Pandemic Economy

Mark Zandi, Chief Economist

June 2020
The Recession Is Over…
Cataclysmic Economic Shock

May 2020, corrected for measurement problems, %

Sources: BLS, Moody’s Analytics

U3

- Published
- Non-sampling error
- COVID-19 labor force disruption

19.2%

U6

- Published
- Non-sampling error
- COVID-19 labor force disruption

23.3%
U.S. Lockdowns Winding Down
Share of GDP and # of counties shutdown

Sources: BEA, NY Times, Moody’s Analytics
Global Businesses Re-Open

Google mobility for the workplace, 7-day moving average, 0 = pre-COVID

Sources: Google, Moody’s Analytics
Fed Erects a Firewall

Assets held outright on the Fed’s balance sheet, $ tril

Sources: Federal Reserve, Moody’s Analytics
Fiscal Rescue Ramps Up…

Cumulative federal pandemic relief support, $ bil

Sources: CRFB, SBA, U.S. Treasury, Moody’s Analytics

Boost to weekly UI benefits
Air carrier worker support
Hospital relief
Aid to states
Economic Impact Payments
Tax day delay
Paycheck Protection Program
...Cushioning the Blow

Personal income, $ tril, SAAR, change from 2019Q4

Sources: BEA, CBO, Moody’s Analytics
...But a Weak Recovery...
Coming Economic Rebound Will Fall Well Short

U.S. Real GDP, trillions 2012$

Sources: BEA, Moody’s Analytics
Businesses Are Shell Shocked…

% of respondents to Moody’s Analytics global business survey that are …

Source: Moody’s Analytics
…and Paying Their Bills Increasingly Late
Top 10 weakest and strongest 3-digit NAICS, April 2020

<table>
<thead>
<tr>
<th>NAIC</th>
<th>Industry</th>
<th>Employment 2019, ths</th>
<th>B2B Spending % Late</th>
<th>Change yr ago</th>
</tr>
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<tbody>
<tr>
<td>721</td>
<td>Accommodation</td>
<td>2,077.4</td>
<td>69.0</td>
<td>44.5</td>
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<tr>
<td>512</td>
<td>Motion picture and sound recording</td>
<td>442.8</td>
<td>54.0</td>
<td>32.8</td>
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<tr>
<td>711</td>
<td>Performing arts, spectator sports and related</td>
<td>516.7</td>
<td>49.2</td>
<td>24.1</td>
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<tr>
<td>722</td>
<td>Food services and drinking places</td>
<td>12,068.7</td>
<td>47.6</td>
<td>22.7</td>
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<tr>
<td>712</td>
<td>Museums, historical sites; and similar</td>
<td>173.0</td>
<td>46.4</td>
<td>24.1</td>
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<tr>
<td>448</td>
<td>Clothing and clothing accessories stores</td>
<td>1,299.2</td>
<td>45.3</td>
<td>19.1</td>
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<tr>
<td>315</td>
<td>Apparel manufacturing</td>
<td>110.4</td>
<td>44.7</td>
<td>18.0</td>
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<tr>
<td>323</td>
<td>Printing and related support activities</td>
<td>424.7</td>
<td>38.8</td>
<td>9.5</td>
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<tr>
<td>482</td>
<td>Rail transportation</td>
<td>174.5</td>
<td>38.2</td>
<td>2.3</td>
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<tr>
<td>481</td>
<td>Air Transportation</td>
<td>503.3</td>
<td>37.6</td>
<td>9.6</td>
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<tr>
<td></td>
<td>Total</td>
<td>150,935.4</td>
<td>29.4</td>
<td>7.5</td>
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<tr>
<td>454</td>
<td>Nonstore retailers</td>
<td>562.7</td>
<td>26.0</td>
<td>8.2</td>
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<tr>
<td>522</td>
<td>Credit intermediation and related activities</td>
<td>2,651.2</td>
<td>25.9</td>
<td>6.2</td>
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<tr>
<td>425</td>
<td>Wholesale electronic markets and agents and brokers</td>
<td>530.9</td>
<td>25.8</td>
<td>3.7</td>
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<tr>
<td>452</td>
<td>General merchandise stores</td>
<td>3,037.8</td>
<td>24.1</td>
<td>5.2</td>
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<td>321</td>
<td>Wood product manufacturing</td>
<td>409.0</td>
<td>23.4</td>
<td>2.0</td>
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<tr>
<td>811</td>
<td>Repair and maintenance</td>
<td>1,352.2</td>
<td>22.1</td>
<td>3.6</td>
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<tr>
<td>444</td>
<td>Building material and garden equip. and supplies dealers</td>
<td>1,296.4</td>
<td>20.7</td>
<td>2.3</td>
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<tr>
<td>524</td>
<td>Insurance carriers and related activities</td>
<td>2,790.1</td>
<td>20.6</td>
<td>4.0</td>
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<tr>
<td>623</td>
<td>Nursing and residential care facilities</td>
<td>3,378.6</td>
<td>20.1</td>
<td>1.9</td>
</tr>
<tr>
<td>441</td>
<td>Motor vehicle and parts dealers</td>
<td>2,034.9</td>
<td>18.9</td>
<td>4.5</td>
</tr>
</tbody>
</table>

Note: Excludes NAICs with fewer than 25,000 employees in 2019 and in public administration and agriculture

Sources: Cortera, Moody’s Analytics
COVID-Crisis Slams the Global Economy

Global business cycle status

Source: Moody’s Analytics
Large Urban Areas Will Be Hit Hardest

COVID-19 Risk Index, average z-score across rankings, 0 = metro area average

Source: Moody’s Analytics
…Weaker Asset Prices…
Bear Market Is Not Over

Wilshire 5000

Value of publicly trade stocks, $ tril

Sources: Wilshire 5000, Federal Reserve, Moody’s Analytics
U.S. Real Estate Prices Slump

Index: 2019Q4 = 100, April baseline

Sources: FHFA, Moody’s Analytics
...and Downside Threats
Much Depends on the EPI of the Virus

Number of COVID-19 cases, days since 100 confirmed cases

Sources: Johns Hopkins CSSE COVID-19 Data Repository, Moody’s Analytics
More Fiscal Support Needed

Unemployment rate, %

Sources: BLS, Moody’s Analytics
Running Out of Fiscal Space

Sovereign borrowing capacity given current yields

Circle size = Real GDP, $  
Y-axis: Fiscal space  
X-axis: Debt-to-GDP ratio

Source: Moody’s Analytics
Globalization Will Be Impaired

Global trade and industrial production, % change yr ago

Sources: CPB World Trade Monitor, Moody’s Analytics
Questions & Answers

Questions? Contact us at help@economy.com
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