Outlook themes

- Multiple indicators suggest that economic activity bottomed out in April, with more recent measures showing a pick-up in activity.

- However, activity has not fully rebounded and likely will not for quite some time.

- Fed and fiscal policy action appear to have helped reduce financial stress, but measures of stress remain elevated.
U.S. GDP declining at an unprecedented pace

Sources: BEA, NBER, Wolters Kluwer, Haver Analytics
Note: Grey bars represent recession shading
Job losses continue, but at a slower pace relative to March

Unemployment Insurance Initial Claims

Cumulative Payroll Change by Industry

Sources: BLS, Department of Labor, Haver Analytics
Consumer spending has increased, but remains below pre-pandemic levels

Index Jan 4-31, 2020 (% chg)

Jan-20 Feb-20 Mar-20 Apr-20 May-20 Jun-20

-40 -30 -20 -10 0 10

-40 -30 -20 -10 0 10

Mar 13 National Emergency Declared
Mar 27 CARES Act Enacted
Apr 15 Stimulus Payment Starts

Sources: Affinity Solutions, Opportunity Insights Economic Tracker
The same is true for broad measures of business activity

Change in Business Activity

- U.S. businesses open
- Tenth District businesses open
- U.S. hours worked
- Tenth District hours worked

Sources: Homebase, Haver Analytics
Transportation activity has been slow to improve, weighing on fuel demand

Sources: TSA
Oil remains under pressure from the global imbalance of supply and demand.

Energy Survey Profitable Oil Price and Expectations

Sources: Bloomberg, EIA, FRBKC Energy Survey, Haver Analytics
Inflation is likely to remain subdued in the near term
Fed and fiscal policy actions appear to have helped reduce stress in financial markets.
Holdings in emergency lending programs are relatively stable

Notes: *Liquidity facility portfolio holdings include: CPFF, PDCF, MMLF, FIMA, PPP, Corp Credit, TALF, Main Street, and Municipal Liquidity Facilities.

**The Treasury plans an additional $10 billion investment in the TALF program that has not yet been recorded, guarantees all loans purchased under the PPP
Looking forward

• Some areas have paused reopening plans after recent spikes in COVID-19 cases.

• As a result, the economic recovery is uncertain and likely to be choppy.

• It is too early to tell how much additional take-up there might be in emergency lending programs.