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# Economic insights: COVID-19

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# Macroeconomic Summary

Labor Market

Retail Spending

Inflation

Gross Domestic Product

# Labor Market

2020 projected unemployment: **10.1%**

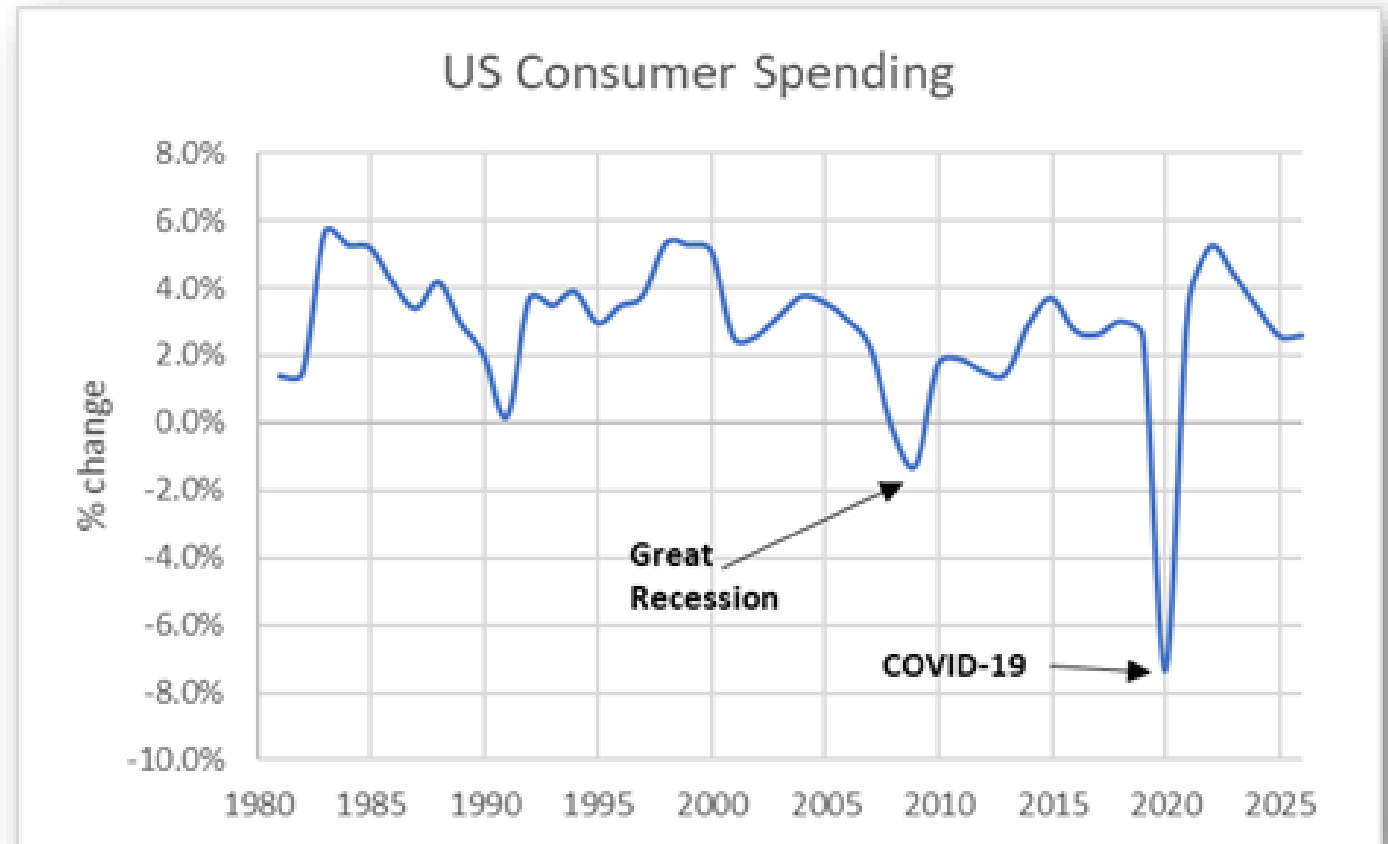
- New unemployment claims have held steady
- Driven by states rolling back phased re-openings
- Cases of COVID-19 surging in California, Arizona, Florida and Texas
- 9 states reversing re-openings to date



# Retail Spending

## June 2020 Retail Sales: 7.5%

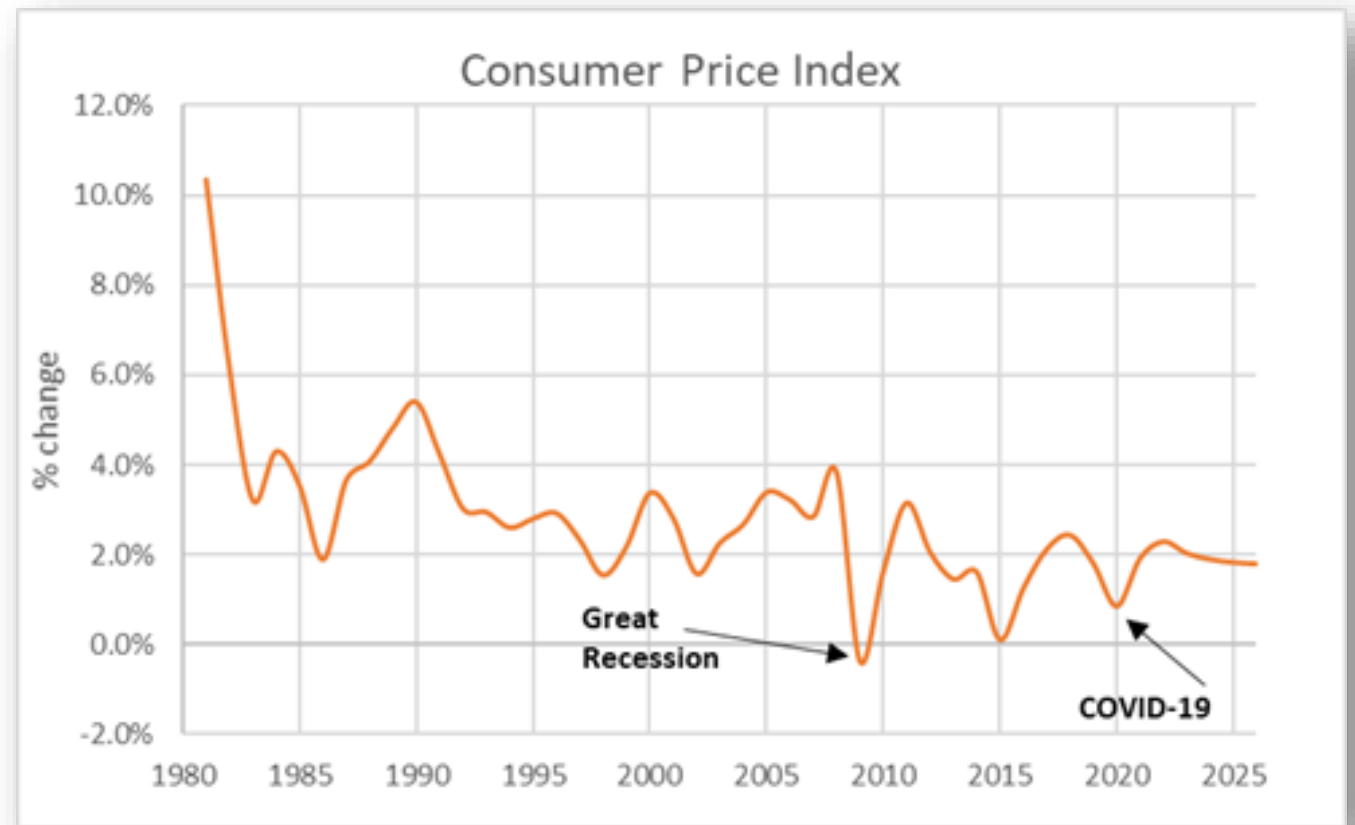
- Retail spending only includes spending at physical stores, restaurants and online stores
- June sales driven by autos, furniture, clothing and electronics.
- Demand slowing in Texas, Arizona, California and Florida
- Real time data provides trend insights before official data



# Inflation

2020 June price growth: **0.6%**

- Price increases directly reflect June spending activity
- Driven by growth in price of clothes, medical care, airline fares, hotels and restaurants
- Reflects renewed activity in hardest-hit sectors.



# GDP Growth

- Growth will remain highly dependent on consumer spending
- Virus surges present threat to growth regardless of social distancing restrictions
- Expiring eviction moratoriums and expiring extended unemployment benefit program could also significantly threaten growth



# Special Topics

Reopening Activity

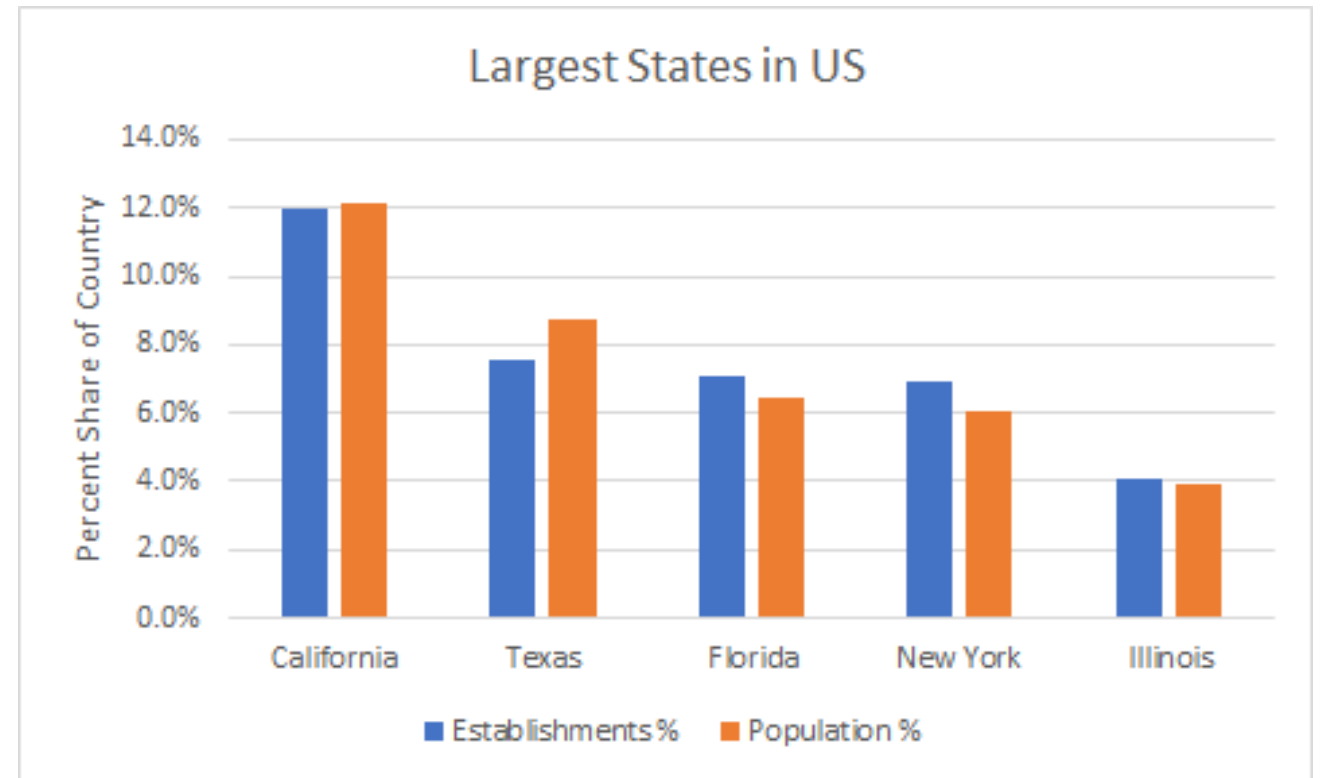
Housing Market

Finance and Insurance

Economic Recovery

# Reopening Activity

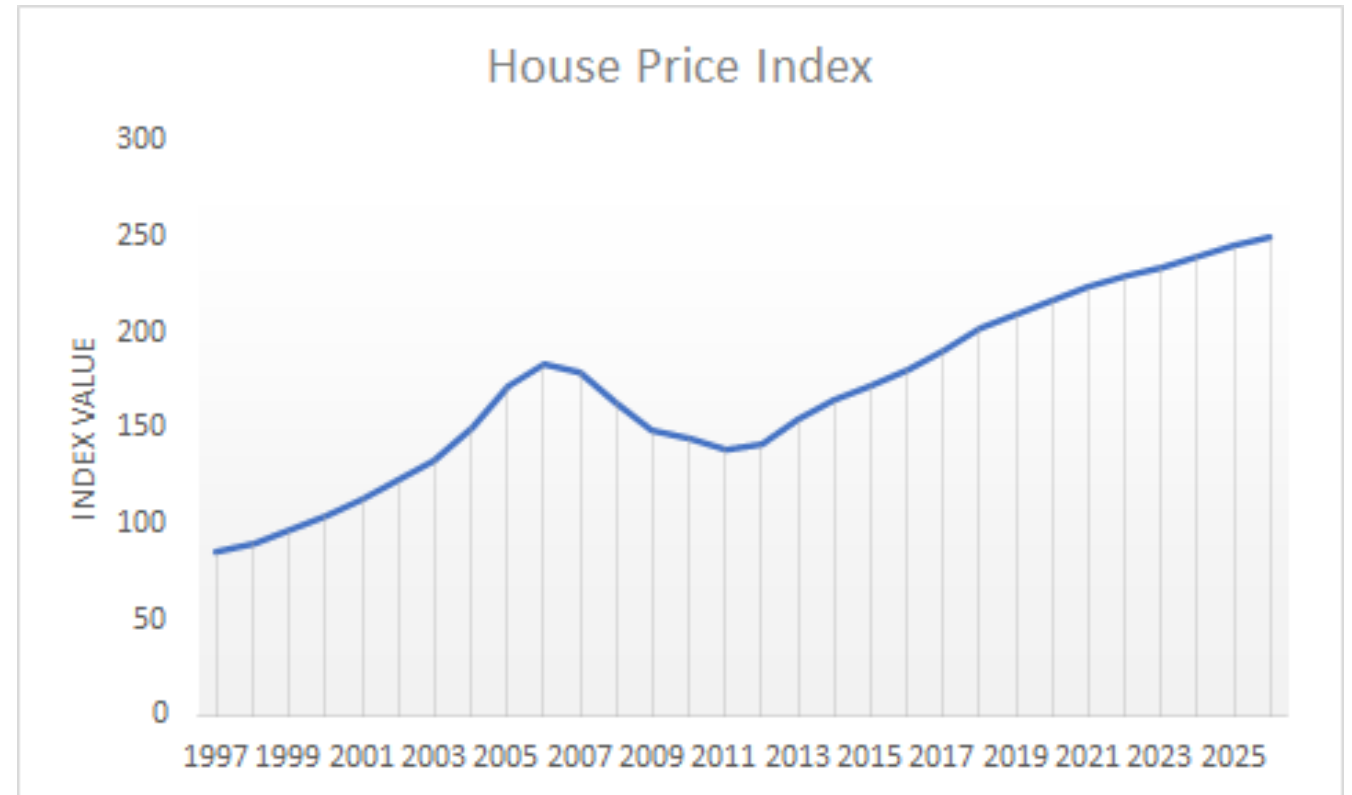
- Coronavirus cases have increased in many states, with California, Arizona, Colorado, Texas, Michigan and Florida reversing reopening plans
- These trends are especially concerning, with California, Texas and Florida representing the three largest states by share of establishments and population
- As states reverse reopening plans, the entertainment and service sectors are expected to be most damaged





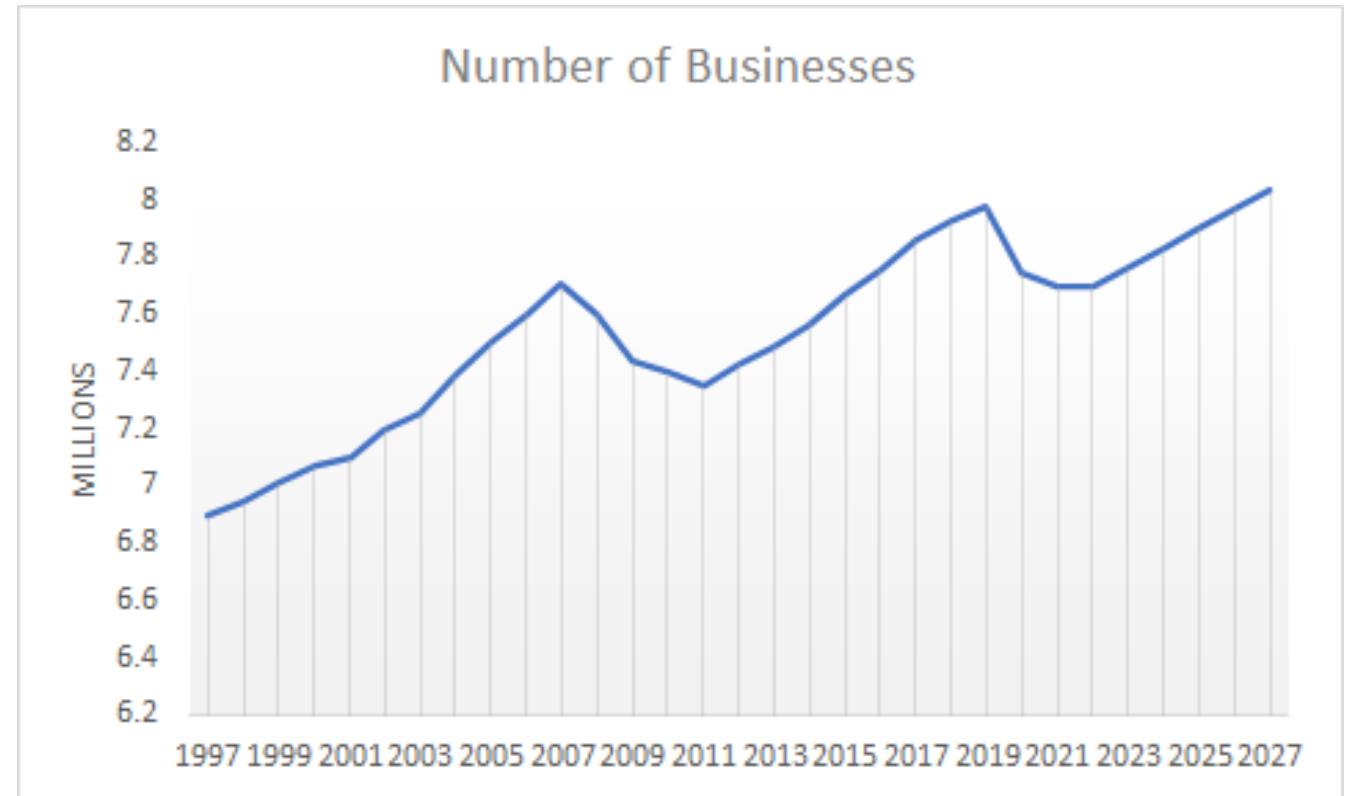
# Housing Market

- Residential construction is expected to decline in 2020, while housing starts also fall
- With historically low mortgage rates, homebuyers are returning to the market
- The House Price Index is expected to rise in 2020 amid a relatively low supply of new homes
- Existing home sales are expected to benefit from a low housing stock, with existing home sales rising in June



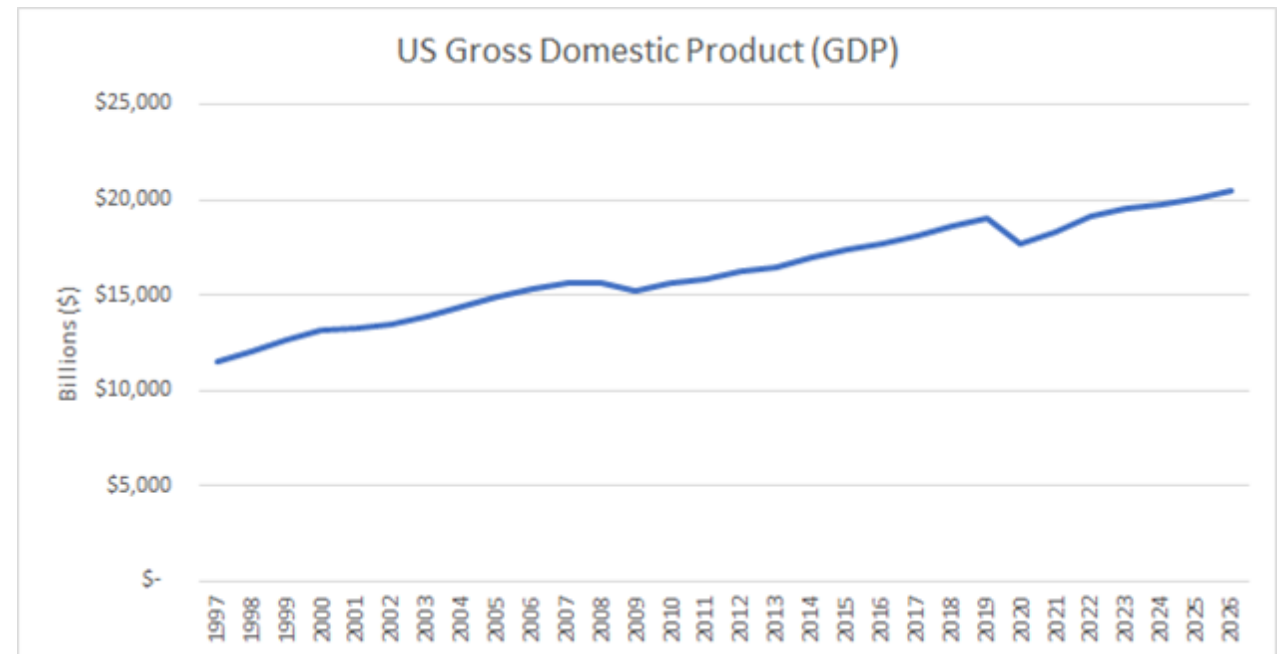
# Finance and Insurance Sector

- The Finance and Insurance Sector is expected to be hindered in 2020 amid a declining pool of potential customers
- As the number of businesses and employees decline, so too does demand for insurance policies
- Insurance industries are expected to remain in a price hardening cycle until the economy recovers and balance sheets are strengthened
- Commercial banks are increasing provisions for corporate loan losses as the economy continues to struggle



# Economic Recovery

- Consensus that economic recovery will likely take the shape of a "swoosh"
- Strong rebound in 2021 expected
- Economic recovery expected to take years to reach pre-coronavirus output levels
- Second wave of coronavirus, as well as reversal of state reopening plans, will likely hinder economic recovery



# For More Information

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