FROM CRISIS TO OPPORTUNITY

Thursday, October 8, 2020

Complimentary program: 8:00 - 9:00 A.M.

Sponsors and Guests: 9:00 – 9:30 A.M.
Thank you

Presenting Sponsor:

BANK OF AMERICA

Visionary Sponsors:

CAMERON SCHOOL OF BUSINESS
ILM
AARP
North Carolina

Leading Sponsor:

NORTH CAROLINA PORTS
Thank you

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WELLS INSURANCE
MAUS WARWICK MATTHEWS & COMPANY
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We're going above and beyond

ENHANCED CLEANING & DISINFECTING

19 HAND SANITIZER STATIONS

Learn about our safety measures and enhanced cleaning protocols at flyilm.com/ilm-safe-travels

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Speakers

Richard Walsh
Director, Swain Center

Lauren Sanfilippo
Vice President & Marketing Strategy Analyst, Bank of America

Dr. Adam Jones
Regional Economist & Department Chair for Economics & Finance, Cameron School of Business

Abigal Dunne-Moses
Global Director, Center for Creative Leadership

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From Crisis to Opportunity

Respond

Adapt

Create

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Poll - From Crisis to Opportunity

Which Phase best describes where your organization is now?

- Respond
- Adapt
- Create
Lauren Sanfilippo
Vice President &
Marketing Strategy Analyst
Bank of America
Five Phase Workout Process

PHASE 1: LIQUIDITY
- 2/19/2020: S&P 500 3,386.15
- Q4 2015 - Q1 2016: Double Oil Price Collapse

PHASE 2: THE BRIDGE
- 2010: Greece Debt Crisis
- Global Financial Crisis Market Bottom

PHASE 3: ECONOMIC RECOVERY
- Q4 2015 - Q1 2016: Double Oil Price Collapse

PHASE 4: PENT-UP DEMAND CYCLE
- Q1 '20 through Q2 '20
- Q3 '20 through Q1 '21
- Q2 '21

PHASE 5: THE NEW FRONTIER
- 2022

Source: Chief Investment Office. Data as of September 2020. CIO views are subject to change. The economic and market forecasts presented are for informational purposes as of June 2020. Economic or financial forecasts are inherently limited and should not be relied on as indicators of future investment performance.
Dr. Adam Jones
Regional Economist &
Department Chair for
Economics & Finance,
Cameron School of
Business
2020: Uniquely Different —
For All of Us in Our Own Way

Dr. Adam T. Jones, Ph.D.
Department of Economics and Finance
Swain Center
Ah the Good ‘Ole Days

January 2020

• U-rate – 3.6%
  • 3.8% Wilm Area
• GDP growth – 2.4%
• Thought uncertainty was abating…
2020!!!

Quarantine

government
testing
COVID-19

Epidemic
CFR
Cordon

Negative-pressure
Ventilator

shedding

N95
mask

SARS-CoV-2
Self-quarantine
functions

Social
Pandemic

close

Flattening

case
Viral
tracing

activities

Isolation
Fatality

Home
Close

Shelter

place
curve

through

Contact
The Shutdown!

Goods Purchases

Nondurable

Durable

$ Trillions


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Initial Claims

Initial Claims

NC - Thousands

US - Millions

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Initial Claims

Initial Claims

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Federal Stimulus

- Unemployment “Top Up”
- Paycheck Protection Program
- Stimulus checks
- ~$3 trillion
Record Levels of Savings

- Personal Income: +12%
- Savings: -19%
- Consumption Expenditures
Households in a Liquid Position

Total Deposits

$ Trillions

2019-09  2019-11  2020-01  2020-03  2020-05  2020-07

Total Deposits

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Goods Purchases Exceed Pre-Pandemic Levels

Goods Purchases

Nondurable

Durable

$ Trillions


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Are We There Yet?
Recovery

• Hopefully, the worst is behind us

• “Shape” of future recovery is hotly debated

• Will depend on:
  • Path of the virus
  • Duration of ongoing restrictions
Recovery Outlook?

Recessions and Recoveries

Hypothetical Trillions

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Source: BEA, CBA, Swain
Recovery Outlook?

Recessions and Recoveries

Hypothetical Trillions

Source: BEA, CBA, Swain

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Recovery Outlook?

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Current Lexicon

• “Check Mark” Recovery
  • Elements of a V-shape early on
  • Slower recovery near the end
Check Mark

Economic Activity

$ Trillions

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Current Lexicon

- “Check Mark” Recovery
  - Elements of a V-shape early on
  - Slower recovery near the end

- “K” Shaped Recovery
  - Some experience V shaped recovery
  - Others continue to get worse
  - Potentially more “political” than descriptive
Where Are We?
Interesting…

• Purchases of “goods” exceed pre-pandemic levels
• Room occupancy taxes up in June and July over last year
• Savings rates double pre-pandemic rates
Gross Domestic Product

National Output

$ Trillions


Potential

Actual

Q3 Est $18.6t

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Unemployment Vastly Improved

Unemployment Rate

Percent


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Speed of Recovery Surprising...

2020 FOMC Forecast Range and Central Tendency

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Less Recovery Needed Next Year

2021 FOMC Forecast Range and Central Tendency
Sectoral Differences

Employment by Sector in Wilmington

- Leisure & Hospitality
- Information
- Government
- Finance
- Education and Health
- Prof and Bus Services
- Trade and Trans

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Employment Growth Slowing

[Graph showing employment growth from 2019-01 to 2020-09 with a significant decline around 2020-03 and a partial recovery in 2020-07.]

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Restaurant Recovery Stalled

Seated Covers

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Source: Opentable.com
Outlook
Positive Economic Outlook

• Economic outlook depends on public health

• National recovery will continue
  • But at a slower pace than second half of 2020

• Regional recovery likely lags slightly
  • Regional economy depends on seasonal services
Consumption Patterns Shifted

Goods and Services Consumption

$ Trillions


Services

Goods

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Inflation is Picking Up — Transitory?

PCE Inflation

- 3 Month Annualized Core PCE
- Year-over-Year Core PCE

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Aggregate May Not Be the Guide

• Inflation reflecting ongoing supply chain disruptions

• Savings rate is high and account balances elevated
  • Fuel for growth as public health crisis subsides

• But…
  • Goods purchases may decline as services pick up
  • Savings driven largely by those with existing savings
Questions to Ask

• Is there pent up demand for my industry?
• Will substitutes for my business come back?
• If the pandemic has been good for my business, how can I keep those customers?
Thank you.
Abigail Dunne-Moses
Global Director,
Center for Creative Leadership
Cultivate a deep understanding of yourself
not only what your strengths and weaknesses are but also how you learn, how you work with others, what your values are, and where you can make the greatest contribution.
Because only when you operate from strengths can you achieve true excellence.

Peter F. Drucker
How can you use yourself as a tool to bring about opportunity for and in others?

• Identification
• Inclusion
• Inspiration
Thank you for joining us! Please complete a quick survey and the link can be found in the chat.

Sponsors & Guests
Please remain on the line from 9:00 – 9:30 A.M.
Instructions for the Q&A Session

• Using the Chat function, write a question you would like to ask.

• Select a speaker you want to answer.
  - Lauren Sanfilippo, Bank of America
  - Dr. Adam Jones, UNCW
  - Abigail Dunne-Moses, CCL

• We will try to answer most questions, and will reply to remaining questions after our session.
Speakers

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Vice President & Marketing Strategy Analyst, Bank of America

Dr. Adam Jones
Regional Economist & Department Chair for Economics & Finance, Cameron School of Business

Abigail Dunne-Moses
Global Director, Center for Creative Leadership
Join us —
in a Special Program for Sponsors and Guests

• For three on-line sessions, when you will assess your organization’s response to COVID 19.

• Create strategic plans for new opportunities and in preparing for future disruptions.

• All sponsorship fees will go toward funding your participation.

• All sponsor guests today will receive a scholarship.

• *We will send more information in a follow up communication.*
Thank you for joining us!
Please complete a quick survey.
(the link is in the chat box)

If you have any other questions,
please contact me at WalshRJ@uncw.edu