Macro snapshot

Professor Tony Frost
Thursday, September 10, 2020
Are you optimistic or pessimistic about the economy?
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Yes I am
Three themes for September 2020 snapshot

1. From Great Lockdown to Great Variation
   – Pandemic & economy
   – Places, industries, firms, workers

2. Fall is storm season, right?
   – Schools, indoors, flu/cold
   – The US: Perfect Storm?

3. The longer run outlook: vaccine meets hysteresis
   – What does “we now have a vaccine” really mean?
   – There will be scarring (pandemic effects on trend growth)
   – O, Debt
V-shaped recovery?

Most OECD countries have experienced a V-shaped pattern of activity. But “recovery” is a stretch.

OECD (2020), Composite leading indicator (CLI) (indicator).
Unemployment rates across OECD countries

Unemployment rates tell the same story. Improving, but still dire in most countries.

US GDPNow estimates for Q3: V-shaped

But remember: if the economy shrinks by 50% QoQ, it needs to grow by 100% to have “recovered”

Source: Federal Reserve Bank of Atlanta
US initial jobs claims

SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF LABOR
US initial jobs claims

SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF LABOR
US initial jobs claims

“The Great Recession”

SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF LABOR
Unemployment rate forecast across OECD countries

2020 GDP forecasts for OECD countries

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   - The US: Perfect Storm²?

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   - O Debt
The US: Perfect Storm²?
Arriving around…early November

Health
Economic
International Relations
Social
Political