Back to the Future
A Tribute to 80s Movies & Hope that Life Returns to Normal Sooner Rather than Later

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Sage Policy Group, Inc.

On Behalf of FCIA

October 28th, 2020

Your Latest COVID-19 Economic Update
Coronavirus COVID-19 Global Cumulative Confirmed Cases
As of 10/26/2020

Total Confirmed: 43,121,946   |   Total Deaths: 1,154,746

Source: Johns Hopkins University, Center for Systems Science and Engineering (CSSE)
<table>
<thead>
<tr>
<th>Occupation Type</th>
<th>Total Employment</th>
<th>Share of Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed in Occupations at “Low Risk” of Layoff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employed in “Essential” Occupations</td>
<td>24,840,280</td>
<td>17%</td>
</tr>
<tr>
<td>Employed in Occupations Possible to Work from Home</td>
<td>48,204,920</td>
<td>33%</td>
</tr>
<tr>
<td>Employed in Other Salaried Occupations</td>
<td>4,899,710</td>
<td>3%</td>
</tr>
<tr>
<td>Employed in Occupations at “High Risk” of Layoff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Preparation and Serving-Related Occupations</td>
<td>13,374,170</td>
<td>9%</td>
</tr>
<tr>
<td>Sales and Related Occupations</td>
<td>10,443,460</td>
<td>7%</td>
</tr>
<tr>
<td>Production Occupations</td>
<td>8,313,750</td>
<td>6%</td>
</tr>
<tr>
<td>Installation, Maintenance and Repair Occupations</td>
<td>5,628,890</td>
<td>4%</td>
</tr>
<tr>
<td>All Other “High-Risk” Occupations</td>
<td>29,026,040</td>
<td>20%</td>
</tr>
</tbody>
</table>

Gross Domestic Product
1990Q2 through 2020Q2*

% Change from Preceding Period (SAAR)

2020Q2: -31.4%

Source: U.S. Bureau of Economic Analysis
*3rd/Final Estimate
Ferris Bueller’s Day Off (1986)
During the week ending October 17\textsuperscript{th}, the advance figure for seasonally adjusted initial claims was 787,000, a decrease of 55,000 from the previous week.

But that’s not the whole story . . .
During the week ending October 10th, the advance figure for seasonally adjusted insured unemployment was 8,373,000, a decrease of 1,024,000 from the previous week.

Continuing claims remain at the highest levels in the history of the seasonally adjusted series.
Net Change in U.S. Jobs, September 2002 – September 2020

Monthly Job Growth (000's)

September 2020: +661,000

Source: U.S. Bureau of Labor Statistics
U.S. Restaurant Reservations (Seated Diners)

YOY % Change, February 2020 – October 2020

YOO % Change in Seated Reservations

Source: Open Table
TSA Checkpoint Travel Numbers
March – October 2020 v. Same Weekday 1 Year Ago

Total Traveler Throughput

Source: U.S. Transportation Security Administration (TSA)
National Nonfarm Employment
by Industry Sector, September 2019 v. September 2020

- Leisure & Hospitality: -3,604
- Professional & Business Services: -1,238
- Education & Health Services: -1,134
- Trade, Transportation, & Utilities: -985
- Government: -847
- Manufacturing: -646
- Other Services: -461
- Construction: -279
- Information: -248
- Mining & Logging: -118
- Financial Activities: -88

All told 9.6 million jobs lost

Source: U.S. Bureau of Labor Statistics
U.S. Unemployment Rate, September 2000 – September 2020

Source: U.S. Bureau of Labor Statistics
## Unemployment Rates, 25 Largest Metros (NSA)

**August 2020**

<table>
<thead>
<tr>
<th>Rank</th>
<th>MSA</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Phoenix-Mesa-Scottsdale, AZ</td>
<td>5.9</td>
</tr>
<tr>
<td>2</td>
<td>Atlanta-Sandy Springs-Roswell, GA</td>
<td>6.3</td>
</tr>
<tr>
<td>3</td>
<td>Dallas-Fort Worth-Arlington, TX</td>
<td>6.3</td>
</tr>
<tr>
<td>4</td>
<td>San Antonio-New Braunfels, TX</td>
<td>6.6</td>
</tr>
<tr>
<td>5</td>
<td>Baltimore-Columbia-Towson, MD</td>
<td>6.8</td>
</tr>
<tr>
<td>6</td>
<td>Tampa-St. Petersburg-Clearwater, FL</td>
<td>6.8</td>
</tr>
<tr>
<td>7</td>
<td>Washington-Arlington-Alexandria, DC-VA-MD-WV</td>
<td>6.9</td>
</tr>
<tr>
<td>8</td>
<td>Denver-Aurora-Lakewood, CO</td>
<td>7.0</td>
</tr>
<tr>
<td>9</td>
<td>Charlotte-Concord-Gastonia, NC-SC</td>
<td>7.2</td>
</tr>
<tr>
<td>10</td>
<td>Minneapolis-St. Paul-Bloomington, MN-WI</td>
<td>7.9</td>
</tr>
<tr>
<td>11</td>
<td>Seattle-Tacoma-Bellevue, WA</td>
<td>7.9</td>
</tr>
<tr>
<td>12</td>
<td>St. Louis, MO-IL</td>
<td>7.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank</th>
<th>MSA</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Houston-The Woodlands-Sugar Land, TX</td>
<td>8.1</td>
</tr>
<tr>
<td>14</td>
<td>Portland-Vancouver-Hillsboro, OR-WA</td>
<td>8.4</td>
</tr>
<tr>
<td>15</td>
<td>Miami-Fort Lauderdale-West Palm Beach, FL</td>
<td>8.5</td>
</tr>
<tr>
<td>16</td>
<td>San Francisco-Oakland-Hayward, CA</td>
<td>9.0</td>
</tr>
<tr>
<td>17</td>
<td>San Diego-Carlsbad, CA</td>
<td>9.9</td>
</tr>
<tr>
<td>18</td>
<td>Detroit-Warren-Dearborn, MI</td>
<td>10.2</td>
</tr>
<tr>
<td>19</td>
<td>Boston-Cambridge-Nashua, MA-NH</td>
<td>10.8</td>
</tr>
<tr>
<td>20</td>
<td>Philadelphia-Camden-Wilmington, PA-NJ-DE-MD</td>
<td>10.9</td>
</tr>
<tr>
<td>21</td>
<td>Orlando-Kissimmee-Sanford, FL</td>
<td>11.0</td>
</tr>
<tr>
<td>22</td>
<td>Riverside-San Bernardino-Ontario, CA</td>
<td>11.0</td>
</tr>
<tr>
<td>23</td>
<td>Chicago-Naperville-Elgin, IL-IN-WI</td>
<td>11.7</td>
</tr>
<tr>
<td>24</td>
<td>New York-Newark-Jersey City, NY-NJ-PA</td>
<td>13.0</td>
</tr>
<tr>
<td>25</td>
<td>Los Angeles-Long Beach-Anaheim, CA</td>
<td>15.0</td>
</tr>
</tbody>
</table>

### U.S. Unemployment Rate

**August:** 8.4%  
**September:** 7.9%

U.S. Multifamily–Family Building Permits
September 1995 – September 2020

MF Building Permits (000’s of Units)

MF: In structures with 2-5 units

Source: U.S. Census Bureau
U.S. Single-Family Building Permits
September 1995 – September 2020

SF Building Permits (000’s of Units)

Source: U.S. Census Bureau
Source: U.S. Census Bureau

"You and I come by road or rail, but economists travel on infrastructure" — Margaret Thatcher

Check quote
National Nonresidential Construction Spending by Subsector
August 2015 v. August 2020

Source: U.S. Census Bureau

- Public Safety: -25.9%
- Water Supply: -8.8%
- Office: 0.0%
- Amusement and Recreation: 43.9%
- Transportation: 40.7%
- Lodging: 26.4%
- Commercial: 25.1%
- Health Care: 20.5%
- Sewage and Waste Disposal: 19.7%
- Educational: 16.5%
- Conservation and Development: 13.2%
- Highway and Street: 10.8%
- Power: 8.2%
- Communication: 4.7%
- Manufacturing: 0.2%
- Religious: 5.0

Total Nonresidential Construction: +12.1%
National Nonresidential Construction Spending by Subsector
August 2019 v. August 2020

- Religious: -23.0%
- Lodging: -12.1%
- Highway and Street: -9.0%
- Water Supply: -8.8%
- Transportation: -8.8%
- Sewage and Waste Disposal: -8.8%
- Office: -6.0%
- Manufacturing: -4.5%
- Educational: -4.5%
- Amusement and Recreation: -3.6%
- Conservation and Development: -2.4%
- Public Safety: -0.7%
- Total Nonresidential Construction: -0.7%

Source: U.S. Census Bureau
According to the Institute for Health Metrics and Evaluation, daily deaths is the best indicator of the progression of the pandemic, although there is generally a 17-21 day lag between infection and deaths.

Source: Institute for Health Metrics and Evaluation
Did it Peak Already?
U.S. Projected Hospital Resource Use

Source: Institute for Health Metrics and Evaluation
New COVID-19 Tests:
Number of specimens tested for SARS CoV-2 by CDC labs and U.S. public health laboratories

Source: The Covid Tracking Project
What Can Unite Us? A Vaccine!

- Scientists are scrambling to develop a vaccine for Covid-19. More than ever before, pharma, biotechs, start-ups, research institutes and universities are working together to develop a vaccine and identify new therapies to treat symptoms of this disease.

- On July 27th, Moderna’s vaccine candidate developed with NIH initiated Phase 3 efficacy testing. The plan is for up to 30,000 volunteers to participate in the trial.

- According to the Milken Institute, there are currently 213 vaccines in various stages of development.

Source: Healthline; CNBC; Milken Institute; NPR
Coming to America (1988)
Major Economic Forecasts for U.S. GDP Growth

U.S. GDP Growth Rate

<table>
<thead>
<tr>
<th>Source</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMF</td>
<td>-4.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>World Bank</td>
<td>-6.1%</td>
<td>4.0%</td>
</tr>
<tr>
<td>OECD</td>
<td>-3.8%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Source: IMF; OECD; World Bank
CBO U.S. GDP Growth Projections

Real GDP, Annual % Change

Source: Congressional Budget Office (CBO); Committee for a Responsible Federal Budget (CRFB). Note: 2012 dollars.
Goldman Sachs analyzed GDP changes during other pandemics, including the 2003 SARS episodes in China, Hong Kong, and Canada, the 1957 Avian Flu in the U.S., and the 2015 MERS episode in South Korea. The average episode saw a GDP hit of 4-5% in the 1-2 quarters after the outbreak, though the variation was substantial.

Real GDP growth minus average growth over year before outbreak, pp

Source: Goldman Sachs
The Cure is Just Oh, So Different: U.S. Government Legislative Actions

- **Phase 1 (3/6/2020)** — *Coronavirus Preparedness and Response Supplemental Appropriations Act*: $8.3 billion in emergency funding.

- **Phase 2 (3/18/2020)** — *Families First Coronavirus Response Act*: $192 billion
  - Provided paid sick leave, tax credits, and free COVID-19 testing; expanded food assistance and unemployment benefits; and increased Medicaid funding.

- **Phase 3 (3/27/2020)** — *Coronavirus Aid, Relief, and Economic Security (CARES) Act*: More than $2 trillion (expected to increase the deficit by $1.7 trillion)
  - Direct payments to Americans; scaled up unemployment insurance program; loans and grants for small and large businesses and governments; aid to state and local governments, business tax cuts; other health and safety related spending provisions.

- **Phase 4 (4/24/2020)** — *Paycheck Protection Program and Health Care Enhancement Act*: $483 billion
  - Additional funding for Paycheck Protection Program, hospitals, testing efforts, and emergency disaster loans and grants.

Source: Congress.gov; Committee for a Responsible Federal Budget; NPR News
U.S. Saving Rate, August 2005 – August 2020
(Savings as Percentage of Personal Disposable Income)

August 2020:
14.1%

Source: Bureau of Economic Analysis
The initial phase of recovery from the crisis will be sharp, profound and most welcome -- interest rates are still low, pent-up demand high, there is a need to rebuild inventories, and people are anxious to meet again, go to restaurants, casinos, see a movie, watch the Orioles, and engage in other most wonderful of human activities.

May's jobs report was an absolute stunner. One way to look at this is to say economists missed the mark by 10.5 million jobs. Another way to look at it is that economists missed it by 2 weeks. June was even better, but July-September has been increasingly soft...

While recovery has begun, these remain treacherous times (obviously -- we haven't earned an enduring v-shaped recovery).
Thank You

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