



## ECONOMIC UPDATE

November 17, 2020

### Quote of the week

*“The next few months could be challenging...the main risk we see...is the further spread of disease here in the United States.”*

—Federal Reserve Chair [Jerome Powell](#)

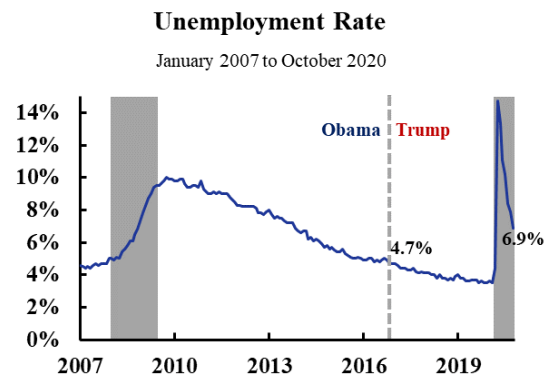
### What you need to know

- [The White House Budget office has instructed Federal agencies to continue with their preparation](#) of the Trump administration’s budget for the 2022 fiscal year after Trump lost the election.
- [More than 700,000 workers filed new regular state unemployment insurance claims](#) in the week ending November 7th, more than three times the level from a year ago and the 34th consecutive week exceeding 700,000 claims.
- [President-elect Biden will be inheriting a weakening economy](#), where permanent job losses are continuing to mount with over a million workers being laid off each month.
- [U.S. banks could face up to \\$2 trillion in losses](#) on commercial real estate loans, due to fundamental lifestyle changes brought about as a result of the coronavirus pandemic. These losses could be considerably higher than the \$110 billion in commercial real estate loan losses that American banks faced during the Great Recession.

### Chart of the week

When President Trump took office, the unemployment rate was 4.7%. Forty-five months into his presidency, it has risen by over two percentage points to 6.9%. The unemployment rate is now almost twice as high as the historic low of 3.5% before the pandemic.

Despite the president’s claims about creating a robust economy, it appears his economic legacy will include leaving office with a higher unemployment rate than when he entered office.



Source: Bureau of Labor Statistics, using the Civilian Unemployment Rate Ages 16+, Seasonally Adjusted

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## New research and reports

- An analysis by the Brookings Institution finds that [counties which voted for Biden account for 70 percent of gross domestic product](#) compared to 29 percent for those counties supporting Trump.
- Research from the Federal Reserve Bank of St. Louis indicates that [states which were more exposed to Trump's trade war experienced higher unemployment](#) levels and lower GDP growth than states which were not.
- A working paper from Ernie Tedeschi finds that a [10 percentage point increase in school disruptions in September contributed to a 1.5 to 1.8 percentage point reduction](#)—1.6 million mothers—in maternal labor force participation and a 5.1% reduction in hours worked among mothers who remained employed. By contrast, the impact of school disruptions on fathers was statistically indistinguishable from men without children.

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## Recommended reading

- [“In a Divided Washington, Biden Could Still Exert Economic Power,”](#) *The New York Times*
- [“The Battle to Keep America’s Black Banks Alive,”](#) *The Wall Street Journal*
- [“U.S. Businesses Are Fighting Insurers in the Biggest Legal Battle of the Pandemic,”](#) *Bloomberg Businessweek*
- [“Trump Spent Years Worrying About the Stock Market Only to Discover Wall Street Doesn’t Care if He Loses,”](#) *Vox*

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## What to watch during the week

- *Wednesday*: Census releases [New Residential Construction for October](#).
- *Thursday*: The Department of Labor releases [initial jobless claims](#). The National Association of Realtors (NAR) releases [October Existing-Home Sales](#) data.
- For a more comprehensive list, see the *Marketwatch* [U.S. Economic Calendar](#).

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## Selected JEC resources

- [President Trump's Record on the Economy](#)
- [U.S. Economy by the Numbers](#)
- [Third Quarter GDP Will Paint Misleading Picture of Recovery](#)
- [The Economic Impact of America's Failure to Contain the Coronavirus](#)

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