

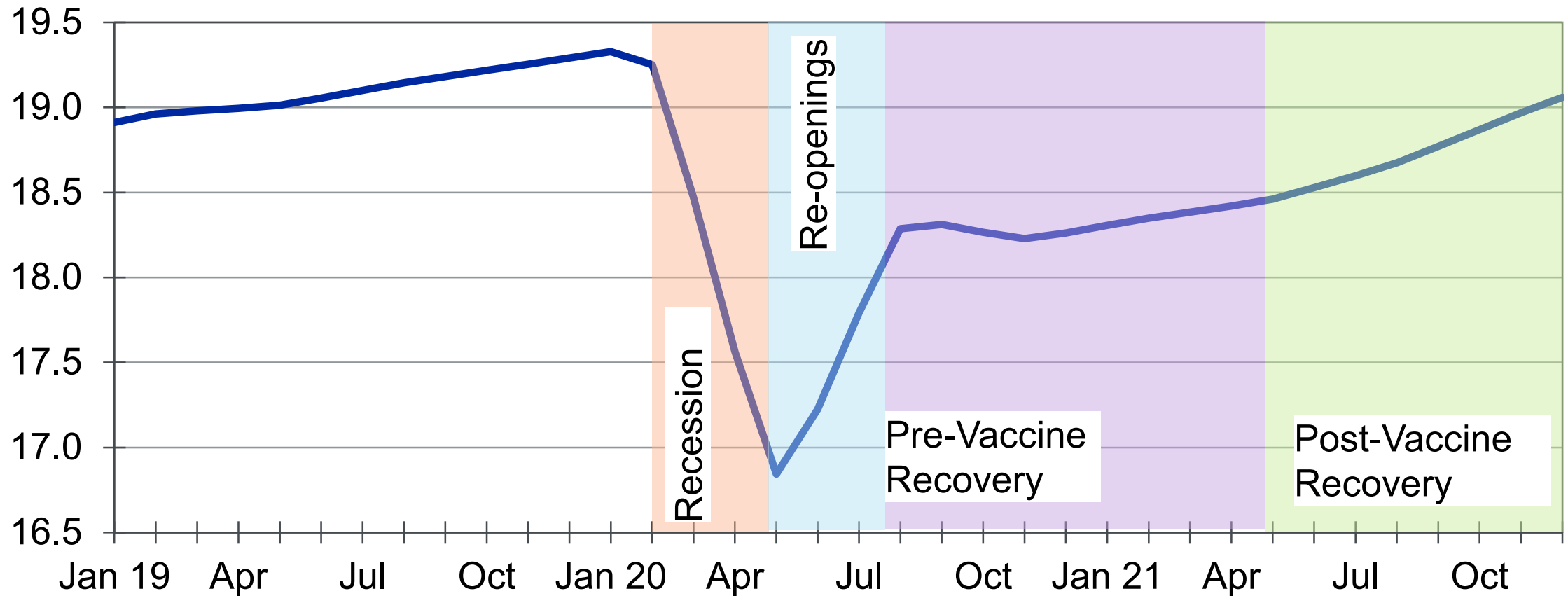
Moody's Analytics & Raymond James in Conversation: The Impact of COVID-19 on U.S. Municipal Securities – An Update on the U.S. Economy

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The Pandemic Economy

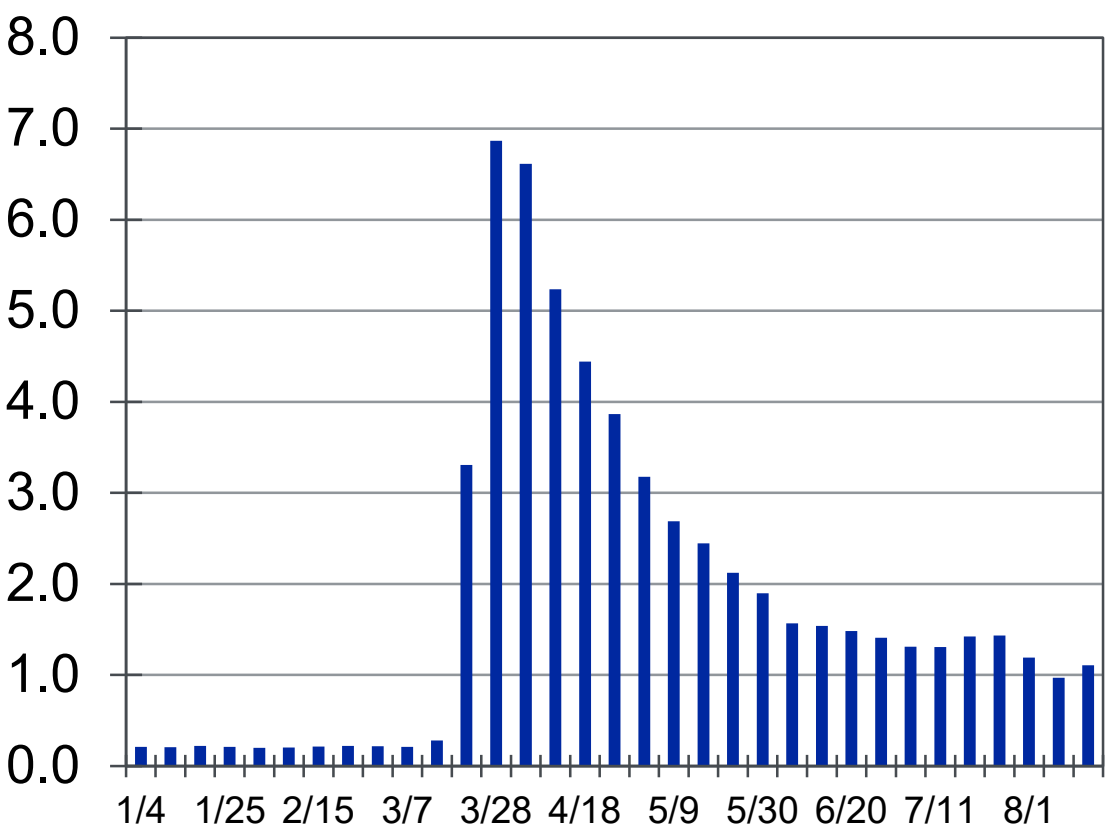
U.S. Real GDP, Moody's Analytics August Baseline Scenario, trillions 2012\$, SAAR



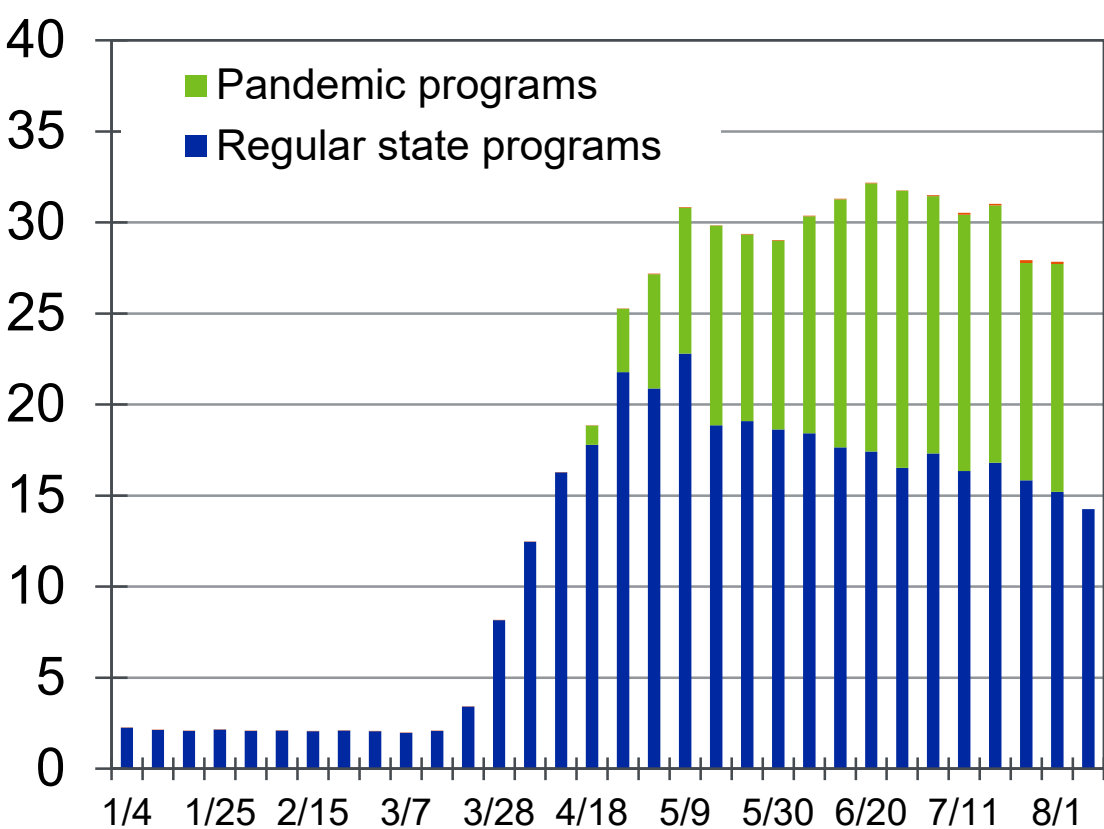
Sources: BEA, Moody's Analytics

Joblessness Remains Elevated

Weekly initial unemployment claims, mil



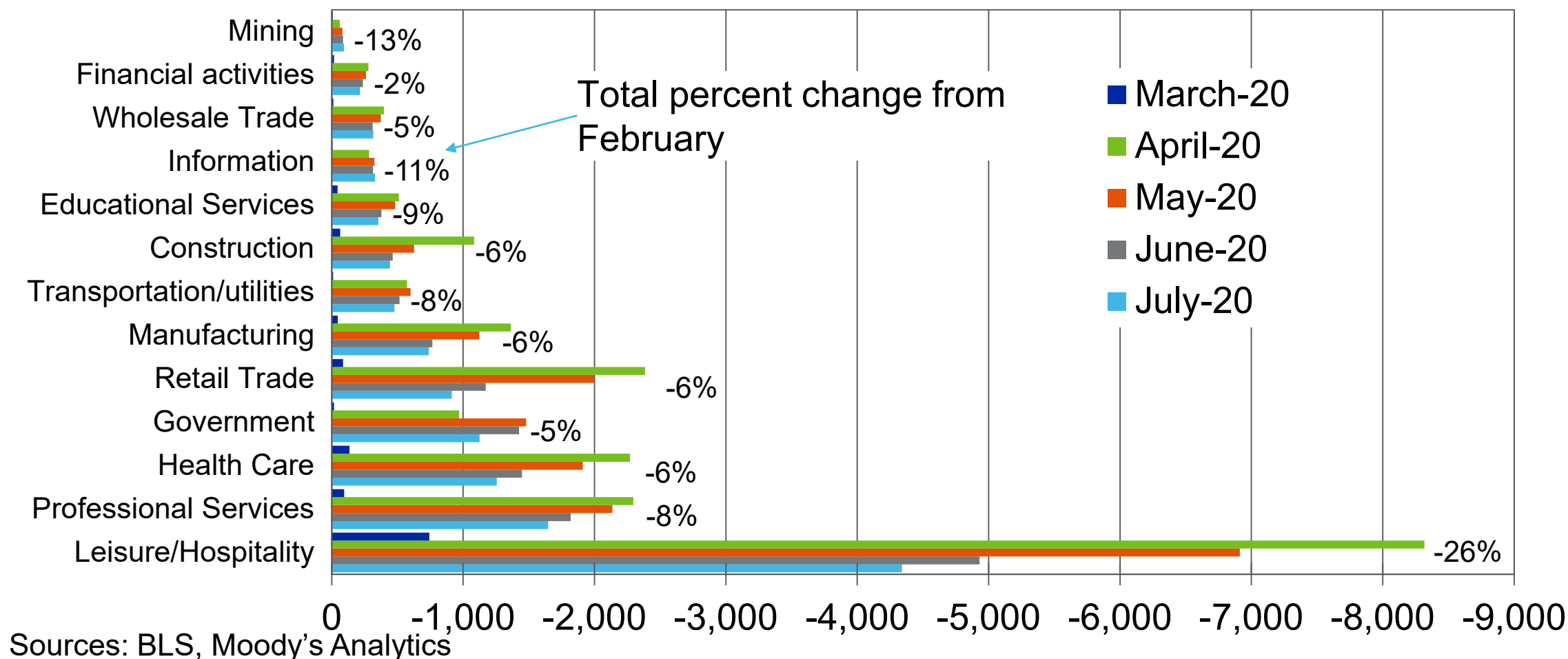
Ongoing unemployment benefits, mil



Sources: BLS, Moody's Analytics

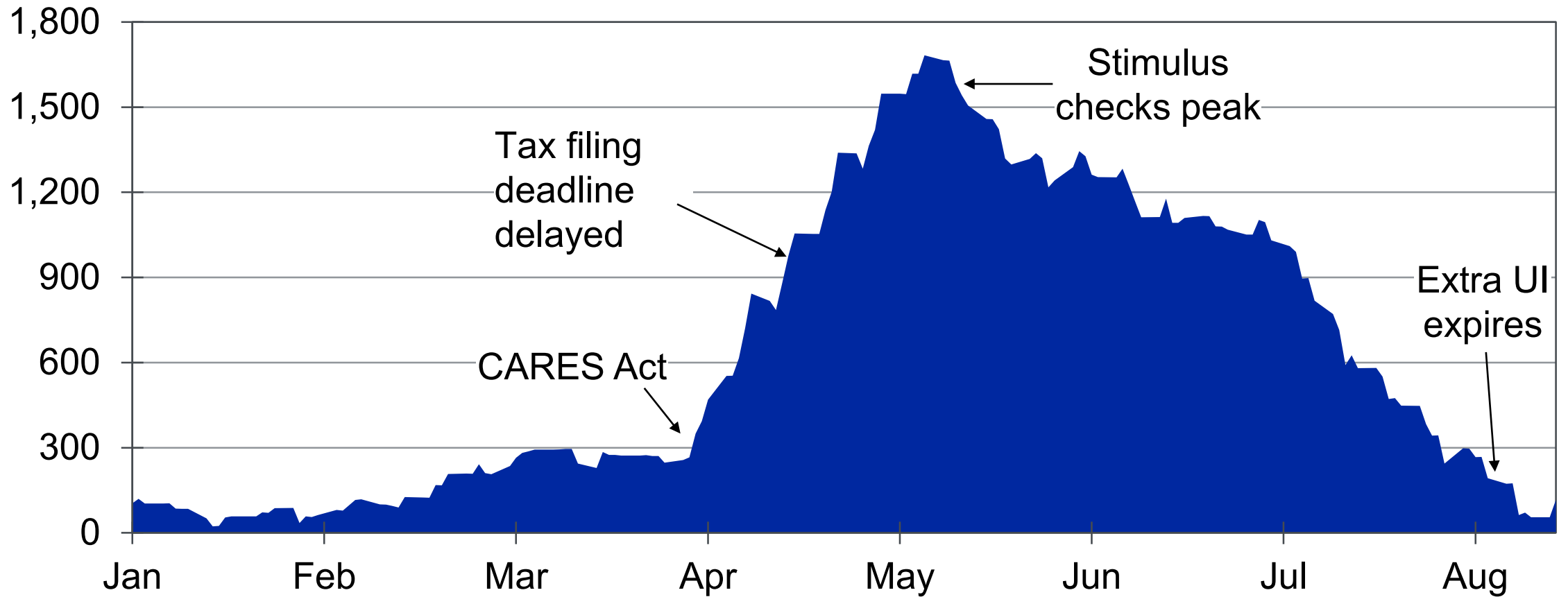
Employment Down Across Major Industry Segments

Change in payrolls from February 2020 by industry, the



Going Off the Fiscal Cliff

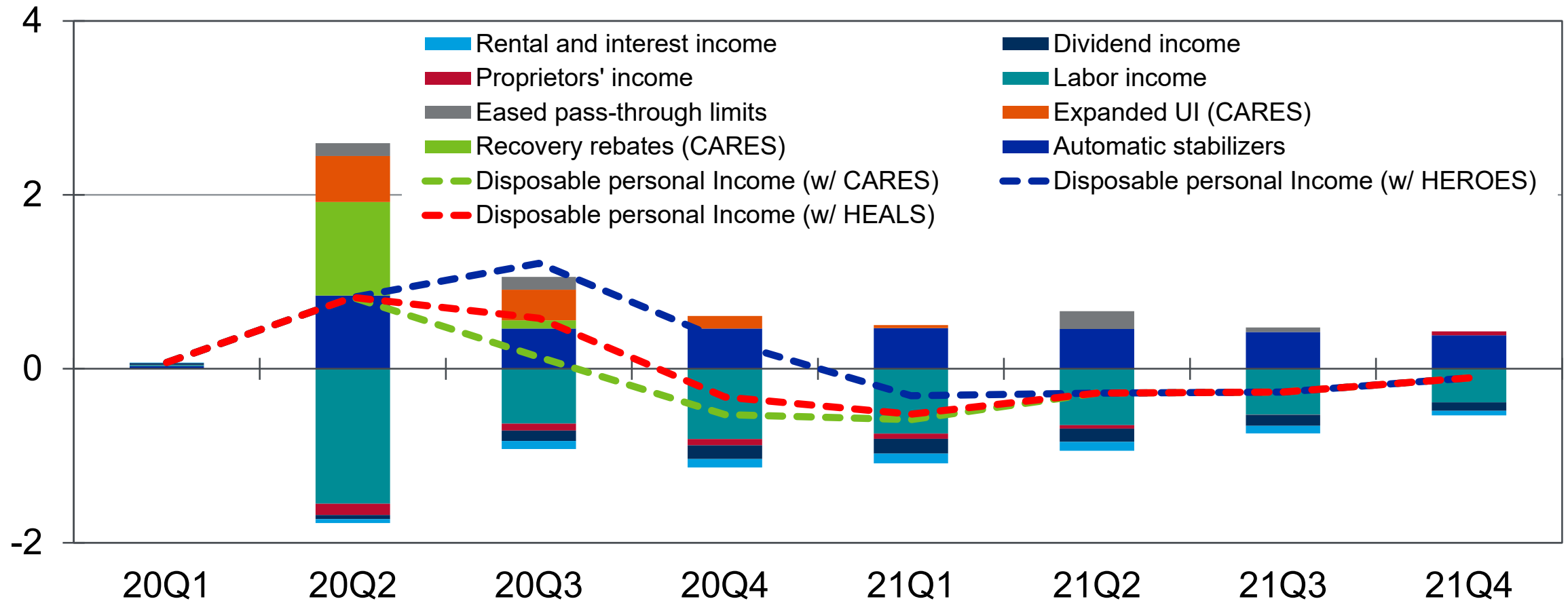
Monthly change in federal debt held by public, \$ bil, 2020



Sources: U.S. Treasury, Moody's Analytics

Additional Income Support Critical to Outlook

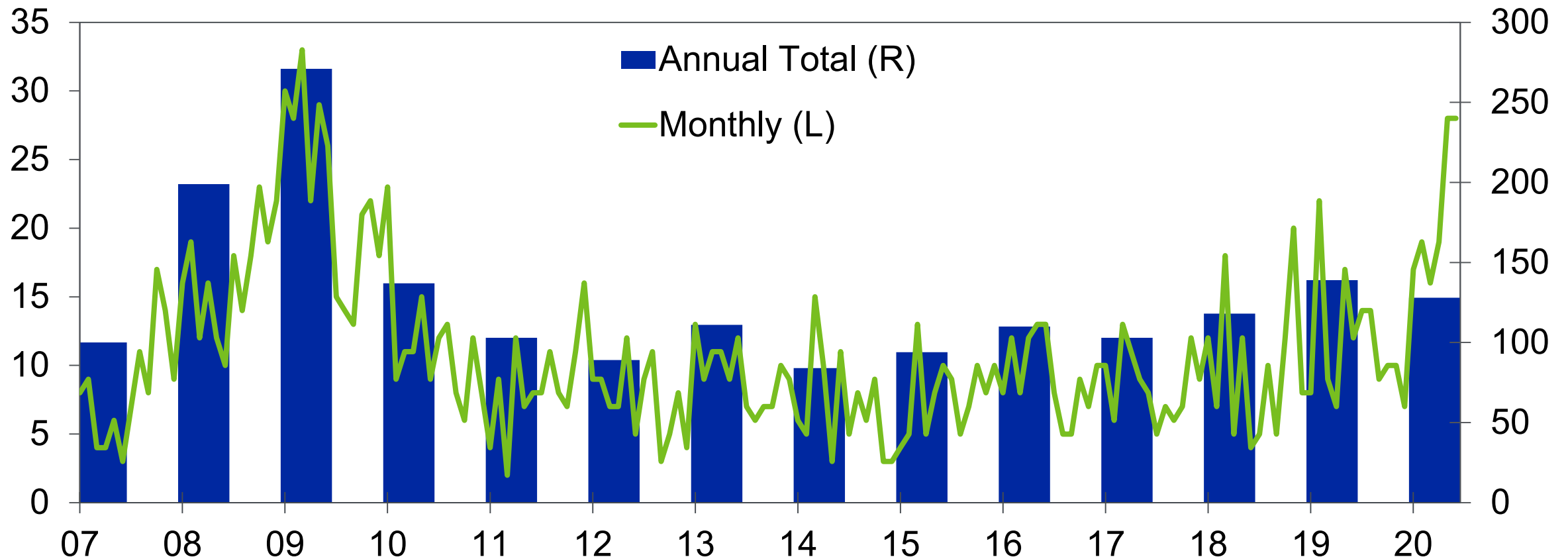
After-tax income, \$ tril, change from 2019Q4



Sources: BEA, CBO, JCT, Moody's Analytics

Wave of Bankruptcies and Failures Is Coming

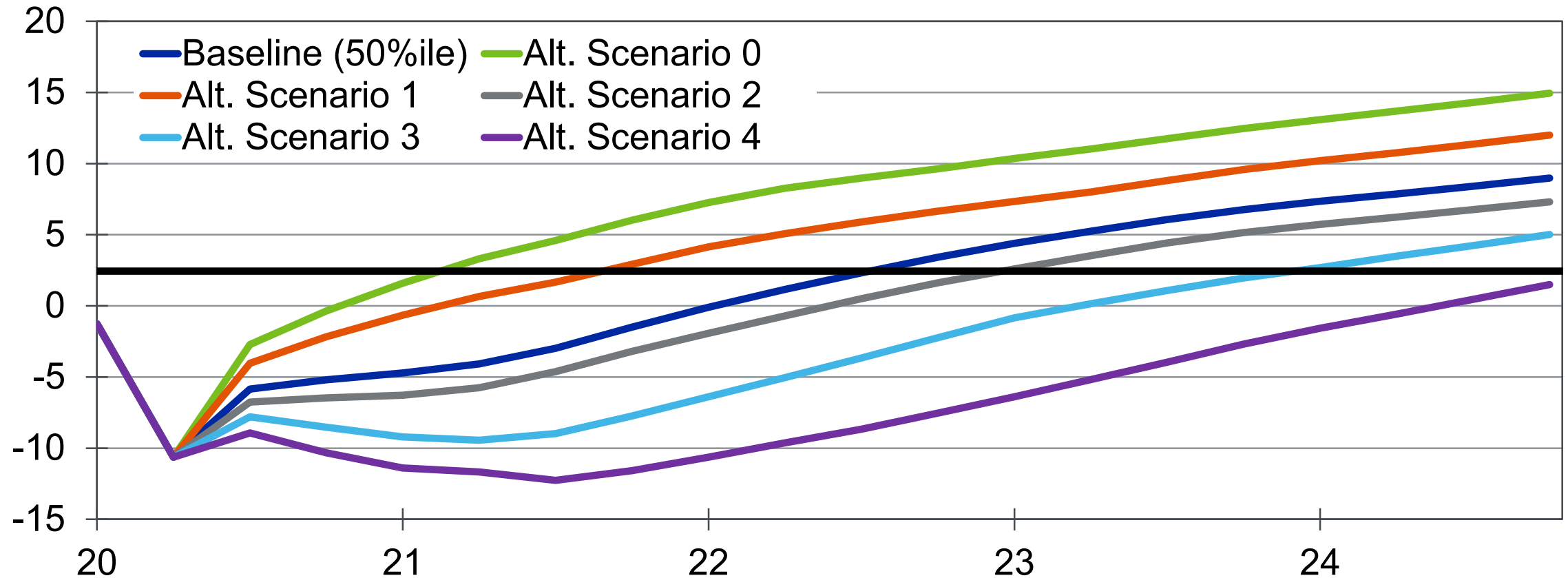
Chapter 7 & 11 filings, businesses w/ liabilities > \$50 mil



Sources: Bloomberg, Moody's Analytics

Long Road Back From Pandemic

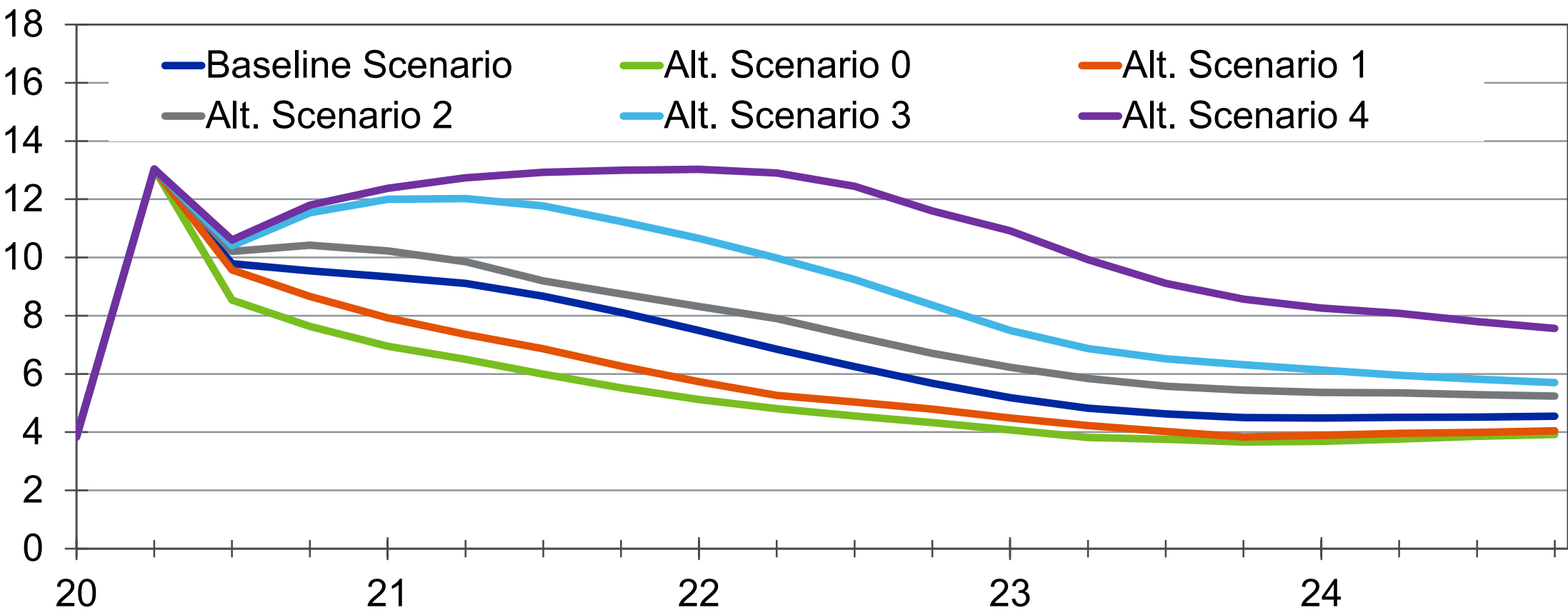
U.S. Real GDP, % change from 2019Q4



Source: Moody's Analytics

A Second Wave of Unemployment As Economy Adjusts

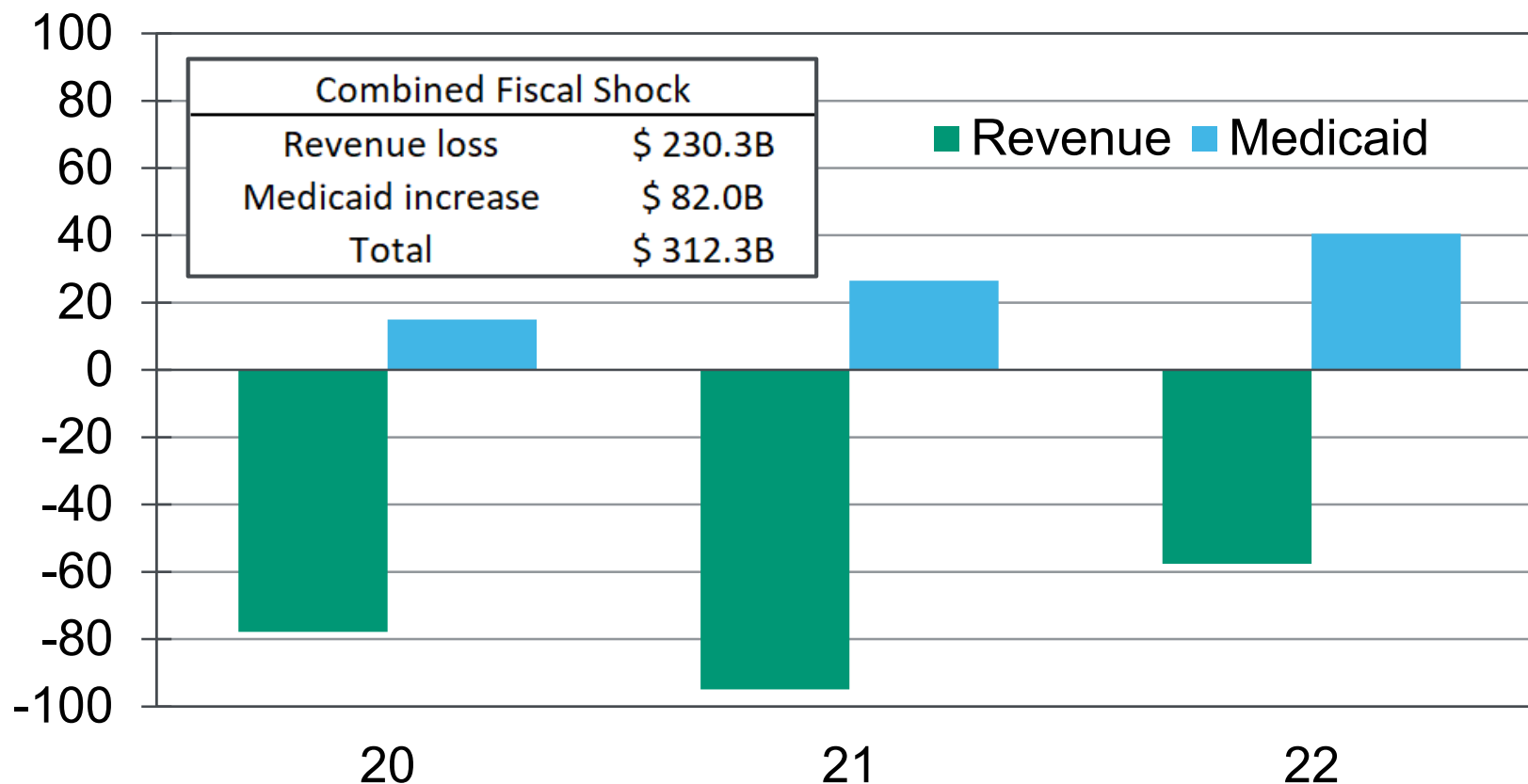
U.S. Unemployment Rate (U-3), %



Source: Moody's Analytics

Baseline Outlook

Aggregate fiscal shock across all 50 states



What was severe has become the baseline:

Revenue losses and Medicaid surge are likely to extend across at least three fiscal years

Majority of the pain will still be concentrated on the revenue side of the ledger.

Including local governments, total need will be as high as \$500 billion

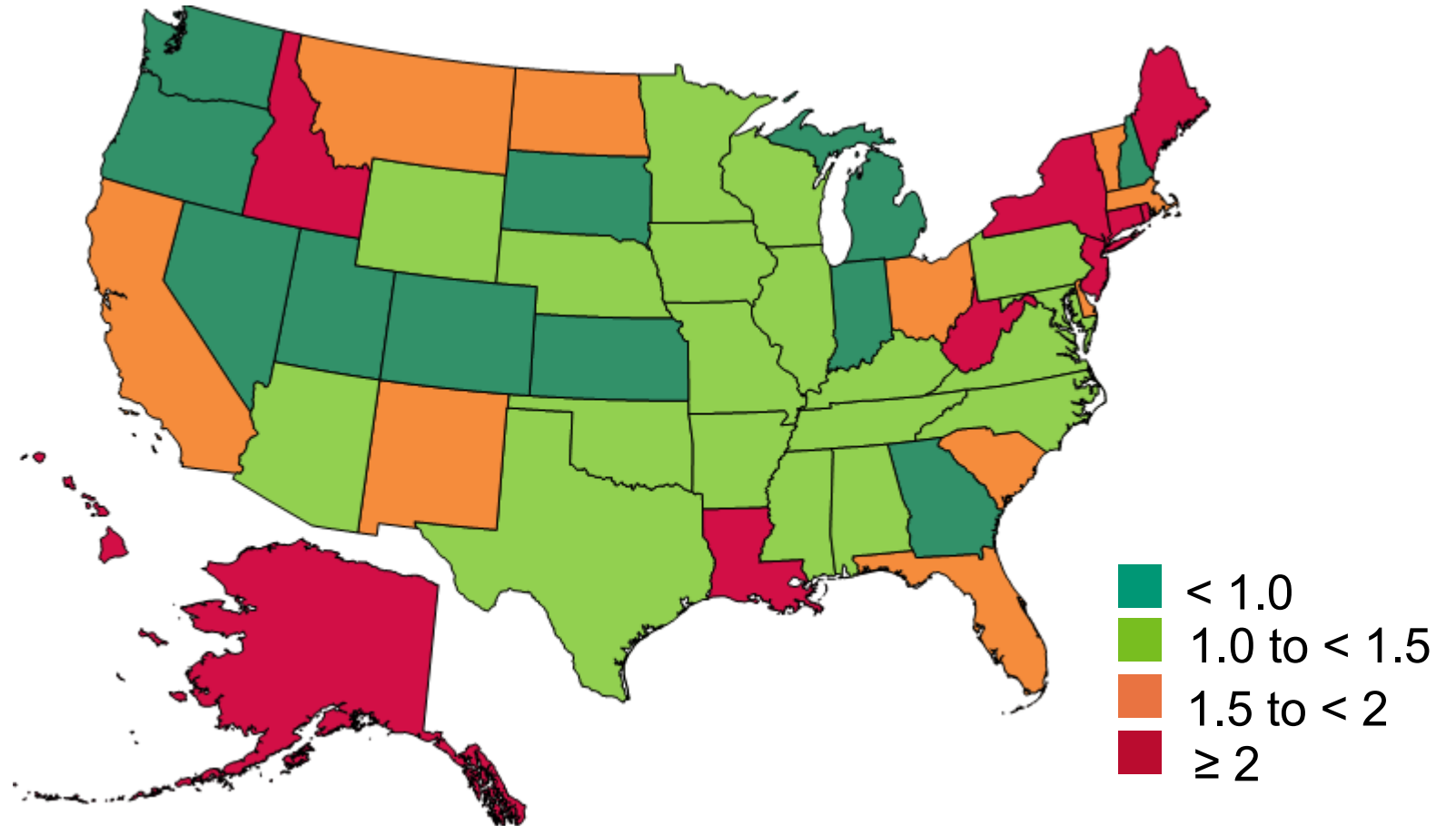
Baseline Outlook

Three-year fiscal shock as a % of Gross State Product

Implications Vary Across States

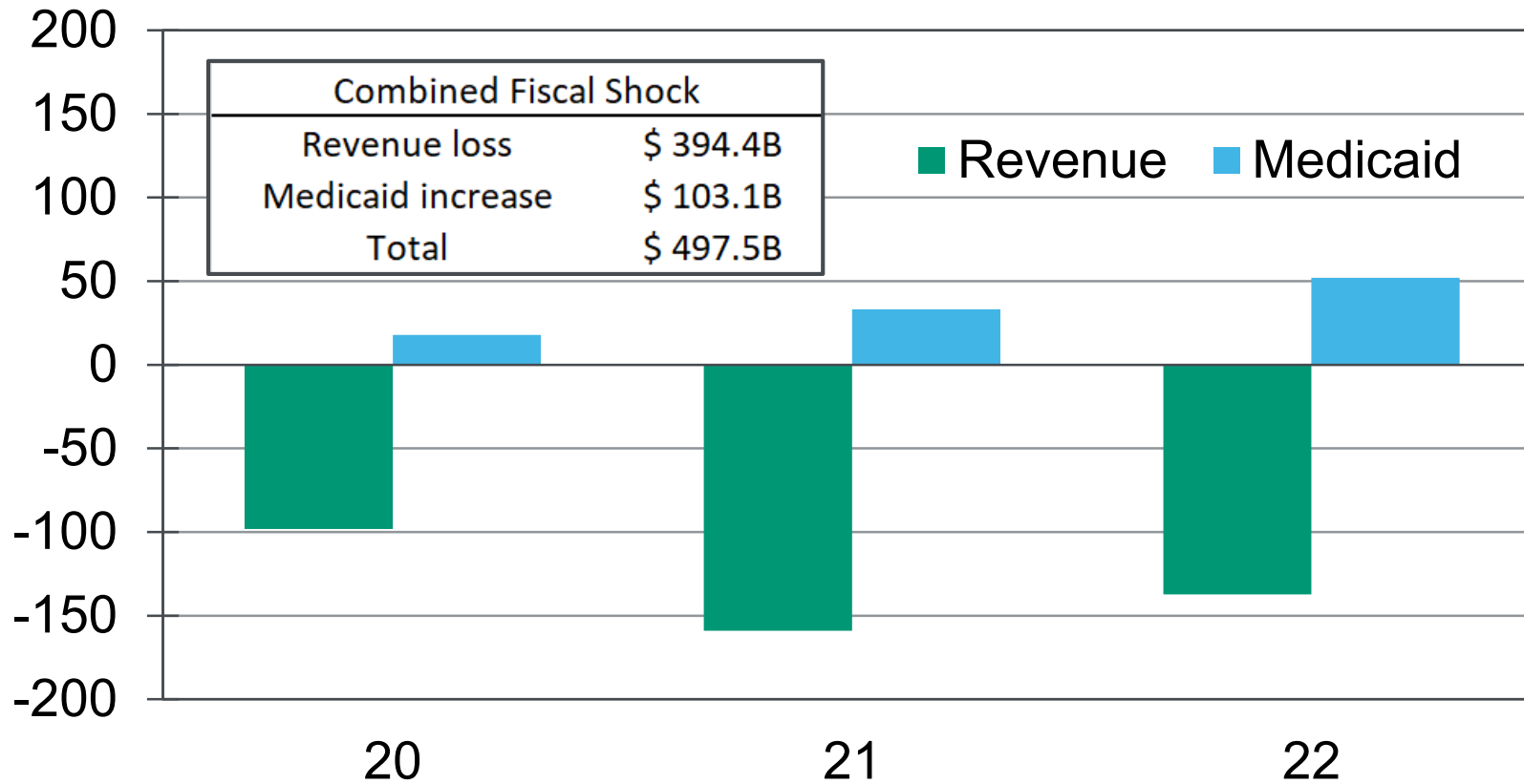
Overall fiscal shock, not including the use of rainy-day reserves.

States seeing the most risk are those whose economies rely heavily on the public sector, tourism, and energy. Also those with exceptionally high exposure rates/business restrictions.



Severe Outlook

Aggregate fiscal shock across all 50 states



Reimagining the meaning of the word severe:

A double-dip recession would create unprecedented fiscal stress for state budgets.

Including local governments, total need would be as high as \$750 billion

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