Economic Impact of COVID-19

• Regular updates posted on our webpage: https://crowe.wisc.edu/impact-of-covid19/

• Topics to discuss today:
  • Status Quo Ante: The Economy Through Mid-March
  • Labor Market and Unemployment
  • Economic Activity
  • Travel and Transportation: Airlines and Hotels
  • Household Consumption and Retail Sales
  • Regional Variation within Wisconsin
  • Policy Responses: Unemployment Insurance, PPP
January: “Our forecasts suggest that the long economic recovery will continue in 2020. We forecast real GDP growing around 2.5% for the year and the unemployment rate falling to about 3.3%.”
Wisconsin Initial Unemployment Claims and Estimated Unemployment Rate

Initial Unemployment Claims

Estimated Unemployment Rate
Initial Unemployment Claims

- 55,874 (DOL) week ending 04/18/2020
- 48,630 (DWD daily) week ending 04/25/2020

https://crowe.wisc.edu
Estimated Unemployment Rate

19.04% on 04/27/20

peak rate (9.3%) from last recession, Jan 2010

national rate (4.4%) measured 3/8-3/14
US Initial Unemployment Claims

Source: U.S. Employment and Training Administration

https://crowe.wisc.edu
US Initial Unemployment Claims

Source: U.S. Employment and Training Administration
WI: Hourly Workers & Businesses

Hourly Employees Working and Businesses Open in Wisconsin

Source: Homebase

https://crowe.wisc.edu
Economic Activity: Foot Traffic

Relative Visits in Wisconsin

Total activity down 60% last week, hotels & restaurants 70-75%
Economic Activity: Foot Traffic

Source: SafeGraph
## Estimated GDP Declines

<table>
<thead>
<tr>
<th>Industry</th>
<th>NAICS</th>
<th>Telework</th>
<th>Activity Decline</th>
<th>Adjusted Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Industries</td>
<td>--</td>
<td>0.380</td>
<td>-59.7</td>
<td>-30.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31-33</td>
<td>0.406</td>
<td>-62.3</td>
<td>-37.0</td>
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<tr>
<td>Wholesale Trade</td>
<td>42</td>
<td>0.660</td>
<td>-57.6</td>
<td>-19.6</td>
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<tr>
<td>Retail Trade</td>
<td>44-45</td>
<td>0.569</td>
<td>-44.8</td>
<td>-19.3</td>
</tr>
<tr>
<td>Information</td>
<td>51</td>
<td>0.665</td>
<td>-79.2</td>
<td>-26.5</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>52</td>
<td>0.758</td>
<td>-45.4</td>
<td>-11.0</td>
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<tr>
<td>Real Estate Rental and Leasing</td>
<td>53</td>
<td>0.732</td>
<td>-58.8</td>
<td>-15.8</td>
</tr>
<tr>
<td>Educational Services</td>
<td>61</td>
<td>0.805</td>
<td>-89.1</td>
<td>-17.4</td>
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<tr>
<td>Health Care and Social Assistance</td>
<td>62</td>
<td>0.359</td>
<td>-61.0</td>
<td>-39.1</td>
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<tr>
<td>Arts, Entertainment, &amp; Recreation</td>
<td>71</td>
<td>0.377</td>
<td>-72.6</td>
<td>-45.2</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>72</td>
<td>0.256</td>
<td>-65.4</td>
<td>-48.7</td>
</tr>
<tr>
<td>Other Services (except PA)</td>
<td>81</td>
<td>0.256</td>
<td>-58.1</td>
<td>-43.2</td>
</tr>
</tbody>
</table>
Airline Passenger Traffic

Source: SafeGraph
Household Consumption Patterns

Source: Earnest Research
Household Consumption Patterns

Source: Earnest Research
Household Consumption Patterns

Source: Earnest Research
Value of Public Companies

index (Feb 21, 2020 = 100)

S&P 500 ETF

WI index

02/24 03/09 03/23 04/06 04/20
Regional Impact: Unemployment

Unemployment rate by county: Feb 2020 and April 18, 2020 (est.)
Regional Impact: Unemployment

Increase in unemployment rate by county: Feb 2020 to April 18, 2020 (est.)
Regional Impact: Economic

The counties in the worst shape prior to the crisis have fared the worst
Impact of Stay-at-Home Orders

The vertical line indicates 3/25, the day when Wisconsin's Safer-at-Home order went into effect.
Impact of Stay-at-Home Orders

Estimate 20% (4 pct points of 20 pct points) due to the order
Policy Response: Unemployment Insurance

https://crowe.wisc.edu
Initial Data on PPP

- Paycheck Protection Program: $350 billion allocated through SBA for <500 employees. 8 weeks of expenses, forgivable if 75% payroll;
- 1st Round: **46,400 loans** in Wisconsin approved, totaling **$8.3B**
- For comparison, size of Wisconsin small business sector from 2017 data

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share of Firms</th>
<th>Share of Employment</th>
<th>Payroll</th>
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</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>97%</td>
<td>50%</td>
<td>$50.3B</td>
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<tr>
<td>Retail</td>
<td>96%</td>
<td>40%</td>
<td>$3.7B</td>
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<tr>
<td>Food &amp; accommodations</td>
<td>98%</td>
<td>69%</td>
<td>$2.5B</td>
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