



ECONOMIC UPDATE

October 27, 2020

Quote of the week

“All of the dangers are on the side of spending too little right now, rather than spending too much.”

—[Lawrence Summers](#), former U.S. Treasury Secretary

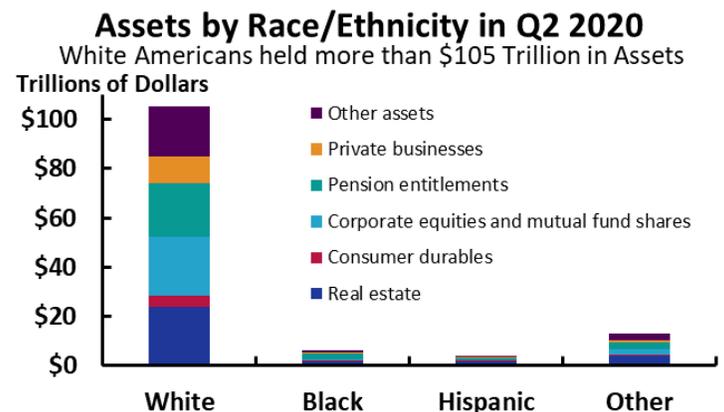
What you need to know

- The [size of the labor force fell in 26 states](#) and the District of Columbia during September, as American workers gave up looking for work.
- [Federal Reserve Governor Lael Brainard called for additional fiscal support](#) from Congress to help “turn a K-shaped recovery into a broad-based and inclusive recovery.”
- A study by researchers at Columbia University finds that [between 130,000 and 210,000 COVID-19 deaths in the United States could have been avoided](#) with earlier policy interventions and more effective leadership.
- [42% of American children live in a household](#) struggling to cover basic necessities like food, rent or mortgage and medical expenses. This rises to 59% and 55% for Black and Latino households.

Chart of the week

Recent Federal Reserve data show substantial differences in asset levels across racial and ethnic lines. White households hold over \$105 trillion in assets – almost 18 times the \$6 trillion in assets held by Blacks and over 28 times the \$3.7 trillion held by Hispanics.

Whites collectively own \$24 trillion in equities and mutual fund shares, 80 times more than the \$0.3 trillion owned by Blacks and 240 times more than the \$0.1 trillion owned by Hispanics. These wide disparities mean that white Americans reap a much higher benefit from the 49% rise in the S&P that has occurred during the Trump presidency.



Source: Federal Reserve, Distributional Financial Accounts, Distribution of Assets by Race; Data is as of Q2 2020.

New research and reports

- According to an analysis of the COVID-19 pandemic conducted at Harvard University, [Americans have lost 2.5 million years of potential life](#) – a measure of premature mortality – due to the coronavirus. Americans who have died from COVID-19 have lost an average of 13.25 years of potential life, with males losing 13.93 years and females losing 12.45 years.
- Research from the Economic Policy Institute shows that [young workers are among the hardest hit by the coronavirus recession](#). Unemployment among young workers aged 16 to 24 nearly tripled from 8.4% in spring 2019 to 24.4% in spring 2020. Unemployment rates for young Black, Hispanic and Asian workers rose further this spring to 29.6%, 27.5% and 29.7%.
- A study from MIT reveals that [Black Americans pay substantially higher homeownership costs](#). The study finds the median Black homeowner incurs the following extra costs annually: \$743 in interest, \$550 in mortgage-insurance payments and \$390 in property taxes. These add up to a loss of \$68,000 in retirement savings, exacerbating the Black-white gap in savings at retirement.

Recommended reading

- [“Iowa Never Locked Down. Its Economy is Struggling Anyway,”](#) *The New York Times*
- [“How America Gave Up on Fighting the Pandemic and Saving the Economy,”](#) *Vox*
- [“Black Homeowners Face Discrimination in Appraisals,”](#) *The New York Times*
- [“The Pandemic Tears a Hole in a Vital Child Nutrition Safety Net,”](#) *Bloomberg Businessweek*

What to watch during the week

- *Tuesday*: The Conference Board releases the [Consumer Confidence Index](#) for October.
- *Thursday*: The Department of Labor releases [initial jobless claims](#). The Bureau of Economic Analysis (BEA) releases its advance estimate of Q3 2020 [Gross Domestic Product](#).
- *Friday*: The Bureau of Labor Statistics releases the [Employment Cost Index](#) for Q3 2020. BEA releases [Personal Income and Outlays](#) for September. The University of Michigan releases final data for the October [Consumer Sentiment Index](#).
- For a more comprehensive list, see the *Marketwatch* [U.S. Economic Calendar](#).

Selected JEC resources

- [COVID-19, Economic Pressure and Americans’ Mental Health](#)
- [The Economic State of the Hispanic Community in America](#)
- [We Need to Save Child Care Before It’s Too Late](#)
- [The Economic Impact of America’s Failure to Contain the Coronavirus](#)

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