



FEDERAL RESERVE BANK *of* ST. LOUIS
CENTRAL TO AMERICA'S ECONOMY®

Is The Recession Over Already? The Outlook for the U.S. Economy

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The Financial Executives Networking Group (via Zoom)

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Disclaimer

The views I will express today are my own and do not necessarily reflect the positions of the Federal Reserve Bank of St. Louis or the Federal Reserve System.

DATA HEAVEN RESIDES HERE!



<https://fred.stlouisfed.org/>

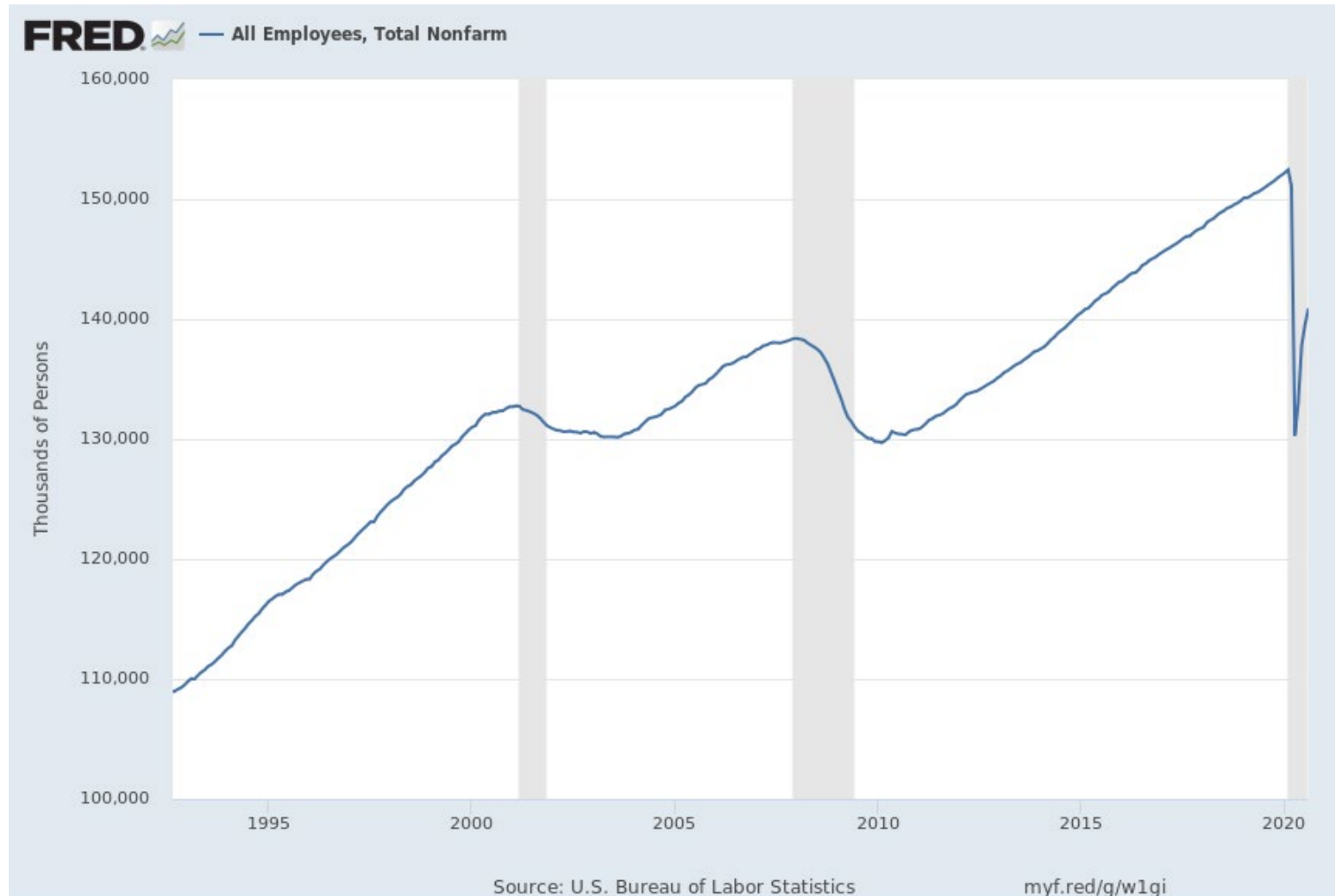
The Big Picture

- The COVID-19 pandemic put the kibosh on the longest U.S. economic expansion on record.
- The recession has been the deepest on record, but there are signs that it was also the shortest.
- Job losses have been stunning.
- In response, policymakers have responded aggressively.
- But the pandemic also produced much lower rates of inflation (temporarily) and lower interest rates.

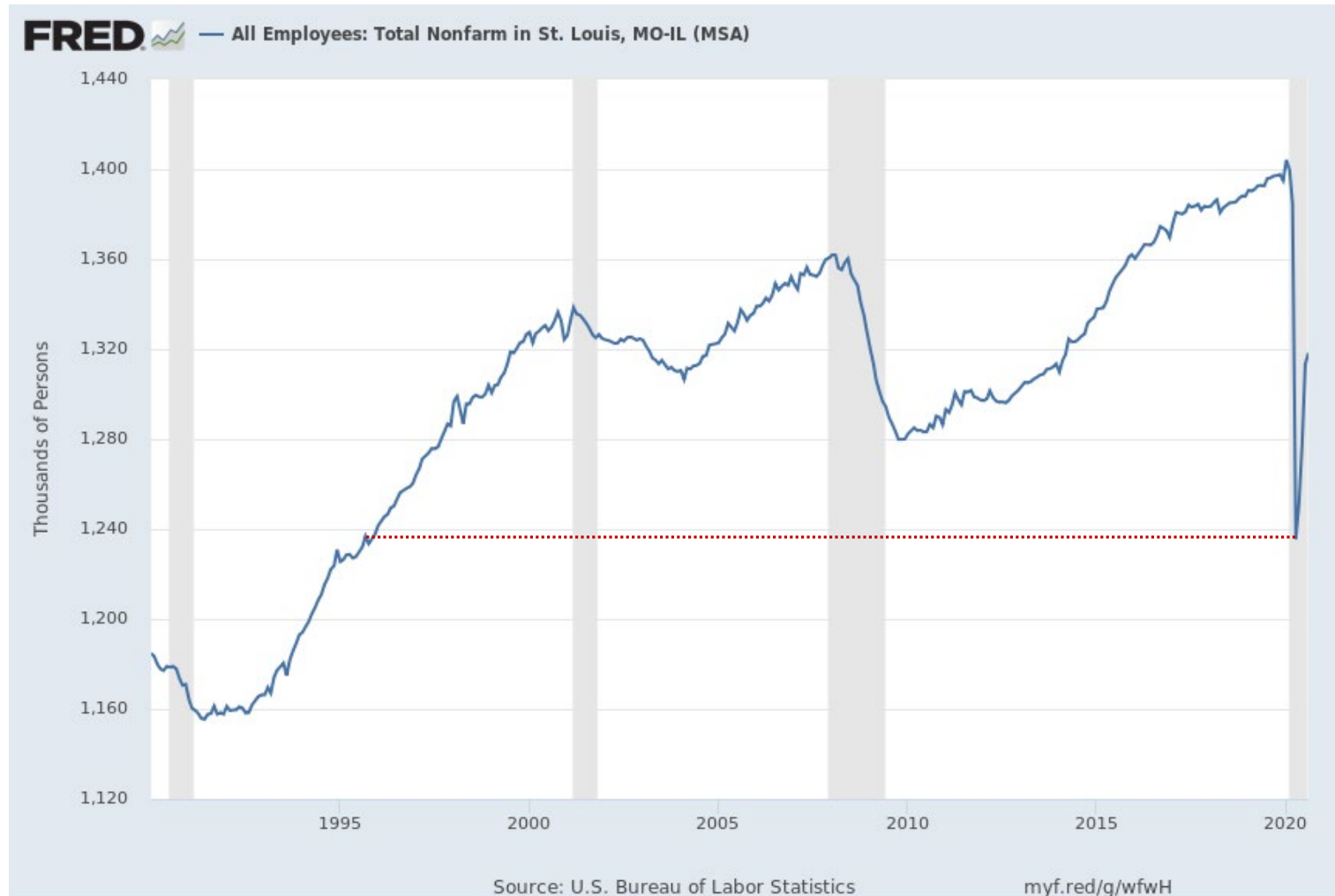
Financial Stresses Surge (St. Louis Fed Financial Stress Index)



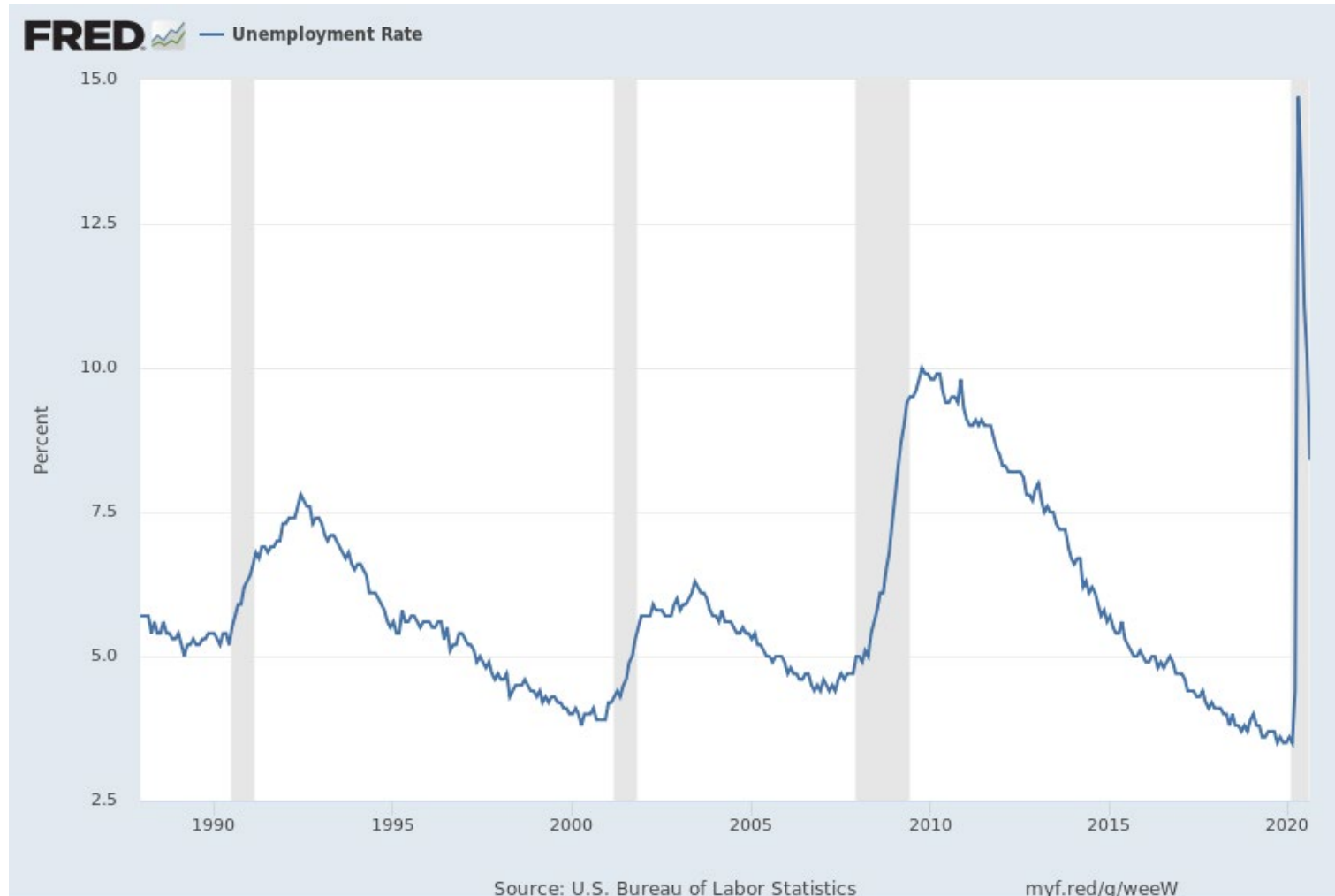
An Historic Plunge (Payroll Employment)



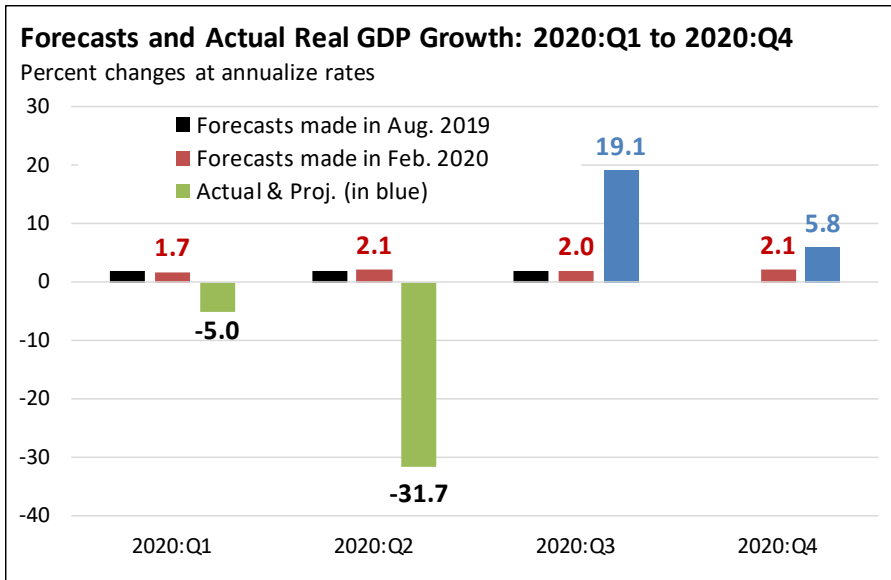
The Hit to St. Louis Employment Was Stunningly Large!



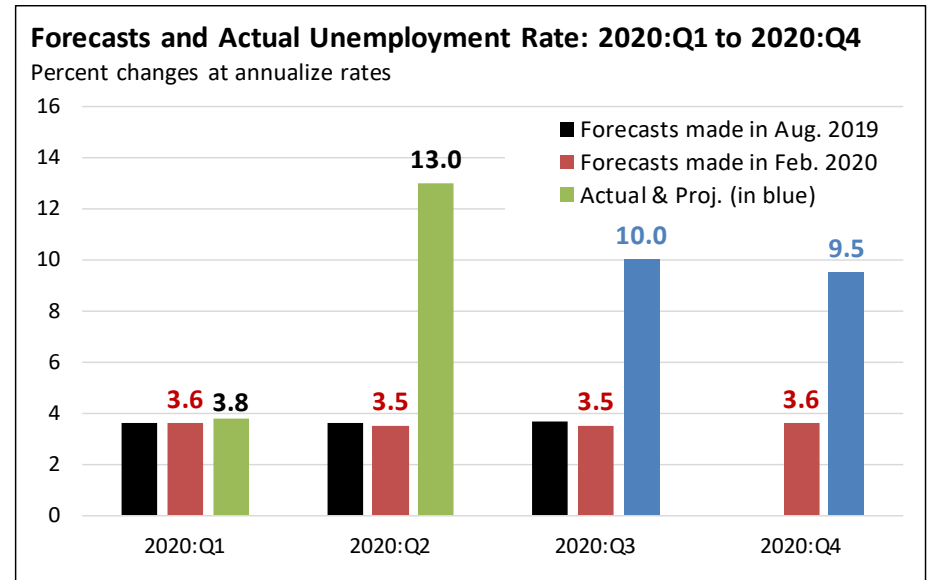
The Unemployment Rate is Falling Faster than Expected



The Hazards of Forecasting!

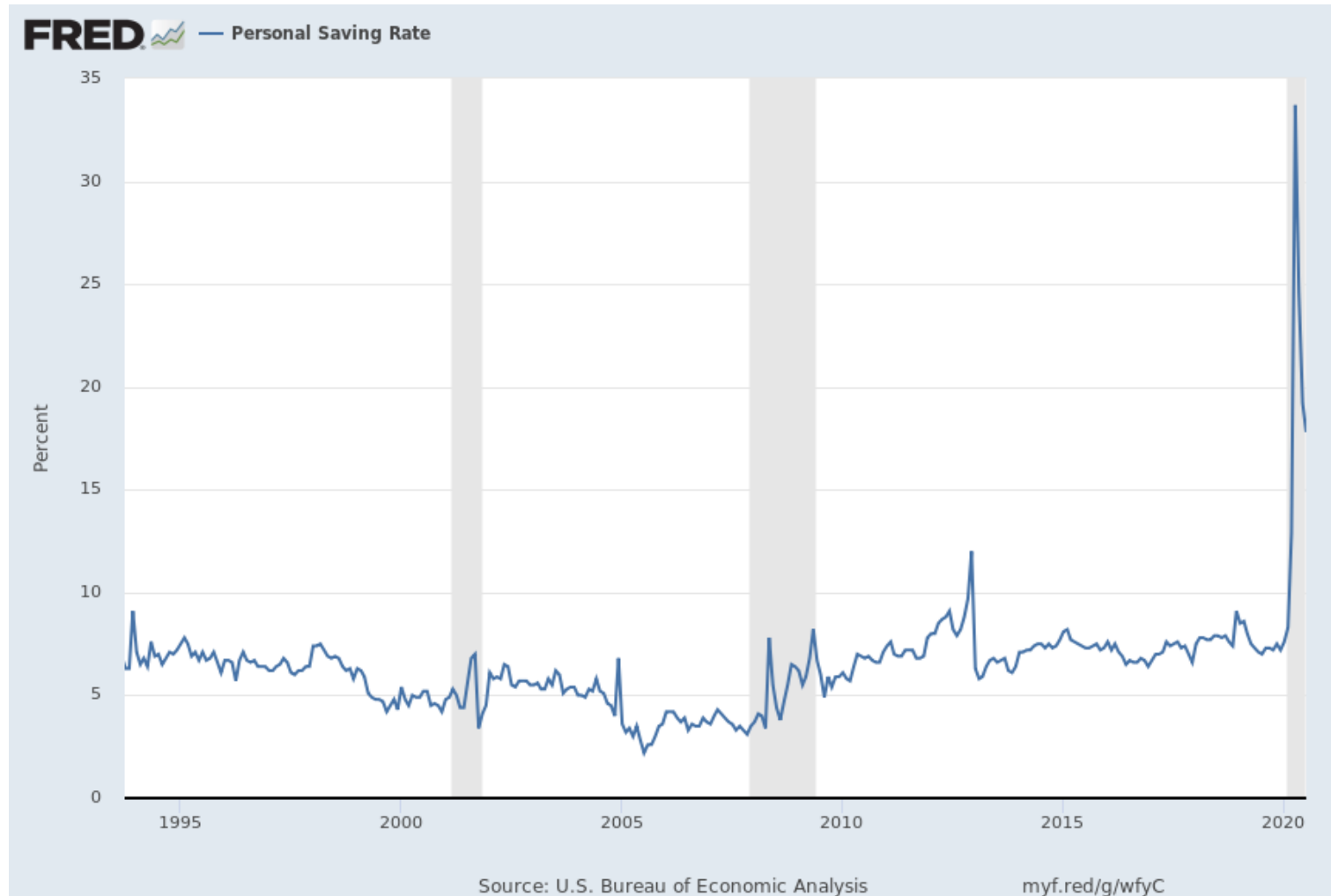


Real GDP Growth

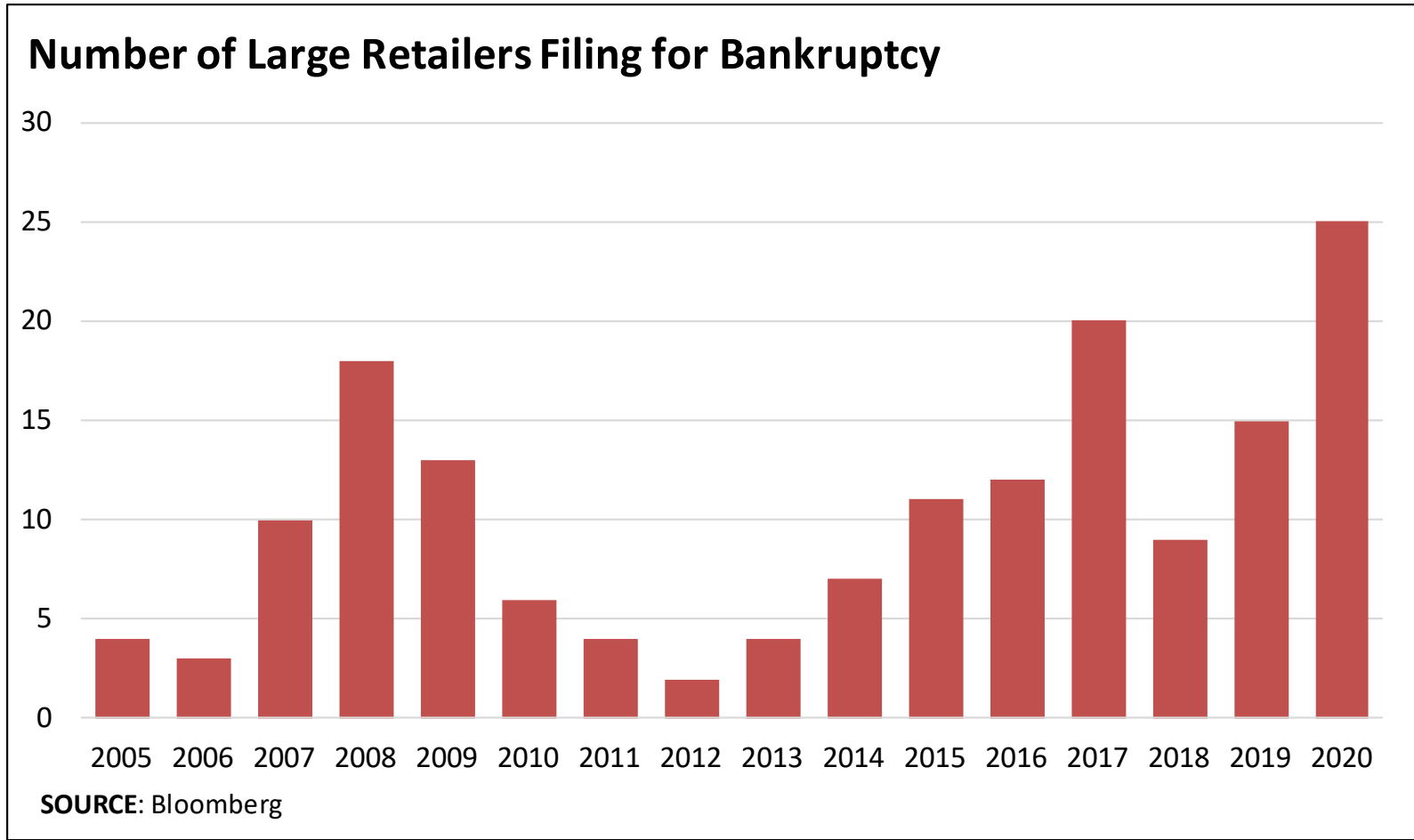


Unemployment Rate

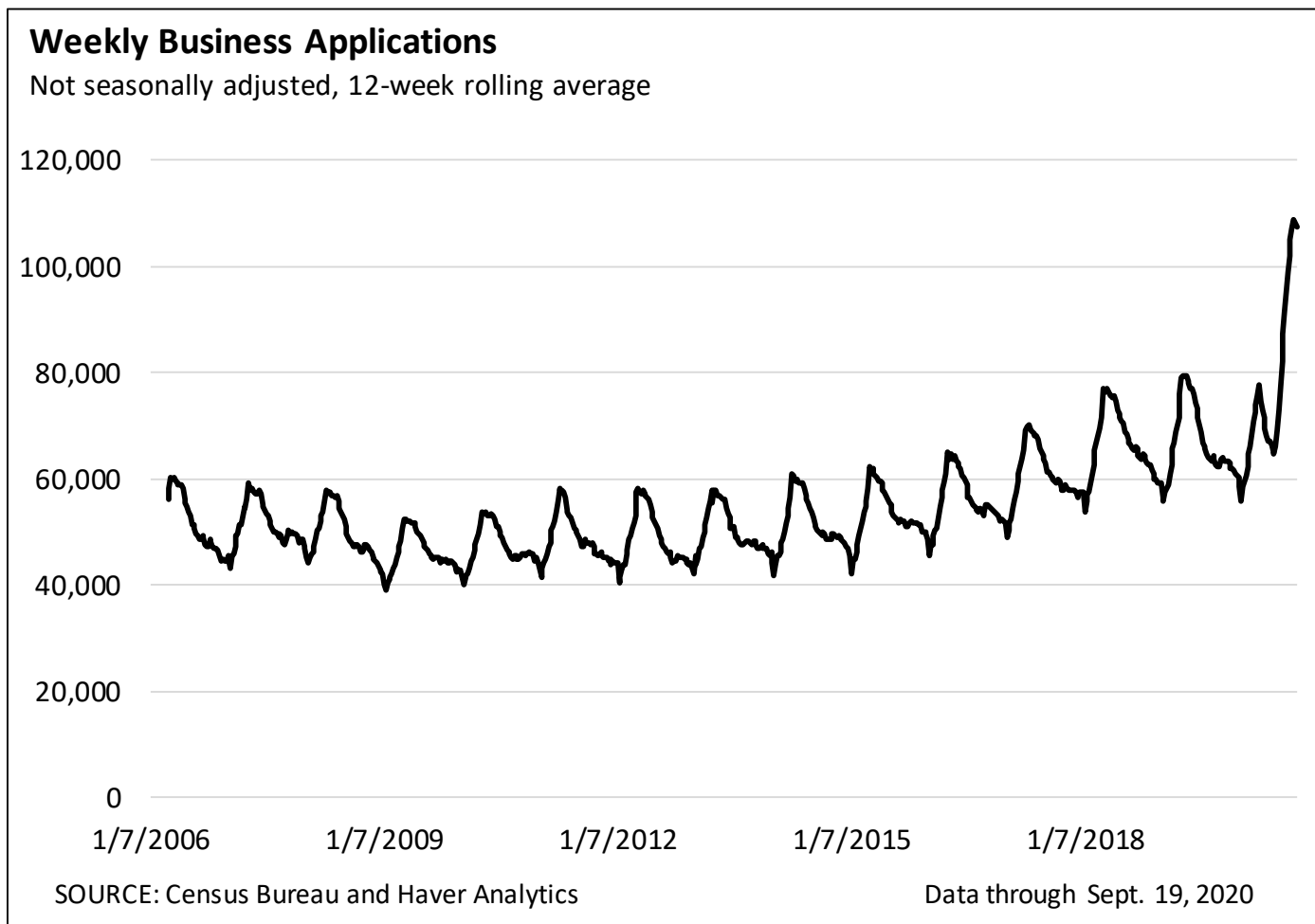
Less Spending, More Saving



Economic Scarring in the Consumer Retail Sector



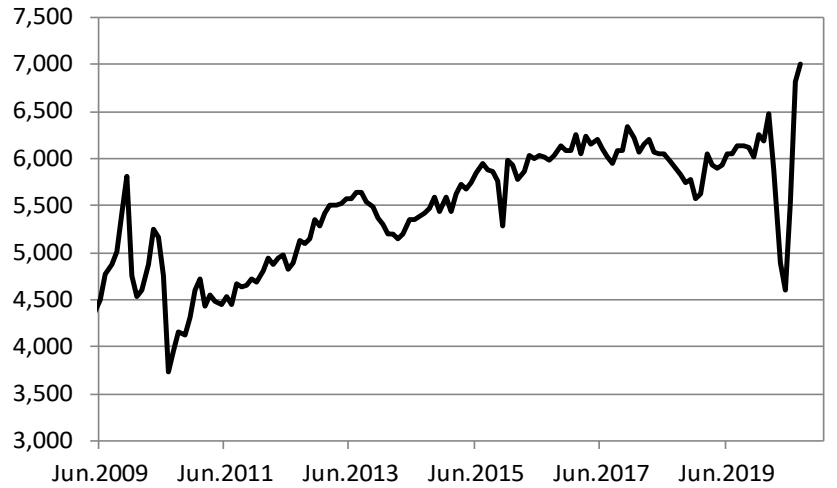
But There Are Heartening Signs of Innovation & Entrepreneurship



V is for Vroom! Housing Activity is Throttling Up

New and Existing Home Sales

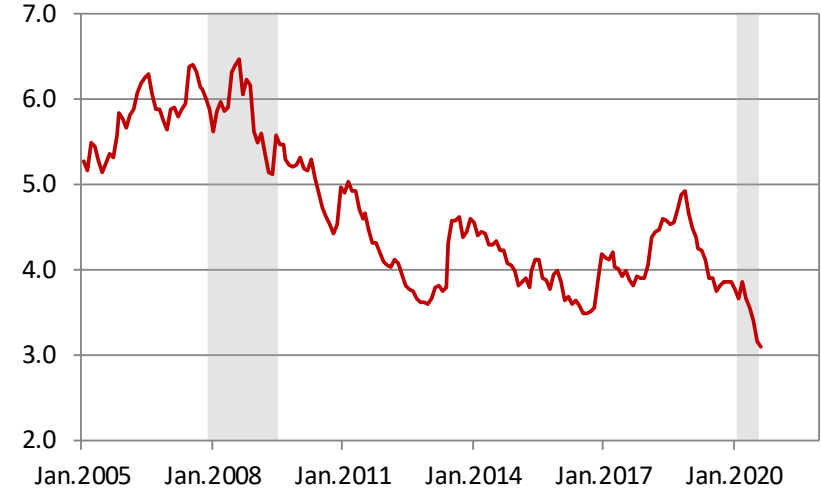
Thousands of Units, Annual Rate



Last observation is August 2020.

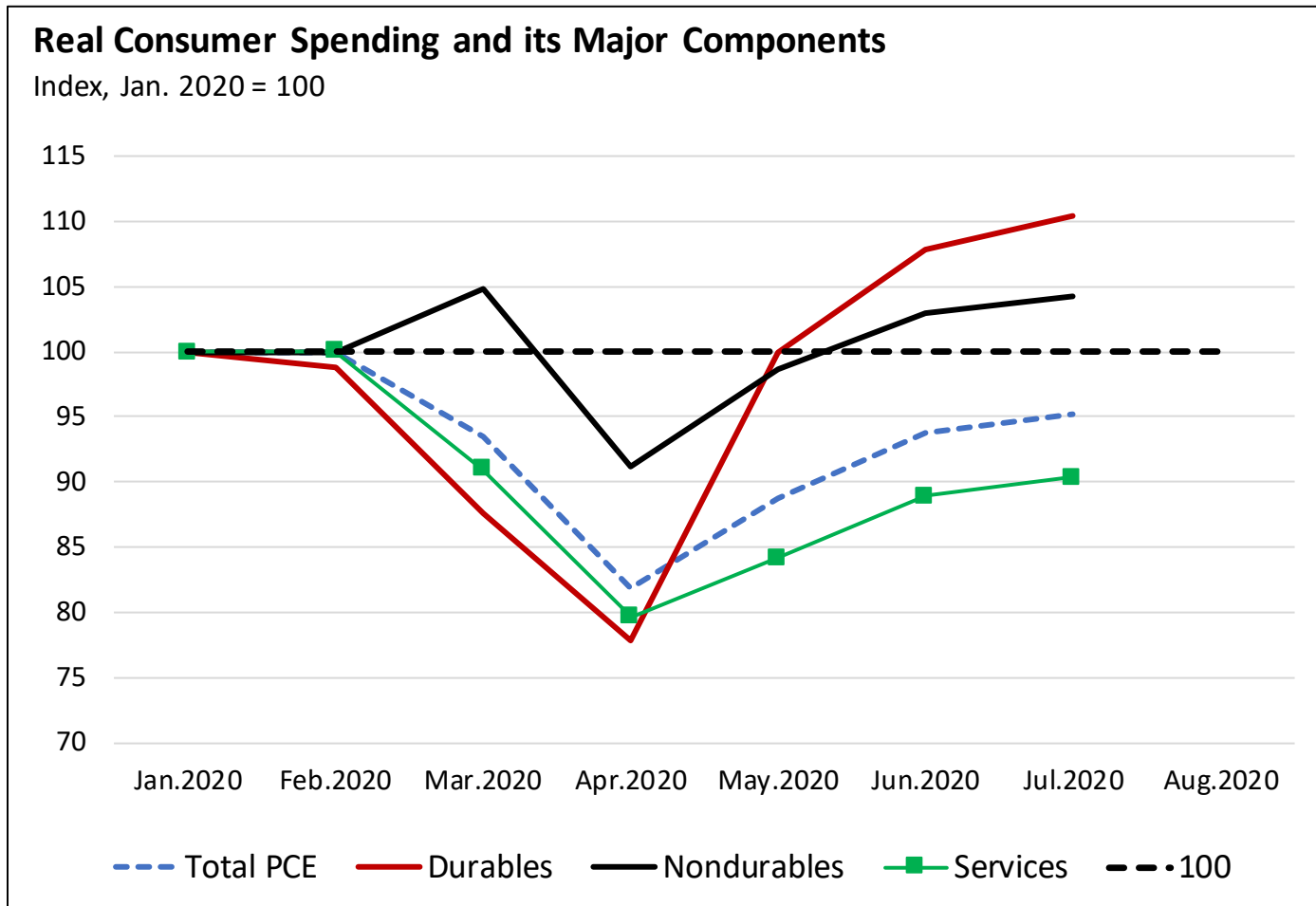
30-Year Conventional Mortgage Interest Rates

Percent

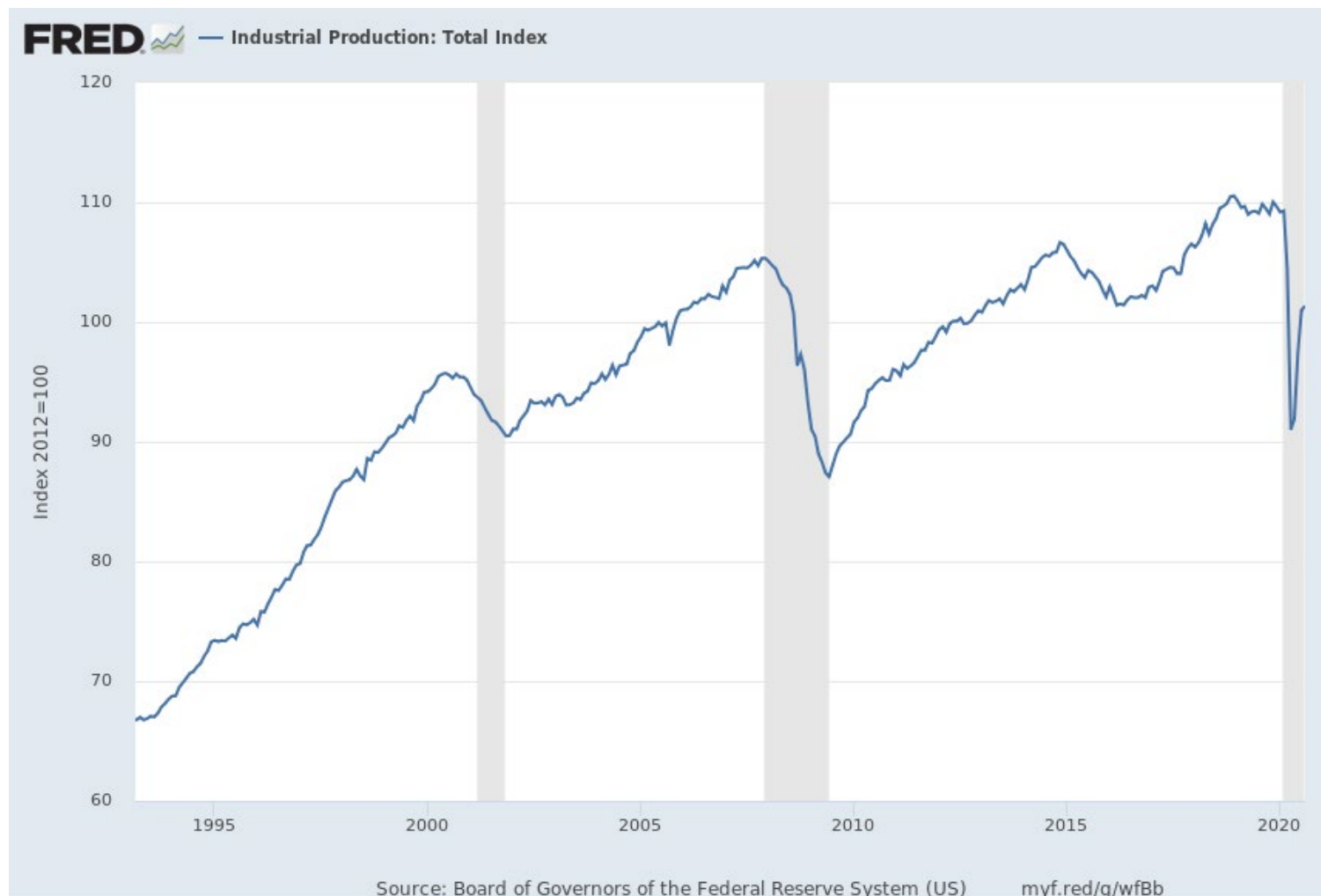


Last actual observation is August 2020.

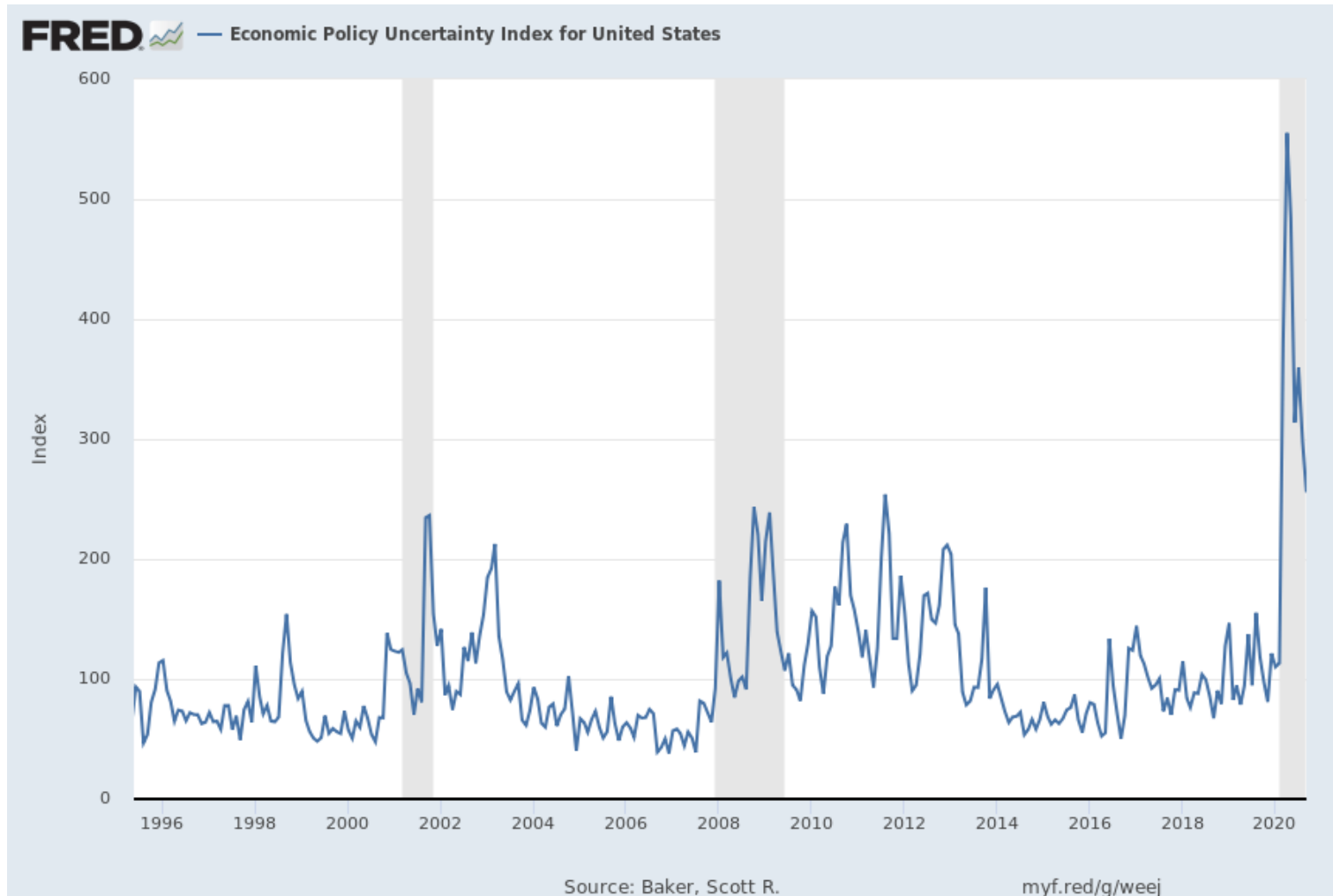
Spending on Goods Has Recovered, But Not on Services



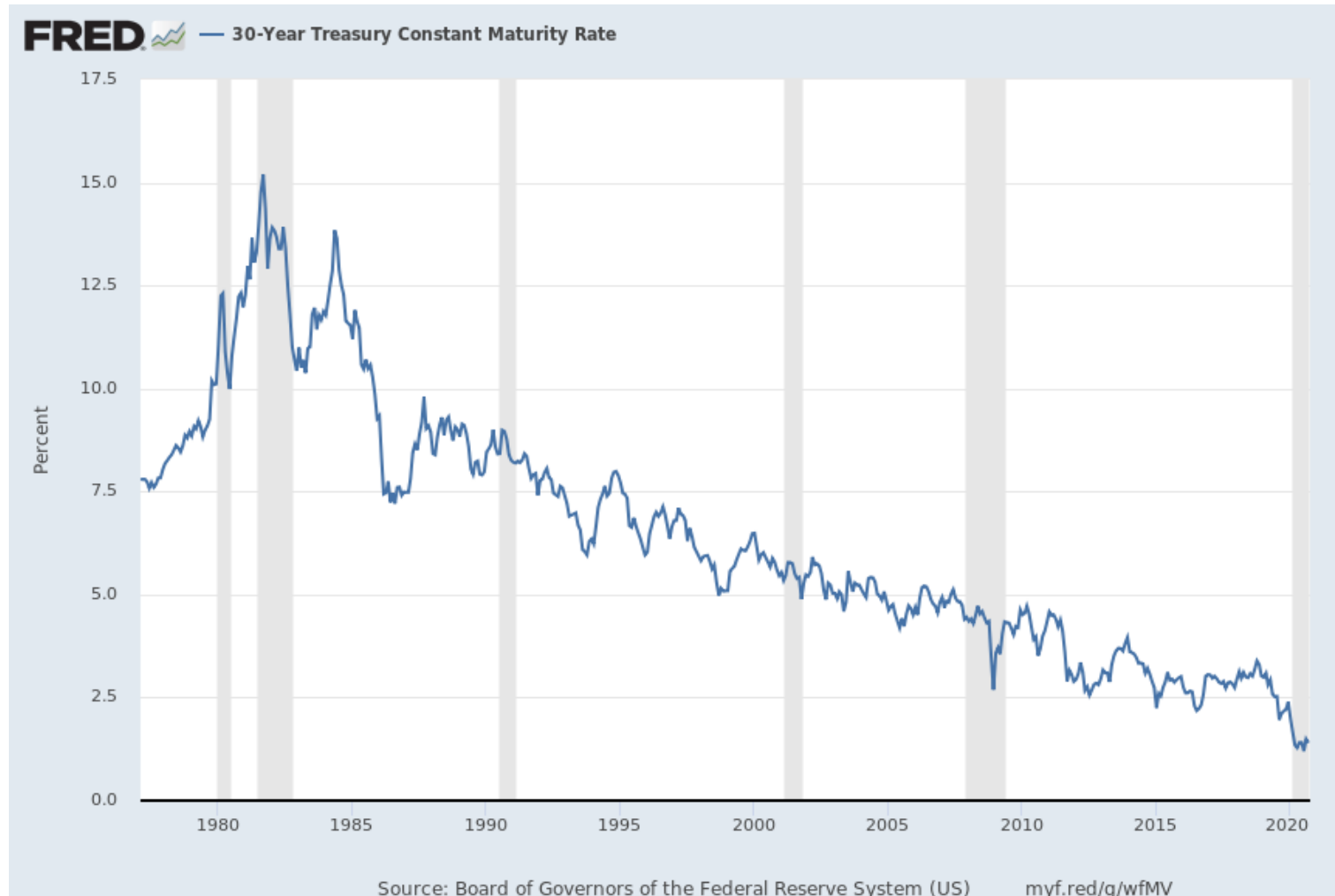
Industrial Production is Still Climbing Out of a Deep Hole



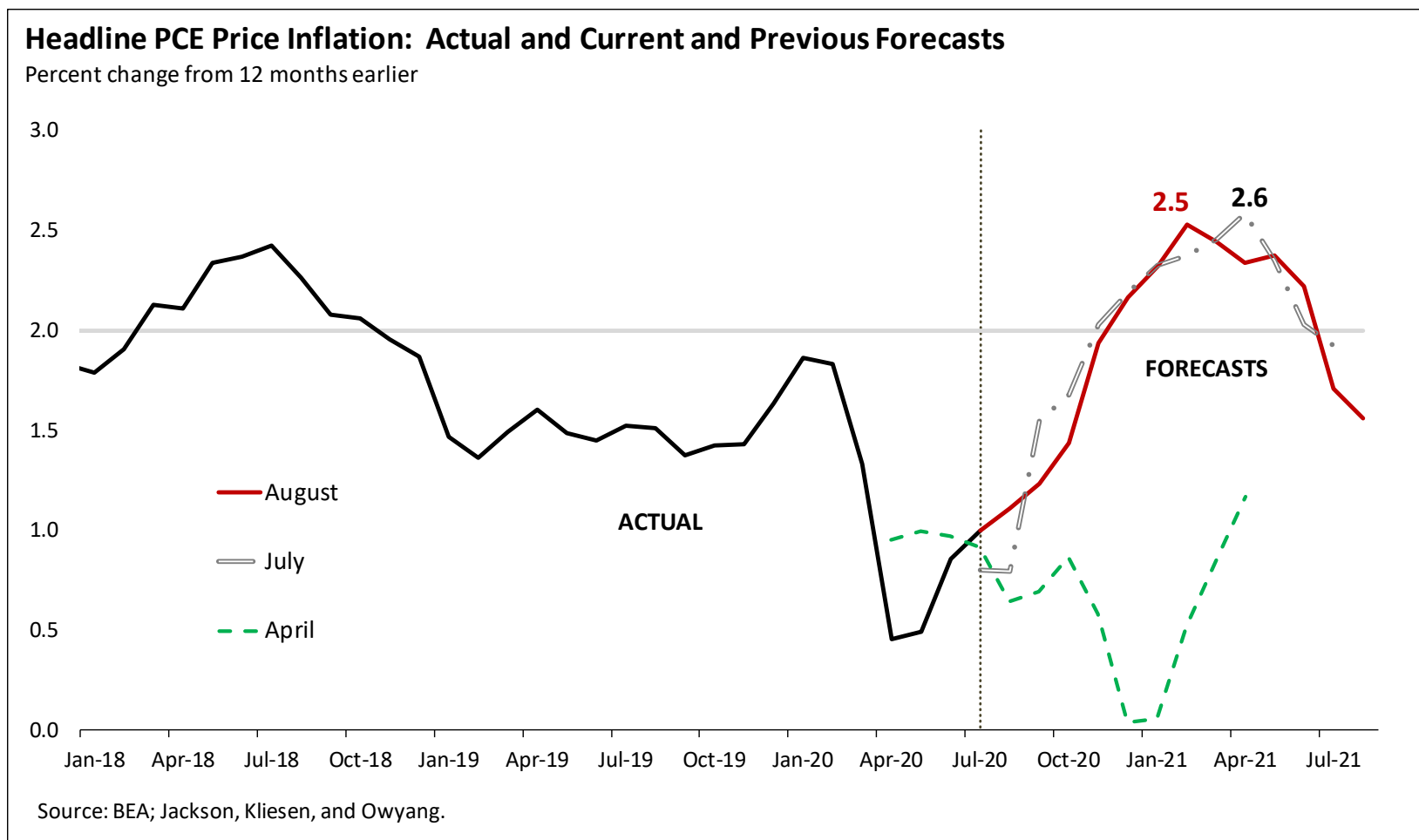
Economic Uncertainty Remains High—That’s Not Good



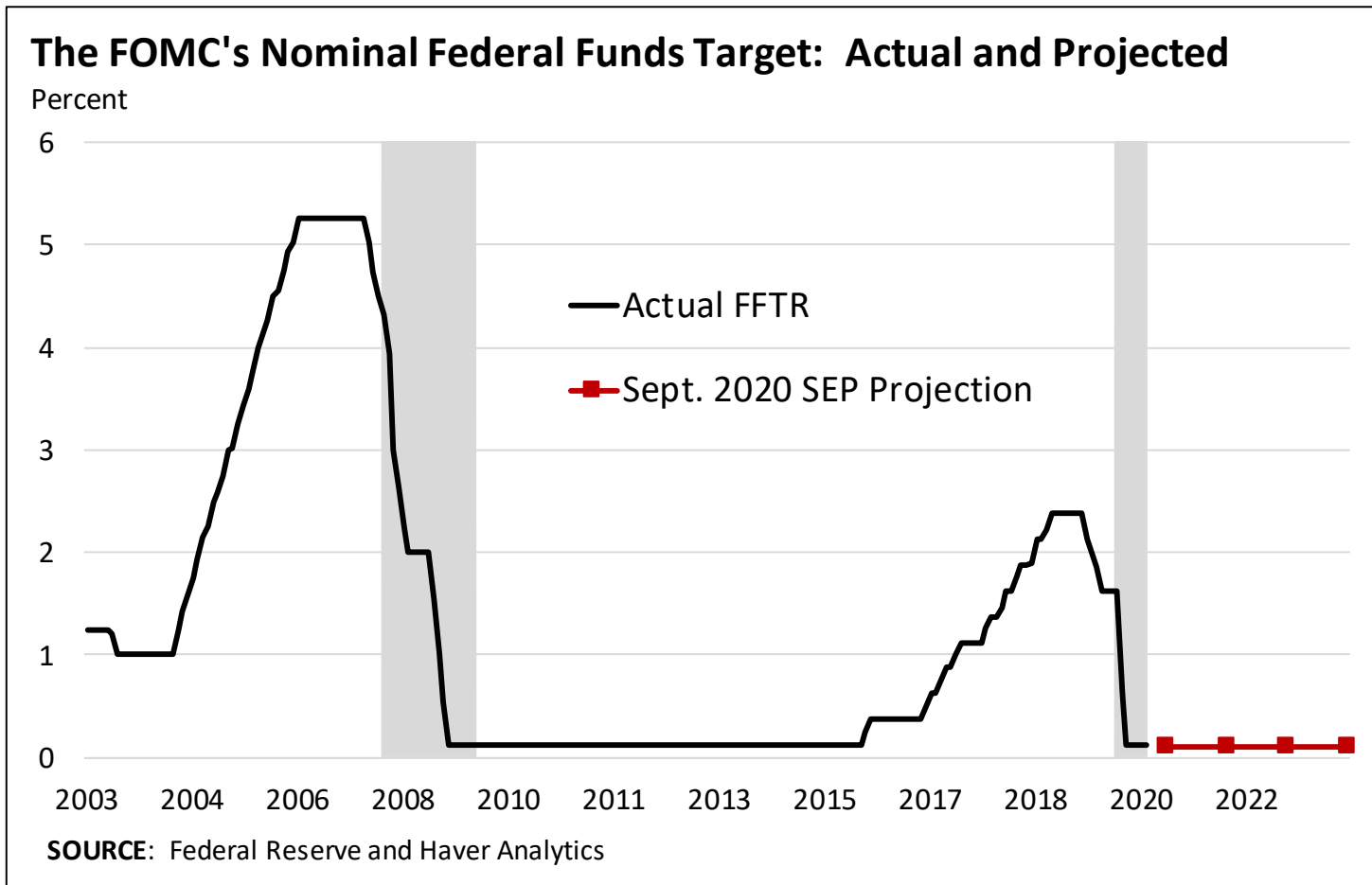
The Bond Market's Inflation Barometer is Quiet



A Modest Overshoot of the 2% Inflation Target is Possible in 2020

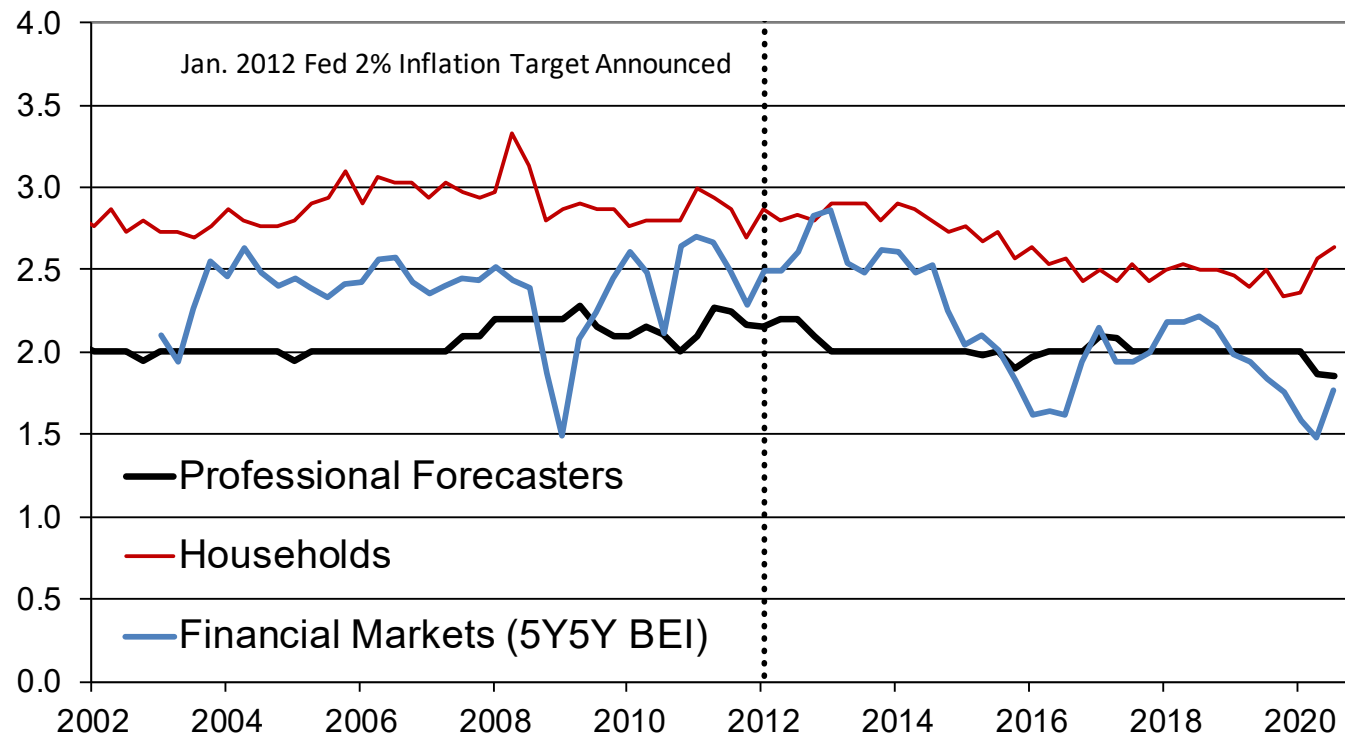


But the Fed Expects to Hug the Zero Lower Bound for Years



Where is Inflation Headed? It Depends on Who You Ask!

Long-Term Inflation Expectations: Forecasters, Households & Markets
Percent



SOURCE: FRB Philadelphia and Haver Analytics

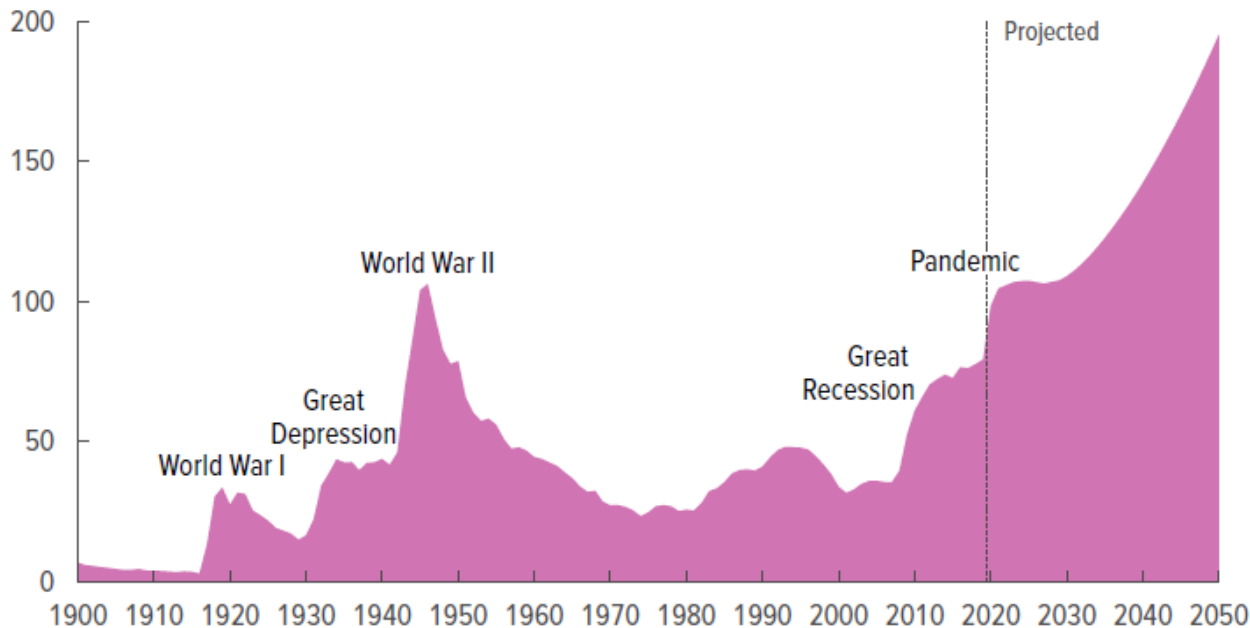
Data through 2020:Q3

The Long-Term Debt Outlook: How Much Debt is Too Much?

Debt and Deficits

Federal debt held by the public is projected to equal 195 percent of gross domestic product (GDP) in 2050, and the deficit is projected to equal 13 percent of GDP.

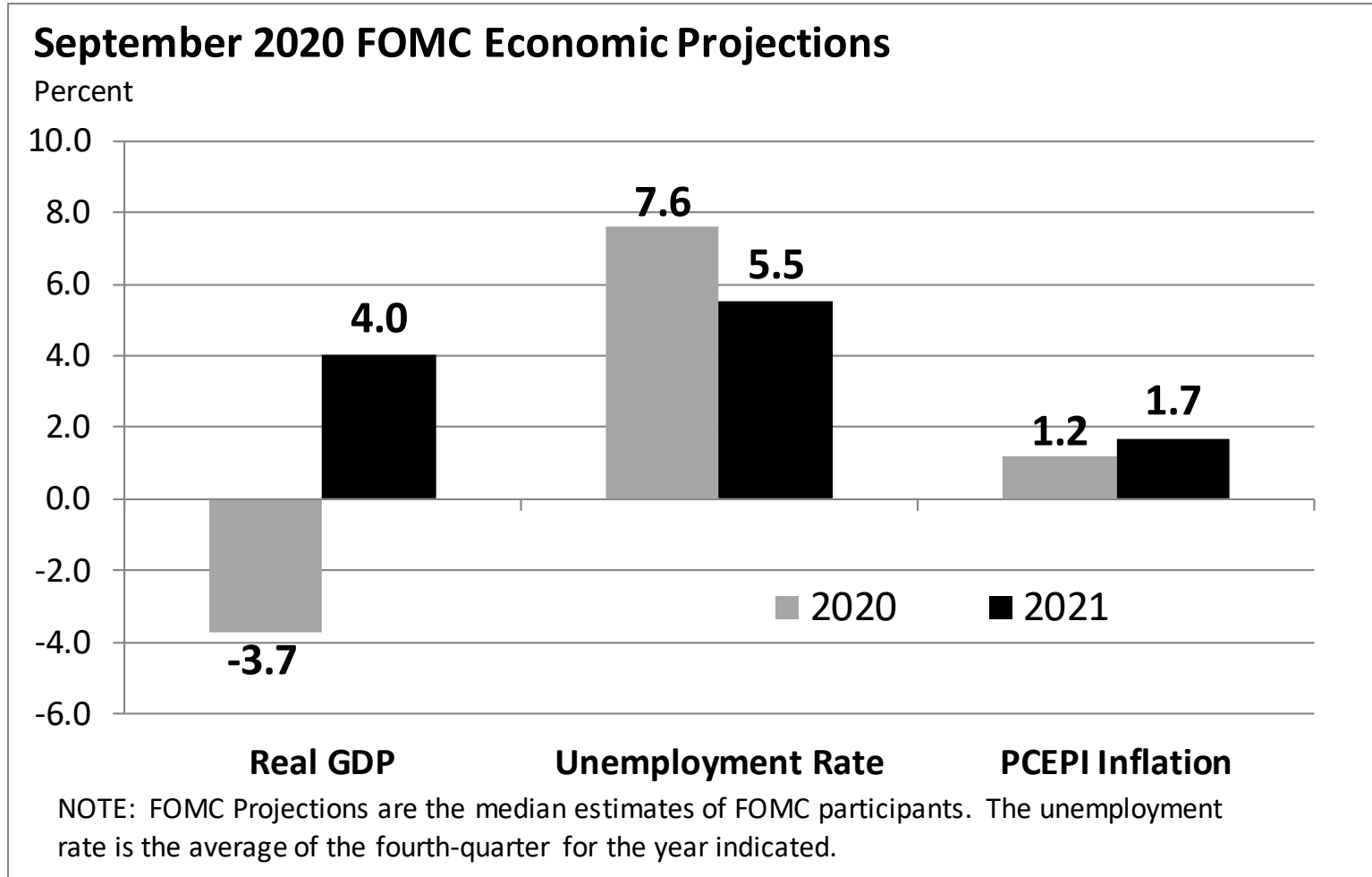
Percentage of Gross Domestic Product



In CBO's projections, federal debt held by the public surpasses its historical high of 106 percent of GDP in 2023 and continues to climb in most years thereafter. In 2050, debt as a percentage of GDP is nearly 2.5 times what it was at the end of last year.

SOURCE: Congressional Budget Office, September 2020

The Near-Term Economic Outlook



St. Louis Fed Resources

<https://research.stlouisfed.org/resources/covid-19/>



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COVID-19 Research Resources

The most-current resources related to the COVID-19 pandemic from the economists and staff of the Research Division: preliminary and published analyses, daily data updates and projections, data tools, and a timeline of related events and policy responses. For more related analysis and resources from the Federal Reserve Bank of St. Louis, see the Bank's official COVID-19 page.

- [Research by Date](#)
- [Data and Additional Research Resources](#)

Research by Date

UPDATED: Daily Data and Projections on COVID-19 Death Rates by B. Ravikumar and Guillaume Vandenbroucke
posted online March 30, 2020
updated March 31, 2020

Economic Realities and Consequences of the COVID-19 Pandemic Part I: Financial Markets and Monetary Policy by Fernando M. Martin
Economic Synopses, March 30, 2020

Economic Realities and Consequences of the COVID-19 Pandemic—Part II: The Economy and Fiscal Policy by Fernando M. Martin
Economic Synopses, March 30, 2020

COVID-19: What Do FREDcast Users Think about Economic Growth? by Michael T. Owyang, Hannah G. Shell, and Julie K. Bennett
On the Economy blog, March 30, 2020

COVID-19 and Financial Distress: Employment Vulnerability by Kartik Athreya, Ryan Mather, Jose Mustre-del-Río, and Juan M. Sánchez
On the Economy blog, March 27, 2020
first posted online March 27, 2020

COVID-19 and the Importance of Testing? by B. Ravikumar and Guillaume Vandenbroucke
On the Economy blog, March 27, 2020
first posted online March 27, 2020

How Fast Has COVID-19 Been Spreading? by Guillaume Vandenbroucke
On the Economy blog, March 27, 2020
first posted online as The Speed of COVID-19 March 27, 2020

QUESTIONS?