

Handicapping the Paths for the Pandemic Economy

Mark Zandi, Chief Economist
Cris deRitis, Deputy Chief Economist

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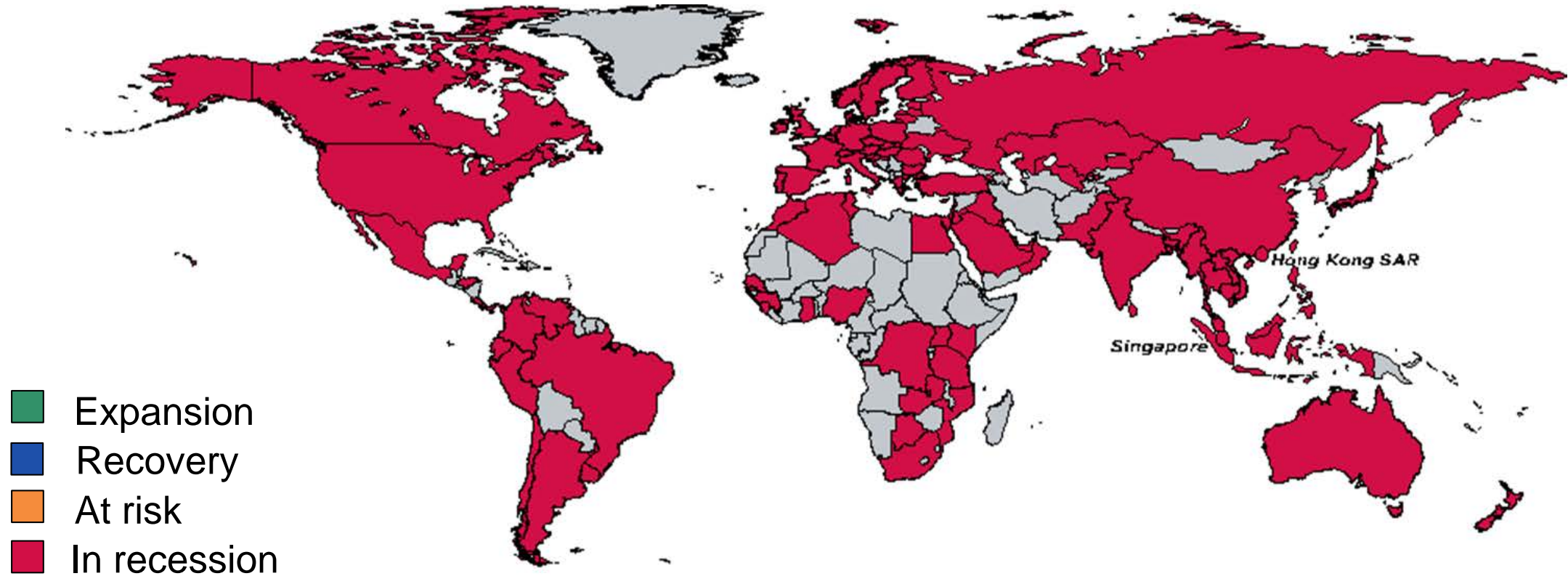
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Cataclysmic Economic Shock...

Pandemic Upends Global Economy

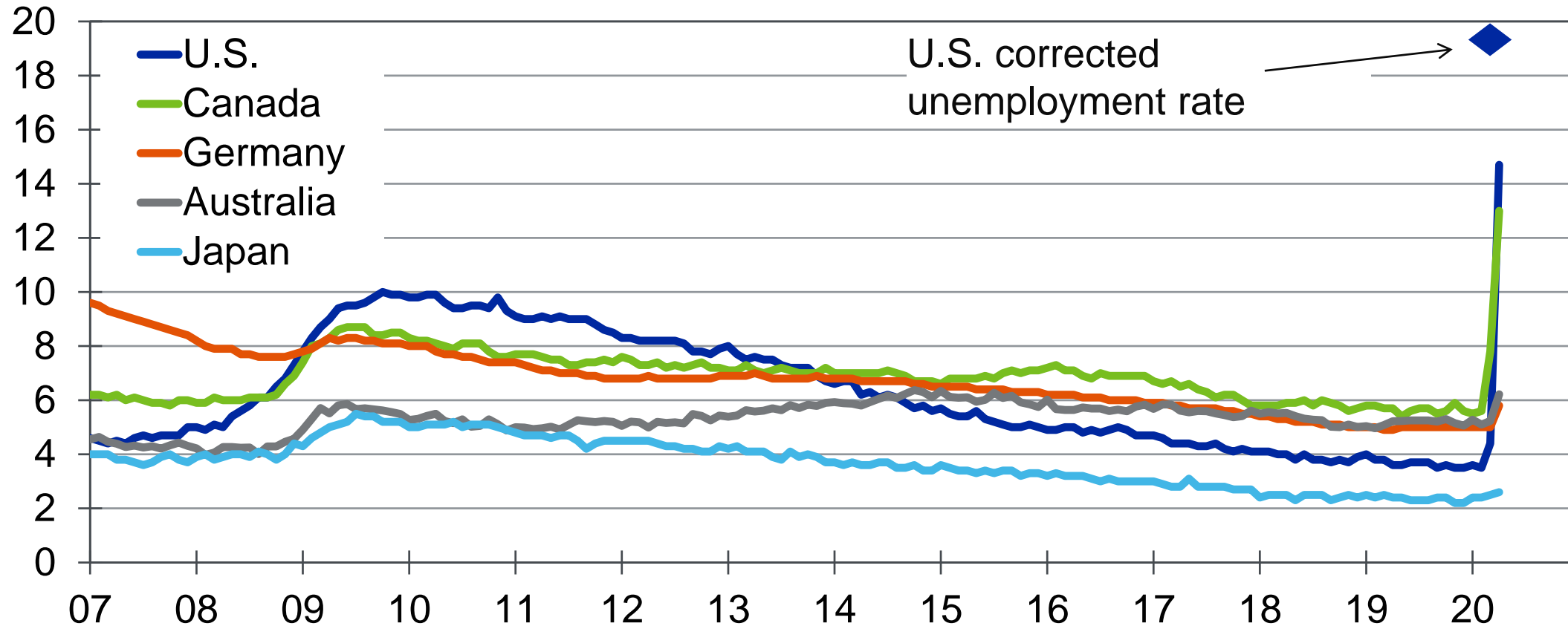
Business cycle status as of May 2020



Sources: Moody's Analytics

U.S. Economy Struggles Most

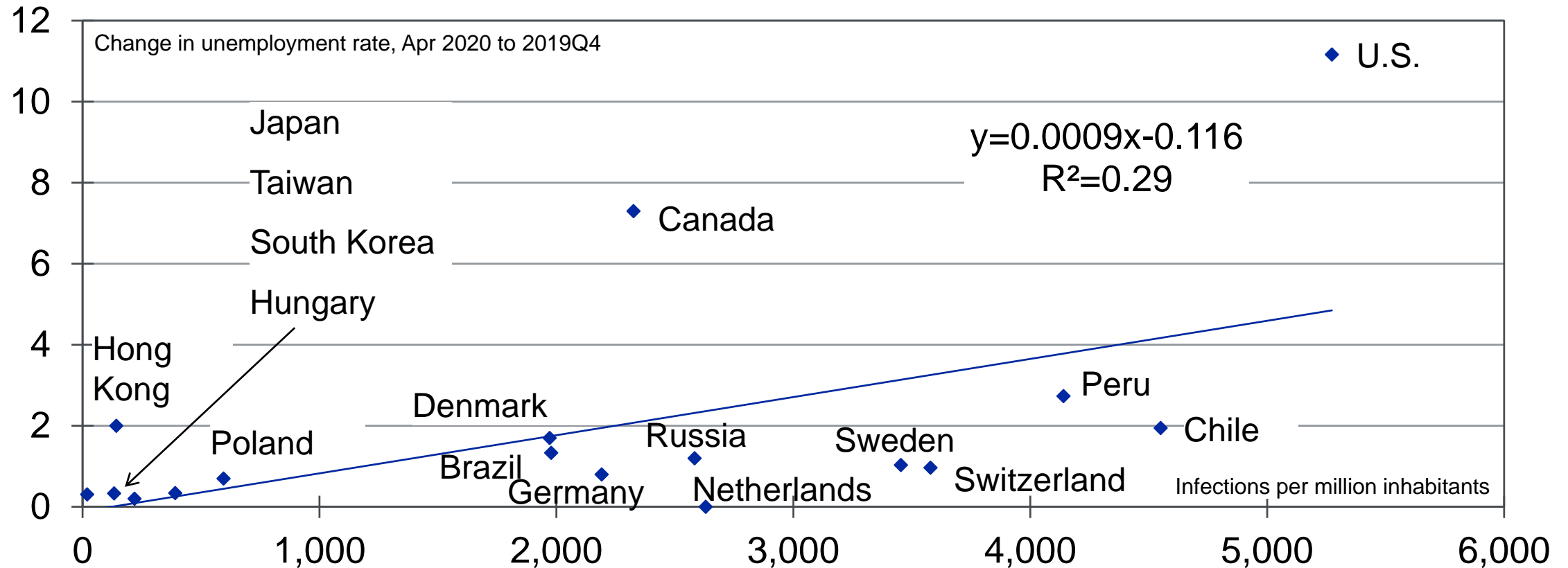
Unemployment rate through Apr 2020, %



Sources: National statistical bureaus, NBER, Moody's Analytics

More Infections, Worse Downturn

Confirmed infections per mil inhabitants. For countries with unemployment rate data available for Apr 2020



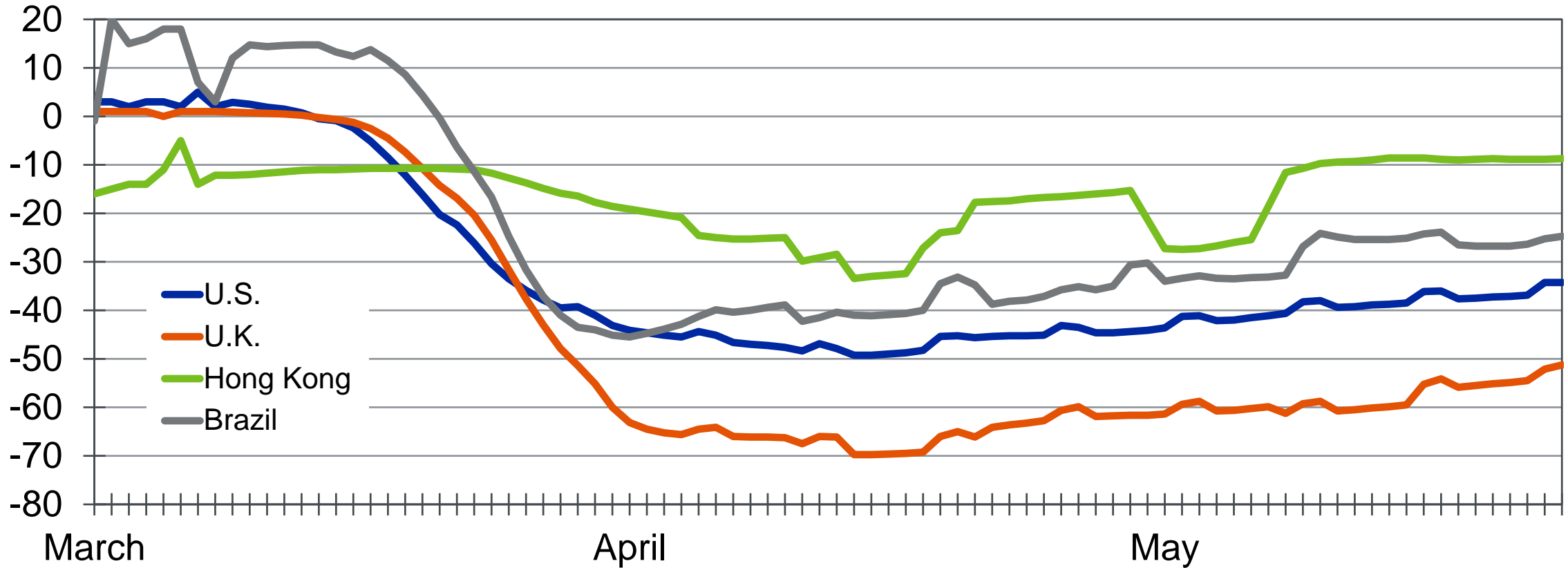
Sources: WHO, Government sources, Moody's Analytics

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...But the Recession Is Over

Global Businesses Re-Open

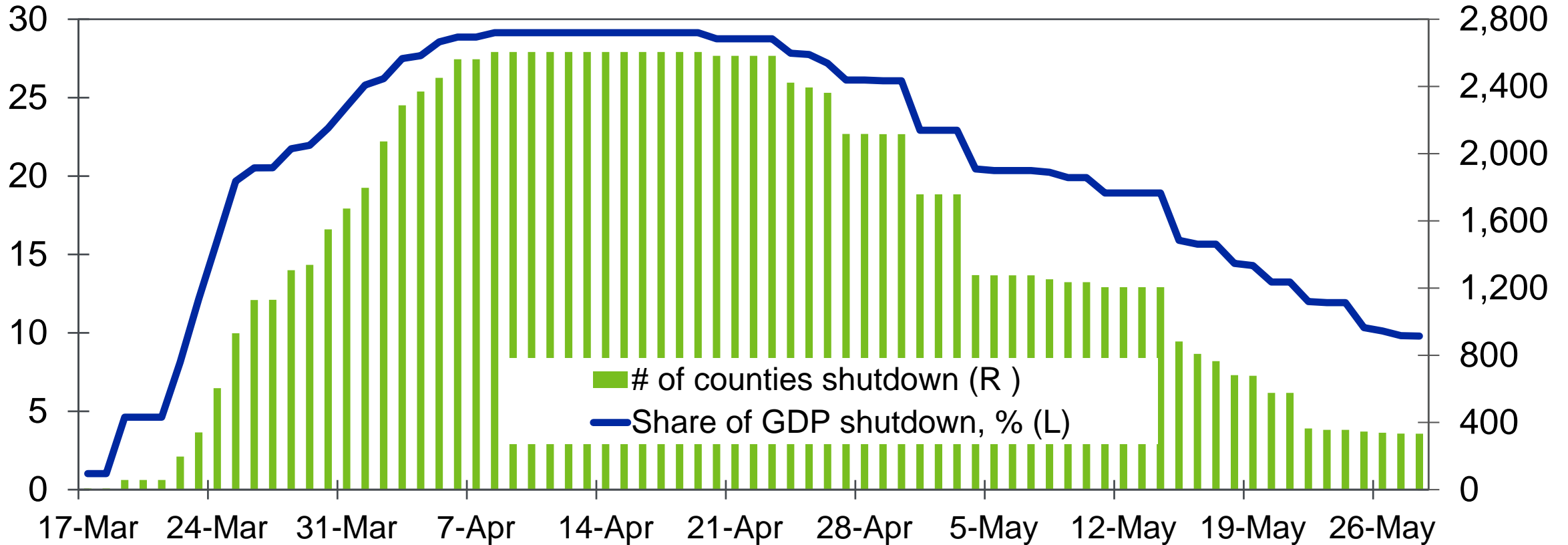
Google mobility for the workplace, 7-day moving average, 0 = pre-COVID



Sources: Google, Moody's Analytics

U.S. Lockdown Winds Down

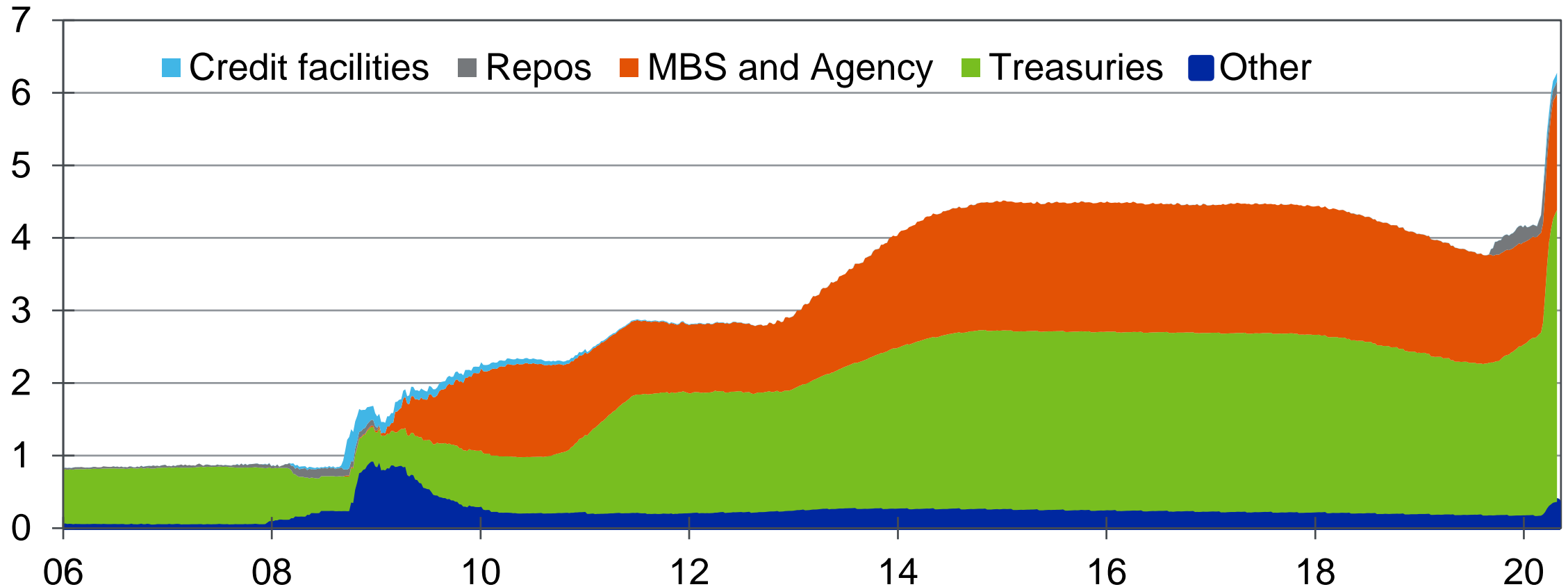
Share of GDP and # of counties shutdown



Sources: BEA, NY Times, Moody's Analytics

Central Banks Erect a Firewall

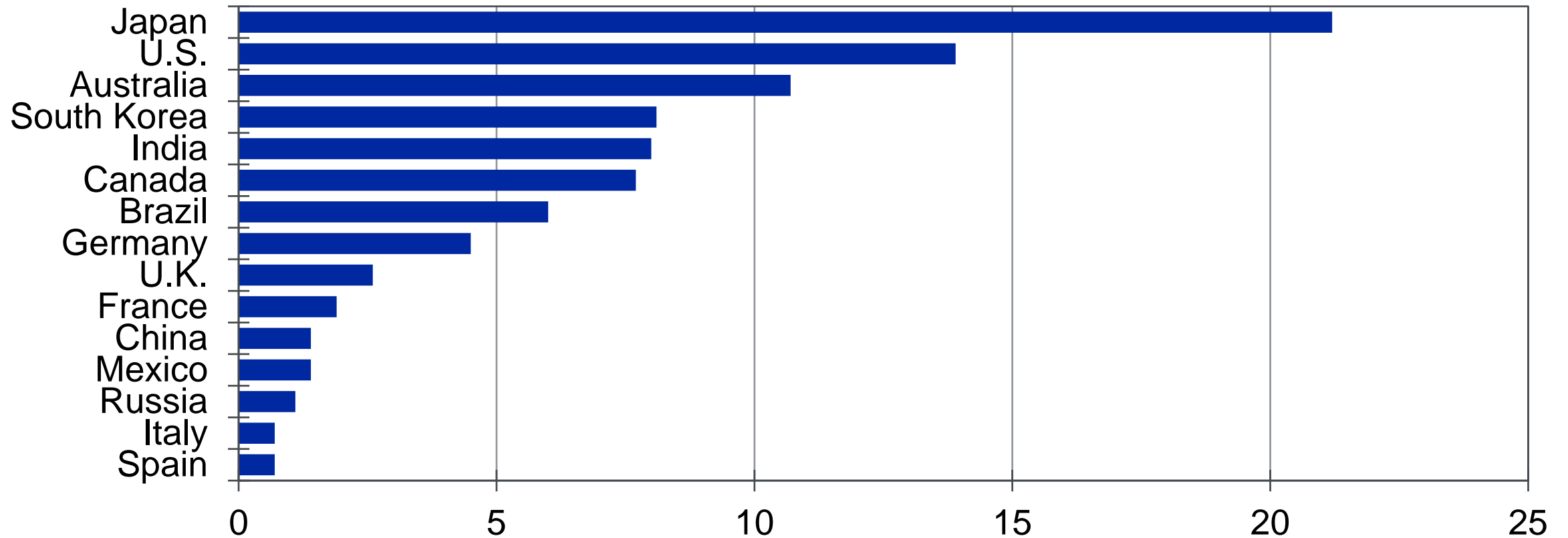
Assets held outright on the Federal Reserve's balance sheet, \$ tril



Sources: Federal Reserve, Moody's Analytics

Aggressive Global Fiscal Policy Response...

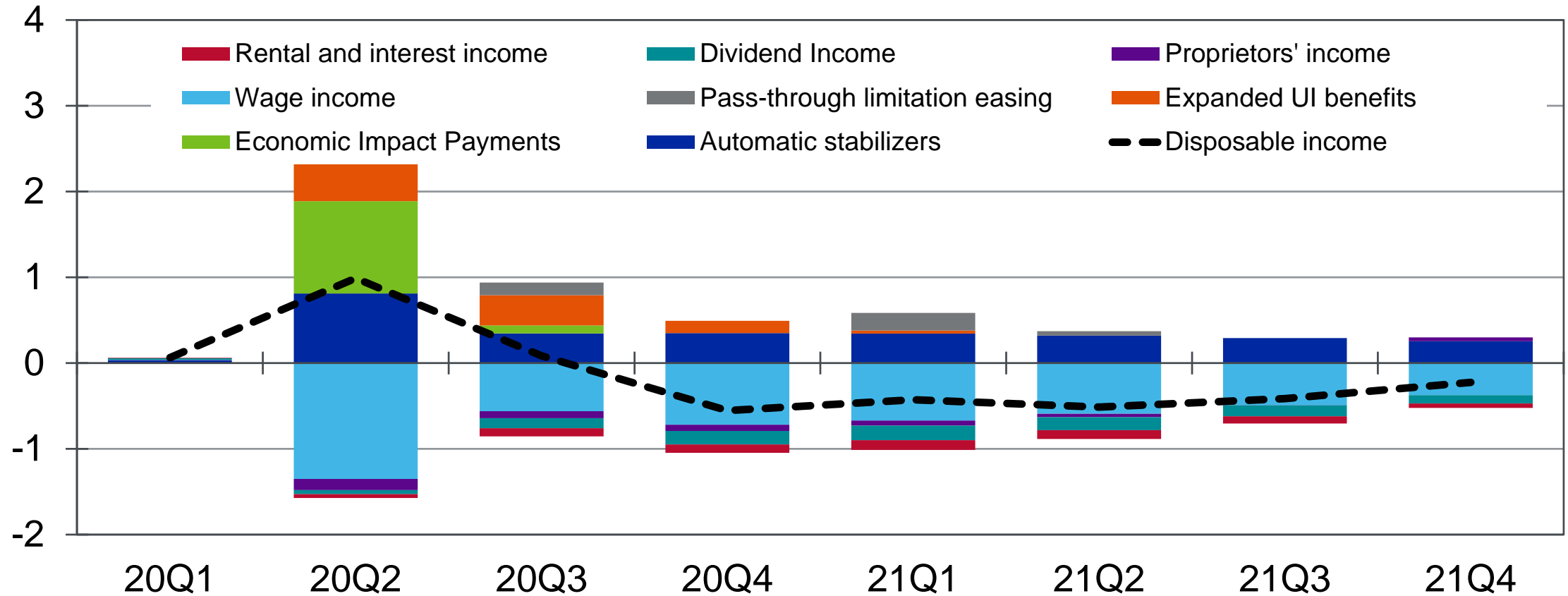
Fiscal support as of Apr 2020, % of 2019 GDP



Source: Moody's Analytics

...That Cushions the Blow (Temporarily)

U.S. Personal income, \$ tril, SAAR, change from 2019Q4



Sources: BEA, CBO, Moody's Analytics

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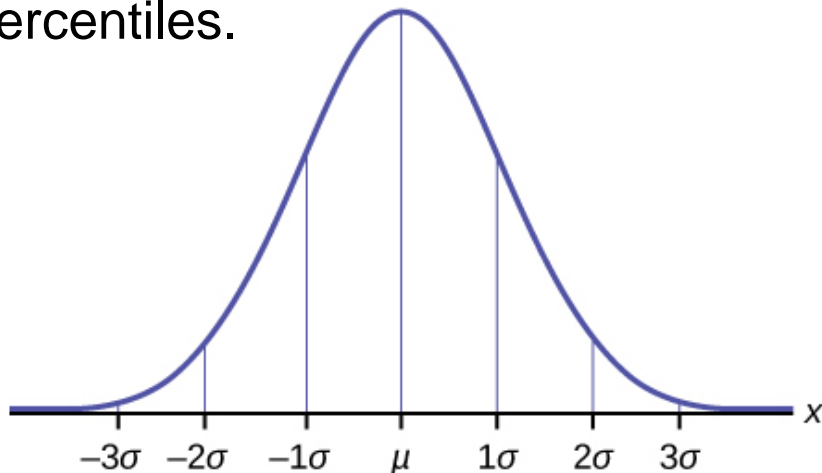
Alternative Paths

Alternative Scenarios

Updated each month

The **baseline** forecast (50/50 probability) is the “most likely outcome” based on current conditions and our view of where the economy is headed.

We run multiple simulations to develop a probability distribution of outcomes, ranking by unemployment and identifying percentiles.

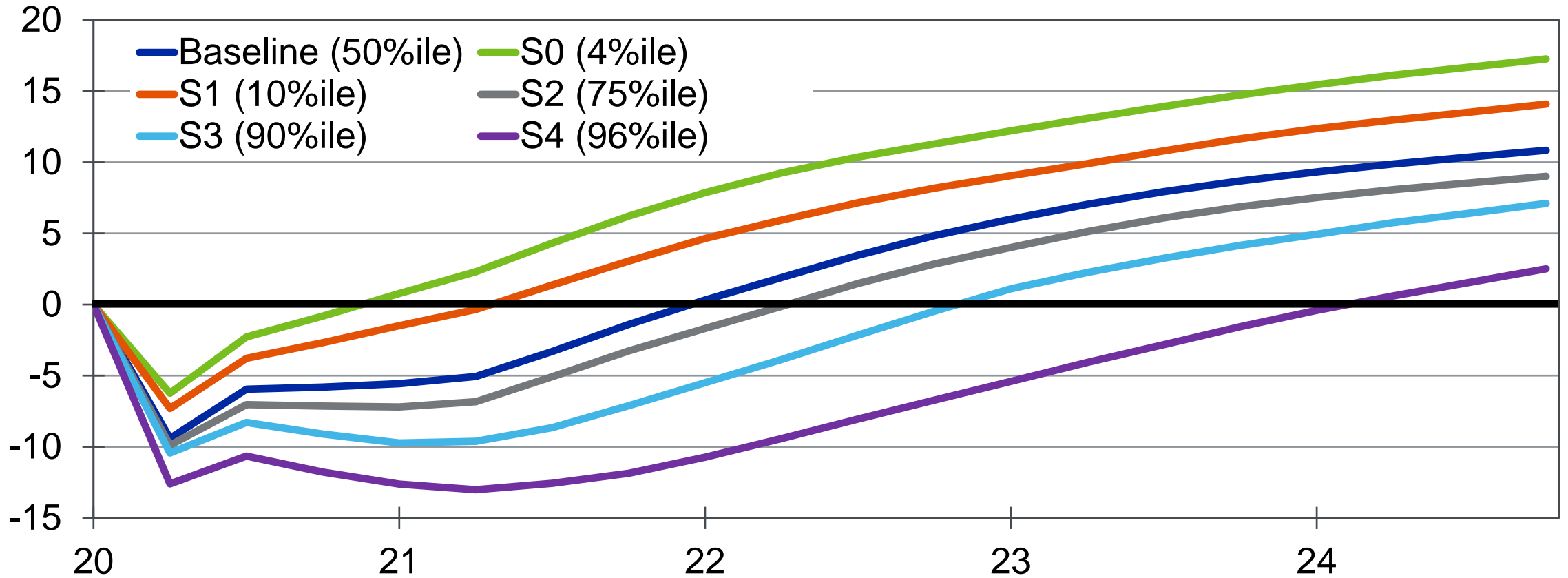


- S0** Upside (4th Percentile)
- S1** Upside (10th Percentile)
- S2** Downside (75th Percentile)
- S3** Downside (90th Percentile)
- S4** Downside (96th Percentile)
- S5** Slower-Trend (Narrative)
- S6** Stagflation (Narrative)
- S7** Next Cycle Recession (Narrative, U.S. Only)
- S8** Low Oil Price (Narrative)
- CF** Consensus Forecast
- CS** Constant Severity

Scenario Assumptions and Narratives are fully documented.

V, W, U, L? A Swoosh Recovery

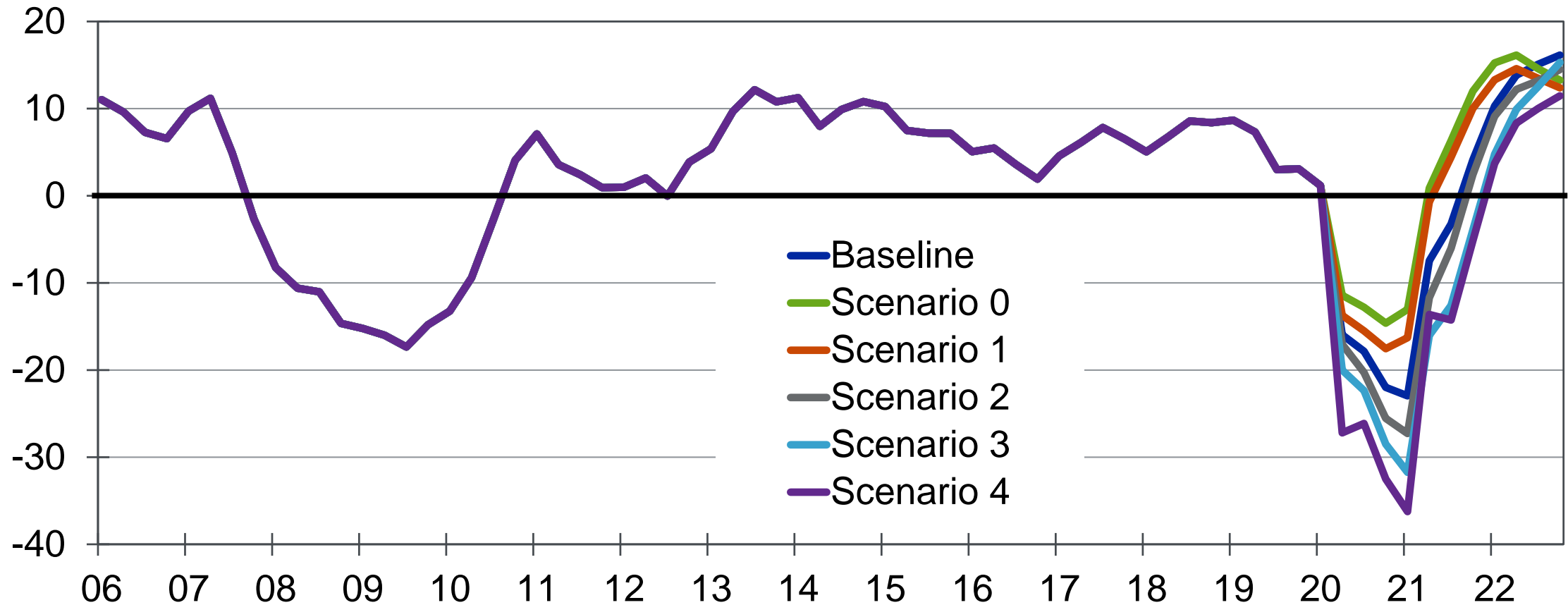
U.S. Real GDP, % change from start of recession



Source: Moody's Analytics

Commercial Real Estate Market Will Be Slammed

U.S. Commercial property price index, % yr ago



Sources: Reis, Moody's Analytics

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Epidemiological Assumptions

U.S. EPI Assumptions

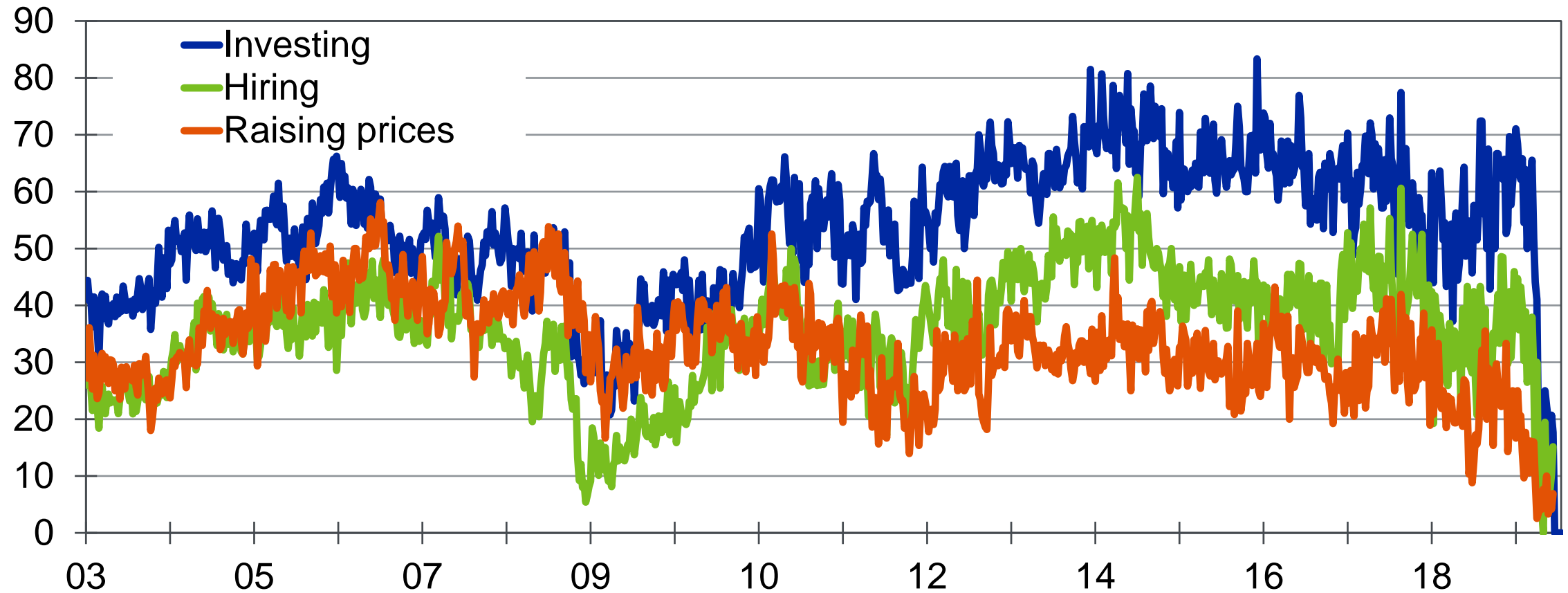
Paths	Current	S0	S1	BASELINE	S3	S4
EPIDEMIOLOGICAL						
Total Infections (Confirmed)	1.8 mil (22K/day)	1.9 mil	2.2 mil	2.4 mil	3.3 mil	4.1 mil
Peak Infections	Peak in April	Peak in April	Peak in April	Peak in April	Peak in June	Peak in June
Case Fatality	5.5%	5.4%	5.6%	6.3%	8.0%	9.3%
Hospitalization Rate	12%	10%	11%	12%	15%	20%
Abatement Date (<1000 infections/day)		Abate by June	Abate by June	Abate by July	Abate by August	Abate by August
Hospital Beds		Large Surplus	Large Surplus	Surplus	Small Deficit	Deficit
ICU Beds		Large Surplus	Surplus	Small Surplus	Small Deficit	Large Deficit
Ventilators		Large Surplus	Surplus	Small Surplus	Small Deficit	Large Deficit

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Demand-Side Cross-Currents

Global Businesses Are Shell-Shocked

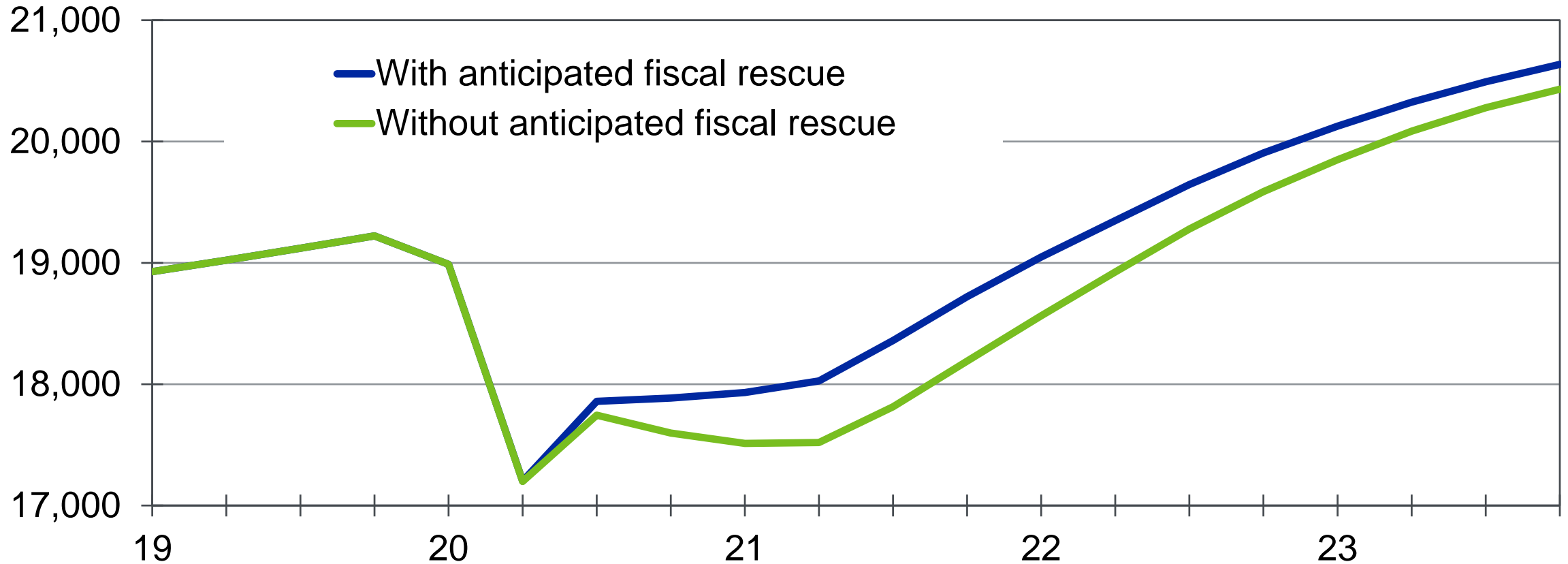
% of Moody's Analytics global bus. survey respondents that are...



Source: Moody's Analytics

Double-Dip Recession Without More Fiscal Support

U.S. real GDP, 2012\$ bil



Sources: BEA, Moody's Analytics

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How Much Structural Damage

U.S. Businesses Are Paying Increasingly Late...

Top 10 weakest and strongest 3-digit NAICS, April 2020

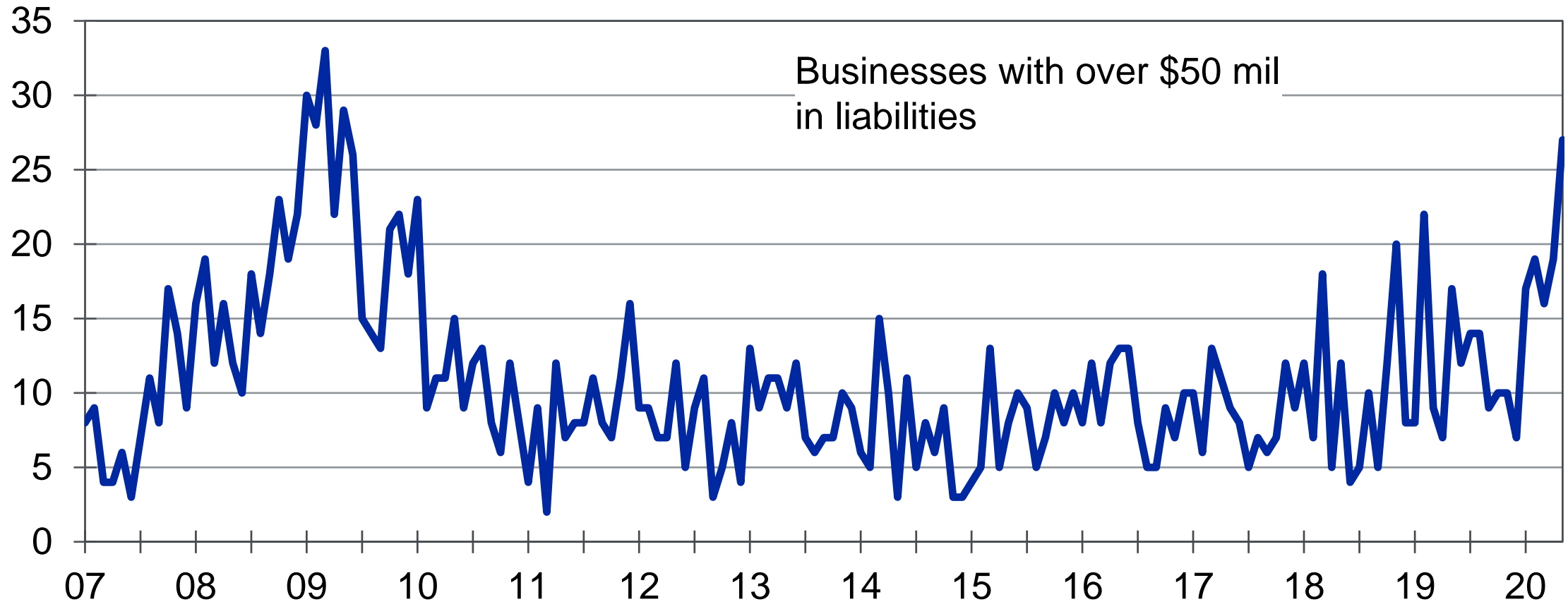
NAIC	Industry	Employment	B2B Spending	
		2019, ths	% Late	Change yr ago
721	Accommodation	2,077.4	69.0	44.5
512	Motion picture and sound recording	442.8	54.0	32.8
711	Performing arts, spectator sports and related	516.7	49.2	24.1
722	Food services and drinking places	12,068.7	47.6	22.7
712	Museums, historical sites; and similar	173.0	46.4	24.1
448	Clothing and clothing accessories stores	1,299.2	45.3	19.1
315	Apparel manufacturing	110.4	44.7	18.0
323	Printing and related support activities	424.7	38.8	9.5
482	Rail transportation	174.5	38.2	2.3
481	Air Transportation	503.3	37.6	9.6
	Total	150,935.4	29.4	7.5
454	Nonstore retailers	562.7	26.0	8.2
522	Credit intermediation and related activities	2,651.2	25.9	6.2
425	Wholesale electronic markets and agents and brokers	530.9	25.8	3.7
452	General merchandise stores	3,037.8	24.1	5.2
321	Wood product manufacturing	409.0	23.4	2.0
811	Repair and maintenance	1,352.2	22.1	3.6
444	Building material and garden equip. and supplies dealers	1,296.4	20.7	2.3
524	Insurance carriers and related activities	2,790.1	20.6	4.0
623	Nursing and residential care facilities	3,378.6	20.1	1.9
441	Motor vehicle and parts dealers	2,034.9	18.9	4.5

Note: Excludes NAICs with fewer than 25,000 employees in 2019 and in public administration and agriculture

Sources: Cortera, Moody's Analytics

...and Business Bankruptcies Surge

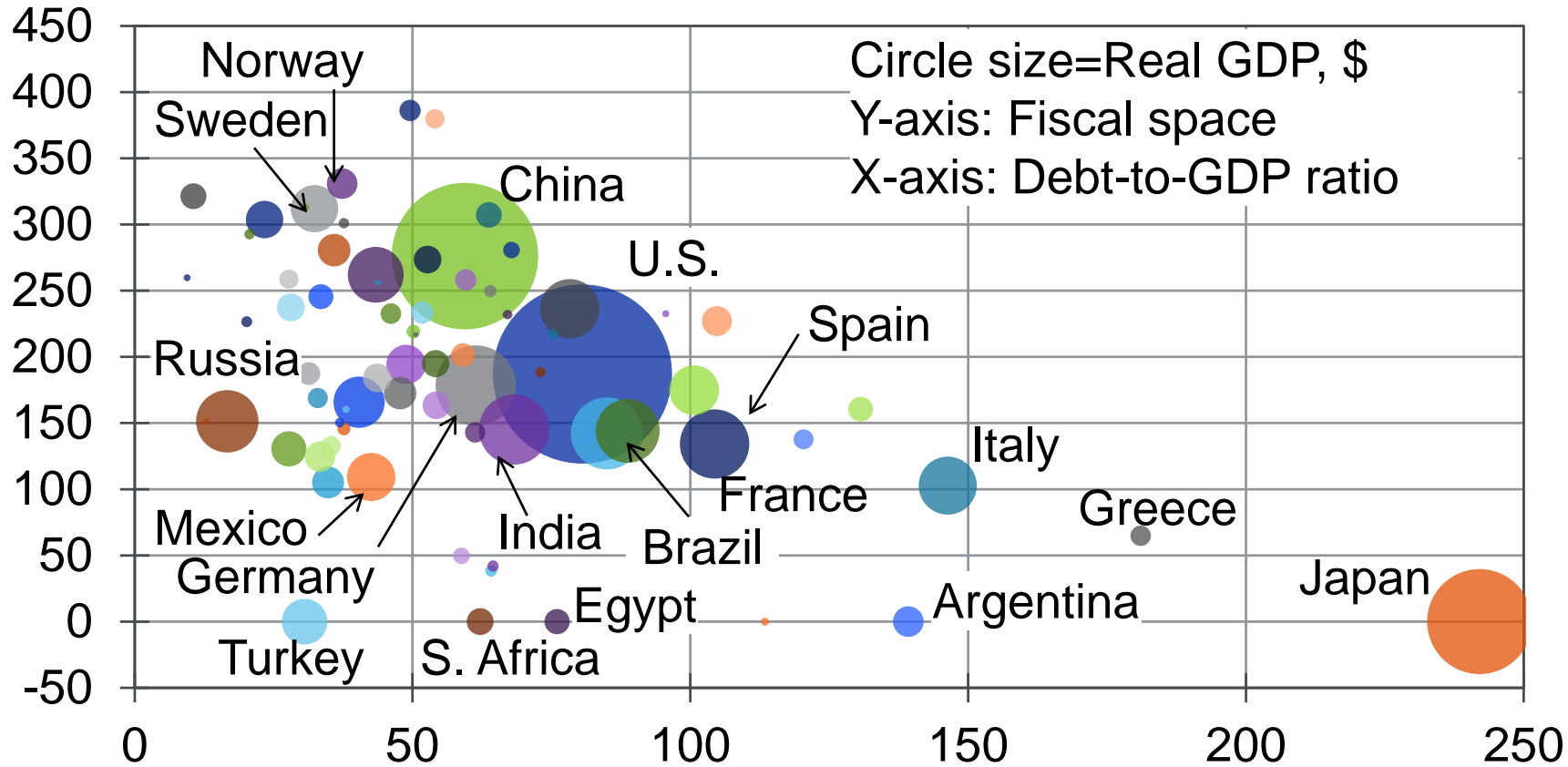
U.S. monthly Chapter 11 filings as of May 27



Sources: Bloomberg, Moody's Analytics

Running Out of Fiscal Space

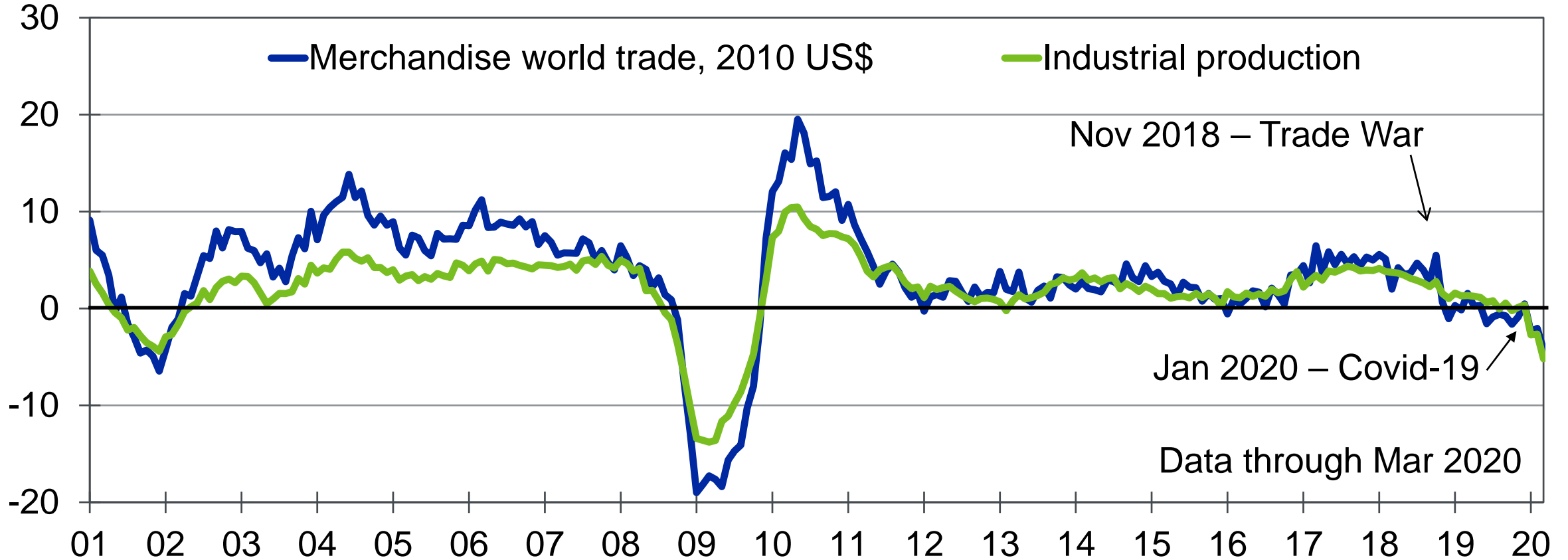
Sovereign borrowing capacity given current yields



Source: Moody's Analytics

Globalization Will Be Diminished

Global trade and industrial production, % change yr ago



Sources: CPB World Trade Monitor, Moody's Analytics

Q&A

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MORE INFORMATION

moodysanalytics.com/covid19scenarios

Forecasts for 100+ countries are available for download through our Data Buffet service, via our Excel Add-in or API.

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Users can also create their own scenarios based off our Global Macroeconomic Forecast Model using our Scenario Studio platform.

Contact Us: Economics & Business Analytics Offices

West Chester, EBA-HQ

+1.610.235.5299
121 North Walnut Street, Suite 500
West Chester PA 19380
USA

New York, Corporate-HQ

+1.212.553.1653
7 World Trade Center, 14th Floor
250 Greenwich Street
New York, NY 10007
USA

London

+44.20.7772.5454
One Canada Square
Canary Wharf
London E14 5FA
United Kingdom

Toronto

416.681.2133
200 Wellington Street West, 15th Floor
Toronto ON M5V 3C7
Canada

Prague

+420.22.422.2929
Washingtonova 17
110 00 Prague 1
Czech Republic

Sydney

+61.2.9270.8111
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia

Singapore

+65.6511.4400
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809

Shanghai

+86.21.6101.0172
Unit 2306, Citigroup Tower
33 Huayuanshiqiao Road
Pudong New Area, 200120
China

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