What to Do With a Windfall

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The Pandemic Recovery Roadmap
U.S. payroll employment, Moody’s Analytics Baseline Scenario, mil

Sources: BLS, Moody’s Analytics
What to watch? EPOP

Ratio of employment to prime working age population, %

Sources: BLS, Moody’s Analytics

MOODY’S ANALYTICS
Lots of Gas in the Tank

Household checkable deposits and currency, $ tril

Sources: Federal Reserve, Moody’s Analytics
Record Level of Fiscal Support

Fiscal support since start of pandemic, % of 2019 GDP

- U.S.
- Japan
- U.K.
- Australia
- Italy
- Canada
- France
- Germany
- Brazil
- South Korea
- Russia
- Spain
- China

Sources: BEA, National Finance Ministries, Moody’s Analytics

- CARES Act ($2.4 tril)
- December 2020 Package ($900 bil)
- American Rescue Plan ($1.9 tril)
- Infrastructure Bill ($550 bil)
- Assumed Reconciliation Bill ($2.0 tril)
Not Done With Inflation Yet

% change yr ago

Sources: Federal Reserve, Treasury, BLS, Moody’s Analytics
The Problem With Windfalls
State and local governments, $ bil, SAAR

Sources: BEA, Moody’s Analytics
Help Wanted

Job openings among state and local governments, ths

Sources: BLS, Moody’s Analytics
Lots of Curveballs Still Out There…

Using alternative scenarios in the revenue forecasting process help to add important context around the most relevant risks:

- (S2 “Another Wave”) What if another wave of infections cause business and consumer confidence to take a step back over the winter?
- (S6 “Stagflation”) What happens if inflation isn’t as transitory as the baseline forecast assumes?

Source: Moody’s Analytics
...Scenarios Help to Quantify Risks

U.S. payroll employment, mil

Sources: Federal Reserve, Treasury, BLS, Moody’s Analytics