

An Economy Disrupted

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The views expressed here are those of the speaker and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.



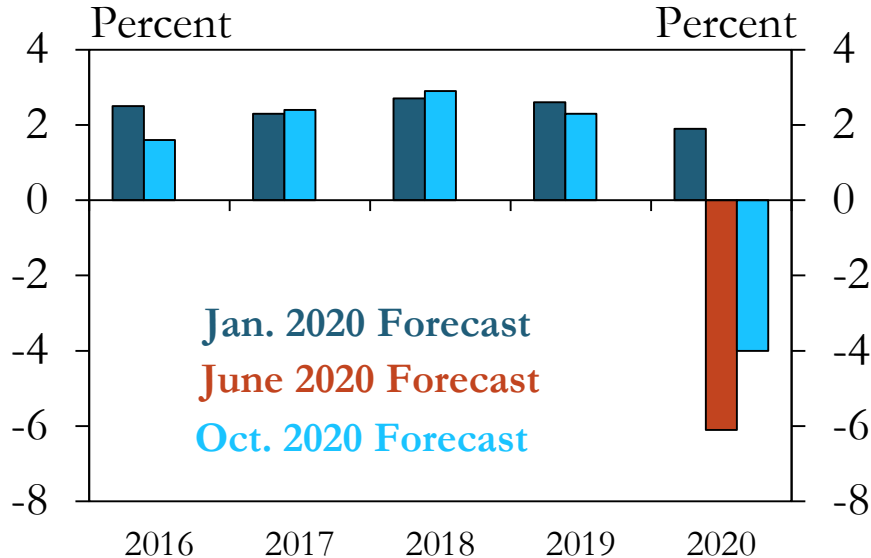
Outlook Themes

- Economic conditions have improved significantly since April.
- The recovery, however, has been highly uneven and disparities may persist for some time.
- Fiscal and monetary policy support has provided extraordinary stimulus, but longer-term economic risks remain.

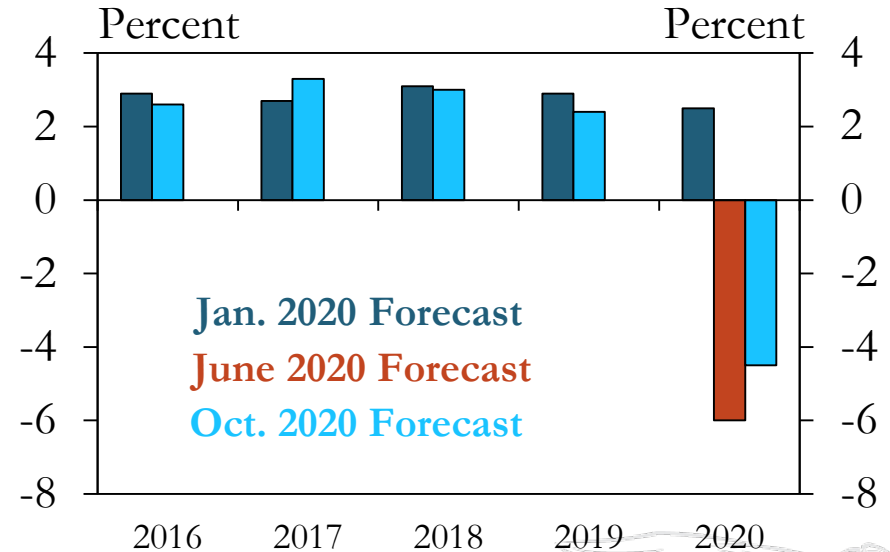


Economic growth will be sharply lower in 2020, but better than initially expected.

U.S. Real GDP Growth



Global Real GDP Growth



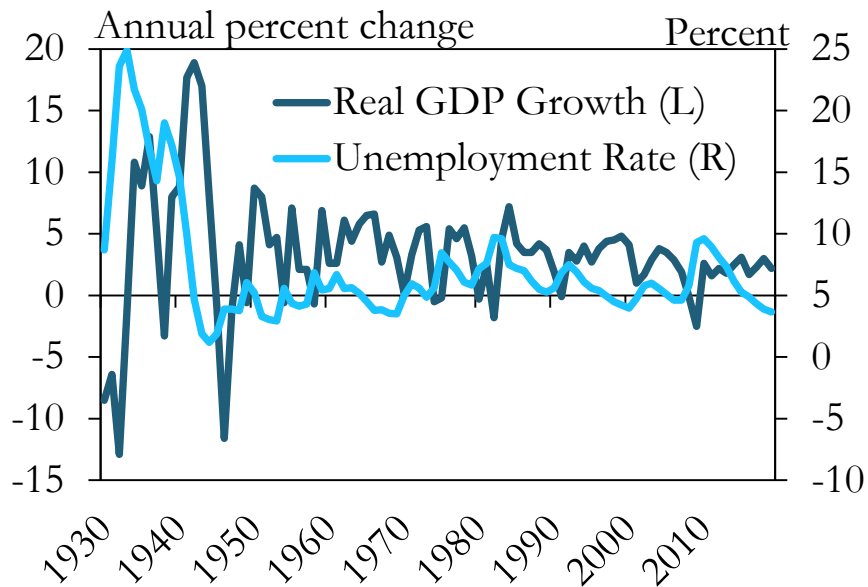
Note: 2020 are forecasts - U.S. – Blue Chip forecast as of June and October 2020. Global - OECD forecast as of June and September 2020.

Source: World Bank, OECD, BEA, Wolters Kluwer and Haver Analytics.

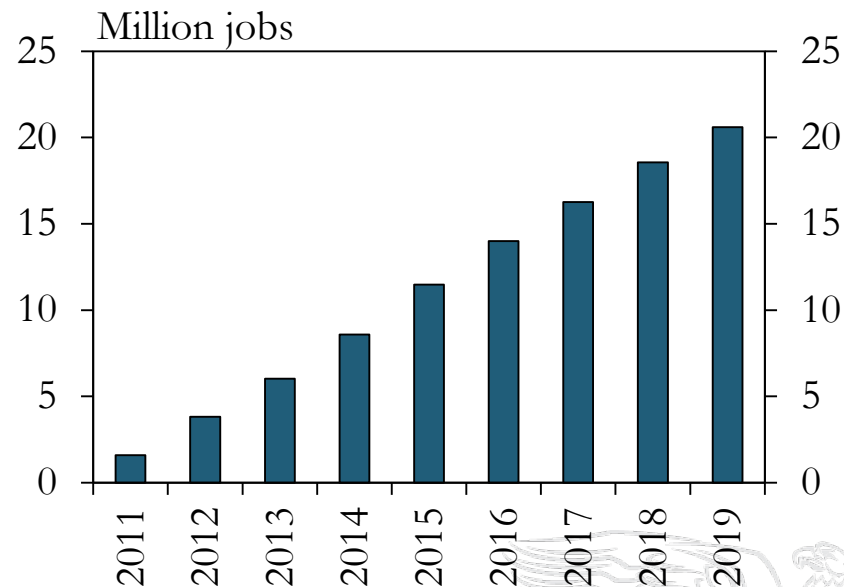


The U.S. economy entered 2020 amid its longest expansion on record.

U.S. GDP Growth and Unemployment

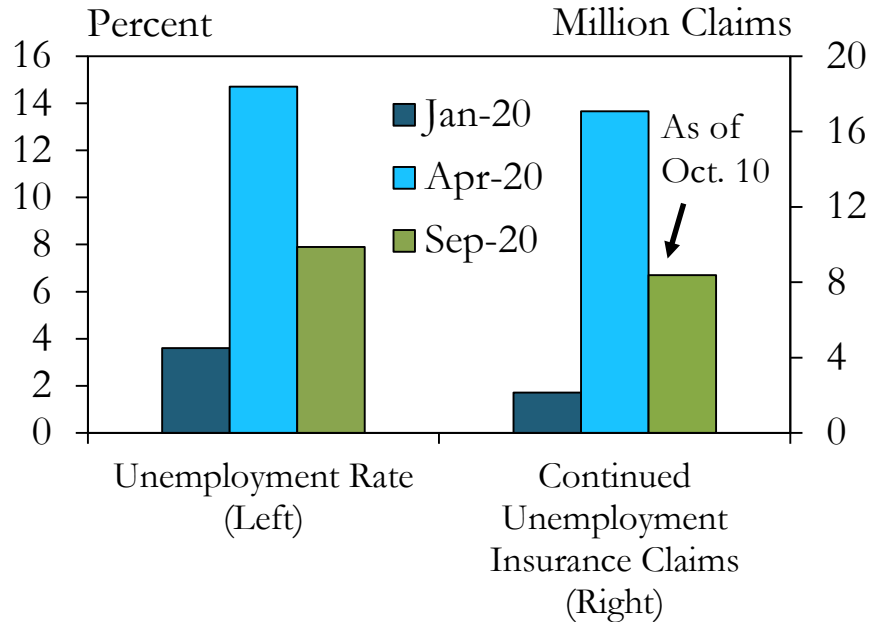


U.S. Jobs Added Since 2010

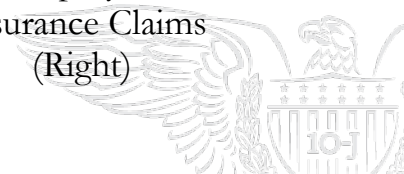
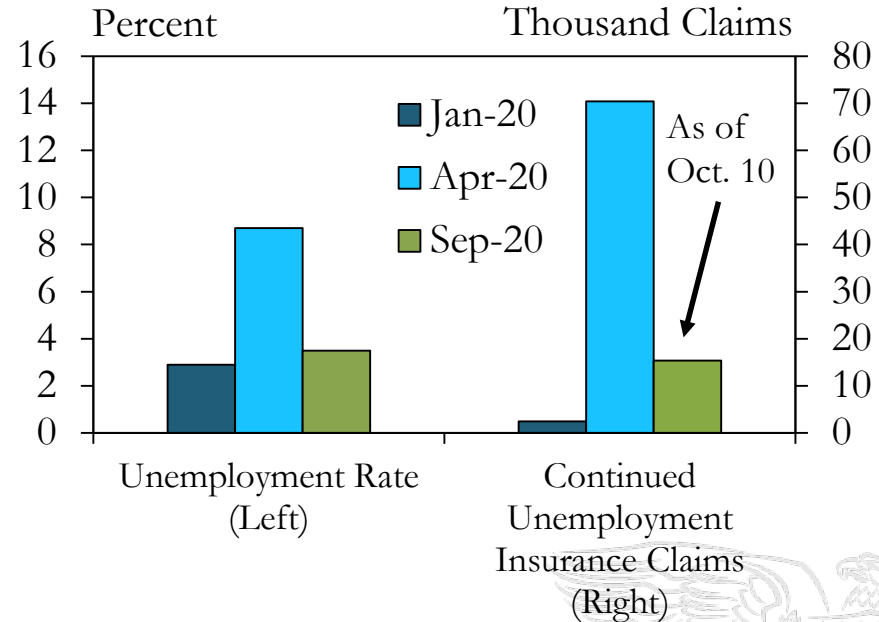


Unemployment has declined since the peak in April, but remains elevated.

U.S. Unemployment

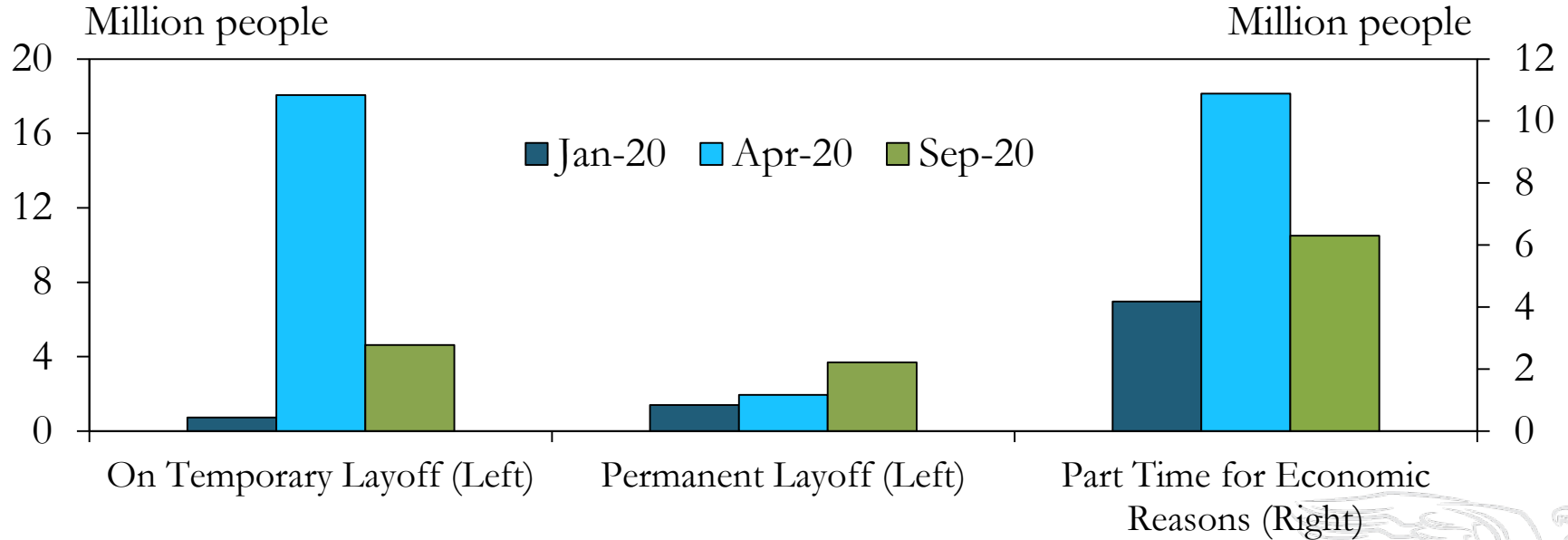


Nebraska Unemployment



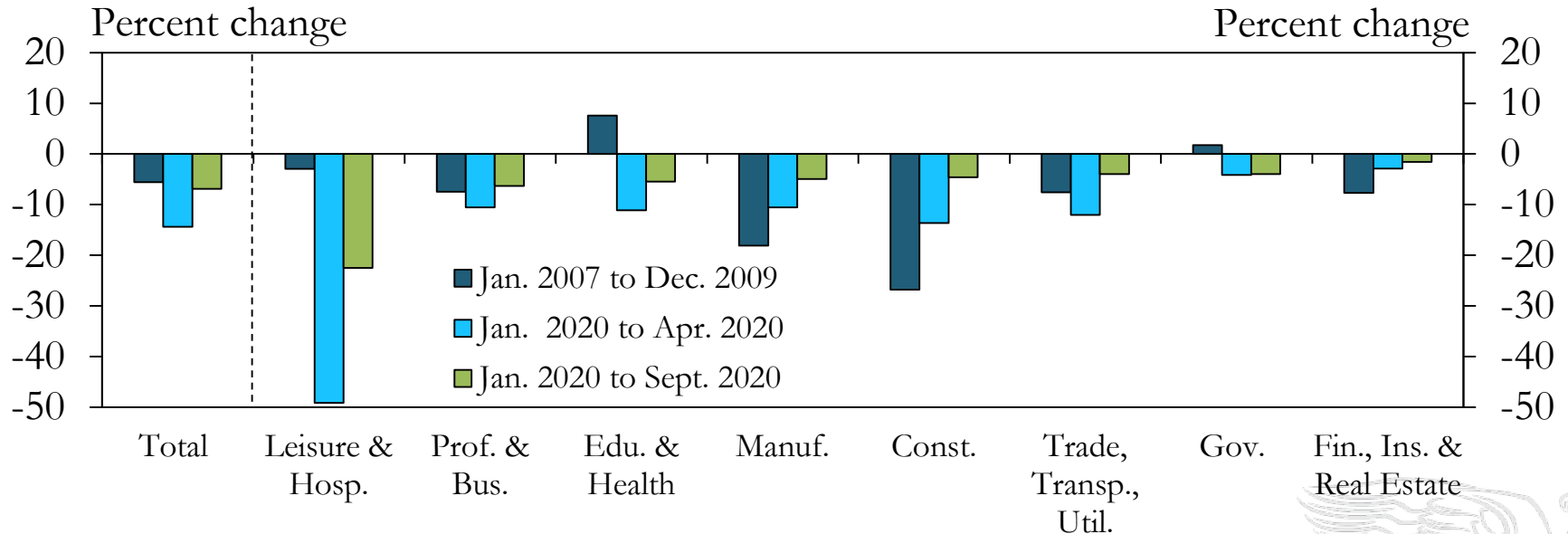
Other measures of employment have also improved since the spring.

U.S. Employment Measures



Some industries have been hit by the pandemic much harder than others.

U.S. Job Growth by Industry

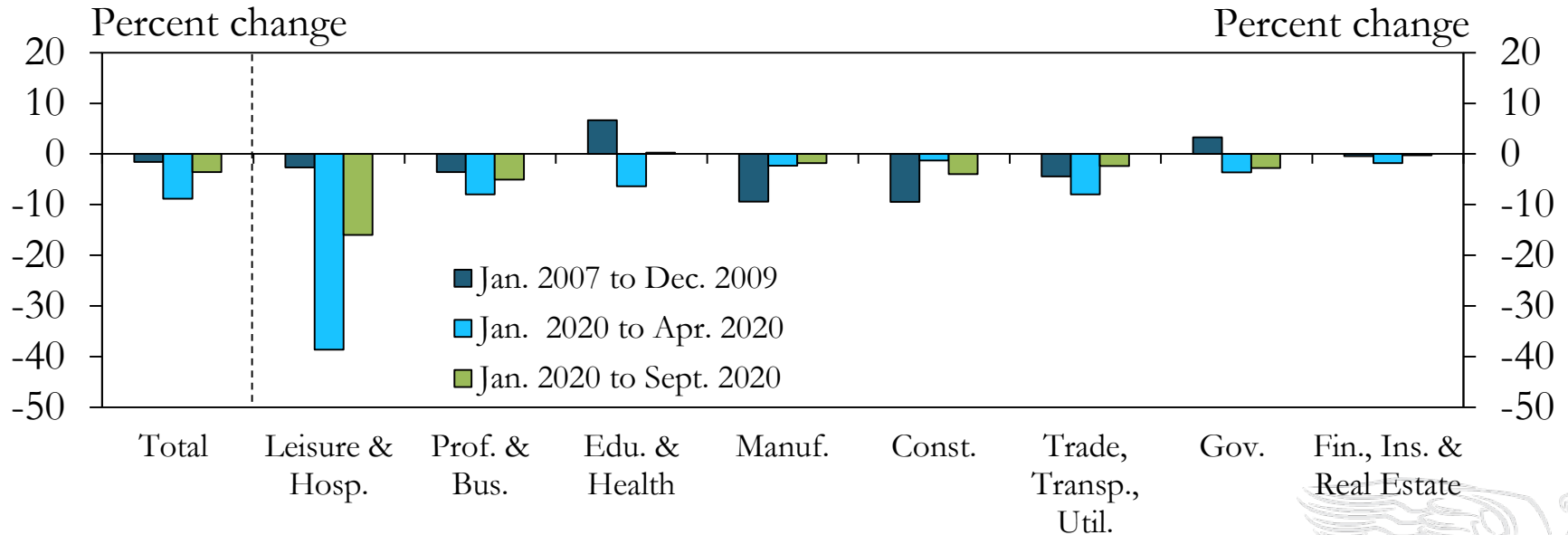


Sources: BLS and Haver Analytics.



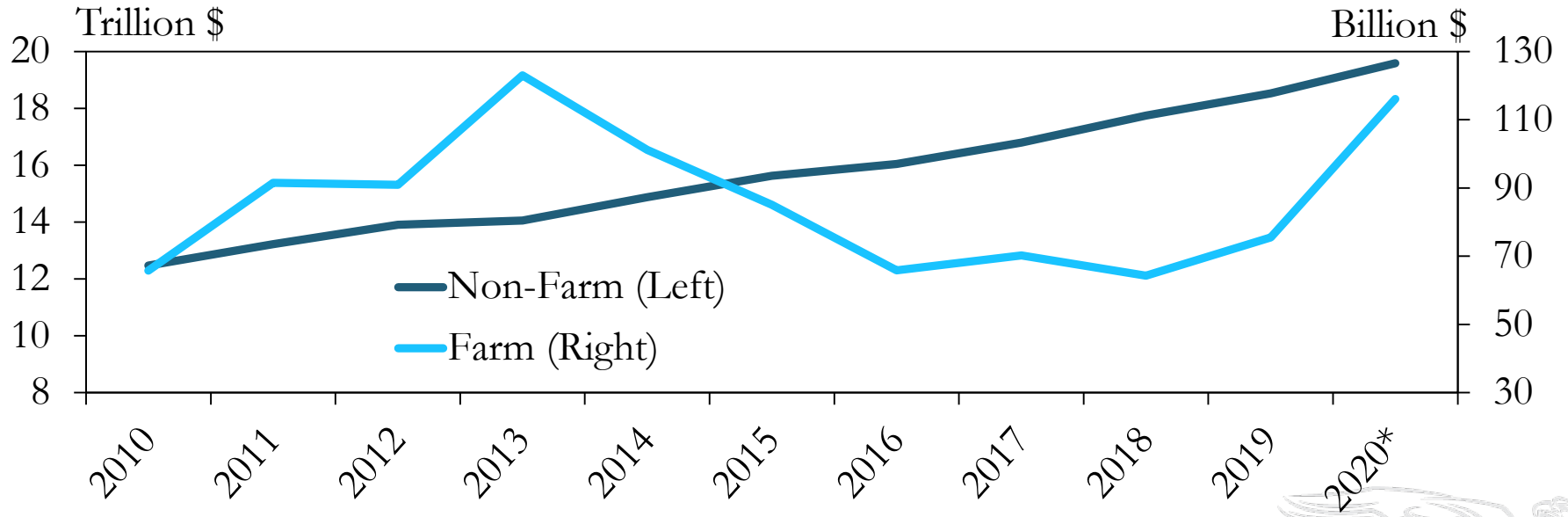
Job losses in Nebraska have been less severe than the nation, but still large in some industries.

Nebraska Job Growth by Industry



Economic conditions in agriculture have improved dramatically due, in large part, to govt. payments.

U.S. Personal Income



*As of Q2 2020

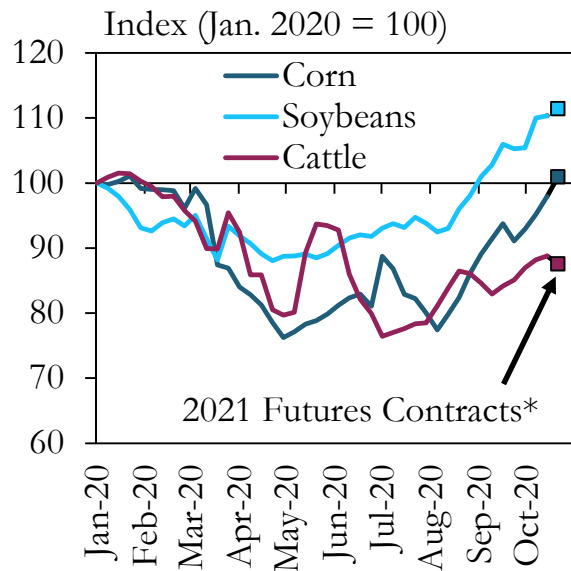
Note: Adjustment made for estimated government payments attributed to programs not yet implemented as of Q2 2020.

Sources: U.S. Bureau of Economic Analysis, USDA, Haver Analytics and staff calculations.

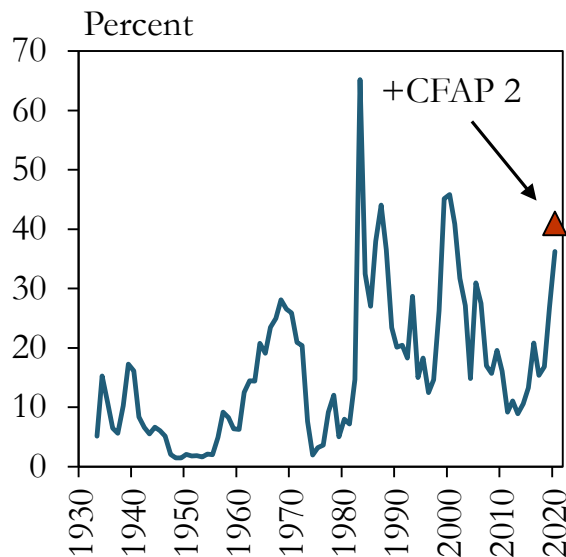


Several factors have provided significant support to agriculture in recent months.

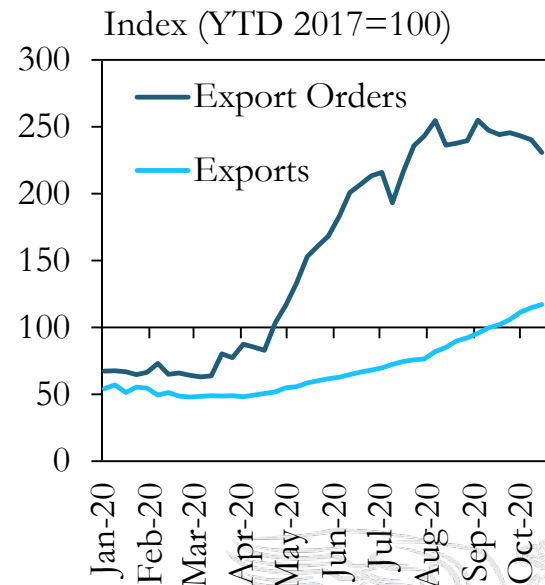
Ag Commodity Prices



Direct Govt. Payments as a Share of Farm Income



U.S. Ag Exports and Orders to China*



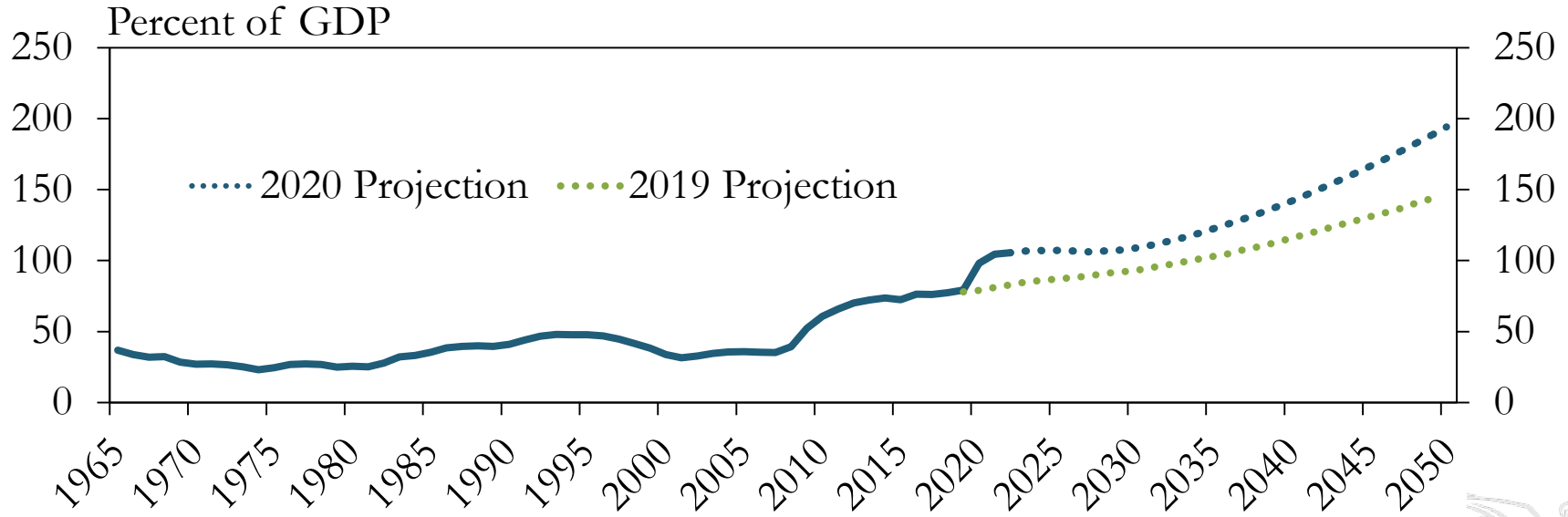
* As of Oct. 20, 2020. Cattle reported as June 2021 contract. Corn and Soybeans reported as July 2021 contract.

Sources: CME Group, WSJ and Haver Analytics.



Fiscal policy support has been significant in providing economic stability.

U.S. Federal Government Debt Held by the Public



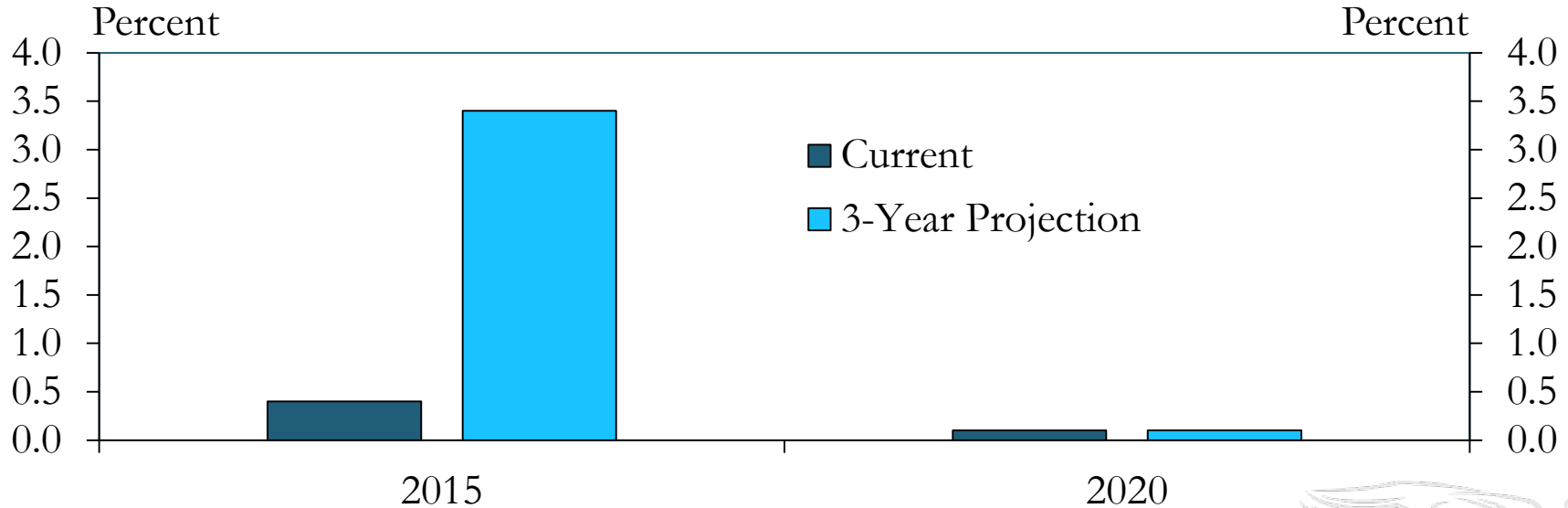
Note: Chart shows federal government debt held by the public, which includes debt held by the Federal Reserve.

Source: Congressional Budget Office.



Over the past several years, expectations of long-term interest rates have gradually declined.

Median Federal Funds Rate, September

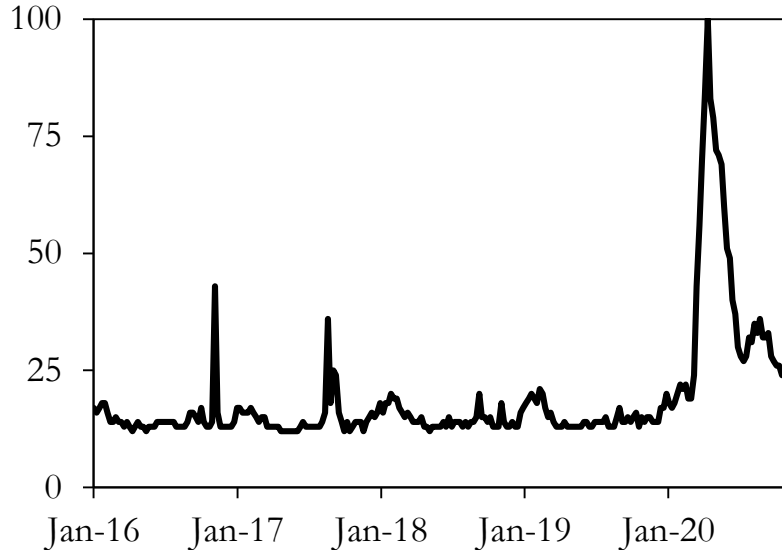


Source: Board of Governors.

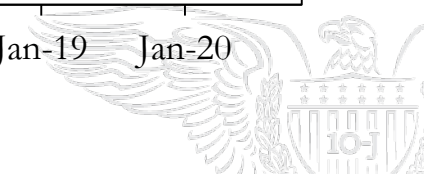
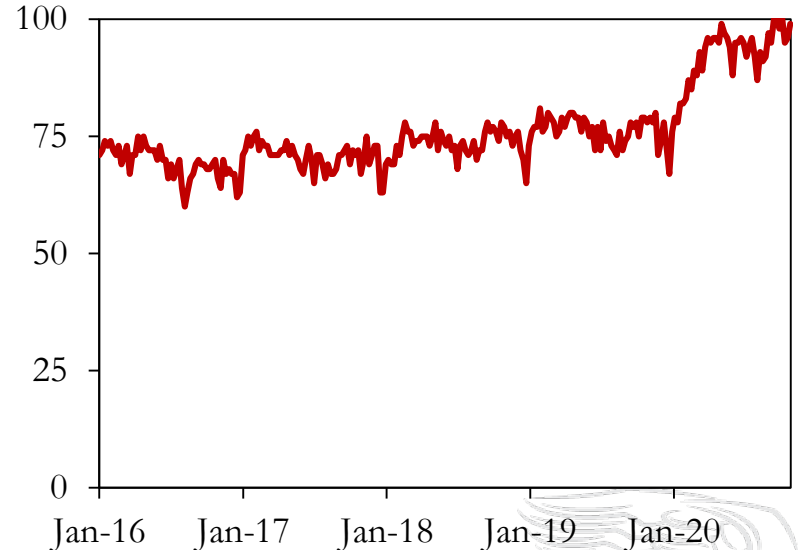


But the world is still looking for lots of answers.

Google Searches for
“when will”



Google Searches for
“what should”



Concluding Thoughts

- The economic outlook, and many of its nuances, is still tied to the pandemic and its disruptions.
- Unevenness, disparities, and gaps appear likely to persist through 2021, or longer.



