

Economy

Hawaii's economy continued to cool in 2Q19, largely due to a slowdown in tourism. Tourist spending declined year-over-year from a cyclical peak in mid-2018 amid fewer higher-spending foreign visitors, despite an increase in domestic tourist arrivals and leisure/hospitality hiring in the first half of 2019. Construction and business/professional hiring also increased in the second quarter, but not enough to offset job losses in several other sectors. Hawaii's labor force has declined since early-2017, while unemployment increased modestly starting in early 2018. Home-price growth has been volatile, but was among the fastest in the nation in 2Q19, and home-price levels remained high relative to incomes.

Banks

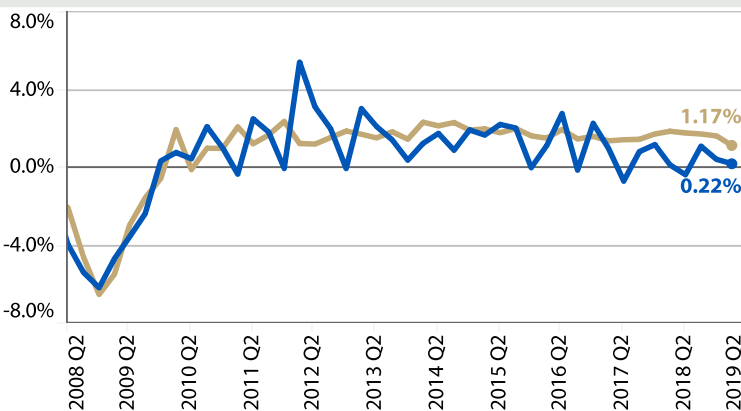
Average bank profitability in Hawaii was little changed from mid-2018 amid stable margins and a slight uptick in provision expense. The rise in the average provision expense ratio was concurrent with a slight increase in nonperforming assets, driven by 1-4 family and commercial and industrial loans. Annual loan growth has been roughly stable since late-2017 as accelerating construction and commercial and industrial lending offset slowing growth in residential mortgages. High dividends muted capital accretion, while accelerated risk-weighted asset growth drove risk-based capital ratios even lower. Liquidity moderated further--on average, liquid assets slipped as a share of total assets and reliance on noncore funds increased year-over-year.

Key Economic Metrics (ranking #1 = highest among 50 states)

■ Hawaii ■ Nation

Job Growth: 0.22%

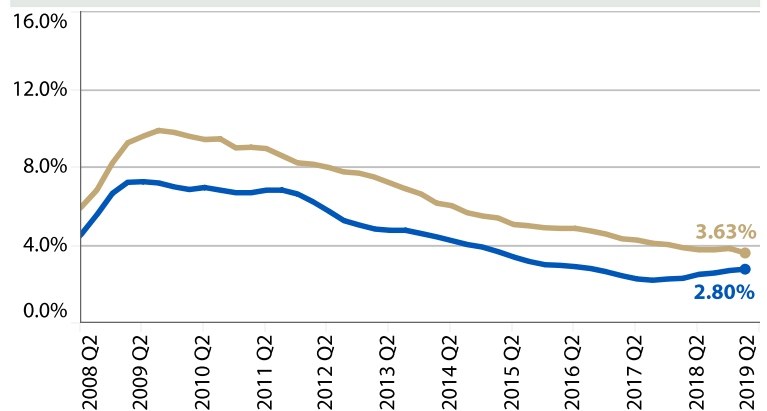
State Rank: #37



Quarterly average nonfarm payrolls, seasonally adjusted annual rate. Source: Bureau of Labor Statistics (Establishment Survey) via Haver Analytics.

Unemployment Rate: 2.80%

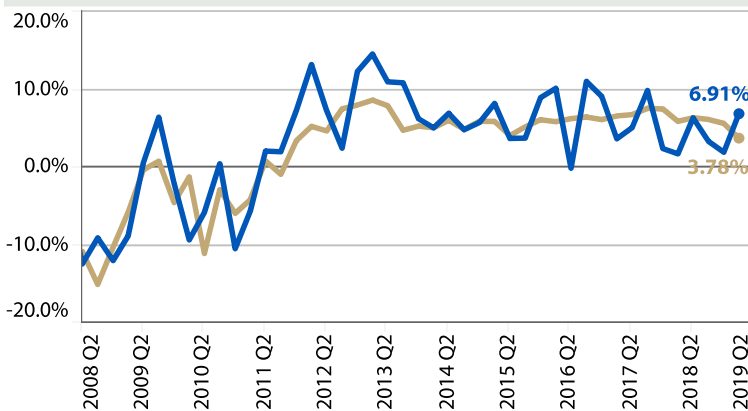
State Rank: #45



Quarterly average, seasonally adjusted. Source: Bureau of Labor Statistics (Household Employment Survey) via Haver Analytics.

Home-Price Growth: 6.91%

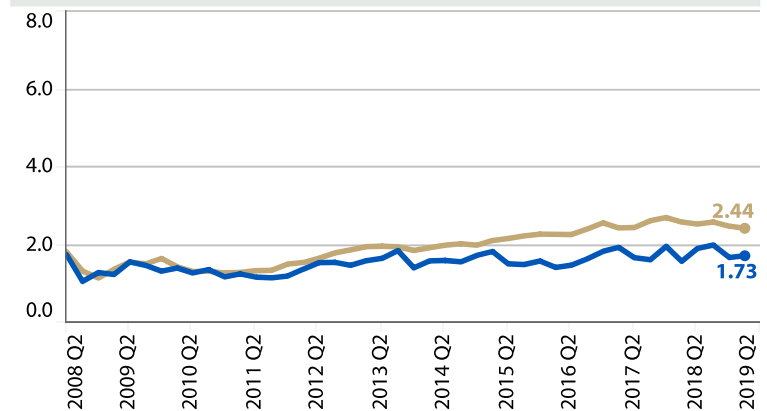
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Expanded House Price Index, seasonally adjusted annual rate. Source: Federal Housing Finance Agency via Haver Analytics.

Single-Family Permits per 1,000 Residents: 1.73

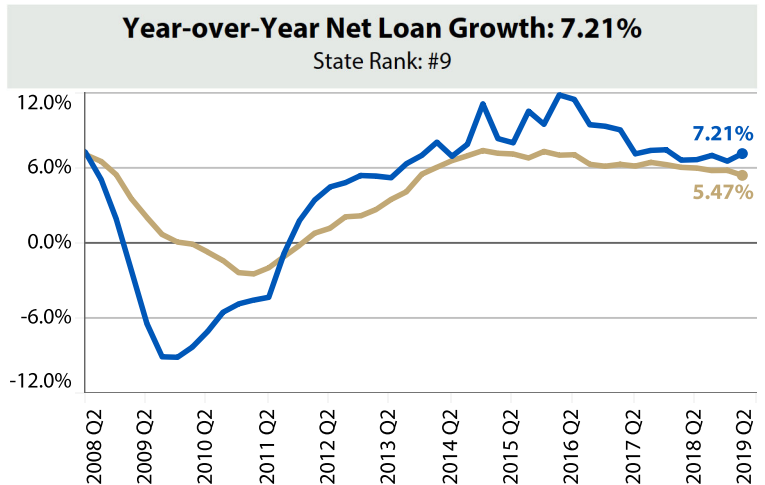
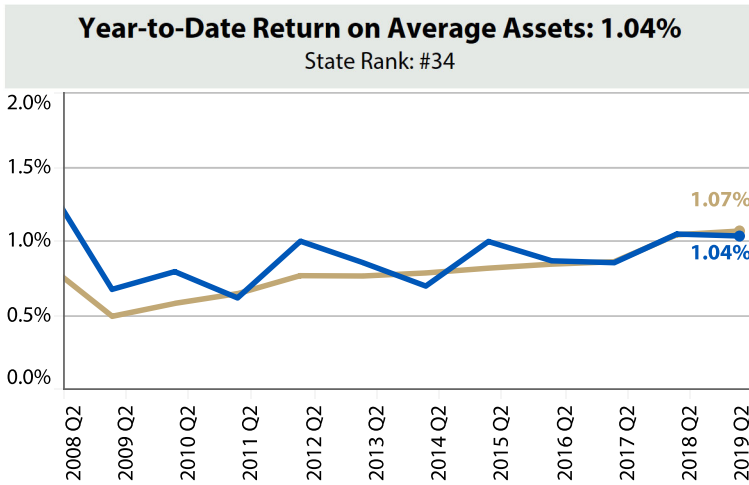
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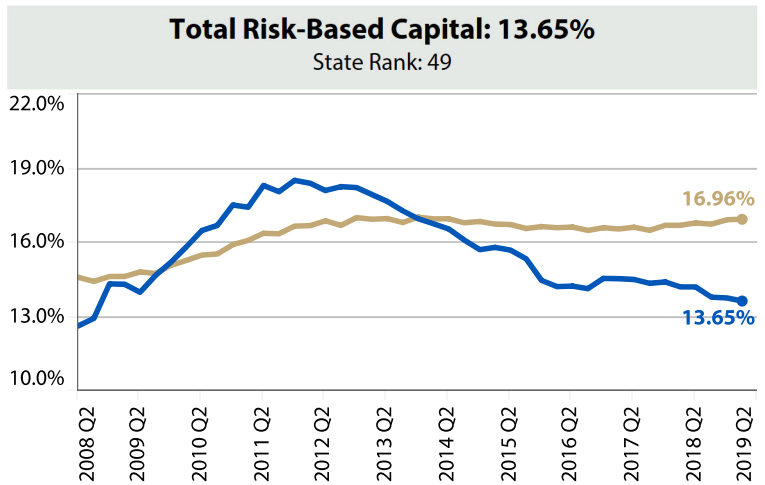
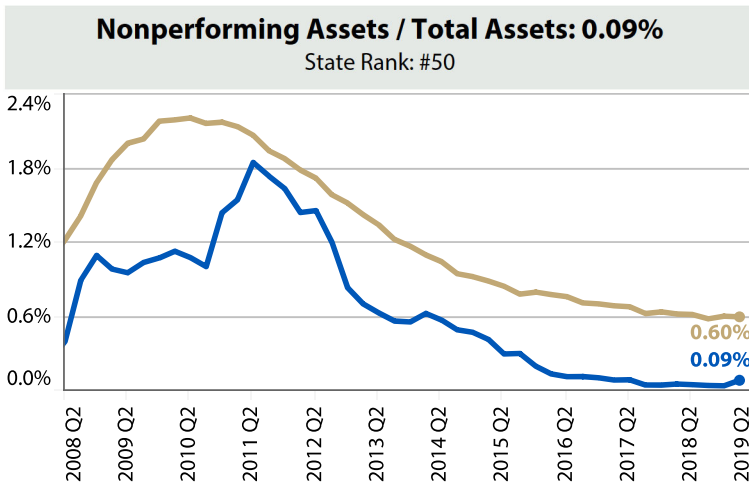
Quarterly average single-family permits (seasonally adjusted annual rate) / quarterly population in thousands. Source: Census Bureau via Haver Analytics.

Key Banking Metrics (averages across banks; ranking #1 = highest among 50 states)

■ Hawaii ■ Nation

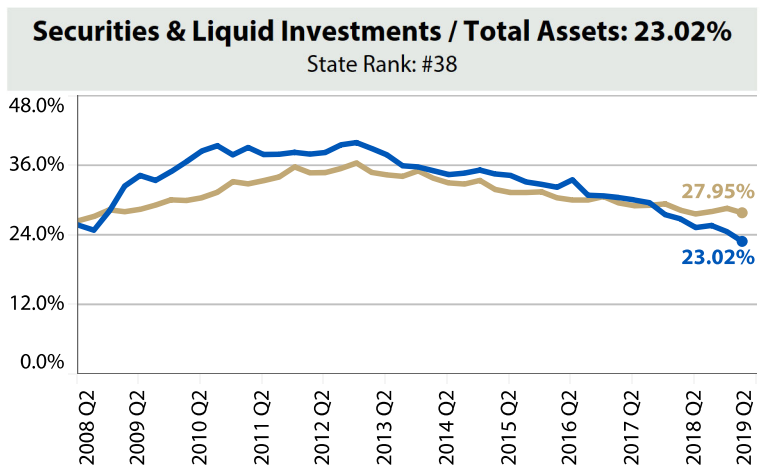
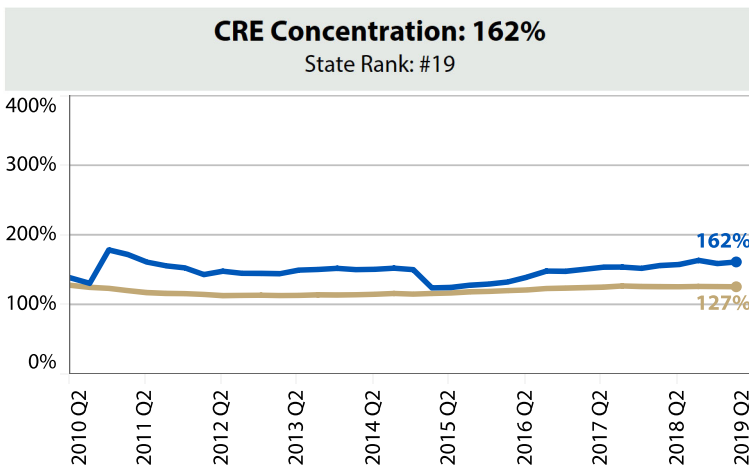


Net income / average assets, adjusted for S-Corps, annualized.



90+ days past due + nonaccruals + other real estate owned / total assets.

Total capital / risk-weighted assets.



Total non-owner-occupied commercial real estate / total capital.

Liquid investments = cash, due-from balances, interest-bearing bank balances, and fed funds sold and securities purchased under agreement to resell.

Source: Call Report data for commercial banks based upon headquarters location. Averages are "trimmed" by removing the highest and lowest 10% of values prior to averaging to prevent distortion by outliers. All charts display quarterly data, except for return on average assets which displays the same quarter in each year. Growth rates are not adjusted for mergers. Graphics and data exclude "de novo" banks (less than five years old), zero-loan banks, and banks where credit card lending is more than 80% of total lending. As of the latest period, the count of banks included in these statistics were 5 for the state and 4,605 for the nation.