



2021Q3

Perryman Economic Forecast

Quarterly Update of the
Short-Term Outlook



The

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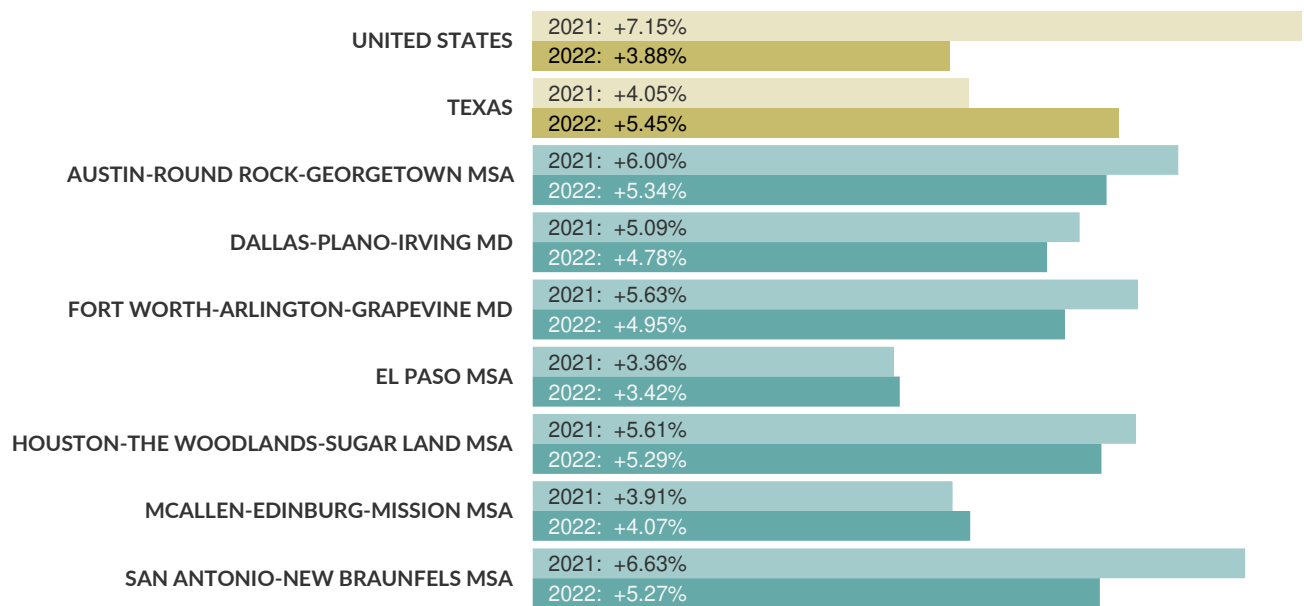
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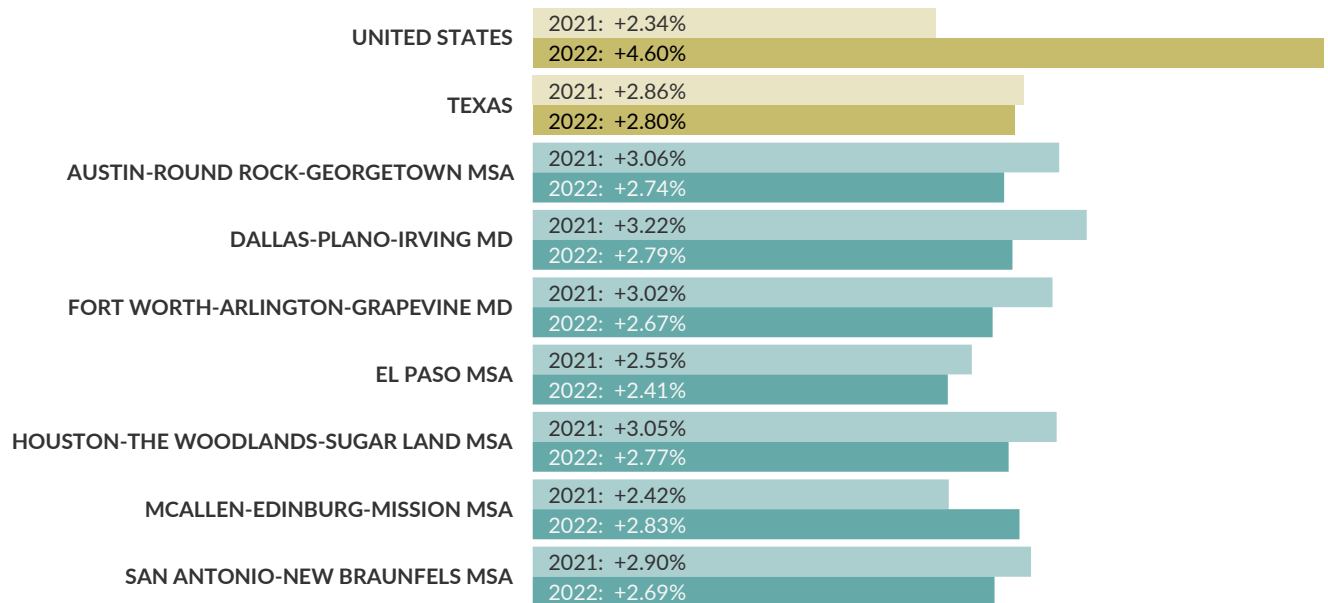
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SUMMARY | REAL GROSS PRODUCT 2021-2022



SUMMARY | EMPLOYMENT 2021-2022



UNITED STATES

June saw a strong acceleration in the pace of recovery in the job market. Total nonfarm payroll employment in the US rose by 850,000 according to the US Bureau of Labor Statistics, and more than 1.7 million jobs have been gained in the last three months. Since the worst of the decline in April 2020, US employment has risen by 15.6 million. Nonetheless, it remains 6.8 million (4.4%) below the peak in February 2020.

A major driver of hiring has been the reopening of restaurants, bars, and entertainment venues and the resumption of travel. Employment in leisure and hospitality increased by 343,000, with more than half of the gain in food services and drinking places (194,000). Accommodations jobs were up 75,000; arts, entertainment, and recreation added 74,000. The recent recovery has occurred very rapidly and efficiently. However, some restrictions remain in various areas, and employment in leisure and hospitality is still down 2.2 million from pre-pandemic levels.

Even with the strong uptick, both the unemployment rate (5.9%) and the number of unemployed persons (9.5 million) held fairly steady, reflecting the effects of an increase in the labor force as people are being encouraged to jump back into the market. The number of people indicating they could not look for work due to the pandemic dropped from 2.5 million in May to 1.6 million in June. Weekly initial claims for unemployment have also plummeted in recent months. Both the rate and number of people unemployed are well below highs reached last spring, though they are substantially above rates prior to COVID-19 (3.5% and 5.7 million).

As business picks up, workers are transitioning back to full-time hours, and the number of persons employed part time for economic reasons (meaning they would prefer a full-time job) decreased by 644,000 to 4.6 million. Wages are also rising as companies compete for employees.

The US economy is expected to continue to recover and see significant growth. The Perryman Group's most recent projections indicate real gross product is expected to expand by +7.15% this year on a year-over-year basis, with +3.88% growth in 2022. Job gains are projected to be +3.331 million through 2021, with a gain of +6.694 million jobs the following year.

As I stated last March, this recession was not caused by a structural problem (the normal case). Consequently, the economy could not fully recover until we conquered the virus but could surge quickly thereafter. That pattern is now unfolding. Assuming we avoid spikes in severe cases, there is every reason to expect growth to continue (although the pace will likely be uneven).

Note: Due to extensive revisions, updates, and benchmarking of data by various Federal agencies, some data series differ substantially from prior values.



Also available as part of the eCourse

[2021 William W. Gibson, Jr. Mortgage Lending and Servicing eConference](#)

First appeared as part of the conference materials for the

55th Annual William W. Gibson, Jr. Mortgage Lending and Servicing Institute session

"The Outlook for the US and Texas Economies in a Post-COVID-19 Environment"