



## ECONOMIC UPDATE

April 17, 2020

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### Quote of the week

"In one state, [applicants for unemployment benefits] are being asked to send information for unemployment via fax machine, a technology older than many filers, which few have access to in the home. In other states it is easier to find toilet paper than it is to file for unemployment."

—Rep. Don Beyer (D-VA-8) on UI claims undercounting the newly unemployed

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### What you need to know

- [Five million more people filed initial unemployment insurance claims](#) in the week ending April 11; in total, more than 20 million Americans have lost their jobs over the last four weeks.
- [Retail sales dropped a record 8.7% in March](#), more than double the previous record drop of 3.9% in November 2008, despite the widespread stockpiling of goods in anticipation of lockdowns.
- The Small Business Administration announced Thursday that the Paycheck [Protection Program \(PPP\) had run out of funds](#) and SBA is currently no longer accepting new applications.
- The IMF estimates that the [global economy will contract 3% in 2020](#), with the U.S. economy shrinking by nearly 6%. If the virus is not contained, the IMF warns the world could see a contraction of 6% in 2020 with almost no recovery in 2021.
- Amid the COVID-19 crisis, [states are looking at budgetary shortfalls that may reach more than \\$500 billion](#). Even accounting for their rainy day funds and current federal aid, states still face shortfalls of as much as \$360 billion—not even including new, COVID-19-related costs. [State unemployment trust funds could run out in weeks](#).
- The Treasury Department has effectively [given debt collectors and creditors the power to seize the \\$1,200 CARES Act checks](#) sent through direct deposit.

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### Happening the week of April 20, 2020

- *Monday:* The Chicago Fed releases its [National Activity Index](#) for March.
- *Tuesday:* The National Association of Realtors releases [existing home sales](#) data for March.
- *Thursday:* The Department of Labor releases [UI Weekly Claims](#). The Census Bureau releases [new home sales](#) data for March.
- *Friday:* The Census Bureau releases [Manufacturers' Shipments, Inventories, & Orders](#) for March. The University of Michigan releases its updated [consumer survey](#).

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## Good reads

- [“The Price of the Coronavirus Pandemic,”](#) *The New Yorker*, 4/13/2020
- [“It’s the End of the World Economy as We Know It,”](#) *The New York Times*, 4/16/2020
- [“Stimulus Measures Should be Made Automatic Now, Before Republicans Flip-flop on Deficits Again,”](#) *Vox* 4/10/2020
- [“America’s COVID-19 Disaster Is a Setback for Democracy,”](#) *The Atlantic* 4/16/2020

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## Chart of the week: GDP and Unemployment Forecasts for the Second Quarter

Institution	2nd Quarter GDP Estimate (Annualized)	2 <sup>nd</sup> Quarter Unemployment Estimate
<a href="#">CBO</a> (4/2/2020)	-28%	>10%
<a href="#">St. Louis Fed</a> (3/20/20)	-50%	32.1% (pre-CARES)
<a href="#">Morgan Stanley</a> (3/22/20)	-30.1%	12.8%
<a href="#">Bank of America</a> (4/4/20)	30%	15.6%
<a href="#">JP Morgan</a> (4/9/20)	-40%	20%
<a href="#">Goldman Sachs</a> (4/14/20)	-35%	15%
Pantheon (4/15/20)	-30%	18%

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## New research and reports

- The Center on Budget and Policy Priorities put out this [table estimating state revenue shortfalls](#) as a result of the COVID-19 pandemic.
- Economists find that [increased access to SNAP in early childhood leads to higher education levels](#), lower mortality and lower incarceration rates in adulthood.
- Kevin Rinz, a labor economist at the Census Bureau, put out this helpful [explainer on unemployment insurance claims](#) and other labor market data during the pandemic.
- Anna Gifty Opoku-Agyeman highlights the importance of diversity among economists to effectively address the disparate impacts of the coronavirus pandemic and racial inequities at large. [“The bottom line is that black economists matter\[.\]”](#)

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## Selected JEC resources

- [Massive Aid to State and Local Governments Needed to Slow Economic Damage](#)
- [U.S. Economy by the Numbers](#)
- [Equal Pay Day 2020](#)

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Contact: [hope\\_sheils@jec.senate.gov](mailto:hope_sheils@jec.senate.gov)