



Economist Paints Bleak Economic Picture at Lighting Event

The “pathogen has pulverized the world economy,” and 95% of the 193 countries worldwide are in a recession

Andrea Lillo Managing Editor • September 18, 2020

NEW YORK—While the U.S. economy has seen positive signs—such as upticks in retail sales and housing—it still faces a rocky road ahead, according to one economist, who addressed the lighting industry earlier this week.

“Brace yourselves for what’s going to unfold over the next few months”—socially and economically, as well with the presidential election,” said **Bernard Baumohl, chief global economist, The Economic Outlook Group**, during the American Lighting Association’s virtual symposium. He presented an economic outlook to the ALA in May and provided an update this week.

The three critical factors that will determine the economic recovery include how the coronavirus plays out, whether Congress signs a pandemic stimulus package—and one “with some substance”—and the upcoming election in November. “We’re looking at months of mayhem and chaos and disorder.”

While the market has seen some positive markers, such as retail sales, **Baumohl** warned against a “false sense of security ... an economy rebound is not the same as an economy recovery.” And while people have said they see a light at the end of the tunnel, he is “concerned that that light may be a red light. Be prepared.”

The “pathogen has pulverized the world economy,” **Baumohl** said, and 95% of the 193 countries worldwide are in a recession.

The U.S. economy needs a strong financial package “to serve as a lifeline for businesses and to keep households whole.” About a third of workers who were laid off initially during the pandemic and rehired back have been laid off again, he said. Industries continue to lay people off and the number of bankruptcy filings in August was the highest ever seen for that month, he added.

While the stock market evokes “tremendous euphoria” as it keeps hitting record highs, most Americans “don’t have skin in that game.” Seventy percent of spending comes from consumers—and they are still fearful, he said. “People are still deeply concerned about job and income security,” as well as their health, and credit card companies have lowered the limits on what consumers can borrow.

Baumohl also estimated that it will take five to 10 years for the economy and unemployment levels to get back to pre-COVID levels, depending on if and when a vaccine becomes available. One of the lasting changes will be a greater economic divide, he said, as low/middle and minority households “have suffered a great deal.”

Housing—both new and existing—is one sector that has performed well, helped by low interest rates, he said, and home builders are showing more optimism than they have in years. “That’s good news for the lighting industry,” as consumers buy items to furnish their homes.

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