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# Economic insights: COVID-19

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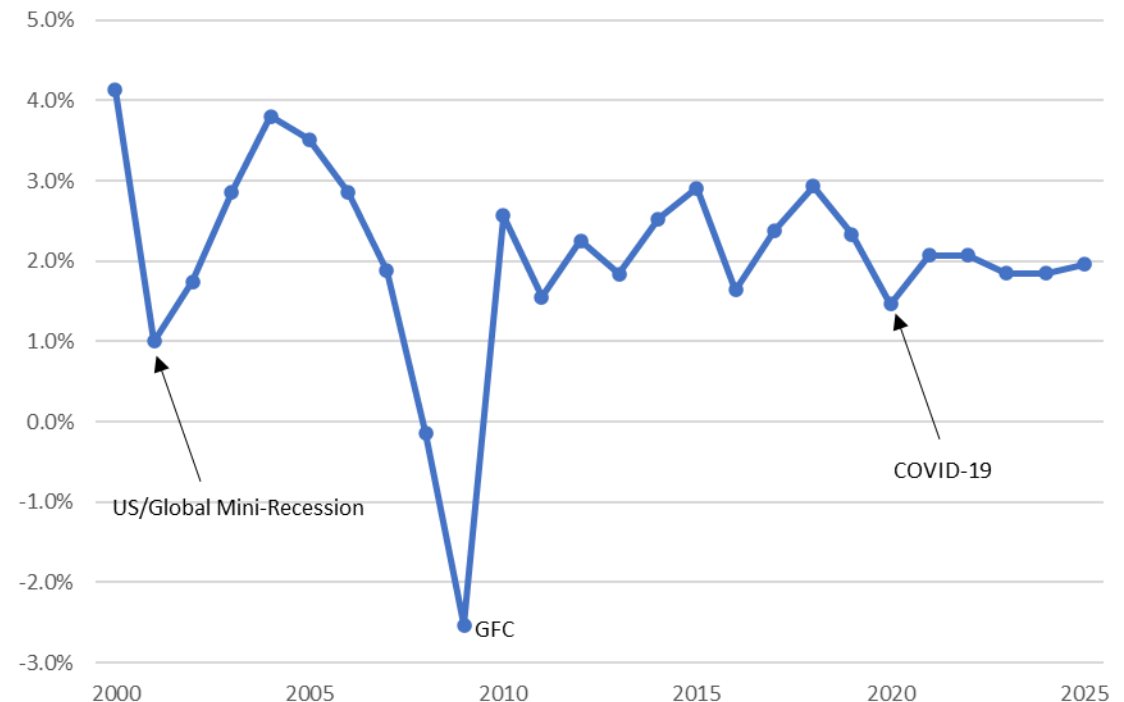
- Economic Indicators
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# Economic indicators

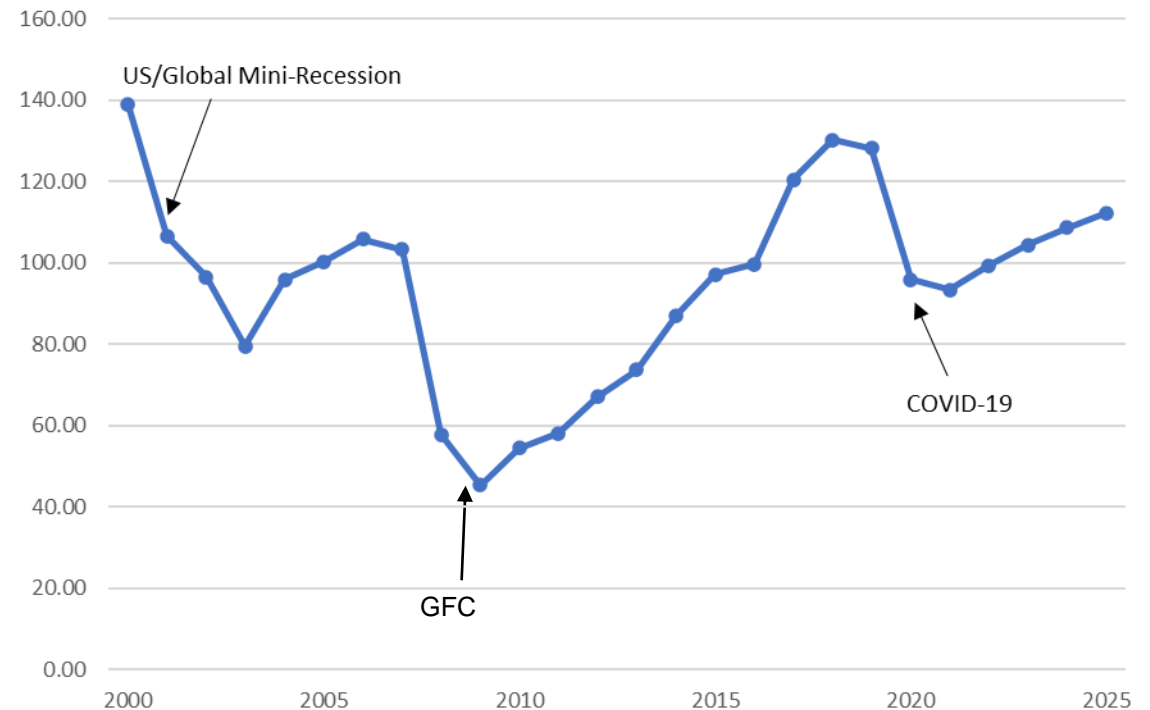
# United States GDP growth

- 2020 GDP growth: **1.5%**
  - Lowest since 2009
  - Economic growth expected to be negative in Q2
- 2021 GDP growth: **2.1%**
  - Expect GDP growth to pick up second half of 2021



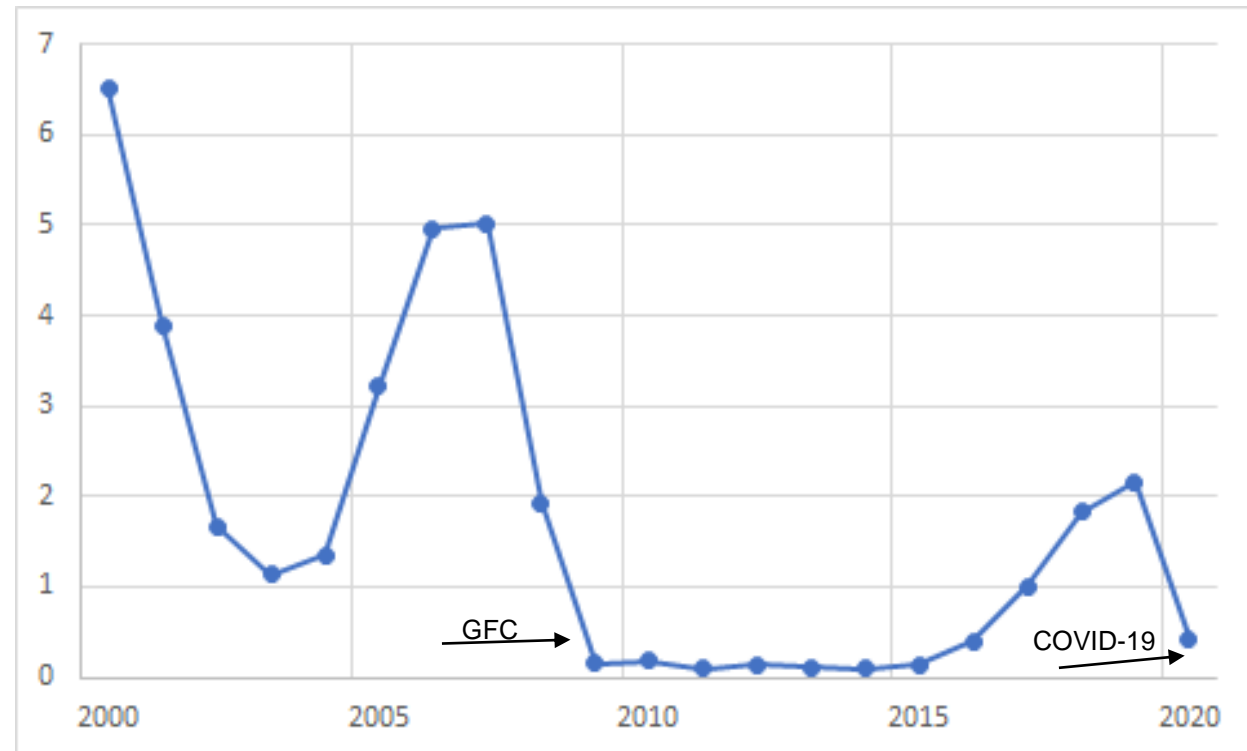
# Consumer confidence index

- 2020: **95.9** index value
  - Sharpest decline in consumer confidence since 2008
- 2021: **93.3** index value
  - Lowest level since 2014
  - Likely will begin to rise during second half of 2021



# Federal funds rate

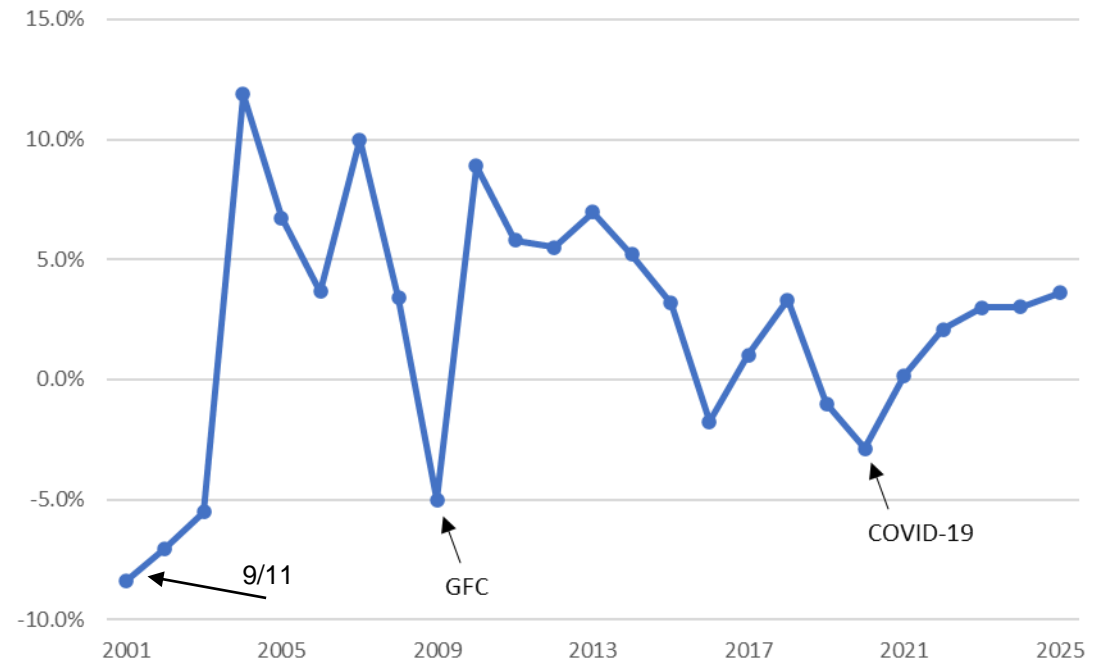
- Current target range: **0-0.25%**
- Markets had priced in a 75bps cut at the Fed's March 18 meeting, so the second emergency cut to near-zero was a surprise
- Factors:
  - Below-target inflation
  - Rising unemployment
  - Negative business sentiment
  - **COVID-19**



# Tourism & Leisure

# International travel to the United States

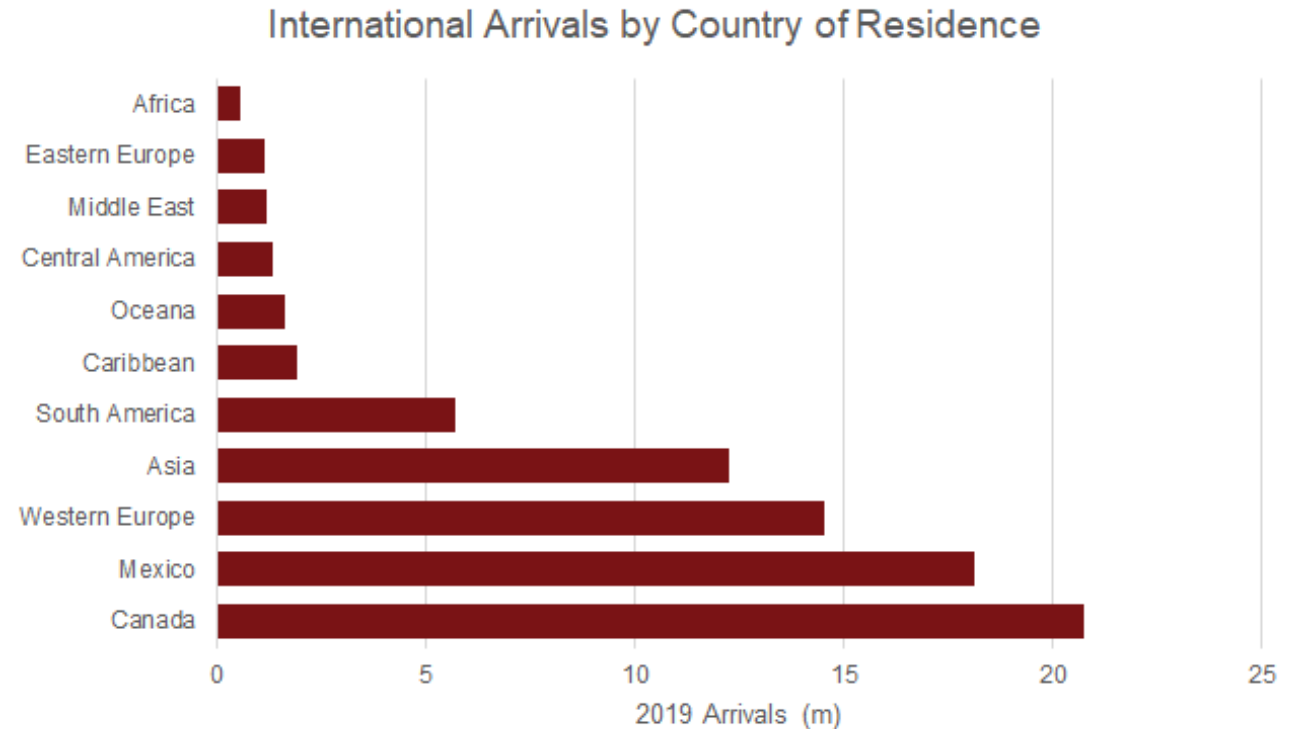
- 2020: **2.9%** decline
- Strongest fall since the Great Recession (**5.0%**)
- Factors:
  - Worsening economic conditions
  - US-China trade war
  - Travel bans
  - **COVID-19**
- International travel by Americans also expected to fall
  - 2020: **0.7%** decline





# Suppressed consumer activity

- Canada and Mexico account for nearly half of all international travel to the United States
- Travel restrictions on the Schengen area, as well as some Asian countries, will weigh on many industries
- High impact:
  - Airlines
  - Accommodation providers
  - Travel agencies
  - Restaurants/food-service
  - Recreational and cultural sites
  - Local transportation services
- IBISWorld expects that revenue + profit will fall for all these three industries in 2020.

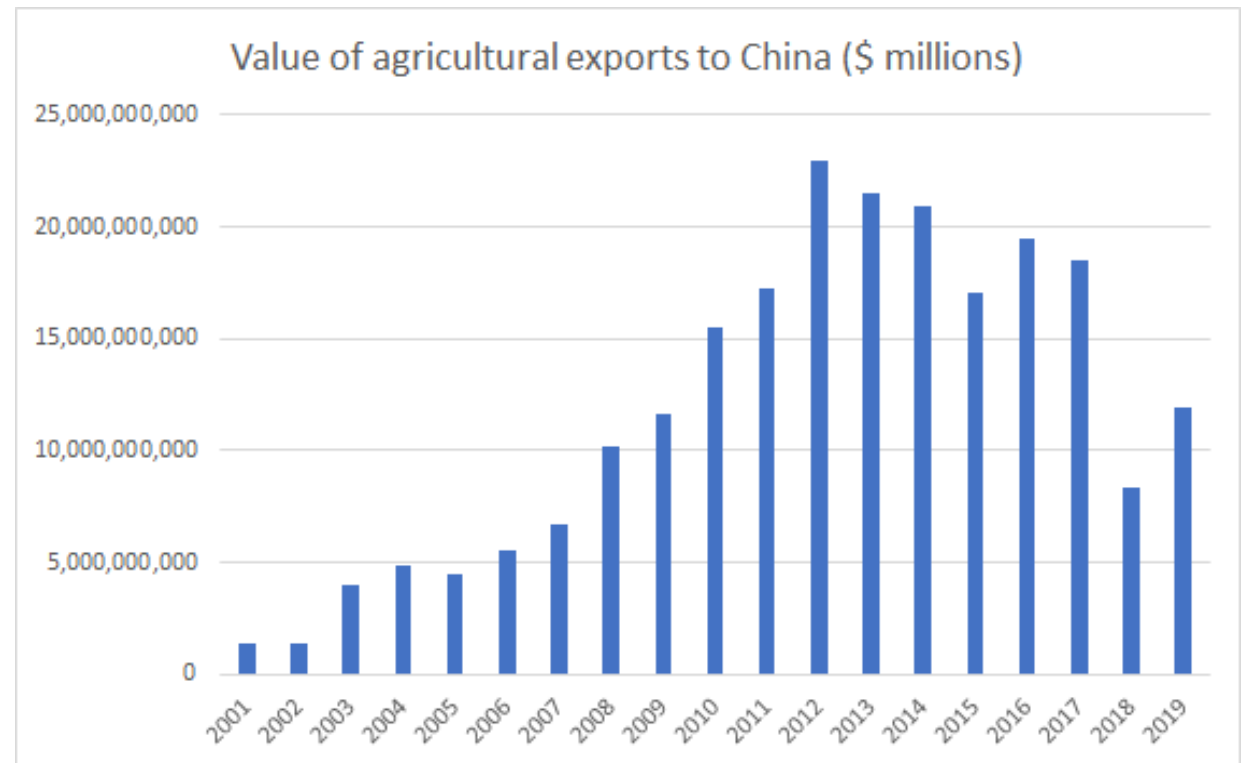


Sources: U.S. Department of Commerce, ITA, I&A, National Travel and Tourism Office (NTTO) I-94 Program, Statistics Canada, and Instituto Nacional de Estadística y Geografía/INEGI in Mexico.

# Agriculture

# Lessened demand for American produce

- Agriculture industries often rely on demand from China
- China accounts for 16.9% of agriculture exports
- Highly affected industries:
  - Soybean Farming
  - Corn Farming
  - Fruit & Nut Farming
- Total agriculture exports are likely to fall after rising in 2019.



# Trade and Supply Chain Exposures

# Total Exposure

Rank	Code	Industry	Total Exposure	Trade Exposure	China Exposure	Supply Exposure	Driver Exposure
1	32211	Wood Pulp Mills in the US	3.71	1.00	0.89	0.96	0.87
2	21229	Molybdenum & Metal Ore Mining in the US	3.67	0.98	0.77	0.92	1.00
3	33151	Ferrous Metal Foundry Products in the US	3.63	0.75	0.96	0.99	0.93
4	33399	Power Tools & Other General Purpose Machinery Manufacturing in the US	3.60	0.94	0.91	0.98	0.77
5	33291	Valve Manufacturing in the US	3.59	0.95	0.92	0.92	0.81
6	33299b	Ball Bearing Manufacturing in the US	3.59	0.95	0.94	0.93	0.77
7	21223	Copper, Nickel, Lead & Zinc Mining in the US	3.57	0.84	0.76	0.97	1.00
8	32622	Hose & Belt Manufacturing in the US	3.56	0.96	0.88	0.96	0.77
9	33211	Metal Stamping & Forging in the US	3.54	0.81	0.86	0.99	0.87
10	33131	Aluminum Manufacturing in the US	3.54	0.87	0.79	0.91	0.96

# Total Exposure without China

Rank	Code	Industry	Total Exposure	Trade Exposure	Supply Exposure	Driver Exposure
1	21229	Molybdenum & Metal Ore Mining in the US	2.91	0.98	0.93	1.00
2	33322	Plastics & Rubber Machinery Manufacturing in the US	2.85	0.96	1.00	0.89
3	21223	Copper, Nickel, Lead & Zinc Mining in the US	2.84	0.84	1.00	1.00
4	32211	Wood Pulp Mills in the US	2.82	1.00	0.95	0.87
5	33141	Nonferrous Metal Refining in the US	2.76	1.00	0.85	0.91
6	33131	Aluminum Manufacturing in the US	2.73	0.87	0.90	0.96
7	33399	Power Tools & Other General Purpose Machinery Manufacturing in the US	2.69	0.94	0.98	0.77
8	32622	Hose & Belt Manufacturing in the US	2.68	0.96	0.95	0.77
9	33211	Metal Stamping & Forging in the US	2.67	0.81	0.99	0.87
10	33313	Mining, Oil & Gas Machinery Manufacturing in the US	2.67	0.83	0.91	0.93

# Total Exposure without Trade

Rank	Code	Industry	Total Exposure	Supply Exposure	Driver Exposure
1	45322	Gift Shops & Card Stores in the US	1.93	0.94	0.99
2	33651	Train, Subway & Transit Car Manufacturing in the US	1.88	0.95	0.93
3	42344	Restaurant & Hotel Equipment Wholesaling in the US	1.86	0.92	0.93
4	54138	Laboratory Testing Services in the US	1.78	0.85	0.93
5	33911a	Medical Instrument & Supply Manufacturing in the US	1.77	0.81	0.96
6	48821	Rail Maintenance Services in the US	1.73	0.80	0.93
7	11421	Hunting & Trapping in the US	1.70	0.76	0.93
8	33451b	Medical Device Manufacturing in the US	1.68	0.72	0.96
9	48211	Rail Transportation in the US	1.65	0.70	0.95
10	44833	Handbag, Luggage & Accessory Stores in the US	1.61	0.65	0.96

# Impact Exposures

- US, Canada, Mexico, Australia, UK, New Zealand, Ireland, Germany
- Sortable Industry Lists
- High-level perspective
  - Starting Point in Research

[www.ibisworld.com/coronavirus-industry-exposure/](http://www.ibisworld.com/coronavirus-industry-exposure/)

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## Coronavirus (COVID-19) Industry Exposure

Learn how Coronavirus (COVID-19) is affecting industries around the world

SECTORS

- Accommodation & Food Services
- Administration & Business Support Services
- Agriculture, Forestry, Fishing & Hunting
- Arts, Entertainment & Recreation
- Construction
- Educational Services
- Finance and Insurance
- Healthcare & Social Assistance
- Information
- Manufacturing**
- Mining
- Personal Services
- Professional, Scientific & Technical Services
- Public Administration and Safety
- Real Estate, Rental and Leasing
- Retail Trade
- Transportation and Warehousing
- Utilities

### Manufacturing

Show  entries

Search:

Country ↓↑	Industry ↓↑	China Exposure ↓↑	Supply Chain Links ↓↑	Business Environment Links ↓↑	Exposure Intensity ↓↑
United States	Coffee Production in the US	Medium	Medium	High	High
United States	Textile Mills in the US	Low	High	Low	High
United States	Carpet Mills in the US	High	High	Low	High
United States	Hosiery Mills in the US	High	Medium	High	High
United States	Apparel Knitting Mills in the US	High	Medium	High	High
United States	Men's & Boys' Apparel Manufacturing in the US	High	Medium	Low	High



# Near-term outlook

- Business Environment

- Fixed Investment
- Employment
- Consumer trends
  - Discretionary Spending

- Ongoing Analysis

- Industry Impacts

- Initial industry knock-on impacts
- Full year growth risks
- Downside risks

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