



ECONOMIC UPDATE

May 22, 2020

Quote of the week

“We’re not reopening based on science... We’re reopening based on politics, ideology and public pressure. And I think it’s going to end badly.”

—[Dr. Thomas R. Frieden](#), former CDC Director

What you need to know

- The Department of Labor reported that for the week ending May 16, [2.2 million workers filed regular first-time unemployment claims \(not seasonally adjusted\)](#). It initially was reported that 2.2 million more filed for benefits under the new Pandemic Unemployment Assistance (PUA) program for gig workers and others. However, after the report was released, it was discovered that Massachusetts had overreported its weekly PUA claims by more than one million; therefore, the total number of PUA claims was closer to 1.2 million.
- CBO [updated its economic projections for 2020 and 2021](#) this week, estimating a long, slow recovery. Real GDP in the end of 2021 is expected to be 1.6% lower than it was that at the end of 2019 and unemployment is expected to be 5.1 percentage points higher.
- The [current crisis may cost the United States half of its child care capacity](#); this will make it more difficult for parents to return to work or to telecommute fulltime and it may slow our economic recovery even when the economy returns to ‘normal.’
- April saw the [largest one-month increase in mortgage delinquencies](#) ever recorded. Experts warn that [extremely high levels of unemployment may lead to a housing and homelessness crisis](#).

Happening the week of May 25, 2020

- *Tuesday*: The Chicago Fed releases its [National Activity Index](#) for April. S&P releases the [Case-Shiller Home Price Index](#) and FHFA releases its [Home Price Index](#), both for March. The Conference Board releases its May [Consumer Confidence Index](#), and Census releases [new residential sales](#) data for April.
- *Wednesday*: The Federal Reserve releases its [Beige Book](#), a qualitative look at the economy.
- *Thursday*: The Department of Labor releases [initial jobless claims](#), BEA releases its second estimate of [Q1 GDP](#). Census releases [April Manufacturers’ Shipments, Inventories, & Orders](#).
- *Friday*: The Census releases [Advance International Trade in Goods](#) for April. BEA releases [Personal income and the PCE Deflator](#) for April. The University of Michigan releases its final [Consumer Sentiment Index](#) for May.

Good reads

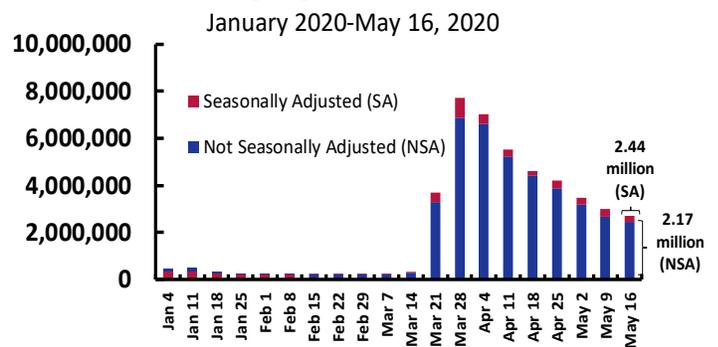
- “[Air Travel Surges by 123%! \(Beware of Misleading Data Like That\)](#),” *The New York Times*, 5/19/2020
- “[The White House is Presenting the Fyre Festival of Pandemic Responses](#),” *The Washington Post*, 5/18/2020
- “[America’s Patchwork Pandemic is Fraying Even Further](#),” *The Atlantic* 5/20/2020

Chart of the week:

As extremely high weekly UI claims have gained new attention over the past two months, the Economic Policy Institute and others have raised questions about whether the seasonally adjusted claims or the not seasonally adjusted claims provide a more accurate reading.

The Joint Economic Committee Democratic staff released an issue brief this week explaining that during a period like the coronavirus crisis with sudden, massive job loss, the [actual claims \(not adjusted\) provide the most accurate picture of the labor market](#).

Seasonally Adjusted vs. Not Seasonally Adjusted Initial Unemployment Insurance Claims



Source: Department of Labor

New research and reports

- Economists researching the effectiveness of shelter in place orders (SIPOs) which required residents to stay home for all but essential activities found that [COVID-19 cases dropped by 44 percent in the three-week period following their implementation](#).
- A group of public health and crisis experts have put together a helpful infographic on “[How We Reopen Safely](#),” which tracks how different states have met criteria for reopening.
- This explainer from Josh Bivens at the Economic Policy Institute argues that, [without significant federal aid to state and local governments, we will face a prolonged economic depression](#).

Selected JEC resources

- [Macroeconomic Dashboard](#)
- [U.S. Economy by the Numbers](#)
- [McConnell Is Wrong: Forcing States into Bankruptcy Defies Logic](#)

More information for Members and staff: www.jec.senate.gov/resources

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