



ECONOMIC UPDATE

May 15, 2020

Quote of the week

“The scope and speed of this downturn are without modern precedent, significantly worse than any recession since World War II.”

—Federal Reserve Chair [Jerome Powell](#)

What you need to know

- More than [2.6 million workers filed for regular unemployment benefits in the week ending May 9, bringing the 8-week total to more than 33 million Americans](#) —the same as in the previous two and a half years combined. This doesn’t include the 842,000 Americans who filed under the new Pandemic Unemployment Assistance program, which provides benefits to those who normally wouldn’t qualify, e.g. self-employed and gig workers. Nearly [27 million Americans are estimated to have lost their employer-sponsored health insurance](#).
- In a speech on Wednesday, Federal Reserve Chair Jerome Powell noted that the \$2.9 trillion that Congress has already appropriated to support the economy was “the fastest and largest response for any postwar downturn,” but that [more federal spending is needed](#).
- Amid dropping demand and plummeting gas prices, [U.S. consumer prices dropped in April more than in any other month since the Great Recession](#). This price deflation indicates that current levels of spending—despite significant monetary and fiscal stimulus—are not yet enough to spur inflation, and may not be for some time.
- [U.S. cities are expected to lose an unprecedented \\$360 billion in revenue through 2022](#) due to the pandemic. Pennsylvania’s municipalities are expected to be the hardest hit with a potential loss of 40% to their revenues this year, followed by Kentucky, Hawaii, Michigan and Nevada.
- The [Federal Reserve began the first stage of its corporate bond program on Tuesday](#), buying longer-dated company debt. Anticipation of the Fed’s support through this program already has restarted the frozen corporate debt market.

Happening the week of May 18, 2020

- *Monday:* The National Association of Home Builders releases its [Housing Market Index](#).
- *Tuesday:* The Census Bureau releases [New Residential Construction](#) data for April.
- *Thursday:* The Labor Department publishes [Initial Jobless Claims](#). The NAR releases April [existing-home sales](#) and the Conference Board releases its [Leading Economic Index](#).

Good reads

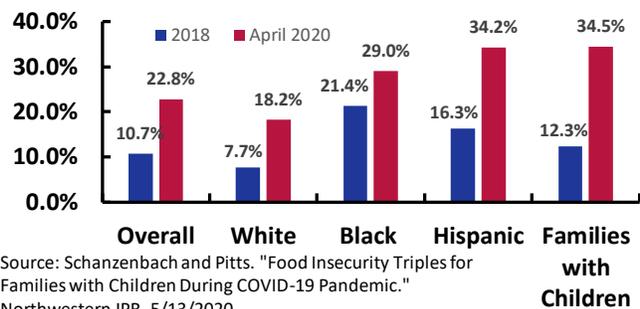
- [“The Coronavirus Was an Emergency Until Trump Found Out Who Was Dying,”](#) *The Atlantic*, 5/8/2020
- [“Washington Shows Just Why the Country Shouldn’t Depend On It For Stimulus,”](#) *The Washington Post*, 5/11/2020
- [“How the Coronavirus is Killing the Middle Class,”](#) *The New Yorker*, 5/14/2020

Chart of the week:

Researchers at Northwestern found that [food insecurity has tripled for families with children during the pandemic](#). Thirty-four percent of respondents with children either worried that they will run out of food or did run out of food, without the resources to buy more, compared to 18% of those without children. The study also estimated that between March and April it increased 226% for families without children and 297% for families with children.

Food Insecurity is Increasing Across All Groups, Tripling for Families with Children

Percentage of Food Insecure Households, 2018 vs. April 2020



New research and reports

- In its annual Survey of Household Economics and Decisionmaking (SHED), the [Federal Reserve found that lower income Americans have suffered severely from the economic effects of COVID-19](#). Thirty-nine percent of those working in February with a household income of below \$40,000 reported a job loss in March.
- The [UN reported that global GDP is expected to shrink by 3.2 percent in 2020](#) and U.S. GDP is expected to shrink by almost 5 percent (4.8 percent). The report also expects that more than 34 million people will fall below the extreme poverty line in 2020 due to the coronavirus pandemic.
- JEC Vice Chair Don Beyer shared with House Democrats a memo showing why [unemployment is much worse than suggested by the topline numbers in last week’s BLS jobs report](#).

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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