



Impacts of COVID-19 and the US Economic Outlook

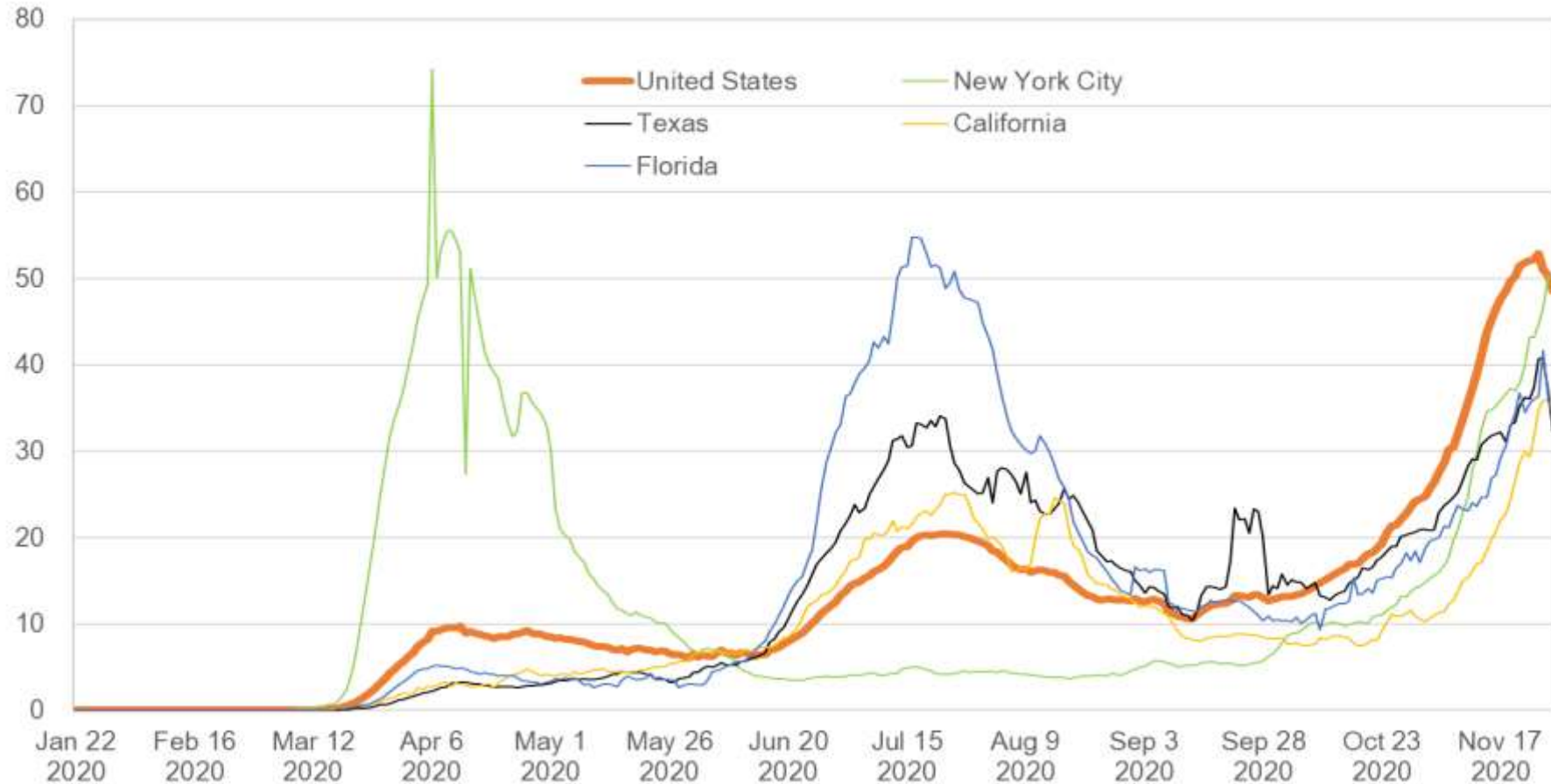
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Webinar, Tuesday 1 December 2020



The surge in Covid-19 cases is now broadly based

New cases 100k population

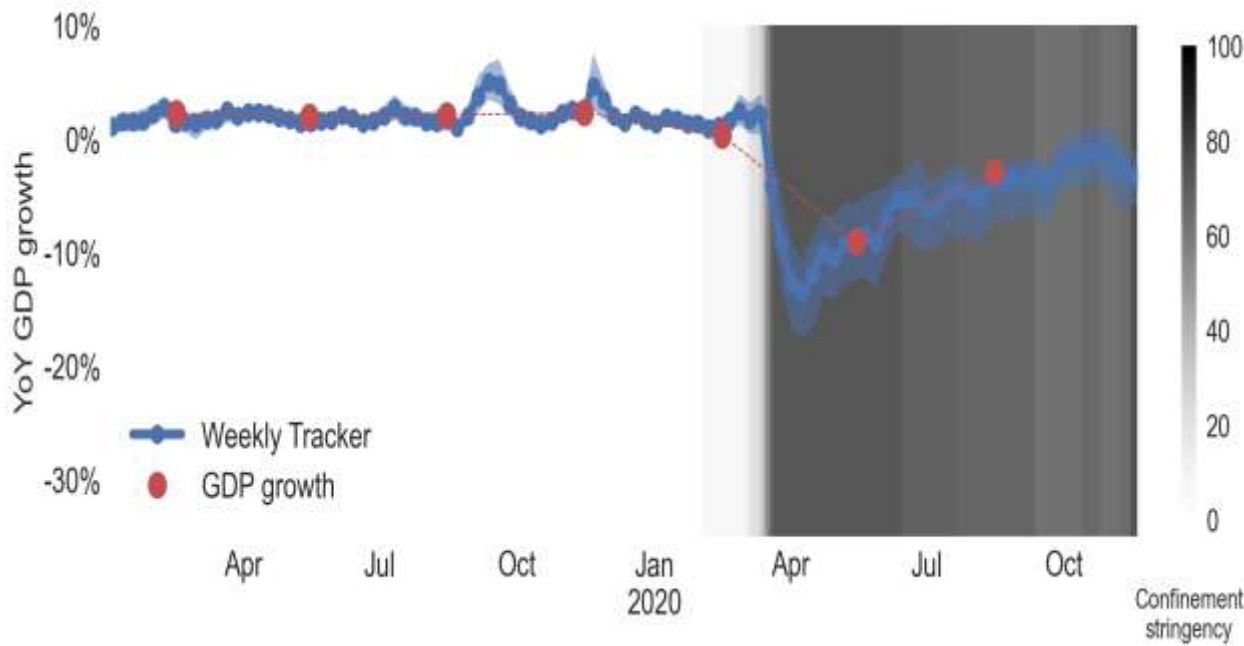


Source: Centers for Disease Control and Prevention; Census Bureau



The virus resurgence is a headwind to recovery

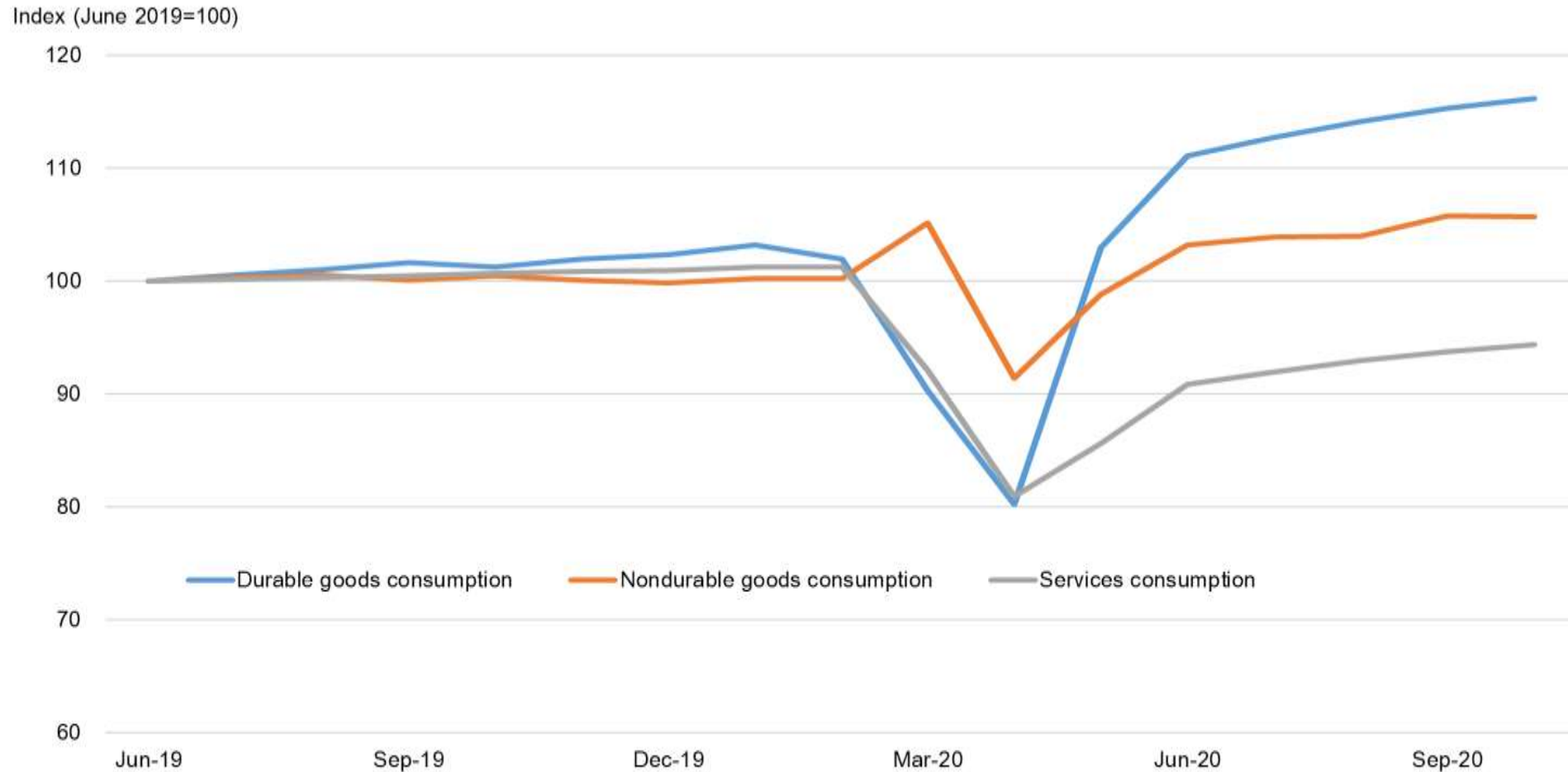
- High frequency data are helping to track the rapidly evolving economic situation



Source: Google trends; Bureau of Economic Analysis; University of Oxford



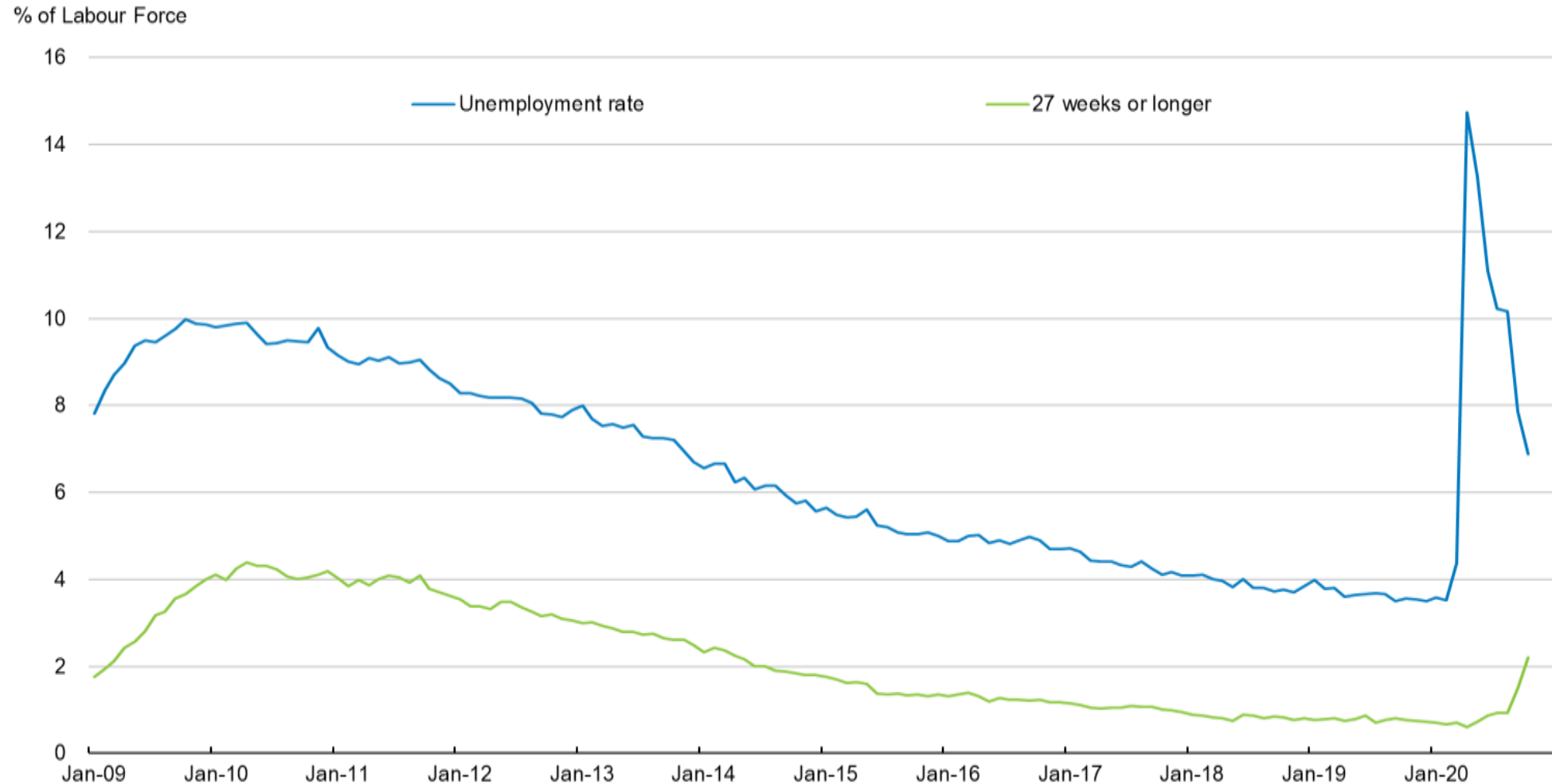
Services activity remains impaired



Source: Bureau of Economic Analysis



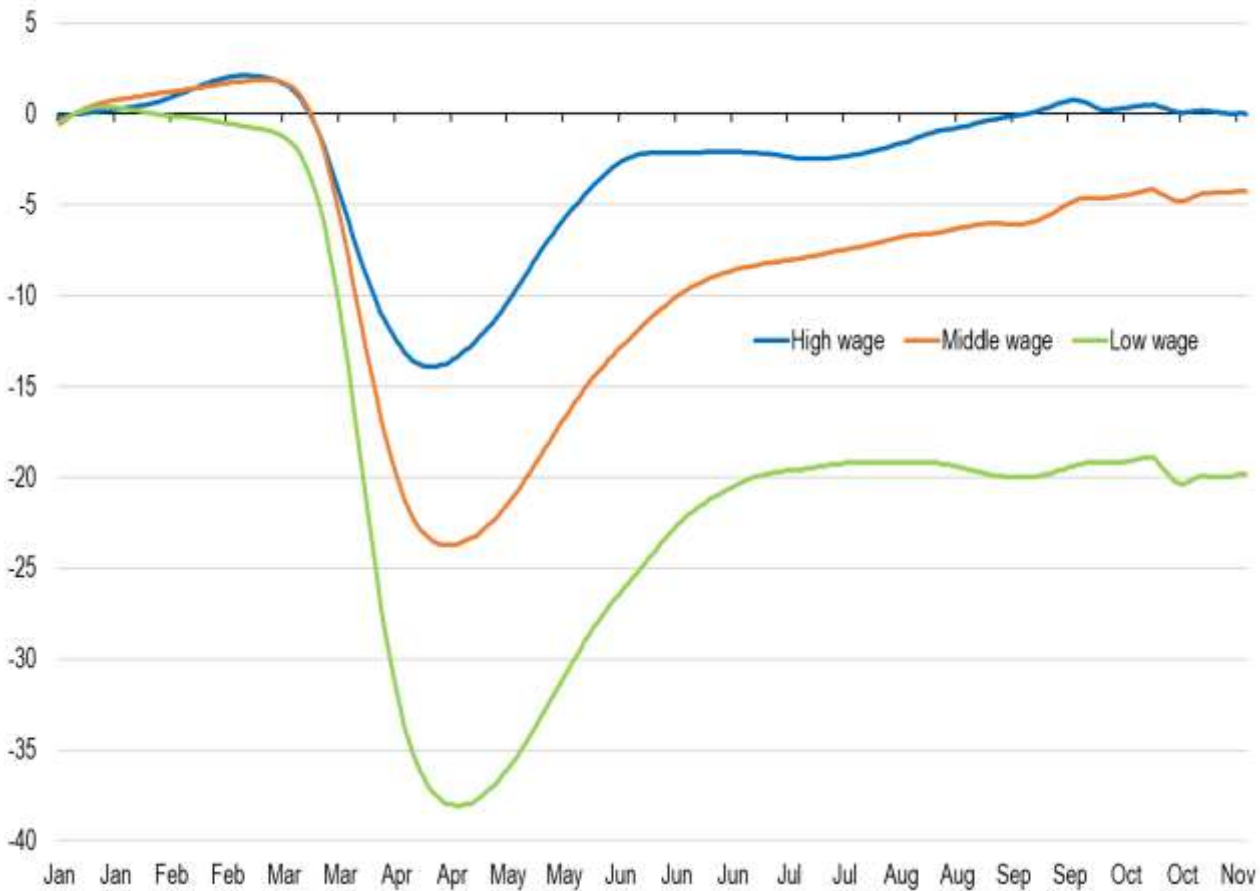
The labor market is recovering but has been heavily impacted



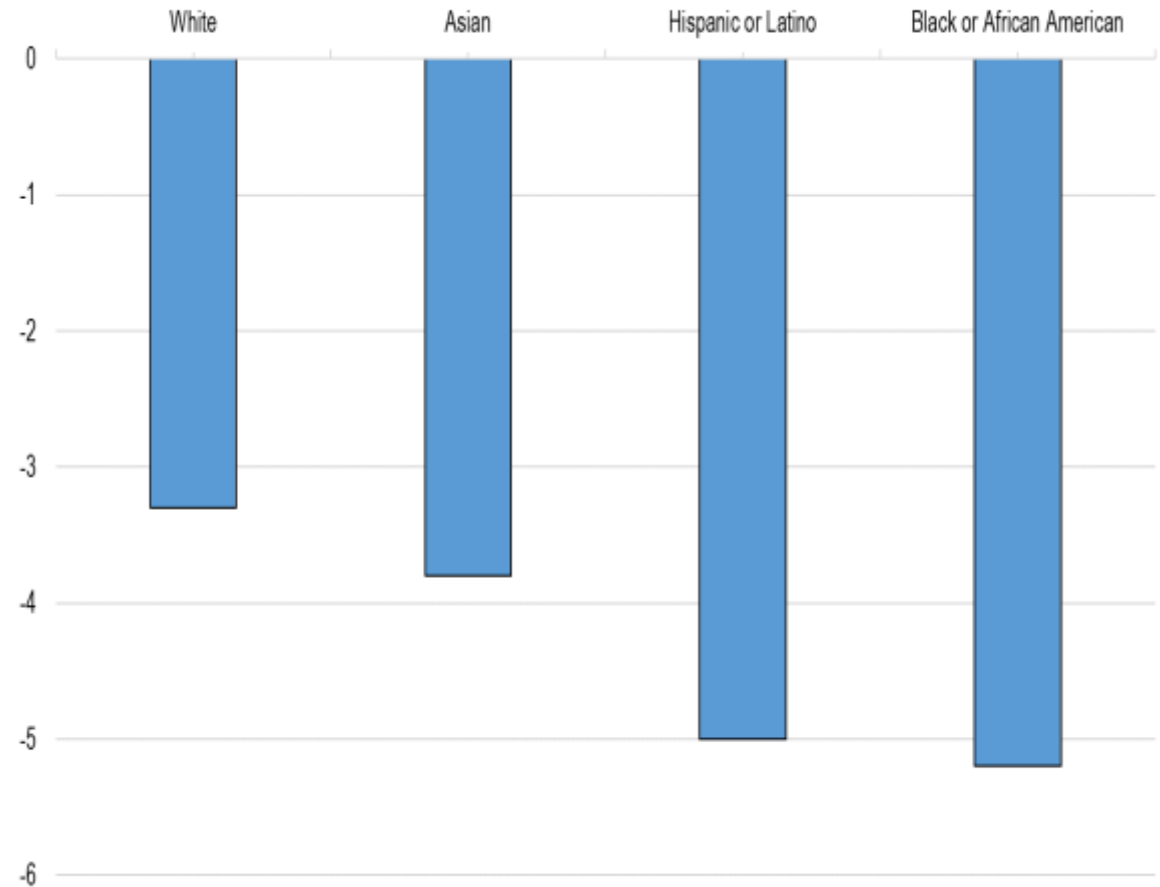


Some groups have been hit particularly hard

% change in employment since Jan. 2020

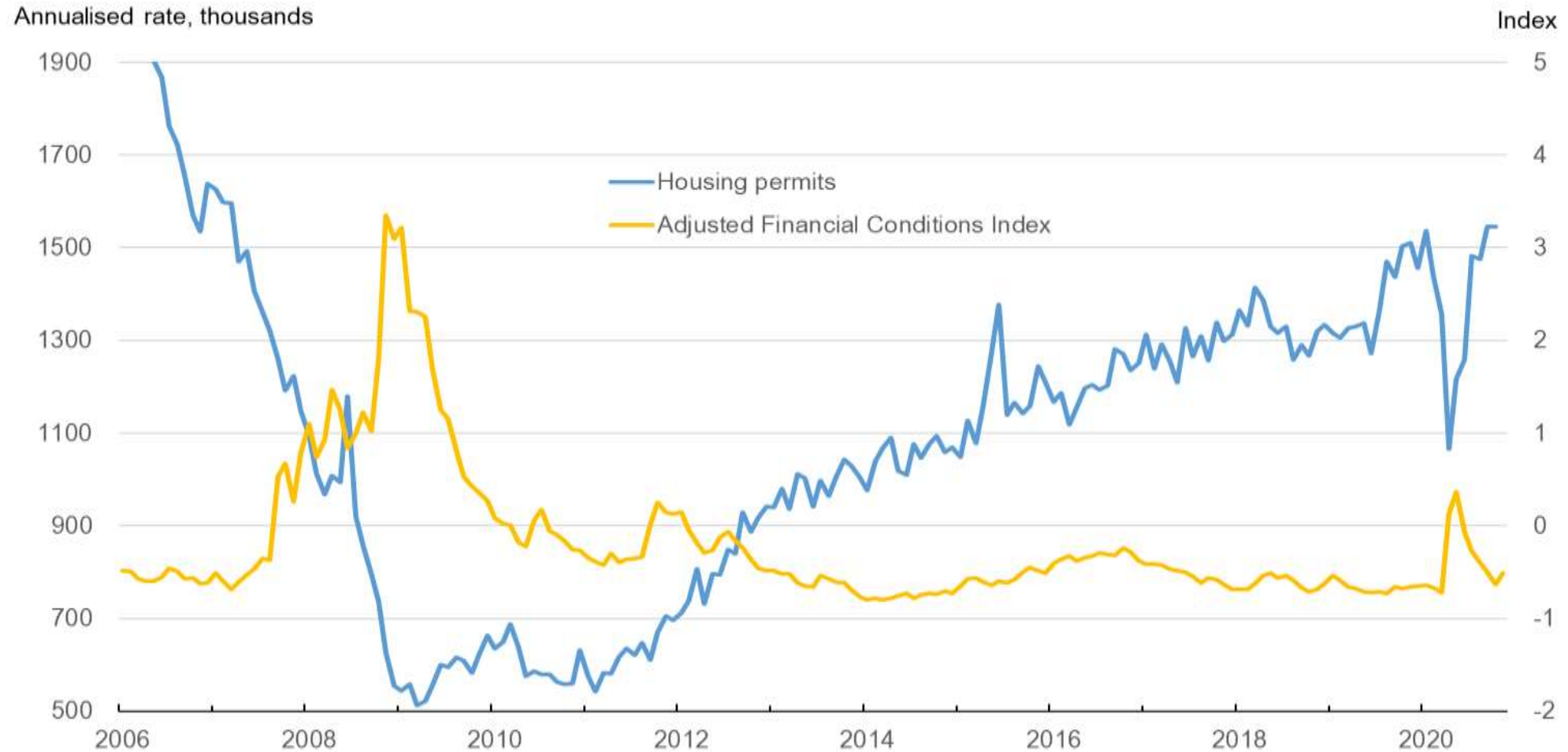


% point change in emp/pop ratio since Jan. 2020





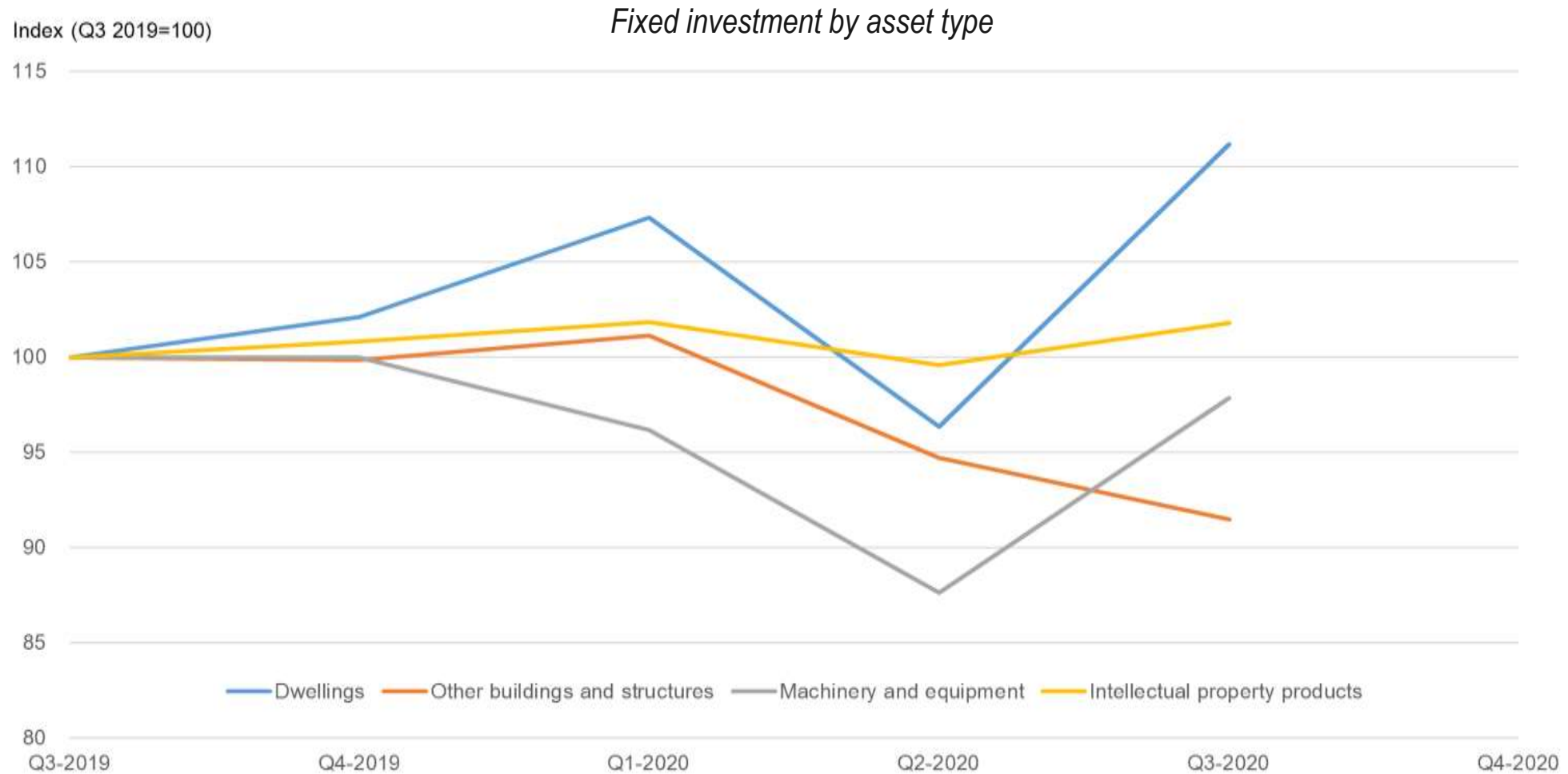
The housing market has rebounded strongly



Source: Federal Reserve Bank of Chicago; Census Bureau

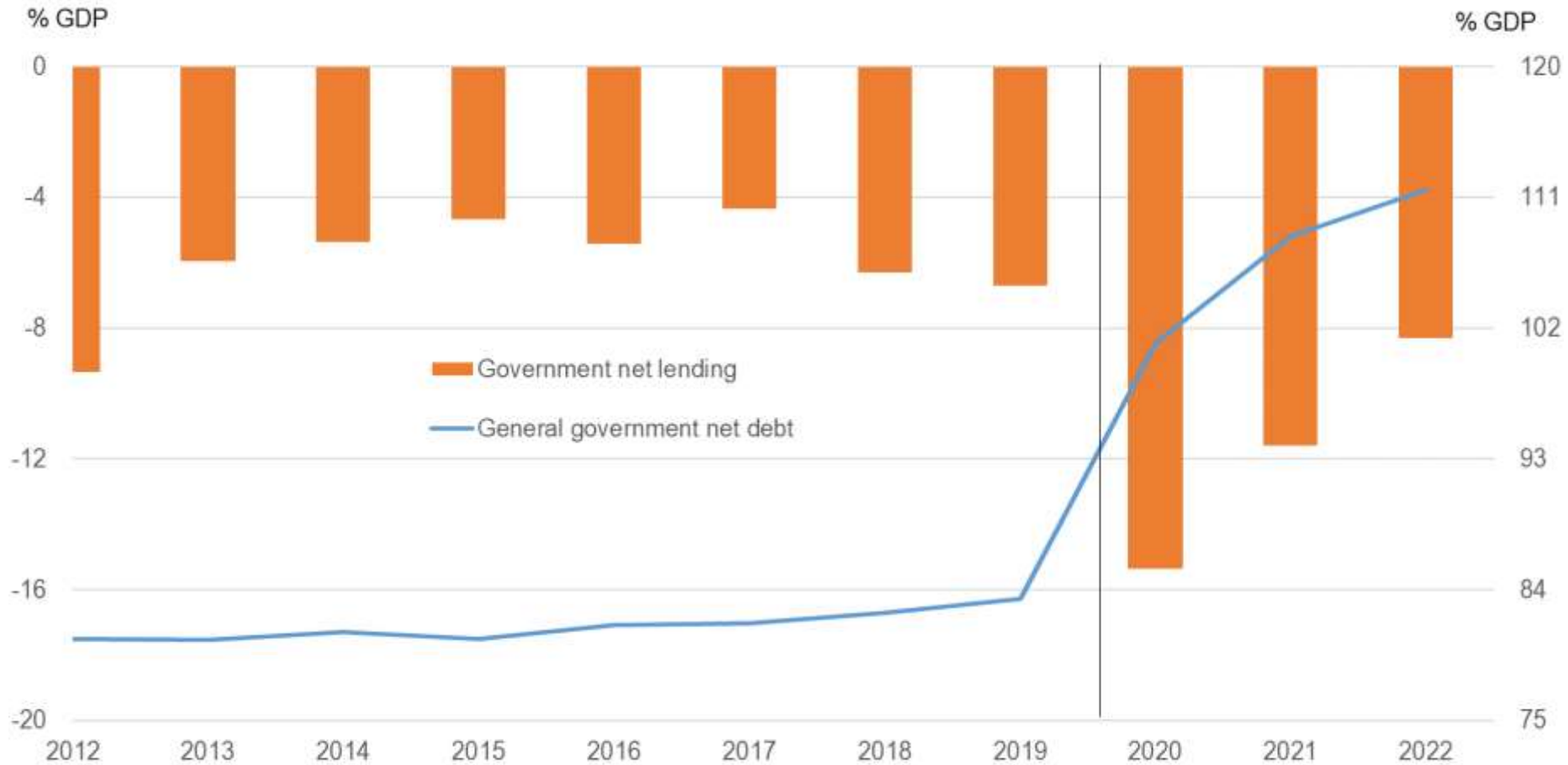


Machinery and equipment investment has been more sluggish





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

	2017	2018	2019	2020	2021	2022
	Current prices USD billion	Percentage changes, volume (2012 prices)				
United States						
GDP at market prices	19 543.0	3.0	2.2	-3.7	3.2	3.5
Private consumption	13 340.4	2.7	2.4	-4.0	3.4	3.6
Government consumption	2 742.7	1.5	1.8	0.6	1.2	2.8
Gross fixed capital formation	3 999.1	4.8	2.3	-1.7	3.5	4.0
Final domestic demand	20 082.2	3.0	2.3	-2.9	3.1	3.6
Stockbuilding ¹	16.3	0.2	0.0	-0.7	0.4	0.0
Total domestic demand	20 098.5	3.2	2.3	-3.6	3.6	3.6
Exports of goods and services	2 374.6	3.0	-0.1	-13.8	3.7	4.4
Imports of goods and services	2 930.1	4.1	1.1	-10.7	6.5	5.1
Net exports ¹	- 555.5	-0.3	-0.2	-0.1	-0.5	-0.2



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**



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