

The Kansas Economic Recovery K is not OK

Donna K. Ginther
Dean's Professor of Economics
Director, Institute for Policy & Social Research, University of Kansas
Research Associate, National Bureau of Economic Research

August 15, 2020

KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

Caveats

- These slides were completed on August 15, 2020
- Things will have changed by the time you see this presentation.
- This presentation is based on my readings and data from sources noted throughout.

IPSR Goals for COVID-19 Crisis

- Synthesize the data on the Coronavirus in Kansas
- Report economic indicators
- Inform the public and policymakers on these issues on a **monthly** basis.
- Data and briefings available at <http://ipsr.ku.edu/covid19/>
- Thanks to Xan Wedel, Thomas Becker & Lindsay Jorgenson who helped with the data, visualizations & slides.

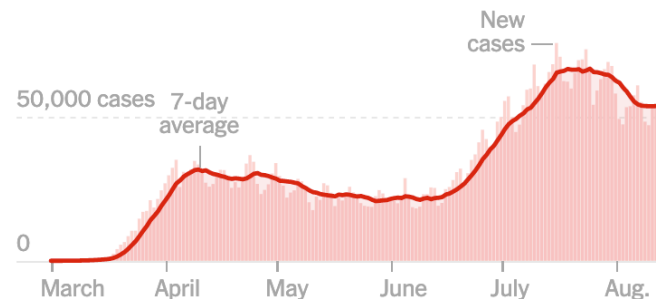
Overview

- Update on the Coronavirus in Kansas and the United States
- What's happened to the economy so far?
- How Does Kansas Compare to the Rest of the US?
- What do the new data tell us about the future economy?
 - A new recovery letter: not V, likely a K and perhaps W.
 - But K is not OK.

We have Exceeded 5 Million Cases & 168,000 Deaths

By The New York Times Updated August 15, 2020, 8:12 A.M. E.T.

[Leer en español](#)



TOTAL CASES

5.3 million+

DEATHS

168,335

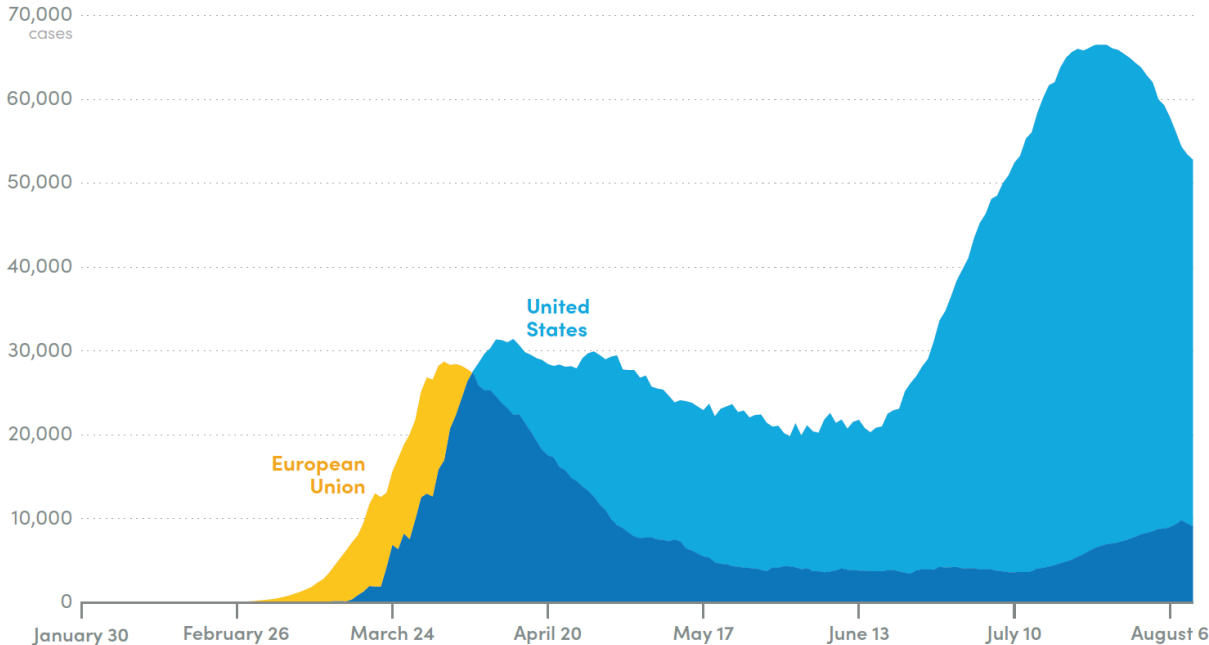
Includes confirmed and probable cases where available

- The past week we've averaged 53,083 cases per day.

Compared to the European Union, Cases are Out of Control

New COVID-19 Cases, 7-Day Rolling Average

European Union and United States cases through August 10th



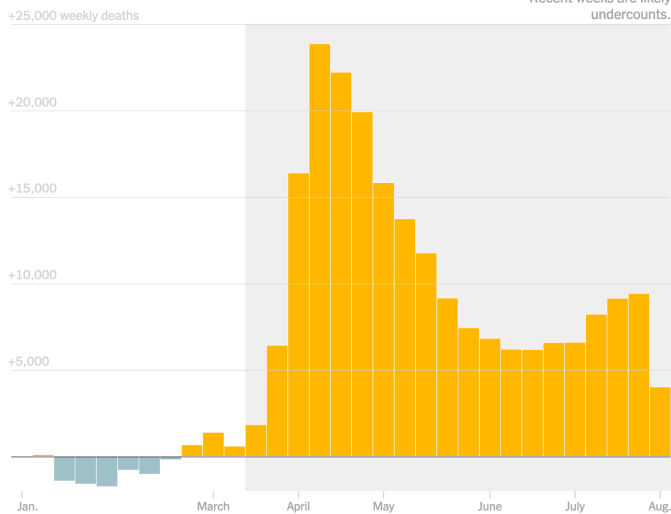
- The EU has 117 million more people than the US but has far fewer cases

- As of August 15th:
 - EU has 425 cases per 100,000
 - US has 1601 cases per 100,000
- US has nearly 4 times the number of cases

Deaths are Likely Undercounted

U.S. Deaths Above or Below Normal

211,500 excess deaths from March 15 to Aug. 1

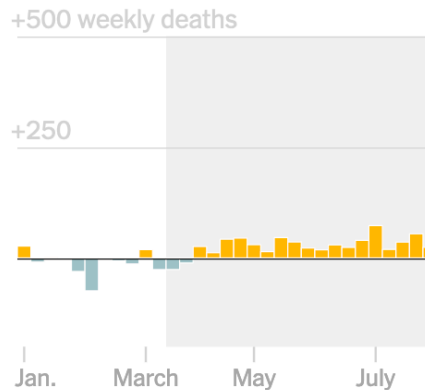


Note: The chart shows the difference between measured deaths and expected deaths each week. Deaths above the expected number are considered to be "excess deaths."

Source: New York Times
<https://www.nytimes.com/interactive/2020/05/05/us/coronavirus-death-toll-us.html>

Kansas

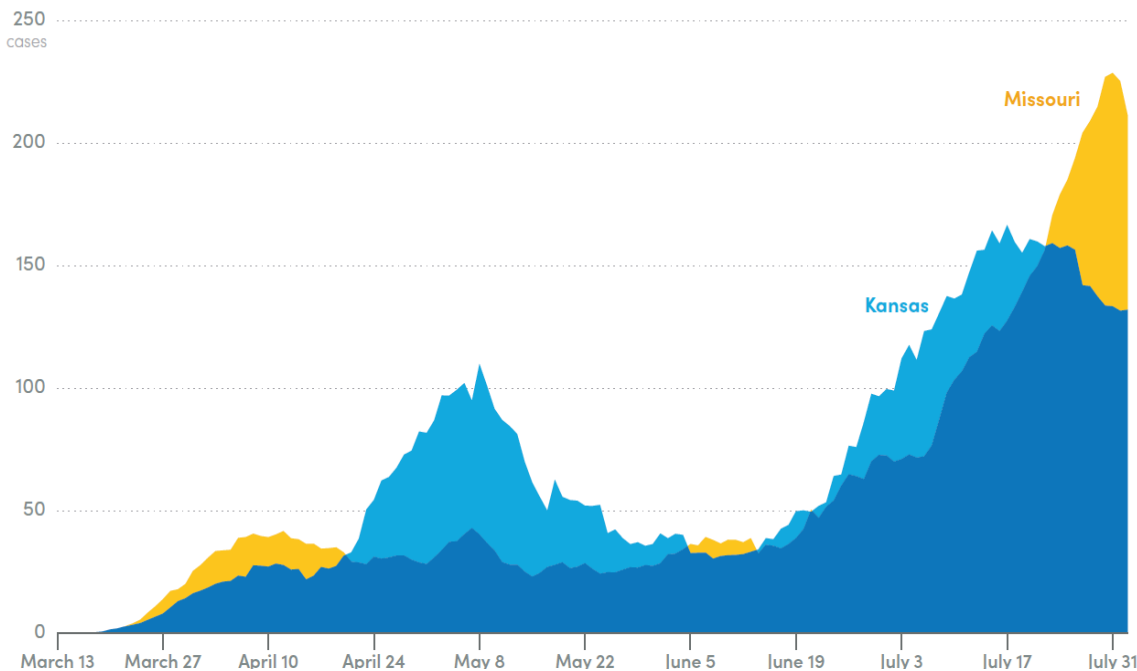
500 excess deaths
March 15 - Aug. 1



- Not all who die from COVID-19 are included in death-toll.
- Excess deaths—measured compared to a year earlier are a broader measure
 - Will include those who have heart attacks but were reluctant to seek medical care.
- As of August 1:
 - 211,500 excess deaths in the US
 - 500 excess deaths in Kansas

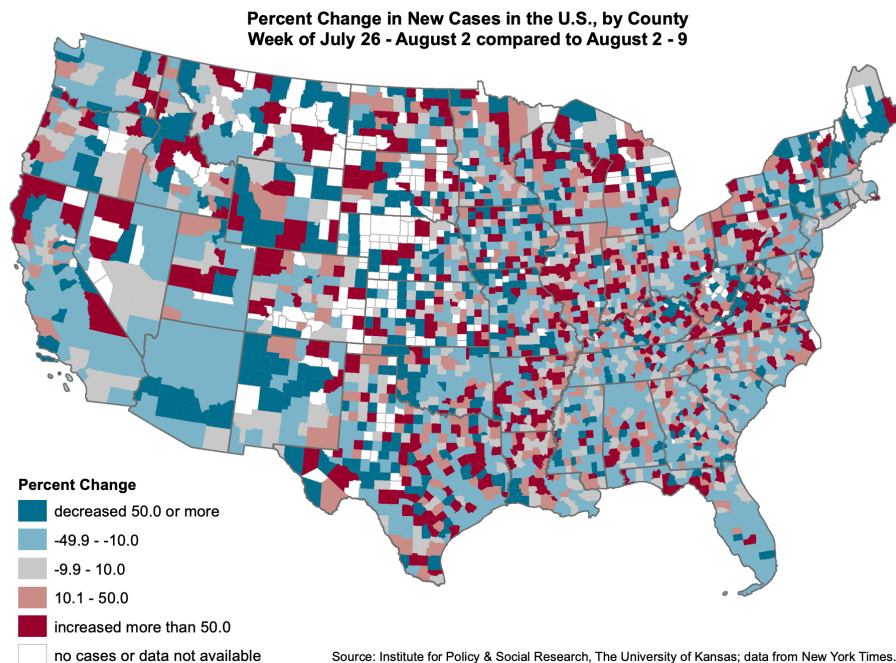
COVID Cases are Surging in Our Region

New COVID-19 Cases per Million Residents, 7-Day Rolling Average
Kansas and Missouri population-adjusted cases through August 2nd



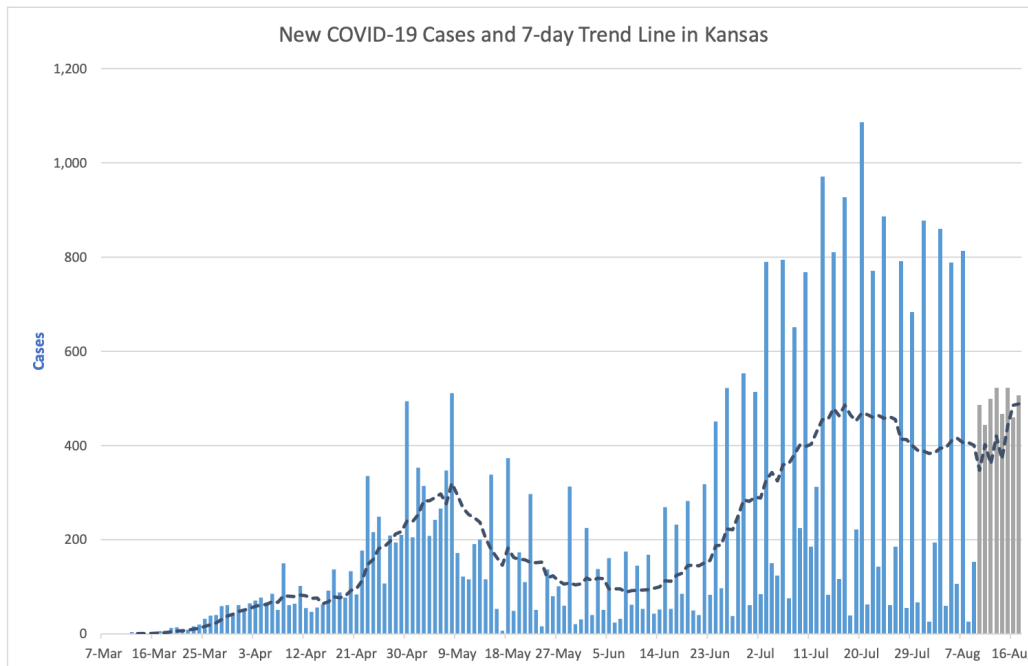
- Adjusted Kansas/Missouri Cases per million residents.
- Kansas has 33,087 cases
 - 1,136 cases per 100,000
- Missouri has 64,885 cases
 - 1,057 cases per 100,000
 - Missouri has accelerating cases adjusted for population compared to Kansas at the end of July and early August.

Covid Cases Concentrated in the Southeast and West



- Map showing the increases in new cases by county between the weeks July 26th of August 2nd
- Dark red counties indicate those that saw an increase of 50% or more
 - There are a lot of red counties in Kansas

Troubling News: Kansas Daily Cases are Increasing

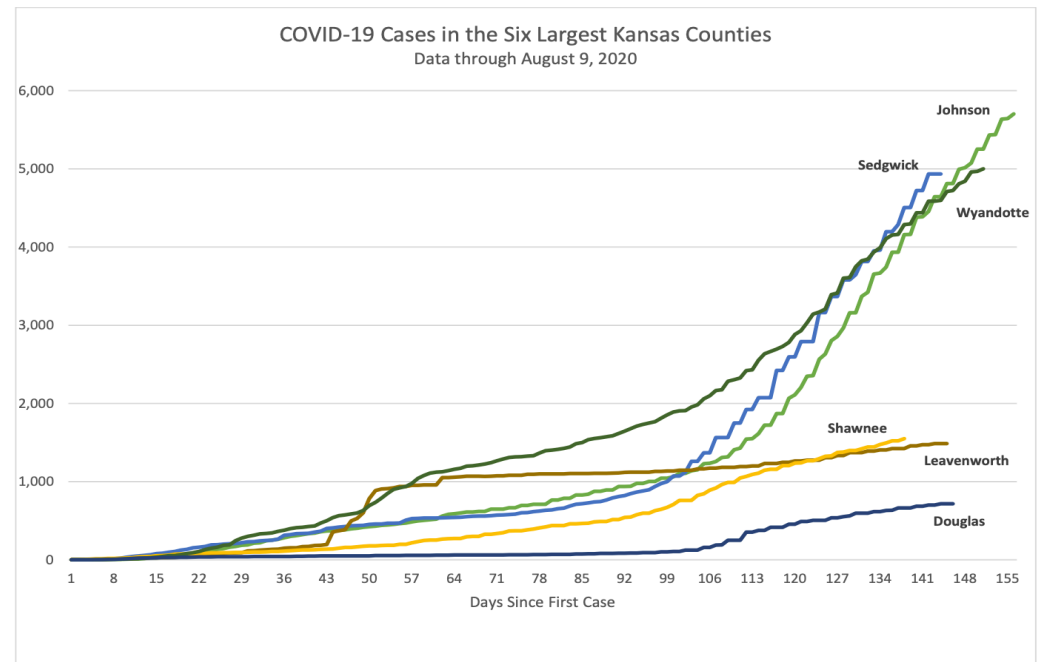


Source: Institute for Policy & Social Research, The University of Kansas; cases (blue) from the New York Times and projected cases (grey) from The University of Kansas Medical Center.

- Data through August 9th
- The 7-day moving average of new cases has slowed down at a high plateau.
- Cases are predicted to increase:
 - According to KU Medical Center forecasts, cases may accelerate in coming weeks.

Growth in COVID-19 Cases Has Varied by County

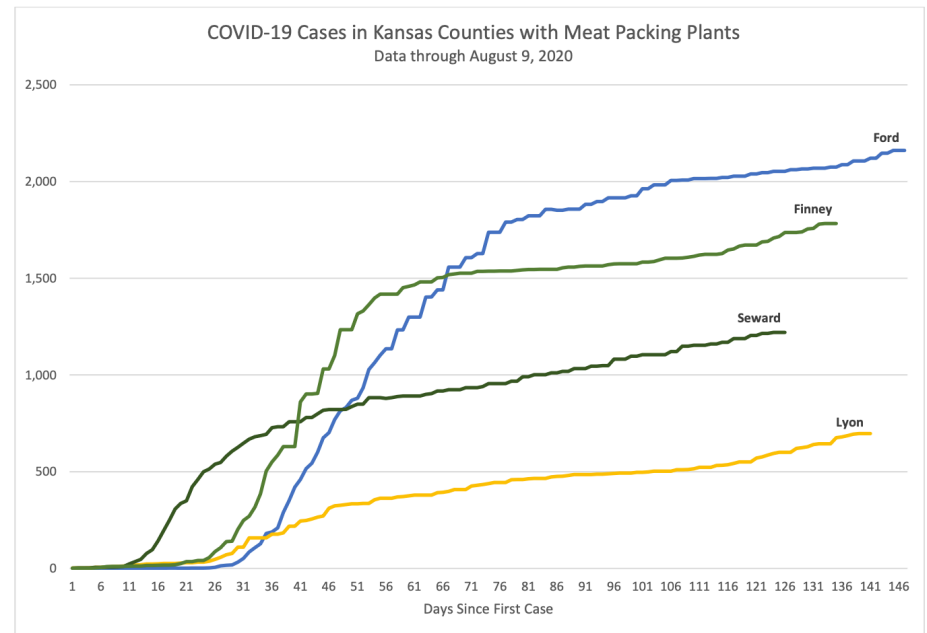
- In the six largest counties, growth rates have varied significantly.
 - All curves except Leavenworth are increasing.
 - Douglas county cases are over 10 times higher than on June 2nd.
 - Sedgwick, Johnson & Wyandotte Counties are Accelerating.



Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times.

Counties with Meatpacking Have Slowed

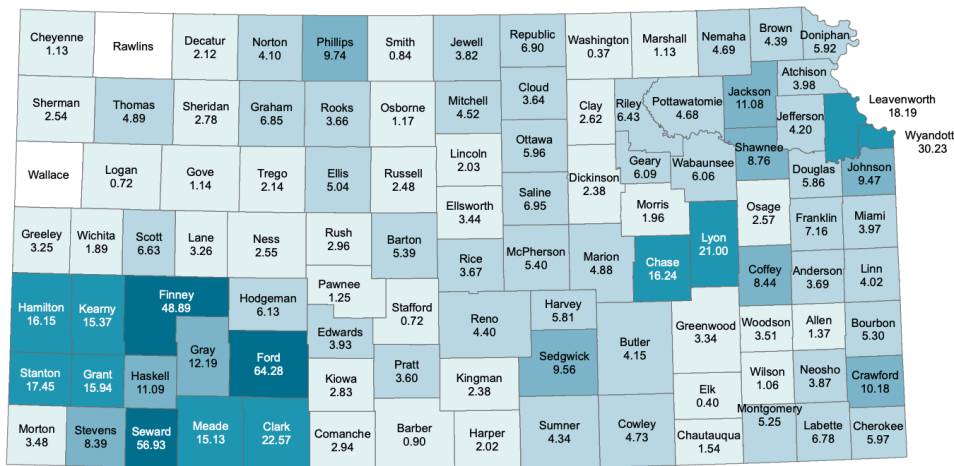
- In counties with meatpacking plants cases are growing at a slower rate and we may have bent the curve.
 - Seems to be the case for all of the counties.



Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times.

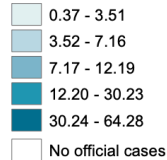
Case Rates by County

COVID-19 Cases per 1,000 People in Kansas, by County
as of August 9, 2020



Source: Institute for Policy & Social Research, The University of Kansas; data from The New York Times and U.S. Census Bureau.

Cases per 1,000 people



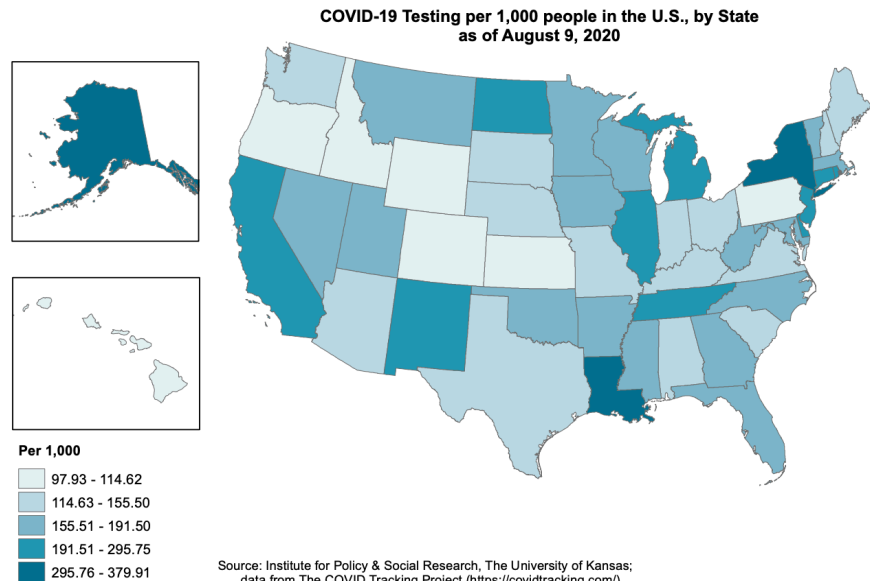
- Darker colors indicate that these counties have higher case rates:

- Ford, Seward, and Finney Counties have case rates that are > 48 per 1,000
- Douglas, Sedgwick & Johnson Counties 6-10 per 1,000
- Leavenworth & Wyandotte Counties have case rates 18-30 per 1,000

Source: New York Times & US Census Bureau

Testing Has Been Uneven Across the Country

- COVID Tracking Project data used to estimate tests per 1,000 people in each state.
 - Kansas has performed only 108 tests per 1,000 people.
 - The US average is 187 tests per 1,000.
 - 10% of Kansas tests are positive which is higher than the US overall average of 8%

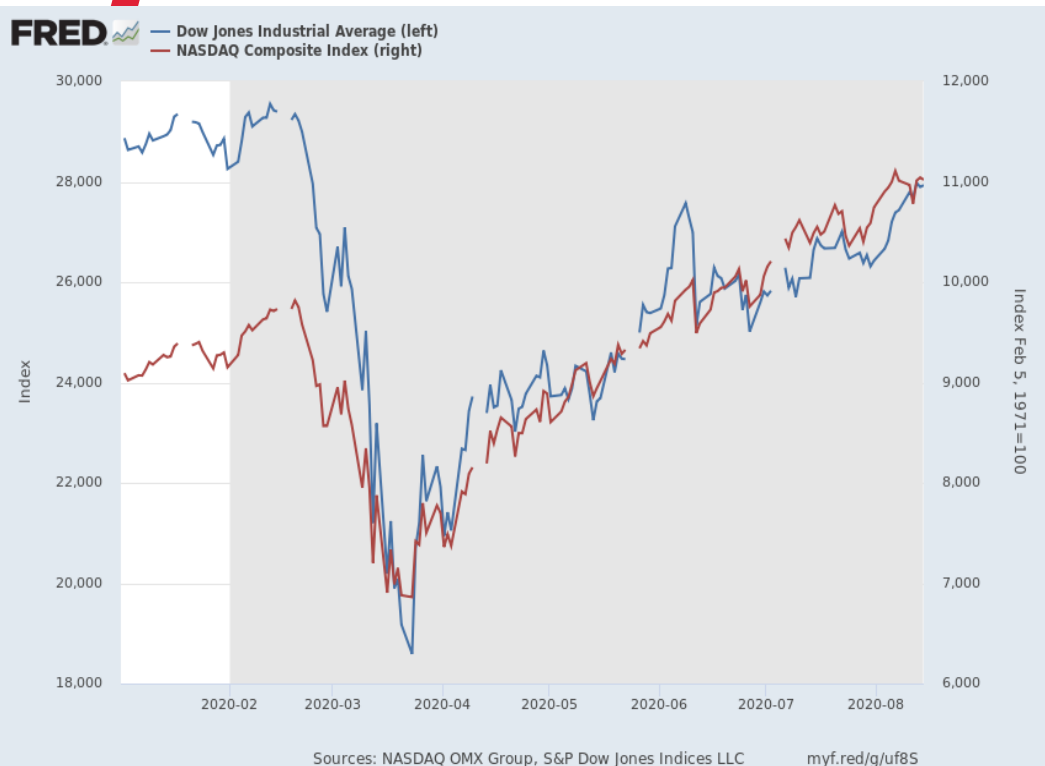




COVID-19 and the US & Kansas Economies

Unemployment & Uncertainty

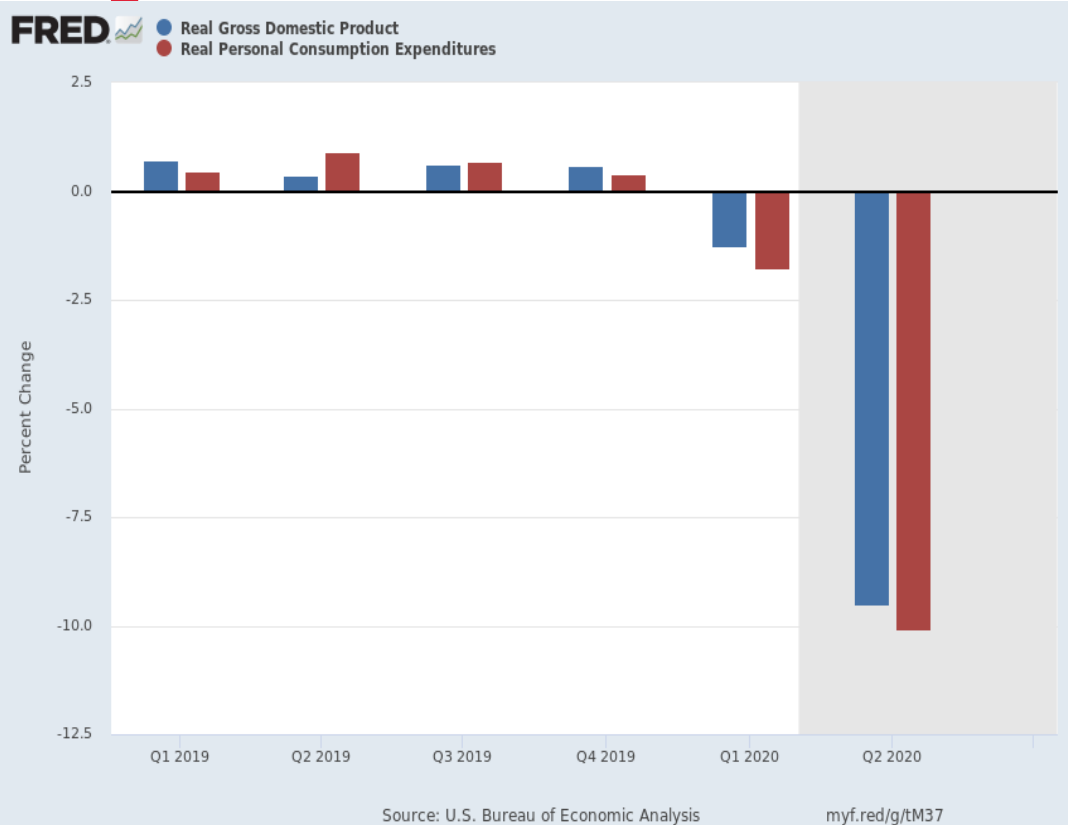
The Stock Market: January 1 – August 14th



Source: FRED <https://fred.stlouisfed.org/series/DJIA>

- The Dow Jones Industrial Average peaked at 29,348 on February 12th.
 - It bottomed out on March 23rd, and has recovered to 27,931 on August 14th
 - Down about 5% since the peak
- Nasdaq has is up 21% for the year.
- Market continues to be volatile.

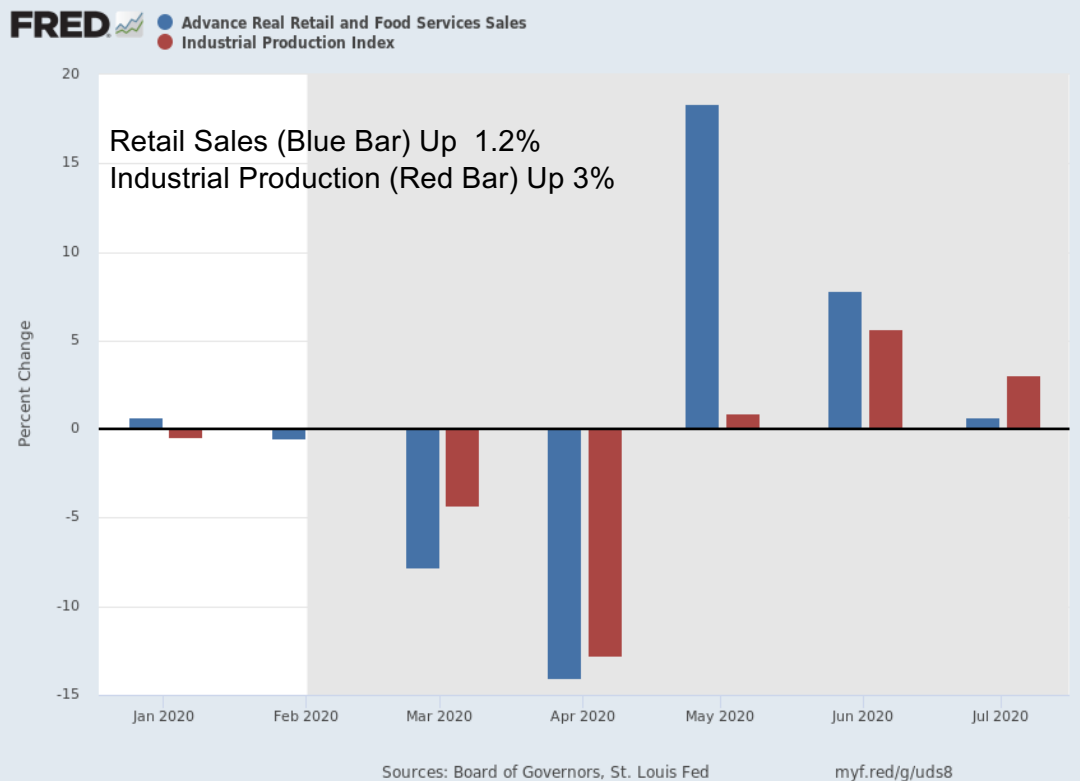
Gross Domestic Product Fell at Historic Rate



Source: Lewis, FRED, Federal Reserve Bank of St. Louis;

- Gross Domestic product fell by 9.5% compared to the previous quarter.
- At an annualized rate, this is -33%
- Consumption (2/3rds of GDP) fell by 10%
- This makes the Great Recession look like a mere blip.

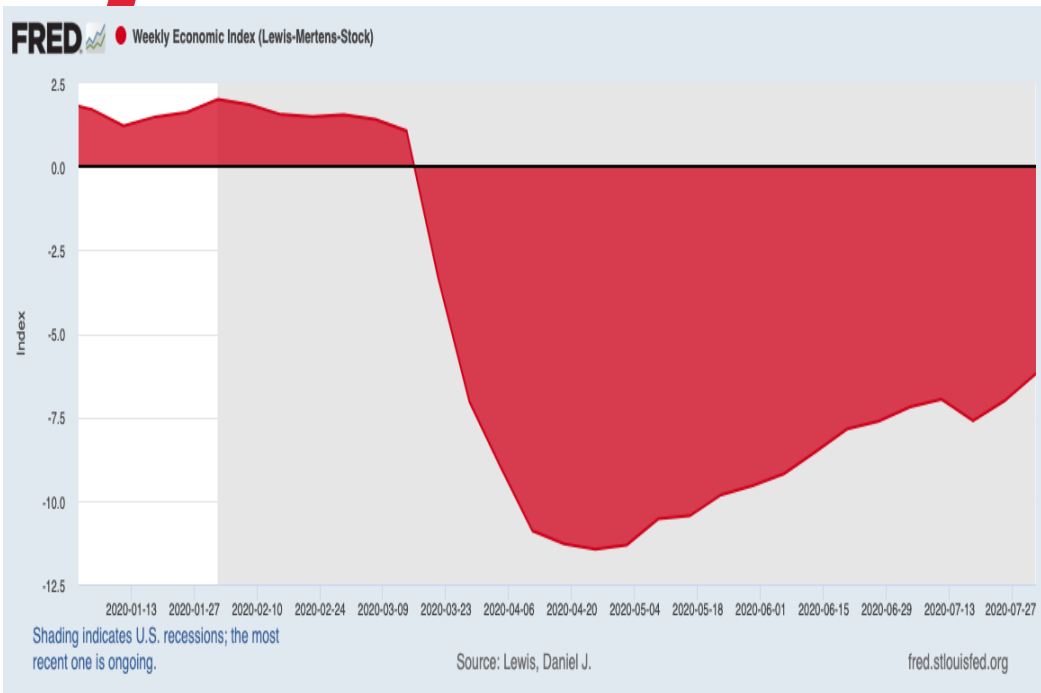
Industrial Production & Retail Sales--July



Source: <https://fred.stlouisfed.org>

- Retail sectors up:
 - Clothing 5.7%
 - Furniture 0%
 - Restaurants/Bars 5%
 - Motor Vehicles -1.2%
 - Electronics 22.9%
 - Miscellaneous 6.2%
- Retail sales were up 2.7% compared to a year ago.

Weekly Economic Activity Index



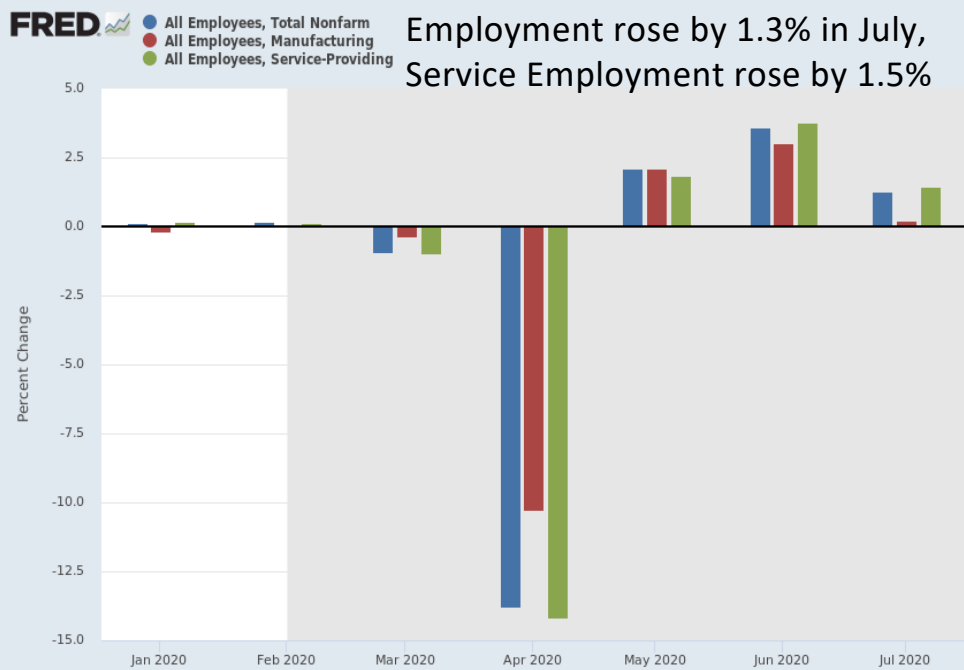
- Lewis, Mertens & Stock have developed a Weekly Economic Activity Index that is scaled to 4th Quarter 2019 GDP growth.
 - The index has risen to -6.2%
 - This indicates that GDP for this quarter is forecast to be 6.2% lower for Q3.

Source: Lewis, Daniel J., Mertens, Karel and Stock, James H., Weekly Economic Index (Lewis-Mertens-Stock) [WEI], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/WEI>, May 17, 2020.

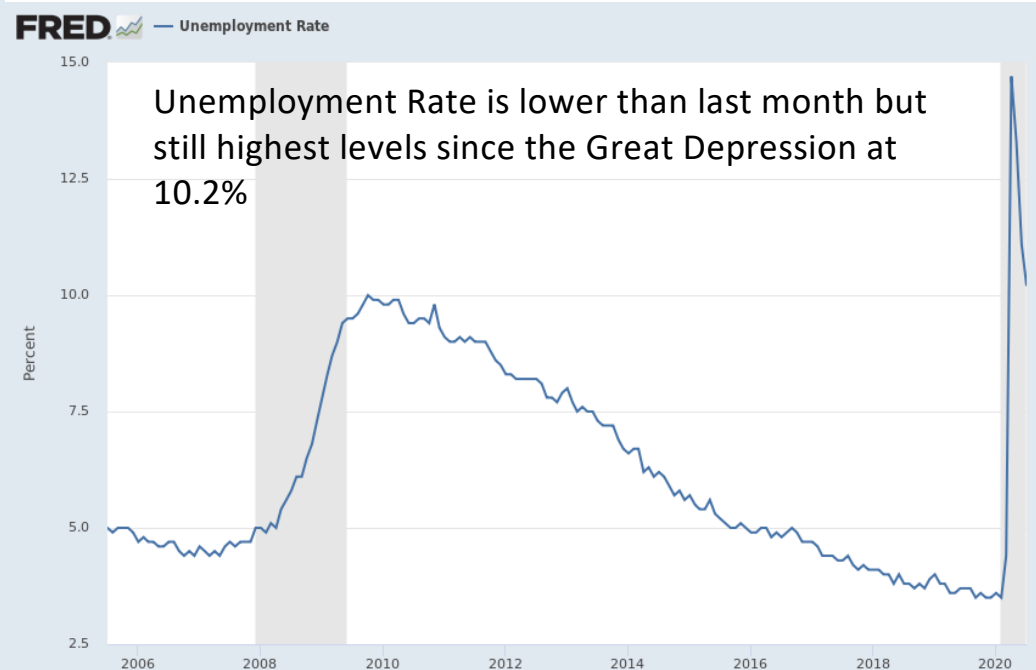
Unemployment Rate Facts

- The monthly jobs report is based on two surveys:
 - Establishment Survey that reports total employment
 - Household Survey that reports total unemployment
- The Unemployment Rate is defined as the share of people looking for work divided by the labor force (employed + unemployed) (U-3 rate).
- The Unemployment rate does not count people who are discouraged workers and working part-time for economic reasons (U-6 rate).
 - Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.

Employment & Unemployment July, 2020

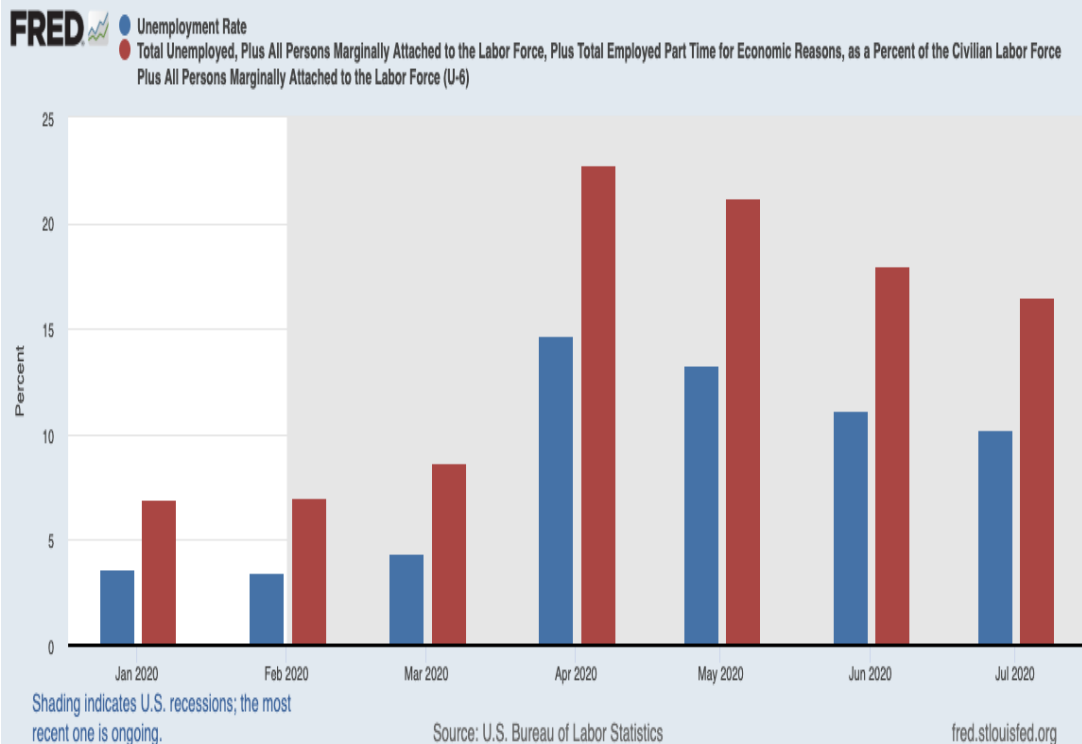


Source: U.S. Bureau of Labor Statistics myf.red/g/u95o



Source: U.S. Bureau of Labor Statistics myf.red/g/u95j

U-3 and U-6 Show Continued Slack in Labor Market



- U-6 rate is a broader measure of unemployment
 - 16.5% in July and 18% in June.
- U-6 indicates that one sixth of the workforce is experiencing hardship.

Sources: <https://www.bls.gov/news.release/pdf/empsit.pdf>
https://www.bls.gov/news.release/archives/empsit_05072010.pdf

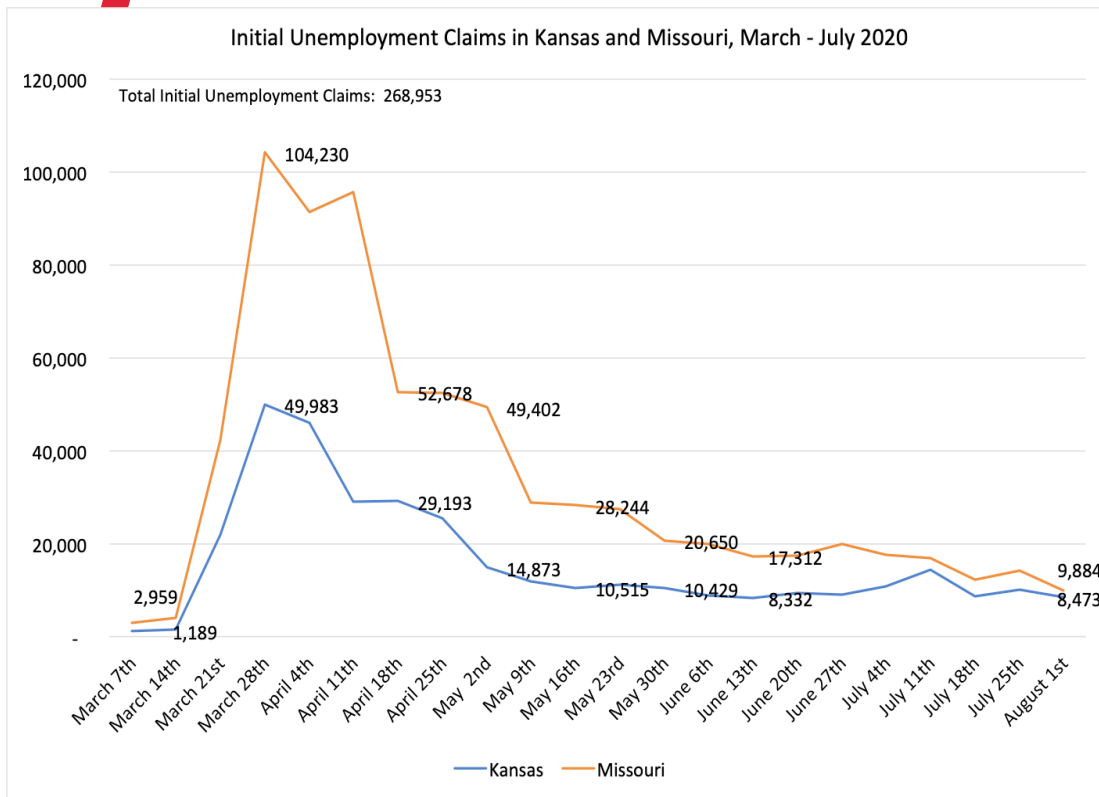
A Tale of Two Downturns: This Time is Different

Unemployment by Characteristic	July, 2010	July, 2020
Total	9.5%	10.2%
Men, Age 20+	9.7%	9.4%
Women, Age 20+	7.9%	10.5%
Age 25+		
Less than High School	13.8%	15.4
High School	10.1%	10.8%
Some College	8.3%	10%
Bachelor's Degree +	4.5%	6.7%
Temporary Layoff	8.5%	55.9%
U-6	16.4%	18%

- Women are more likely to be unemployed than men.
 - Since 1980 we've had "Mancessions"
- Only Bachelor's degree or higher have lower rates.
- Temporary Layoffs are higher.
 - Temporary Layoffs have dropped between May (73%) and June (55.9%)

Sources: <https://www.bls.gov/news.release/pdf/empst.pdf>
https://www.bls.gov/news.release/archives/empst_05072010.pdf

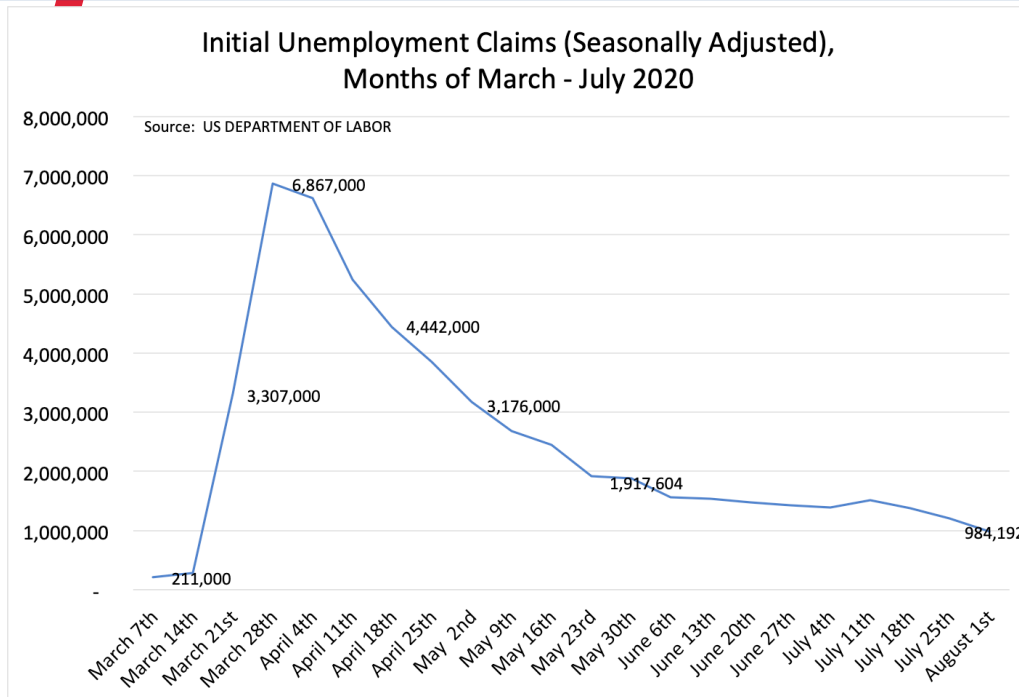
Unemployment Claims in Kansas and Missouri



Source: Calculations using KS and MO Department of Labor Data

- 8,473 people filed an initial claim in Kansas the last week of July
- Since March 14th a total of 350,158 workers have filed initial unemployment claims in Kansas.
- Initial claims remain stubbornly high.
 - Data from March 14th – August 1st

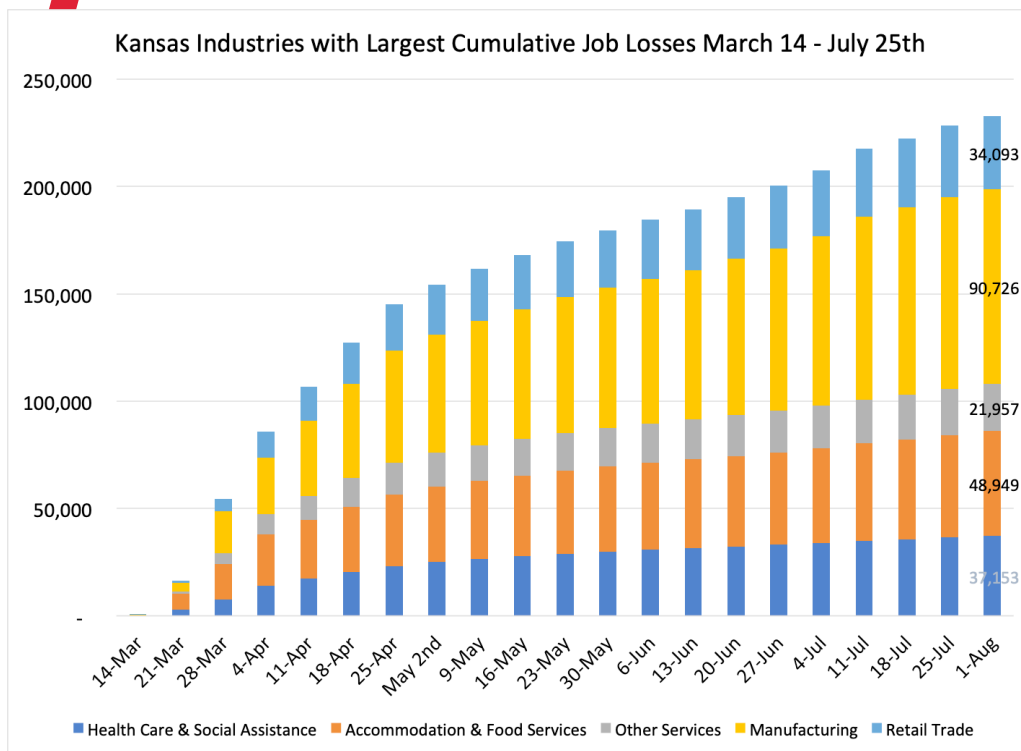
Initial Unemployment Claims Continue to Grow



- US Initial Unemployment Claims are still at historic highs
 - Almost another million people filed initial unemployment claims
 - Almost 55 million unemployed since March.
 - Over 16 million people remain unemployed in the US.
 - Enhanced unemployment benefits have ended.

Source: <https://www.dol.gov/ui/data.pdf>

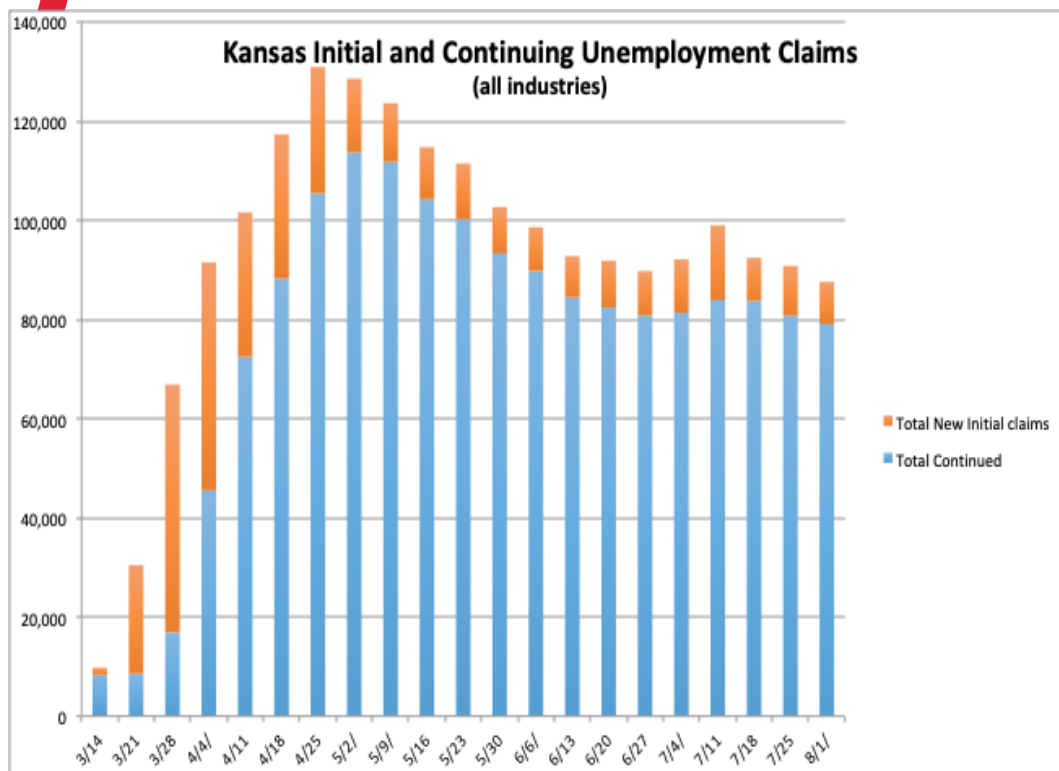
Cumulative Initial Unemployment Claims by Industry



Source: Calculations using KS and MO Department of Labor Data

- Industries hardest hit include:
 - Manufacturing: 90,726
 - Accommodation & Food Services: 48,949
 - Health care & Social assistance: 37,153
 - Retail Trade: 34,093
 - Other Services: 21,957
- These five industries account for 67% of people who have lost their jobs.

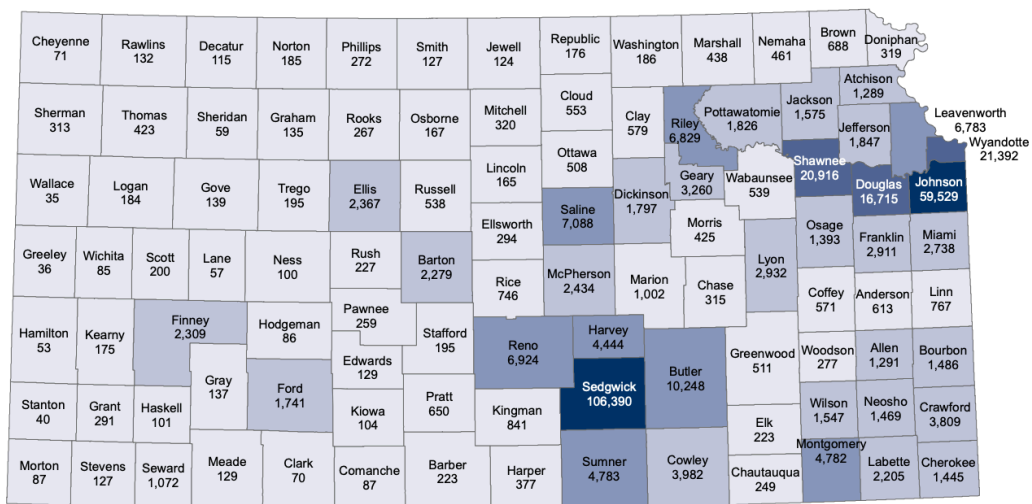
Unemployment in Kansas Remains High



- Kansas continuing + initial unemployment claims remain high
- There are 79,097 continuing claims and 8,473 new initial claims as of the week ending August 1st.
- State Unemployment ~7%

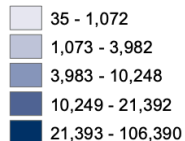
Cumulative Unemployment Claims by County

Initial Jobless Claims in Kansas, by County
March 21 - August 1, 2020



Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor, Labor Market Information Services.

Initial Claims, March 21 - August 1

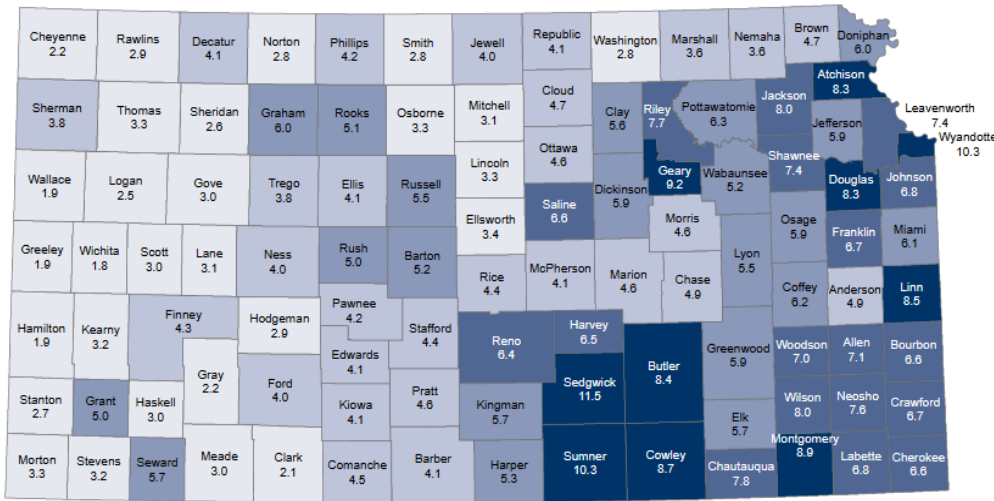


- Top 5 Counties by Cumulative Initial Claims:
 - Sedgwick 106,390
 - Johnson 59,529
 - Shawnee 20,916
 - Wyandotte 21,392
 - Douglas 16,715
- Data calculated March 21st – August 1st

Source: IPSR calculations using Kansas Department of Labor Data

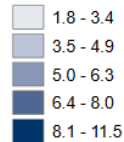
June Official Unemployment

Unemployment Rate in Kansas, by County
June 2020



Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor.

Unemployment Rate

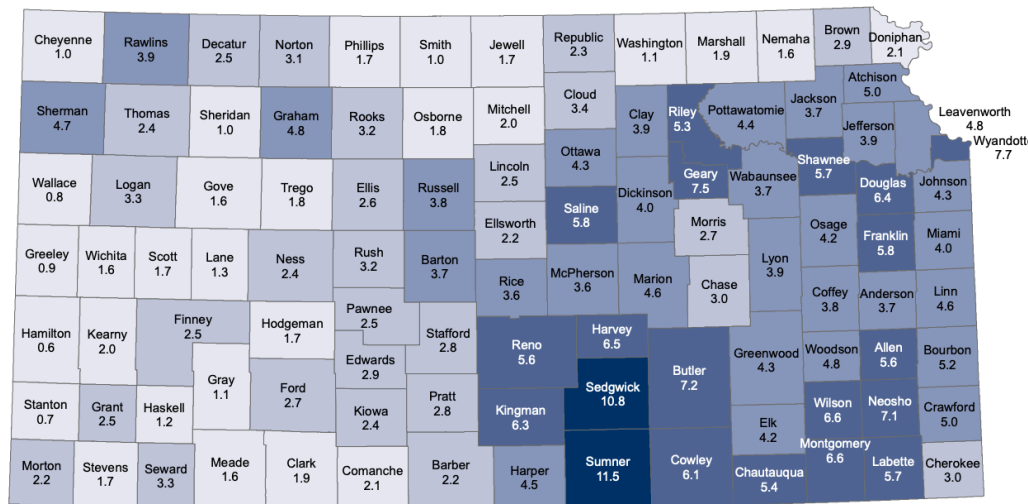


- Wilson County 8%
- Johnson 6.8%
- Montgomery 8%
- Woodson 7%
- Neosho 7.6%
- Douglas 8.3%
- Sedgwick 11.5%
- State Unemployment 7.5%

Source: IPSR calculations using Kansas Department of Labor Data

Initial + Continued Claims as a Share of Labor Force

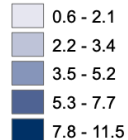
Projected Unemployment Rate in Kansas, by County
August 1, 2020



Source: Institute for Policy & Social Research, The University of Kansas; data from Kansas Department of Labor, Labor Market Information Services.

Projected unemployment rate derived using initial and continued jobless claims as of August 1st and preliminary, not seasonally adjusted, civilian labor force for June 2020.

Projected Unemployment Rate



- Top 5 counties by unemployment rate:

- Sumner 11.5%
- Sedgwick 10.8%
- Wyandotte 7.7%
- Butler 7.2%
- Neosho 7.1%

- This likely understates true unemployment because of people's failure to file for continued claims.

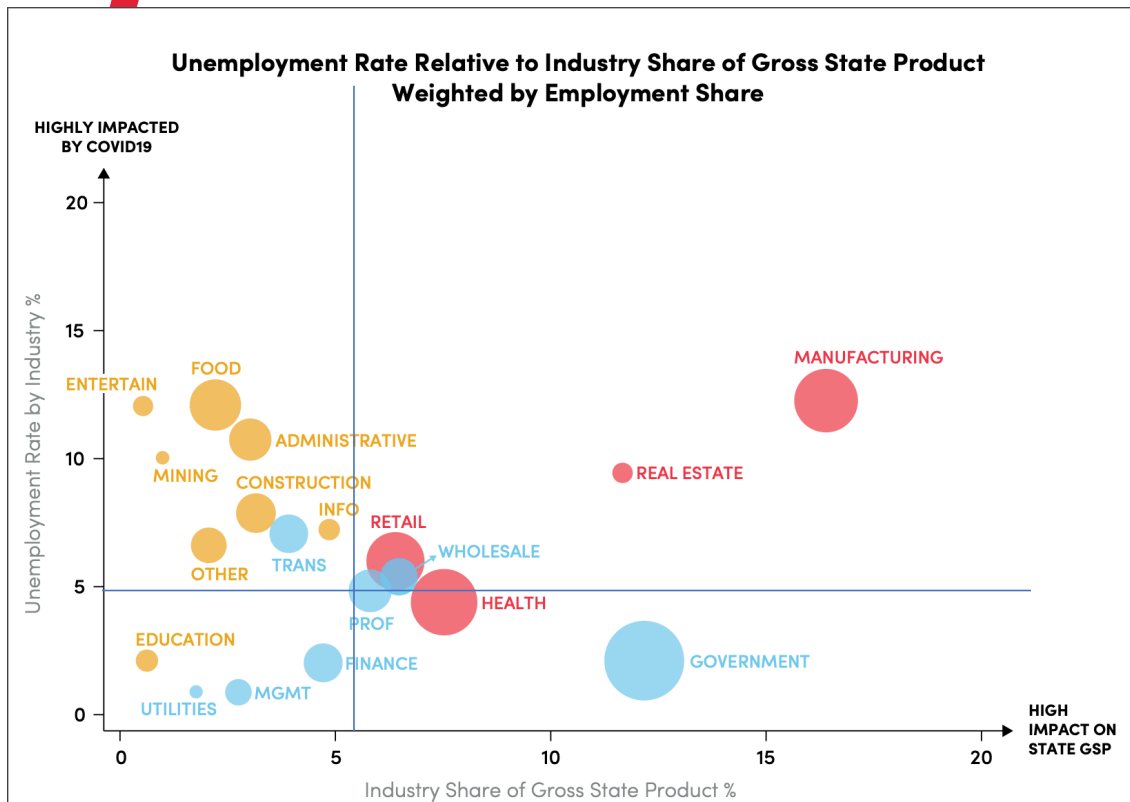
Source: IPSR calculations using Kansas Department of Labor Data

Kansas Initial Unemployment Claims by Industry as a Share of Total Employment—Data as of August 1st

Industry	Unemployment Within Industry
Government	5.8%
Health	20.13%
Manufacturing	53.94%
Retail	24.37%
Food	44.91%
Professional	15.83%
Administrative	30.74%
Construction	25.07%
Finance	5.99%
Transportation	21.43%
Wholesale	14.03%
Other	42.63%
Management	2.15%
Education	5.8%
Information	20.81%
Real Estate	33.77%
Entertainment	59.65%
Mining	29.11%
Utilities	2.55%

- I calculated the share of initial unemployment claims for all of March – July 25th over total employment by industry in March, 2020.
 - Industries are ranked by share of total employment.
 - Government, health care, manufacturing and retail trade are 53% of total employment in the state.

Unemployment Claims Relative to Gross State Product

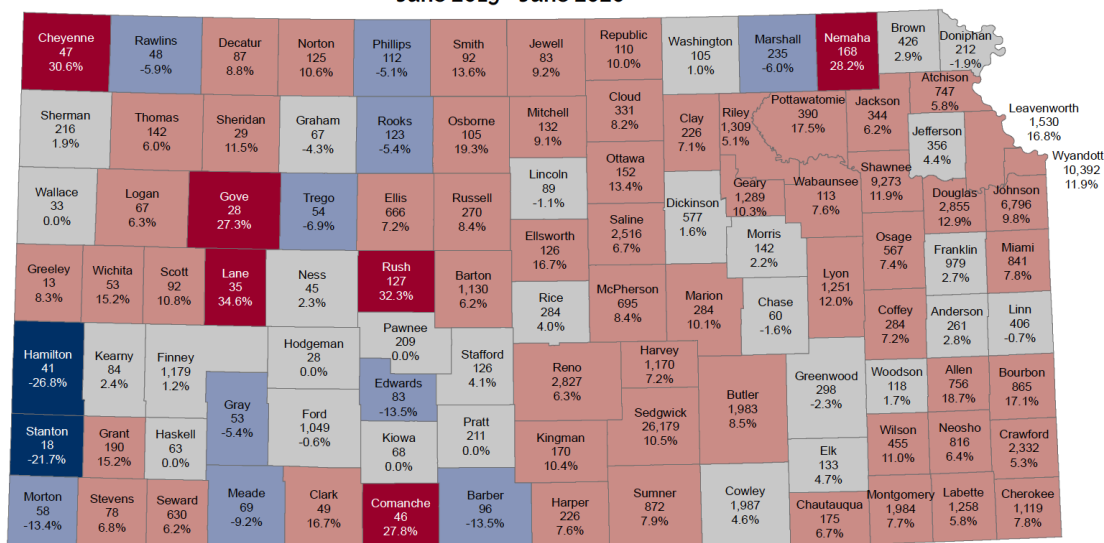


Source: Author's calculations.

- Sectors that contribute most to Kansas growth with above average unemployment:
 - Manufacturing 12% UE & 16% of GSP
 - Health Services 4.5% UE & 7.5% of GSP
 - Health has improved a lot.
 - Retail 6% UE & 6.4% of GSP

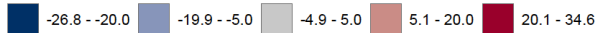
Demand for SNAP Benefits have also increased

Percent Change in Households Receiving Supplemental Nutrition Assistance Program (SNAP) in Kansas, by County
June 2019 - June 2020



- Percent change in households receiving SNAP benefits by county, June 2019 – June 2020
- Dark red counties indicate an increase of 20% or more
- Expect these numbers to increase.

County Name
SNAP Households (June 2020)
Percent Change from June 2019



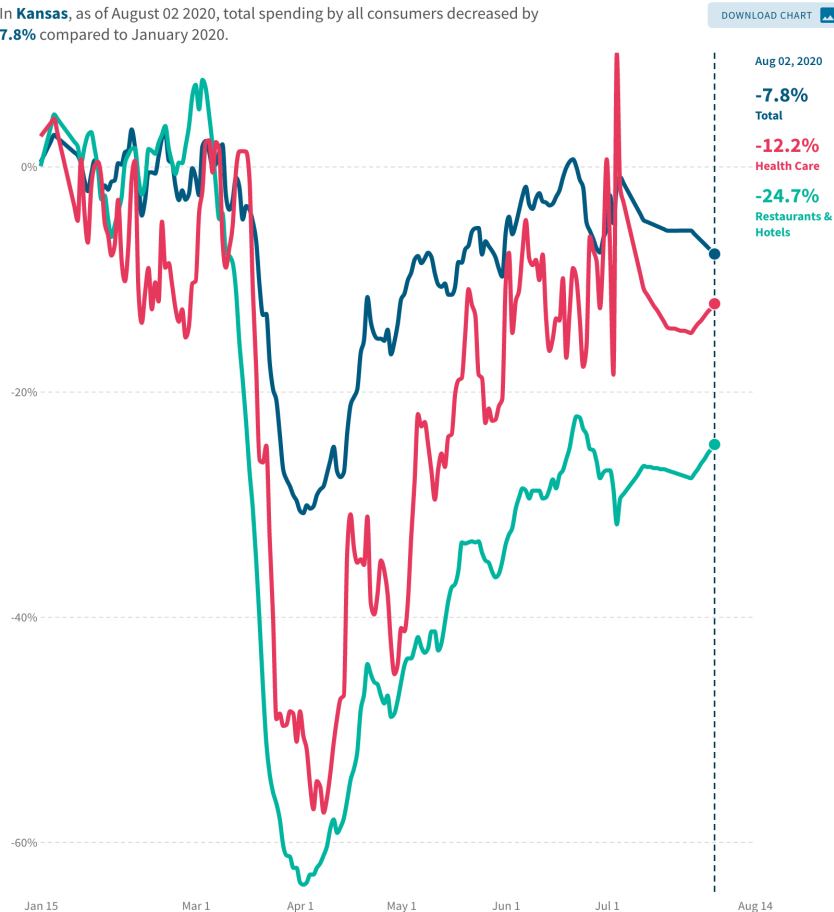


How Does Kansas Compare?

Kansas is doing better than other states

Kansas Consumption has Rebounded since April

In **Kansas**, as of August 02 2020, total spending by all consumers decreased by **7.8%** compared to January 2020.

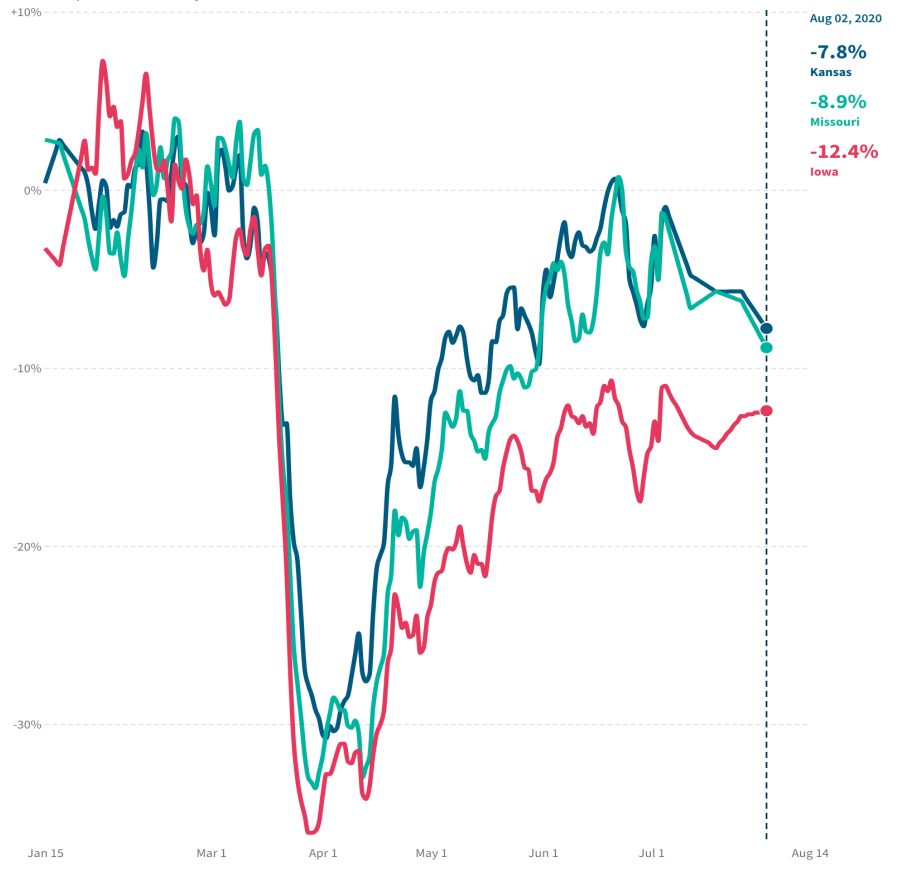


- Total consumption spending in Kansas fell by over 50% between January and April 1st.
 - It is still down 7.8% since the first of the year.
 - US consumption is down -8%
- Two hard-hit sectors:
 - Restaurants -24.7% (-29.4% in US)
 - Healthcare down 12.2% (-10.2% in US)

Source: Economic Tracker
<https://tracktherecovery.org/>

Kansas Consumption has held up Well Compared to other States

In **Kansas**, as of August 02 2020, total spending by all consumers decreased by **7.8%** compared to January 2020.



- Kansas consumption expenditures are better than Missouri's and Iowa's.

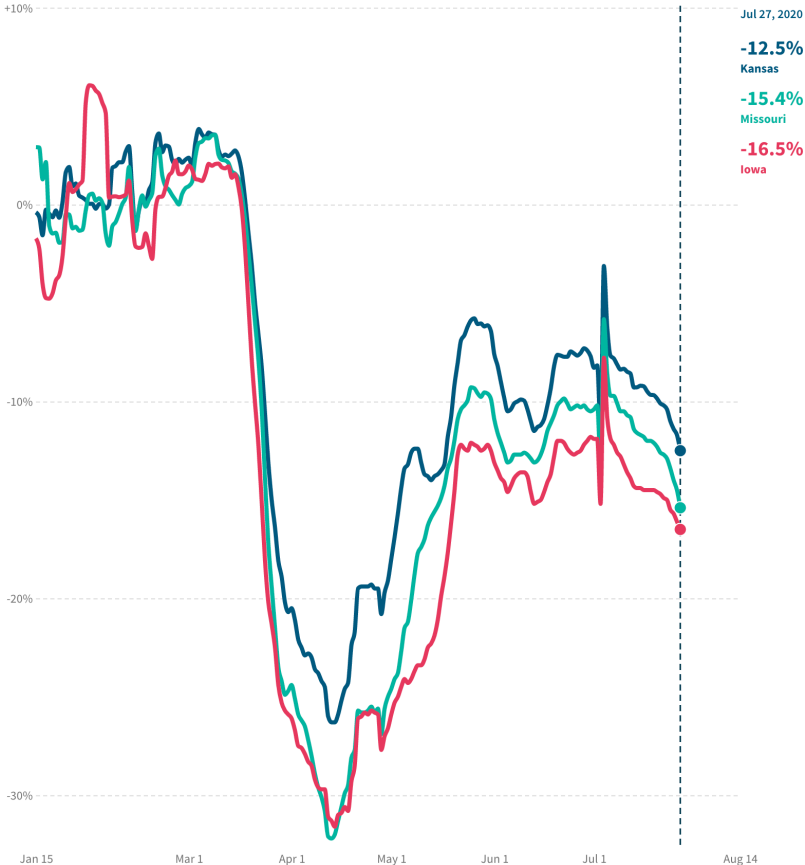
- Kansas had more restrictions than either Missouri or Iowa.
- Missouri down -8.9%
- Iowa down -12.4%

Source: Economic Tracker
<https://tracktherecovery.org/>

Kansas Small Businesses are More Likely to be Open

In **Kansas**, as of July 27, 2020, the number of small businesses open decreased by **12.5%** compared to January 2020.

DOWNLOAD CHART

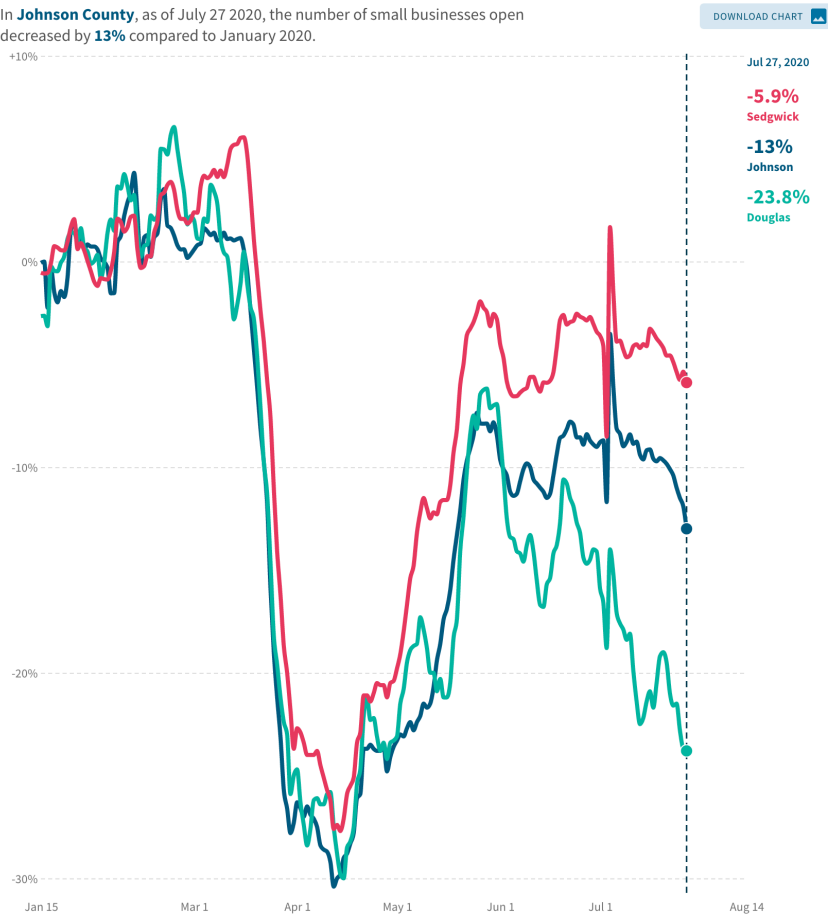


- The number of small businesses open in Kansas has fallen by 12.5% since January.
 - In the US, the number is -18.1%
 - Kansas is doing better than Missouri
 - -15.4%
 - and Iowa -16.5%
- At its worst, 25% of Kansas small businesses were closed.

Source: Economic Tracker
<https://tracktherecovery.org/>

Johnson County Small Businesses Have Rebounded to State Average

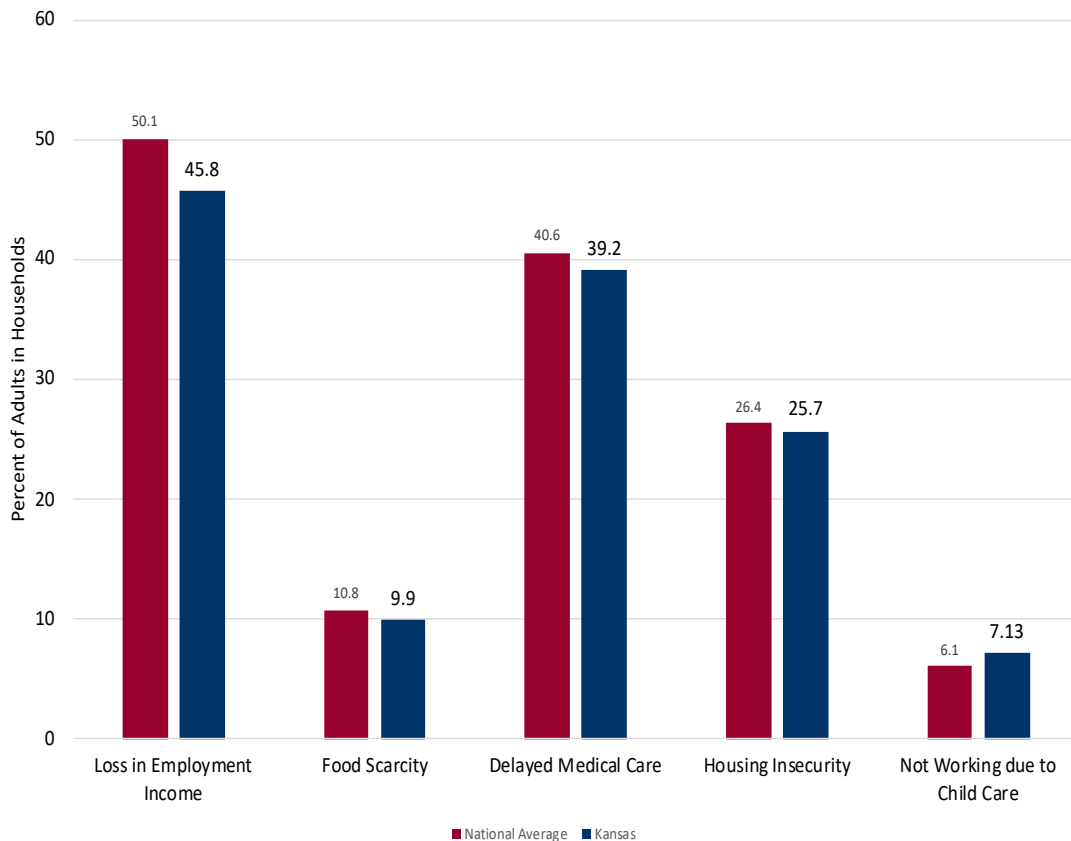
In **Johnson County**, as of July 27, 2020, the number of small businesses open decreased by **13%** compared to January 2020.



- More small businesses have closed in the past week
 - Likely the result of additional COVID restrictions
- The number of small businesses open in Kansas has fallen by 12.5% since January.
 - In Johnson County there's been a drop of -13% of small businesses that are open.
 - Sedgwick County is doing relatively better
 - Douglas County is doing significantly worse.

Kansas and US Household Comparison

US Census Household Pulse Survey

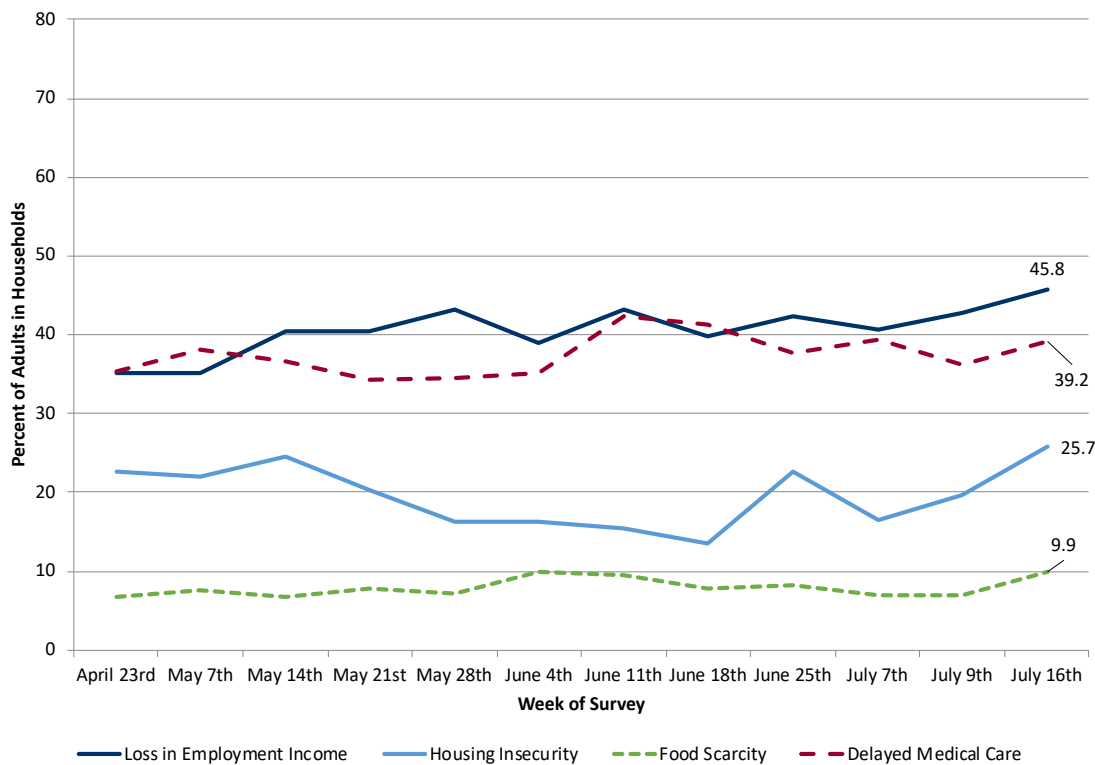


45% of households faced loss in Employment income in the week of July 16-21

- 39% delayed medical care
- 25% Housing insecurity
- 10% Food Scarcity
- More Kansans are not working because of lack of child care.

Kansas Household Pulse Data

Household Pulse Survey Results in Kansas



- Loss in employment income is at its highest since the surveys began
 - The rate of housing insecurity and loss in employment income have increased over the last three weeks



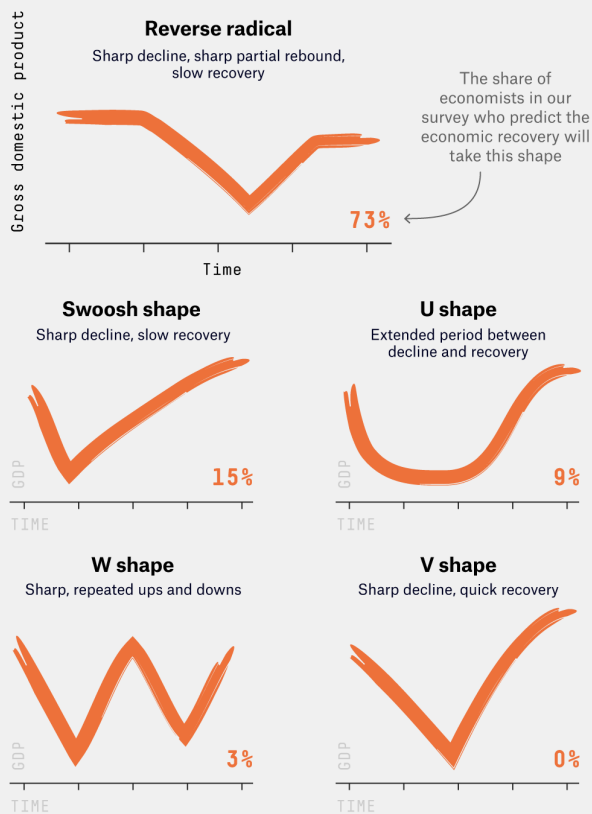
What's the Latest Letter for the Economic Recovery?

K is not OK

Shape of the Recovery—Reverse Radical?

Economists in our survey expect an uneven recovery

Expert predictions for the shape of the U.S. economic recovery



FiveThirtyEight

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC OUTLOOK SURVEY

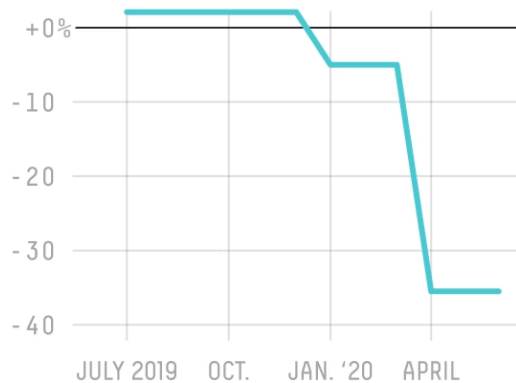
- In June, Fivethirtyeight.com interviewed top macroeconomists about the recovery.
- 73% of economists expect a reverse radical recovery:
 - Sharp-partial recovery with prolonged lower level.
- Now economists are talking about K-shaped recovery

Source: <https://fivethirtyeight.com/features/what-economists-fear-most-during-this-recovery/>

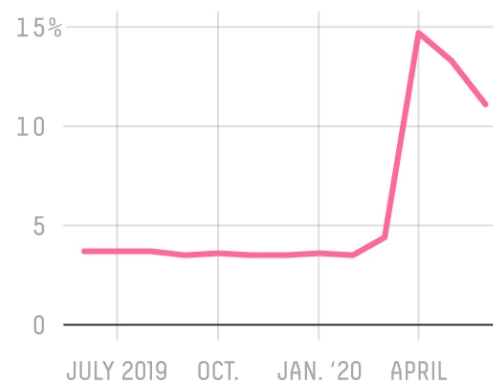
What Indicators Do Economists Watch?

A snapshot of the recovery, three ways

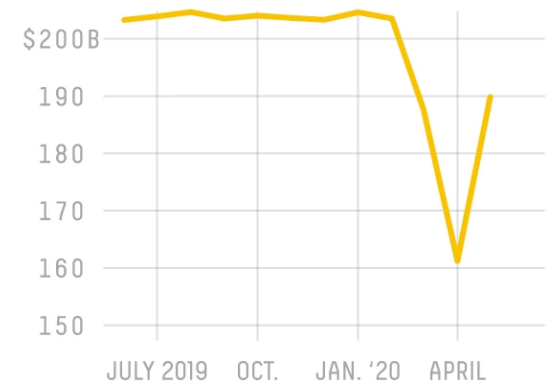
Annualized real GDP growth by quarter



Monthly unemployment rate



Advance real retail and food services sales



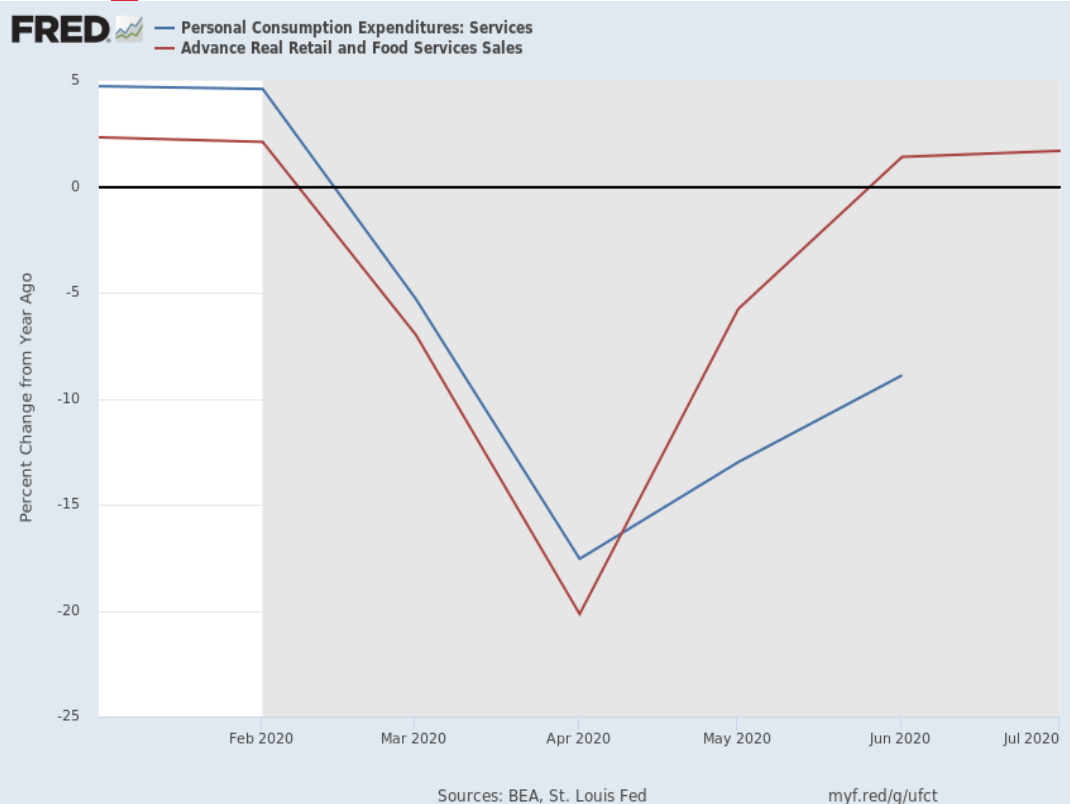
FiveThirtyEight

SOURCES: FEDERAL RESERVE BANK OF ST. LOUIS, ATLANTA FED

- GDP—down for the foreseeable future
- Unemployment—still historically high
- Retail sales—have rebounded

Source: <https://fivethirtyeight.com/features/how-the-experts-are-measuring-the-economic-recovery/>

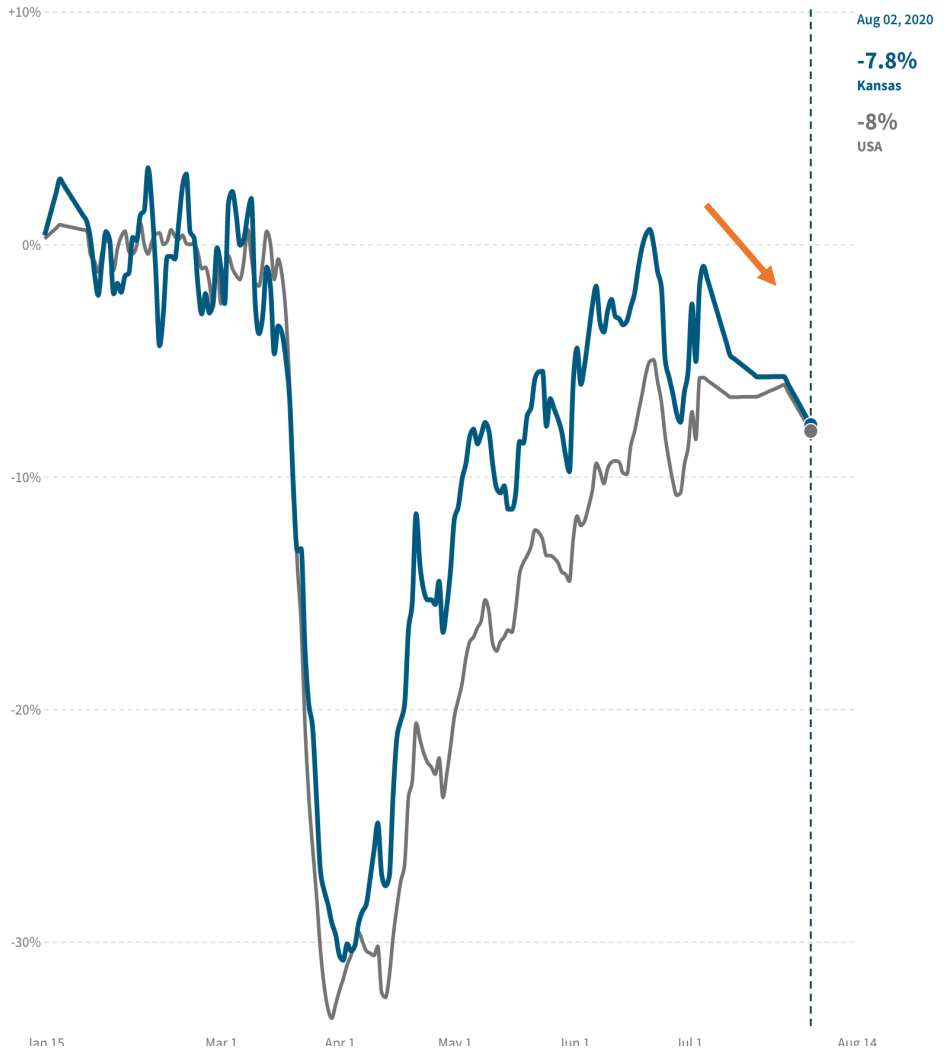
Consumption January – July, 2020



Source: FRED

- Consumption is 2/3rds of GDP
 - 60% of consumption is services (blue line)
 - Swoosh or reverse radical recovery
 - 40% of consumption is goods (red line)
 - V-shaped, partly driven by groceries.

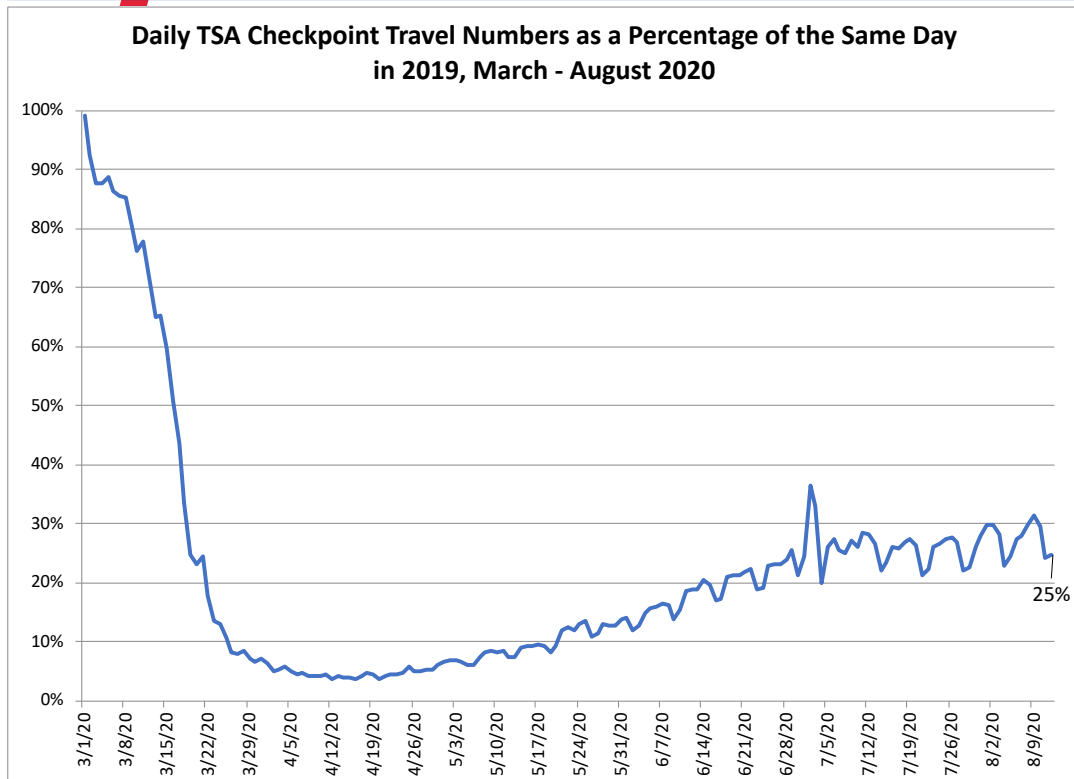
In **Kansas**, as of August 02 2020, total spending by all consumers decreased by **7.8%** compared to January 2020.



Real-Time Data on Consumer Spending

- Consumer Spending in the US is down 8% and in Kansas down 7.8%.
 - It has not fully recovered and may be headed back down as COVID-19 cases accelerate.
- Consumption is following the reverse radical
 - In coming weeks we'll see if it's a W.

TSA Travel Checkpoint Numbers Remain Low

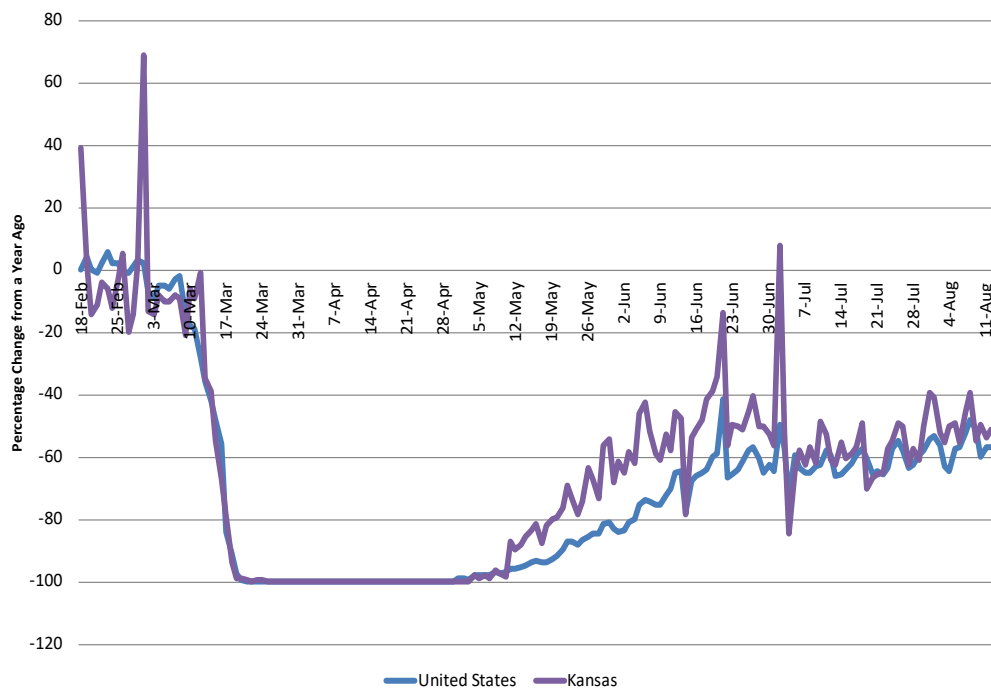


- Air travel plummeted in March and April.
- It has slowly trended upward since May
- As of this week, it's only ~25% of the number of passengers as a year ago.
 - L-shaped

Source: TSA <https://www.tsa.gov/coronavirus/passenger-throughput>

Open Table Diners Compared to the Previous Year

Open Table Percentage Change in Seated Diners from a Year Ago, United States and Kansas, February - August, 2020

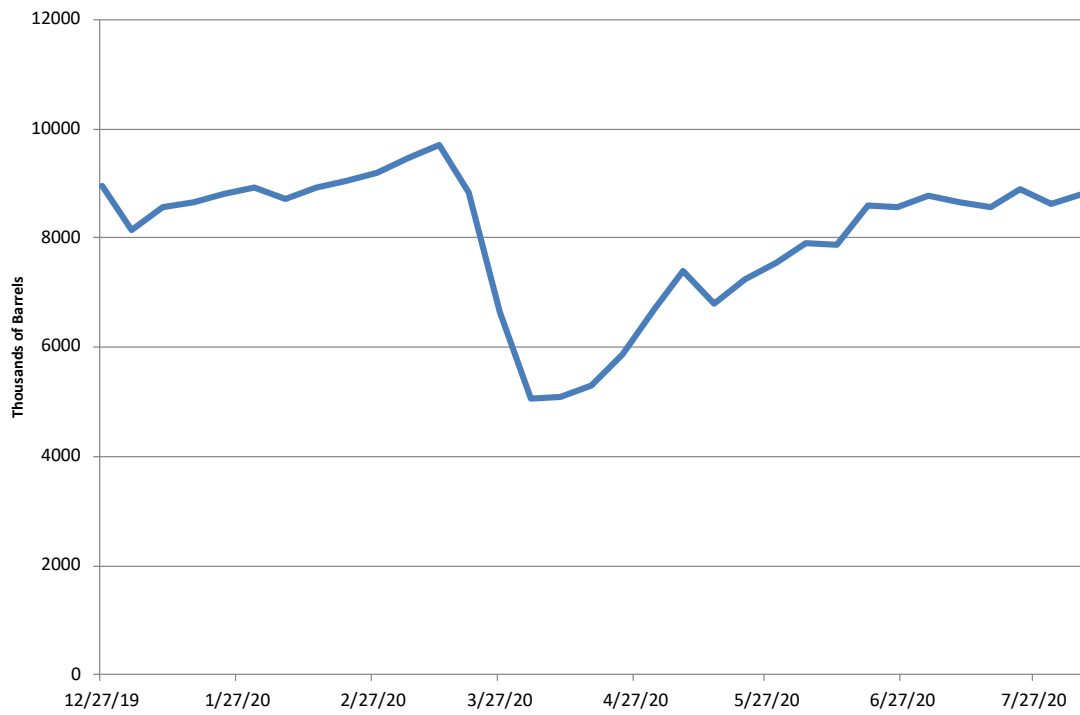


- Eating Out is down 50% compared to a year ago.
- Kansans were more likely to eat out after May than in the US as a whole.
 - See spikes of eating out around Father's Day and July 4th.
- Since cases have increased eating out is at a low level.
 - L-shaped

Source: TSA <https://www.tsa.gov/coronavirus/passenger-throughput>

Gasoline Supplied

Thousands of Barrels of Motor Gasoline Supplied,
January - August 2020



Source: TSA <https://www.tsa.gov/coronavirus/passenger-throughput>

- Gasoline supplied and used dropped significantly in March.
- Gasoline supplies have recovered, but at a much lower level than earlier in the year.
- Supply is 8% less than a year earlier.
 - Reverse radical

Is this a K-shaped Recovery?

The Washington Post

Economy

The recession is over for the rich, but the working class is far from recovered

The stock market and home values are back at record levels, while jobs remain scarce for those earning less than \$20 an hour

August 13, 2020

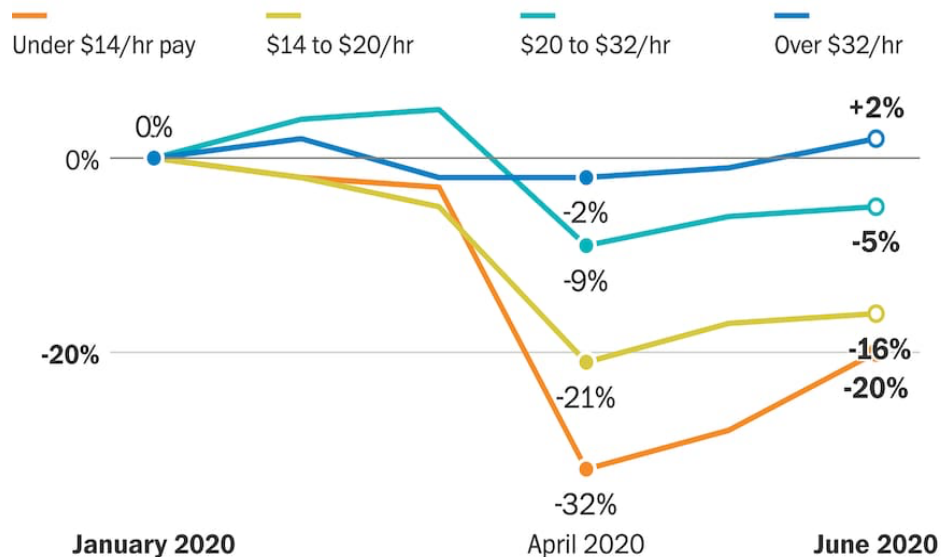
Source: https://www.washingtonpost.com/business/2020/08/13/recession-is-over-rich-working-class-is-far-recovered/?utm_campaign=wp_post_most&utm_medium=email&utm_source=newsletter&wpisrc=nl_most

KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

Is this a K-shaped Recovery?

Jobs have rebounded for the top, but not for the bottom

(Chart shows percent change in employment since January 2020)

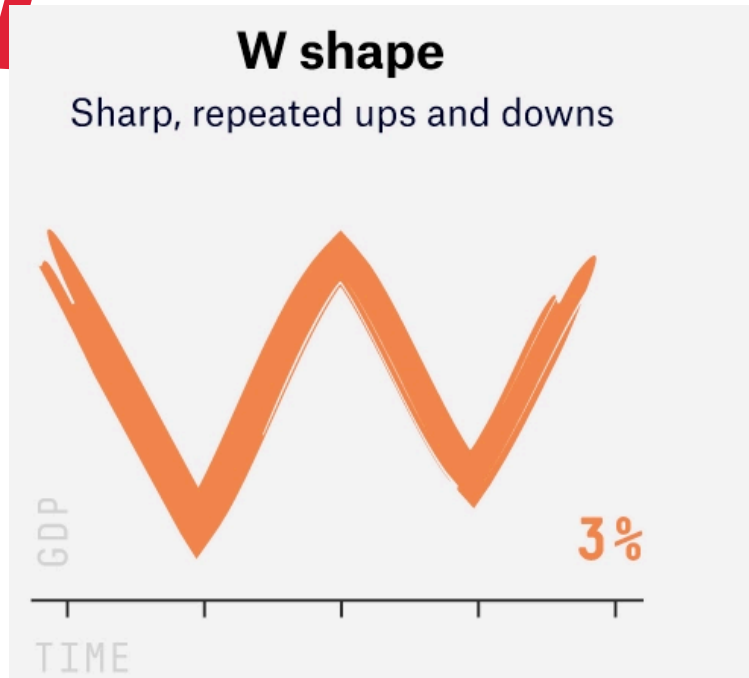


Source: Opportunity Insights analysis of Current Population Survey data

TOM PETERSON/THE WASHINGTON POST

- Jobs for those earning > \$32 per hour have recovered.
 - Jobs for those earning between \$20-\$32 per hour down 5%
 - Jobs for those earning between \$14-\$20 per hour down 16%
 - Jobs for those earning between <\$14 per hour down 20%
- The rich have recovered.
- The rest have not.

Could the K turn into a W?



- August 1st: Enhanced unemployment benefits ended.
 - Executive Order: 5 weeks of \$300 per week from federal government
 - States asked to pay the additional \$100

Trump wants states to pay a quarter of his new unemployment benefit. States say they can't afford it.

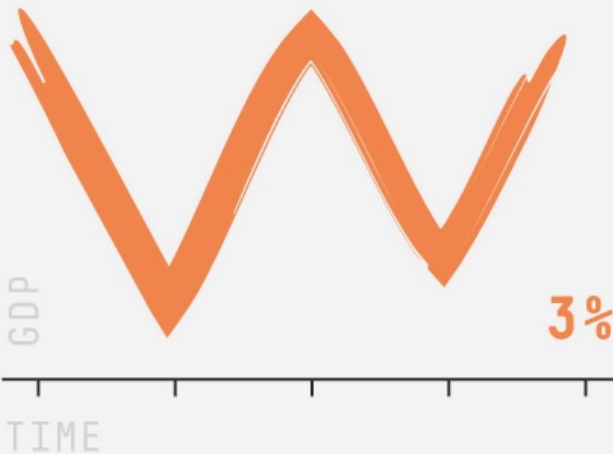
"The concept of saying to states 'you pay 25 percent of the unemployment insurance' is just laughable," New York Gov. Andrew Cuomo, a Democrat, said.

Source: <https://www.nbcnews.com/politics/donald-trump/trump-wants-states-pay-25-his-new-unemployment-benefit-states-n1236291>

Could the K turn into a W?

W shape

Sharp, repeated ups and downs



State and Local Budget Pain Looms Over Economy's Future

Providing more aid to struggling governments has become one of the biggest issues tangling up the debate over another pandemic rescue package.

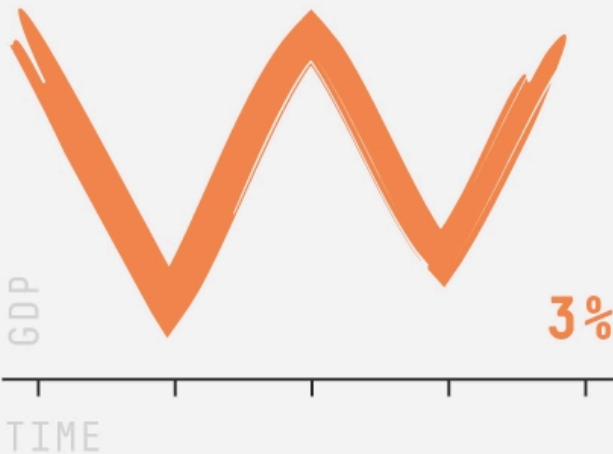
- The Fed chair, Jerome H. Powell, has repeatedly warned that state job cuts could drag down an economic recovery: **“It will hold back the economic recovery if they continue to lay people off and if they continue to cut essential services.”**

Source: August 14, 2020 New York Times. <https://www.nytimes.com/2020/08/14/business/economy/state-local-budget-pain.html?searchResultPosition=1>

Could the K turn into a W?

W shape

Sharp, repeated ups and downs



- July 25th: Eviction moratorium ended.
There's no eviction moratorium, sorry: Trump's executive order can't keep you from getting evicted now
President Trump's executive order on evictions doesn't renew protections -- and that puts some 40 million people at risk.
- Although the order encourages the Secretary of the Treasury and the Secretary of Housing and Urban Development to explore ways to fund financial assistance to tenants who are behind on rent, the executive order stops short of setting up such a fund or banning evictions.

Source: <https://www.cnet.com/personal-finance/theres-no-eviction-moratorium-sorry-trumps-executive-order-cant-keep-you-from-getting-evicted-now/>

Children are Suffering

Millions of Children in Households Struggling to Afford the Basics



8 million children

live in a household that is behind on rent



9 to 17 million children

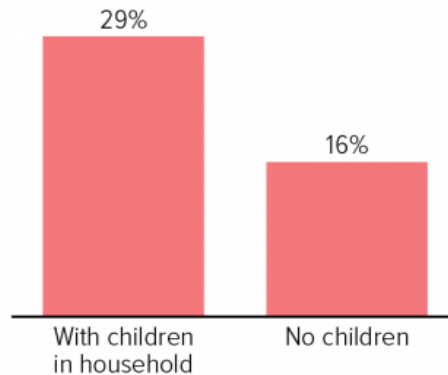
live in a household where children **did not eat enough** because they couldn't afford it

Source: CBPP analysis of Household Pulse Survey, week ending July 21

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

Households With Children Nearly Twice as Likely to Be Behind on Rent

Share of adult renters saying they are behind on last month's rent, as of week ending July 21



Note: Behind on rent = did not pay on time or deferred rent. Chart excludes renters who did not respond to question.
Source: CBPP analysis of Census Bureau Household Pulse Survey

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

- According to the Center for Budget Policy & Priorities, households with children are suffering more:
 - Nearly 30% of households with children are behind on rent
 - 9-17 million children are not getting enough to eat

<https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and>

Children are Suffering: What About School?

Parents and teachers clash at Georgia school board meeting after viral hallway photo



Students crowd a hallway at North Paulding High School in Dallas, Ga., in this picture from Aug. 4. (Twitter/AP)

<https://www.washingtonpost.com/education/2020/08/12/paulding-county-school-coronavirus/>

56 Donna K. Ginther, PhD

Over 900 in Georgia District Quarantine as High School Shut

By The Associated Press

Aug. 11, 2020



LIVE UPDATES Updated 11 minutes ago

Coronavirus Live Updates: In Arizona, a School District Cancels Classes After Teacher 'Sick Out'

- In Kansas and the US, it's every district for itself.

KU INSTITUTE FOR
POLICY &
SOCIAL RESEARCH
The University of Kansas

What Economists Fear Most

Economists fear an economic crisis without more aid

Average chance that each of the following scenarios will be more likely to occur if federal unemployment aid isn't at least partially renewed by Sept. 1

SCENARIO	AVG. CHANCE
Decline in personal consumption	74.8%
Increasing food insecurity	63.4
A wave of evictions	55.2
More job losses	53.5
More workers returning to the workforce	43.2
A wave of mortgage defaults	42.9

The survey of 32 economists was conducted Aug. 7-10.

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC SURVEY

Source: <https://fivethirtyeight.com/features/what-economists-fear-will-happen-without-more-unemployment-aid/>

- The economy was supported by the CARES Act.
- Congress & the President have failed to provide additional support.
 - 75% of economists expect a decrease in consumption.
 - 63% expect increased food insecurity.
 - 55% expect increased evictions.

What Economists Fear Most: What will Create a Drag on the Recovery?

Possibility of no stimulus adds to economists' fears

How much weight economists gave various scenarios when setting the lower bound of their GDP predictions for the fourth quarter of 2020

FACTOR	WEIGHT
Bad "second wave" in the fall	39.5%
No further fiscal stimulus	33.4
Low consumer spending	14.8
Slow vaccine development	9.4
Banking or financial system weakness	7.8
Other	4.4

Weights are an average of responses in a survey of 32 economists conducted Aug. 7-10.

SOURCE: FIVETHIRTYEIGHT/IGM COVID-19 ECONOMIC SURVEY

Source: <https://fivethirtyeight.com/features/what-economists-fear-will-happen-without-more-unemployment-aid/>

- Adding to fears for the recovery:
 - 40% of economists fear a bad second wave of the virus in the fall
 - 33% fear no further stimulus
 - 15% fear lower consumer spending

Economic Impacts of COVID-19

- We will be posting weekly updates on data.
- We are moving to update these briefings every month.
- Data and briefings are featured on the IPSR website:
<http://ipsr.ku.edu/covid19/>
- We will also monitor the policy responses.
- I hope that you all stay healthy!

Thank You!

Thank You *Mahalo*
Kiitos
Tack
Grazie **Thanks**
Toda
Obrigado
Takk **Gracias** **Merci**
Danke