



ECONOMIC UPDATE

December 2, 2020

Quote of the week

“If trickle-down economics worked at all... people wouldn’t be flocking to food banks right as the stock market hit its all-time high.”

—[Adam Best](#), entrepreneur and filmmaker

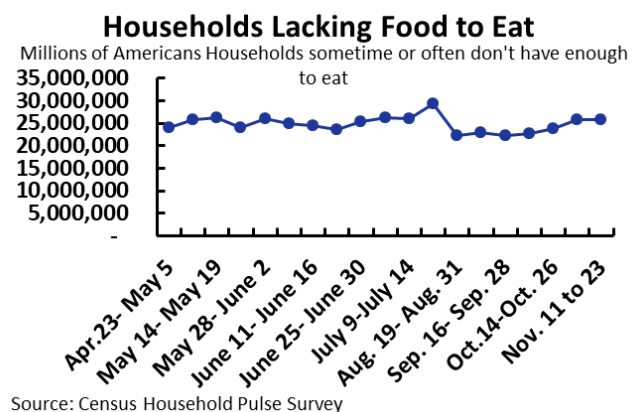
What you need to know

- [Economists warn that the U.S. economy could contract in the first quarter](#) of 2021, due to sharp rises in coronavirus cases and accompanying restrictions on businesses and activity.
- [President-elect Biden’s selections for his top economic team include high profile labor economists](#), suggesting the administration will likely focus on workers and income inequality.
- Treasury Secretary [Steve Mnuchin announced that he would allow the expiration of several emergency lending programs run in conjunction with the Federal Reserve](#), and he requested that any unspent stimulus money allocated to the Fed under the CARES Act be returned to Congress. The move has prompted criticism from the Federal Reserve, the U.S. Chamber of Commerce and other organizations due to the fragility of the economic recovery.
- Following the expiration of the supplemental \$600 a week in unemployment insurance at the end of July, [many households fell below the poverty line](#) as recipients of Pandemic Unemployment Assistance (PUA) for gig and other workers not qualifying for regular UI received the minimum benefit instead of the full amount they were eligible for.

Chart of the week

The stock market and the number of Americans facing hunger are both reaching new highs, the latest evidence of the disconnect between stocks and the broader economy.

On the one hand, JPMorgan plans to increase bonuses for traders by 20% due to a record increase in revenue. At the same time, a pandemic record of almost one in eight adults report often or sometimes not having enough food to eat in the past week.



New research and reports

- A study by the Government Accountability Office finds that [70% of the wage-earning Americans who are receiving Medicaid or SNAP benefits work full time](#) (35 hours or more during a week). Ninety percent of those working and receiving benefits are in the private sector, mostly in the leisure and hospitality industry and in food service and food preparation jobs.
- A report from the Federal Reserve Bank of New York reveals [household debt increased by \\$87 billion](#) during Q3 2020, largely driven by an \$85 billion increase in mortgage balances from the previous quarter. However, due to forbearance protections offered in the CARES Act, delinquency rates in Q3 2020 were 0.2 percentage points lower than in Q2 2020 and 1.4 percentage points lower than Q4 2019.
- A study conducted by BloombergNEF finds that [companies in electric utilities, oil, gas and mining sectors that have 30% or more of their board roles filled by women tend to have better climate governance](#). In firms with more than 30% female board members, emissions increased by 0.6% compared to a 3.5% increase for firms without any female board members.

Recommended reading

- [“Racism Impoverishes the Whole Economy,”](#) *The New York Times*
- [“McConnell’s First Act of Sabotage,”](#) *The Atlantic*
- [“Should You Be Paid for Getting a Covid-19 Vaccine?,”](#) *Bloomberg Businessweek*
- [“A Growing Number of Americans Are Going Hungry,”](#) *The Washington Post*

What to watch during the week

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

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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