



# Georgia's Economic and Budgetary Outlook

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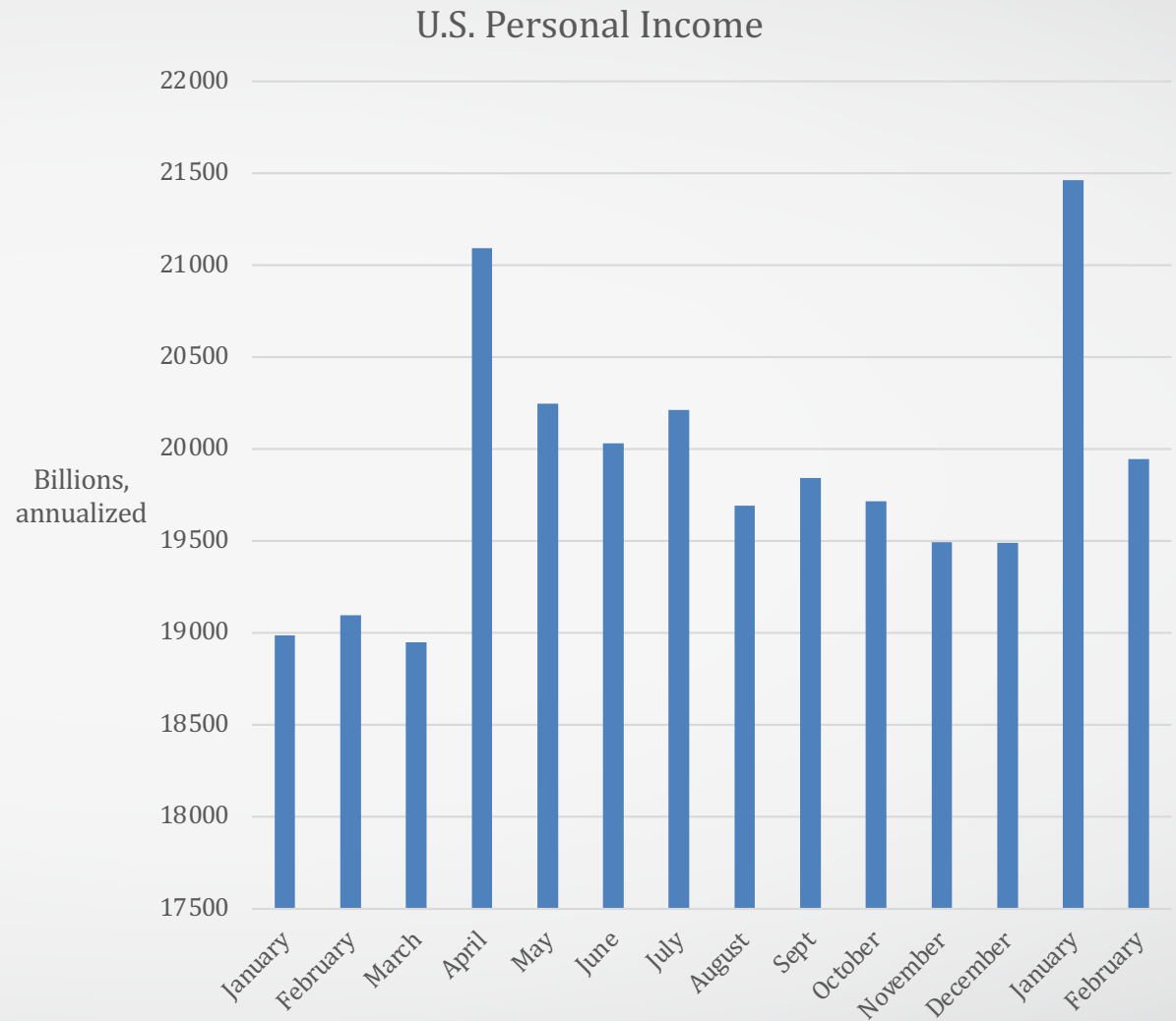
# Current Conditions

- Still down about 100,000 jobs statewide.
- About 85% of those are in hospitality.
- Full reopening and vaccination should get us close to full recovery in the jobs market.
- Meanwhile, wages have been rising at 2-3%/yr.



# Current conditions

- While federal aid has decreased since the CARES Act, personal income is still above the March level by 2.9%.

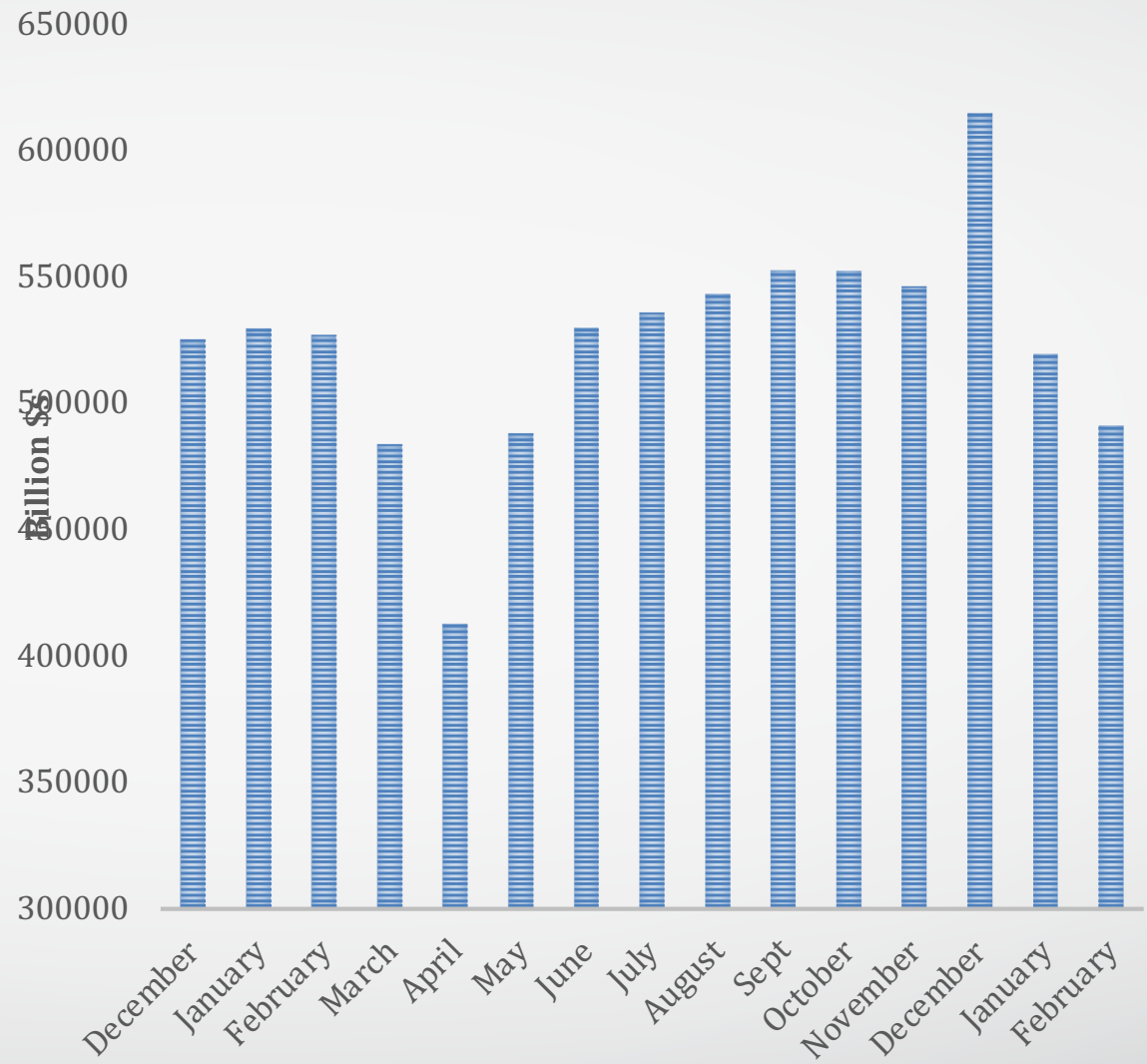




# Current conditions

Retail sales clearly show the initial lockdown, followed by economic reopening and strong catch-up or re-allocated spending.

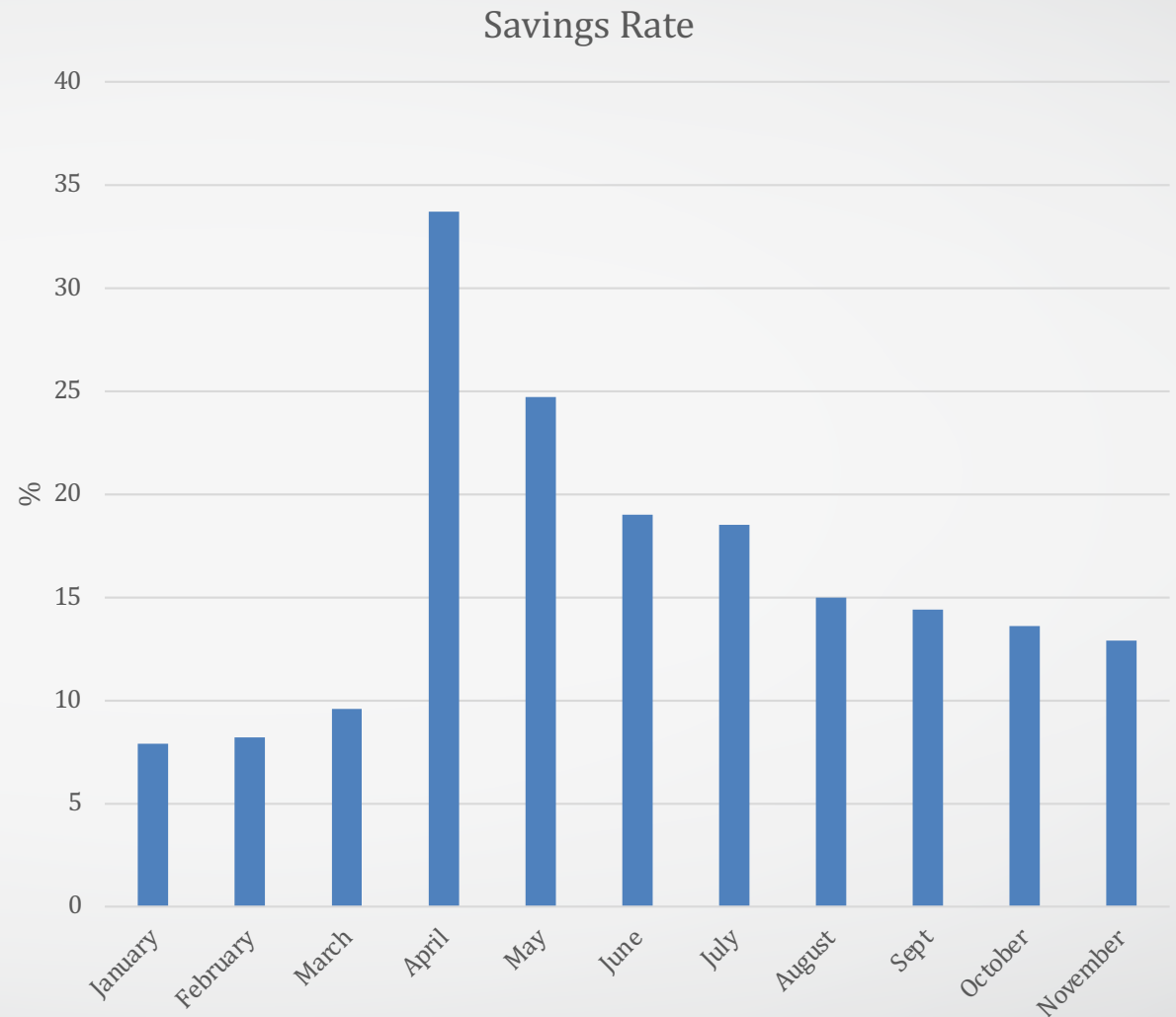
While some categories of spending shrank, overall consumer spending was strong, held up by federal financial relief and economic reopening.





# Current conditions

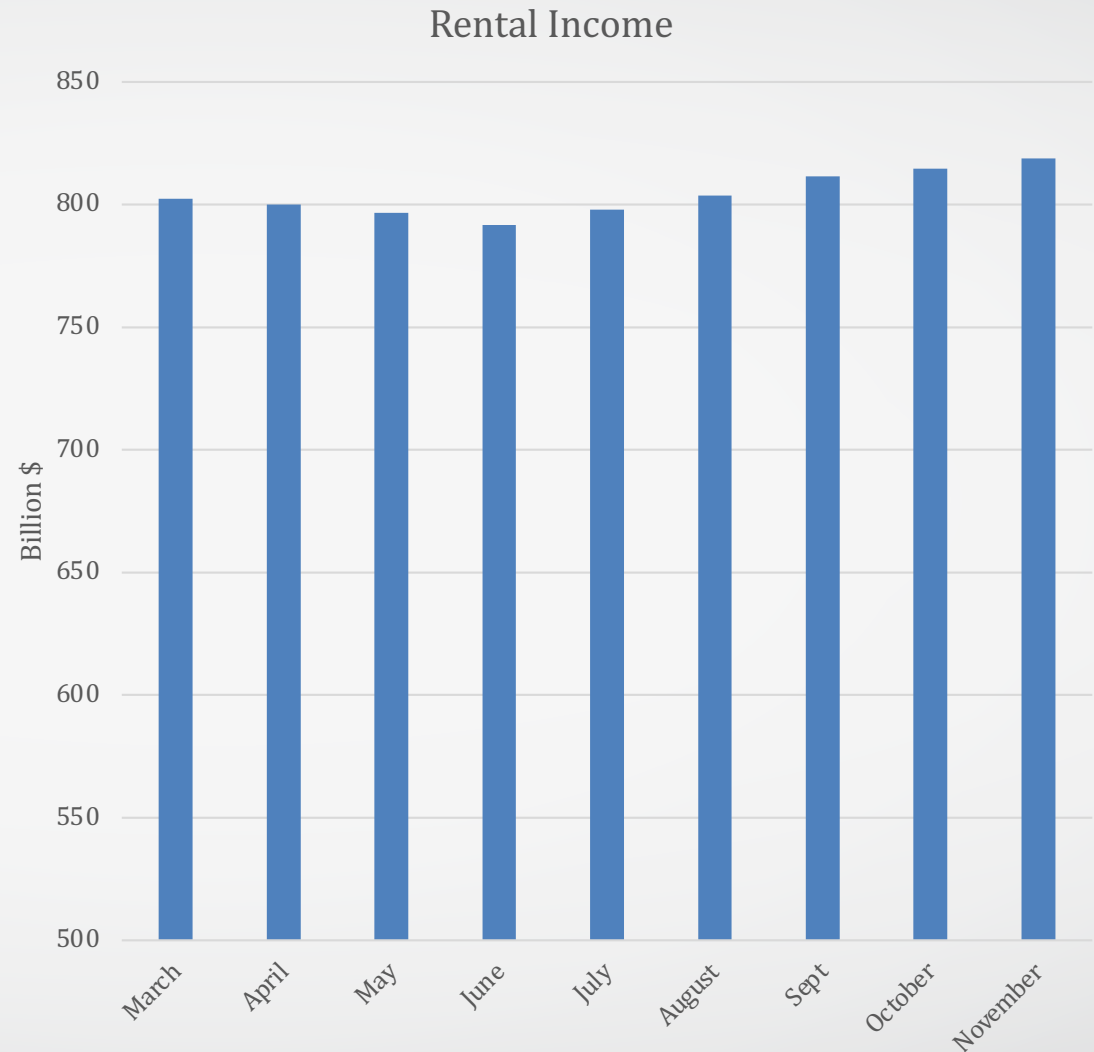
Savings as a percent of disposable income show that most households are in much better financial condition than in a typical recession.





# Current conditions

Rental income reported suggests that renters are generally paying their rent.





# Looking forward

- Inflation will rise at least briefly in the next few months as it gets compared to last year's lockdown.
- Economic growth will be very rapid for 6-9 months when case loads fall to low levels (< 10,000 per month).
- Unemployment will return to “normal” by early 2022, although not back to record lows.



# Looking forward

- Keys to longer term economic growth will be:
- Can the Fed get desired inflation without too much inflation?
- Will unprecedented federal spending and debt be sustainable or will interest rates rise, crashing the stock market and causing a recession?
- How big are the adjustment costs of returning to normal? (Do workers return to their offices? Are businesses healthy or zombies? Does service sector growth return?)

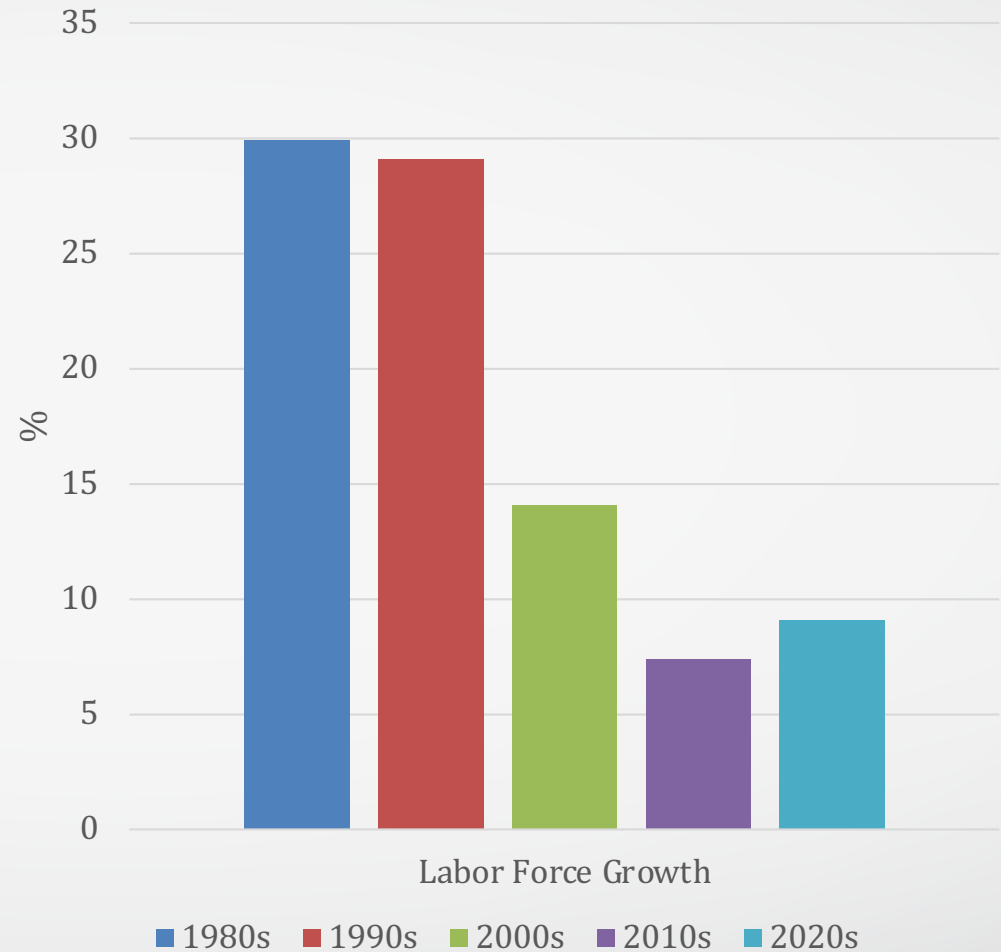




# Longer term caution

- Population growth in Georgia has slowed, particularly among working-age people.
- This suggests slower economic growth in the future.

## Labor Force Growth by Decade





- Thank you for listening
  - Questions?