

# 4th Quarter Outlook for the Economy and P&C insurance

September 30, 2020



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**Nationwide®**  
is on your side

# Cybersecurity Agent Authority Results

## ***Based on a Nationwide survey with agents, business owners, and consumers***

- 1. *Small business owners*** are underprepared and may be overconfident: only 37% of small business owners reported believing they are at risk to fall victim to a cyberattack and 76% do not have coverage.
- 2. *Consumers have exposure***: Only 13% of consumers indicate they have some type of cybersecurity insurance.
- 3. *Agents are vital and can help clients***: Only about half of agents (52%) say they talk to their customers often or always about cybersecurity threats.

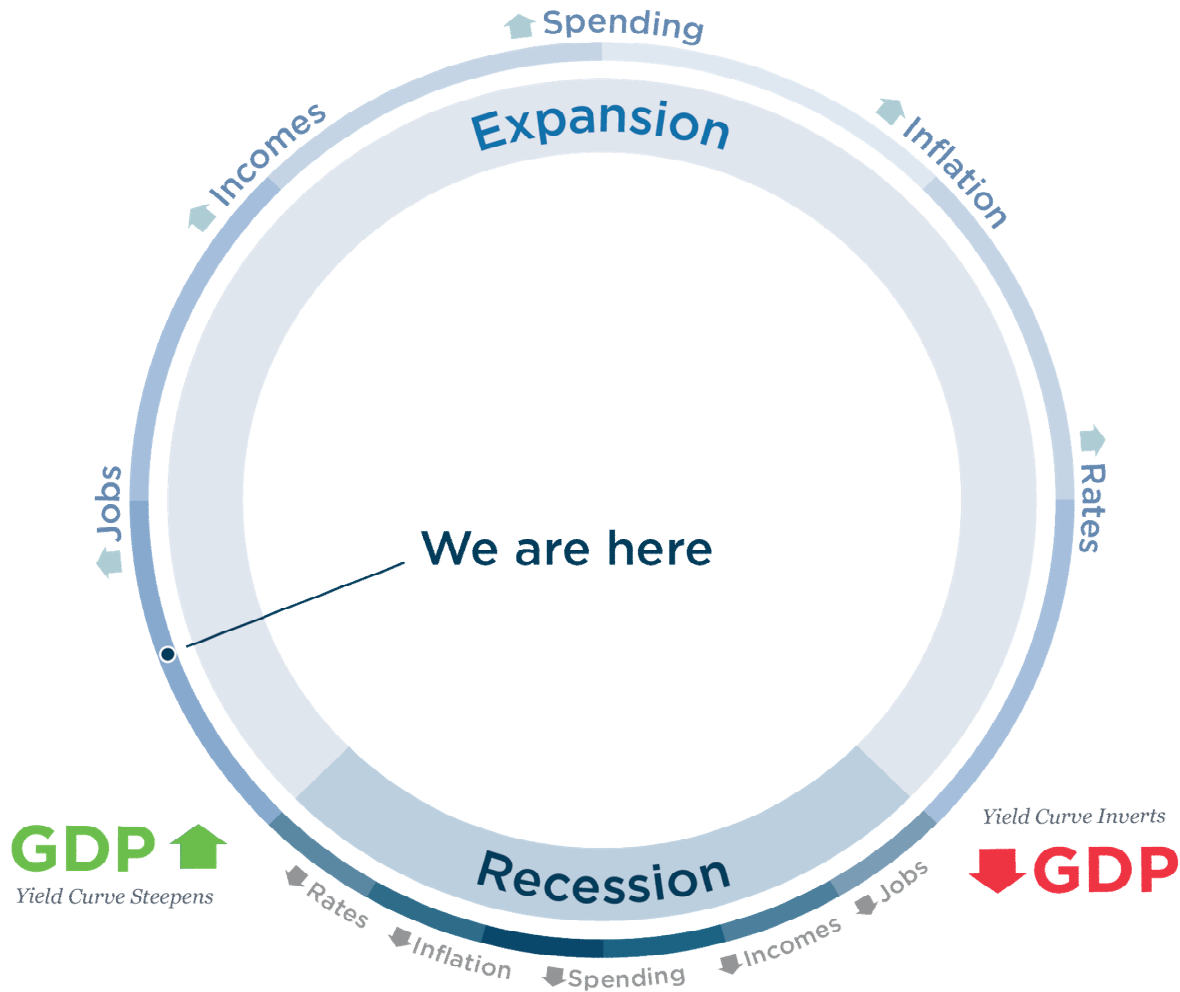
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## ***Nationwide is your partner***

- Please talk to your Sales or Territory Manager to help you with Nationwide product solutions that may fill coverage gaps*
- Learn more at our cybersecurity agent webinar on October 13*
- Visit [Nationwide.com/agents](https://Nationwide.com/agents) for resources and leverage our social media program with your customers*

# The COVID-19 recession is likely over

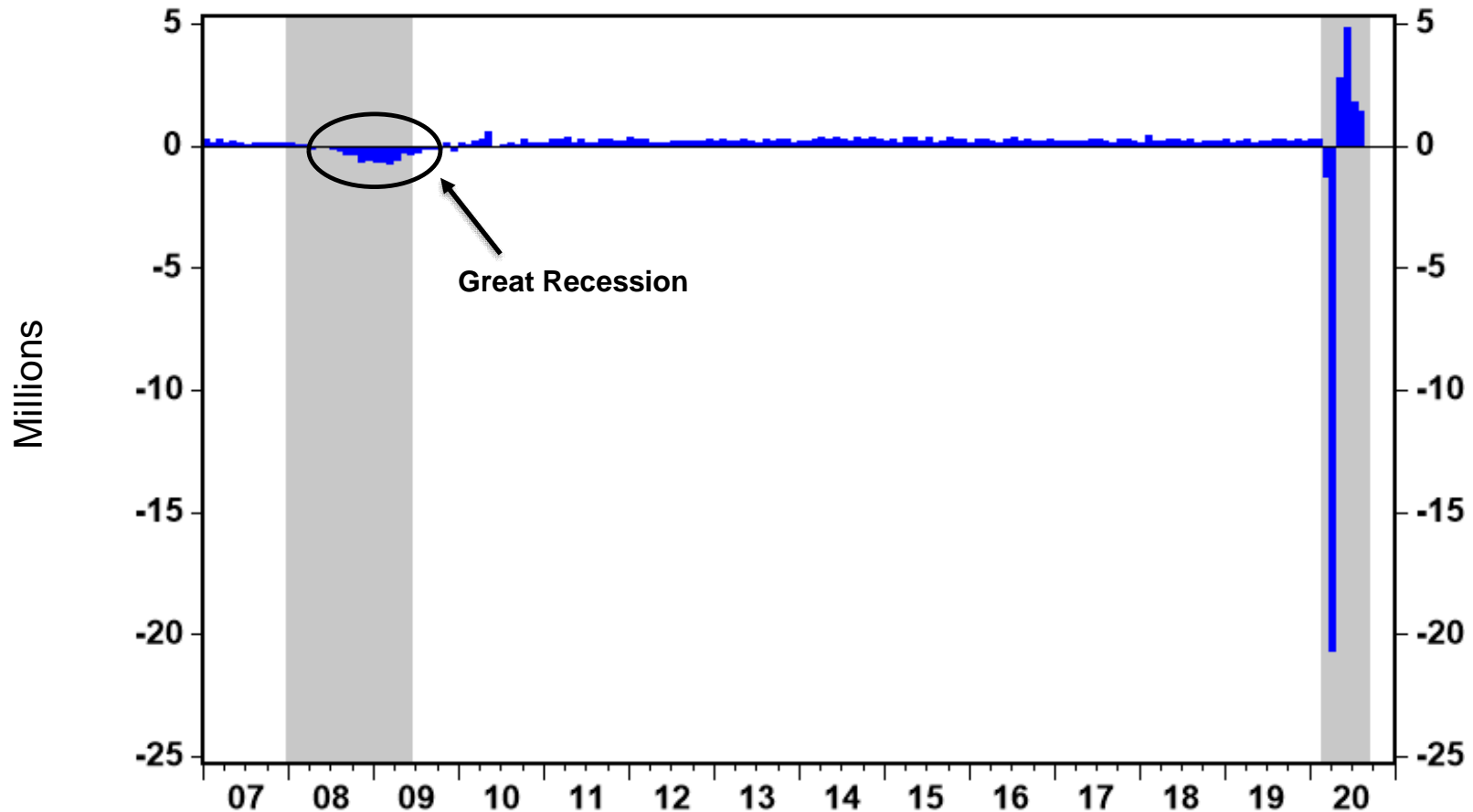
## Business cycle chart



# Recent job gains have recovered about half of April's decline

## Change in payroll employment

August 2020

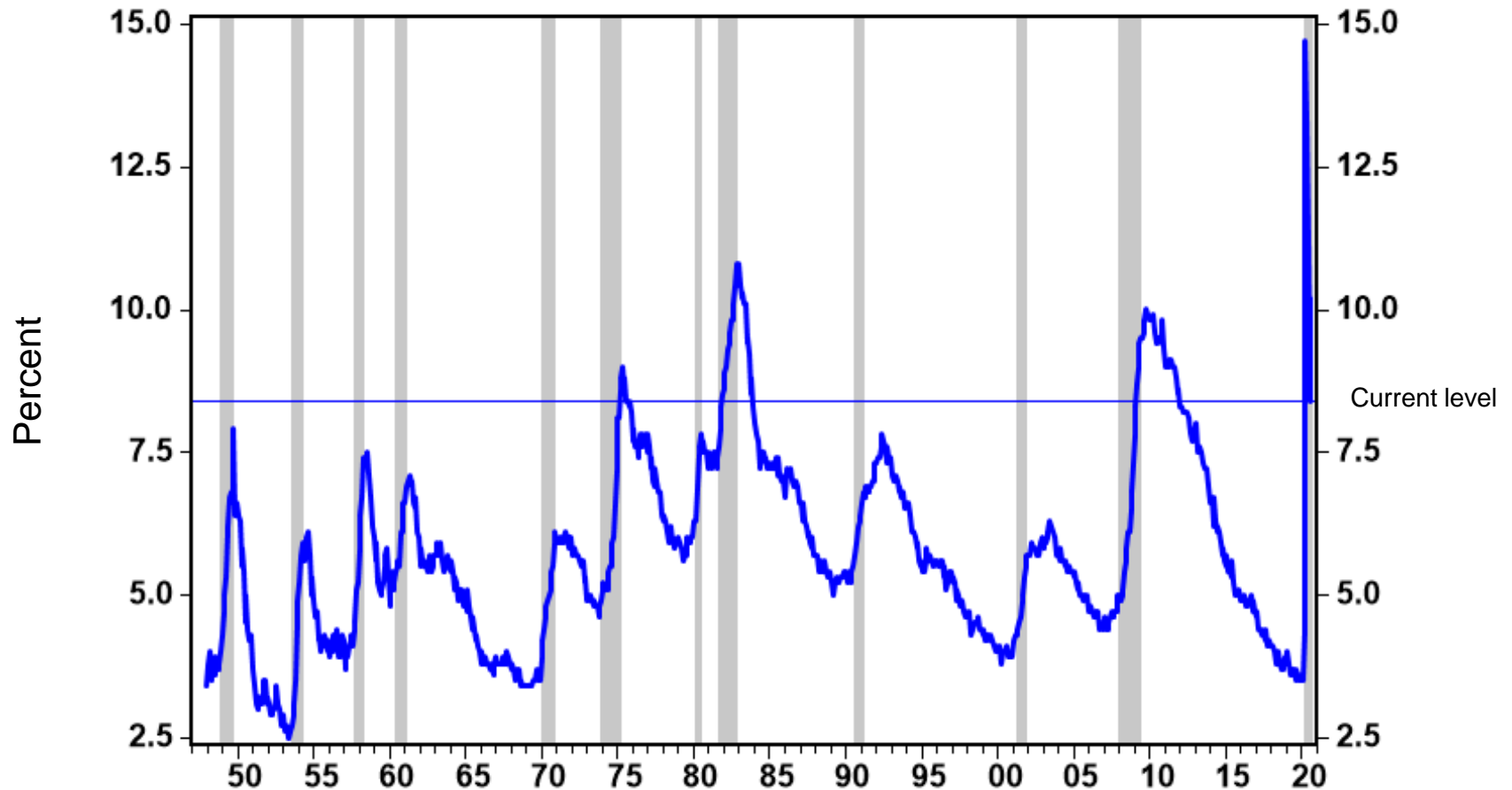


Sources: BLS; Haver Analytics; Shaded areas depicts recessionary periods

# Unemployment is falling rapidly but still very high

## Unemployment rate

August 2020

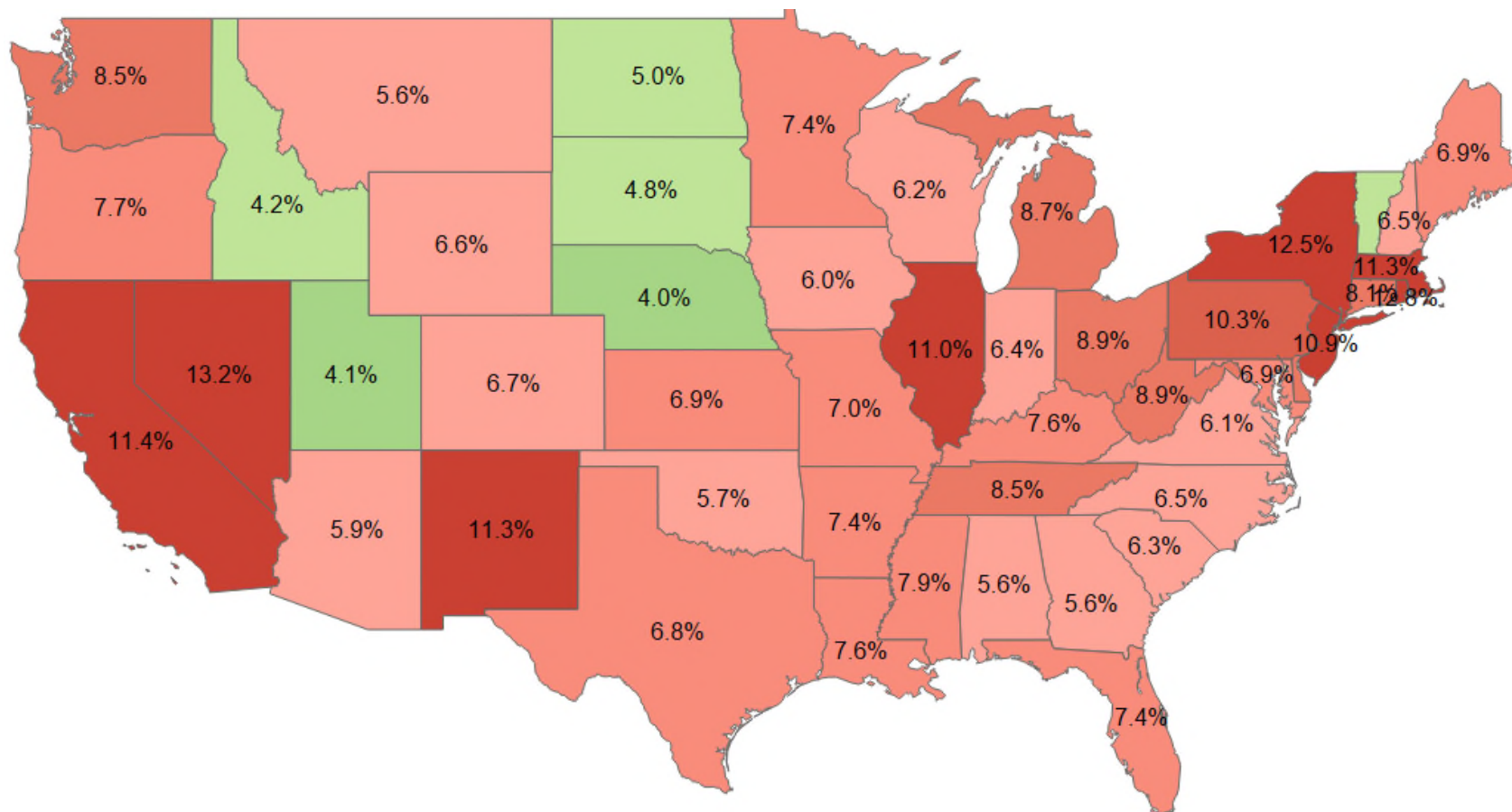


Sources: BLS; Haver Analytics; Shaded area depicts recessionary period

# COVID-19 impacts still significant in many states

## Unemployment rate by state

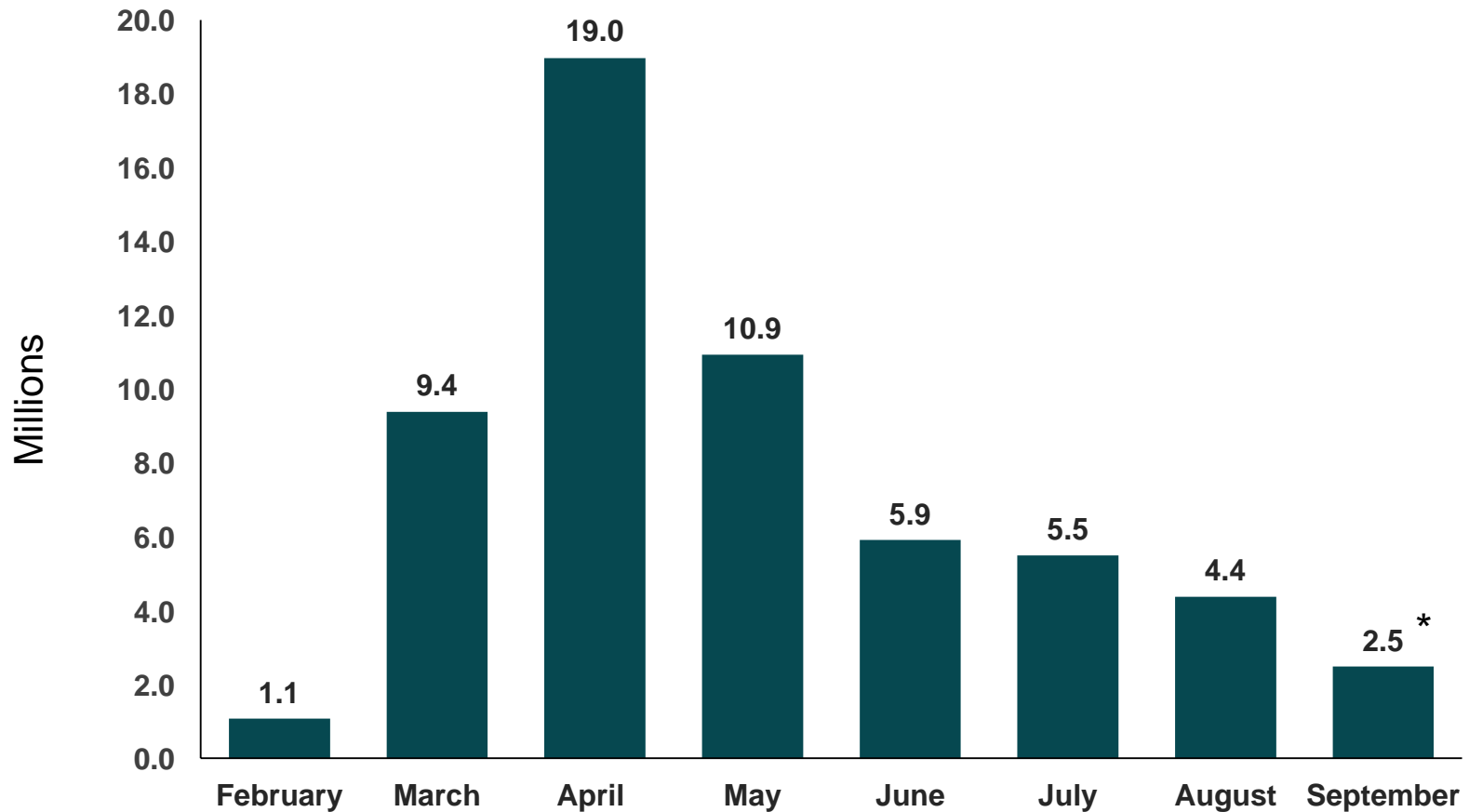
August 2020



Sources: BLS; Haver Analytics

# Layoffs remain elevated, a risk to the recovery

## Cumulative initial jobless claims by month: 2020

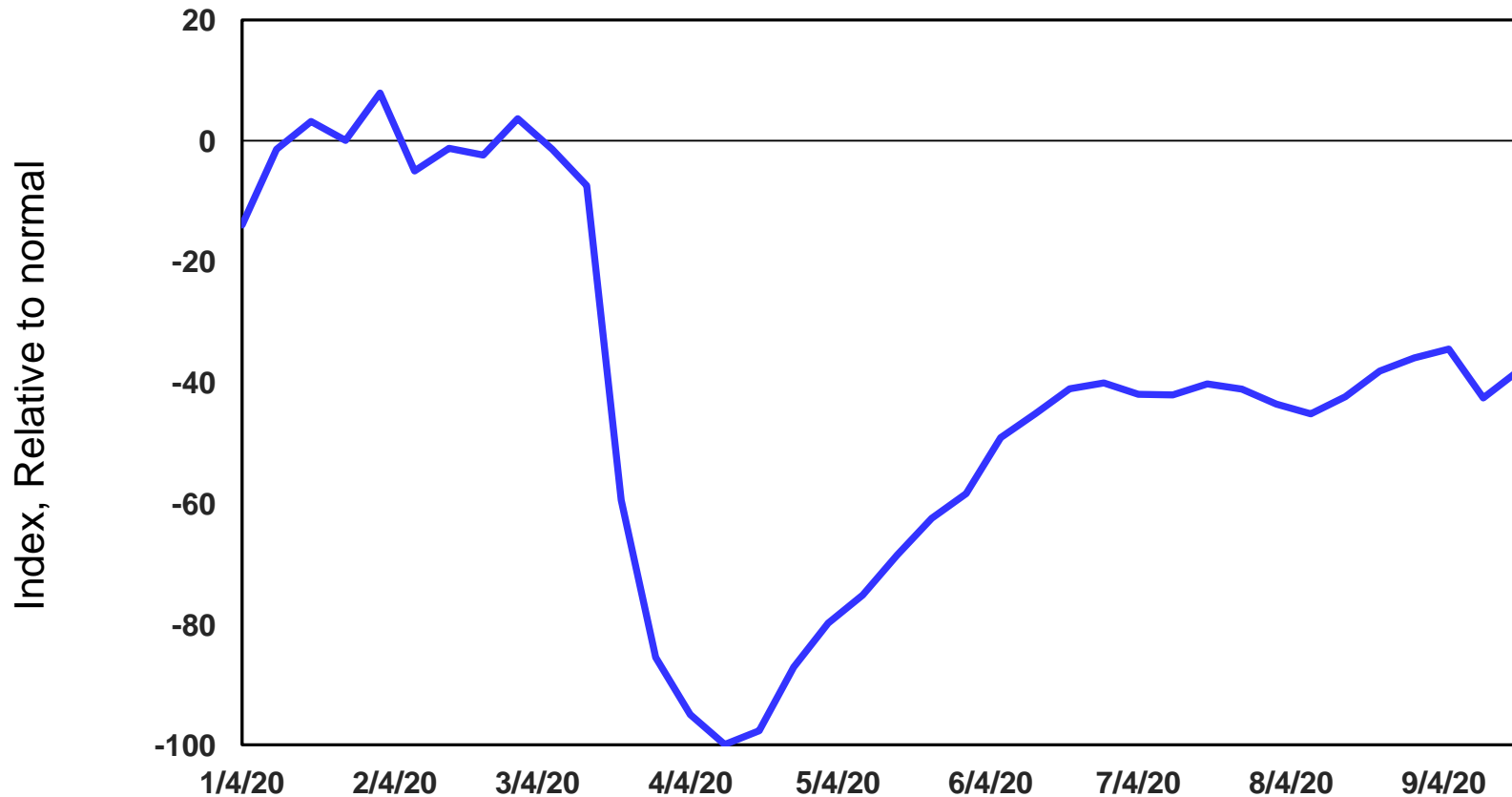


\* Data through week ending September 19  
Sources: Department of Labor; Haver Analytics

# Consumer mobility plateaued with infections up

## Dallas Fed: Mobility & Engagement Index

September 19, 2020

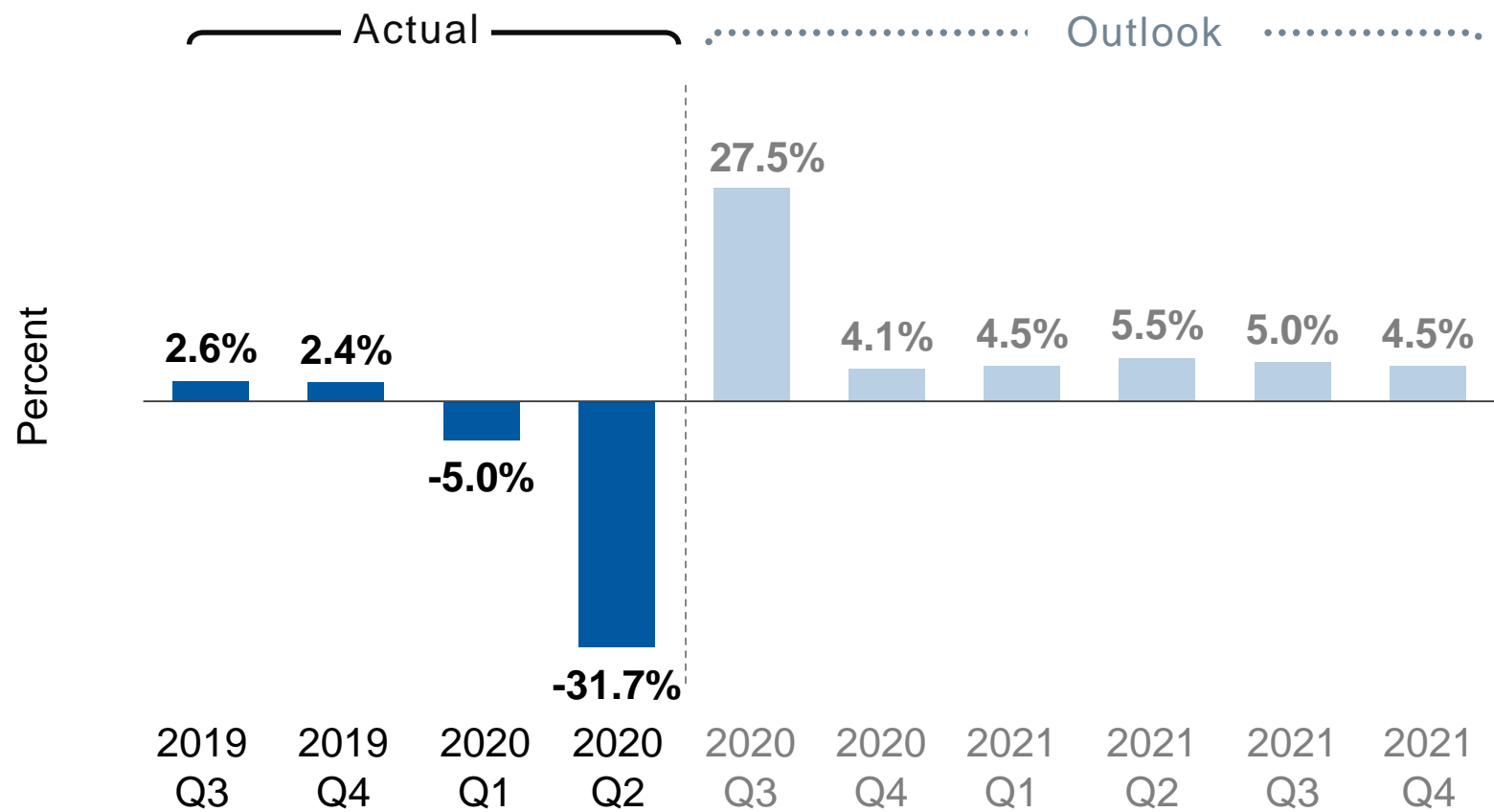


Sources: Dallas Federal Reserve Bank; Haver Analytics



# The growth outlook looks brighter but contains many risks

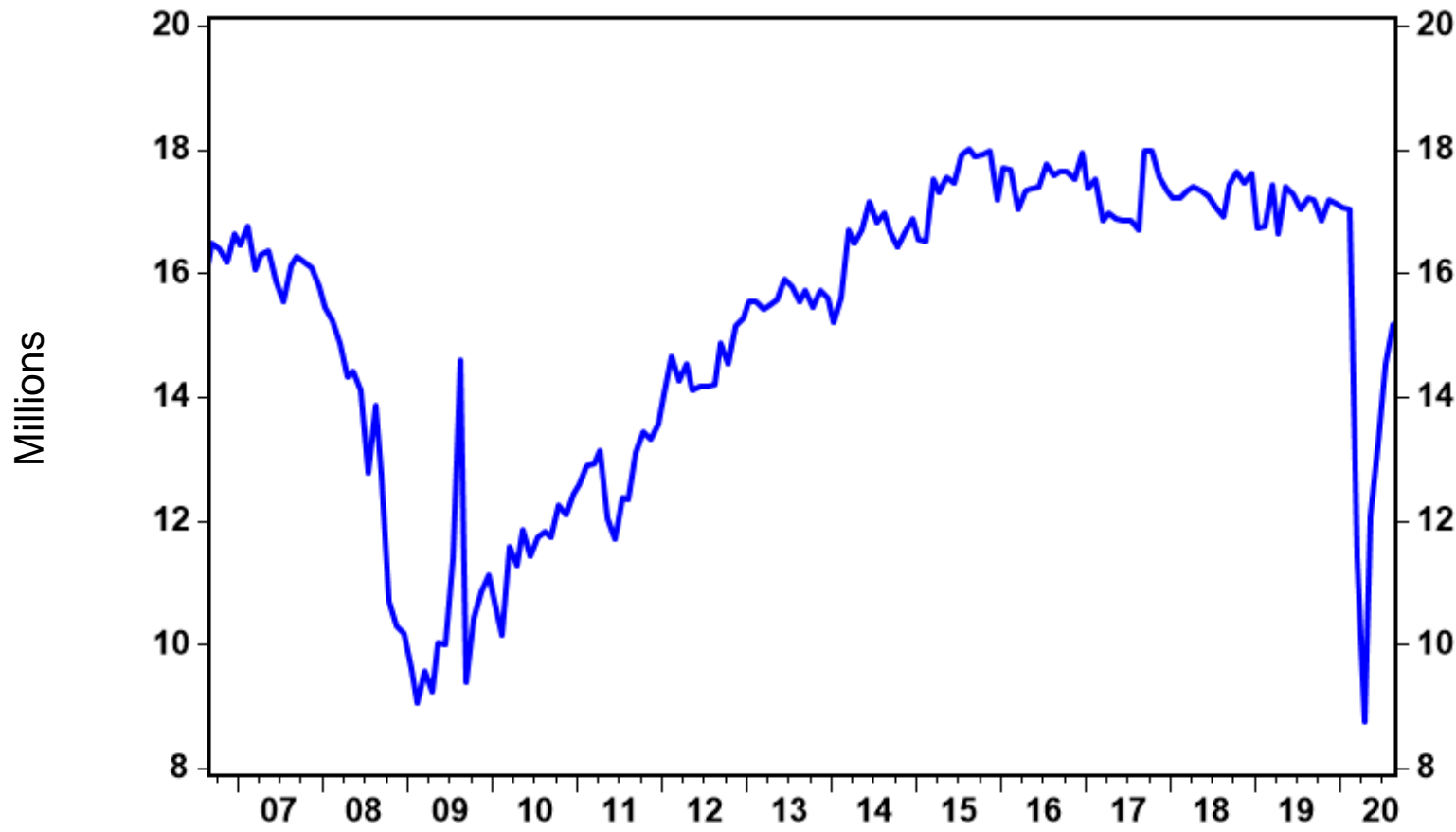
**Real GDP (Quarterly annualized growth)**  
2020Q2; Forecast through 2021Q4



Source: BEA; Haver Analytics; Shaded area depicts recessionary period

# Auto sales moving closer to pre-COVID levels

Light vehicle sales  
August 2020

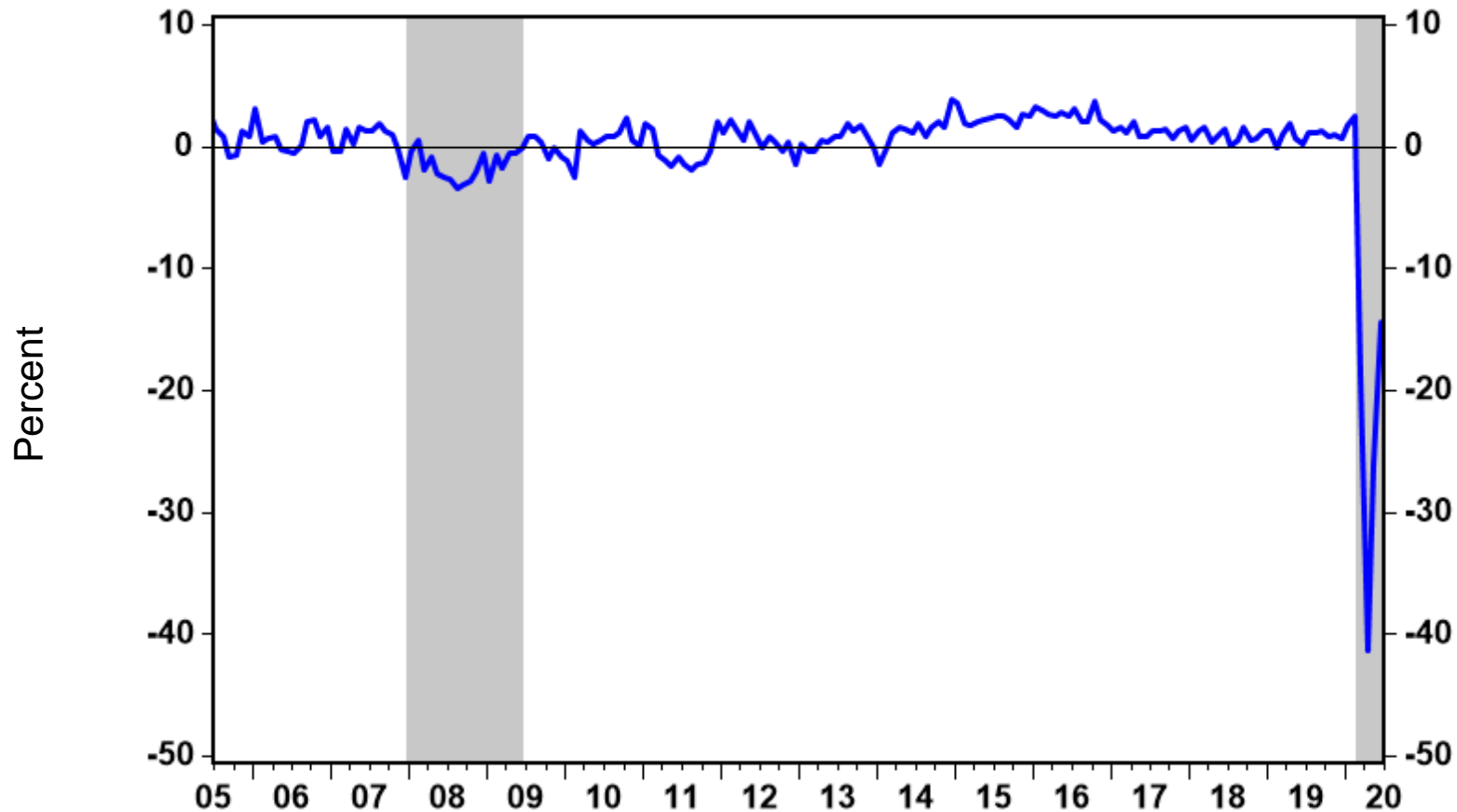


Sources: Autodata; Haver Analytics

# Miles traveled still off sharply – adding further downward pressure to auto claims frequency

## Vehicle miles traveled, year-over-year change

June 2020

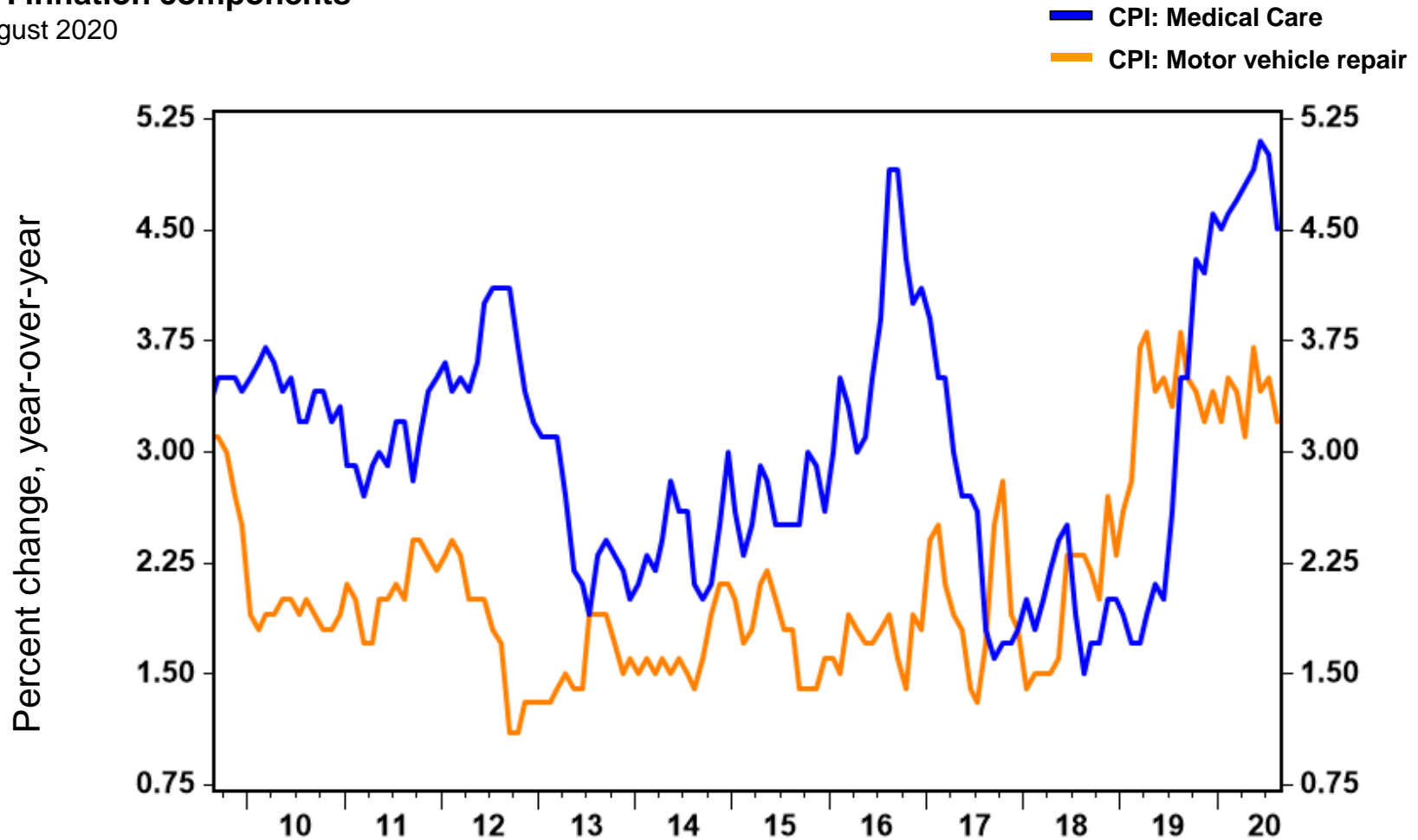


Sources: Federal Highway Administration; Haver Analytics; Shaded area depicts recessionary period

# Severity trends remain elevated

## CPI inflation components

August 2020

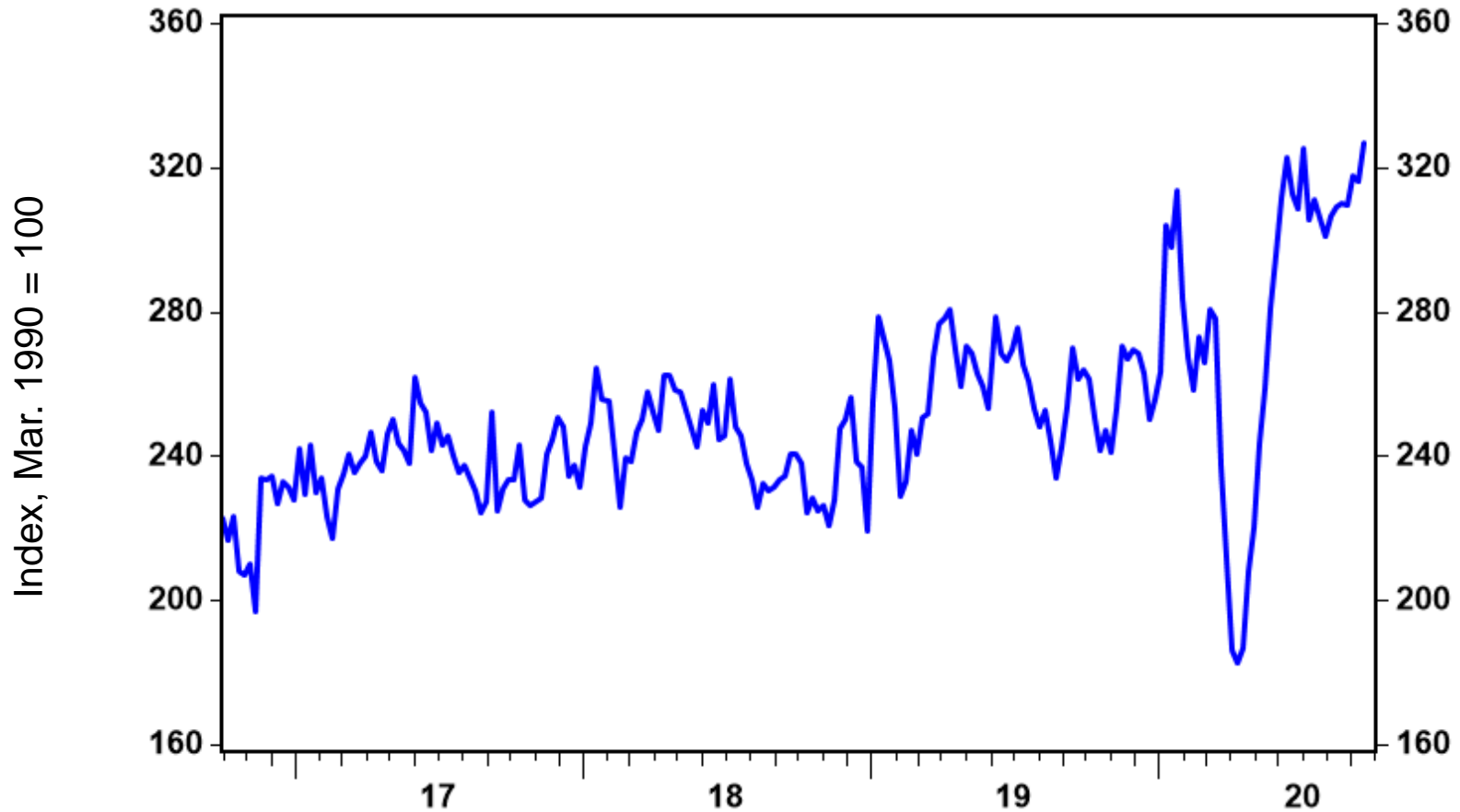


Sources: BLS; Haver Analytics

# Homebuyer demand remains strong this year

## Weekly mortgage applications for purchase

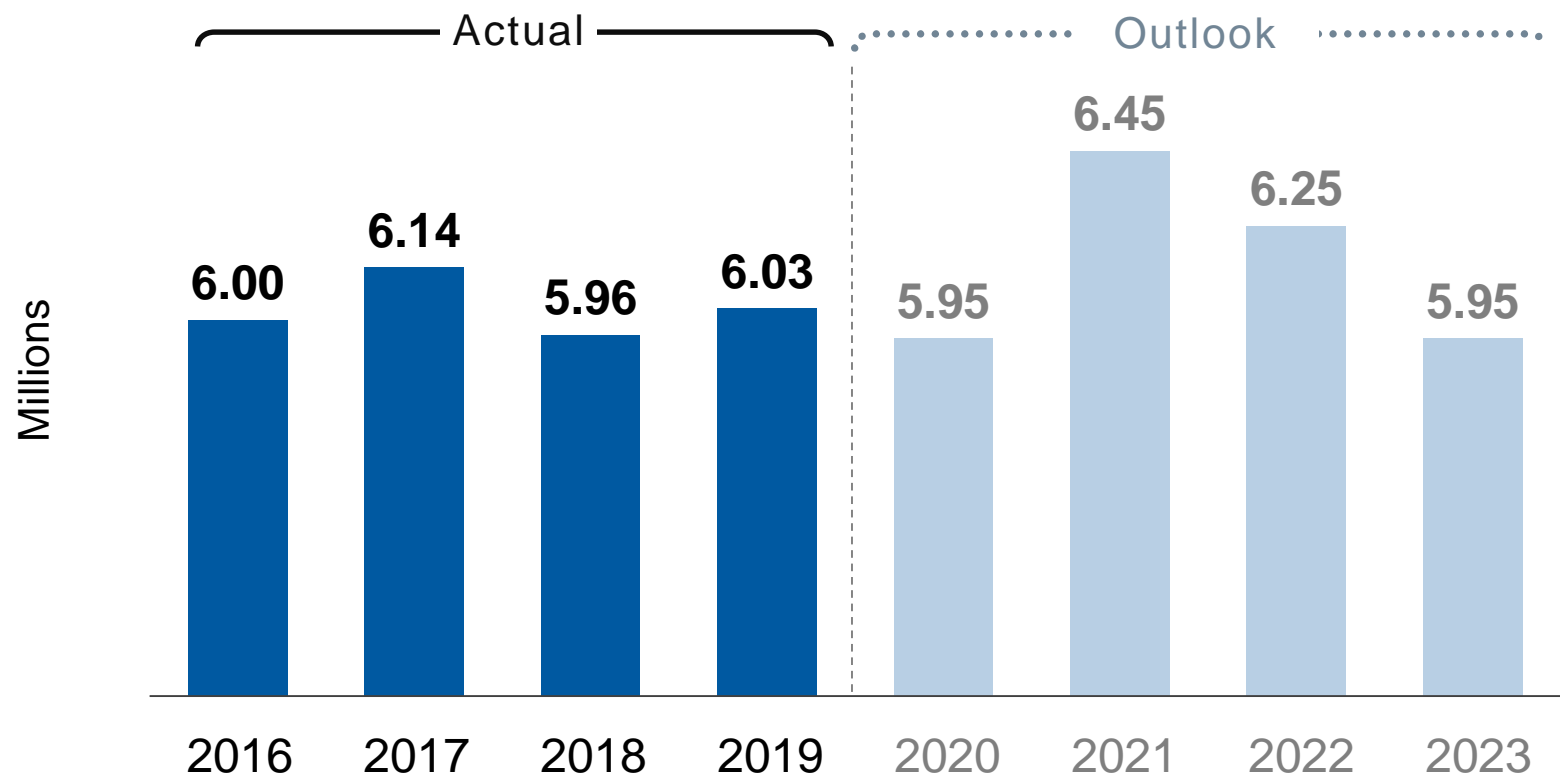
September 18, 2020



Sources: Mortgage Bankers Association; Haver Analytics

# Housing sector strength expected to carry into 2021

Total home sales (new plus existing)

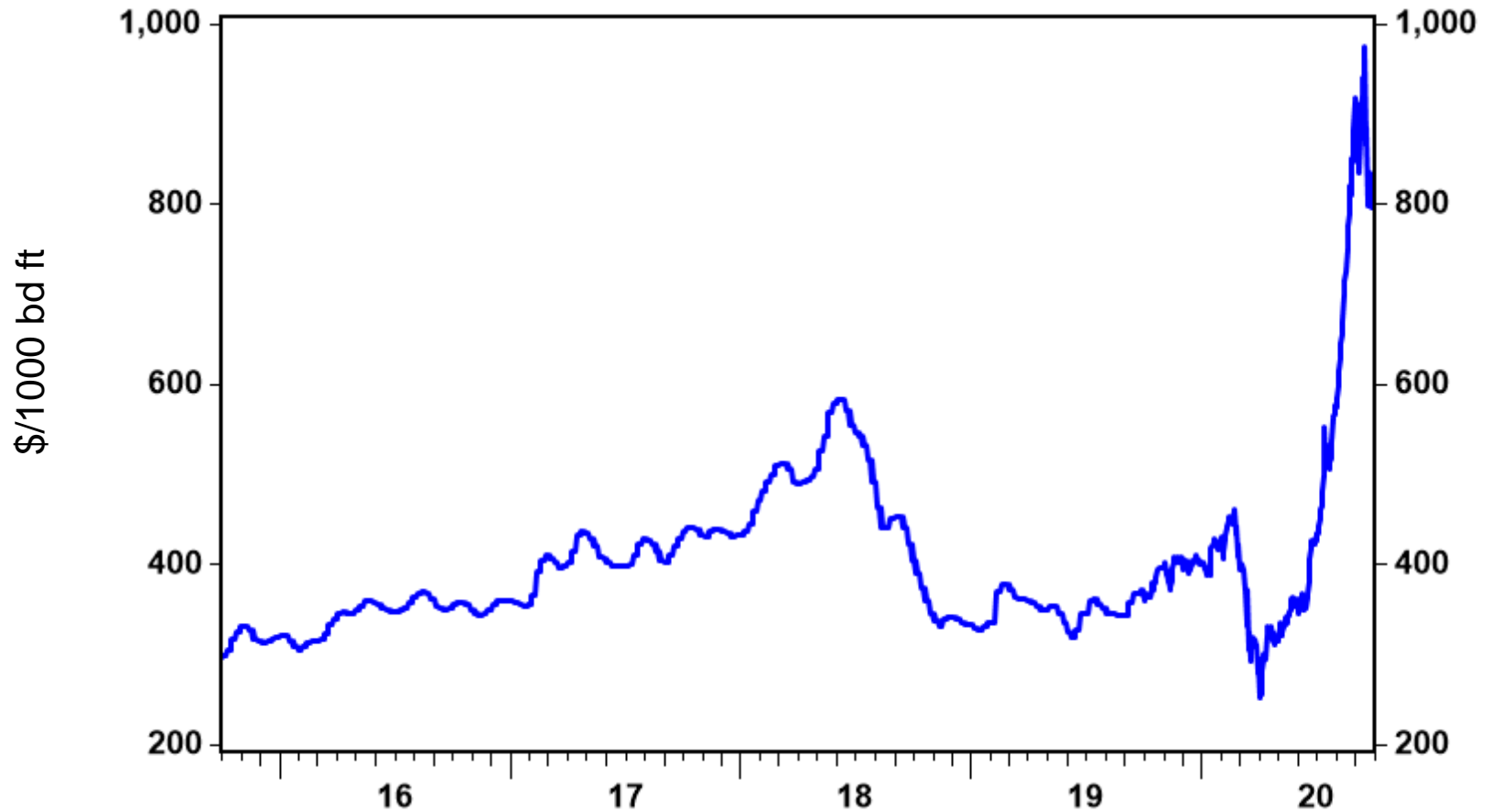


Source: Census Bureau; NAR; Haver Analytics; Nationwide Economics

# Building costs have climbed sharply

## Composite lumber price

September 28, 2020

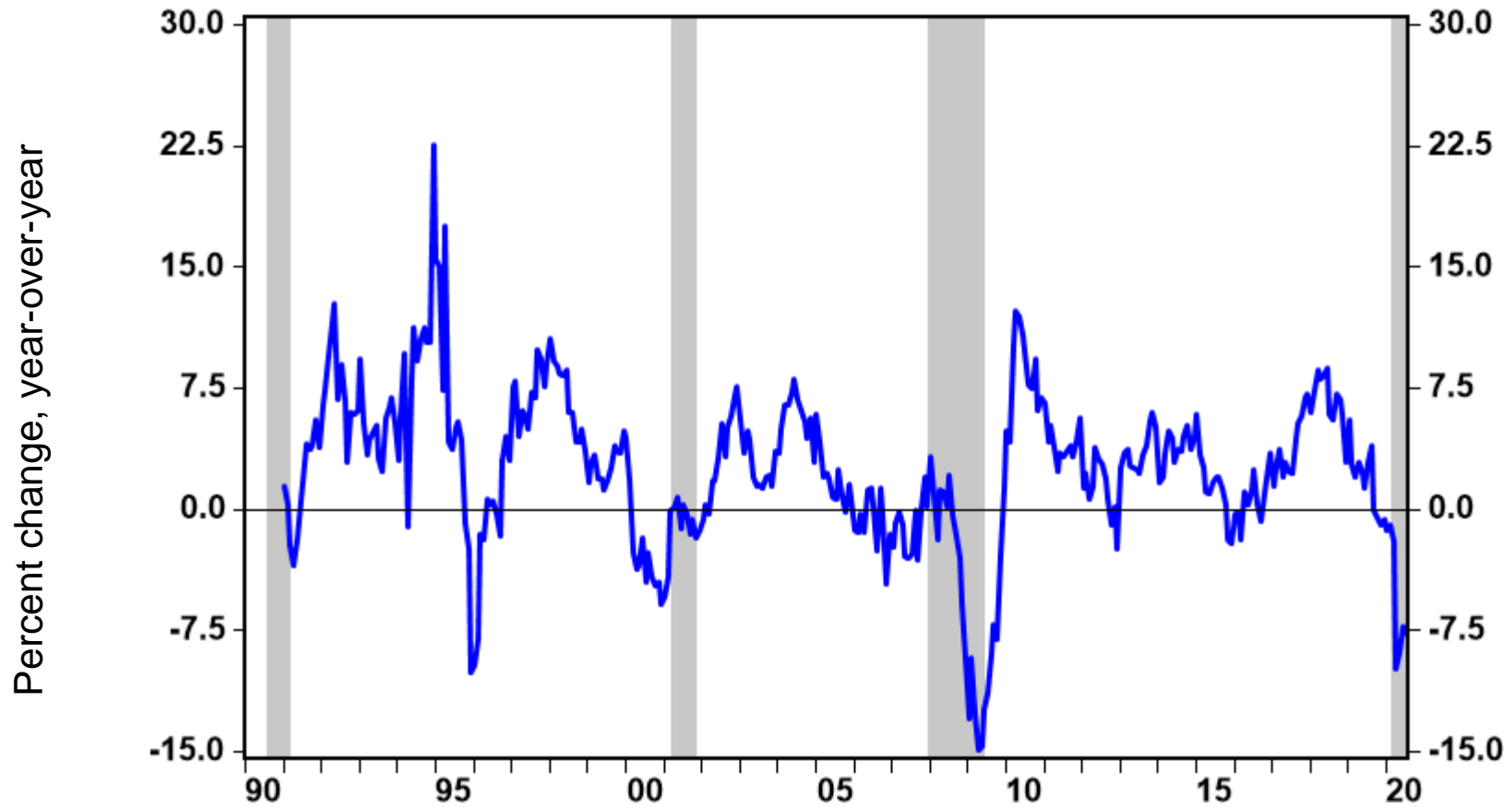


Sources: FIBER; Haver Analytics

# Freight activity down sharply – a drag on insurance needs

## Transportation services index: Freight

July 2020



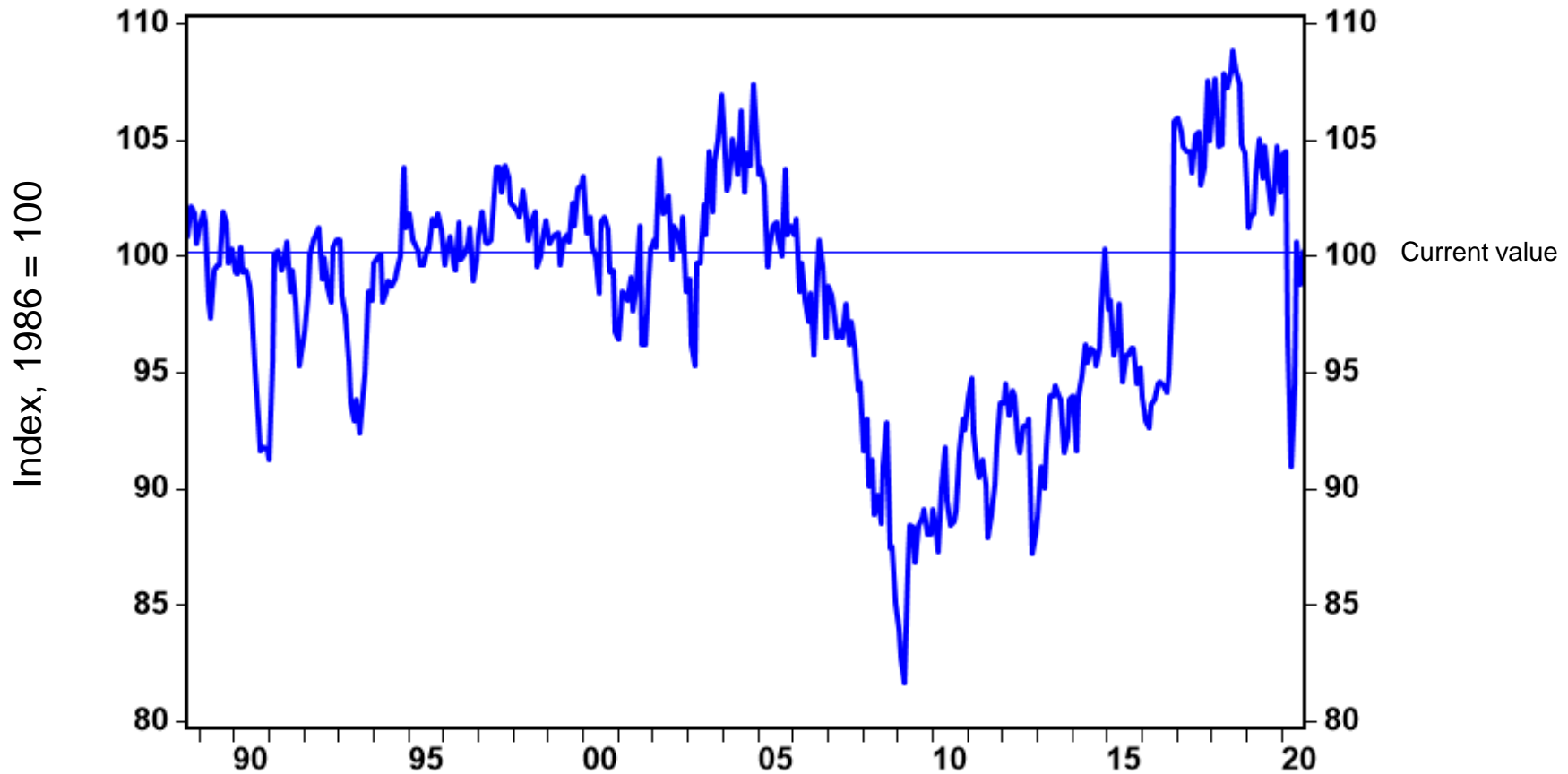
Sources: Bureau of Transportation Statistics; Haver Analytics; Shaded area depicts recessionary period



# Small businesses hit hard by COVID but the outlook has improved

## Small business optimism index

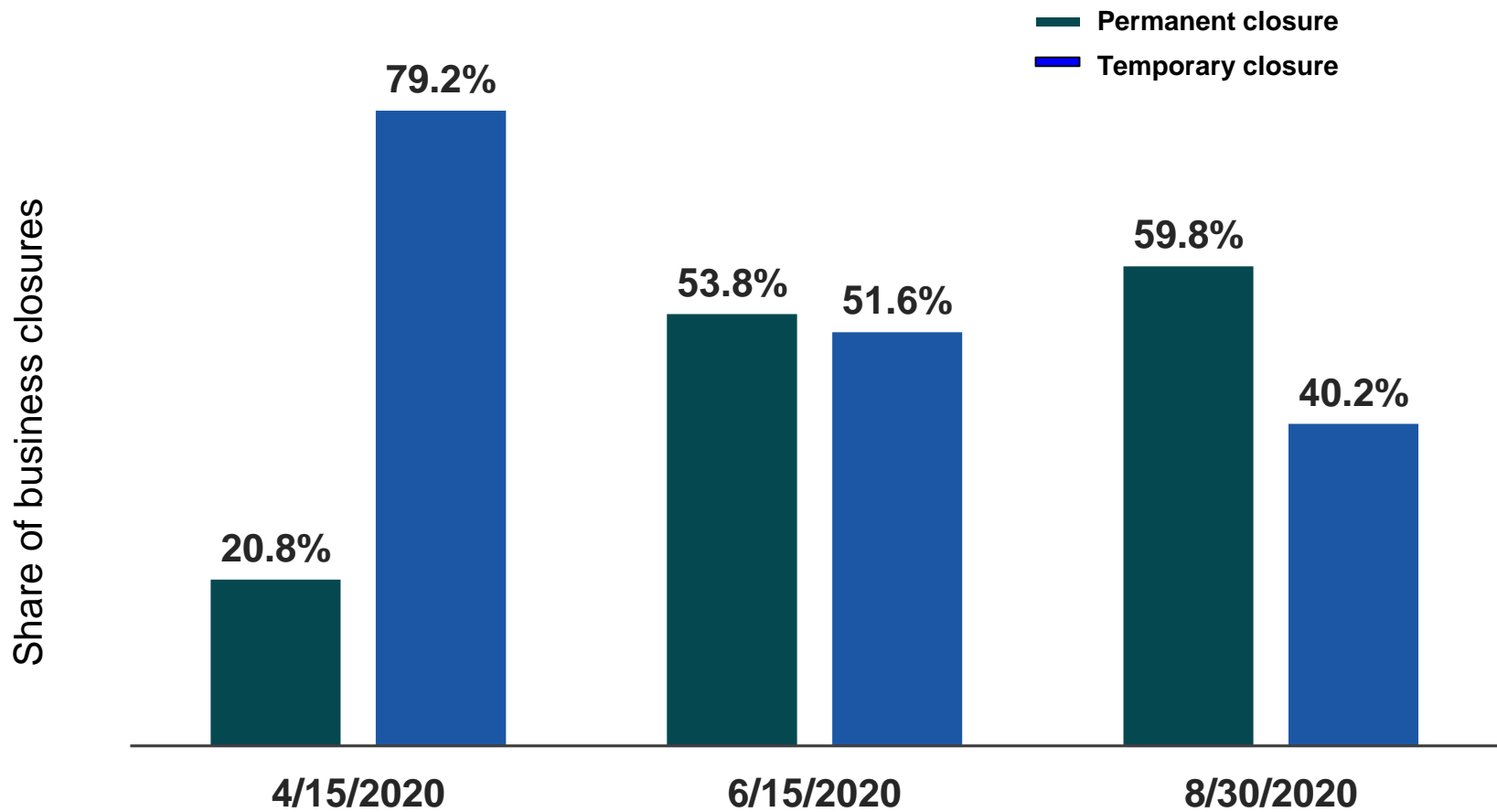
August 2020



Sources: National Federation for Independent Business; Haver Analytics

# More businesses are closing for good – especially among restaurants and retailers

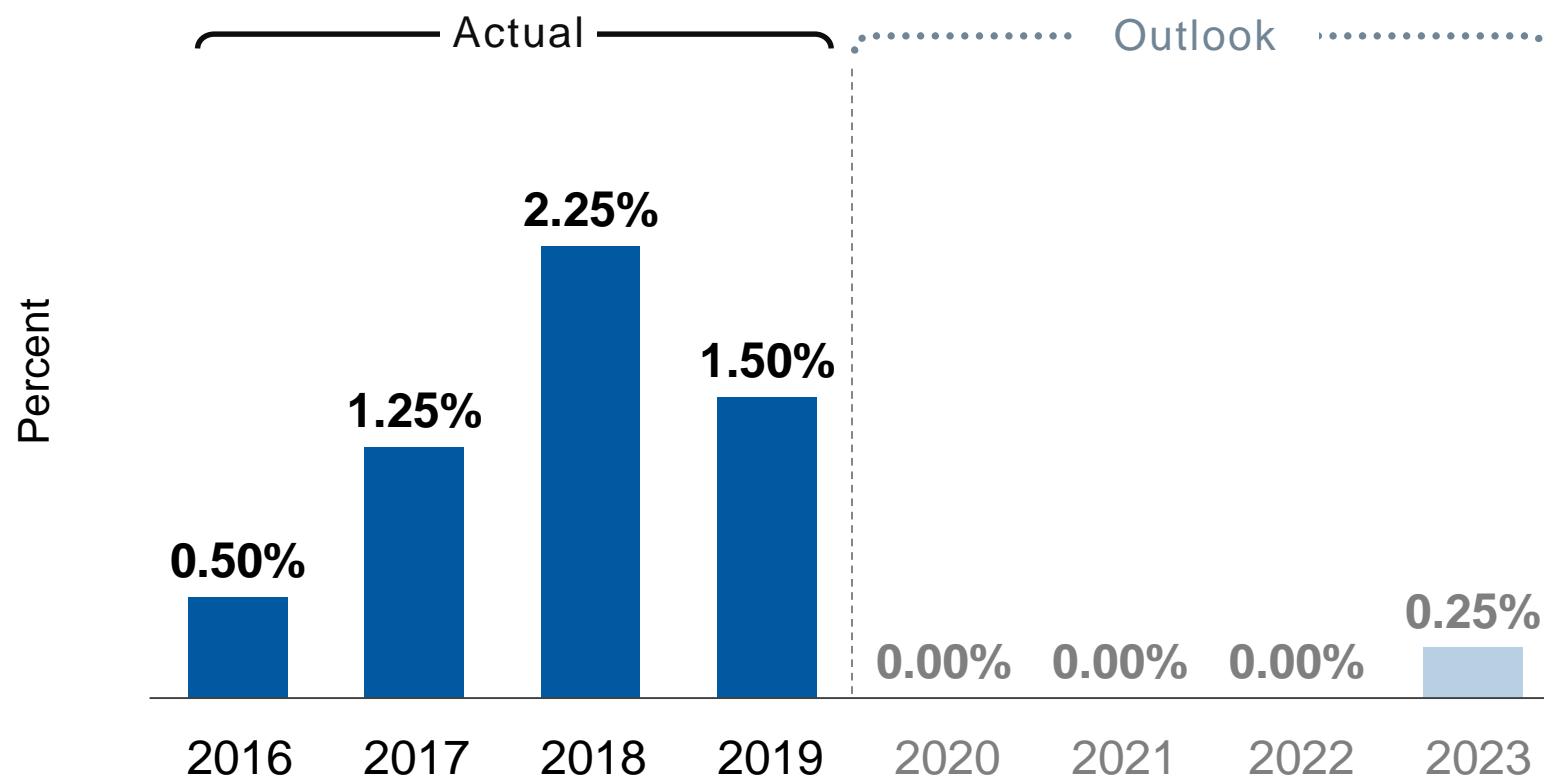
## Business closures



Sources: Yelp - September Local Economic Report

# Fed policy expected to be accommodative for several years

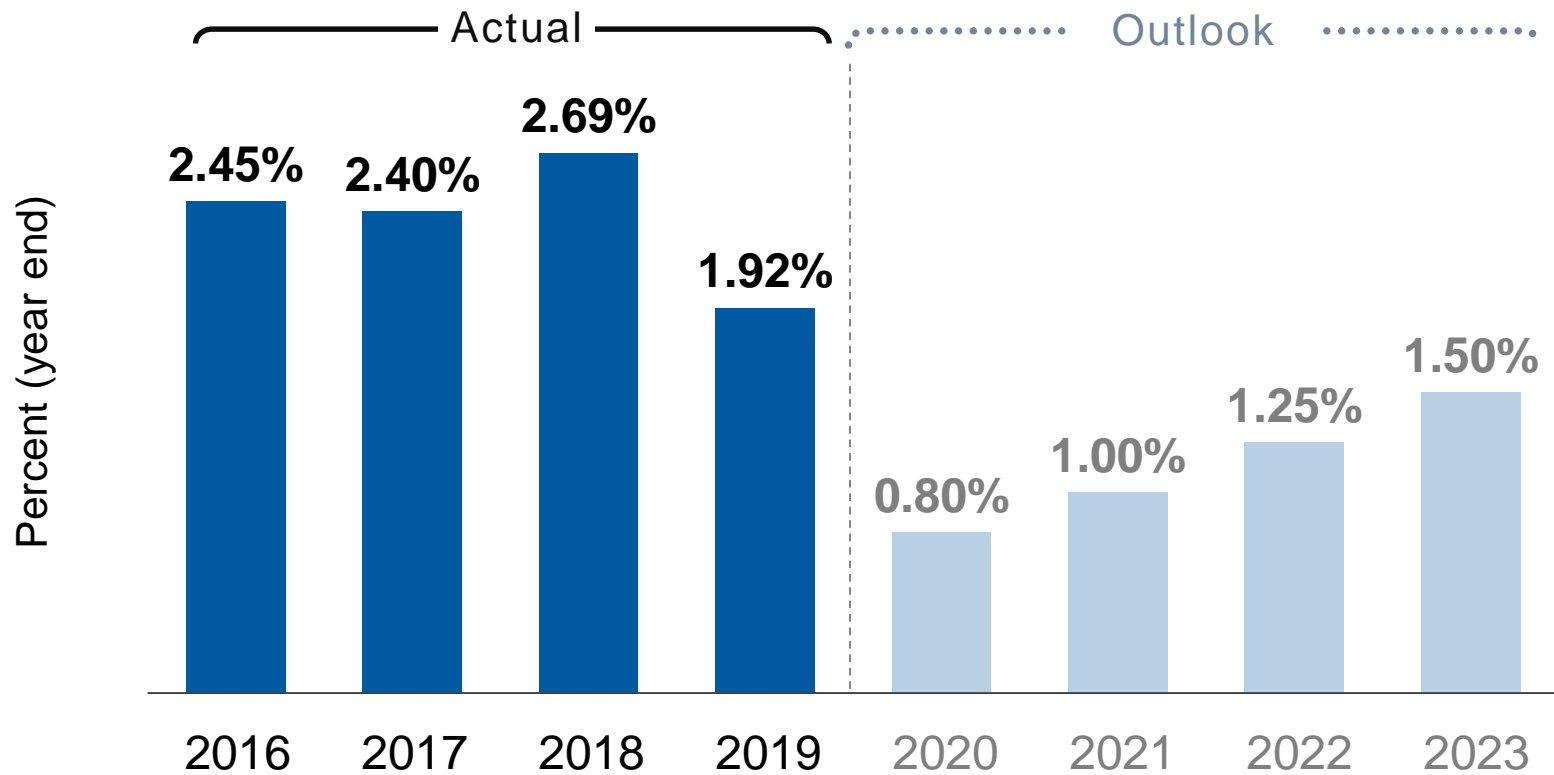
## Federal funds rate (year-end)



Sources: Federal Reserve Board; Haver Analytics; Nationwide Economics

# Even 'lower for longer' interest rate path now expected

## 10-year Treasury note yield

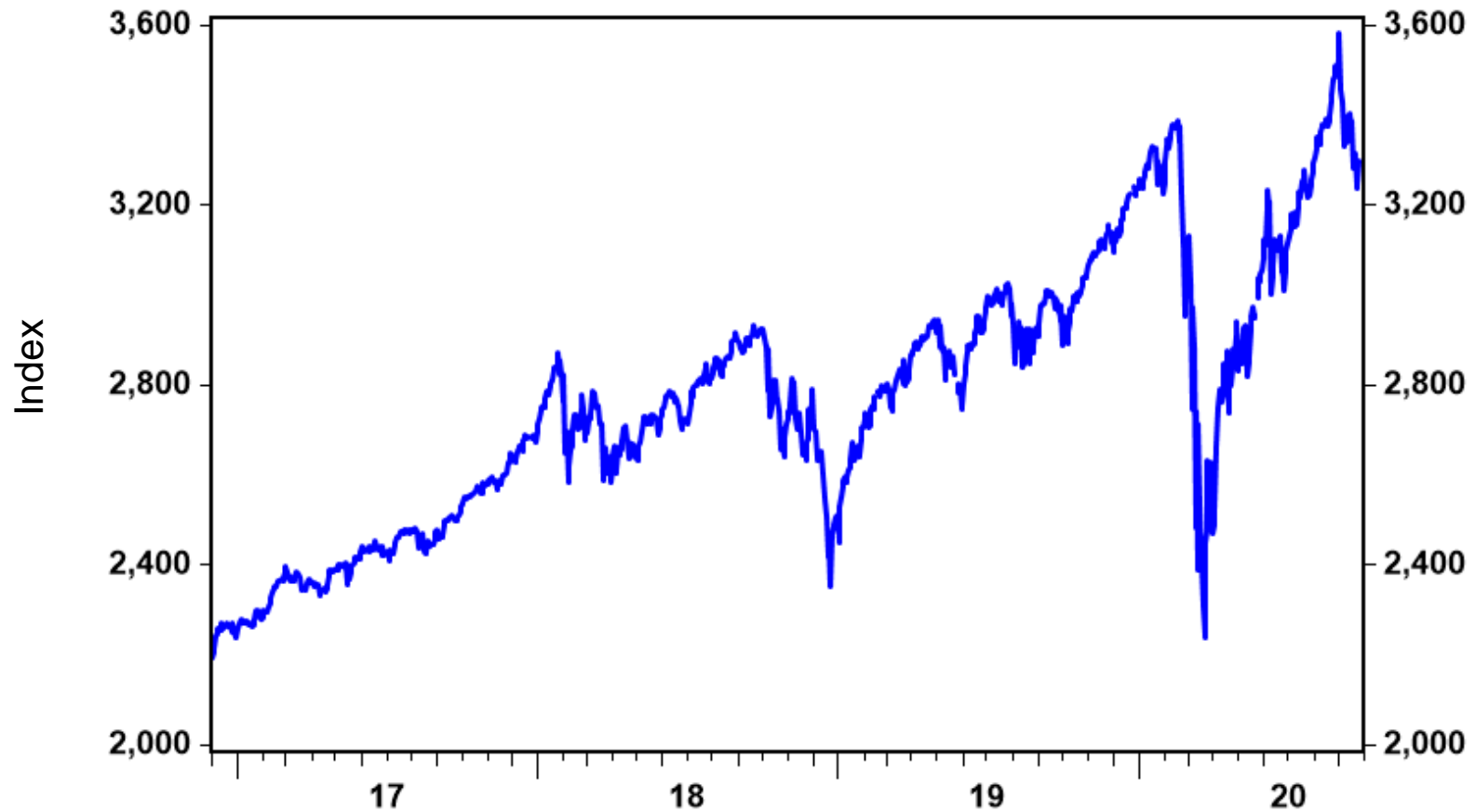


Sources: Federal Reserve Board; Haver Analytics; Nationwide Economics

# “V” shaped recovery for markets

## S&P 500® Index

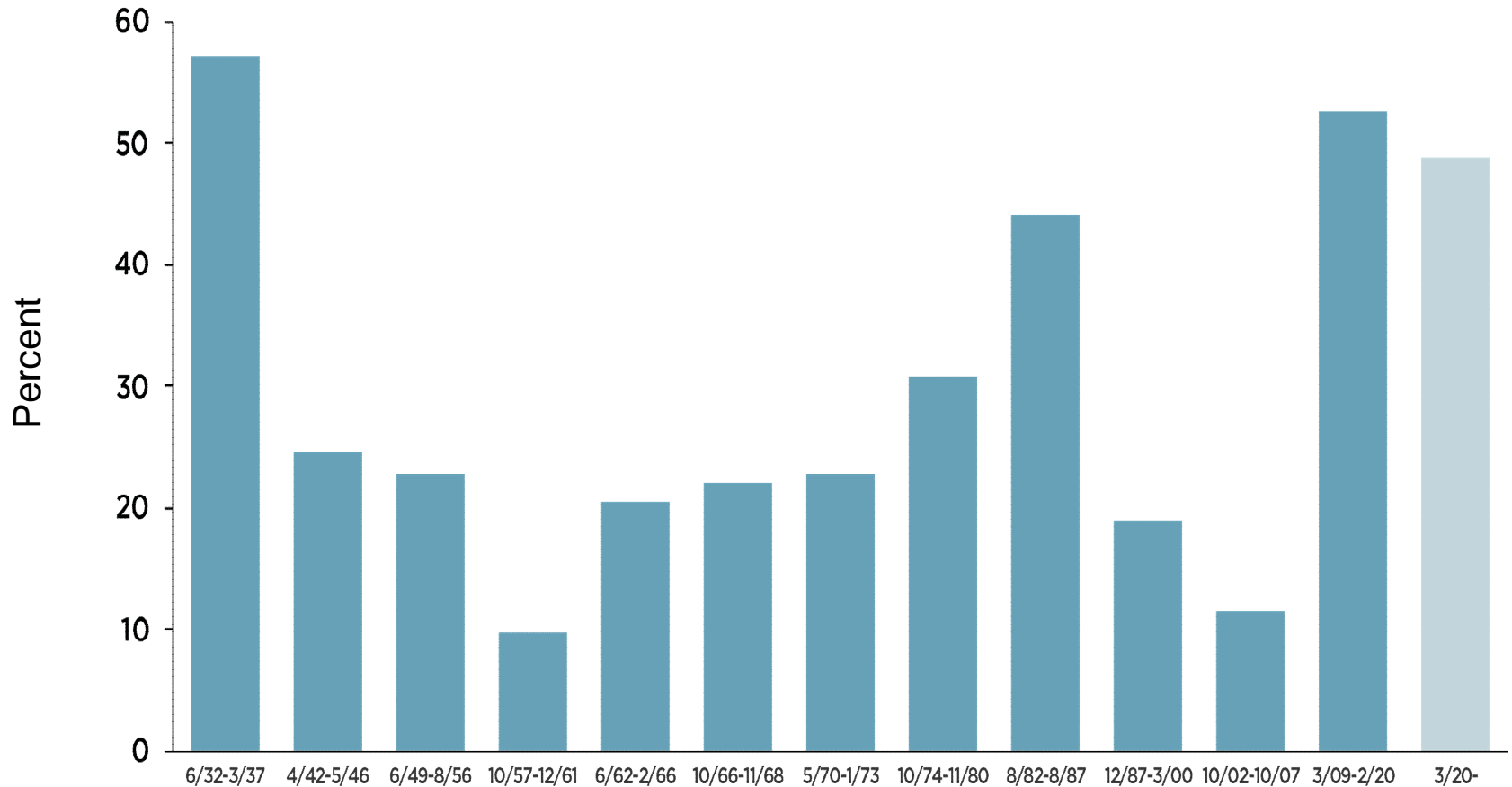
September 25, 2020



Source: Standard and Poor's; Haver Analytics

# A strong start to the bull market

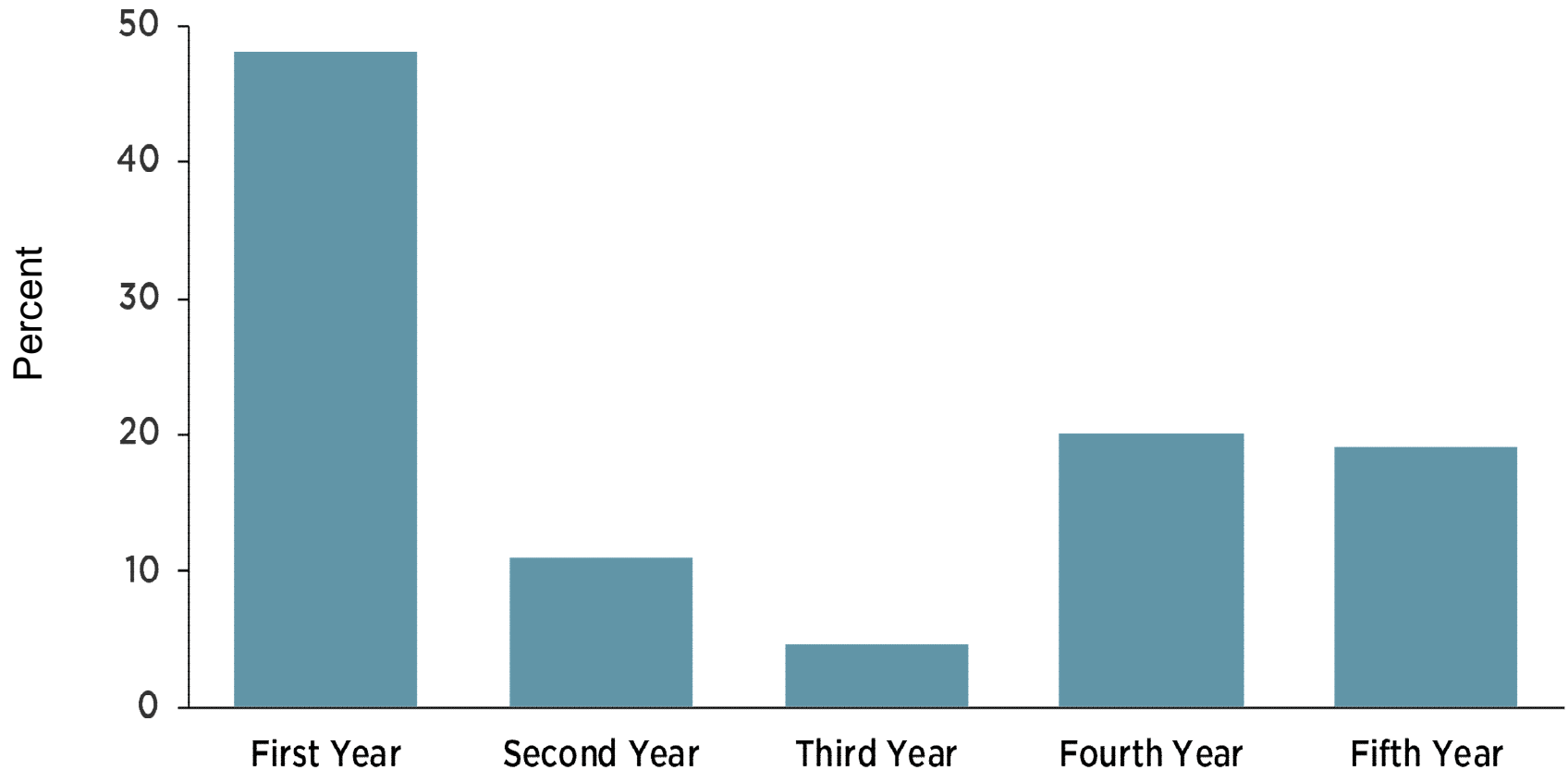
## Changes in the S&P 500 index in the first six months of bull markets



Source: Bloomberg

# Gains tend to moderate after the first year of the cycle

Average change in the S&P 500 index over the first 5 years of bull markets



Source: Bloomberg

# Important disclosures

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S&P 500® Index: An unmanaged, market capitalization-weighted index of 500 stocks of leading large-cap U.S. companies in leading industries; gives a broad look at the U.S. equities market and those companies' stock price performance.

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