Impacts of COVID-19 and the US Economic Outlook

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The surge in Covid-19 cases is now broadly based

Source: Centers for Disease Control and Prevention; Census Bureau
The virus resurgence is a headwind to recovery

- High frequency data are helping to track the rapidly evolving economic situation

Source: Google trends; Bureau of Economic Analysis; University of Oxford
Services activity remains impaired

Source: Bureau of Economic Analysis
The labor market is recovering but has been heavily impacted.

Source: Bureau of Labor Statistics
Some groups have been hit particularly hard

% change in employment since Jan. 2020

% point change in emp/pop ratio since Jan. 2020

Source: Bureau of Labor Statistics; Opportunity Insights
The housing market has rebounded strongly
Machinery and equipment investment has been more sluggish

Source: OECD.stat
Fiscal policy responded appropriately at the onset of the pandemic
Forecast assumptions

- **Fiscal package** – A package of measures worth about 6% of GDP, legislated in H1 2021.

- **Epidemiological developments** – localized virus outbreaks with subsequent reintroduction of containment measures.

- **Vaccine** – Widespread deployment in H2 2021.
## OECD Economic Outlook Forecasts

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>United States</strong></td>
<td></td>
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<tr>
<td><strong>GDP at market prices</strong></td>
<td></td>
<td></td>
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<tr>
<td>Private consumption</td>
<td>13 340.4</td>
<td>2.7</td>
<td>2.4</td>
<td>-4.0</td>
<td>3.4</td>
<td>3.6</td>
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<tr>
<td>Government consumption</td>
<td>2 742.7</td>
<td>1.5</td>
<td>1.8</td>
<td>0.6</td>
<td>1.2</td>
<td>2.8</td>
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<tr>
<td>Gross fixed capital formation</td>
<td>3 999.1</td>
<td>4.8</td>
<td>2.3</td>
<td>-1.7</td>
<td>3.5</td>
<td>4.0</td>
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<tr>
<td>Final domestic demand</td>
<td>20 082.2</td>
<td>3.0</td>
<td>2.3</td>
<td>-2.9</td>
<td>3.1</td>
<td>3.6</td>
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<tr>
<td>Stockbuilding</td>
<td>16.3</td>
<td>0.2</td>
<td>0.0</td>
<td>-0.7</td>
<td>0.4</td>
<td>0.0</td>
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<tr>
<td>Total domestic demand</td>
<td>20 098.5</td>
<td>3.2</td>
<td>2.3</td>
<td>-3.6</td>
<td>3.6</td>
<td>3.6</td>
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<tr>
<td>Exports of goods and services</td>
<td>2 374.6</td>
<td>3.0</td>
<td>-0.1</td>
<td>-13.8</td>
<td>3.7</td>
<td>4.4</td>
</tr>
<tr>
<td>Imports of goods and services</td>
<td>2 930.1</td>
<td>4.1</td>
<td>1.1</td>
<td>-10.7</td>
<td>6.5</td>
<td>5.1</td>
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<tr>
<td>Net exports</td>
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<td>-0.2</td>
<td>-0.1</td>
<td>-0.5</td>
<td>-0.2</td>
</tr>
</tbody>
</table>
OECD Economic Outlook Forecasts

Source: OECD Economic Outlook Database.
Risks

• Fiscal developments (upside or downside)
• Vaccine deployed in H1 2021 (upside)
• Business insolvencies denting investment prospects (downside)
Policy priorities for the recovery

- Buttressing the health system
- Supporting labor market transitions:
  - Active labor market policies
  - Removing barriers to labor mobility
- Public infrastructure
- Reducing greenhouse gas emissions