

What We Know (or think we know) About The Economic Impact of COVID-19

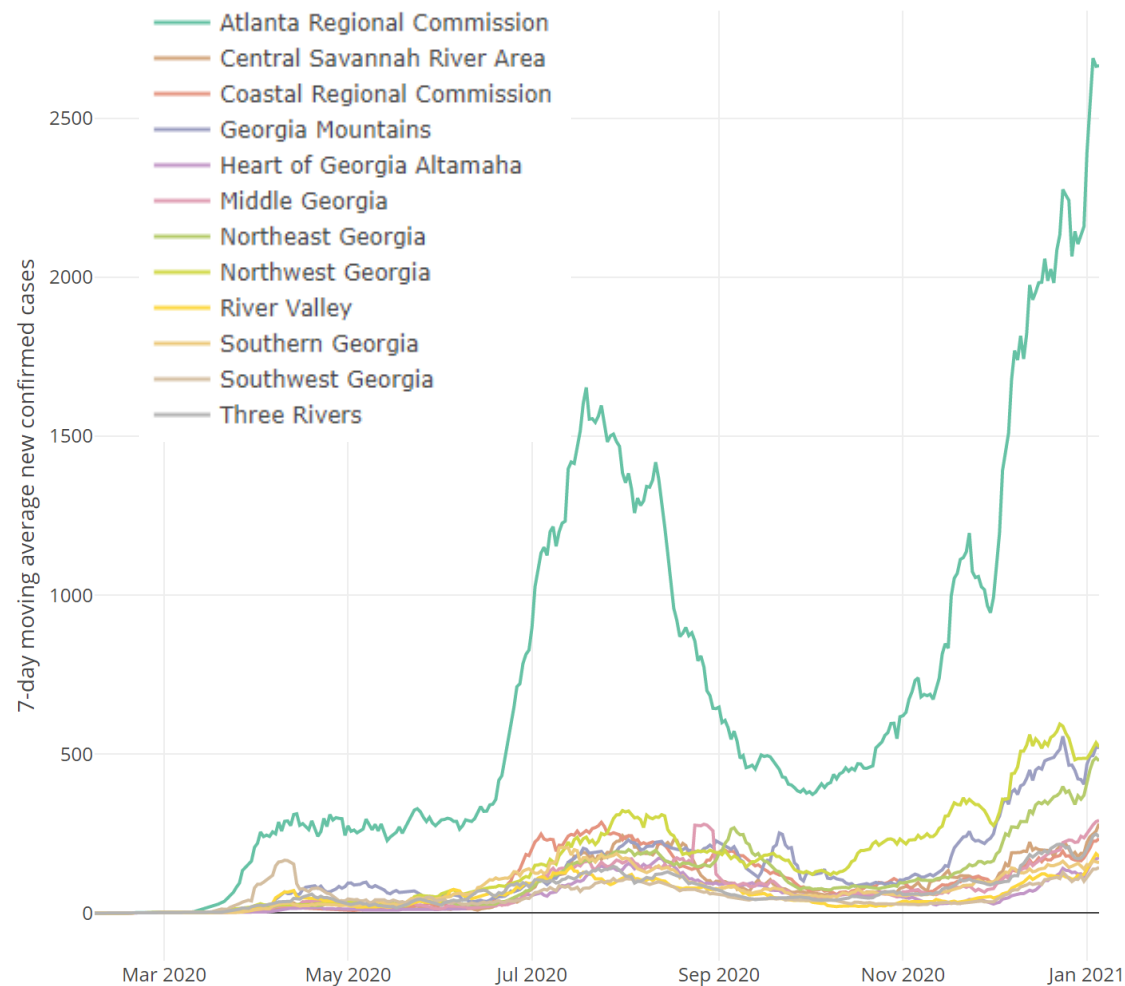
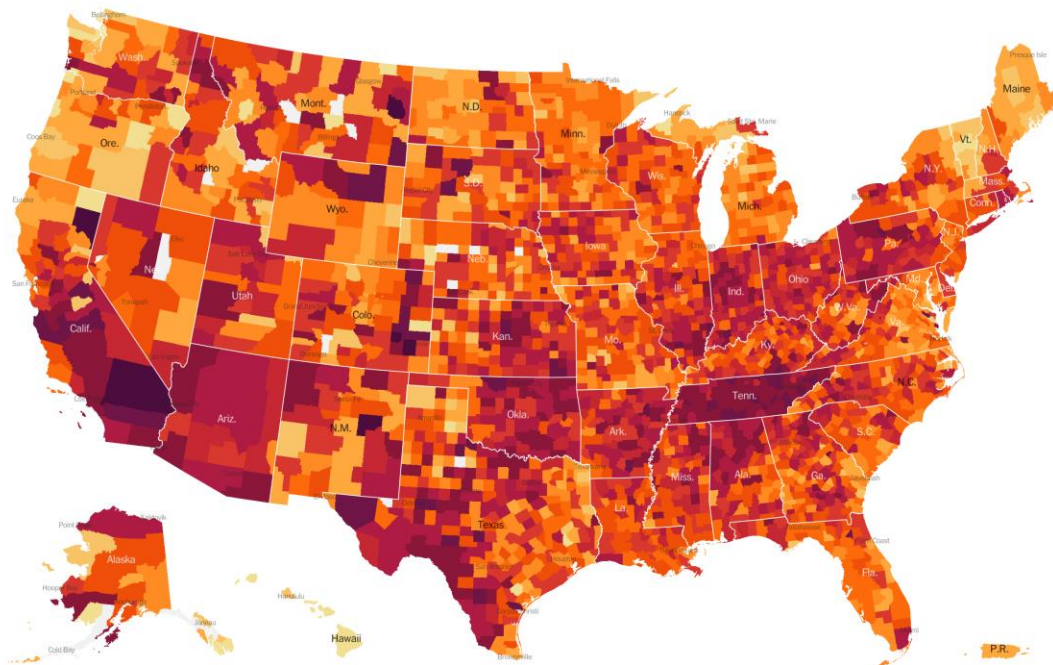
Mike Carnathan
Atlanta Regional Commission
mcarnathan@atlantaregional.org

Highlights

- The virus is still dictating the pace of the economic recovery
- Employment levels in almost all sectors are still well below their pre-pandemic levels. The only exception is the “Trade, Transportation and Utilities” Super-Sector
- Labor force participation is creeping back up, but still significantly lower than normal
- Small businesses are still reporting struggles in this economy, with only about 10% indicating a return to normal
- Most economists have been revising their forecasts to show a quicker immediate recovery, but a longer slog
- There is a lot of household money sitting on the sidelines, suggesting that late 2021 could see an economic resurgence.
- Perhaps the biggest lesson to be gleaned thus far is the twin public health and economic crises have exposed structural weaknesses that sees persons of color experiencing the greatest negative impacts

Oh Yeah... COVID! Cases Trending Back Up...

Daily New Confirmed Cases, 7-Day Moving Average



<https://atlantaregional.shinyapps.io/COVID19/>

What We Are Thinking and Doing

Percentage of Americans who...



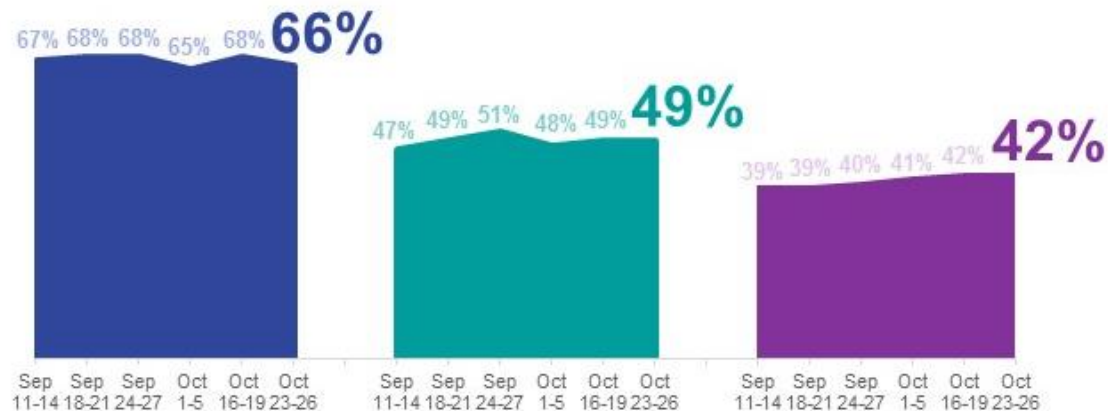
**Wear a mask
at all times when
leaving home**



**Visited friends or
relatives in the
last week**

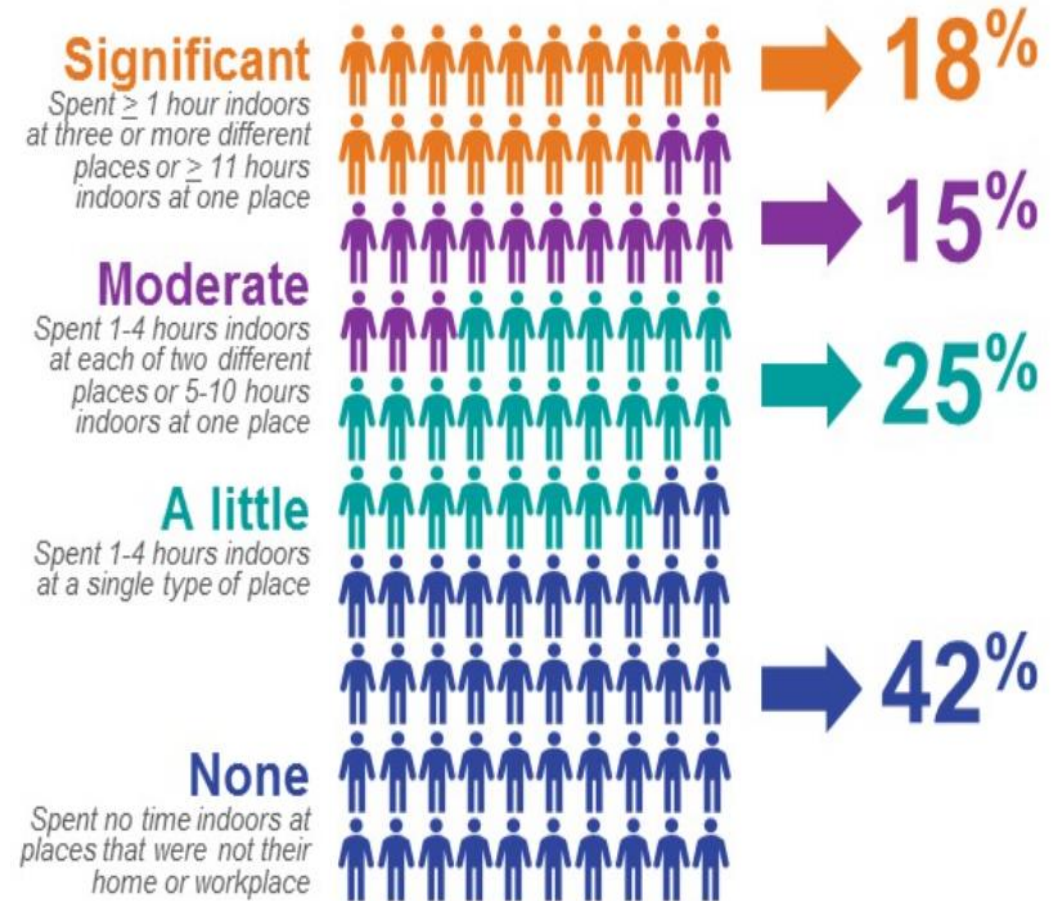


**Went out to eat
in the last week**



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Amount of time spent in indoor locations outside of the home or the workplace in the past week

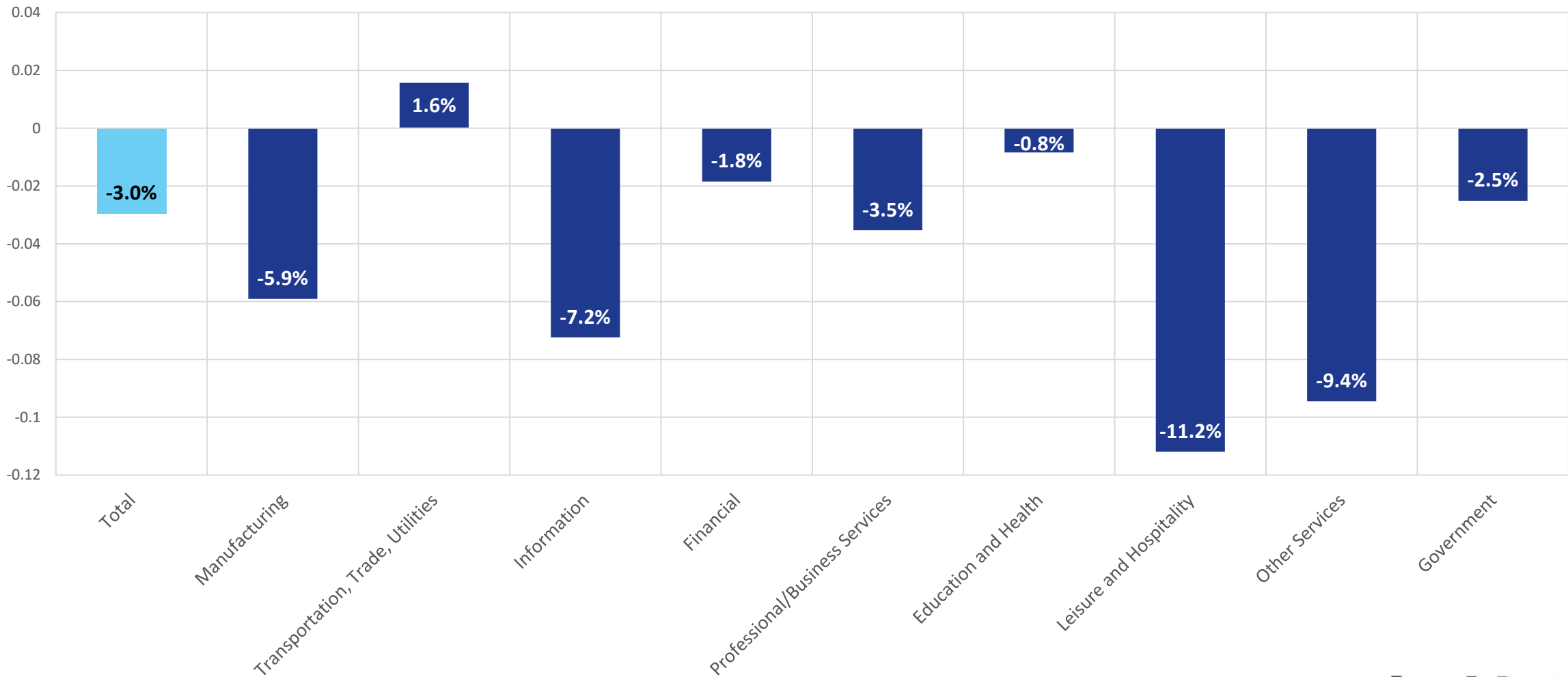


Source: Ipsos

Employment

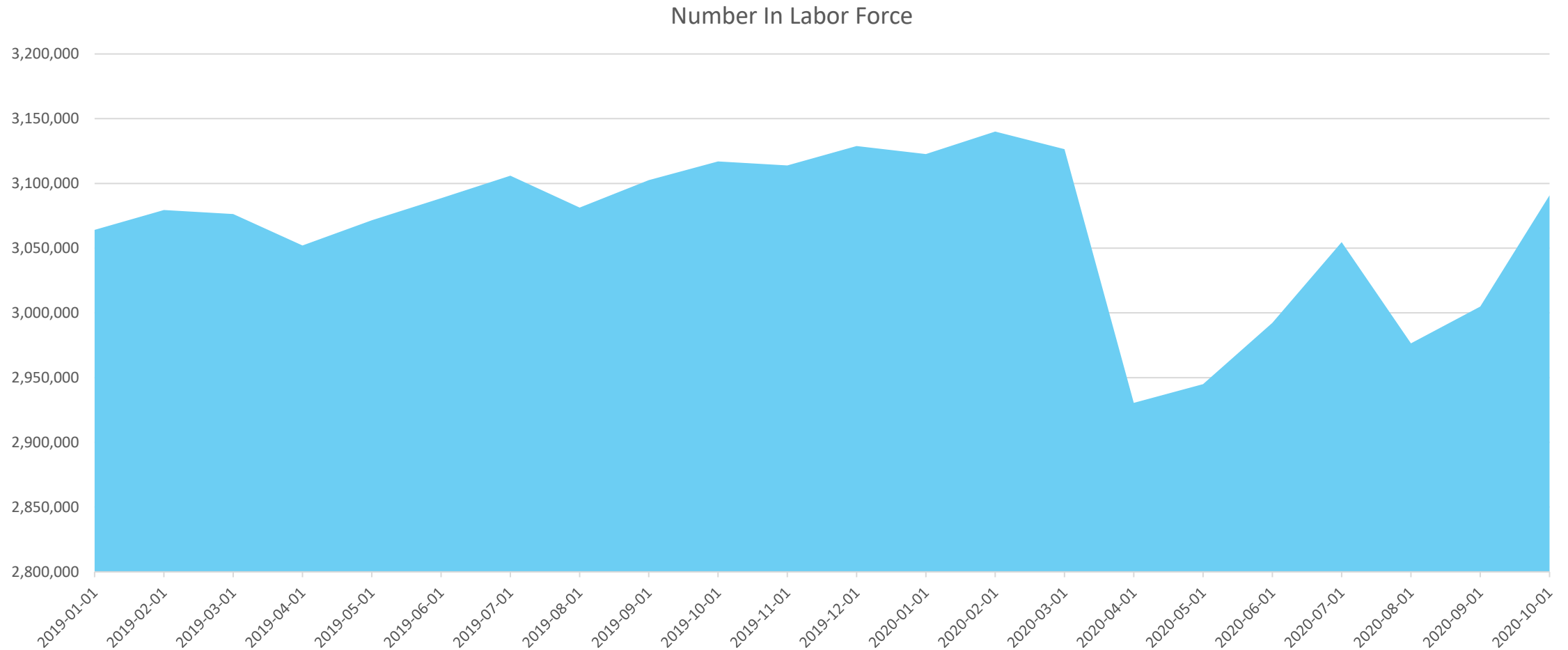
Still Have A Ways To Go

% of Last Year's Employment: November 2020 Compared to November 2019



Source: Bureau of Labor Statistics, via FRED

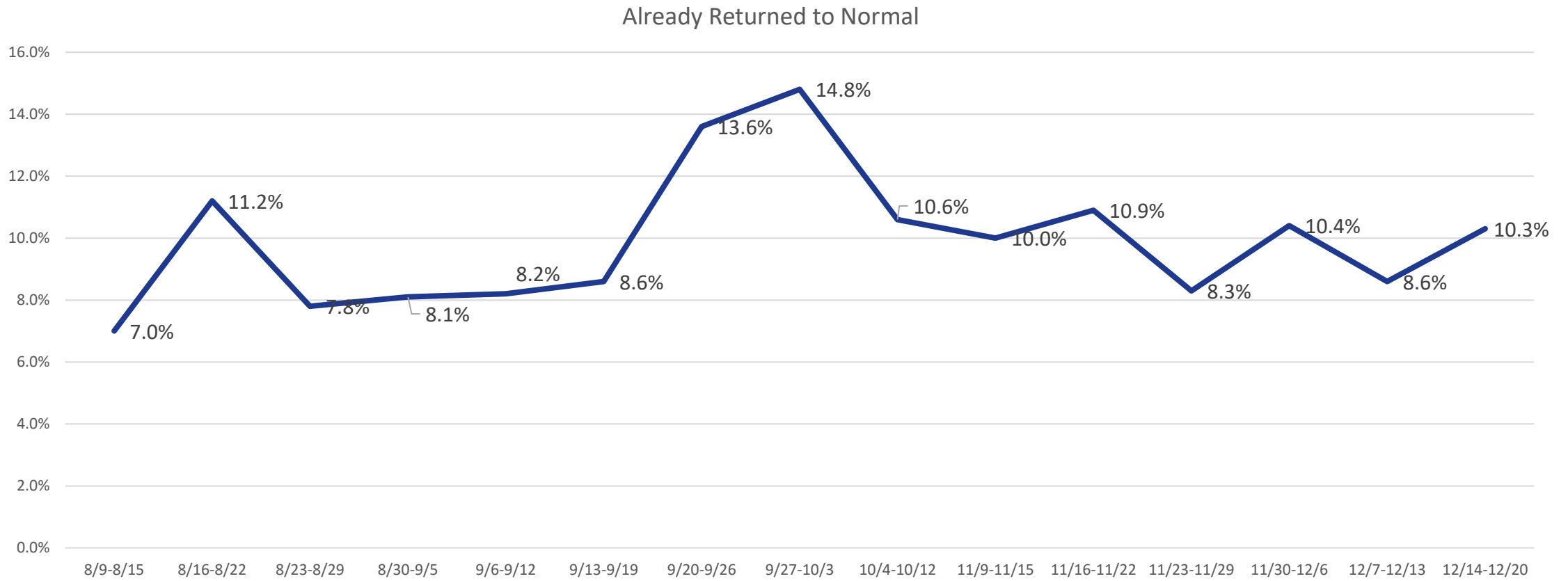
Labor Force Participation Creeping Back Up... But Still Lower than Pre-Pandemic



Source: Bureau of Labor Statistics, via FRED

Not Many Small Businesses Indicate a “Return to Normal”

How Much Time Do You Think Will Pass Before This Business returns To Normal Business Operations Compared to One Year Ago



Source: Census Bureau Small Business Pulse Survey

Gazing Into The Near Future

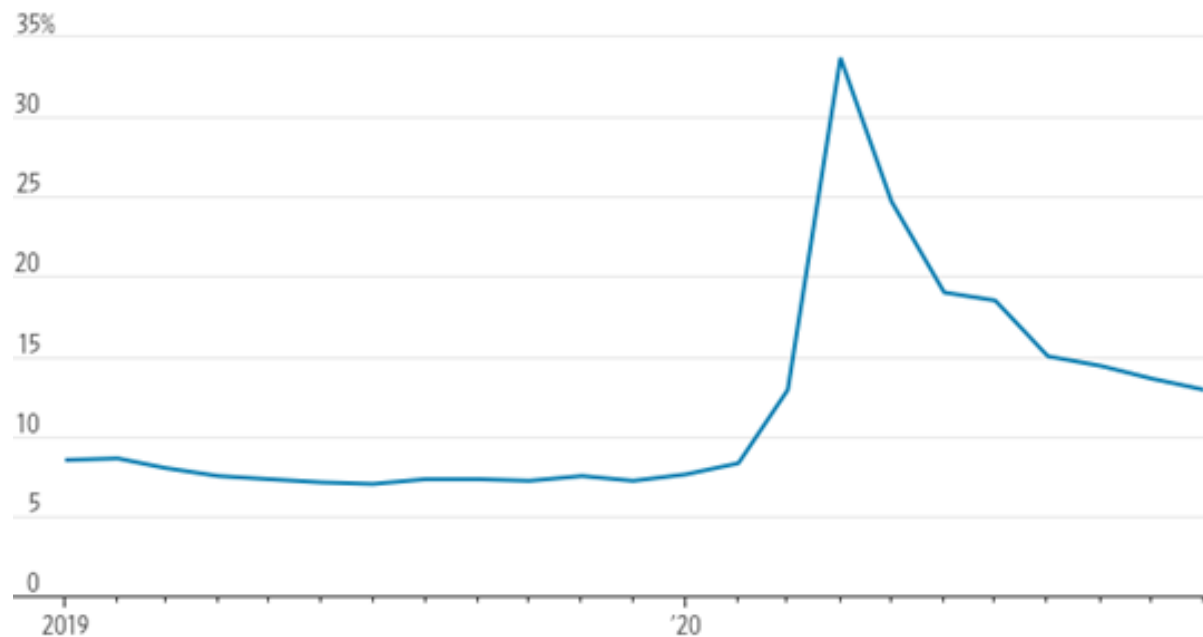
The FED's Latest Economic Assessment

| Variable | Median ¹ | | | | |
|---|---------------------|------|------|------|------------|
| | 2020 | 2021 | 2022 | 2023 | Longer run |
| Change in real GDP | -2.4 | 4.2 | 3.2 | 2.4 | 1.8 |
| September projection | -3.7 | 4.0 | 3.0 | 2.5 | 1.9 |
| Unemployment rate | 6.7 | 5.0 | 4.2 | 3.7 | 4.1 |
| September projection | 7.6 | 5.5 | 4.6 | 4.0 | 4.1 |
| PCE inflation | 1.2 | 1.8 | 1.9 | 2.0 | 2.0 |
| September projection | 1.2 | 1.7 | 1.8 | 2.0 | 2.0 |
| Core PCE inflation ⁴ | 1.4 | 1.8 | 1.9 | 2.0 | |
| September projection | 1.5 | 1.7 | 1.8 | 2.0 | |
| Memo: Projected appropriate policy path | | | | | |
| Federal funds rate | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 |
| September projection | 0.1 | 0.1 | 0.1 | 0.1 | 2.5 |

Source: <https://www.federalreserve.gov/monetarypolicy/fomcproptabl20201216.htm>

Reason for Optimism in 2021?

Saving as a share of personal disposable income, monthly

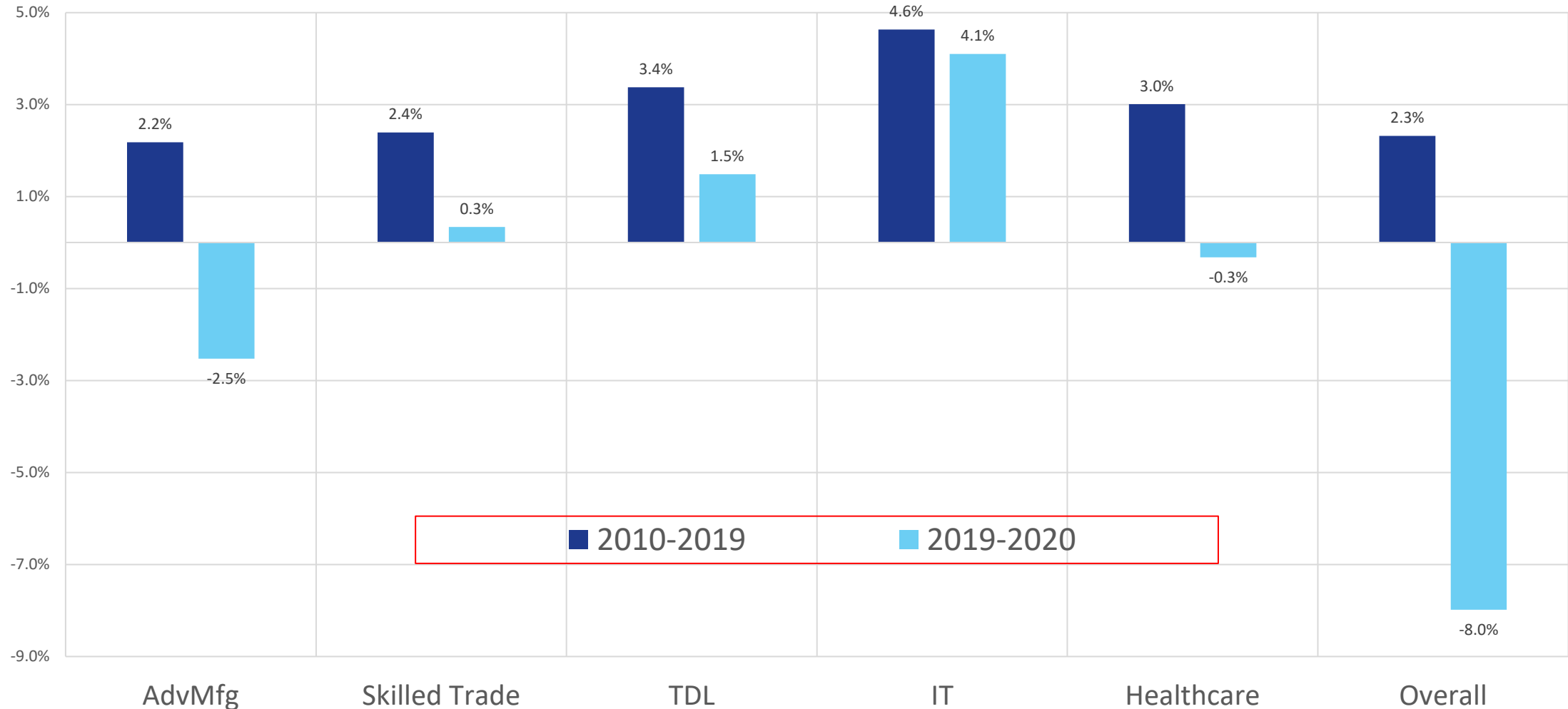


Note: Seasonally adjusted annual rate

Source: Commerce Department via the St. Louis Fed

There Are Occupations That Seem To Be “Pandemic Proof”

Target Clusters (Top Jobs) and Overall Job Growth (in Percent): Averages Q2 to Q2



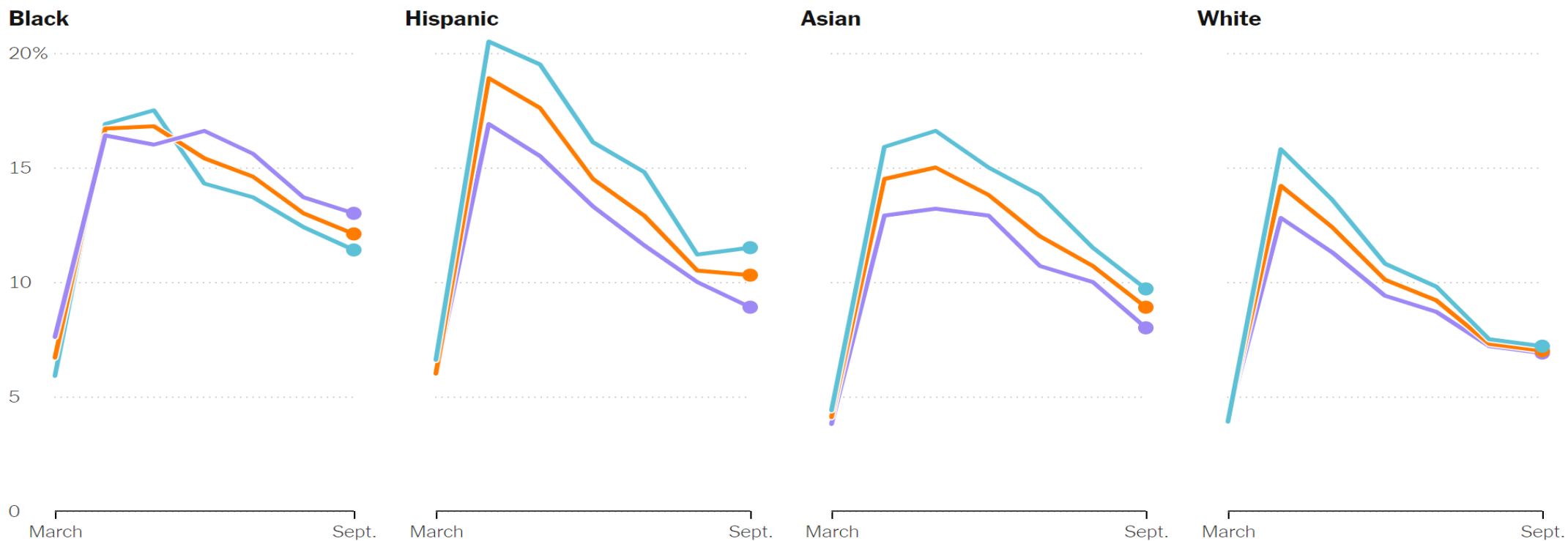
Source: Jobs EQ, 2020Q2

It's About People

Unemployment Rates Shows Inequities

Unemployment for women is worse than men's across most demographics

Unemployment rates by race for **men**, **women** and **over all**



By Ella Koeze · Rates are seasonally adjusted except those for Asian men and women. · Source: Bureau of Labor Statistics

Summing Up

- Atlanta has now been thru two “peaks” of COVID cases. **And a new surge is happening right now.**
- The five high demand clusters identified by our partners in this region seem to be “**pandemic proof**”
- **Metro Atlanta: has suffered economically but not as much as some other large metros.** Remote work in Atlanta is helping cushion the economic fall, but the economic consequences is being borne by low income and minority workers.
- Approximately **70% of arts organizations** have had to either layoff, furlough, reduce hours and programming or instituted across-the-board pay cuts.
- Atlanta’s Office, Multi-Family and Industrial markets have weathered this storm well so far- **but forecasts suggest a long and potentially bumpy recovery as vacancy rates will remain high**
- **Evictions**, after the national moratorium ends, will be a challenge, with 80,000 renter households under severe distress.
- Around **27 percent of licensed child-centers and homes are closed.** A recent report from NAEYC suggests that around 50% of these closed centers may never reopen.
- Learn4Life research suggests that the switch to virtual learning at the end of the school year **contributed to a decline in reading and math proficiency** that equals roughly two years of learning loss.
- Let’s add in another letter to recovery scenarios - **K-Shaped**