

On Monday, June 1st, Governor Edwards announced that the state would begin Phase II of the reopening process on June 5th. In light of this announcement it is important to take stock of where the SWLA economy is based on the picture painted by the latest available data. It is clear that our region's economy has suffered due to this pandemic. The following report will briefly discuss the state job market and revenue situation before delving into a more detailed analysis of our regional economy. All of the local data can be found at the [Drew CBEA website](#), particularly the [COVID-19 Data Updates](#) section. The Drew CBEA will continue to keep you informed on the economic situation.

If you have any questions, requests, comments, etc., feel free to contact us and follow us on social media.

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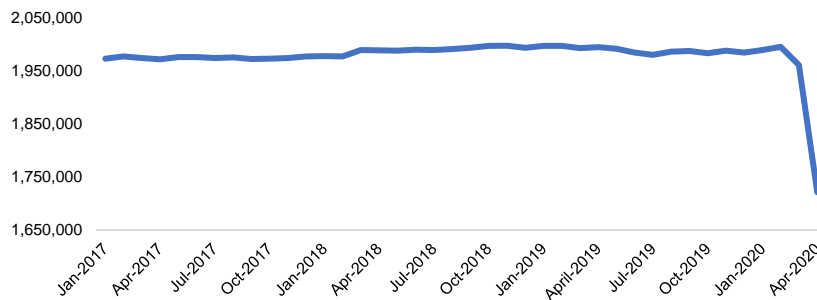
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A quick note: it was recently announced the country has officially entered a recession. The National Bureau of Economic Research (NBER) Business Cycle dating committee announced that the country entered a recession in [February of 2020](#). This officially ends the longest economic expansion in US history.

Louisiana

Louisiana Nonfarm Employment



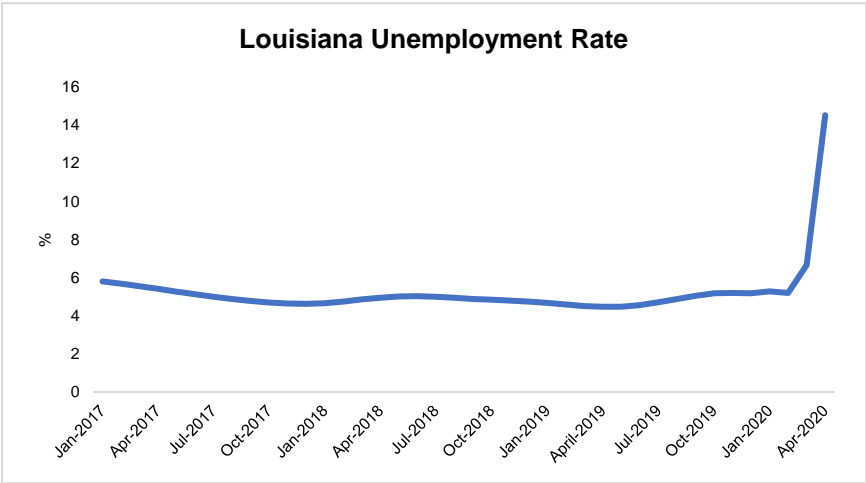
The most recent data suggests the state, along with the rest of the nation, has been hard hit by the COVID-19 pandemic. The latest data available are for the month of April which begin to illustrate the full effects of this event. The state's nonfarm employment on the left illustrates this drastic drop. Louisiana lost almost 240,000 in one month and over 270,000 jobs over the year.

The hardest hit industry was the Leisure and Hospitality industry which experienced around a 45% drop both over the month and compared to April of last year. This sector lost around 100,000 jobs due to shut down or restricted activities of certain businesses in this industry (hotels restaurants, casinos, etc.). While all industries in the state took a significant drop, it is important to note the services sector of the economy experienced some of the largest absolute drops in employment.

Recent Industry Employment Data

(in thousands)	Apr 2019	Feb 2020	Mar 2020	Apr 2020	April Monthly Change	April Monthly % Change	April Year-Over-Year Change	April Year-Over-Year % Change
Total Nonfarm	1,994.2	1,995.0	1,960.7	1,721.1	-239.6	-12.2%	-273.1	-13.7%
Mining and Logging	37.2	36.7	35.8	32	-3.8	-10.6%	-5.2	-14.0%
Construction	145.2	140.6	138.3	121.6	-16.7	-12.1%	-23.6	-16.3%
Manufacturing	137.9	135	135.6	125.1	-10.5	-7.7%	-12.8	-9.3%
TTU	380.2	378	375.9	337.9	-38.0	-10.1%	-42.3	-11.1%
Financial Activities	92.1	92.7	92.7	88.1	-4.6	-5.0%	-4.0	-4.3%
Professional and Business Services	216.6	217.1	213	196.2	-16.8	-7.9%	-20.4	-9.4%
Education and Health Services	319.8	323.3	314.3	285.2	-29.1	-9.3%	-34.6	-10.8%
Leisure and Hospitality	237.3	243.2	226.7	128.5	-98.2	-43.3%	-108.8	-45.8%
Other Services	74	74.5	75.4	65.1	-10.3	-13.7%	-8.9	-12.0%
Government	331.3	332.2	332.4	321.7	-10.7	-3.2%	-9.6	-2.9%
Information	22.6	21.7	20.6	19.7	-0.9	-4.4%	-2.9	-12.8%

In terms of the unemployment rate, the state saw a sharp rise in the measure indicating a worsening situation in the degree of joblessness. The current unemployment rate in the state stands at 14.5% ranking the state 32nd out of the fifty states. This was a 10 percentage point increase compared to April of last year, while the state has seen dramatic increases in March and April. Unemployed persons have risen by almost 140,000 over the month and over 188,000 compared to April of last year. Employed persons have fallen by over 328,000 from March to April while falling by 338,000 over the year. This has all resulted in a large drop in the state labor force.



Recent State Household Employment Data								
(in thousands)	Apr 19	Feb 20	Mar 20	Apr 20	April Monthly Change	April Monthly % Change	April Year-Over-Year Change	April Year-Over-Year % Change
Employment	1,994.5	2,000.1	1,984.9	1,656.5	-328.5	-16.5%	-338.0	-16.9%
Unemployment	93.4	109.9	141.6	281.6	139.9	98.8%	188.2	201.4%
Labor Force	2,087.9	2,110.0	2,126.6	1,938.0	-188.5	-8.9%	-149.9	-7.2%
Unemployment Rate (%)	4.5	5.2	6.7	14.5	7.9		10.0	

The state is also forecast to have a drop in revenue collections for the upcoming fiscal year (FY 2021). The adopted [forecast for the state](#) points to a total drop of over \$900 million for the year in the state general fund. The largest drops are occurring in categories such as sales (general and vehicle) taxes, gaming related revenues, and severance taxes (as oil prices and demand for products has fallen). While these are the largest, almost all categories are predicted to experience a drop.

SWLA Economy

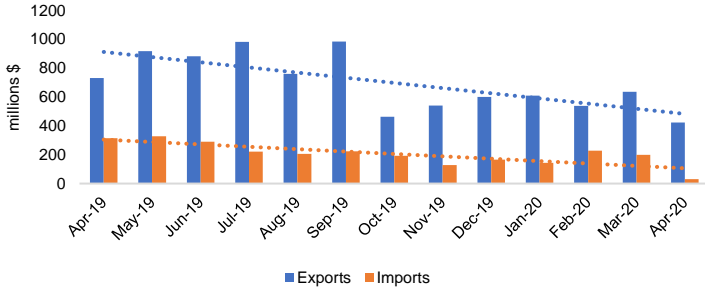
Our five-parish region is uniquely affected by this pandemic. The pandemic and resulting shut down hurt the extremely important service economy consisting of gaming, hotels, restaurants, and a host of other businesses, while the industrial base has also been hurt due to falling domestic and international demand and uncertainty regarding the path forward. Fortunately, many of the large drivers in our area were deemed essential and continued production, but the overall effect on our area was dramatic.

In terms of services, shutting down the casinos resulted in decreased travel from out-of-state visitors which bring money into our area. Theaters, gyms, and many other businesses were also shut down while others, e.g. restaurants, were operating at very low capacity. This resulted in layoffs or furloughs of workers.

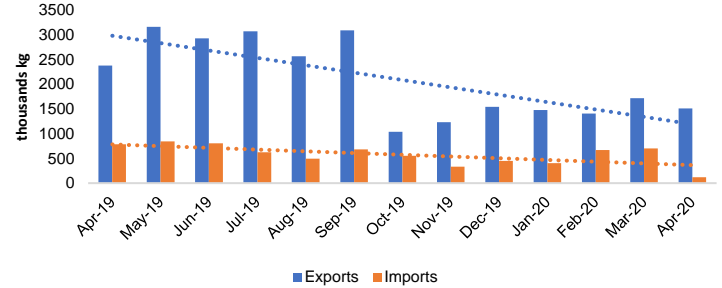
Exports and Imports

Exports and imports from the Lake Charles port have fallen dramatically over the year, especially in April. The graphs below give a glimpse into the international activity occurring in our area, as this measure counts international shipments. This is not indicative of all business done by the port, as much activity is done on domestic shipping.

Export and Import Values



Export and Import Weights

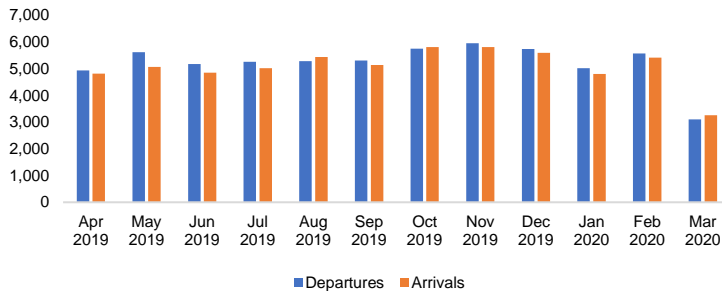


Looking at the latest available data shows falling trends in both the values and weights of international shipments from the port. This is especially true for the last two months as shipments were affected by COVID-19 and the Saudi-Russian oil price war. From March 2019 to March 2020, the total value of exports fell \$224.4 million (-26.1%). The total value of imports fell \$122.7 million (-38.1%). In terms of weights, exports fell 953.3 million kilograms (-35.7%) while imports only fell 67 million kilograms (-8.7%). From April 2019 to April 2020 the drops were more dramatic. The total value of exports fell \$308.1 million (-42.1%). The total value of imports fell \$285.3 million (-90.4%). In terms of weights, exports fell 864.6 million kilograms (-36.4%) while imports fell 669.2 million kilograms (-84.8%).

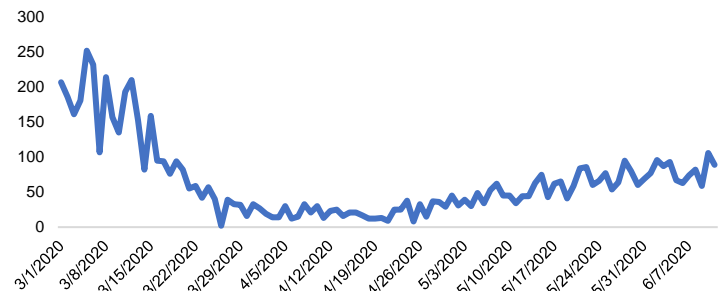
Closer inspection of the data shows large drops in the energy related commodities due to falling overseas demand. The largest drops in terms of values and weights were in the “Mineral Fuel” category. This includes refined oil products and liquified natural gas. Decreases in shipments of these products to Asia, South America, Europe, and other parts of North America all fell. While there were drops in these categories, there were slight increases in organic chemicals in both March and April.

Airport

Airport Passengers



TSA Checkpoint Data



Sum of Checkpoints		Average Checkpoints	
Early March (until 15th)	2,629	Early March (until 15th)	175
Late March (15th to 31st)	849	Late March (15th to 31st)	53
March Total	3,478	March Total	112
April	643	April	21
May	1,758	May	57
June (1st until 11th)	893	June (1st until 11th)	81

In terms of air travel, the graphs above show the levels of passengers moving through the Lake Charles Regional Airport. The monthly figures from the Bureau of Transportation Statistics show a large drop in the number of departing and arriving passengers in March. More up to date figures are obtained from the TSA checkpoint data (courtesy of LCH). The data shows a large drop in passengers

occurring in March and extending through the month of May. Near the end of the month, the number of people passing through TSA checkpoints has been on an upward trend. The tables show the monthly totals and averages and each point to improvement beginning in May. As American and United return to normal activity, this positive trend should continue in the coming months, barring additional shutdowns.

Hotels and Gaming

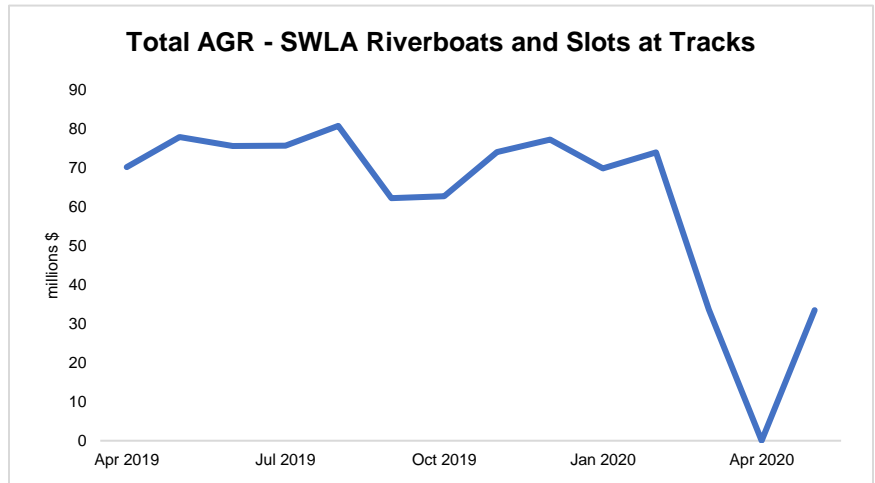
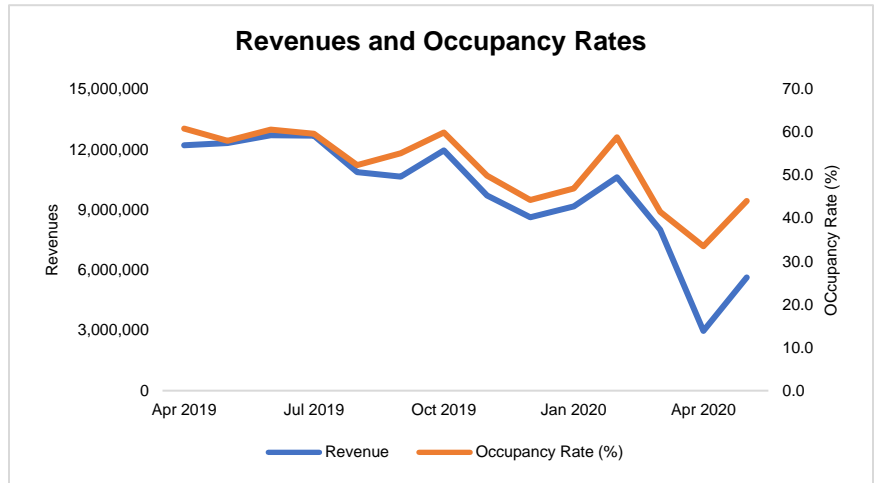
The hospitality and gaming sectors were hit particularly hard by the pandemic-induced economic shutdowns.

From April 2019 to April 2020, hotel revenues in the area fell by \$9.2 million. This represented a staggering 75.7% drop. The occupancy rate of hotels in the area fell from 60.9% to 33.5% over the year. The percentage of rooms occupied fell by 27.3 percentage points. Although not shown, the costs of renting a room also fell as the average daily rate in April 2020 was \$65.32 which was down from \$85.41 in April 2019. As the rate fell \$20.09, this represented a 23.5% drop in the rate. The May data recently became available and shows an upward spike as the state began the early stages of reopening. From May 2019 to May 2020, hotel revenues fell \$6.7 million for a 54.3% drop. The occupancy rate in May 2020 was 44.1% which was a 14 percentage point drop from the previous year. While still below previous year levels, hotels are at least seeing an uptick in activity.

While hotels were not explicitly closed due to the shutdown order, the casinos in the area certainly were. This closure lead to a large drop in visitors (and consequently, outside money) to the area.

The graph to the right shows the drastic drop in Adjusted Gross Revenues (AGR) to zero in April. Prior to that, it should be noted that the closure occurred Mid-March. This caused AGR at SWLA casinos to fall \$52.9 million from March 2019 to March 2020. This represented a 61.1% drop.

As casinos have reopened, there has been increased traffic to the facilities (shown in later section). However, the opening is still restrained as casinos can only operate at 50% capacity with 75% of their gaming positions available. This is illustrated by the May data which shows AGR was about the same as that in March. While AGR in SWLA fell by \$44.2 million for a 56.9% drop compared to May 2019, this is a positive sign that activities are recovering.



Lake Charles MSA

The Lake Charles MSA experienced the largest percentage job loss over-the-year of all nine Louisiana metro areas although every MSA was hurt by the pandemic.

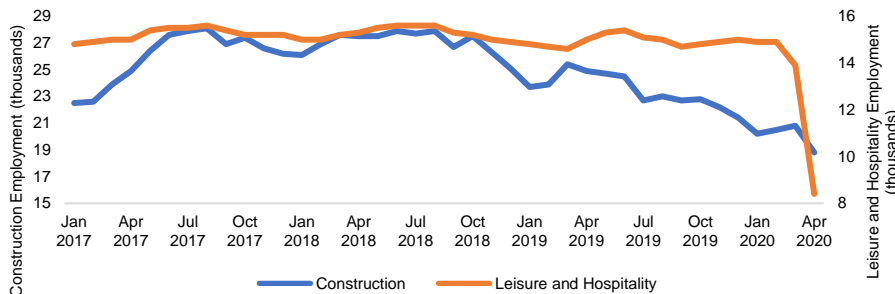
Recent MSA Industry Employment Data								
Metro Area Employment (in thousands)	Apr 19	Feb 20	Mar 20	Apr 20	April Monthly Change	April Monthly % Change	April Year-Over-Year Change	April Year-Over-Year % Change
Alexandria	62.5	61.6	61.2	56.5	-4.7	-7.7%	-6.0	-9.6%
Baton Rouge	415.3	416	416.3	362.5	-53.8	-12.9%	-52.8	-12.7%
Hammond	46	45.9	45.7	41	-4.7	-10.3%	-5.0	-10.9%
Houma-Bayou Cane-Thibodaux	87.4	86.9	85.4	79.6	-5.8	-6.8%	-7.8	-8.9%
Lafayette	205.1	201.8	199.1	178	-21.1	-10.6%	-27.1	-13.2%
Lake Charles	116.2	110.1	107.9	92.6	-15.3	-14.2%	-23.6	-20.3%
Monroe	78.9	78.3	78.1	71	-7.1	-9.1%	-7.9	-10.0%
New Orleans-Metairie-Kenner	587	586.3	570.5	487.1	-83.4	-14.6%	-99.9	-17.0%
Shreveport-Bossier City	181.6	180.2	178.7	160.1	-18.6	-10.4%	-21.5	-11.8%

Our metro area, consisting of Calcasieu and Cameron Parishes, experienced a monthly drop in employment of 15,300 (-14.2%) and an annual drop of 23,600 (-20.3%) in April. Looking at the particular industries shows the following for the Lake Charles Area:

Lake Charles MSA Employment (in thousands)	Apr 19	Feb 20	Mar 20	Apr 20	April Monthly Change	April Monthly % Change	April Year-Over-Year Change	April Year-Over-Year % Change
Total Nonfarm	116.2	110.1	107.9	92.6	-15.3	-14.2%	-23.6	-20.3%
Mining and Logging	0.3	0.3	0.3	0.2	-0.1	-33.3%	-0.1	-33.3%
Construction	24.9	20.5	20.8	18.8	-2.0	-9.6%	-6.1	-24.5%
Manufacturing	10.7	10.4	10.3	9.3	-1.0	-9.7%	-1.4	-13.1%
Trade, Transportation, and Utilities	18.2	18.3	17.3	16.5	-0.8	-4.6%	-1.7	-9.3%
Professional and Business Services	10.7	10	9.9	9	-0.9	-9.1%	-1.7	-15.9%
Leisure and Hospitality	15	14.9	13.9	8.4	-5.5	-39.6%	-6.6	-44.0%
Government	15.5	15.1	15.2	14.8	-0.4	-2.6%	-0.7	-4.5%

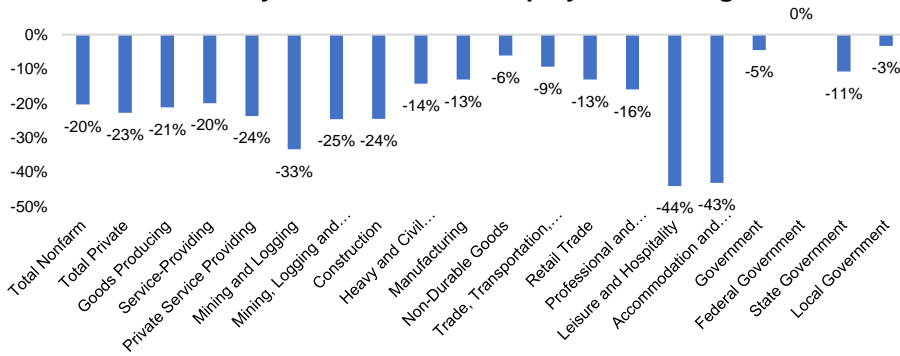
The leisure and hospitality industry fell the most of any industry shown. Since April 2019, the industry lost 44% of jobs, in line with what was seen in the state and nation. The other industry taking a large drop was construction which lost 24.5% of jobs over the year.

Construction and Leisure & Hospitality Employment



It is important to show these two industries as there are stark contrasts, illustrated on the left. The Lake Charles area is in a situation of construction falling gradually over time as many large projects have been completed and begun operations, lowering the construction activity in the area. This gradual decline is much different than the sharp drop in leisure and hospitality caused by COVID-19. The timing of this pandemic results in two effects occurring simultaneously; an expected gradual drop in construction employment and an unexpected sharp decline in services employment.

Industry Year-Over-Year Employment Change



The graph to the left shows the percentage change in employment in all available industries from April 2019 to April 2020. The largest drops are in the Leisure and Hospitality sector but there are drops pretty much across the board, many above double digits.

The New Orleans MSA has the highest unemployment rate of all areas at 18.8%, followed by Hammond with a 17.1% unemployment rate. These are the only two MSA's with rates above Lake Charles. Our MSA's unemployment rate sits at 14.5%, which is up from 3.1% in April of 2019. The unemployment rate has increased 10.5 percentage points since February and 8.5 percentage points since March.

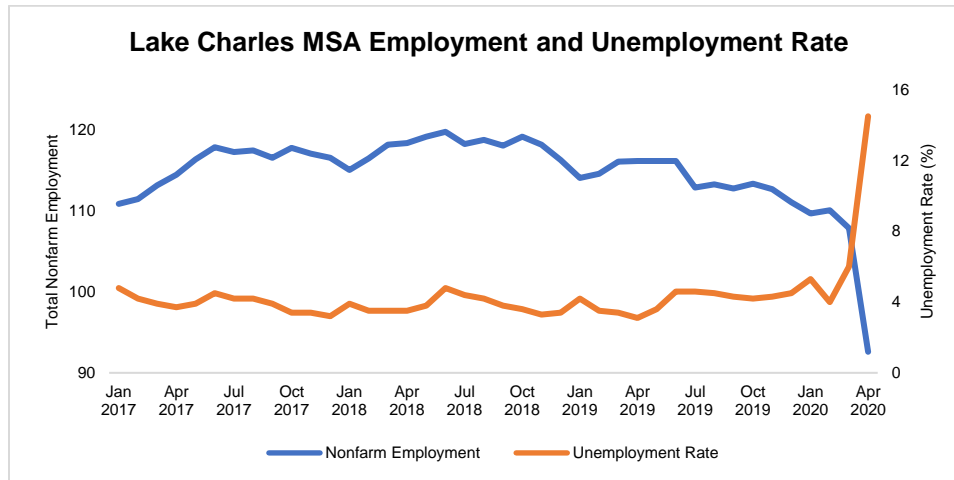
In terms of household employment, the MSA has lost 19,067 jobs from March (-18.8%) and 25,115 jobs over the year (-23.4%). The number of unemployed persons has dramatically risen. In just one month, the MSA saw 7,511 more unemployed people (+116.9%) and over the year, the increase was 10,489 (+304.2). These two movements have led to a drop in the labor force in the area.

Recent MSA Unemployment Rates

Metro Area Unemployment Rates (%)	Apr 19	Feb 20	Mar 20	Apr 20	April Monthly Change	April Year-Over-Year Change
Alexandria	4.0	4.5	6.6	9.9	3.3	5.9
Baton Rouge	3.4	3.8	5.6	13.0	7.4	9.6
Hammond	4.3	4.7	7.1	17.1	10.0	12.8
Houma-Bayou Cane-Thibodaux	3.6	3.9	6.0	12.3	6.3	8.7
Lafayette	3.7	4.3	6.4	13.1	6.7	9.4
Lake Charles	3.1	4.0	6.0	14.5	8.5	11.4
Monroe	4.3	5.0	7.2	11.6	4.4	7.3
New Orleans-Metairie-Kenner	3.5	3.9	5.9	18.8	12.9	15.3
Shreveport-Bossier City	4.1	4.6	6.7	13.0	6.3	8.9

Lake Charles MSA Recent Household Employment Data								
(in thousands)	Apr 19	Feb 20	Mar 20	Apr 20	April Monthly Change	April Monthly % Change	April Year-Over-Year Change	April Year-Over-Year % Change
Employment	107.4	103.0	101.3	82.3	-19.1	-18.8%	-25.1	-23.4%
Unemployment	3.4	4.3	6.4	13.9	7.5	116.9%	10.5	304.2%
Labor Force	110.8	107.3	107.8	96.2	-11.6	-10.7%	-14.6	-13.2%
Unemployment Rate (%)	4.5	5.2	6.7	14.5	7.8		10.0	

Below is a graph showing the large drop in nonfarm employment coinciding with the sharp rise in the unemployment rate.

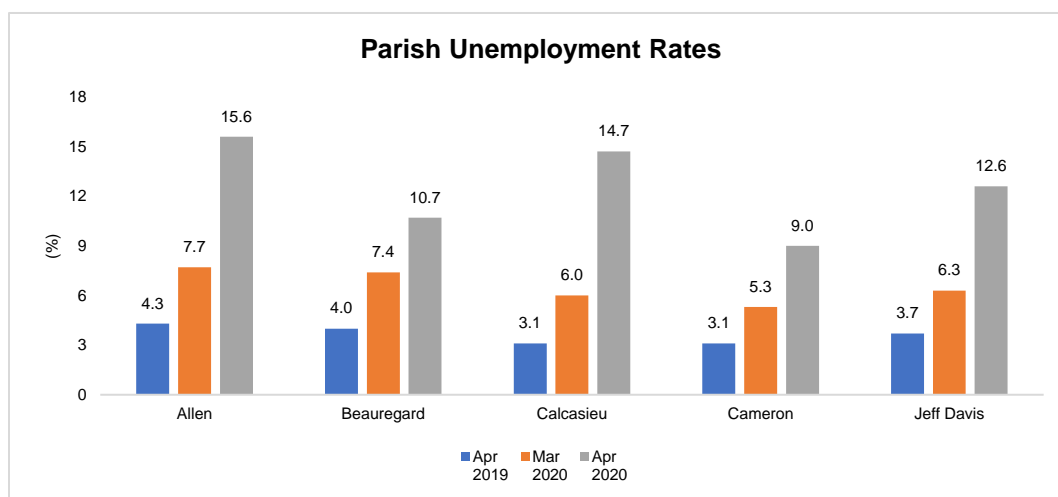


Not depicted in the graphs above are the latest national jobs numbers, released before the MSA ones. The most recent national jobs report shows that there was a substantial increase in employment and a drop in the unemployment rate at the national level in May. It remains to be seen if our area will follow the national trend as our economy has a unique structure in terms of industry concentration compared to the nation as a whole. However, as businesses continue to open and citizen mobility increases, the economy should begin a recovery from the sharp drop, even if the growth is slower than desired.

Parish Economies

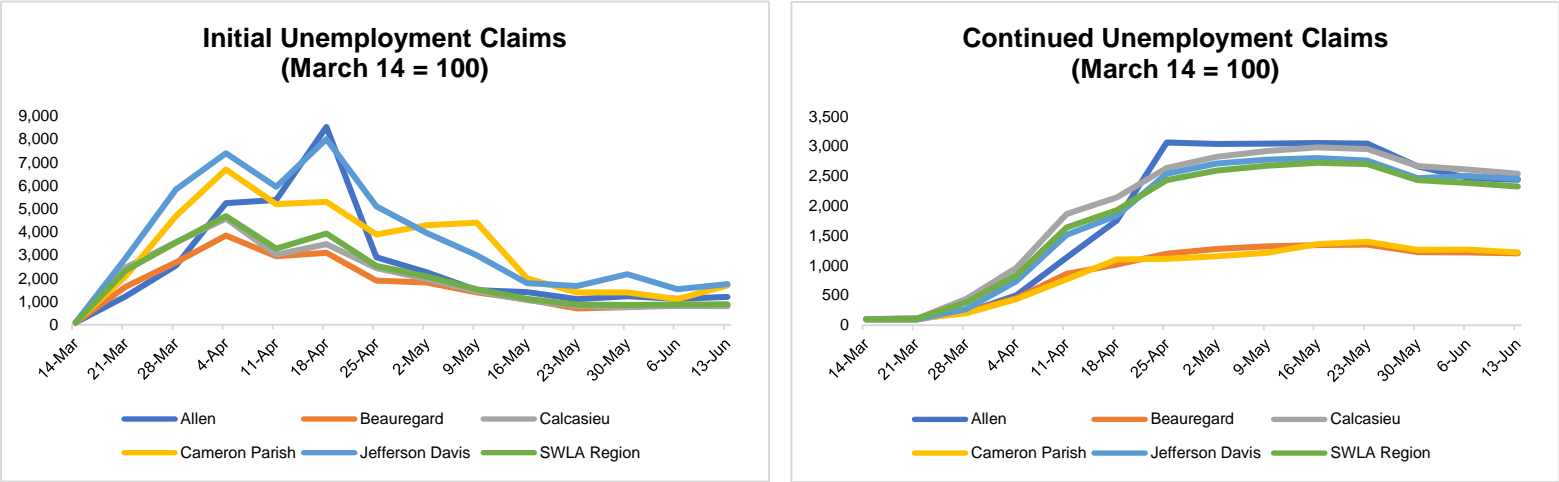
While the MSA has been affected differently from the other areas and the state as a whole, parishes within SWLA have also been affected to different degrees by the pandemic-induced shutdown, though all have seen some amount of drop in economic activity.

Each parish was severely impacted by the pandemic in terms of jobs. All areas saw decreases in employment and large increases in their unemployment rates. The largest unemployment rate in April stood at 15.6% in Allen parish, followed by 14.7% in Calcasieu. Jefferson Davis parish had an unemployment rate of 12.6% followed by Beauregard at 10.7%. Cameron parish had the lowest rate at 9.0%.



The graph above shows unemployment rates from April 2019 compared to those of March and April of 2020 (to illustrate the sharp spike). Every parish, with the exception of Cameron, had a double digit increase in the unemployment rate in April compared to April in the previous year.

The data illustrates large increases in the number of unemployed persons. While the May data is not available yet, the latest available unemployment insurance claims show that these figures of higher unemployment will most likely continue into May data.¹



Parish	April Averages		May Averages		April to May Change	
	Initial	Continued	Initial	Continued	Initial	Continued
Allen	442	743	120	1,367	-322	624
Beauregard	414	935	162	1,384	-252	449
Calcasieu	4,161	10,599	1,493	15,994	-2,668	5,395
Cameron Parish	53	111	27	166	-26	55
Jefferson Davis	464	995	177	1,623	-287	628
SWLA Region	5,533	13,383	1,978	20,534	-3,554	7,151

The graphs above show indexes of initial and continued unemployment insurance claims for each parish. While the initial claims have been falling since mid-April, the continued claims remained

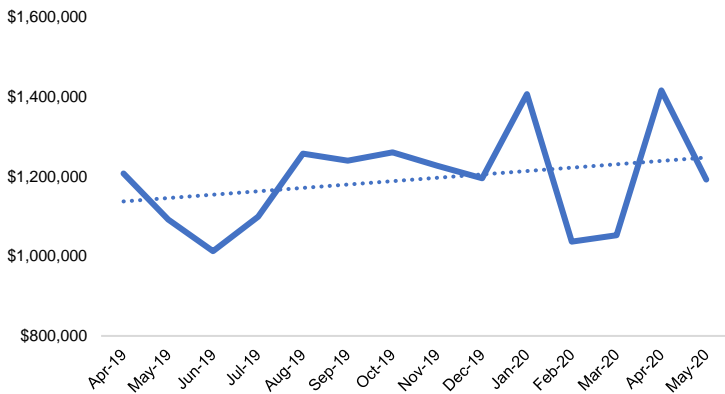
elevated throughout May. This heightened level of continued claims indicates very little change in the number of unemployed persons in the region. However, the number did fall slightly the last week of May. This falling trend continued somewhat through the first two weeks of June, but the results still look somewhat flat. Hopefully, this trend will move further downward as more people get back to their jobs during the reopening. It is very likely the drop in continued claims will not move as fast as the initial spike indicating a longer recovery.

Sales Tax Collections

Looking at the latest sales tax collections shows some interesting results in light of the dire economic situation. It must be noted that monthly sales tax collections reflect sales in the previous month. For example, April 2020 collections reflect sales that occurred in March of 2020 and May 2020 sales tax collections reflect sales that occurred in April 2020. These are the two months that will be focused on as these are the months when the pandemic effects began to show.

¹ Initial claims represent first time applicants for unemployment insurance (many may not qualify) while continued claims represent claims from individuals that qualified to receive unemployment assistance and continue to receive payments as they remain unemployed. Initial claims are a good early indicator for the amount of people losing their jobs as they apply for assistance for the first time. Continuing claims provide a good picture of the number of people who are unemployed for a significant period of time. As the Louisiana Legislative Fiscal Office states, "As a rule of thumb, increases in initial claims reflect more firing...increases in continuing claims reflect less hiring."

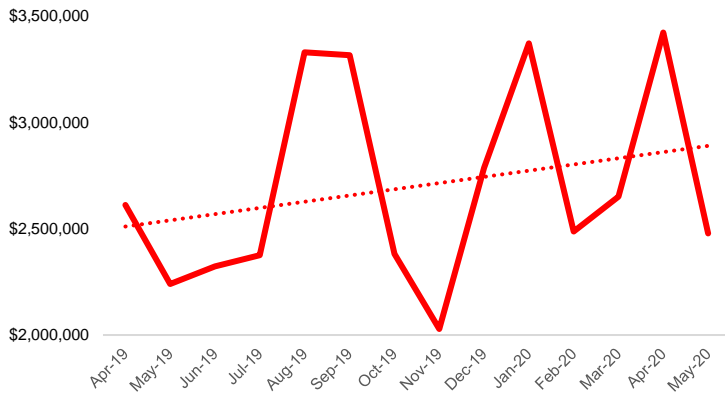
Allen Parish Sales Tax Collections



Allen Parish Sales Tax

The data since April 2019, show a slight upward trend in overall sales tax collections in Allen parish. While tax collections for April 2020 increased by \$208.2 thousand (17.2%) compared to April of the previous year, the collections only increased \$100 thousand (9.1%) year-over-year in May 2020.

Beauregard Sales Tax Collections



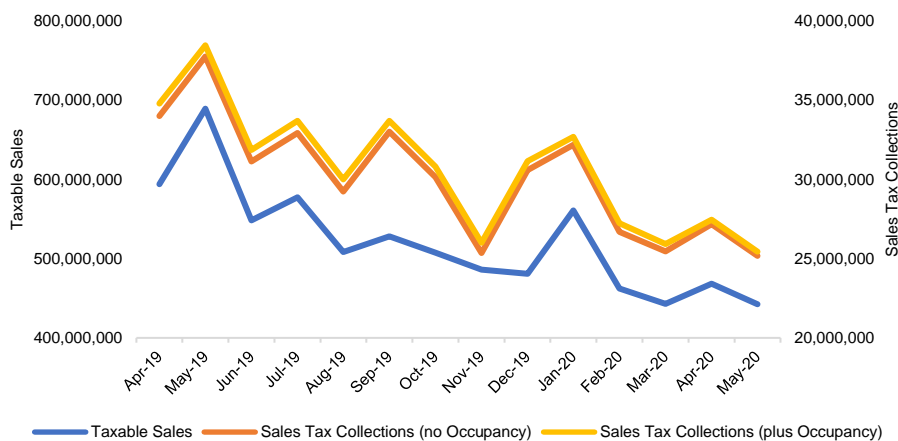
Beauregard Parish Sales Tax

For Beauregard parish, the data also show a slight upward trend. Tax collections for April 2020 increased by \$811.7 thousand (31.1%) compared to April of the previous year. Collections increased \$238.1 thousand (10.6%) year-over-year in May 2020.

Calcasieu Parish Taxable Sales and Sales Tax

Calcasieu has been experiencing a steady overall downward trend in both sales tax collections and taxable sales in the parish, much more than other parishes in the region.

Calcasieu Parish Taxable Sales and Sales Tax



General sales tax collections for April 2020 fell by \$6.8 million (-20.1%) compared to April of the previous year. Collections dropped \$12.6 million (33.3%) year-over-year in May 2020.

The shutdown of casinos and restricted travel greatly affected occupancy taxes in the parish. Occupancy taxes fell by \$500 thousand (-64.9%) over-the-year in April and fell \$400 thousand (-62.5%) over the year in May. Part of this is due, obviously, to the extension of occupancy taxes granted by the school board, but a great deal can be attributed to the drop in hotel activity.

In terms of taxable sales, the parish has seen overall drops of \$125.5 million (-21.1%) in April 2020 compared to April 2019. The drops were larger in May 2020 over-the-year at \$246.8 million (-35.8%). The taxable sales categories are shown in detail below.

Calcasieu Taxable Sales (millions \$)	Apr-19	Apr-20	Change	Percent Change	May-19	May-20	Change	Percent Change
Food	54.5	53.6	-0.9	-1.7%	64.6	59.4	-5.2	-8.1%
Apparel	14.8	7.3	-7.6	-51.1%	12.5	3.5	-8.9	-71.6%
Merchandise	99.9	94.5	-5.5	-5.5%	101.0	85.5	-15.6	-15.4%
Automotive & Gas	24.5	20.7	-3.8	-15.7%	26.6	20.8	-5.8	-21.9%
Furniture	26.8	21.5	-5.3	-19.9%	24.2	19.3	-4.9	-20.1%
Bldg Mat.	74.7	51.7	-22.9	-30.7%	54.6	50.1	-4.5	-8.3%
Misc. Services	56.2	39.6	-16.7	-29.6%	49.4	30.1	-19.2	-39.0%
Manufacturing	103.6	96.2	-7.4	-7.1%	207.4	97.3	-110.0	-53.1%
Utility	24.8	9.9	-14.9	-60.2%	30.0	8.5	-21.5	-71.6%
Misc.	17.8	8.9	-8.9	-50.2%	10.4	8.7	-1.7	-16.4%
M.V.	44.1	39.2	-5.0	-11.3%	46.6	31.1	-15.5	-33.2%
Gaming	15.4	1.9	-13.4	-87.4%	14.4	1.1	-13.3	-92.1%
Restaurants	36.6	23.5	-13.1	-35.9%	47.6	27.0	-20.6	-43.4%
Total	593.9	468.4	-125.5	-21.1%	689.2	442.4	-246.8	-35.8%

Looking at the categories individually shows drops across all categories. Over-the-year in April shows the largest absolute drops were in Building Materials (-\$22.9 million), Miscellaneous Services (-\$16.7 million), and Utilities (-\$14.9 million). These were also the categories with large percentage drops. Looking at gaming shows an 87.4% drop in revenues due to the shutdown related to COVID-19. Many other categories saw drops greater than 50%. In May, the annual changes were more striking. Sales related to manufacturing fell by \$110 million and utilities fell \$21.5 million. The percentage drops were largest in gaming, apparel, and utilities.

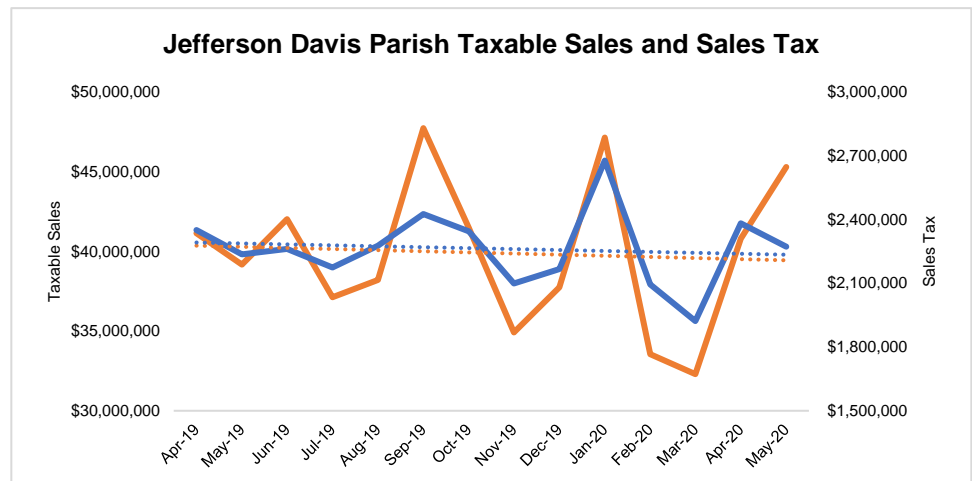
While restaurants also saw decreases in taxable sales in both months, the category of food only saw relatively slight drops of 1.7% and 8.1% over the two months. This reflects the steady purchasing of food for consumption at home during the beginning of the downturn.

Jefferson Davis Parish Taxable Sales and Sales Tax

Jefferson Davis Parish has seen only slight downward trends in taxable sales and sales tax collections since April 2019.

General sales tax collections for April 2020 rose by \$391 thousand (19.6%) compared to April of the previous year. Collections dropped \$78.3 thousand (-3.3%) year-over-year in May 2020.

The parish saw an overall drop in taxable sales of \$335.9 thousand (-0.8%) in April 2020 compared to April 2019. Jefferson Davis parish had a surprising uptick in taxable sales in May 2020 over-the-year of \$6.1 million (15.6%).

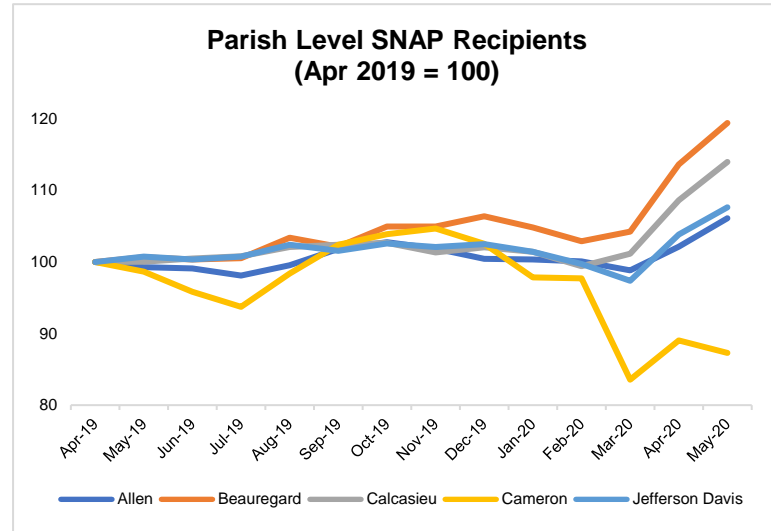
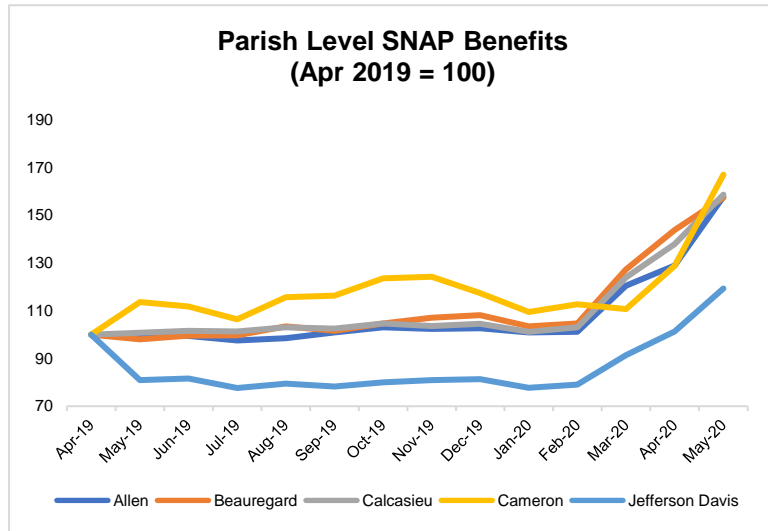


The taxable sales categories are shown in detail below.

Jefferson Davis Taxable Sales (thousands \$)	Apr-19	Apr-20	Change	Percentage Change	May-19	May-20	Change	Percentage Change
Food	8,338.8	8,221.0	-117.9	-1.4%	8,662.3	8,794.3	132.0	1.5%
Apparel	1,421.5	253.7	-1,167.8	-82.2%	474.9	225.9	-249.0	-52.4%
Gen'l Merch	13,706.5	15,328.8	1,622.3	11.8%	10,901.7	20,586.3	9,684.6	88.8%
Auto	7,804.0	7,487.9	-316.0	-4.0%	7,353.1	6,398.2	-954.9	-13.0%
Furniture	742.8	636.5	-106.3	-14.3%	626.9	420.3	-206.6	-33.0%
Lumber, Bldg, Contractors	2,498.4	2,844.6	346.2	13.9%	2,829.1	3,145.3	316.1	11.2%
Misc. Serv.	2,973.1	2,533.3	-439.7	-14.8%	3,698.6	2,147.7	-1,550.9	-41.9%
Manufacturing	215.4	201.6	-13.8	-6.4%	1,262.5	256.4	-1,006.1	-79.7%
Utilities	1,094.8	948.7	-146.1	-13.3%	1,090.7	953.7	-137.0	-12.6%
Oil & Gas	1,043.9	1,755.6	711.8	68.2%	840.0	1,775.1	935.1	111.3%
Lease/Rental	856.7	373.0	-483.6	-56.5%	1,029.6	443.6	-586.0	-56.9%
Occupancy	399.8	171.8	-228.0	-57.0%	374.8	98.8	-276.0	-73.6%
Transportation	7.5	13.3	5.8	76.4%	0.0	21.0	21.0	NA
Entertainment	31.8	29.1	-2.7	-8.5%	29.3	35.5	6.2	21.3%
Total	41,135.0	40,799.1	-335.9	-0.8%	39,173.3	45,302.0	6,128.7	15.6%

Looking at the categories shows occupancy taxes fell dramatically due to the pandemic. In April, occupancy taxes fell 57% before falling 73.6% in May. Large drops also occurred in Apparel and Lease/Rental categories. While Food sales fell slightly in April over-the-year, the annual change was positive in May. Interesting positive contributions were sales in Building Materials, Oil & Gas, and General Merchandise. These reflect the increased shopping and improvement projects being undertaken during the slowdown.

SNAP Data

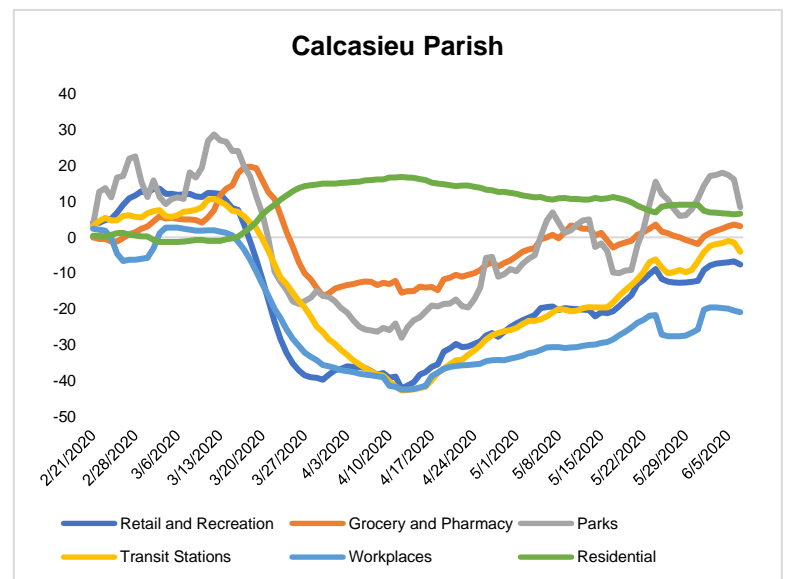
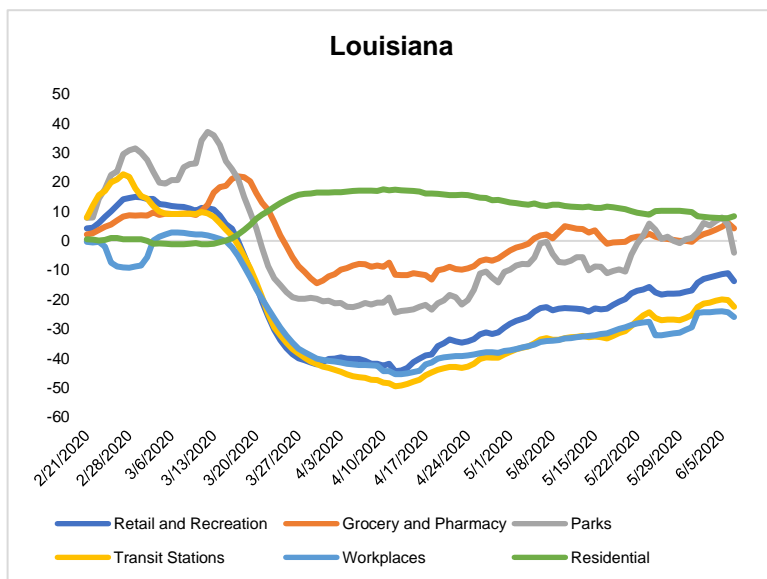


The data from Louisiana DCFS show that since February, there has been a sharp uptick in SNAP benefits and the number of recipients. The largest percentage increase in benefits has occurred in Cameron parish, but every parish has seen an increase. Beauregard parish had the largest increase in benefits, followed by Calcasieu. This is illustrative of the extra assistance needed as citizens have lost their source of income due to the pandemic and decreased economic activity.

Future Outlook

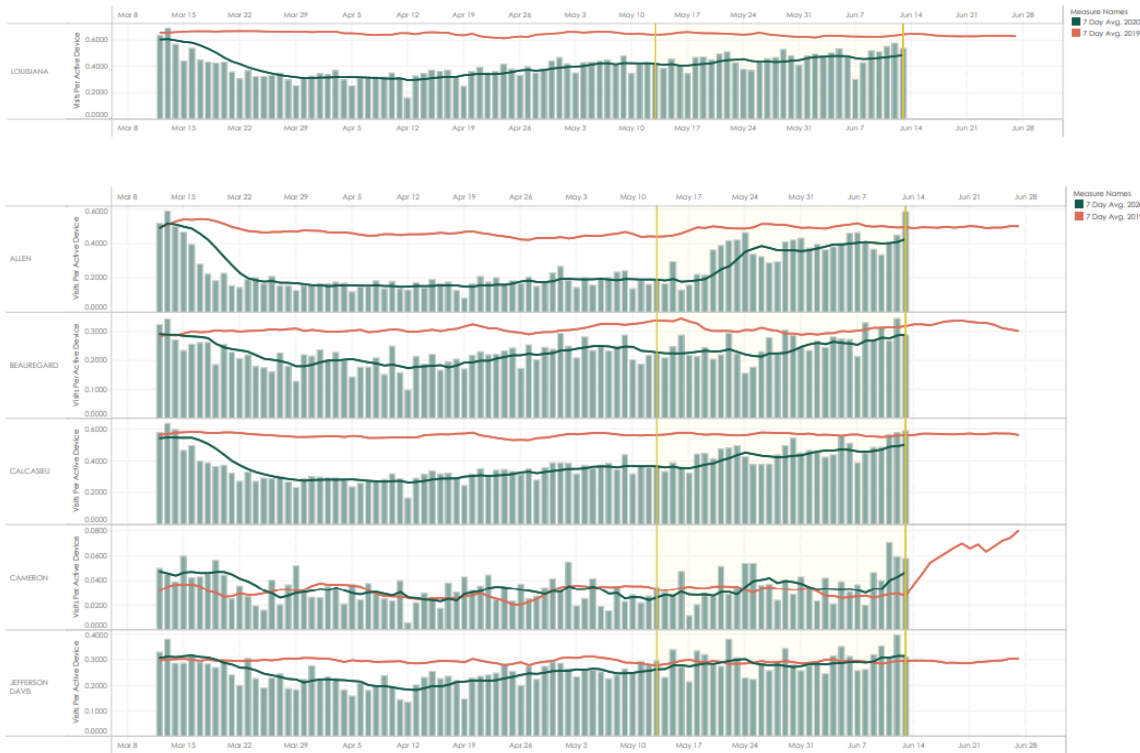
While we await data from national public sources to be released over time to see how our economy has changed, the Drew CBEA continues to monitor mobility data and changing forecasts to get the most up-to-date picture of our economy.

The Drew CBEA is tracking data on mobility from a number of different sources. The first data we look at is the [Google mobility data](#) that has been made publicly available since the COVID-19 pandemic. These graphs plot the change in mobility for different categories from a baseline time period before the pandemic. These graphs show that there is still lower visitation to retail, workplaces, and transit stations in both Louisiana and Calcasieu. Calcasieu was the only parish in our region with enough data observations to collect a full sample over the time period and preserve anonymity.



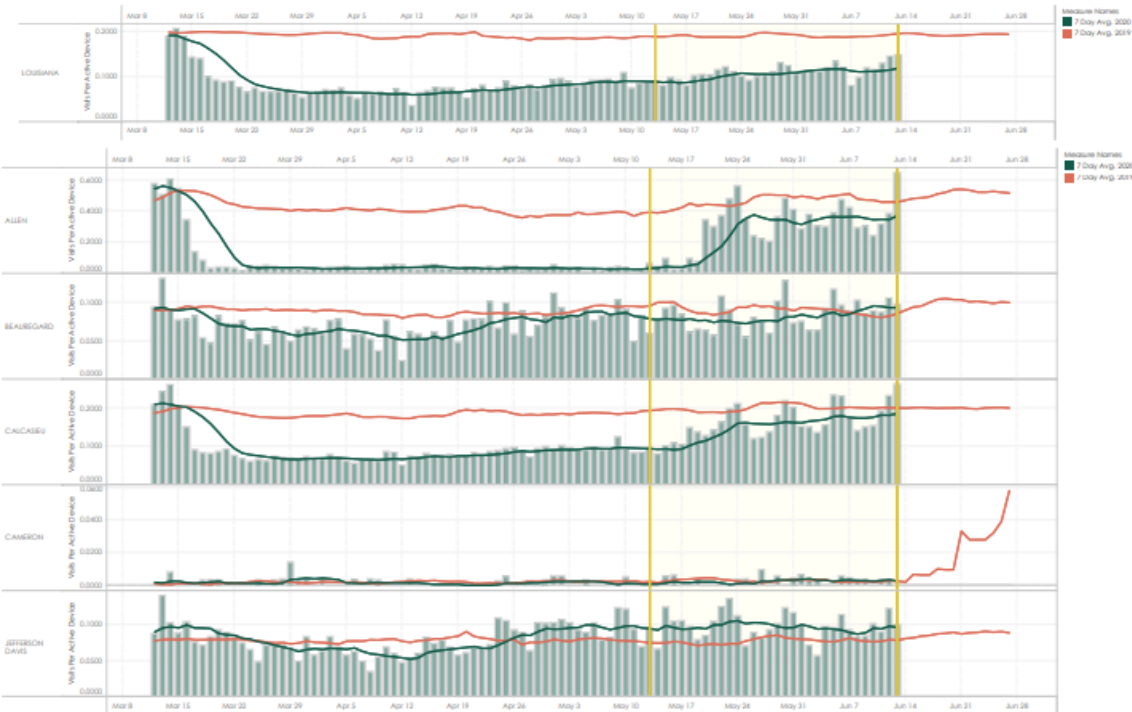
As the Google data only shows broad categories with a large amount of missing data from other parishes, more detailed data is needed to check activity/visitation in our region. The SWLA Alliance has obtained data from Buxton, which analyzes cell phone data to track activity at different categories of businesses for many geographic areas. Below is a selection of industries that have been affected severely by the pandemic. While this is just a snapshot, other industries are available from the Drew CBEA. The following graphs compare applicable parishes to the state of Louisiana as a whole. The solid green lines represent a seven day moving average of visitation during the time period in 2020. The orange lines represent the seven day moving average of visitations for the same time period the previous year. Thus, the closer the green line is to the orange line, the closer are the visits (a proxy for economic activity) to 2019.

Overall



There is an “overall” measure for visits by area. This is essentially a measure of overall mobility. Since the first stay-at-home order in mid-March, there was a drastic drop in overall mobility in four parishes. Cameron seems to be the outlier. By the middle of May, Jefferson Davis parish seems to have returned to levels seen in 2019. Allen, Beauregard, and Calcasieu, have not returned to their previous year levels of mobility but are steadily rising back as the state reopens.

Restaurants

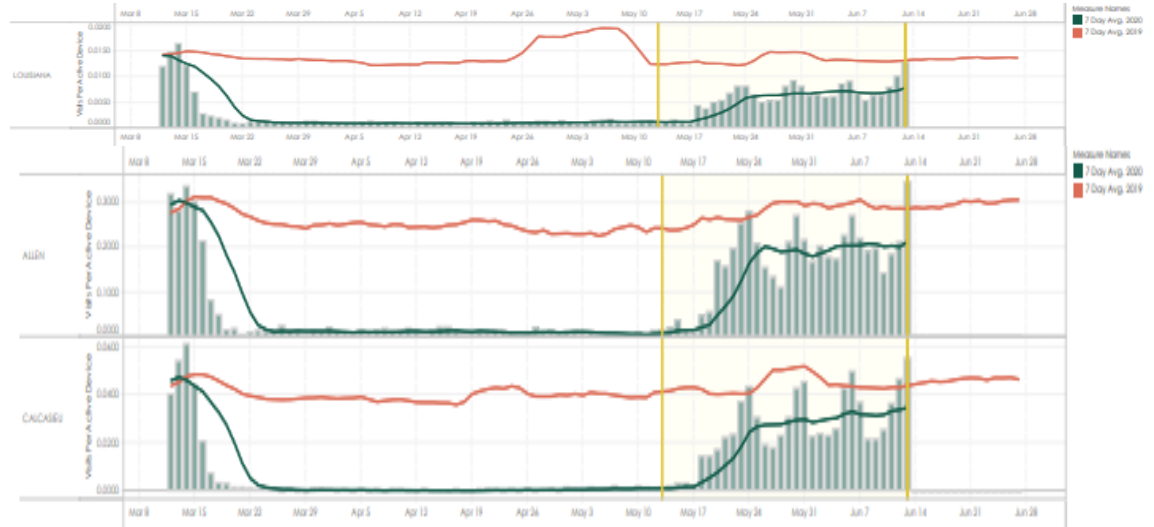


Restaurants were restricted to drive-thru or take-out only during the shut-down. There were also regulations during the phase 1 re-opening restricting them to 25% occupancy. Phase 2 reopening restricted them to 50% occupancy. As shown in the graphs, restaurants in most parishes saw decreases in visitation beginning in the middle of March. Since the phased reopening, the number of visits has steadily increased. While Beauregard and Jeff Davis show that visits have returned to higher

levels compared to last year, Allen and Calcasieu show a slower, more gradual increase.

Gambling Industries

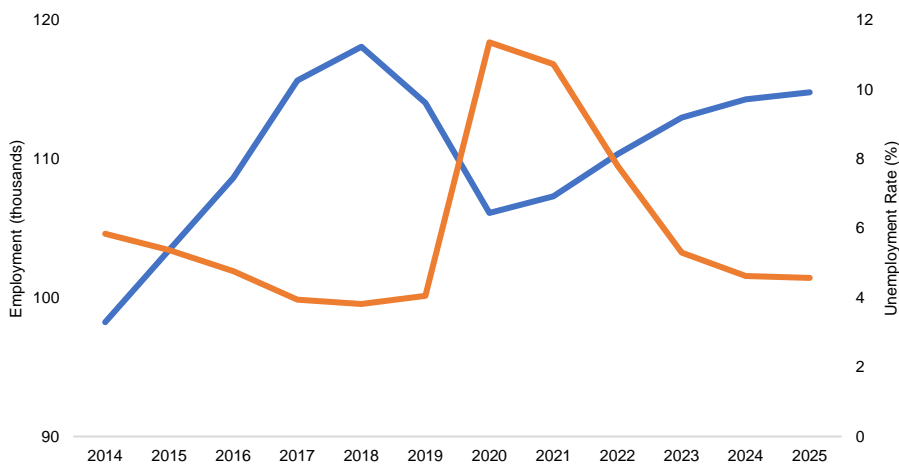
The SWLA economy was hurt by the shut down of the casinos in the area. After being completely shut down for an extended period of time, Phase 1 reopening allowed 25% capacity with 50% of games available. Phase 2 allowed for 50% occupancy with 75% of games available. As mentioned earlier, this extended shut down resulted in large drops in gaming revenues the last three months. The graphs illustrating visits to gambling industries illustrate this pattern. Cell phone data shows that visits to casinos were virtually non-existent. Once the stay-at-home order was lifted, the number of visits to casinos in Allen and Calcasieu parishes gradually increased over time but not to previous year amounts. However, the graphs show that visits are leveling out in Allen and it may be some time before visits are back up to previous year levels. In Calcasieu, the visits are growing, albeit slowly. There are still restrictions in place that prevent the casinos from operating at full capacity and there may be lingering trepidation by visitors to return given the health situation.



Most of the graphs of visitation to industries particularly hurt by the shutdown have not returned to previous year levels. However, continuous upward activity in May is a positive sign and the gradual return upward to previous year levels will help with the recovery.

It is obviously still too early to tell where our economy will head throughout the second half of the year or a few years out. As new information is constantly becoming available, forecasts will change. There are fears of a second wave, social unrest, global responses, etc. Many organizations have put out national and regional forecasts that should change quite a bit in the coming months (and years). For now, the best we can do is look at what is forecasted now and what the latest available data tell us.

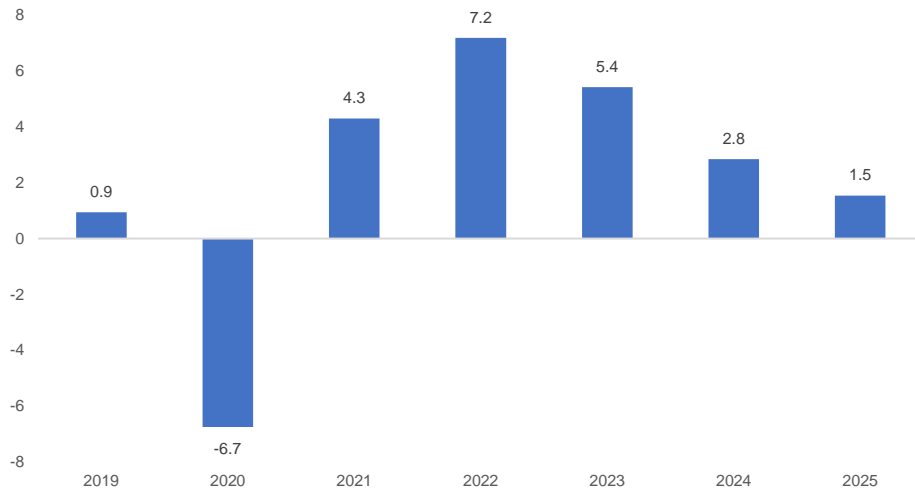
Lake Charles MSA Forecasted Employment and Unemployment Rate



In May, Moody's updated its forecasts for our Lake Charles MSA. As expected, the employment figures are forecast to take a large drop in 2020. This continues the drop that was seen in 2019 as construction projects in the area wrapped up. Whereas the total annual drop from 2018 – 2019 in employment was 3.4%, the forecasted drop from 2019 – 2020 is projected to be 7.0%. After 2020, the local economy is forecast to grow, albeit slowly. Jobs are forecast to grow 1.1% in 2021 and 2.8% in 2022. The recovery will be gradual and the level of employment is not expected to reach 2019 levels until 2024.

The unemployment rate is forecast to remain elevated for quite some time. While the average 2019 rate was 4.1%, 2020 will have a rate of 11.4% with a slight drop to 10.7% in 2021. While lower than double digits, the unemployment rate is expected to stand at 7.8% in 2022. It will not be until 2024 that our area sees a more "normal" rate of 4.6%.

% Change in Real GDP



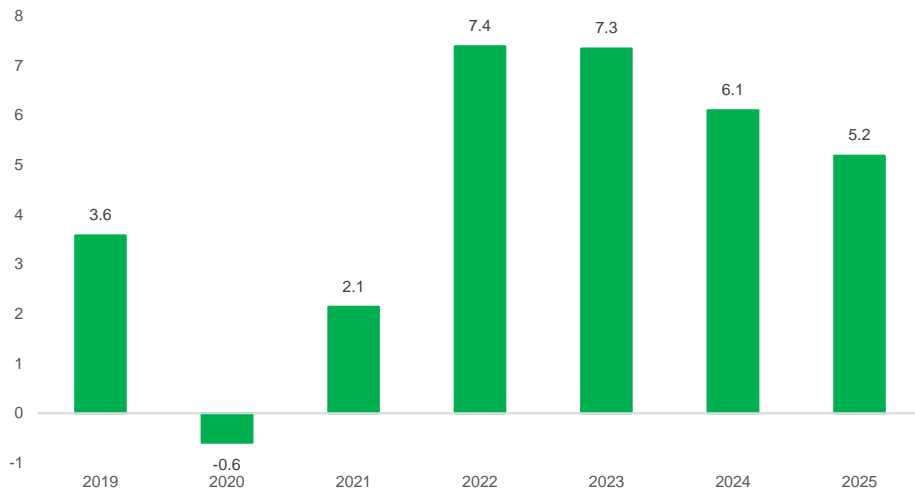
Real GDP is a measure of what an economy actually produces within a year. The Lake Charles MSA is forecast to fall by 6.7% in 2020. After that there will be a positive growth rate of 4.3% in 2021 before growing at relatively high rates of 7.2% and 5.4% in 2021 and 2022. Unlike employment that is forecasted to reach previous levels by 2024, the GDP of the area is forecasted to reach 2019 levels in 2022.

One bit of good news is that personal income is not expected to fall by much at all. This is most likely due to fact that personal income levels will be bolstered by the increased transfer payments from the government. In terms of the COVID-19 response, the federal government has increased unemployment insurance payments, distributed economic impact payments, and increased the amount of SNAP benefits.

Part of this results in the expected drop of 0.6% in personal income in 2020. After that, there will be only a slight increase of 2.1% in 2021.

As always, forecasts are subject to change as new data becomes available. There could be positive developments in terms of increased demand for manufactured goods in the area and a greater than expected increase in travel to our area as the economy opens up. There

% Change in Personal Income



could also be negative developments if cases rise leading to another shutdown or state activity continues to be depressed due to low oil prices and the pandemic as state activity does affect our area.

Despite all of the uncertainty, what can be gleaned from the data and available forecasts shows major drops in economic activity in 2020. The economy should start to see a slow recovery in 2021 that will gain steam for the next couple of years before leveling off around 2024.

The following sources were utilized for each of the graphs and tables shown in the report. The data used for the report, and more not shown, is available at our website, mcneesedrewecon.org/.

1. Louisiana Employment Indicators – BLS CES and LAUS
2. Lake Charles Port Statistics – Census USA Trade Online
3. Lake Charles Regional Airport Statistics – Bureau of Transportation Statistics, TranStats
4. Lake Charles TSA Checkpoint Statistics – LCH
5. Lake Charles Gaming Statistics – Louisiana Department of Public Safety & Corrections, Louisiana Gaming Control Board
6. Hotel Revenues and Occupancy Rates – SWLA CVB
7. Louisiana MSA and Lake Charles Employment Indicators – BLS CES and LAUS
8. Parish Employment Indicators – BLS LAUS
9. Parish Unemployment Insurance Claims – Louisiana Workforce Commission
10. Allen Parish Tax Collections – Allen Parish School Board
11. Beauregard Parish Tax Collections – Beauregard Parish Sheriff Office
12. Calcasieu Parish Tax Collections – Calcasieu Parish School Board
13. Jefferson Davis Parish Tax Collections – Jefferson Davis Parish School Board
14. Parish SNAP Benefits – Louisiana Department of Children & Family Services
15. Google Mobility Data – Google
16. Parish Level Visitation Data – Buxton
17. Lake Charles MSA Forecasts – Moody's Analytics