



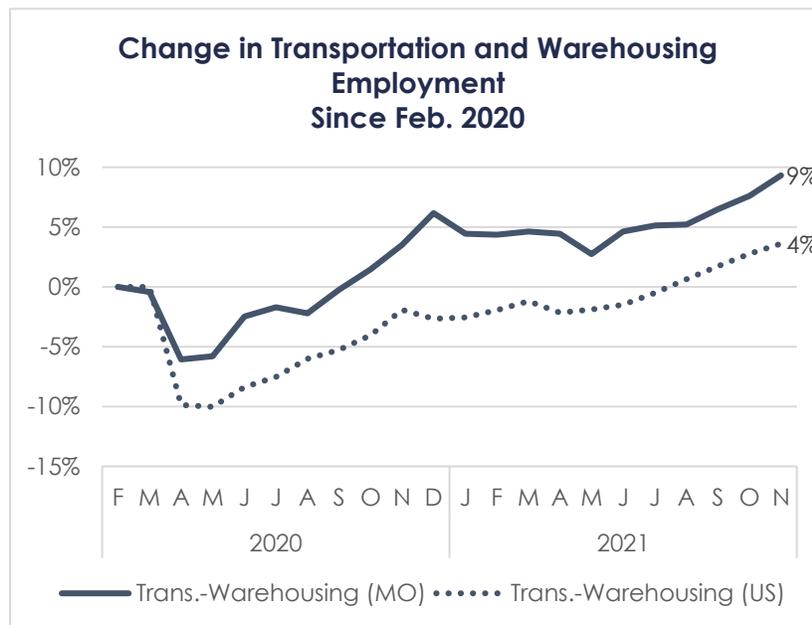
2022 Will Bring Economic Challenges and Opportunities

January 4, 2022

Latest numbers - Missouri posted solid employment growth in November, adding 7,600 jobs. The state has now recovered 82% of jobs lost during March and April of 2020. The growth was led by strong job gains in the construction, professional services, and transportation industries. The state's unemployment rate fell to 3.5%, well below the national rate of 4.2%.

Challenges temper recovery in 2021 and push it into 2022. As we start 2022, we can look back on a 2021 that did not match our economic expectations. Economists forecasted a white-hot economy in the second half of 2021 as businesses and schools fully reopened. While Missouri did see economic growth, it was not close to expected levels. More COVID waves put a damper on the recovery, and we also had to weather other economic hurdles like a tight labor market, supply chain gaps and inflation.

These factors didn't end the recovery as much as slow it and [spread it out over a longer period](#). Now, recovery will be continuing well into 2022, but economists remain optimistic. Their optimism is driven largely by the fact that despite supply chain woes and rising inflation, consumers have remained resilient and strong. Spending is [above pre-pandemic trends](#) and there is pent-up demand for some big-ticket items like automobiles because some key inputs have been in short supply.



Source: Bureau of Labor Statistics

The economic hurdles remain, but there are signs that their impact is diminishing. On the [inflation](#) front, long-term inflation expectations remain fairly low and the market seemed to respond favorably to the Fed's announcement that they will be shifting into inflation-fighting mode in 2022. On the supply chain side, we are seeing [early signs of improvement](#).

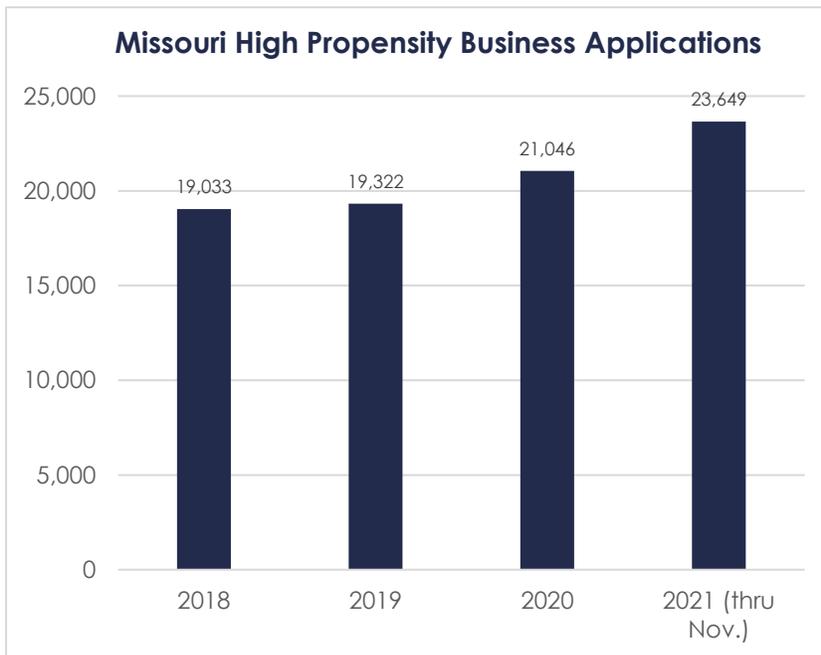
2022 will bring opportunities for Missouri. Missouri's economy will continue to recover, and in

the process bring about significant changes that can be opportunities for Missouri.

The first opportunity lies within the Transportation and Warehousing Industry. This sector is growing rapidly as the economy changes. Consumers are purchasing more goods online and are relying more on delivery services. More important, the last year has forced businesses to take a hard look at their supply chains. Missouri is well positioned to benefit from this trend. In fact, the state's employment in this sector is already 9% above pre-pandemic levels (nearly 11,000 new jobs). This sector is also growing nationally, but at a slower pace. U.S. transportation and warehousing employment is up just 4% since Feb. 2020.

Missouri's central location and reputation as a transportation and distribution hub could serve us well as this industry continues to grow.

The second opportunity is broader in scope. Over the last decade, economic development and job growth was highly concentrated geographically. Fewer and fewer places, particularly western and southern states, captured more and more economic activity. This trend may be changing. The covid shutdown showed us that in some industries, work can be effectively done remotely. This could change how and where work gets done. States like Missouri can attract or retain this segment of the workforce by providing high quality of life amenities, being a lower cost place to live and providing effective [broadband](#).



Source: US Census Bureau-Business Formation Statistics

A third opportunity is helping our small businesses grow and prosper. Even though small businesses took a hit during the Covid recession, entrepreneurs in Missouri and the nation are undaunted and [starting new businesses](#). Through November, high propensity business applications (a good gauge for businesses likely to hire employees) are up 12% in Missouri. This upward trend likely reflects entrepreneurs seeing new business opportunities as

the economy recovers and taking advantage of the technical improvements that allowed many jobs to be remote during the 2020 shutdown.

Throughout 2021, the [Governor's Small Business Task Force](#) went on a listening tour across the state to hear how State Government can help our small businesses. These recommendations will certainly aid in giving Missouri entrepreneurs an advantage.

In summary. With every economic recovery, there are challenges and opportunities. Missouri is already finding itself in a good position to take advantage of the growth in the transportation and warehousing industry. With a relatively low cost of living and investments in quality of life amenities, the state can also stand to gain from increased remote work opportunities. And finally, it has taken crucial steps to better understand and support small businesses through the recovery process. These efforts will go a long way in setting a strong trajectory for Missouri as this recovery continues.

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