



ECONOMIC UPDATE

November 2, 2020

Quote of the week

“...good GDP growth...Don't be fooled. It follows one of sharpest drops in history. And the growth hasn't lasted. Latest indicators show big loss of momentum. The V is becoming an L.”

—[Robert Reich](#), former Secretary of Labor and Berkeley economist

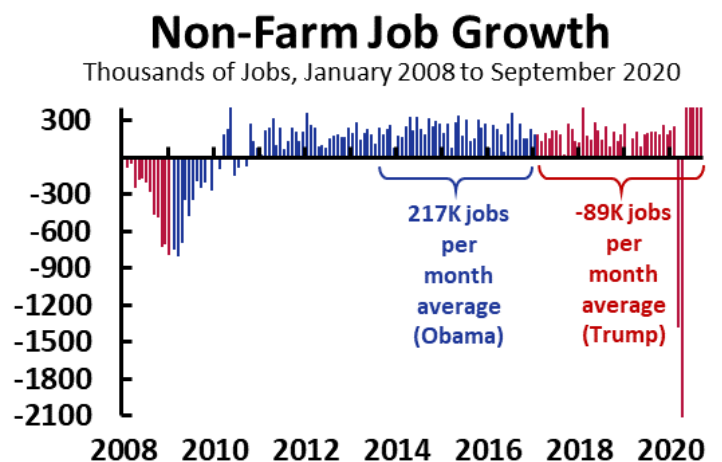
What you need to know

- The Bureau of Economic Analysis (BEA) reported that in the third quarter [real GDP grew at an annual rate of 33.1%](#). However, the GDP would have had to increase by more than 53% to make up for the record drop in the second quarter and the steep decline in the first quarter.
- [State governments are suffering from the largest revenue shortfall](#) since the Great Depression, which may amount to more than \$400 billion through FY 2022 according to Moody's Analytics.
- The Centers for Disease Control has asked states to move quickly to establish systems for distributing a coronavirus vaccine. However, [state officials say they don't have the federal funds they need](#) to accomplish that massive task.
- S&P Global estimates [the unemployment rate will not return to pre-pandemic levels](#) until 2024; the current unemployment rate of 7.9% is above or equal to the peak of eight of the past 11 recessions.

Chart of the week

In the first 44 months of the Trump administration, the U.S. economy has lost an average of 89,000 jobs per month. In comparison, during the last 44 months of the Obama presidency the economy added an average of 217,000 American jobs per month. Even before the coronavirus recession, the economy generated 38,000 fewer jobs per month under President Trump.

After inheriting an economy with 76 consecutive months of job growth, President Trump is the only president of the last 13 with a negative jobs record.



Source: Bureau of Labor Statistics. Note: Numbers reflect nonfarm job growth. Averages reflect a 44 month period.

New research and reports

- The Democratic staff of the Joint Economic Committee released [*President Trump's Record on the Economy*](#), an analysis of the economic impact of the president's tax cuts, trade war and his failure to contain the coronavirus. The paper finds that that despite inheriting a strong economy from his predecessor, President Trump's economic record was unspectacular even before the coronavirus recession, when it became a disaster.
- The Democratic staff of the Joint Economic Committee released an issue brief, [*Third Quarter GDP Will Paint Misleading Picture of Recovery*](#), which explains why the third quarter GDP results are not nearly as good as they appear to be.
- Research from Stanford University finds that the [18 recent Trump rallies likely resulted in over 30,000 confirmed cases of COVID-19](#) and led to upwards of 700 deaths.

Recommended reading

- ["GDP Rebounds at Record Pace, But Dark Clouds Reappear,"](#) *Politico*
- ["Economy's Big Rebound Leaves a Shortfall as Progress Slows,"](#) *The New York Times*
- ["People Have Nothing Left — Literally \\$0 — Because of the Pandemic,"](#) *BuzzFeed News*
- ["Now More Than Ever, the Stock Market is Not the Economy,"](#) *The Washington Post*
- ["The Fed is Really Running Out of Firepower,"](#) *Bloomberg*

What to watch during the week

- *Monday*: Census releases [Construction Spending](#) for September.
- *Tuesday*: Census releases September [Manufacturers' Shipments, Inventories, & Orders](#) data.
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- *Friday*: The Bureau of Labor Statistics releases the [Employment Situation](#) for October.
- For a more comprehensive list, see the *Marketwatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [*The Economic Impact of America's Failure to Contain the Coronavirus*](#)
- [*The Economic State of the Hispanic Community in America*](#)
- [*COVID-19, Economic Pressure and Americans' Mental Health*](#)
- [*We Need to Save Child Care Before It's Too Late*](#)

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