

Getting Back to Normal

Moody's Analytics & CNN Business on the U.S. Economic Recovery

Annalyn Kurtz - Senior Editor, CNN Business
Mark Zandi - Chief Economist, Moody's Analytics

Matt Colyar - Associate Economist, Moody's Analytics
Dante DeAntonio - Senior Economist, Moody's Analytics

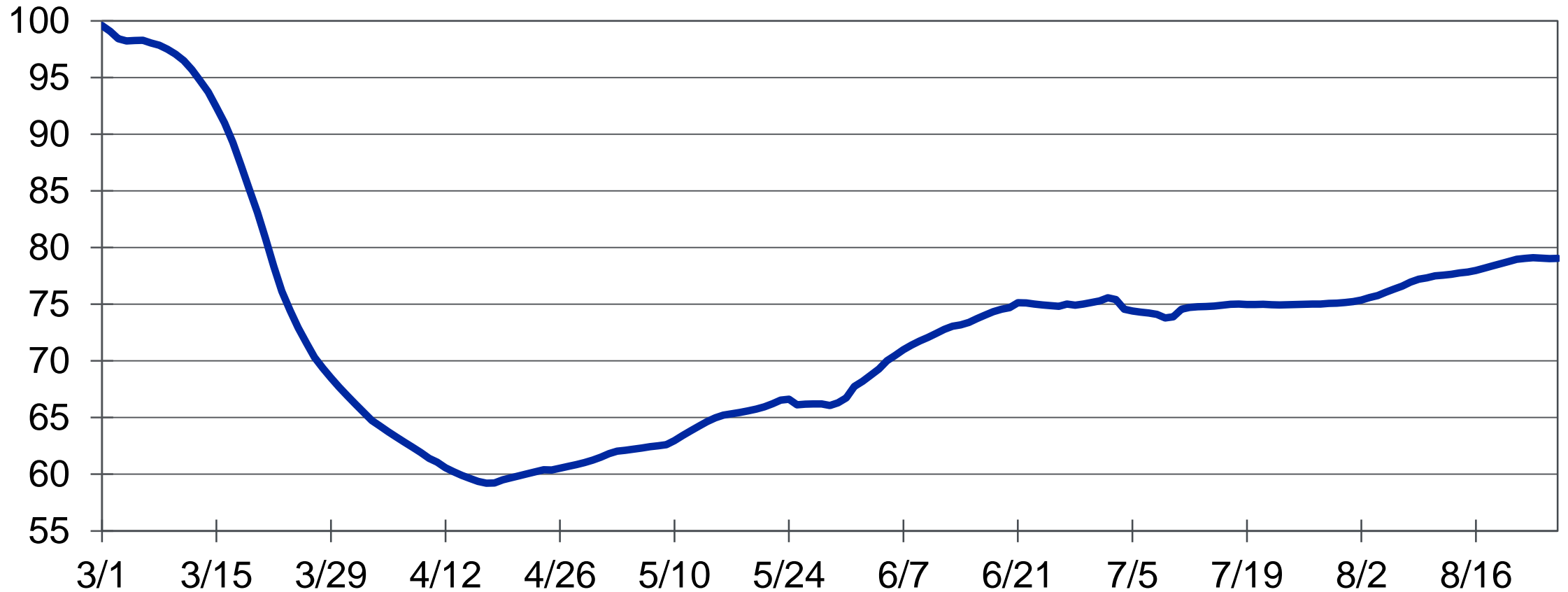
September 1, 2020

Agenda

- » Introduction
- » Methodology
- » Back-to-Normal Index Insights
- » When Do We Get Back to Normal?

Not a V-Shaped Recovery

Back-to-Normal Index, early March = 100



Sources: CNN Business, Moody's Analytics

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Methodology

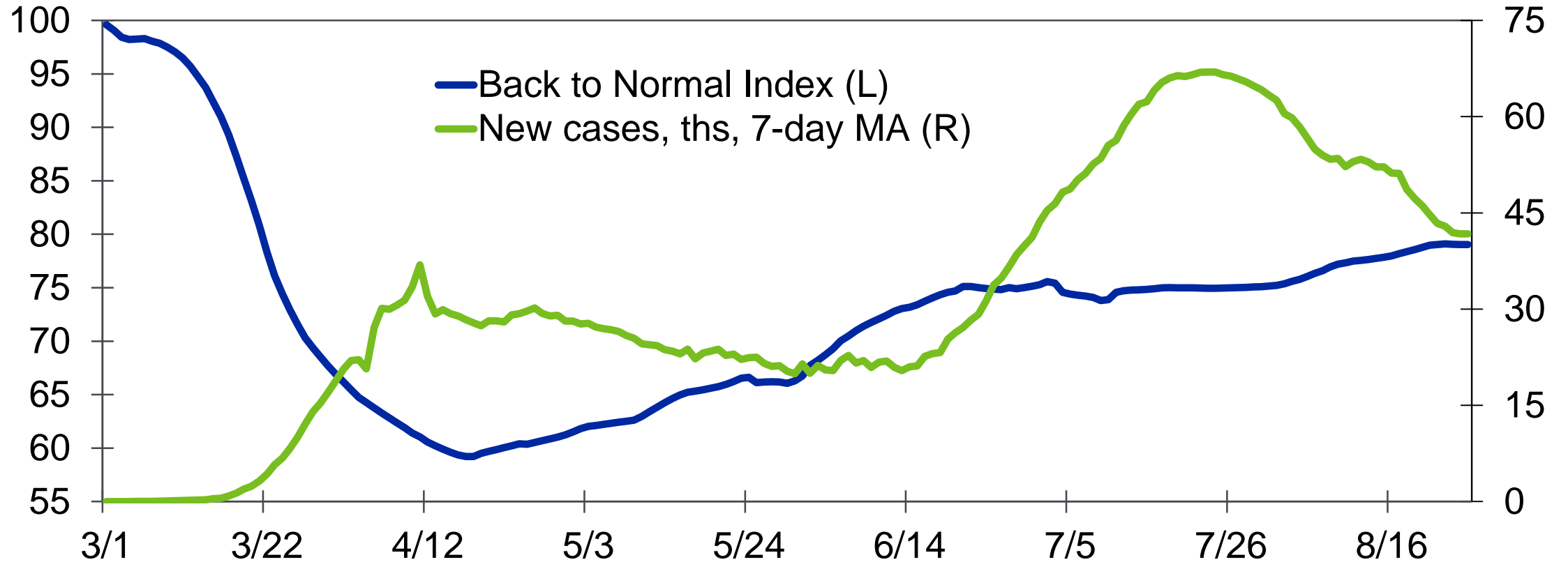
What Is Included in the Back-to-Normal Index

Frequency	Indicator	Source
Daily	High frequency GDP model*	Moody's Analytics
	Seated restaurant diners	OpenTable
	Workplace mobility index	Google
	Airline checkpoint traveler throughput	Transportation Safety Administration
	Hrs worked - small businesses	Homebase
	New-home postings	Zillow
Weekly	U.S. petroleum products supplied (bpd)	Energy Information Administration
	Railroad traffic: Intermodal traffic (trailers)	Association of American Railroads
	Unemployment insurance: Continuing claims	Employment & Training Administration
	MBA Applications Survey: Activity index - purchase	Mortgage Bankers Association
	Business Confidence Index: North America	Moody's Analytics
	Johnson Redbook Index: Same-Store - all	Redbook Research Inc.
Monthly	Employment	Bureau of Labor Statistics

2

Insights

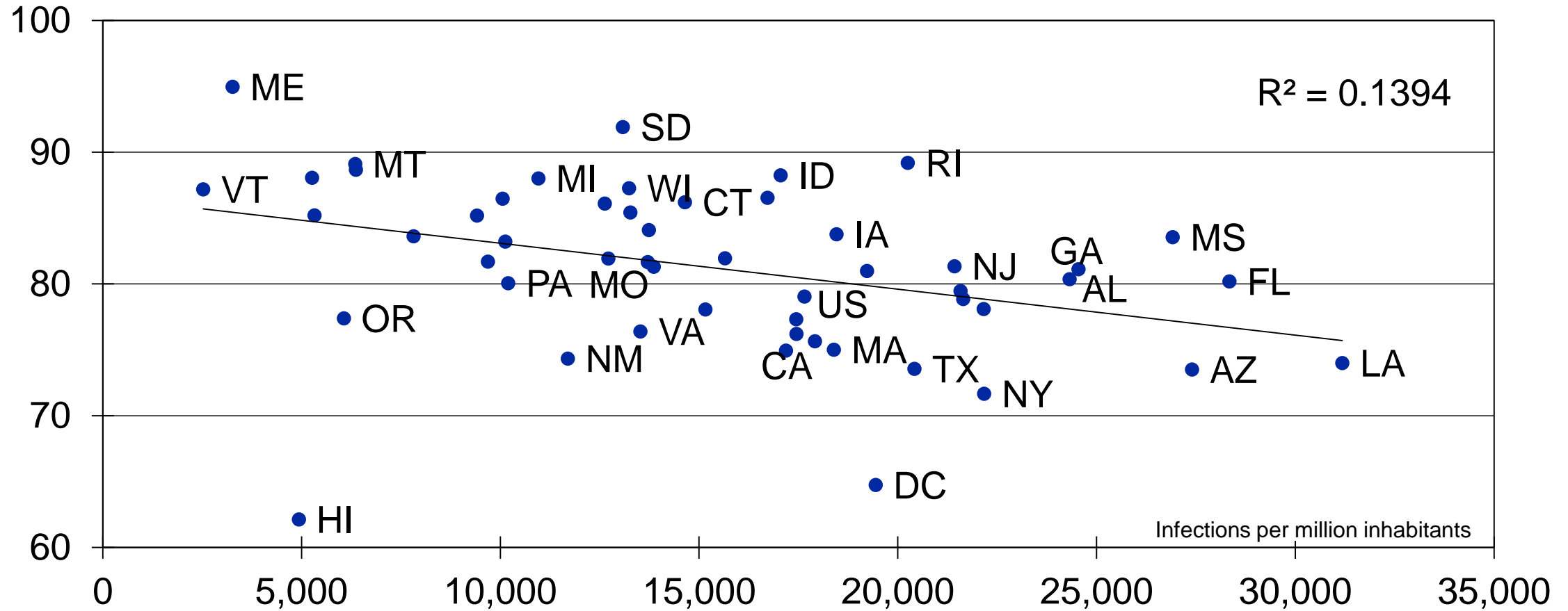
More Infections, Weaker Recovery...



Sources: U.S. Center for Disease Control & Prevention, CNN Business, Moody's Analytics

...Across the Country...

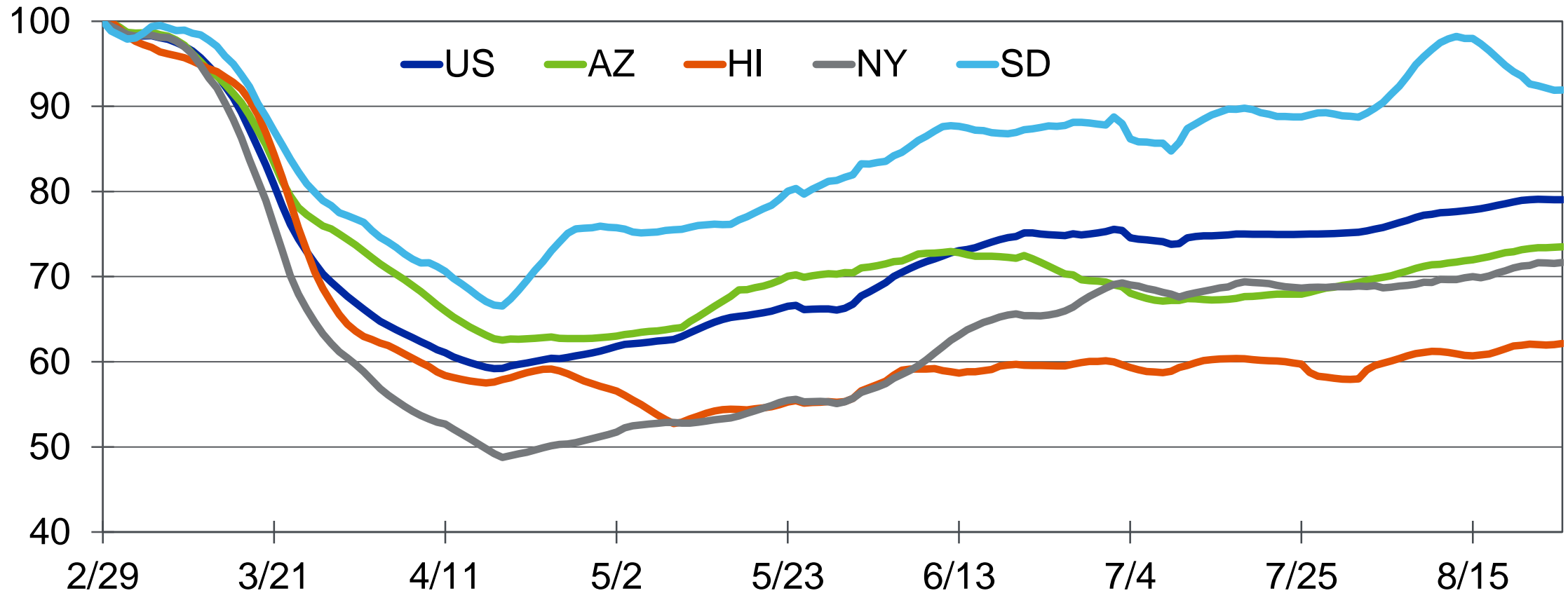
COVID-19 infections per million residents (X) vs. Back-to-Normal Index (Y), as of 8/26



Sources: The COVID Tracking Project at The Atlantic, CNN Business, Moody's Analytics

...and Particularly in These States

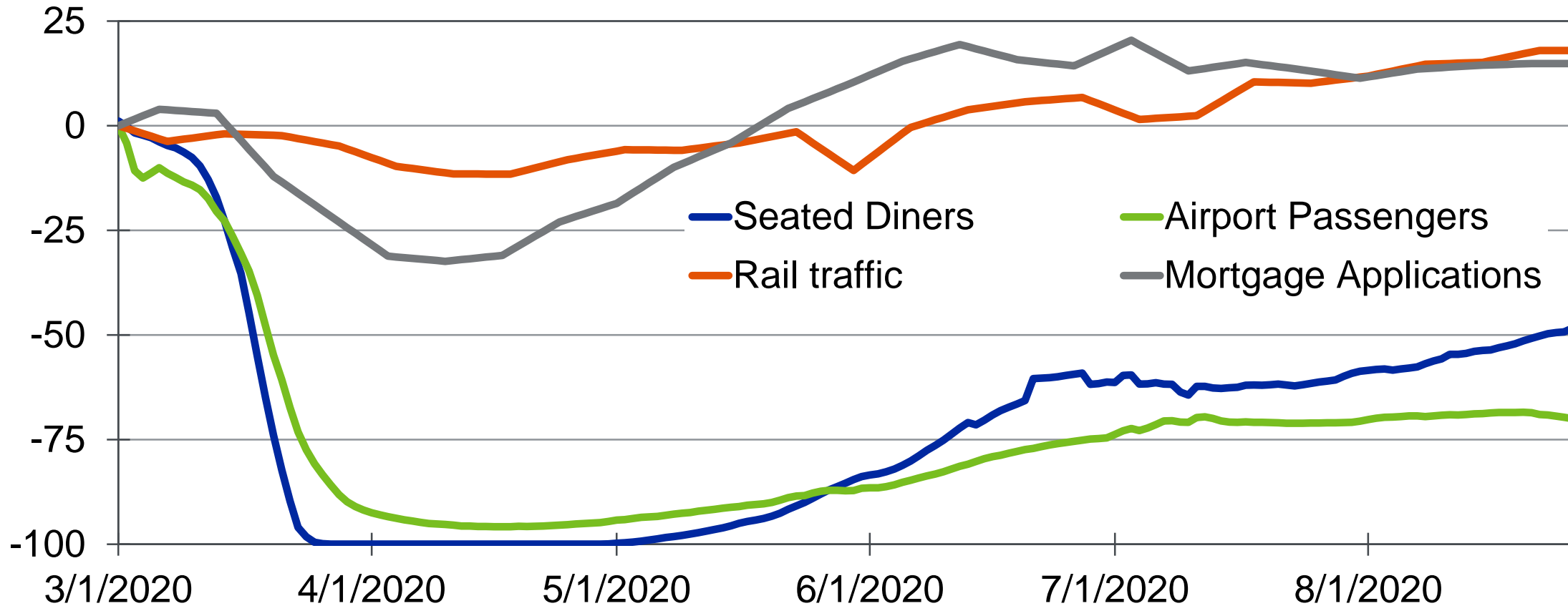
Back-to-Normal Index, select states



Sources: CNN Business, Moody's Analytics

Pandemic Creates Winners and Losers...

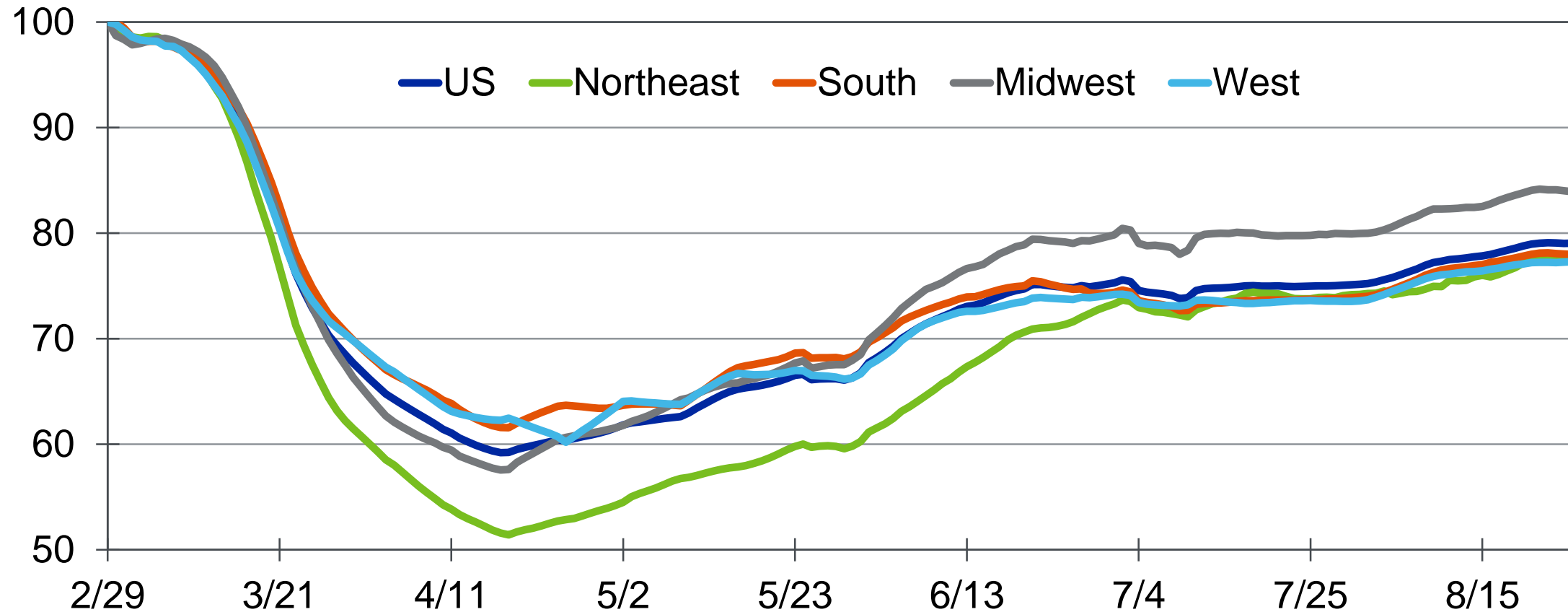
% change relative to March 1, 7-day MA



Sources: OpenTable, TSA, AAR, MBA, Moody's Analytics

...Across the Country

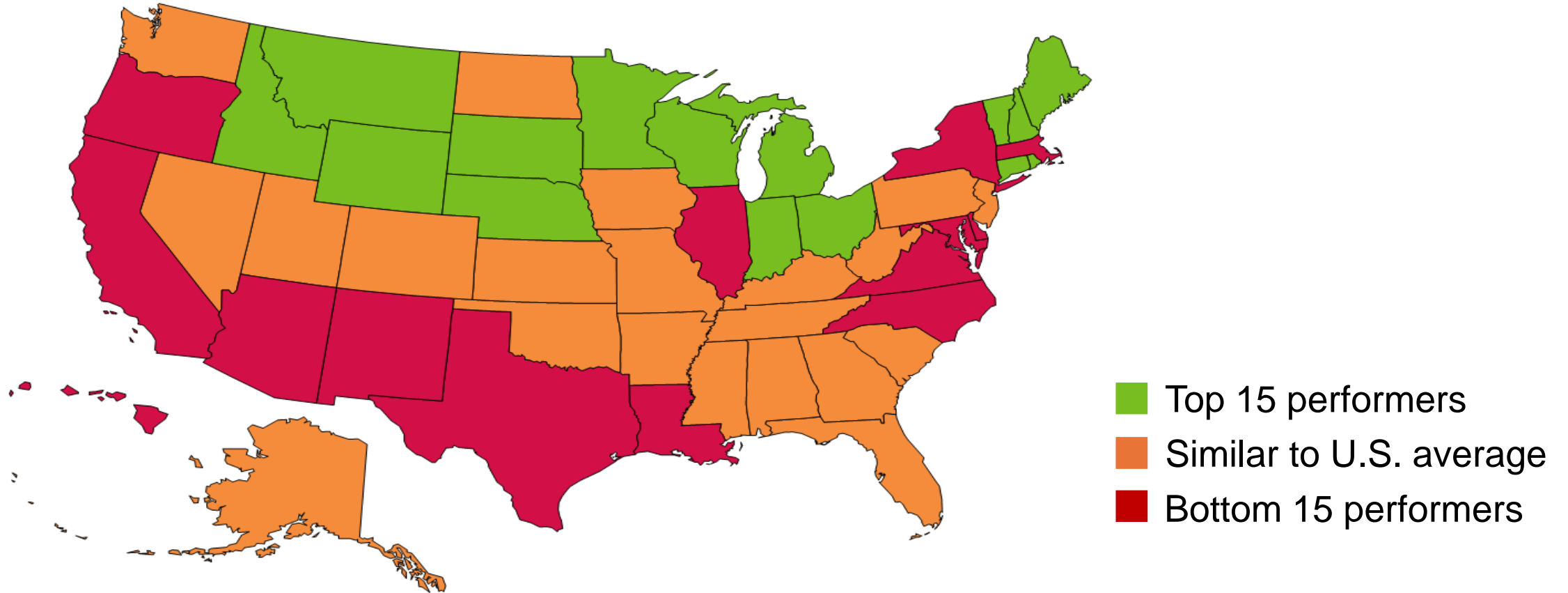
Back-to-Normal Index, by region, population weighted avg



Sources: CNN Business, Moody's Analytics

Big Regional Differences...

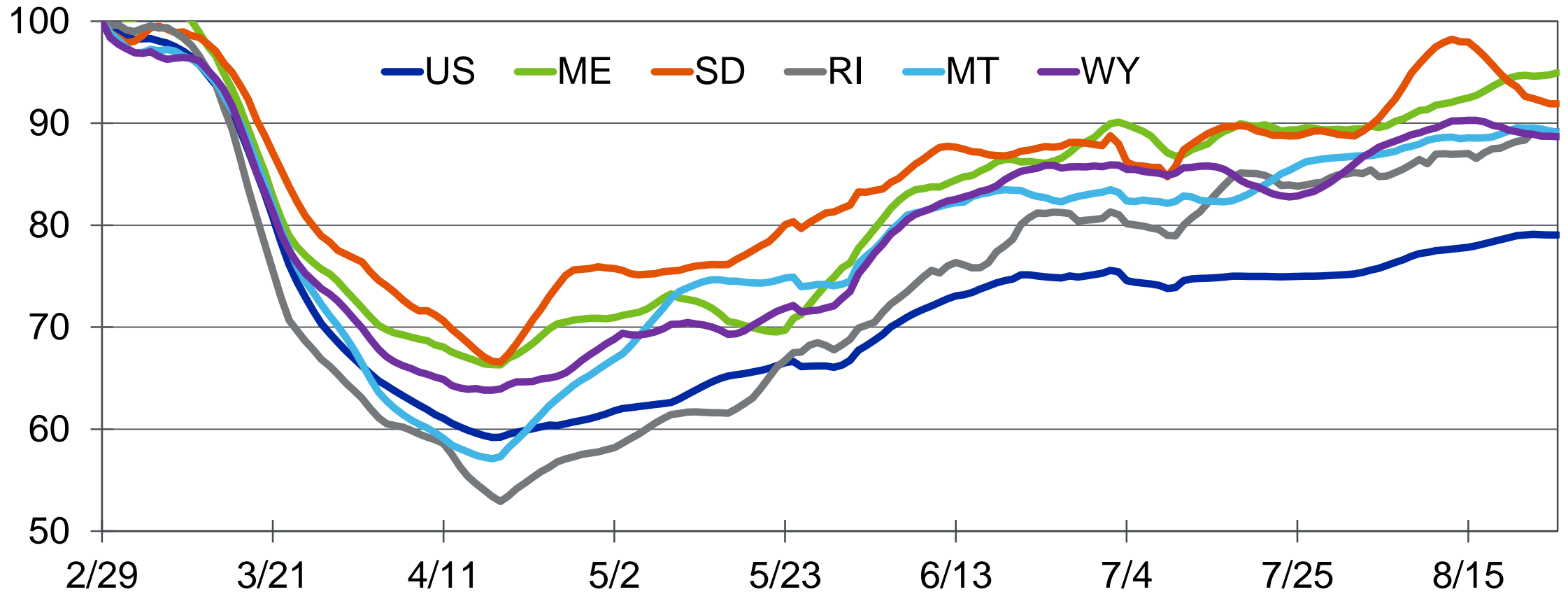
Back-to-Normal Index, as of 8/26



Sources: CNN Business, Moody's Analytics

...As Some States are Almost Back

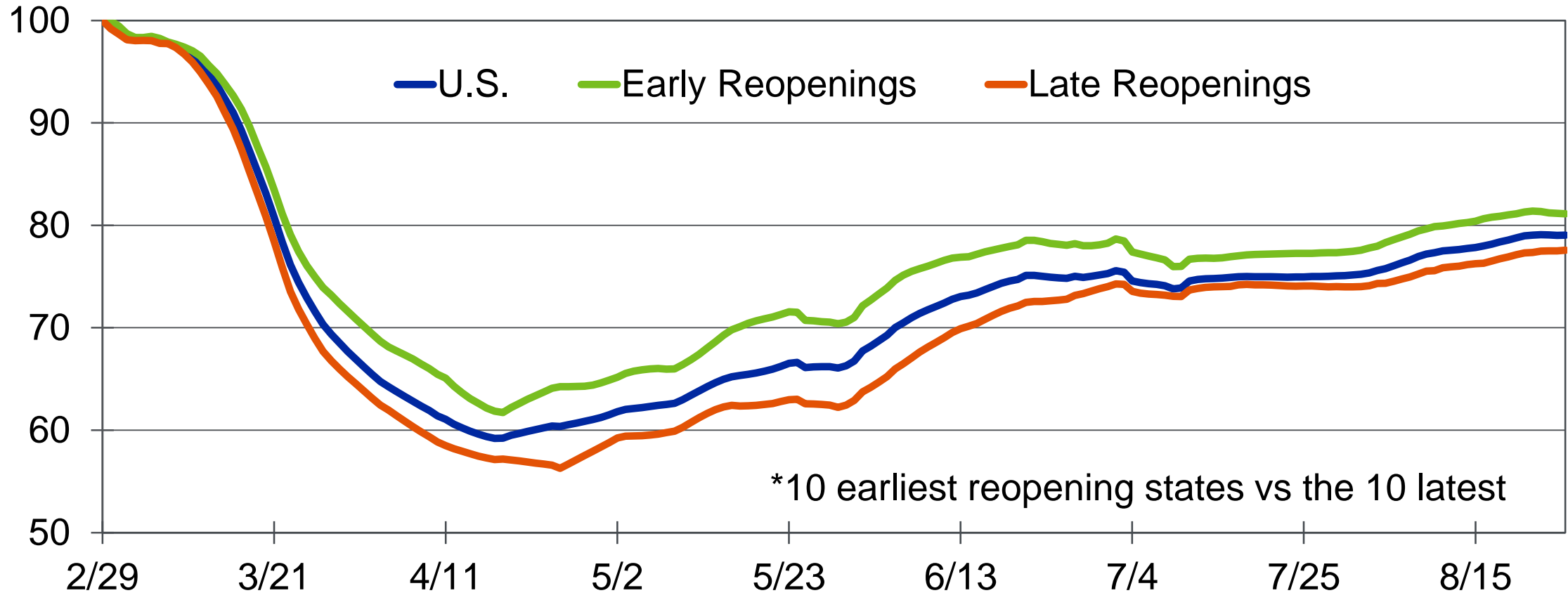
Back-to-Normal Index, most recovered states & U.S.



Sources: CNN Business, Moody's Analytics

Re-Opening Quickly Didn't Boost the Economy

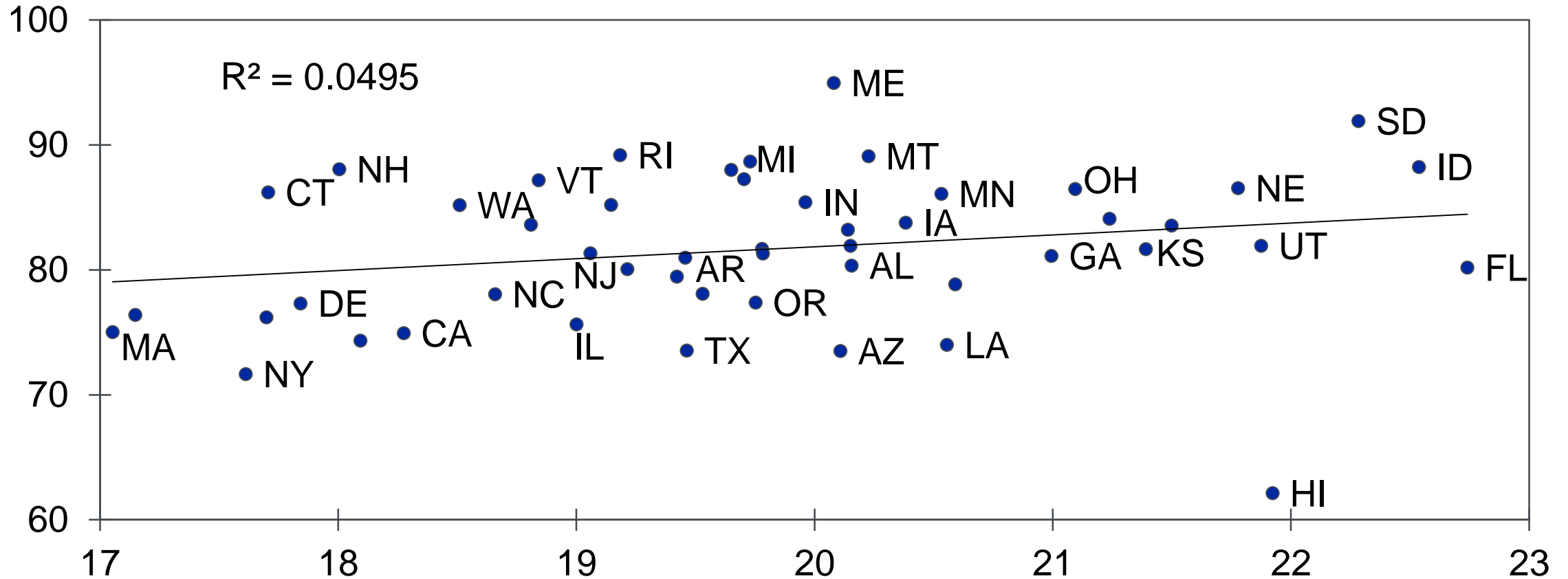
Back-to-Normal Index, select groups & U.S., population weighted avg



Sources: New York Times, CNN Business, Moody's Analytics

PPP Saved Some Firms but Can't Bring Normal Back

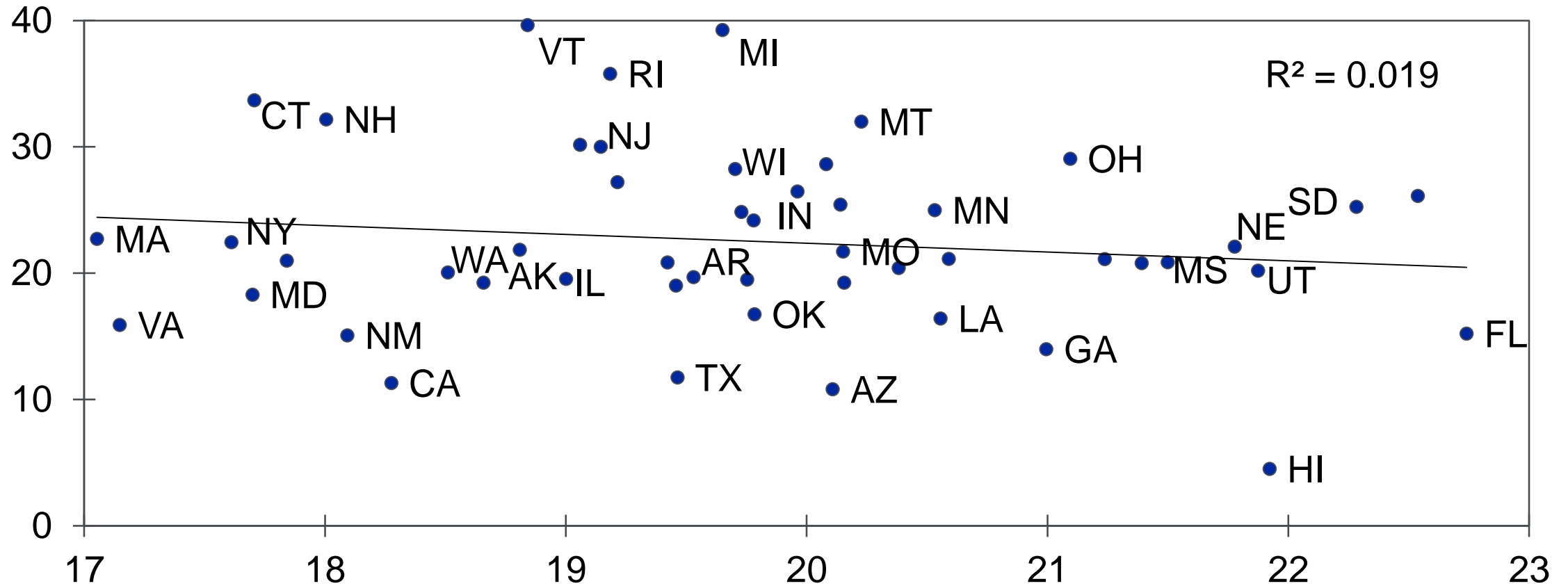
PPP loans received, % of small business payroll (X) vs. Back-to-Normal Index (Y), as of 8/26



Sources: SBA, CNN Business, Moody's Analytics

PPP Not a Primary Driver in Return to Normalcy

PPP loans received, % of small business payroll (X) vs. change in index from 4/17 to 8/26 (Y)



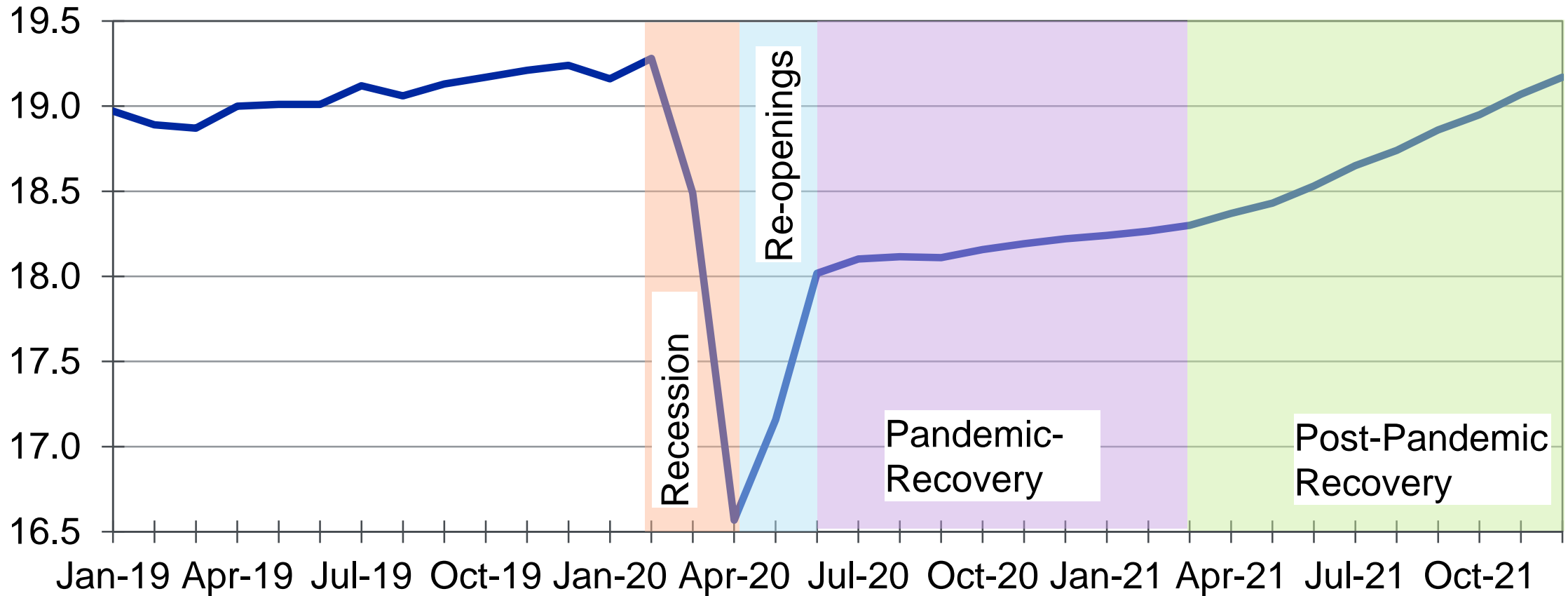
Sources: SBA, CNN Business, Moody's Analytics

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When Do We Get Back to Normal?

Getting Back to Normal...

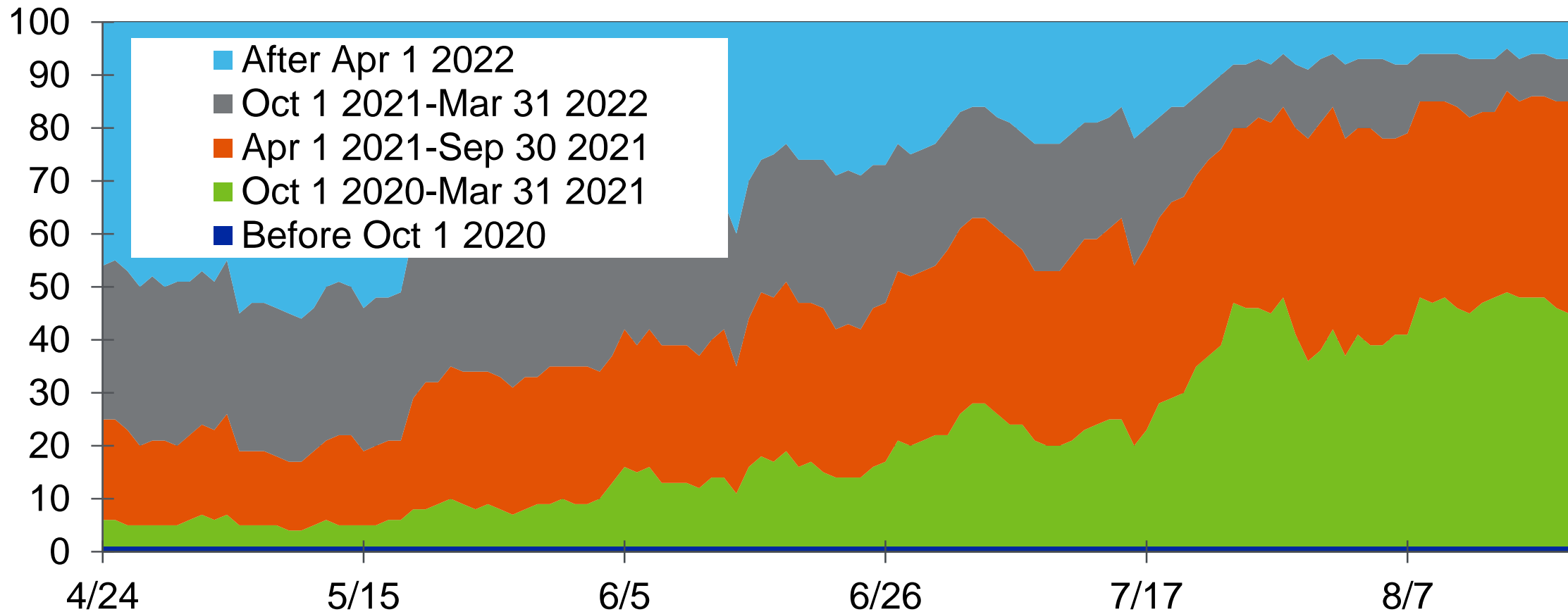
U.S. real GDP, 2012\$ tril



Sources: BEA, Moody's Analytics

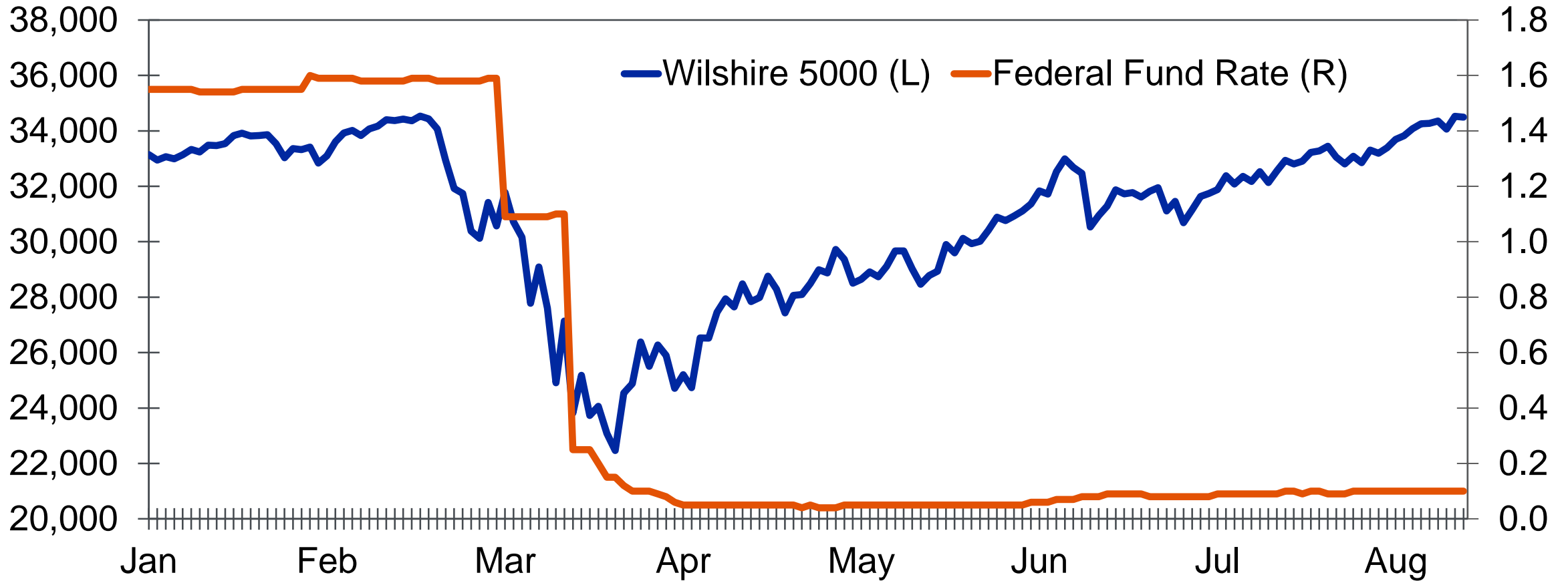
...Depends on an Effective Vaccine...

Probability, timeframe for 25 million inoculations in the U.S. (8/20)



Sources: Good Judgment Project, Moody's Analytics

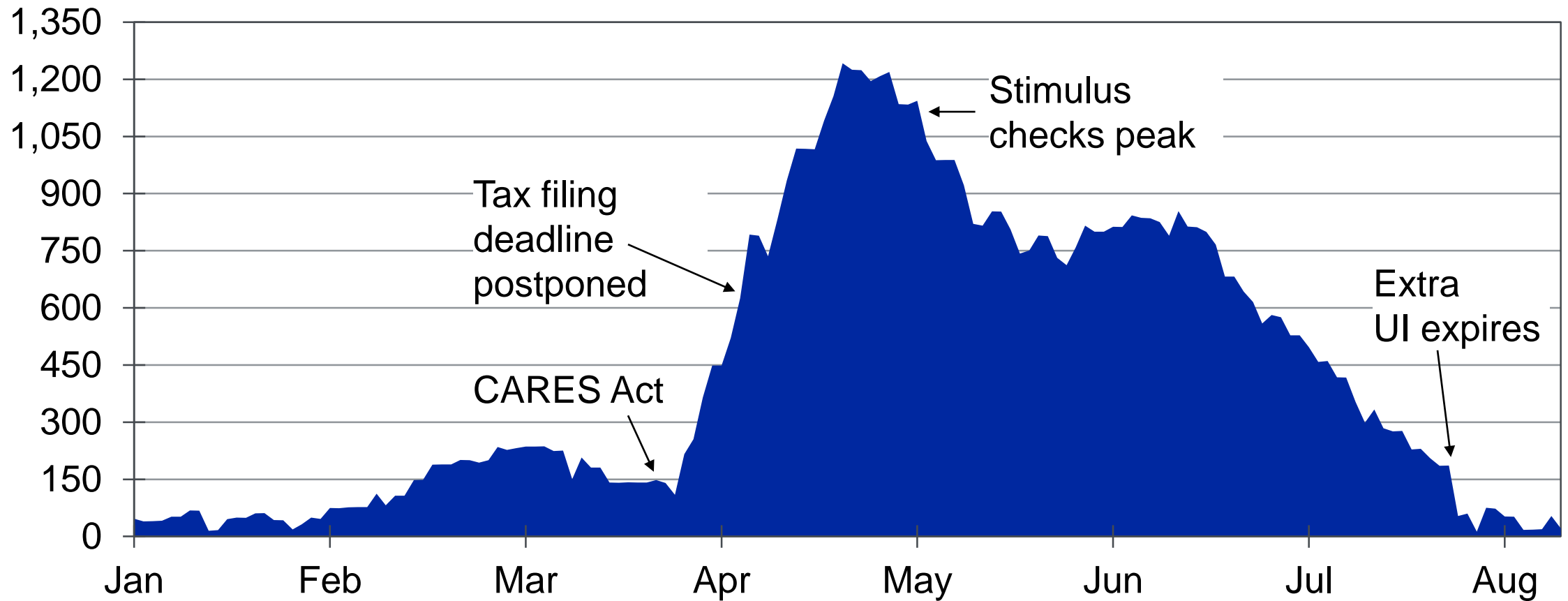
...An Aggressive Federal Reserve...



Sources: Federal Reserve, SIX Financial, Moody's Analytics

...and Continued Fiscal Support

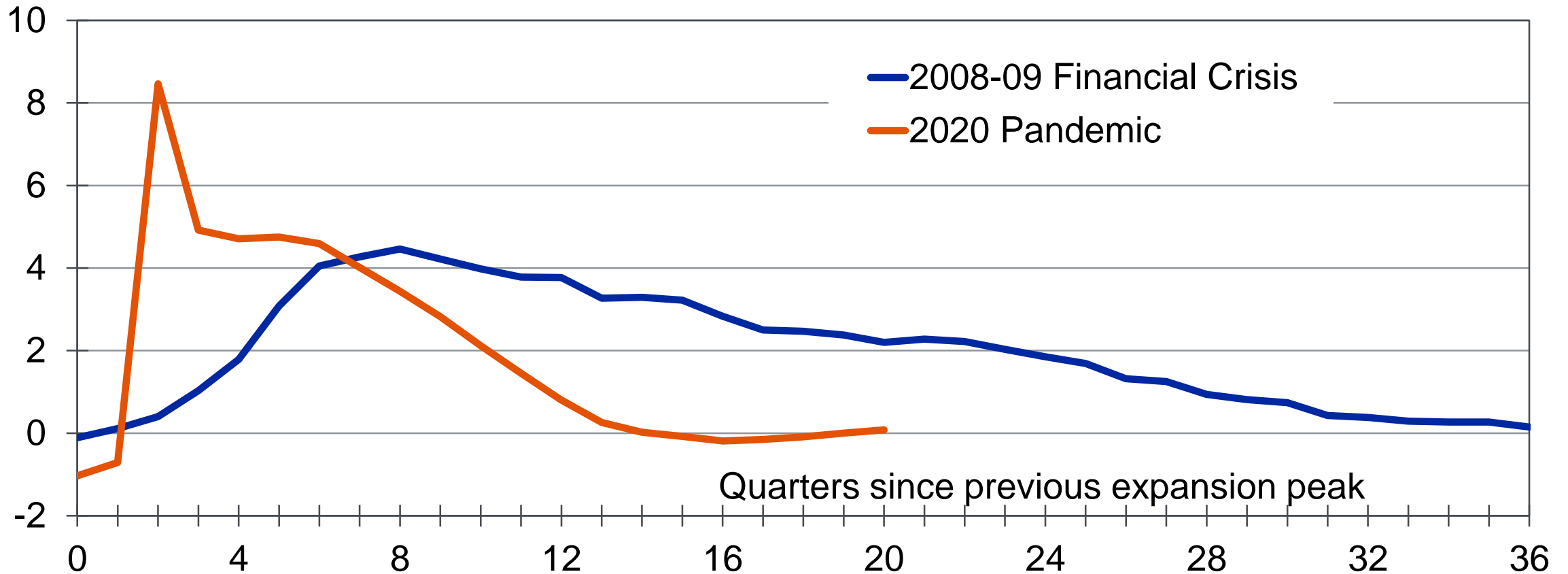
Monthly change in federal debt, \$ bil, 2020



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

A Long Road Back to Normal...But Not as Long

Difference between unemployment rate and full-employment unemployment rate, ppt



Sources: BLS, Moody's Analytics



Further Questions:

Email us at help@economy.com

Contact Us: Economics & Business Analytics Offices

West Chester, EBA-HQ

+1.610.235.5299
121 North Walnut Street, Suite 500
West Chester PA 19380
USA

New York, Corporate-HQ

+1.212.553.1653
7 World Trade Center, 14th Floor
250 Greenwich Street
New York, NY 10007
USA

London

+44.20.7772.5454
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom

Toronto

416.681.2133
200 Wellington Street West, 15th Floor
Toronto ON M5V 3C7
Canada

Prague

+420.22.422.2929
Washingtonova 17
110 00 Prague 1
Czech Republic

Sydney

+61.2.9270.8111
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia

Singapore

+65.6511.4400
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809

Shanghai

+86.21.6101.0172
Unit 2306, Citigroup Tower
33 Huayuanshiqiao Road
Pudong New Area, 200120
China

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