



# Macro snapshot

Professor Tony Frost  
Thursday, September 10, 2020

**Are you optimistic or pessimistic about the economy?**

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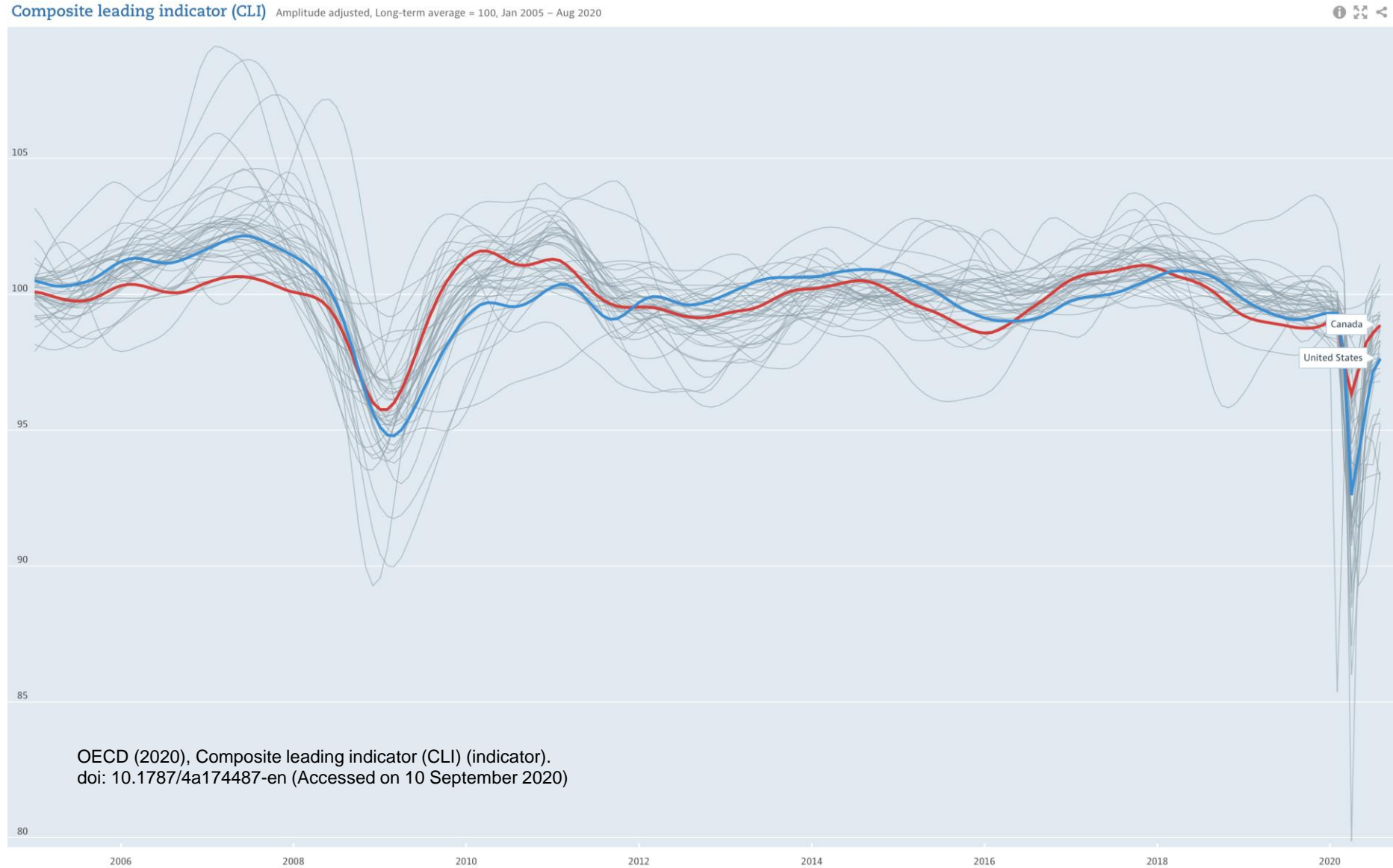
**Yes I am**

# 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<sup>2</sup>?
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

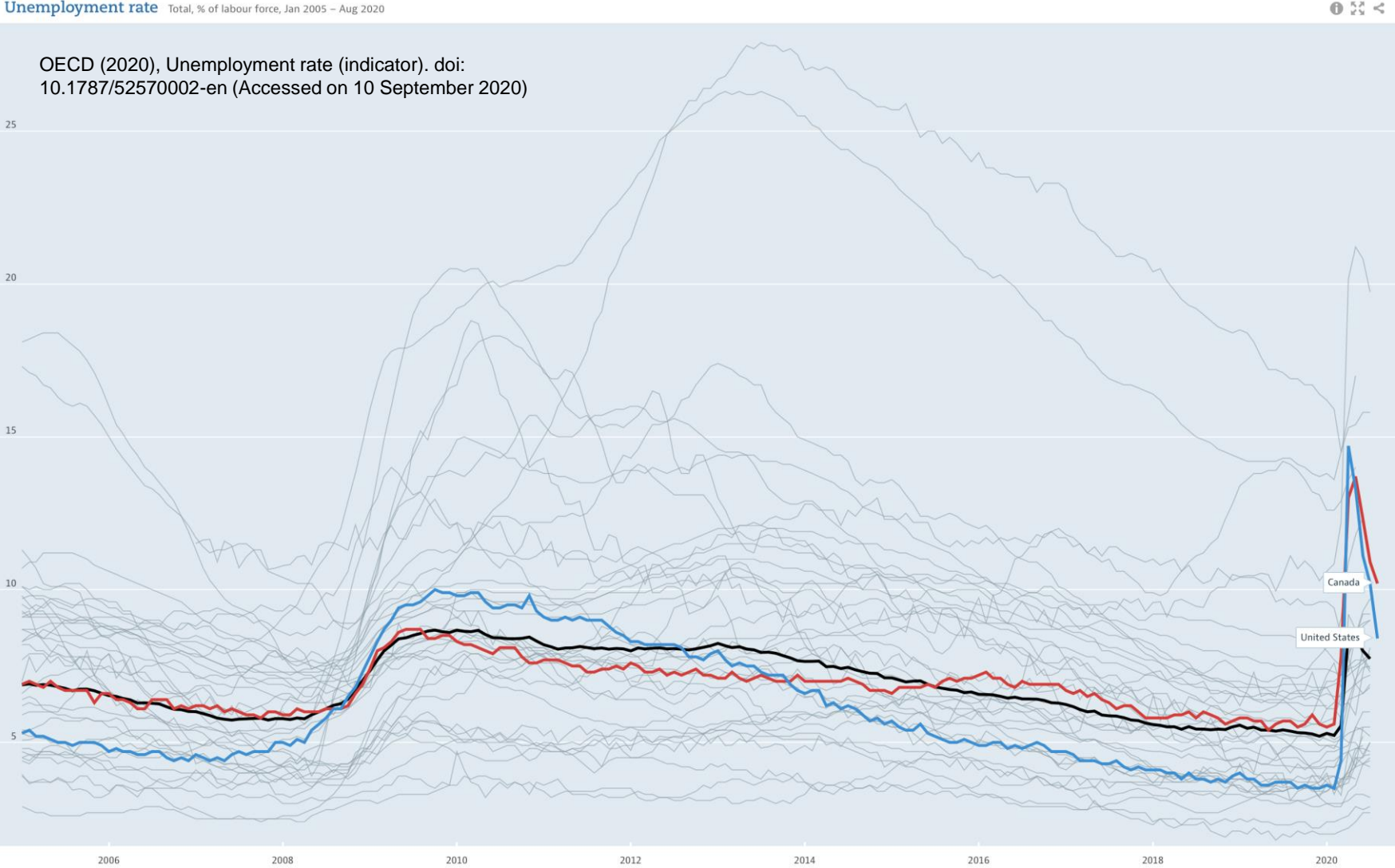
# V-shaped recovery?

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



# Unemployment rates across OECD countries

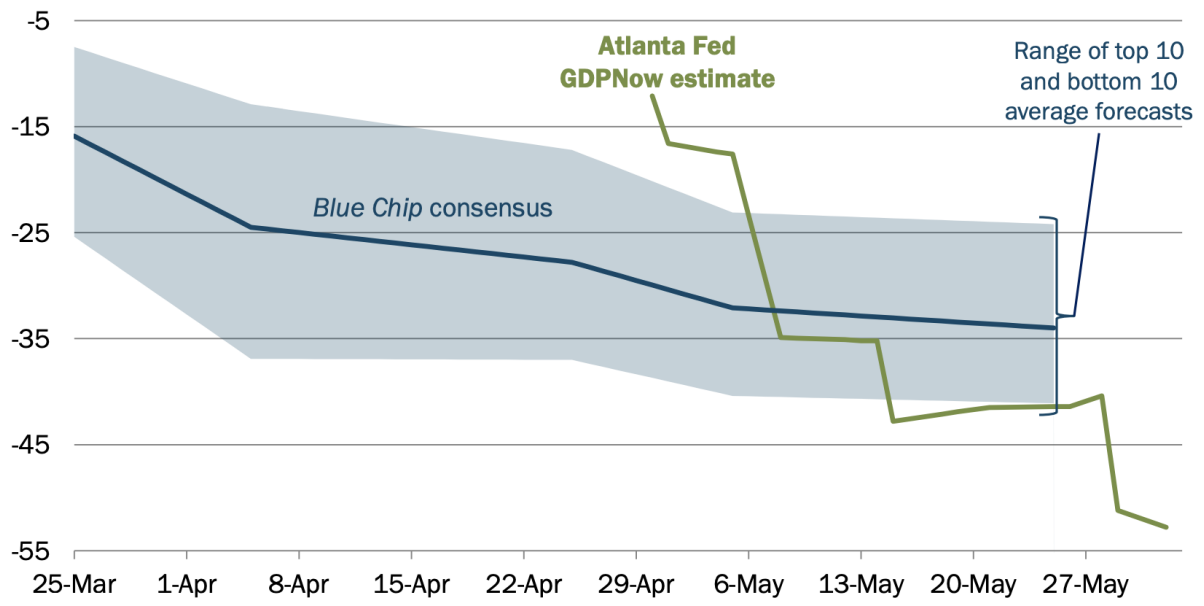
Unemployment rates tell the same story. Improving, but still dire in most countries.



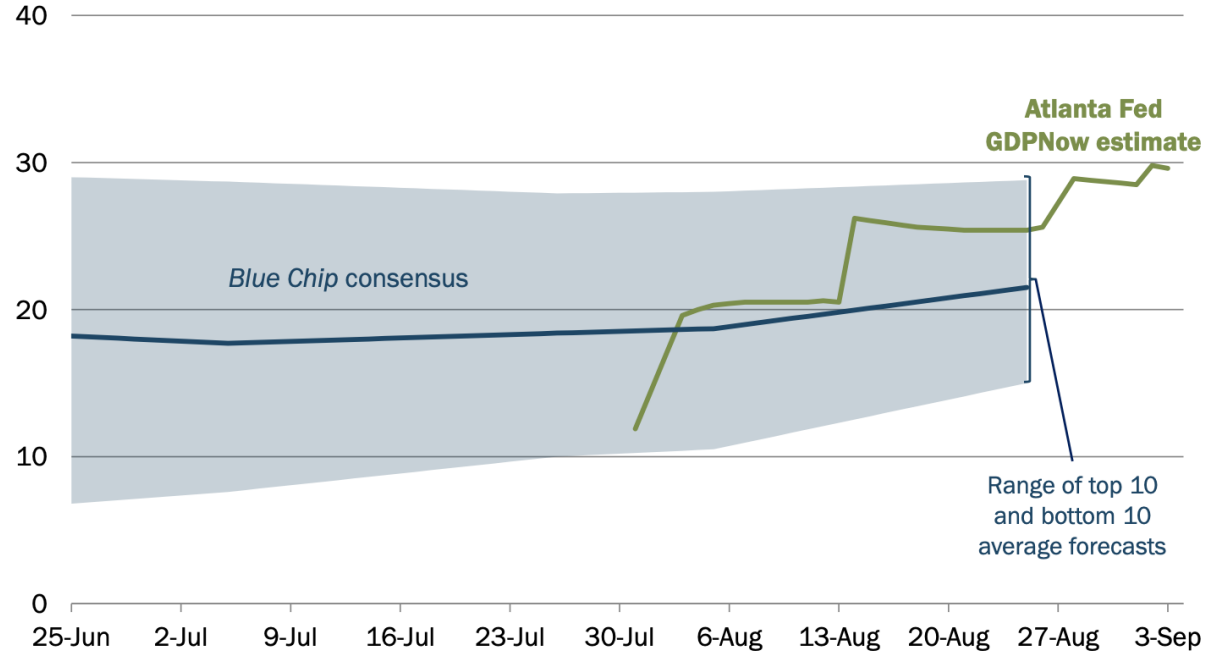
# US GDPNow estimates for Q3: V-shaped

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

**Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q2**  
Quarterly percent change (SAAR)

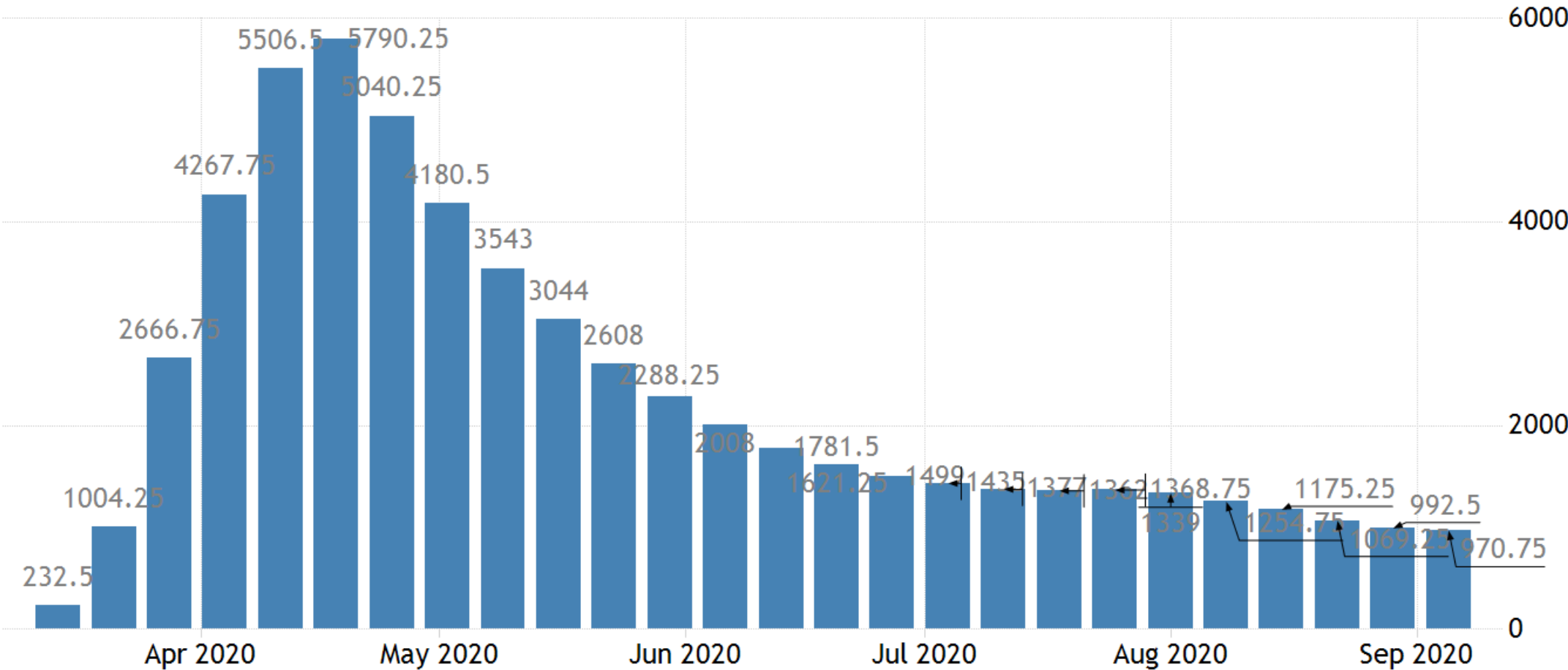


**Evolution of Atlanta Fed GDPNow real GDP estimate for 2020: Q3**  
Quarterly percent change (SAAR)



Source: Federal Reserve Bank of Atlanta

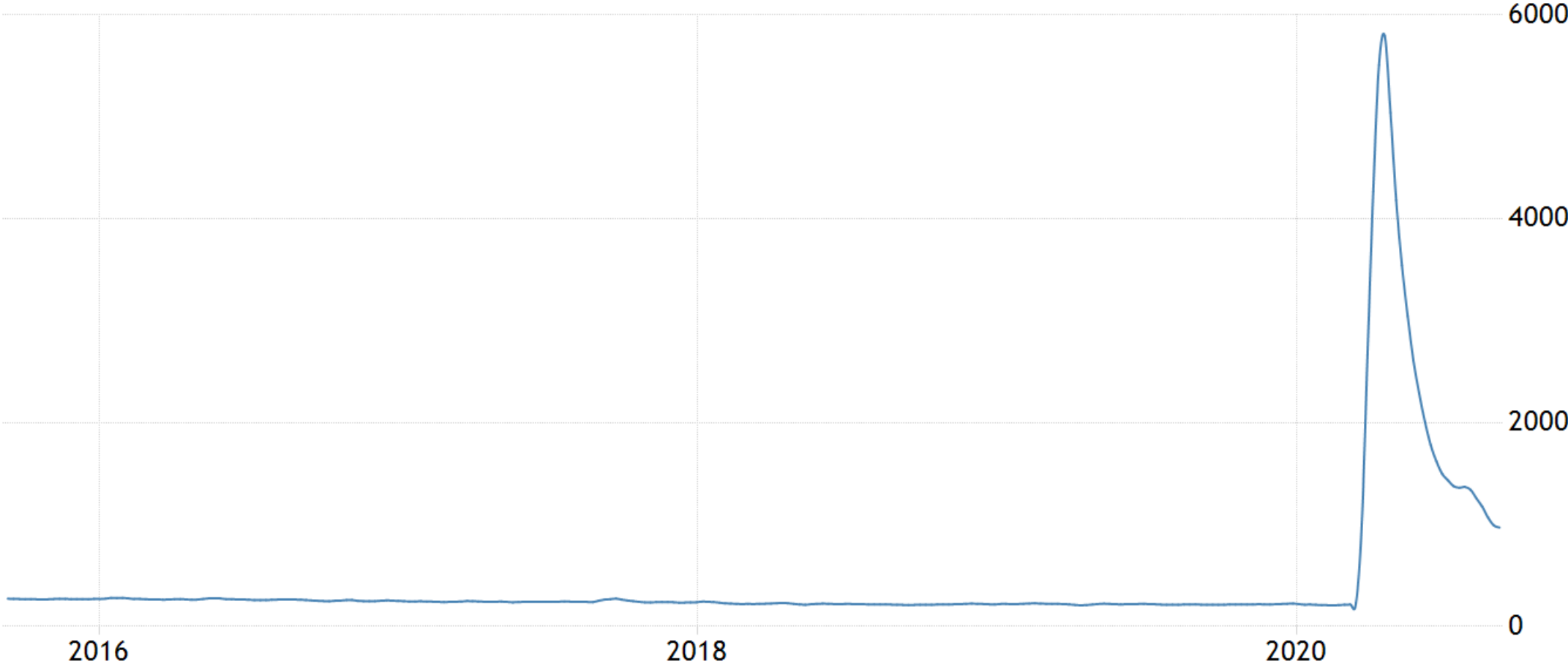
# US initial jobs claims



SOURCE: TRADINGECONOMICS.COM | U.S. DEPARTMENT OF LABOR

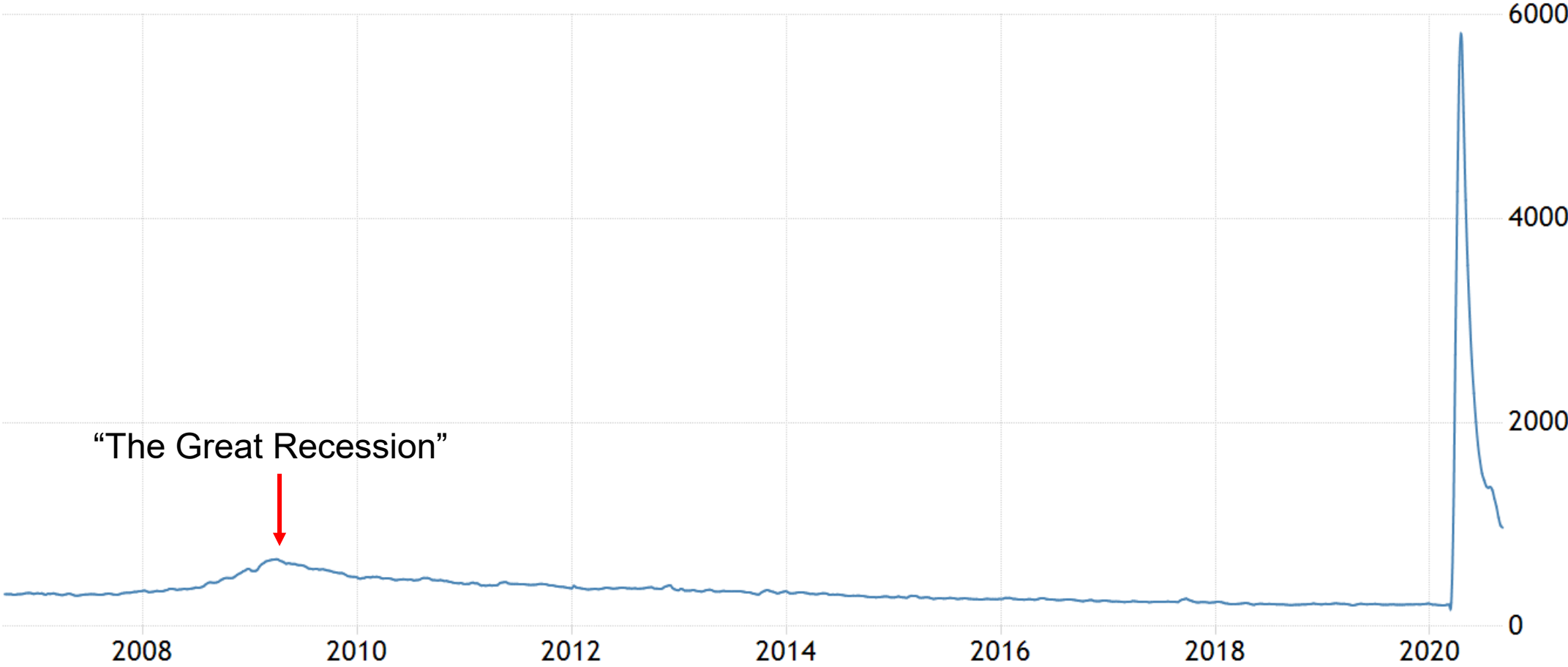


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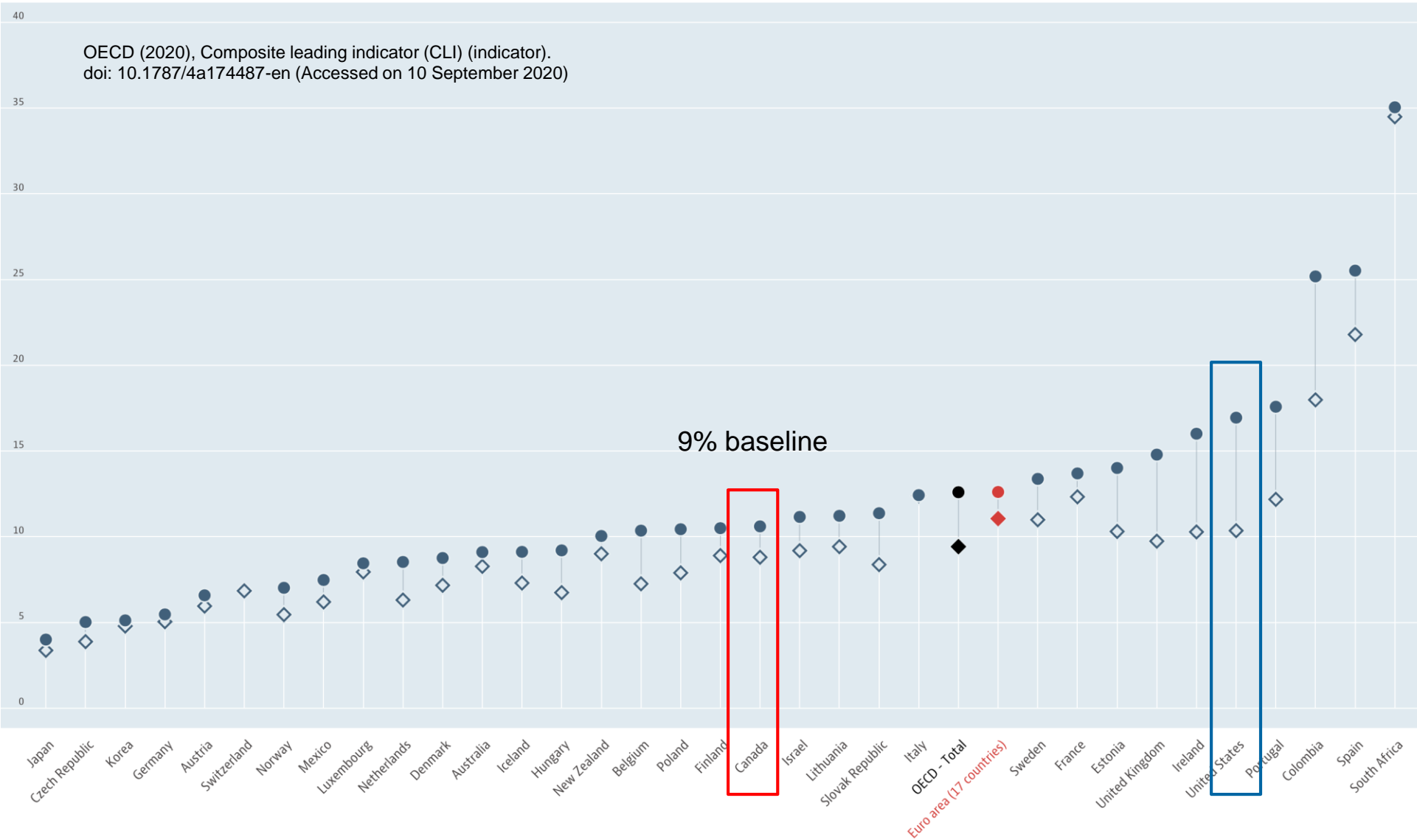
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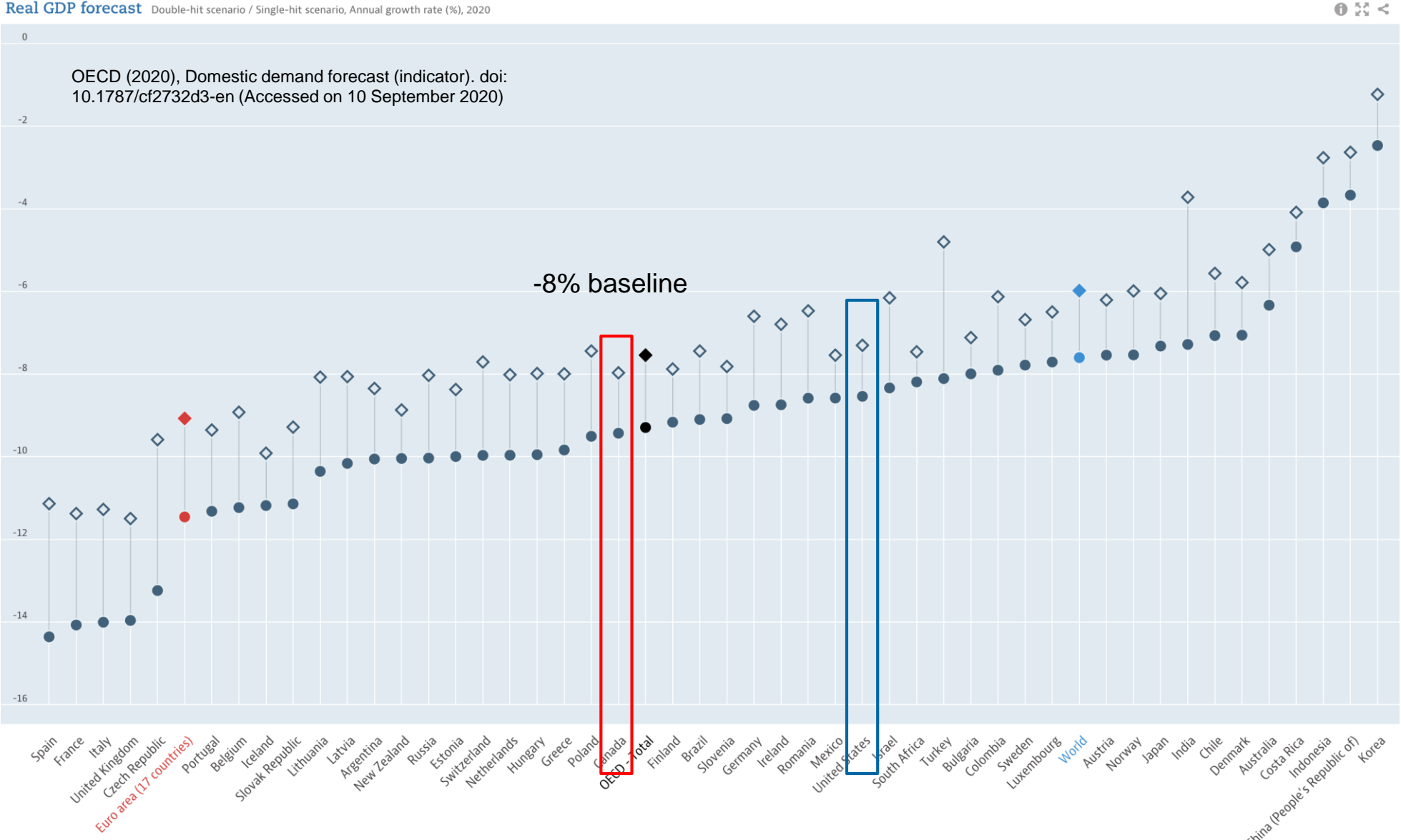
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# Unemployment rate forecast across OECD countries

Unemployment rate forecast Double-hit scenario / Single-hit scenario, % of labour force, Q4 2020



# 2020 GDP forecasts for OECD countries



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- The US: Perfect Storm<sup>2</sup>?

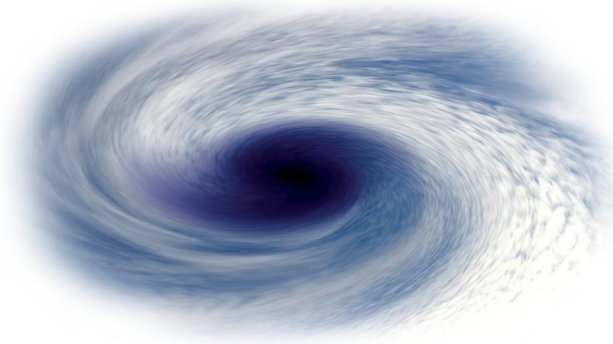
## 3. The longer run outlook: vaccine meets hysteresis

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- There will be scaring (pandemic effects on trend growth)
- O Debt

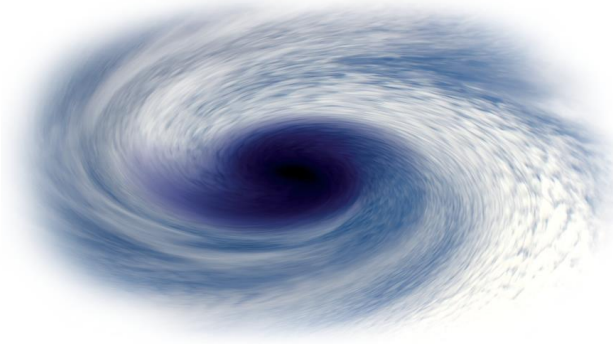
# The US: Perfect Storm<sup>2</sup>?

Arriving around....early November

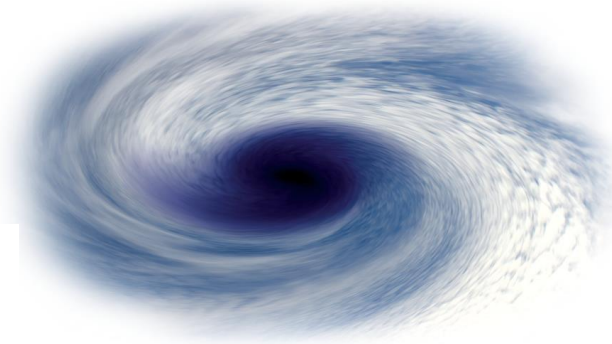
Health



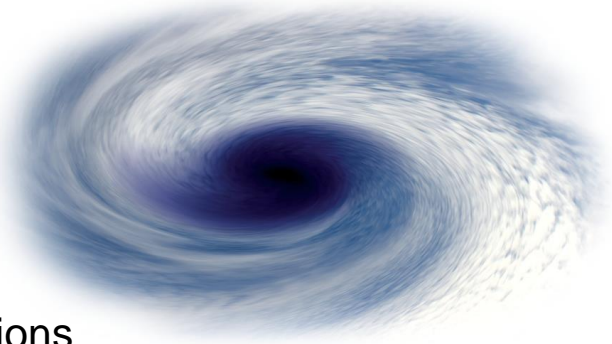
Economic



Social



International Relations



Political

