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# Economic insights: COVID-19 in the US

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# Macroeconomic Summary

Gross Domestic Product

Unemployment

Consumer Confidence

The Federal Funds Rate

Business sentiment

The CARES Act

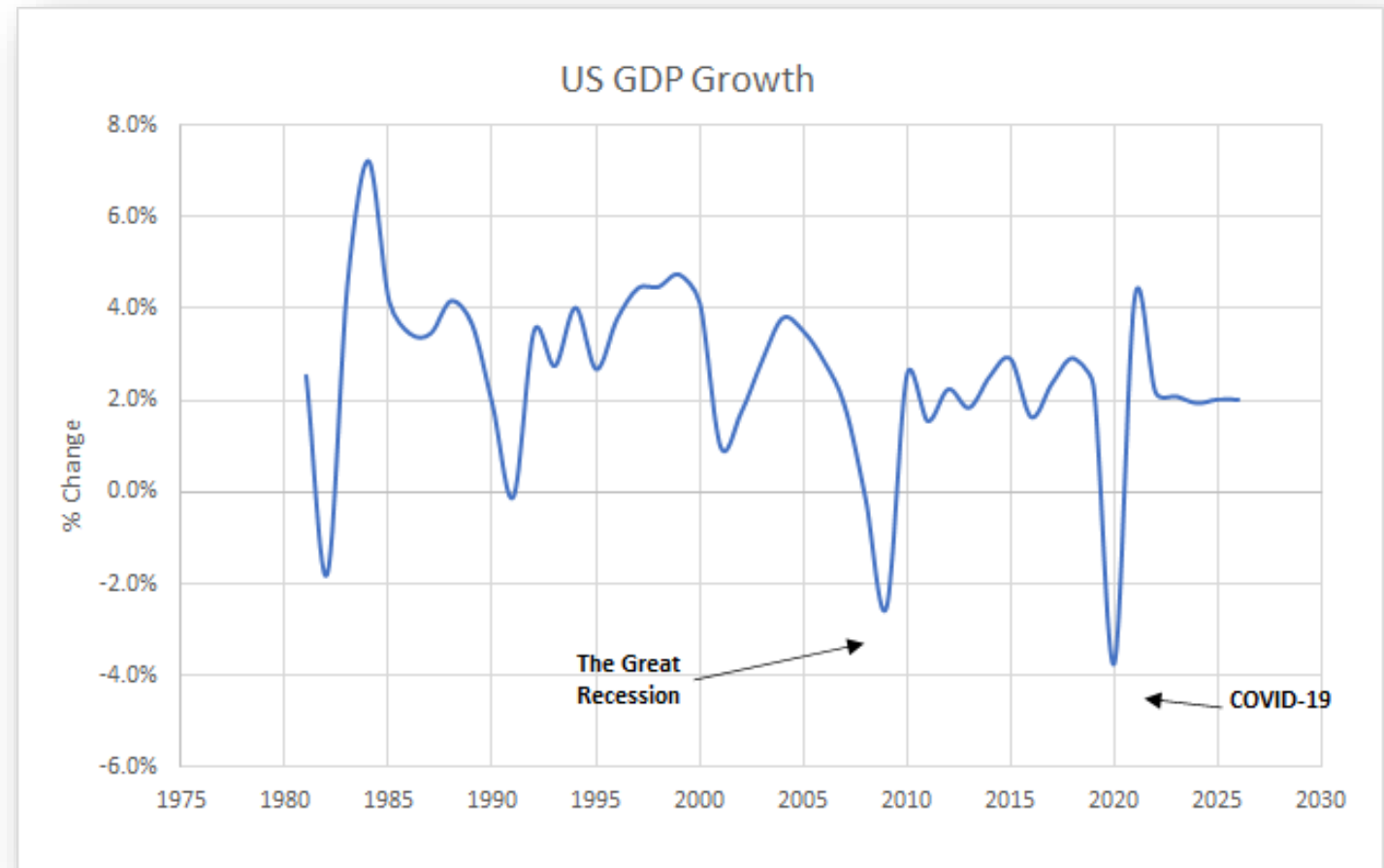
# United States GDP growth

2020 GDP growth: **-3.7%**

- GDP loss to be larger than in 2009
- GDP contraction expected to be significant in Q2
- Annualized growth 2015-2020 projected at 1.1%

2021 GDP growth: **4.3%**

- Rebound expected to be quick once normal activity resumes
- Expect GDP growth to pick up second half of 2021



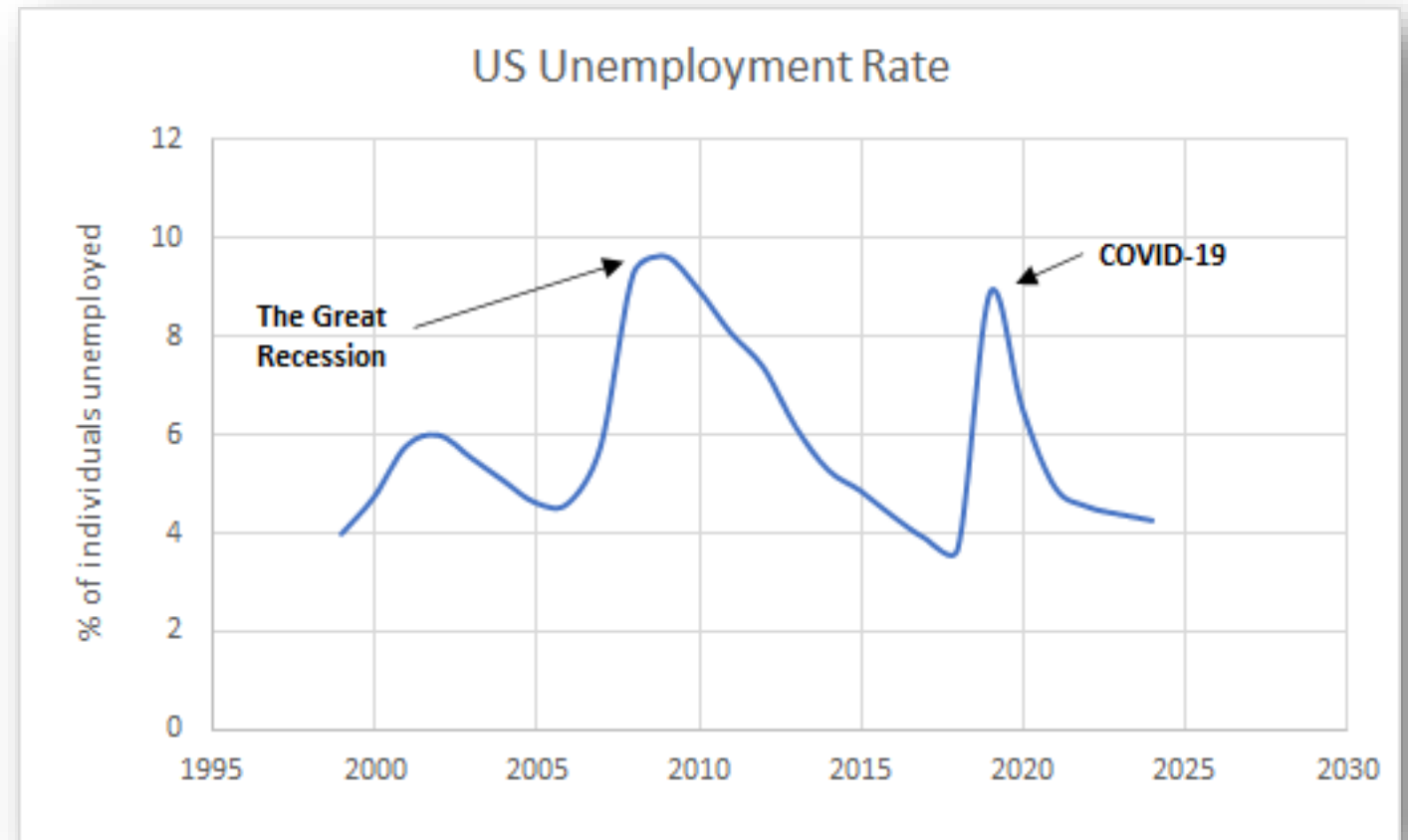
# Unemployment

2020 projected unemployment: **8.9%**

- Unemployment expected to peak in Q2 at 13.1%
- Jobless claims approach 16.8 million
- Hospitality, leisure and food services hit particularly hard

2021 projected unemployment: **6.5%**

- Rebounded expected relatively quick



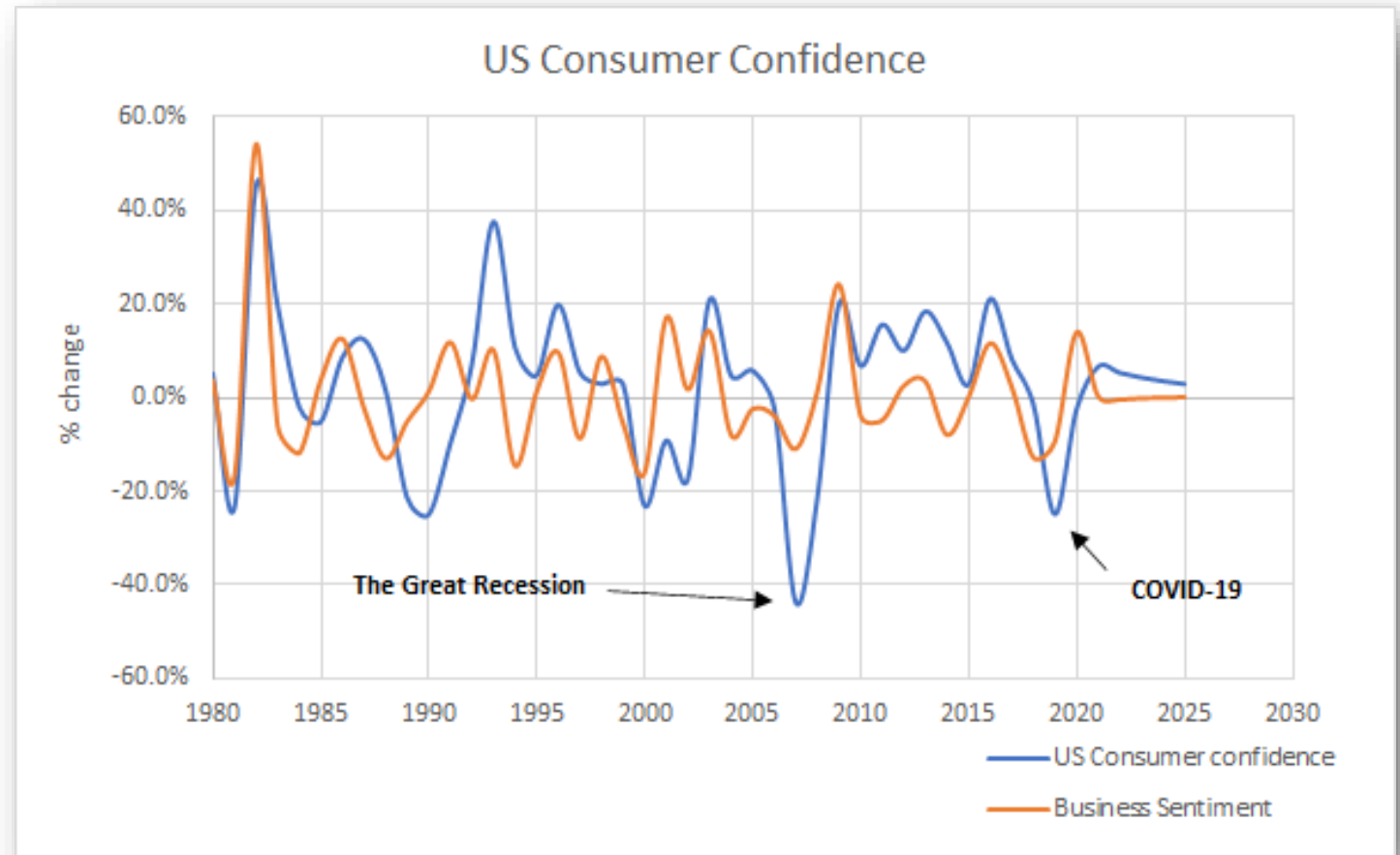
# Consumer and Business Sentiment

## Consumer Confidence

- 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

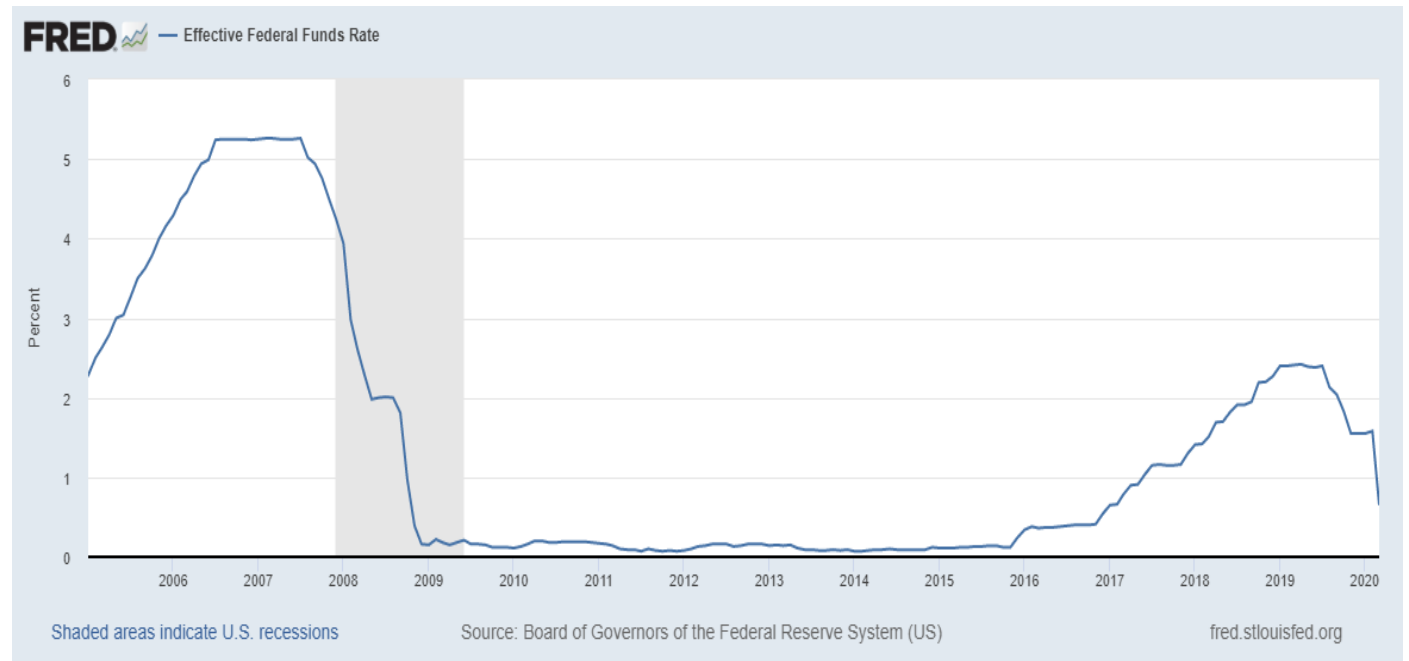
## Business Sentiment

- 2020: **46.5** index value
  - Business sentiment was already poor and expected to worsen
  - Expected to recover faster than consumer confidence
- 2021: **52.9** index value



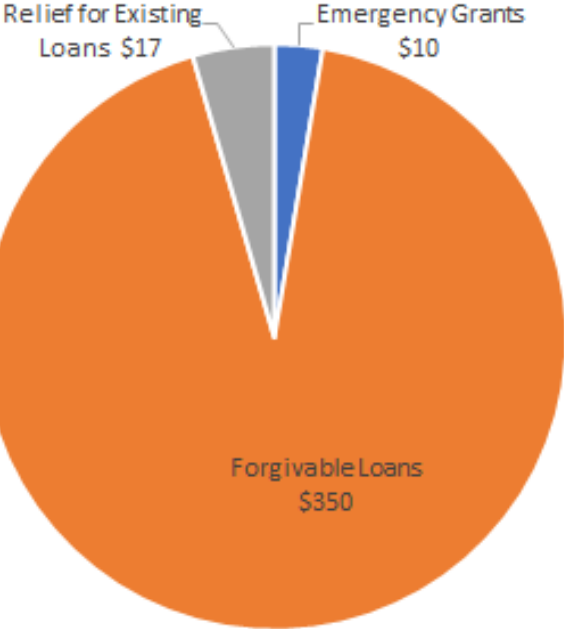
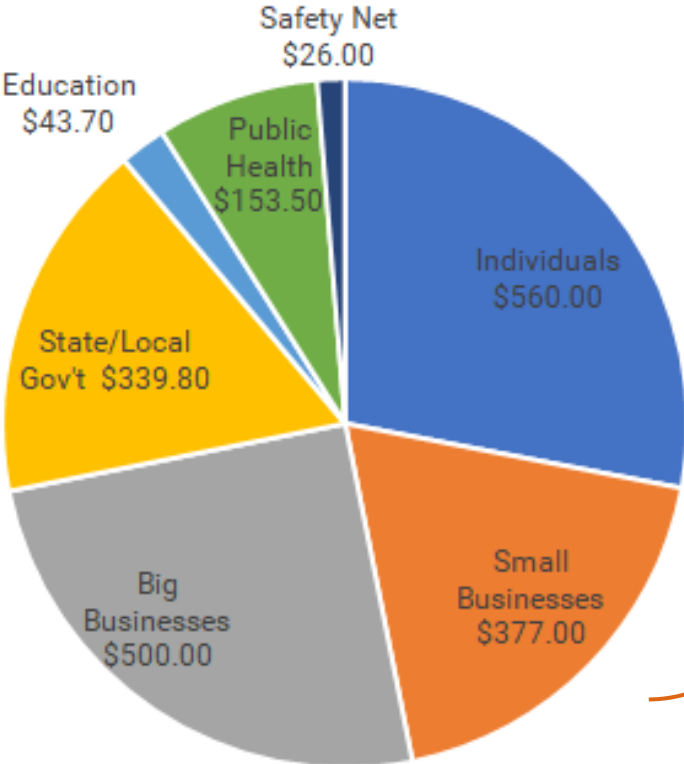
# Federal funds rate

- Current target range: **0.0%-0.25%**
- Second emergency cut, March 16th
- Fed expected to keep rates low
- Fed resumes quantitative easing (QE) on March 15th
- Fed to buy corporate bonds, both risky (indirectly) and investment grade (directly)



# The CARES Act

CARES Act Relief Package



Small Business Relief Programs

Note: All figures are in billions of USD

# Sector Analysis

Healthcare

Entertainment and Food  
Services

Manufacturing

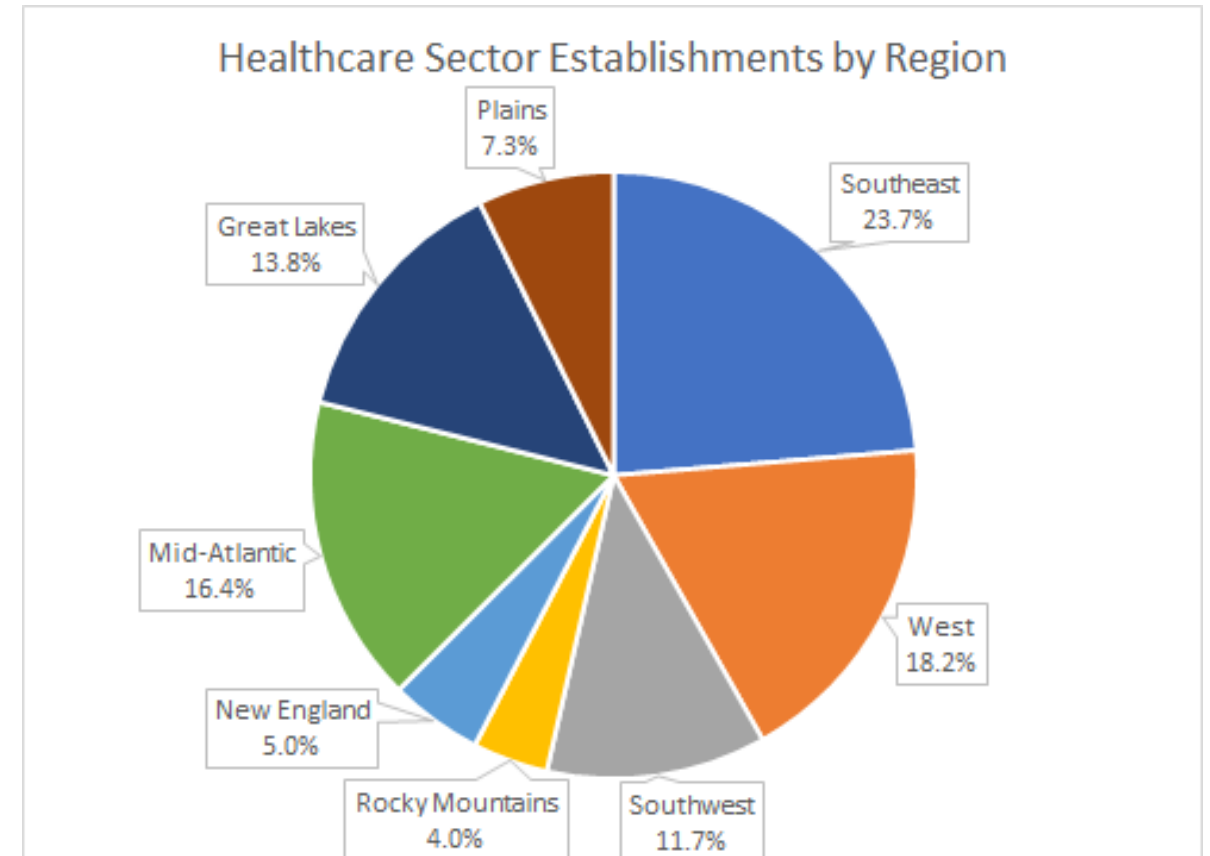
Transportation and  
Warehousing

Construction



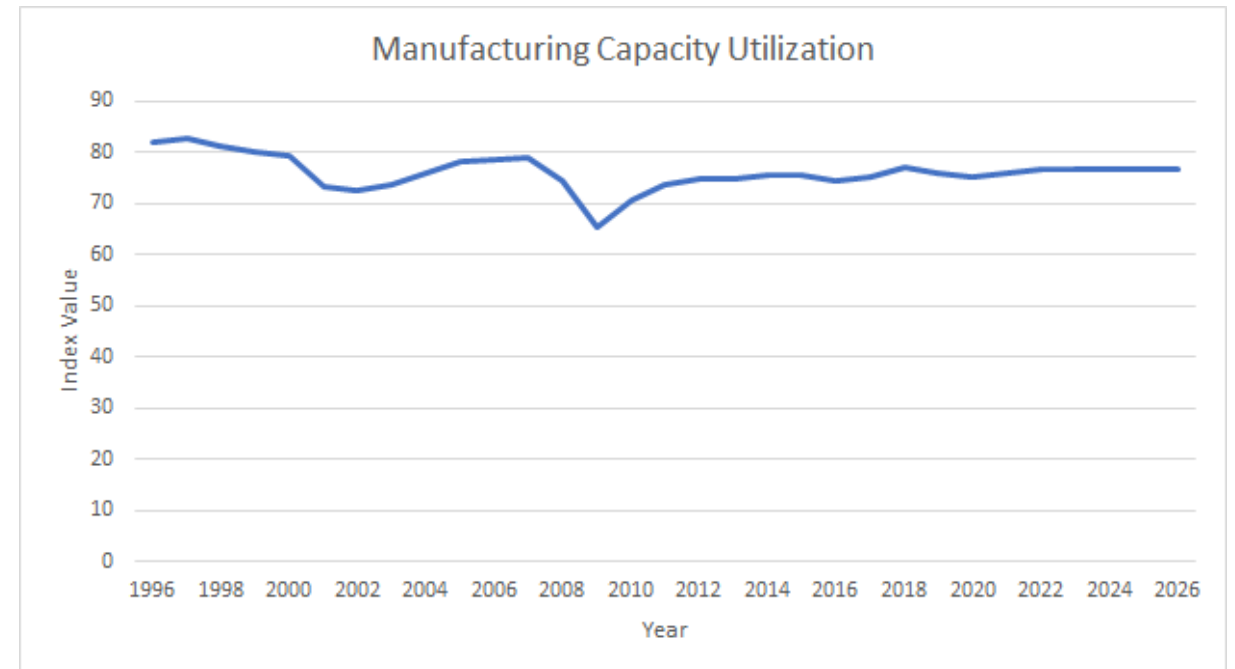
# Thank You Healthcare Workers

- Hospital capacities are relatively high, especially in highly-populated regions
- Non-essential practice closings significantly affecting industry operators
- Pharmaceutical manufacturers and biotech companies racing to find a cure



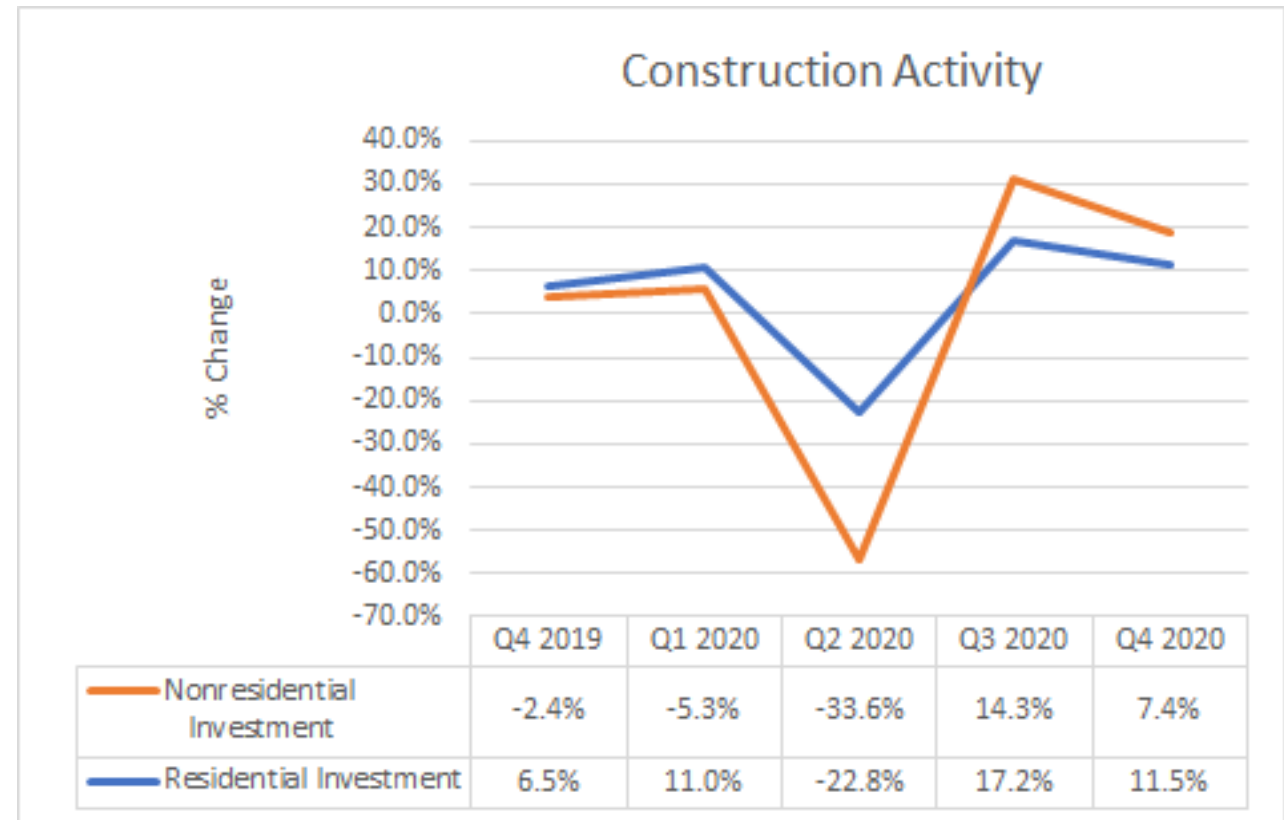
# Manufacturing Capacity

- Manufacturing capacity utilization expected to decline in 2020 due to plant shutdowns and supply chain disruptions
- Manufacturers converting production lines to aid in fight against coronavirus
- Please use the Industry Exposure Tool ([www.ibisworld.com/coronavirus-industry-exposure/](http://www.ibisworld.com/coronavirus-industry-exposure/)) and enhanced Supply Chain feature on My IBISWorld to get a more in-depth analysis regarding industry linkage



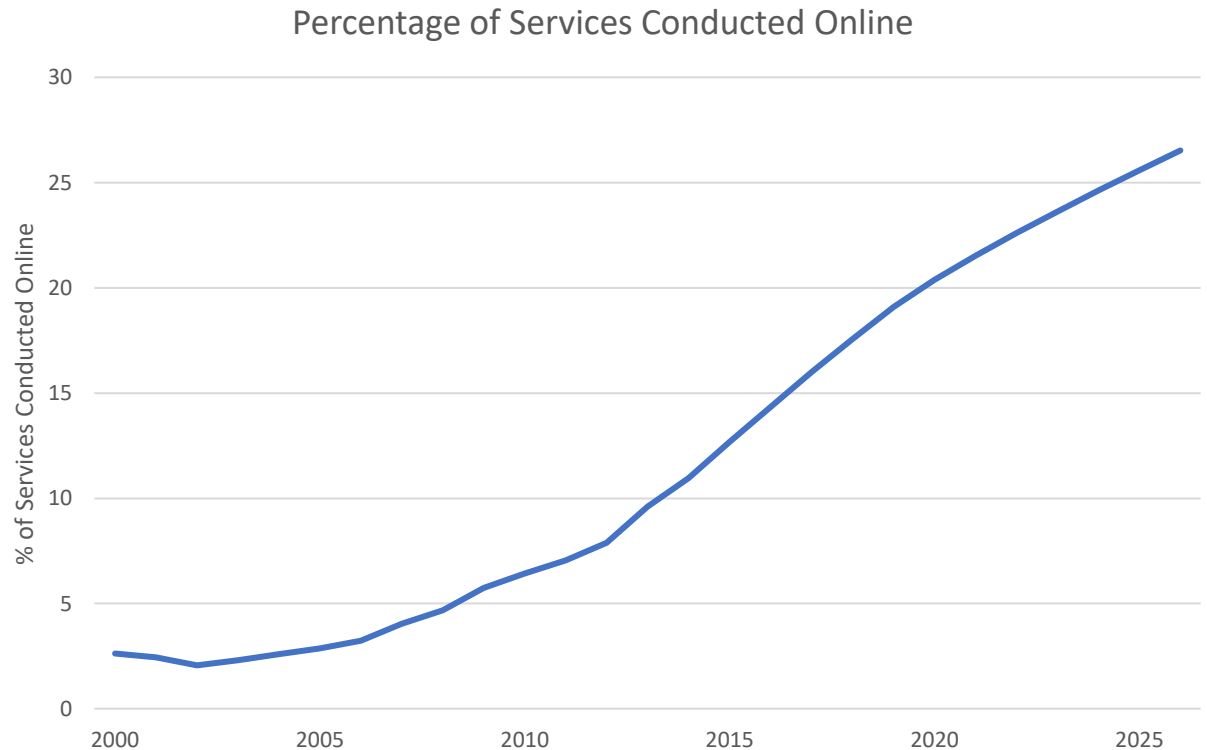
# Construction Activity

- Interest rates expected to remain relatively low
- Nonresidential construction activity expected to decline significantly in 2020
- Residential construction activity expected to be boosted by low mortgage rates



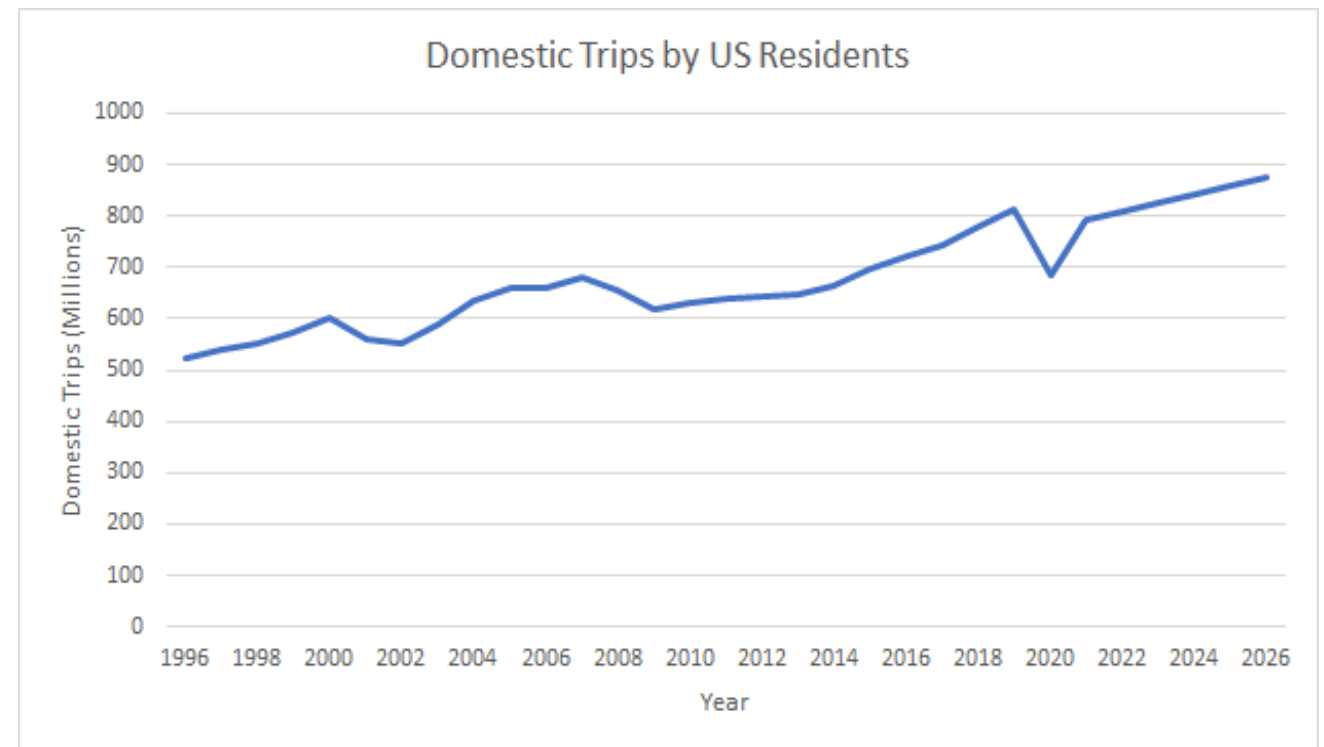
# Entertainment and Food Services

- Steep rise in unemployment expected to hinder consumer spending and overall growth of sector in 2020
- Temporary closures of restaurants, movie theatres, sport stadiums, concert venues and gyms
- Percentage of services conducted online expected to rise significantly in 2020, with e-commerce activity showing a glimpse of consumer trends expected in the future



# Transportation and Warehousing

- With stay-at-home orders in place, Transportation and Warehousing sector experiencing declines in revenue
- While e-commerce activity is heightened, business activity and manufacturing output weighing on local and long-distance freight operators
- International and Domestic airline operators are biggest losers amid coronavirus pandemic, with decline in oil prices weighing on sector operators



# For More Information

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