



The Perryman Group

The Economic Outlook for the United States: Recovery from COVID-19 Begins as the Economy Reopens July 2020

The US job market has recently shown signs of recovery, though total employment remains well below pre-COVID-19 levels.

The most recent US jobs reports indicate gains of 2.7 million jobs in May and 4.8 million in June, with a decrease in the unemployment rate from 14.7% in April to 11.1% in June. However, the total increase over the past two months is far below the loss of 22.2 million during March and April. Moreover, the recent increase in COVID-19 infections may cause the recovery to slow. The situation remains challenging and fluid, and the recovery will likely be bumpy.

There are two countervailing forces in the job market. Many companies are continuing to struggle and lay off workers. While initial weekly jobless claims have fallen substantially from peak levels, they remain almost twice as high as the previous records set during the 2008 recession. Simultaneously, as the economy reopens, some of the most labor-intensive segments (such as retail, bars and restaurants, and personal services) have been hiring in large numbers (at least as of the time the employment data was collected, and recent heightened restrictions may reverse this trend). On balance, there was improvement in overall employment in May and June.

It should take about two years to return to prior peak levels even with no major

additional disruptions. Health and safety remain of paramount concern, and progress will depend on the ability to continue to resume activity without infections reaching a level that will necessitate a new wave of restrictions. The current economic crisis was caused by a health crisis, and to ultimately resolve the economic crisis requires effectively dealing with the pandemic situation.

The Perryman Group's latest forecast calls for a decrease in real gross product of -4.96% this year, with a gain of 3.67% in 2021. Employment is projected to decline by -6.25% for 2020 and rise 4.78% next year. Compared to last quarter's forecast, the outlook has become slightly less negative for this year as businesses have been allowed to reopen, but worse for 2021 as cases have escalated and progress on dealing with the health crisis has been slow, thus permitting a somewhat less robust comeback.

CONCLUSION

The Perryman Group's expectations indicate that 2021 will see the US economy recover a significant part of activity lost this year. Once a lasting solution to the COVID-19 issue can be developed, long-term prospects for the economy remain positive.

United States Economic Outlook through 2021

Results by key economic indicator

Industry Sector	Loss in 2020		Recovery in 2021	
	Absolute	Percent	Absolute	Percent
Nominal Gross Product	-\$965.4 b	-4.51%	+\$914.8 b	+4.47%
Real Gross Product	-\$945.8 b	-4.96%	+\$666.0 b	+3.67%
Nominal Personal Income	-\$832.9 b	-4.48%	+\$1,368.8 b	+7.70%
Real Personal Income	-\$900.4 b	-5.31%	+\$1,004.8 b	+6.25%
Total Employment	-9.428 m	-6.25%	+6.770 m	+4.78%

Source: US Multi-Regional Econometric Model, The Perryman Group

Notes: Monetary values given in billions of current US dollars, "real" values given in billions of 2012 US dollars.

METHODS AND ASSUMPTIONS

These projections are based on The Perryman Group's forecasting system, the US Multi-Regional Econometric Model, which provides detailed industry-level projections for the various regions and metropolitan areas within the United States. It is formulated in an internally consistent manner and is designed to permit the integration of relevant global, national, state, and local factors into the projection process. The model is the result of more than four decades of continuing research in econometrics, economic theory, statistical methods, key policy issues, and behavioral patterns, as well as intensive, ongoing study of all aspects of the economy. It is extensively used by scores of federal and State governmental entities on an ongoing basis, as

well as hundreds of major corporations.

The firm's US Multi-Regional Impact Assessment System was also integrated in this dynamic analysis of COVID-19's effects on the outlook for the US economy. The Perryman Group developed a scenario for estimating the effects of COVID-19 which reflects a variety of public and private source materials including, among others, data from sectors that have been particularly affected, information from areas where the pandemic spread earlier (as well as prior pandemics and natural disasters), performance patterns in other economic downturns and recoveries, and historical responses to oil price fluctuations. Reasonable measures of potential direct effects by detailed industrial cate-

gory were developed and used as inputs to the impact assessment system. The anticipated effects of the virus going forward and recent and expected monetary and fiscal policy actions were incorporated into projections of economic indicators.

These systems have been developed, maintained, and expanded by The Perryman Group over the past four decades. They have been used in thousands of applications, including numerous crisis situations (including several natural disasters), major health care issues (such as cancer and diabetes), pressing social concerns (such as hunger, child maltreatment, homelessness, and indigent health care), and substantial disruptions in global energy markets.

THE PERRYMAN GROUP



The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.

Our in-house professionals bring expertise in **economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing**. Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

OUR SERVICES

IMPACT ASSESSMENT

We have developed and continually maintain an extensive set of economic impact evaluation models that can be applied in a variety of contexts.

EXPERT TESTIMONY

We help clients analyze and communicate complex information in common-sense terms through comprehensive, objective analyses and clear, concise expert reports and presentations.

FORECASTING

We are at the cutting edge of econometrics and other advanced statistical methods and have provided innovative approaches for many complex applications.

SPEECHES

Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.

M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.

He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust

and competition, patent infringement and other intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages

calculation, asset valuation, market analysis, and statistical methods and econometrics.



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