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Report: 29% of U.S. Economy Frozen by Coronavirus Outbreak

With an estimated 80% of U.S. counties under some form of lockdown orders, U.S. economic output has fallen dramatically in just a couple of weeks.

By Andrew Soergel, Senior Writer, Economics **April 6, 2020**

MORE THAN A QUARTER OF the U.S. economy has ground to a halt in recent weeks as the coronavirus pandemic shutters nonessential businesses and generates millions of layoffs and furloughs across the country, according to Moody's Analytics data published on Sunday by The Wall Street Journal.

The Moody's report estimates that 8 in 10 U.S. counties are currently under some form of official lockdown, with more than 40 states ordering varying degrees of temporary business shutdowns in a bid to promote social distancing measures that are believed to help contain the spread of COVID-19.

Economic losses vary by state; California has lost an estimated 31.5% of its daily gross domestic product output as much of the state's economy remains on lockdown, according to the report.

All told, the analysis suggests daily economic output in the U.S. is down 29% from where it sat a month ago, during the first week of March. Analysts have widely described the pandemic as delivering perhaps the most significant short-term economic shock to the domestic economy in modern history.

"The intensity and warp speed of the economic deterioration seems more serious than even the Great Recession that followed the financial crisis," **Bernard Baumohl, chief global economist at the Economic Outlook Group**, wrote in a report on Friday. "We have overnight entered what feels like an economic ice age. It's a deep freeze for farmers, airlines, most manufacturers, retailers, restaurants, hotels, and both the hospitality and energy industries."

Moody's estimates U.S. GDP will fall at an annualized rate of 30% in the second quarter, although the losses are expected to be temporary as more of the economy opens up in the weeks ahead. If the current lockdown situation were to persist for the next two months, Moody's estimates that U.S. GDP would drop at a cataclysmic rate of 75%.

Still, Moody's chief economist Mark Zandi told The Wall Street Journal that "there's nothing in the Great Depression that is analogous to what we're experiencing now," given the severity of the current economic losses. And the Moody's analysis only accounts for current business closures – which means it is likely to underestimate the full scale of economic disruptions expected in the weeks ahead as unemployment soars and household spending and wealth plummet.

During the final two full weeks of March, an estimated 10 million Americans filed initial unemployment claims, eclipsing by several multiples any previous two-week unemployment spike in U.S. history. Many experts believe the current unemployment rate in the U.S. has soared above 10% – which would likely be a record-setting spike from February's 3.5% rate. Millions more layoffs are expected.

"Record-breaking jobs losses, plunging confidence and contracting manufacturing and service-sector activity in March are sadly just the tip of the recessionary iceberg about to hit the U.S. economy," a team of economists at Oxford Economics wrote in a report on Friday. "The labor market collapse has only just begun."

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