



## ECONOMIC UPDATE

December 14, 2020

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### Quote of the week

*“The economic damage created by this pandemic will be many times more severe if we lose faith that the government has our back.”*

—[Mark Zandi](#), chief economist at Moody’s Analytics

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### What you need to know

- [The U.S. economy is likely to slow in the first quarter of 2021](#), before picking up after the coronavirus vaccine becomes more widely available in the second quarter, according to a new survey of more than 60 economists.
- [The current economic downturn has seen a significant increase in shoplifting](#) when compared to previous recessions. It is basic necessities like bread and baby formula that are being taken as Americans are struggling to survive.
- Moody’s Analytics warns that [almost 12 million renters will owe an average of \\$5,850](#) in back rent and utilities by January.
- In spite of budget constraints, [state governments are trying to help struggling small businesses](#) by offering loans, grants and tax rebates as federal aid from Congress has stalled.

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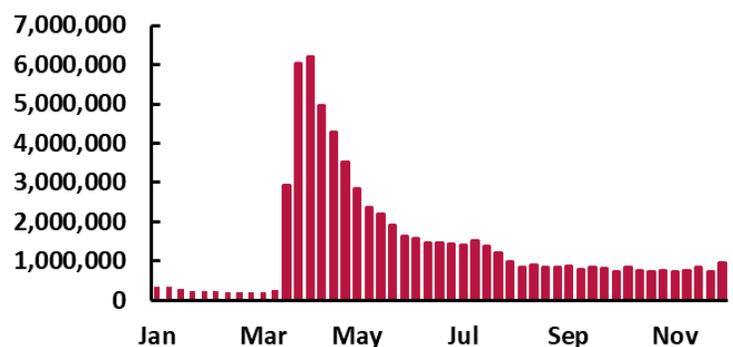
### Chart of the week

Among recent signals that economic growth is slowing is the spike in regular unemployment insurance (UI) claims. For the week ending Dec. 5, almost 950K Americans filed claims, almost 230K more than the previous week.

Thirty million American adults live in households who identify UI benefits as a key income source and 14 million adults live in households who have kids and point to UI as a key source of income. Yet, without further congressional action, 12 million Americans will lose their unemployment benefits the day after Christmas, when benefits provided by the CARES Act expire.

#### Initial Claims for Unemployment Insurance

Regular State Claims, Not Seasonally Adjusted, 2020



Source: Department of Labor/Haver Analytics.

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## New research and reports

- The Federal Reserve Board’s [Financial Accounts of the United States](#) finds that state and local government debt expanded at a faster pace – 5.6% annualized – during the third quarter than during the second quarter when it grew at an annualized rate of 3.5%.
- The Center on Budget and Policy Priorities emphasizes the urgent need for additional COVID-19 relief – including extending UI benefits and eviction moratoriums – as American families are increasingly struggling. [The report also stresses that these measures alone are insufficient](#) and policies like paid sick leave for workers affected by COVID and child care assistance are needed.
- The Urban Institute has created an interactive tool that shows how [the COVID-19 pandemic is affecting the budgets](#) of each of the 50 states and the District of Columbia and links to articles on policies that could assist with economic recovery, based economic and political pressures.

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## Recommended reading

- [“Jobless Benefits Saved Them, Until States Wanted the Money Back,”](#) *The New York Times*
- [“The GOP Is Fighting to Block Red-State Bailouts,”](#) *New York Magazine*
- [“Millions of Americans Are Heading Into the Holidays Unemployed and Over \\$5,000 Behind on Rent,”](#) *The Washington Post*
- [“The U.S. Child-Care Crisis Is Torturing Parents and the Economy,”](#) *Bloomberg Businessweek*

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## What to watch during the week

- *Tuesday:* The Bureau of Labor Statistics (BLS) releases [U.S. Import and Export Price Indexes](#) for November.
- *Wednesday:* Census releases the [Advance Monthly Retail Trade Report](#) for November.
- *Thursday:* The Department of Labor releases [initial jobless claims](#). Census releases [New Residential Construction](#) data for November.
- For a more comprehensive list, see the *Marketwatch* [U.S. Economic Calendar](#).

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## Selected JEC resources

- [The Economic State of the Hispanic Community in America](#)
- [We Need to Save Child Care Before It’s Too Late](#)
- [President Trump’s Record on the Economy](#)
- [The Economic Impact of America’s Failure to Contain the Coronavirus](#)

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