



2022 Mid-Year Economic Update

Highlights:

- ❖ According to the 2022 Report on Employer Firms by the US Federal Reserve, revenue and employment improved for small businesses since 2020, but performance largely lags prepandemic levels. Financing approval rates for small business loans continued to trend lower than in years prior to the pandemic nationally and here in Hawaii;
- ❖ Insiders point to Construction still moving full steam ahead at least through 2022 and even 2023. Of course labor and materials continue to provide uncertainties for the future;
- ❖ Commercial group enrollment in medical insurance is still down 7% from its peak just before lockdowns. This would likely indicate a “permanent” contraction of the labor force. Medical insurance companies are having good years in Hawaii so renewals should be fair for 2022/2023 and in the 0-5% range on average. Doctor shortages, full hospitals, and “covid catchup” on delayed care might lead to future cost inflation pressure;
- ❖ Employment is still down by roughly 10% from February 2020 (pre-lockdown) although it does vary quite a bit per industry. See more below. Wages do appear up significantly with 8% increases for average hourly earnings in Goods-Producing jobs and 13% for Service-Providing jobs. Money chasing employment it would seem.

While official unemployment rates at 3.6% for the state are slightly above the national 3.4% rate, we have all seen the larger discussion around labor participation and The Great Resignation. It can be more helpful to think of the number of jobs lost which is unfortunately worse looking news than official measures would suggest. Civilian Population employed is down by 59,000 jobs from February 2020 or 9%. No surprise that Accommodation & Food Services was the hardest hit sector, down 66,400 jobs or 58% at its worst point from the peak in February 2020. It has since caught up significantly but still down 14,500 jobs or 13% from its prior peak.

<i>Change in Employment since Feb 2020:</i>				
	Per Apr 2022		Max. Drop	
Manufacturing	-1,300	-9%	-3,100	-22%
Transportation, Warehousing, & Utilities	-5,700	-15%	-13,600	-37%
Arts, Entertainment, Recreation	-3,300	-24%	-8,700	-63%
Accommodation & Food Services	-14,500	-13%	-66,400	-58%
Retail Trade	-6,900	-10%	-15,800	-22%

Civilian Population	Employed	Unemployed
February 2020	678,050	13,600
May 2022	647,100	24,100
Change	-30,950	10,500
<i>Change since February 2020:</i>		
Honolulu	-21,750	6,800
Hawaii	-2,150	1,000
Kauai	-2,200	800
Maui	-4,800	1,850