

# Assessing Economic Conditions in the Pandemic

*November 18, 2020 – Denver Association of Business Economists*

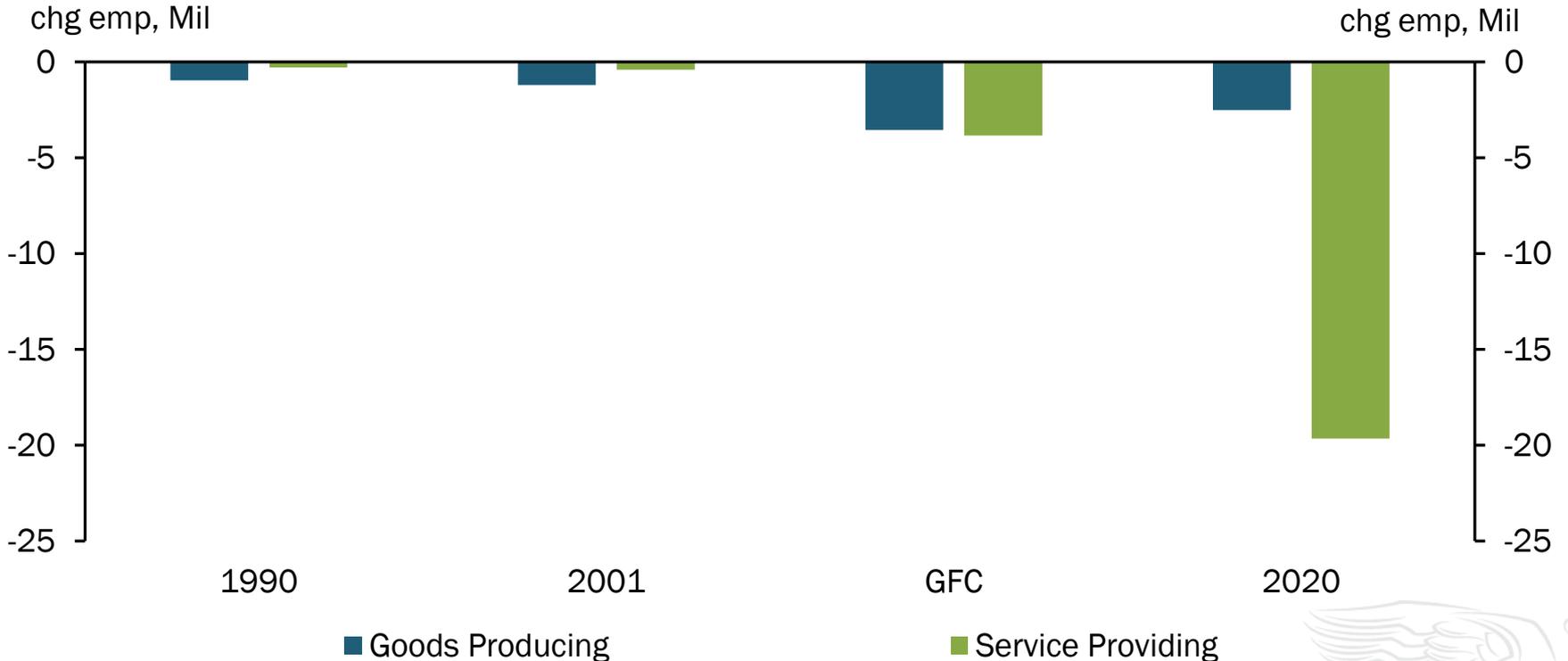
Nicholas Sly

*Assistant Vice President, Economist and Denver Branch Executive*

The views herein are those of the presenter and do not necessarily reflect those of the Federal Reserve Bank of Kansas City or the Federal Reserve System



# The service sector is experiencing an unprecedented level — and an outsized proportion — of job loss



# The Federal Reserve acted swiftly to provide relief and support recovery, along side other fiscal programs

## Monetary Policy:

- Cut policy rate to near zero.
- Forward guidance

## Actions to Improve Market Functioning:

- Open Market Purchases
- Eased access to discount window.
- Primary Dealer Credit Facility (PDCF)
- Money Market Mutual Fund Liquidity Facility (MMLF)
- Commercial Paper Funding Facility (CPFF)
- Expanded Foreign Central Bank Swap Lines

## Actions to Encourage Bank Lending:

- Dropped reserve requirements to zero.
- Temporary adjustment to regulations.

## Actions to Support the Flow of Credit:

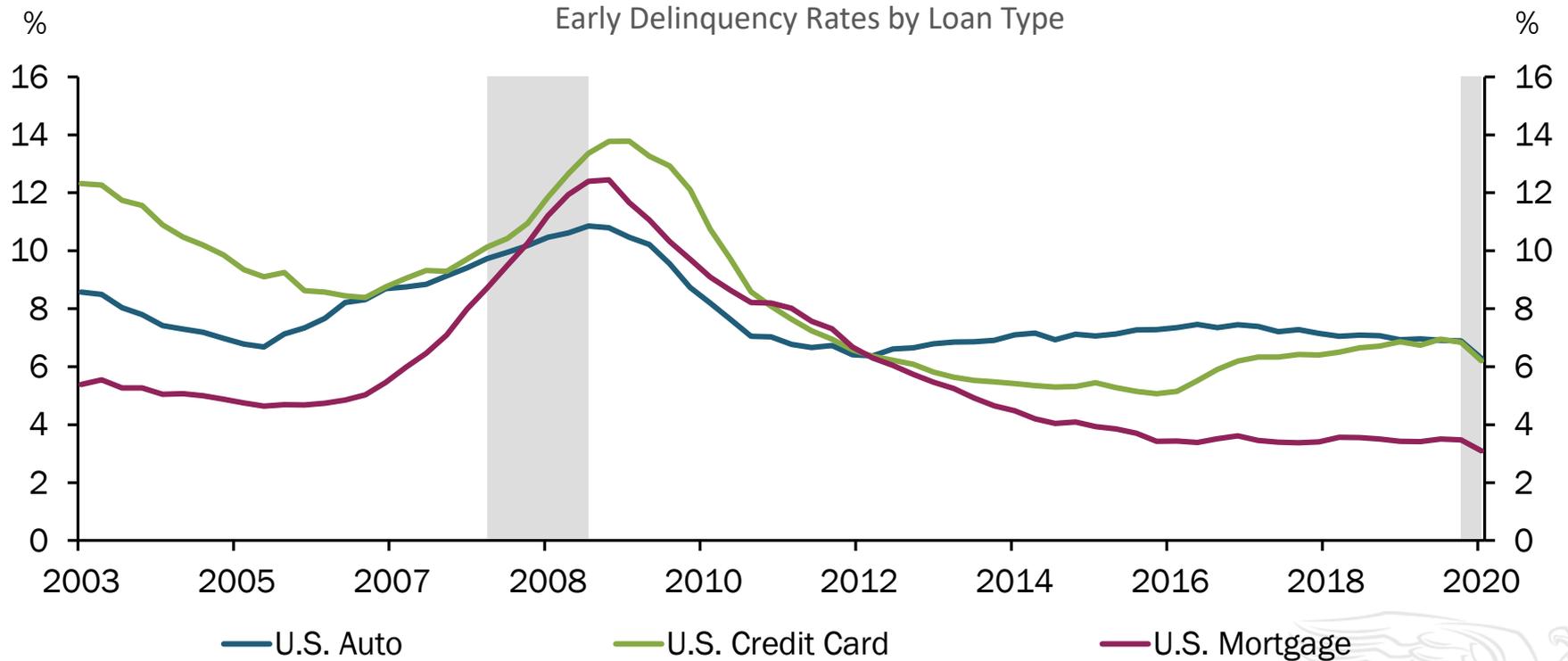
- PPP Loan Facility (PPPLF)
- Term Asset-Backed Security Loan Facility (TALF)
- Corporate Credit Facilities (CCF)
- Municipal Liquidity Facility (MLF)
- Main Street Lending Facility

## Actions to Support Payments:

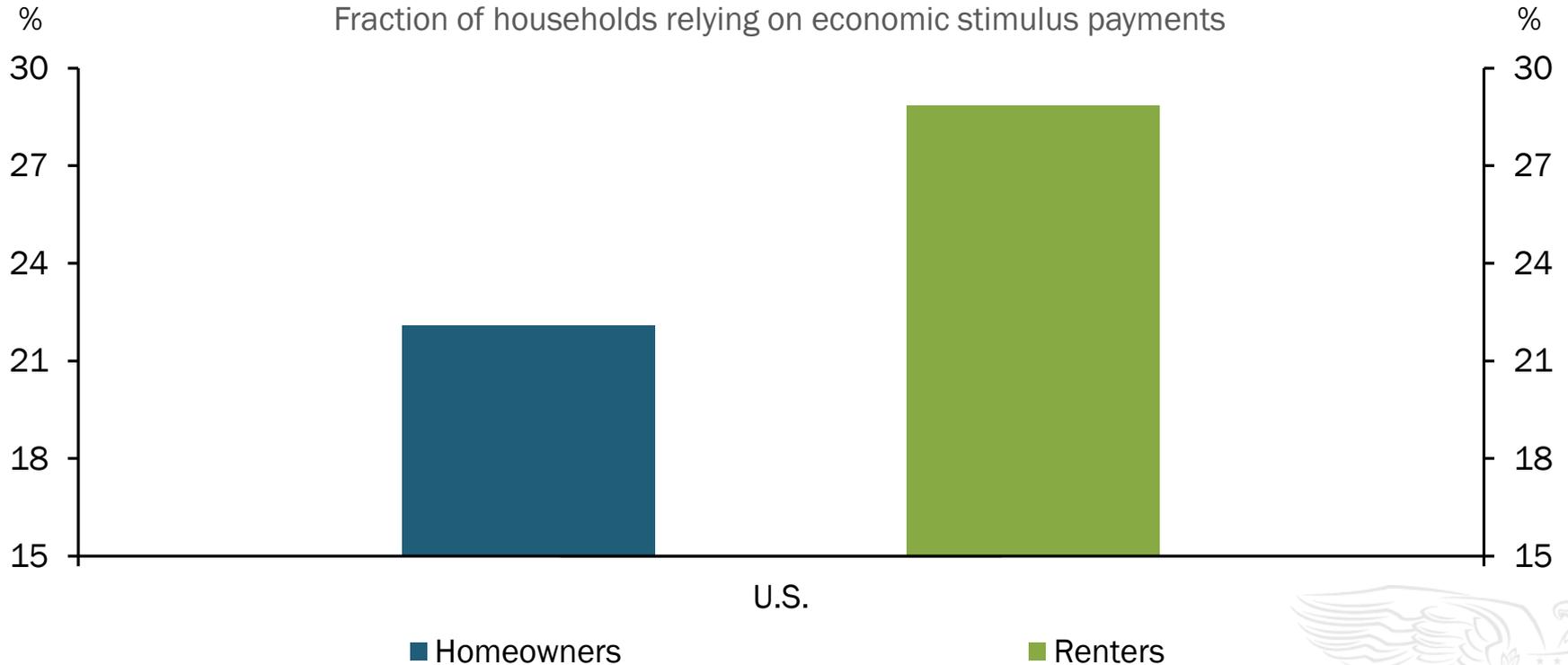
- Cash delivery volumes spiked
- Treasury services support fiscal relief payments



# A range of policy actions has supported household financial conditions



# A substantial share of households used economic stimulus payments to meet their housing expenses in the initial months of the pandemic

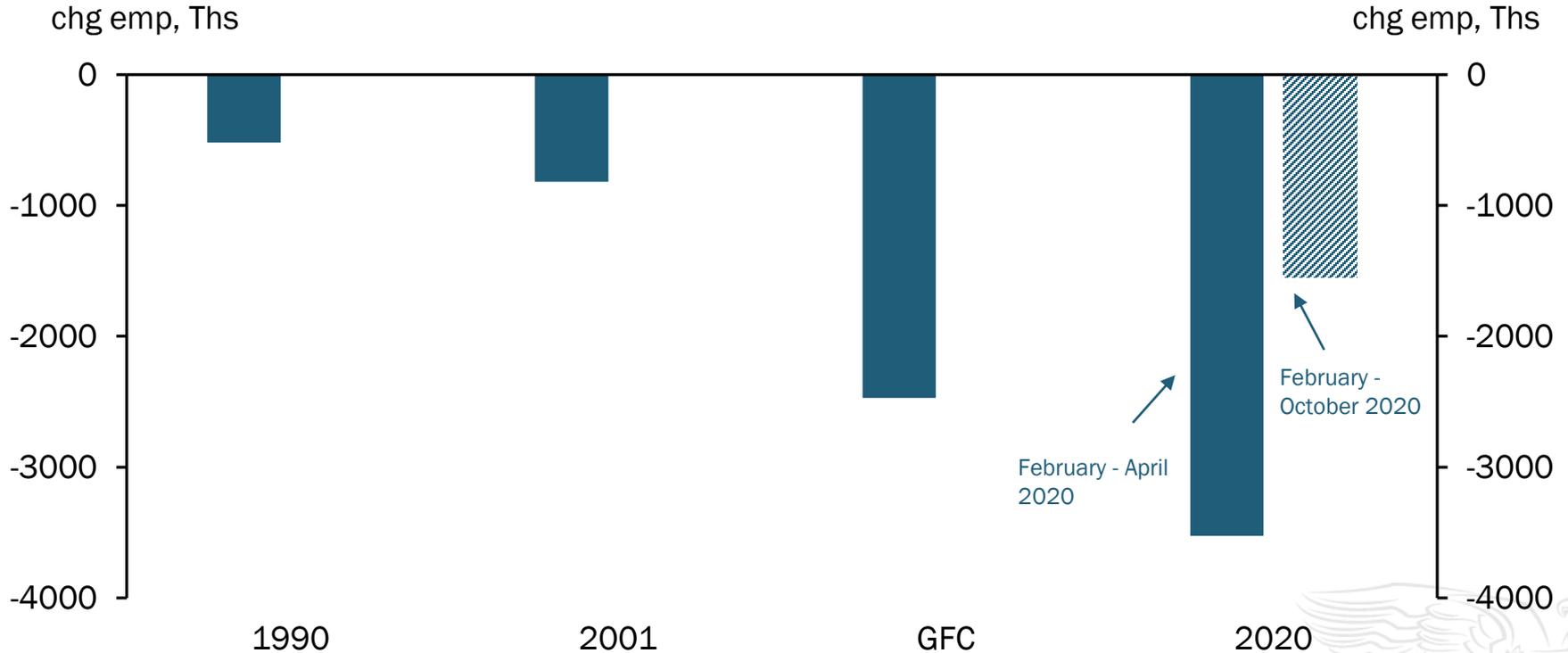


## Risks to the outlook

- Persistent high unemployment can lead to lasting damage to the economy if workers lose key workplace skills
- Persistent declines in labor demand or ongoing difficulties returning to work safely may reduce workers' ability or willingness to participate in the labor force



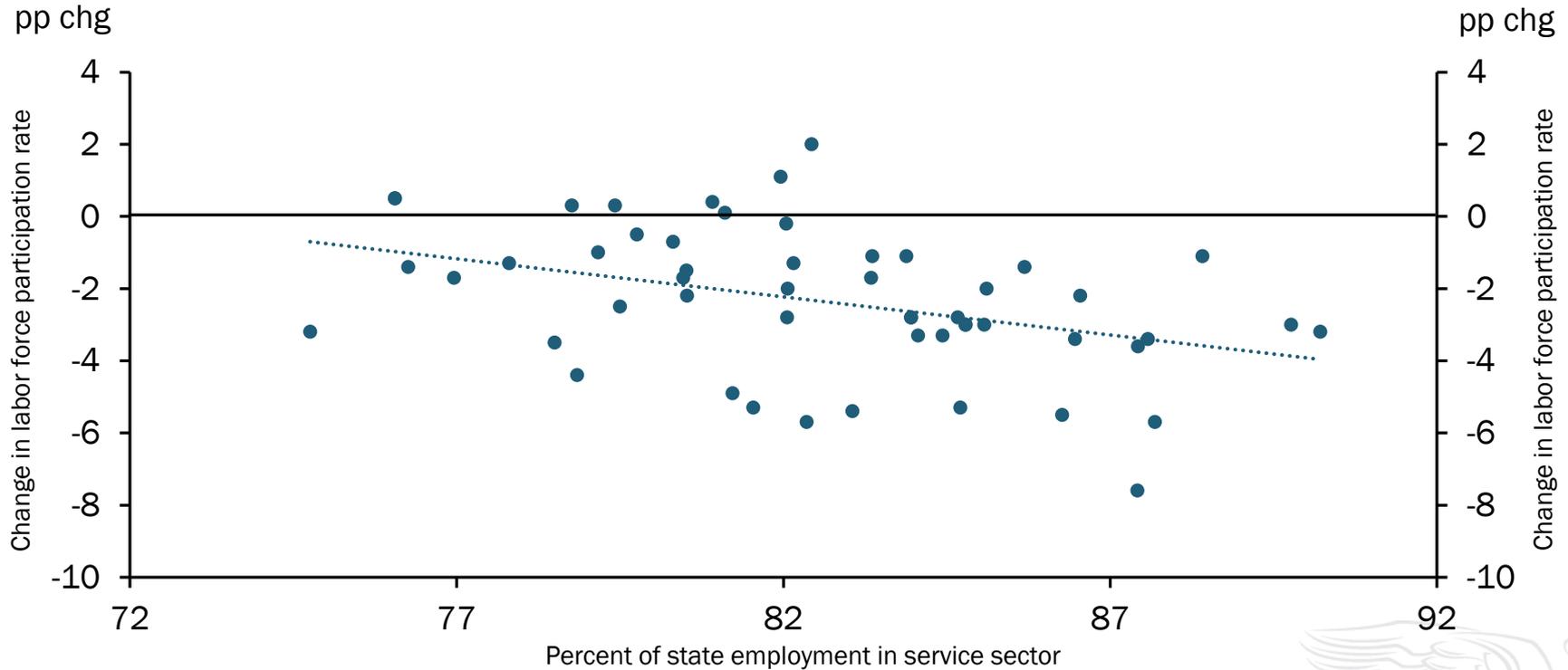
# A large number of jobs were lost this year in occupations that require substantial amounts of on-the-job training



Sources: Sly and Greene (2020), Bureau of Labor Statistics, Haver Analytics

Note: Height of bars indicate number of jobs lost during each respective recession in occupations that require a month or more of on-the-job training

# Labor force participation declined nationwide during the first half of the year, and declined more in states with greater service sector employment



Sources: Sly and Greene (2020), Bureau of Labor Statistics, Haver Analytics

Note: Individual data points correspond to U.S. states. Change in state LFPR is measured between February and April

