COVID-19 and the economy

peter rupert
professor
department of economics, ucsb
director, ucsb economic forecast project

May 5, 2020
how little we know, how much we have forgotten

- hong kong

- woodstock
state of the world

- how little we know
  - understanding the Coronavirus and COVID-19
  - understanding the economics
- making decisions from “best guesses”
- LA test results from 2 weeks ago
  - 250,000-500,000 have had the infection
- where is the flour and toilet paper
- price gouging?? a later discussion
“The flu has a mortality rate of 0.1%. This has a mortality rate of ten times that.”
— Anthony Fauci
the science: this now controversial

Dr. Jay Bhattacharya, MD, PhD, Stanford University  
Professor of Medicine  
Senior Fellow at the Freeman Spogli Institute for International Studies  
Senior Fellow at the Stanford Institute for Economic Policy Research  
Professor by Courtesy of Economics  
Director of the Program on Medical Outcomes  
Director of the Center on the Demography and Economics of Health and Aging

THE WALL STREET JOURNAL.

“An epidemic seed on January 1st implies that by March 9 about six million people in the U.S. would have been infected. As of March 23...there were 499 Covid-19 deaths in the U.S....that’s a mortality rate of 0.01%.”
the economics

- treasury: borrowing $3 trillion in Q2
  
- more than 5 times quarterly borrowing in GR
  
- April year over year treasury receipts: -78%
The economics

- Forecasts are all over the map
  - Economic Policy Institute: 19.8M lost jobs
  - St. Louis Fed: 47M lost jobs
    - Btw, estimated unemployment rate: 10%-40%
  - As of Feb. 1, 2020: 5.8M unemployed
- Already have seen unprecedented effects
- Some industries hit harder than others
- From national to local, sectoral differences
Initial Claims
Source: BLS
Initial Claims

Weekly Claims

Source: Department of Labor
Advance Retail Sales, Percent Change

Source: US Census Bureau
following slides from SafeGraph

based on foot traffic from smartphones

nuclear fallout
Visits per Week by Establishment Type
Santa Barbara City

- Museums
- Nature Parks and Other Similar Institutions
- Hotels (except Casino Hotels) and Motels

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type
Santa Barbara City

- Elings Park
- MOXI The Wolf Museum Of Exploration Innovation
- Santa Barbara Zoo
- Shoreline Park

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type
Santa Barbara County

- Hardware Stores
- Supermarkets and Other Grocery Stores
- Food (Health) Supplement Stores
- Movie Theaters

Index (2019 = 1.0)

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type
Santa Barbara County

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type
Santa Barbara County

Index (2019 Jan = 1.0)


Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type

Santa Barbara County

- Costco
- McDonald's
- Starbucks
- The Home Depot
- Walmart

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
Visits per Week by Establishment Type
Santa Barbara County

- Breweries
- Wineries
- Dispensaries
- Beer, Wine, and Liquor Stores

Statewide shelter-in-place order issued

Data Source: SafeGraph, a data company that aggregates anonymized location data from numerous applications in order to provide insights about physical places.
some projections

- leisure and hospitality
- retail
## Employment by Sector and Projected Losses

<table>
<thead>
<tr>
<th></th>
<th>Private</th>
<th>L&amp;H</th>
<th>Retail</th>
<th>Private Loss</th>
<th>L&amp;H Loss</th>
<th>Retail Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>14,817,100</td>
<td>2,033,200</td>
<td>1,657,600</td>
<td>2,276,965</td>
<td>164,951</td>
<td>133,131</td>
</tr>
<tr>
<td>Santa Barbara</td>
<td>149,400</td>
<td>28,300</td>
<td>18,700</td>
<td>22,958</td>
<td>10,904</td>
<td>7,205</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>96,400</td>
<td>19,900</td>
<td>13,900</td>
<td>14,813</td>
<td>7,667</td>
<td>5,355</td>
</tr>
<tr>
<td>Ventura</td>
<td>264,100</td>
<td>37,900</td>
<td>37,300</td>
<td>40,584</td>
<td>14,602</td>
<td>14,371</td>
</tr>
</tbody>
</table>

**Parameters:**
- Reference Month = Feb 2020
- Projected Aggregate Losses = 19.80M (EPI)
- Private vs. LHR Share Weight = 0.5

**Source:** Economic Forecast Project
Feb. 2020: 7,900 unemployed, 3.7% unemp. rate

Unemployment Rate Projections
Tri-County Area

Parameters:
- Reference Month = Feb 2020
- Projected Agg. Loss = 19.80M (EPI)
- Private vs. LHR Weight = 0.5

Source: Economic Forecast Project
Feb. 2020: 7,900 unemployed, 3.7% unemp. rate

Unemployment Rate Projections
Tri-County Area

Parameters:
Reference Month = Feb 2020
Projected Agg. Loss = 47.00M (Stl Fed)
Private vs. LHR Weight = 0.5

Source: Economic Forecast Project
labor markets during pandemics

my website