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.


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

U.S. GDP Growth and Unemployment

Sources: World Bank, BEA, BLS, Haver Analytics.
Unemployment has declined since the peak in April, but remains elevated.

Sources: Department of Labor, BLS and Haver Analytics.
Other measures of employment have also improved since the spring.

Sources: Department of Labor, BLS and Haver Analytics.
Some industries have been hit by the pandemic much harder than others.

Sources: BLS and Haver Analytics.
Job losses in Nebraska have been less severe than the nation, but still large in some industries.

Sources: BLS and Haver Analytics.
Economic conditions in agriculture have improved dramatically due, in large part, to govt. payments.

*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**

- Index (Jan. 2020 = 100)
- Corn, Soybeans, Cattle
- 2021 Futures Contracts*

**Direct Govt. Payments as a Share of Farm Income**

- Percent
- +CFAP 2

**U.S. Ag Exports and Orders to China**

- Index (YTD 2017=100)
- Export Orders, Exports


**Sources:** CME Group, WSJ and Haver Analytics.
Fiscal policy support has been significant in providing economic stability.

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.

Source: Google Trends
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.