



# ECONOMIC UPDATE

## July 31, 2020

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### Quote of the week

“The V-shaped recovery is toast—there is no question about that. The Nike swoosh might also be toast soon.”

—[Ian Shepherdson](#), chief economist at Pantheon Macroeconomics

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### What you need to know

- [GDP fell at an annualized rate of 32.9% in the second quarter](#), the worst decline in history. This reflected a sharp drop in personal consumption, including large declines in spending on healthcare, clothing and footwear and declines in investment.
- Last week, [1.2 million workers filed new unemployment insurance claims](#) (not seasonally adjusted). It was the 19th consecutive week in which more than one million new claims were filed. Another 830K filed through the Pandemic Unemployment Assistance program.
- [The U.S. coronavirus death toll has now surpassed 150,000](#), the highest official toll in the world.
- Calculations based on Department of the Treasury and Department of Labor data show that [unemployed Americans are still waiting for \\$100 billion](#) of benefits they are owed.
- Over [56 million American families with children at home have lost income since March and many are turning to diaper banks](#) for diapers, wet wipes and formula as a result of coronavirus-related job losses.
- [The Treasury Department has agreed to loan \\$10 billion to the U.S. Postal Service](#) in emergency funding in return for proprietary information about its most lucrative private-sector contracts.

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### Happening the week of August 3, 2020

- *Monday*: Census releases June [Construction Spending](#) and ISM its July [manufacturing index](#).
- *Tuesday*: CoreLogic releases its June [home price index](#) and Census releases [Manufacturers' Shipments, Inventories, & Orders](#) for June.
- *Wednesday*: ADP releases its monthly [employment report](#). Census releases the June [trade deficit](#).
- *Thursday*: The Department of Labor releases [initial jobless claims](#).
- *Friday*: BLS releases nonfarm payrolls, the unemployment rate and average hourly earnings in its July [Employment Situation](#) and Census releases its [Wholesale Trade Survey](#) for June.

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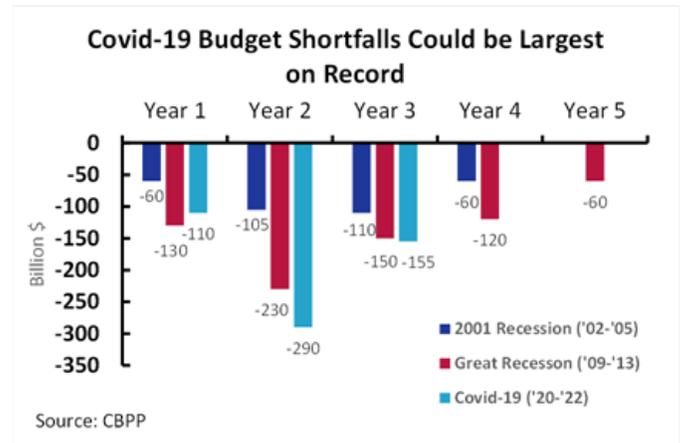
## Good reads

- [“An Extra \\$600 A Week Kept Many Jobless Workers Afloat. Now What Will They Do?”](#), *The New York Times*, 7/29/2020
- [“American Workers Need Paid Leave, Fast,”](#) *New York Magazine*, 7/24/2020
- [“Is \\$600 A Week in Extra Unemployment Aid Deterring People From Seeking Work?”](#), *The Wall Street Journal*, 7/29/2020
- [“The End Of The American Dream,”](#) *Vox*, 7/22/2020

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## Chart of the week:

The coronavirus crisis is harming state budgets, due to increased payments for unemployment insurance, Medicaid, reduced tax revenues and balanced budget requirements. Between 2020 and 2022, the Center on Budget and Policy Priorities projects that [cumulative state budget shortfalls will total \\$555 billion, exceeding the \\$510 billion shortfall during the first three years of the Great Recession](#). State and local governments have already shed 1.5 million jobs since February. Without further federal aid, the economic downturn will likely be worse.



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## New research and reports

- A Joint Economic Committee issue brief explains that [States Desperately Need an Increased Federal Match for Medicaid](#).
- PolicyLink and the USC Equity Research Institute (ERI) have released [a report card on racial and economic equity](#) in the United States.
- A recent study by Yale economists found that the [\\$600 per week enhanced jobless benefits do not increase unemployment](#).

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## Selected JEC resources

- [Cutting off Additional Unemployment Benefits While Millions are Unemployed Would be a Human and Economic Catastrophe](#)
- [Immigrants, the Economy and the COVID-19 Outbreak](#)
- [Universal Paid Sick Leave is Essential for Combating the Pandemic and Protecting the Economy](#)
- [COVID-19 Stories from the Front Lines](#)

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