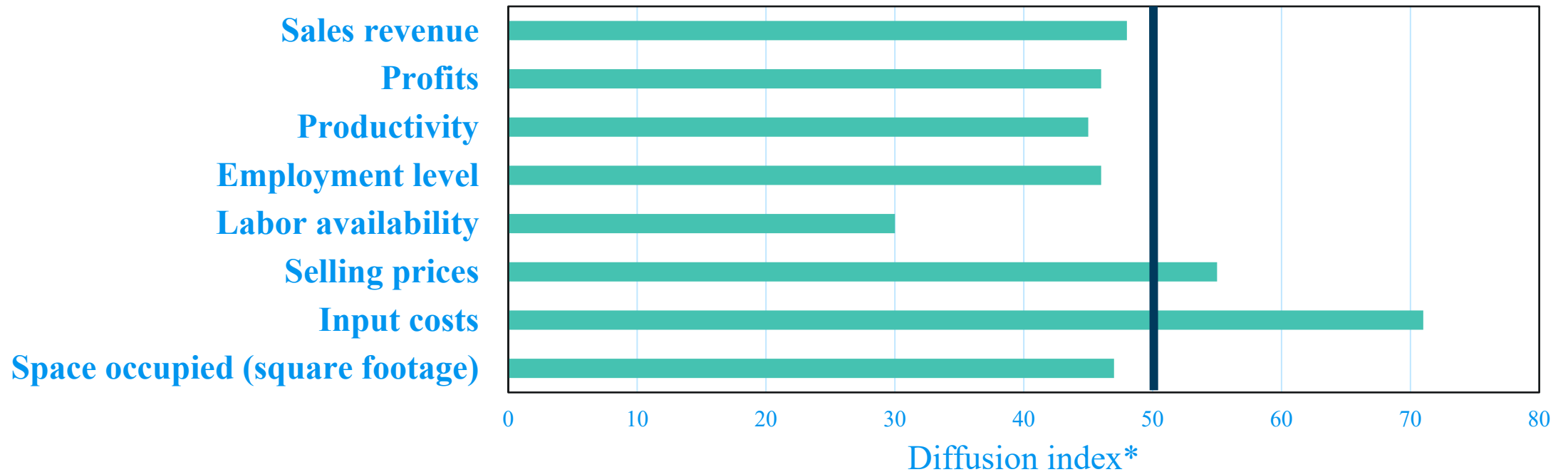
- **Ninth District survey**
 - **Conducted in May and June, looking backward and forward one year (four quarters)**
 - **Random sample of services firms, polled online**
 - **Stratified by state and firm size**
 - **All states, 311 respondents**
- **Conducted in partnership with Minnesota DEED**



SURVEY RESULTS

ACTIVITY WAS DOWN, EVEN WITH REOPENING

2020/2021 Performance

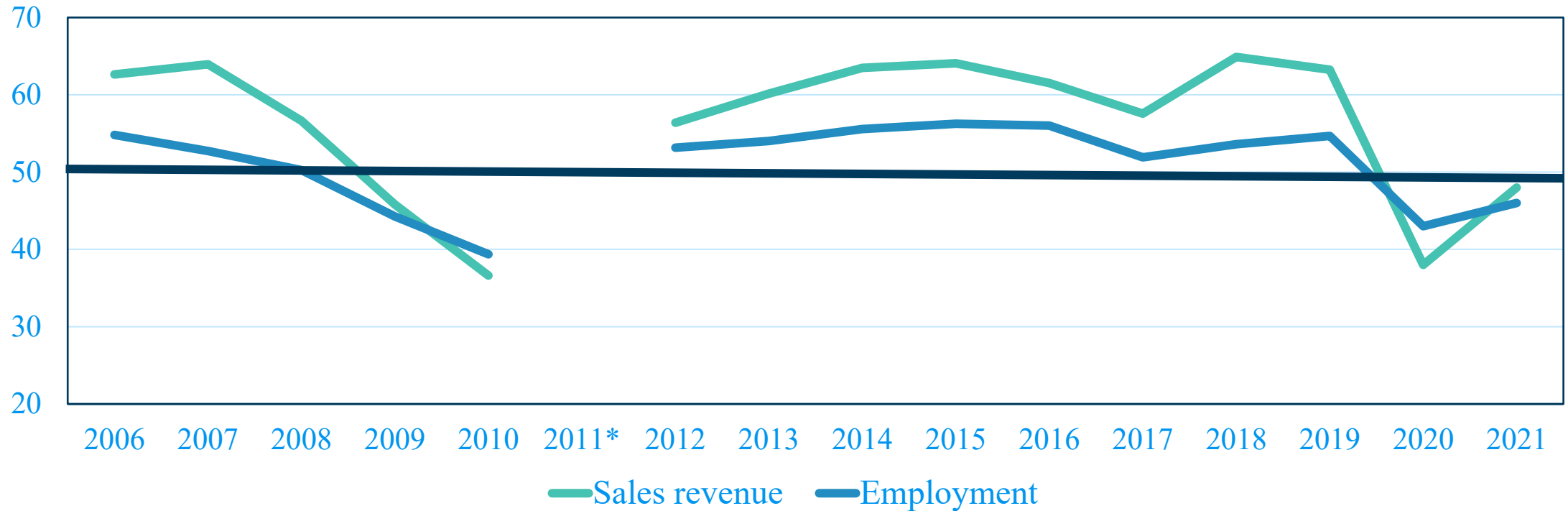


*Index number above 50 indicates expansion.
Index number below 50 indicates contraction.



SURVEY RESULTS

BUT REBOUNDED RELATIVE TO LAST YEAR



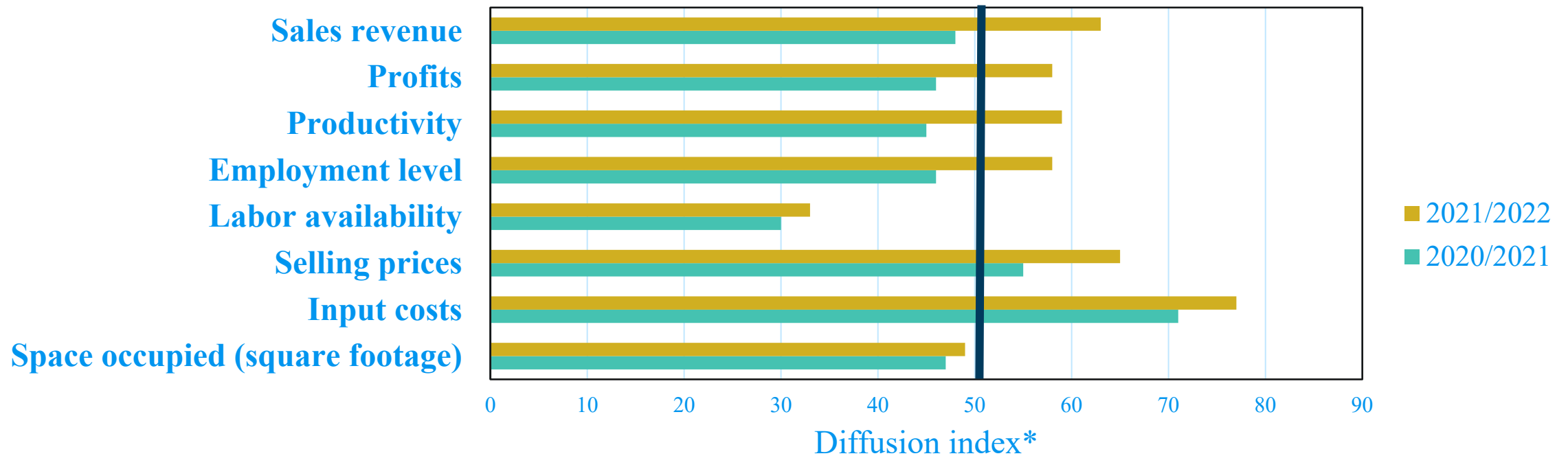
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SURVEY RESULTS

OUTLOOK FOR NEXT YEAR IS OPTIMISTIC

2021/2022 Outlook

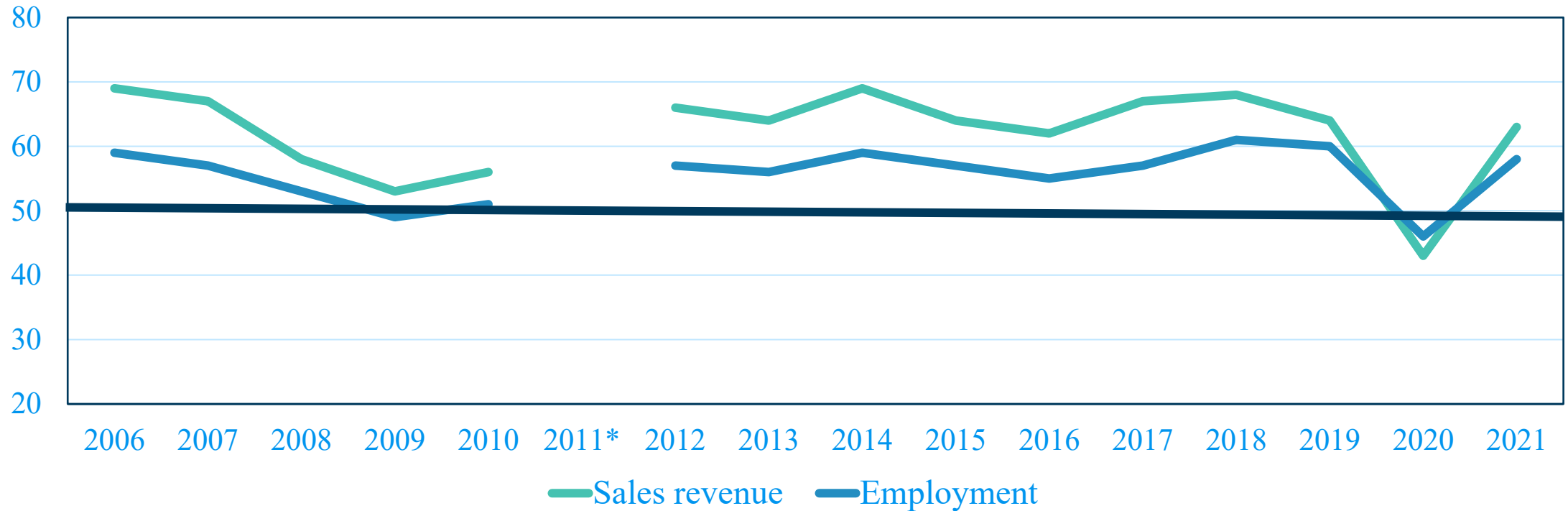


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SURVEY RESULTS

BUSINESS OPTIMISM BACK UP TO PRE-PANDEMIC LEVEL

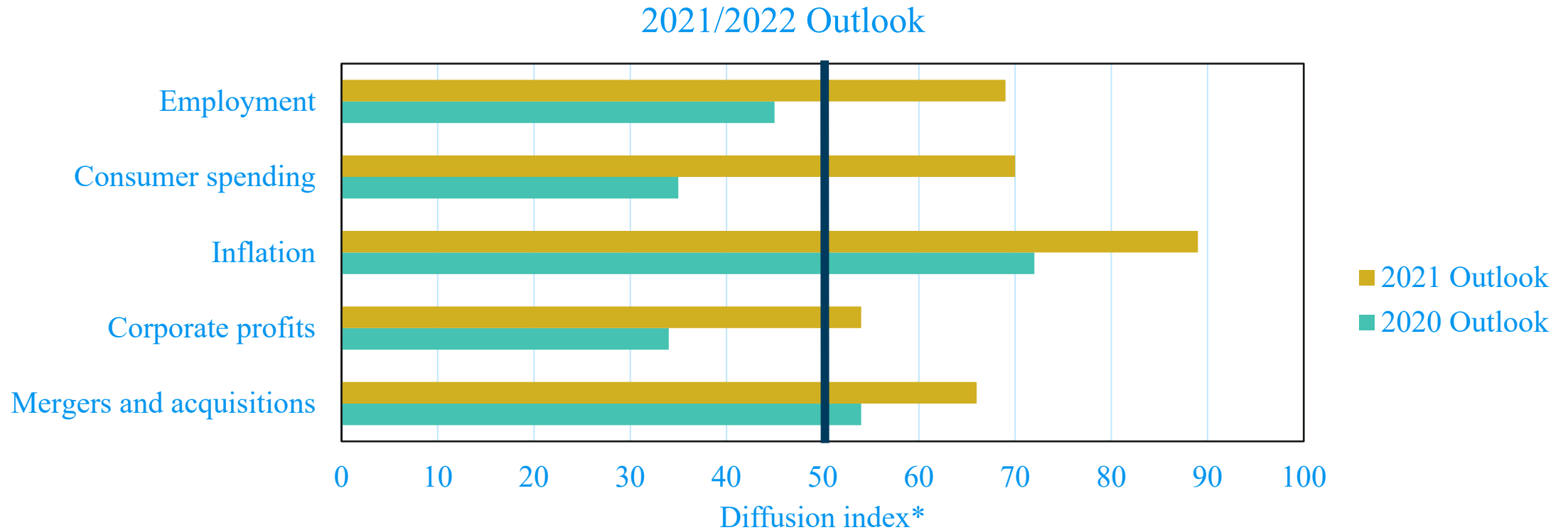


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SURVEY RESULTS

STATE ECONOMIC OUTLOOKS MUCH MORE OPTIMISTIC



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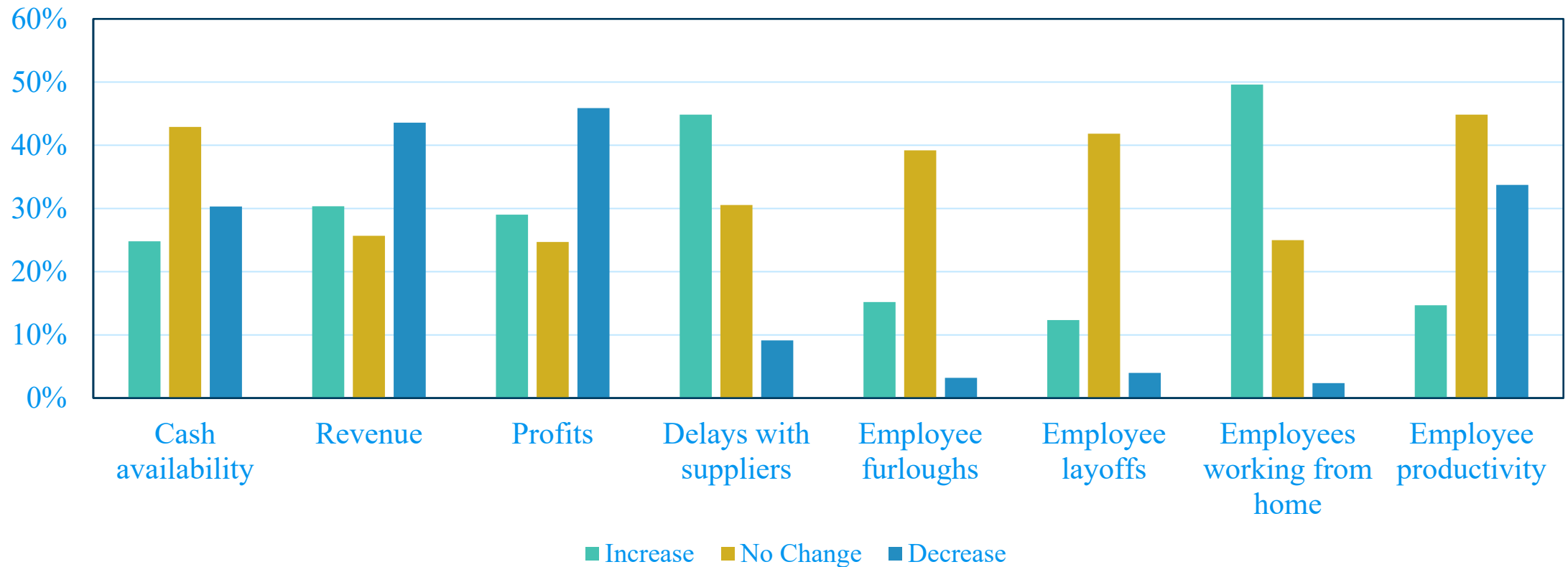
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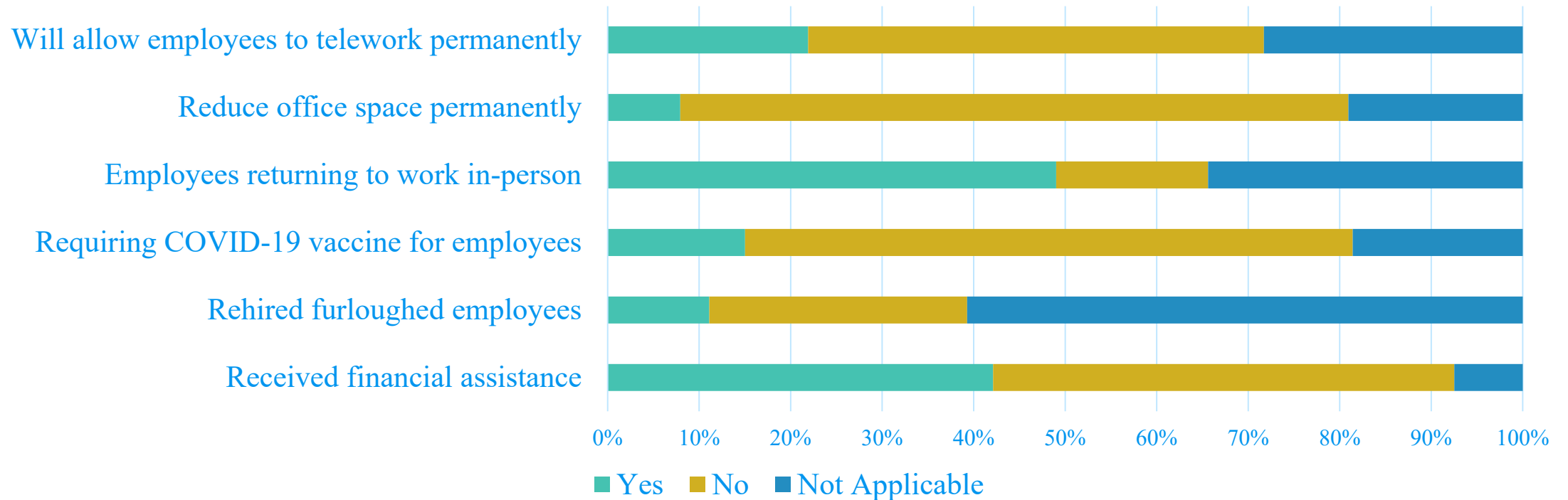
PANDEMIC IMPACTS

IMPACT OF THE COVID-19 PANDEMIC ON YOUR BUSINESS IN THE LAST 12 MONTHS



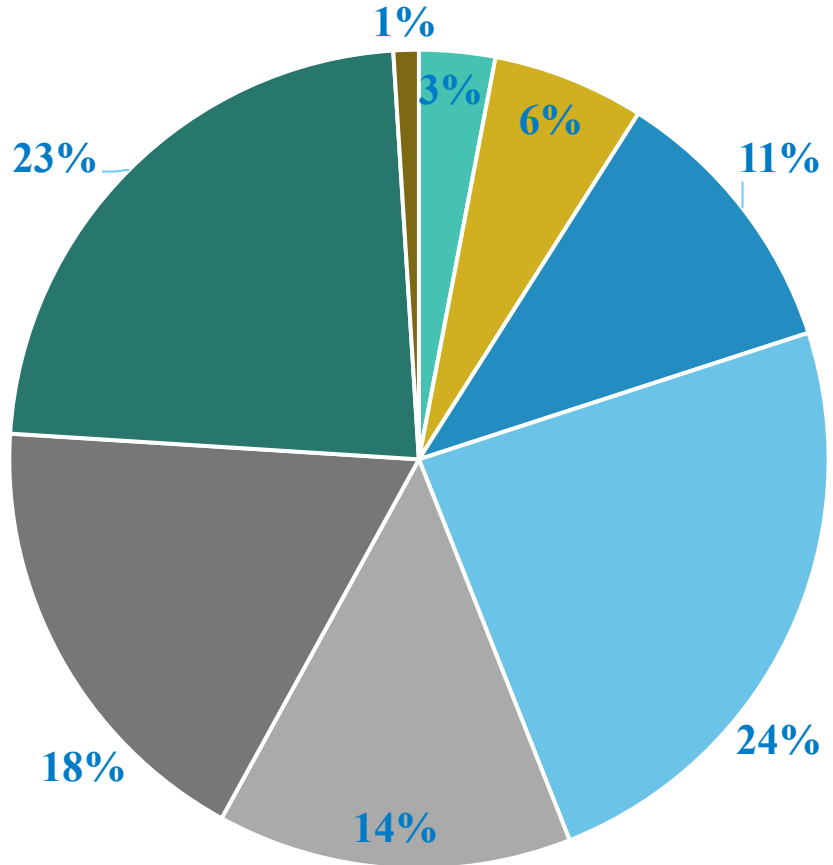
PANDEMIC IMPACTS

CHANGES IN YOUR BUSINESS SINCE JANUARY 2021



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
- Already at normal operations
- Going out of business



THANK YOU!
SPEECH REFERRALS
WELCOME!

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OR CONNECT ON LINKEDIN