



Economic insights: COVID-19

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04.28.2020



Macroeconomic Summary

Update on the CARES Act

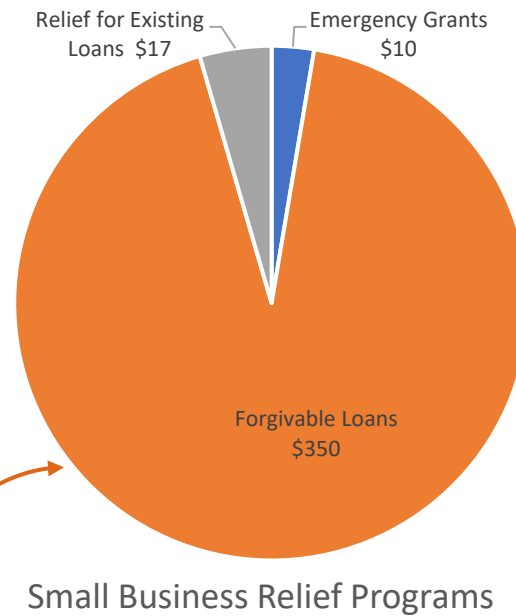
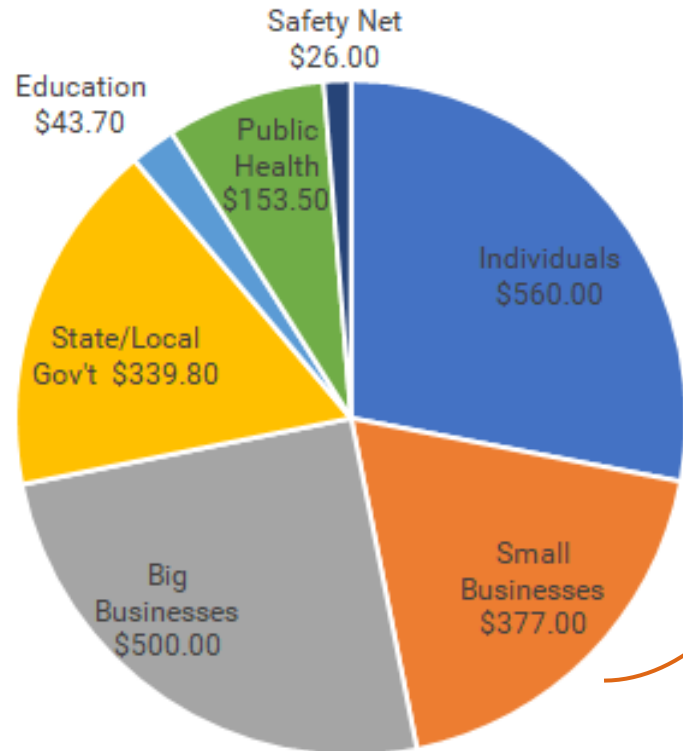
Gross Domestic Product

Unemployment

Price of Crude Oil

The CARES Act

CARES Act Relief Package



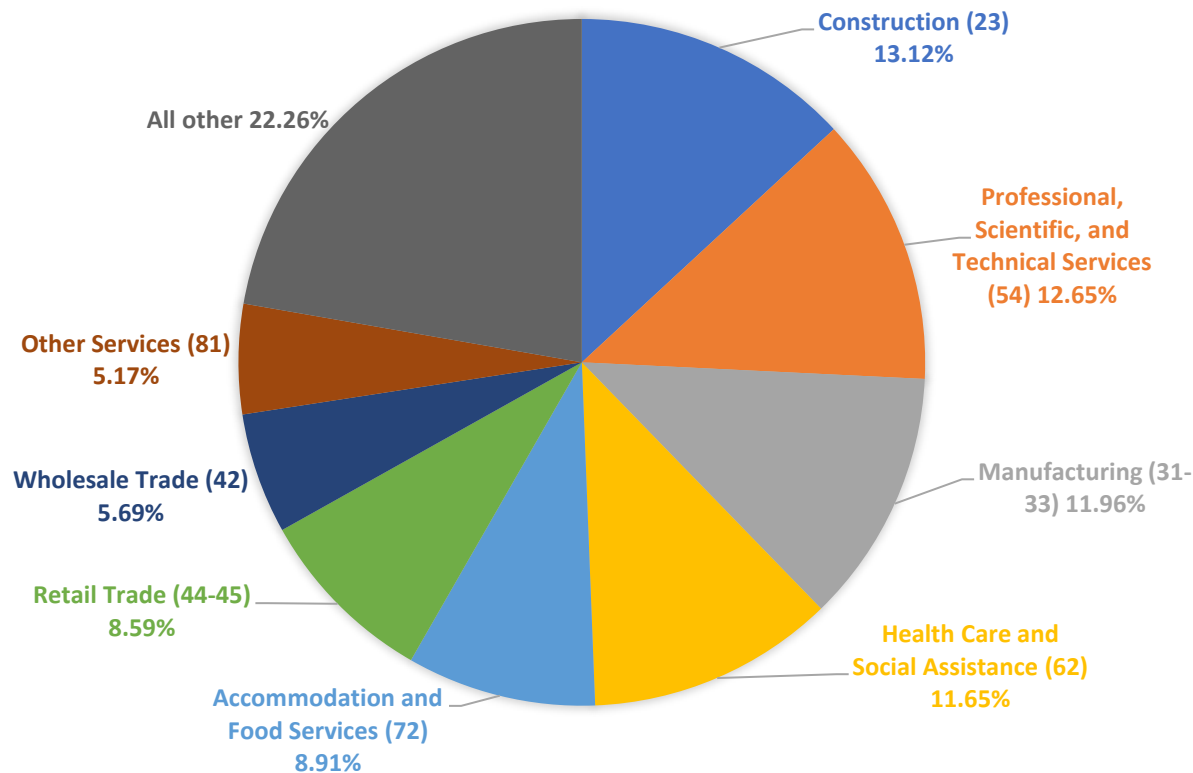
Additional Funding (enacted April 24th):

- \$320 billion for the Paycheck Protection Program (PPP)
- \$60 billion for SBA disaster loans
- \$75 billion for hospitals
- \$25 billion for Public Health and Social Services Emergency Fund

Note: All figures are in billions of USD. Original Relief package, shown here, was enacted on March 27th.

SBA loans by sector

SHARE OF APPROVED DOLLARS BY SECTOR



- Distribution is a reflection of (1) need, (2) familiarity with the loan approval process and/or (3) existing relationship with lenders
- Program has endured criticism as large chains and publicly traded companies have been awarded funding
- Sole proprietors, self-employed individuals and nonprofits are eligible for funding

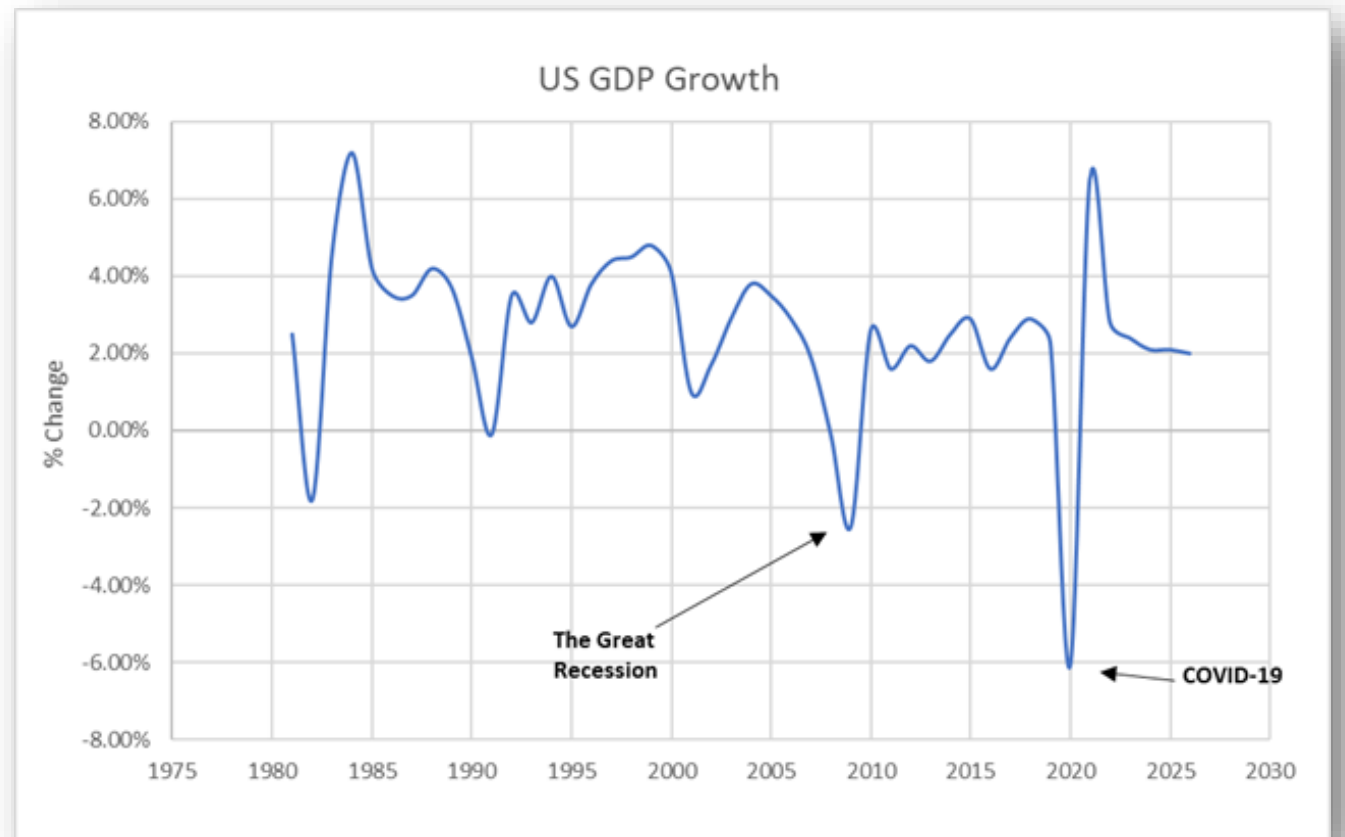
United States GDP growth

2020 GDP growth: **-6.10%**

- GDP loss to be larger than in 2009
- GDP contraction expected to be significant in Q2
- Annualized growth 2015-2020 projected at 0.6%

Global Growth

- IMF announces global recession of unmatched severity
- Total global output to fall 3.0% in 2020
- Recovery still expected to occur sometime in 2021



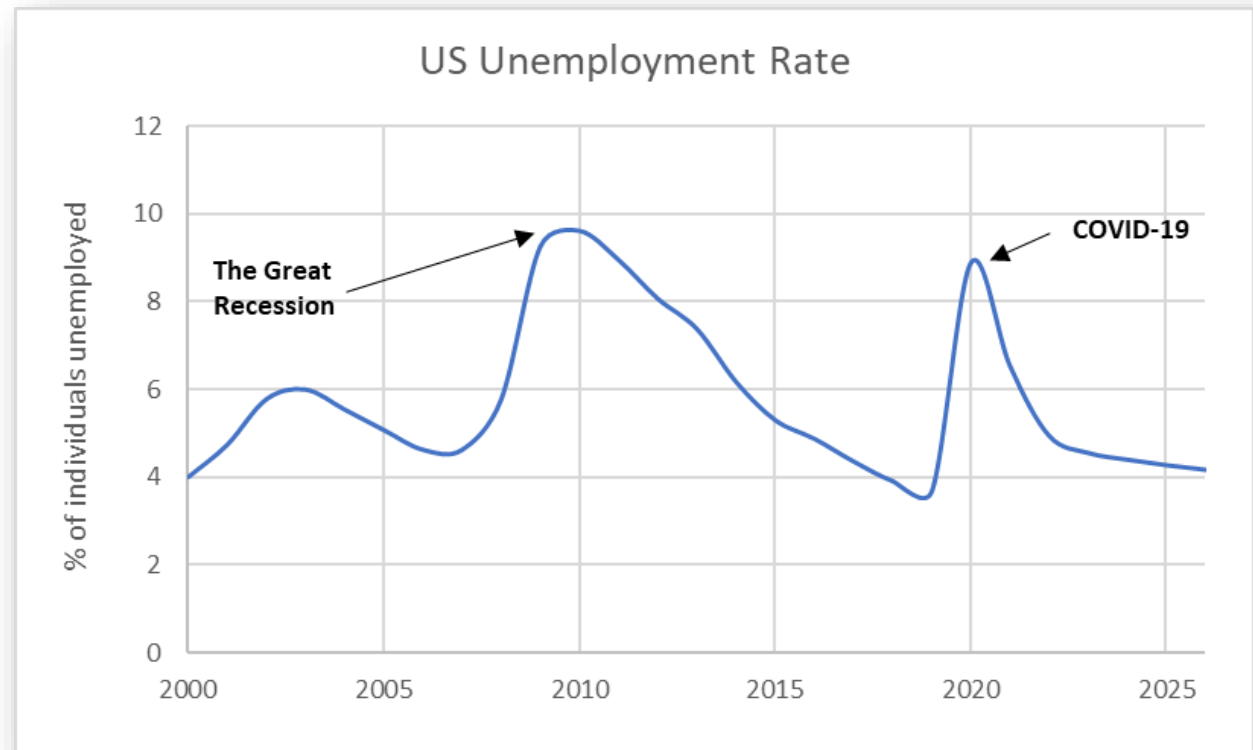
Unemployment

2020 projected unemployment: **8.9%**

- Unemployment expected to peak in Q2 at 13.1%
- Jobless claims approach 26 million
- Hospitality, leisure and food services hit particularly hard

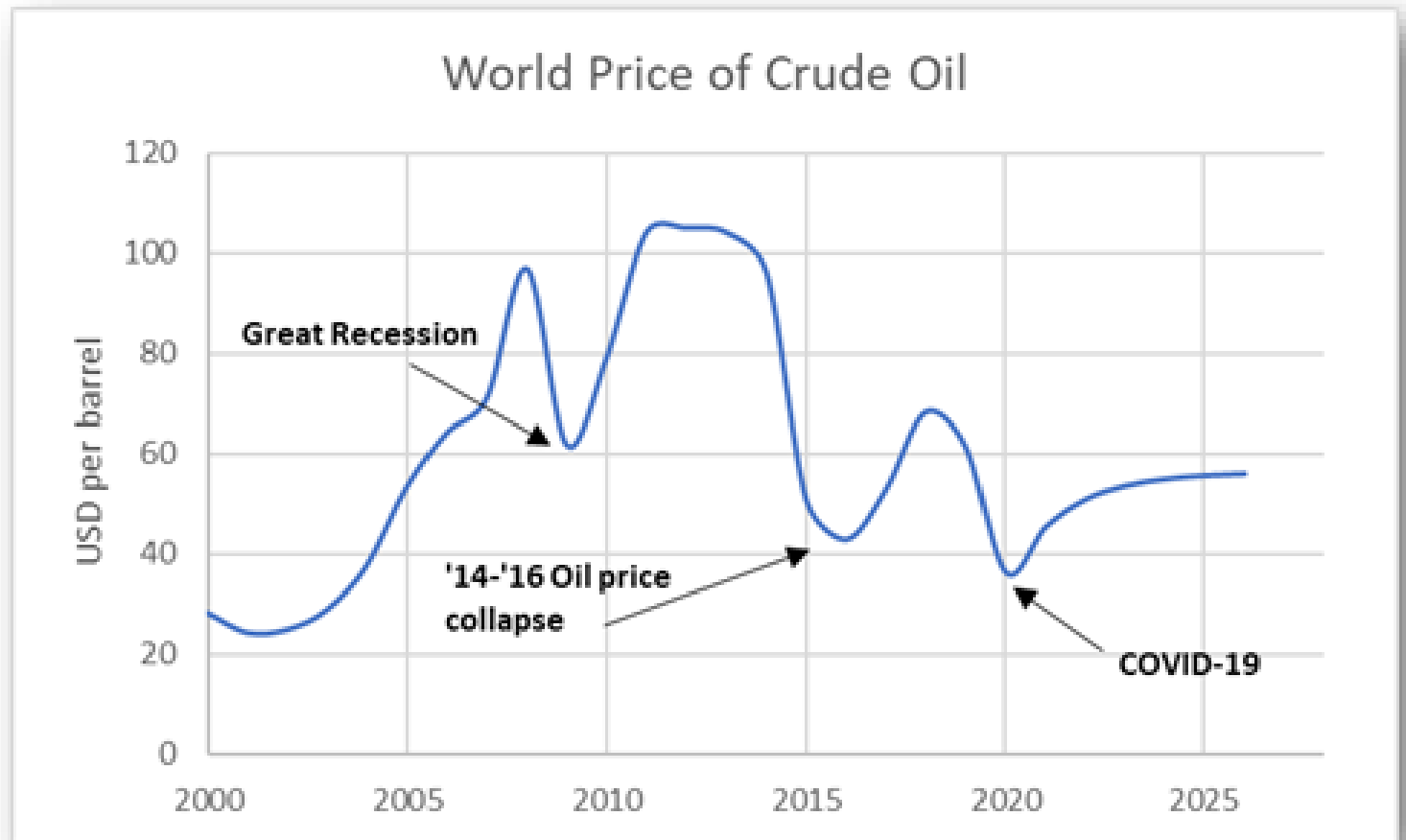
2021 projected unemployment: **6.5%**

- Rebounded expected relatively quick



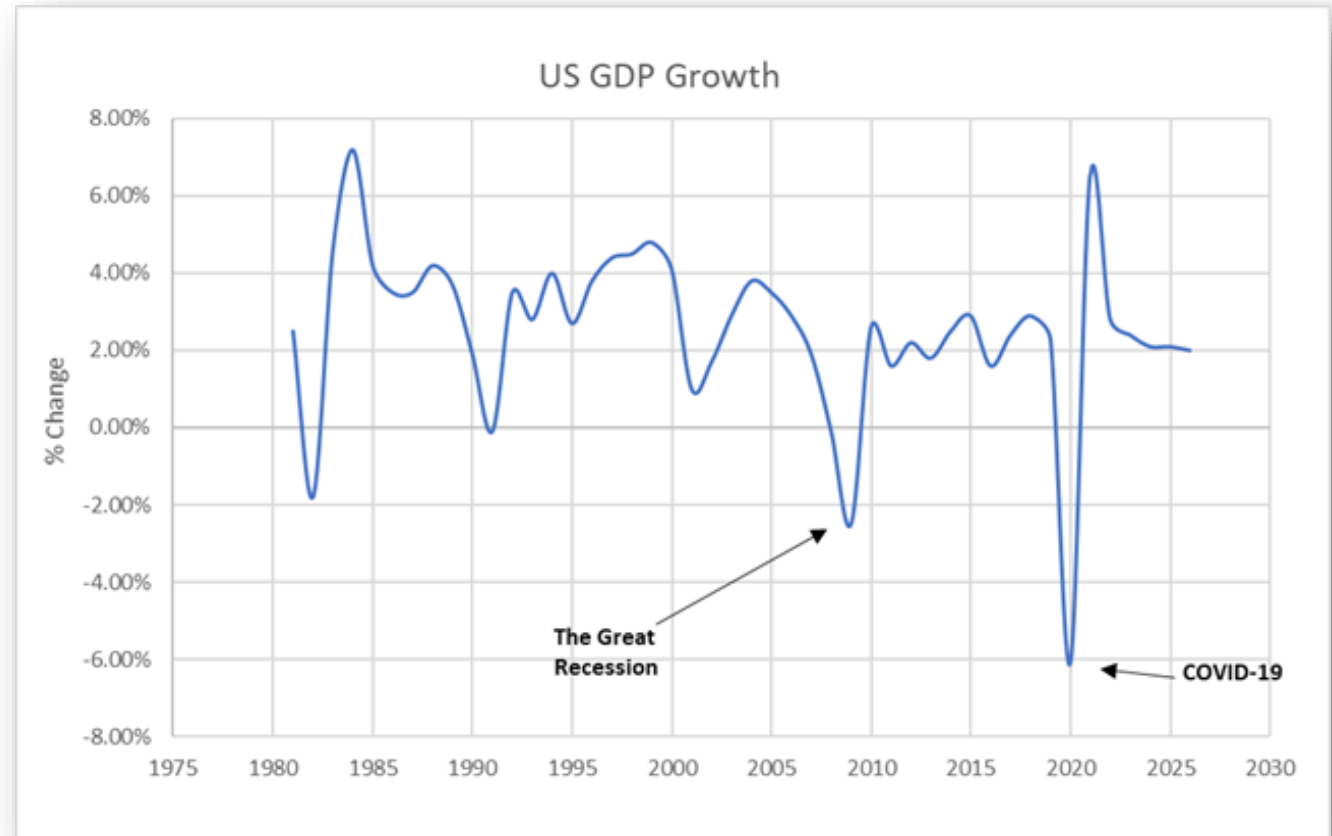
Oil price collapse

- Low oil prices are reflection of low level of economic activity combined with no initial change to production
- Production cuts reached on April 9th, known as OPEC+ to begin May 1st
- Oil prices signal extent of economic decline for the industries that rely on it



Industry Revenue Forecasting

- Data is fluid and ever-changing
- Analysts consider both macroeconomic and industry-specific trends
- COVID-19 pandemic increasing range of projections for industry revenue point estimates
- Forecast estimates provide general direction industry revenue will likely follow



Sector Analysis

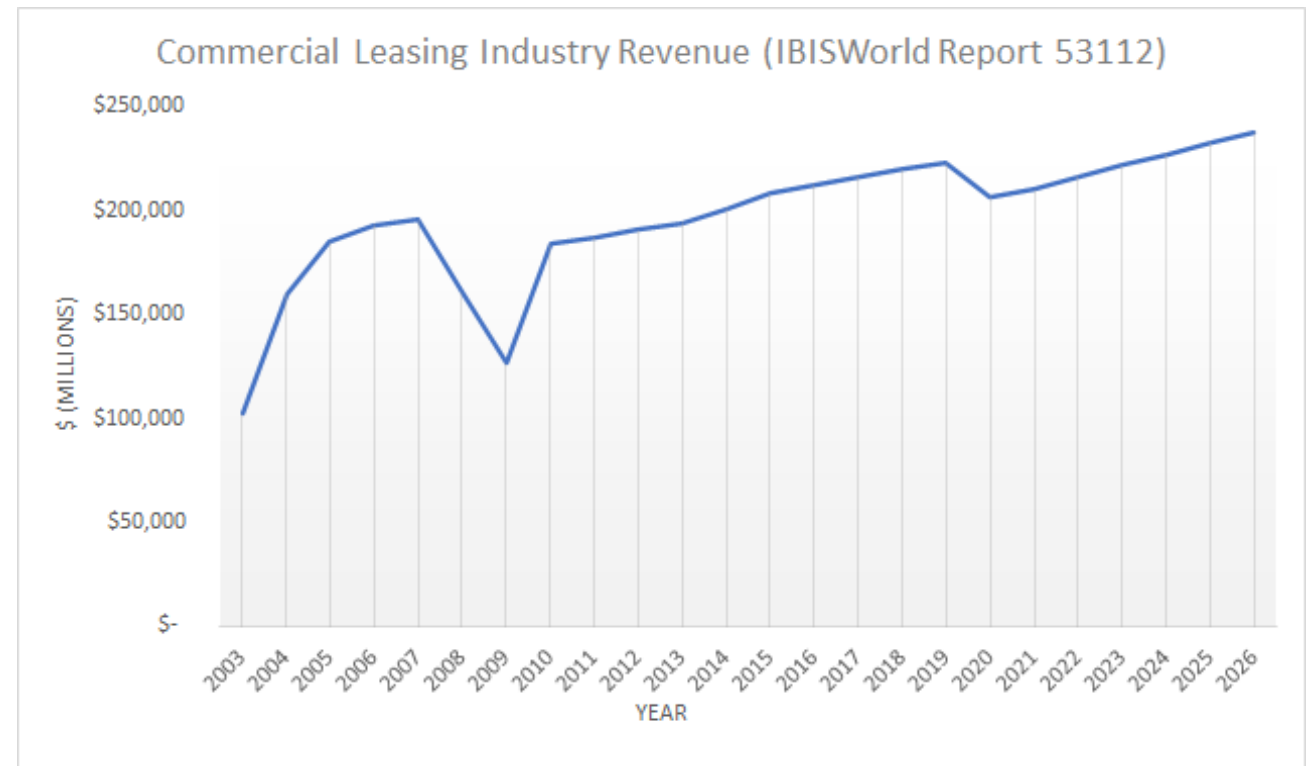
Commercial Real Estate

Residential Real Estate

Residential Construction

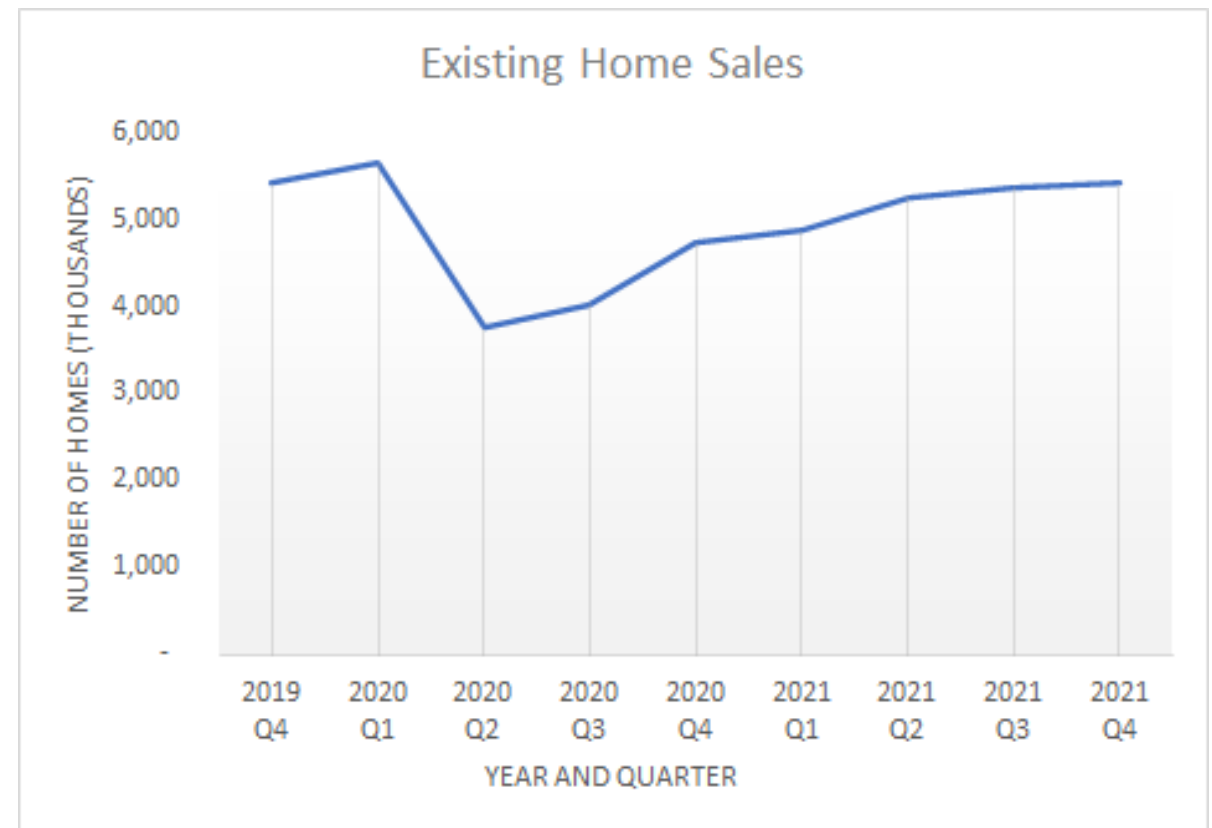
Commercial Real Estate

- US office vacancy relatively low and expected to increase
- Cash flow crunch amid uncertainty and slowdown in business activity
- Retail vacancy surging with e-commerce activity on the rise
- Work-from-home movement



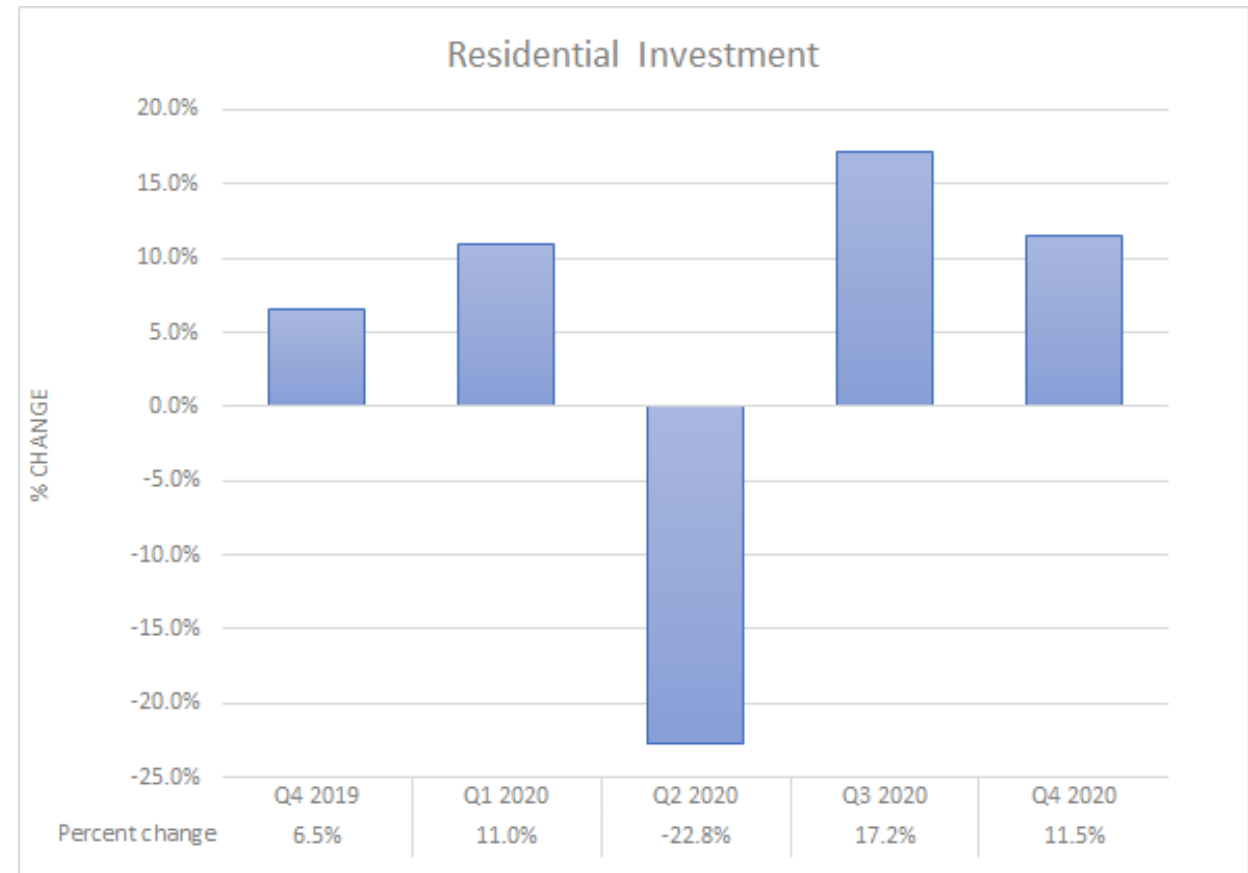
Residential Real Estate

- Existing home sales expected to decline in 2020 Q2 amid relatively low housing supply and high housing prices
- Tightening access to credit and lending
- Increase in mortgage forbearances



Residential Construction Activity

- Interest rates expected to remain relatively low
- Residential construction activity expected to partially benefit by low mortgage rates and relatively low housing supply
- Relatively high housing prices of existing homes may lead to increased demand for new home construction, but more likely delay of projects until 2021 and beyond
- 2020 growth expected to be hindered by rise in unemployment and overall economic uncertainty



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