

# THE WALL STREET JOURNAL.

## **U.S. Recovery Will Cool Further Before Getting Vaccine Boost, WSJ Survey Shows**

Forecasters lower outlook for economic growth, jobs in first quarter of 2021 but raise it for second quarter

*By Harriet Torry and Anthony DeBarros*  
Dec. 10, 2020

The U.S. economic recovery is likely to slow further before the impact of expected approvals of Covid-19 vaccines makes itself felt in the second quarter of 2021, a new Wall Street Journal survey shows.

In the latest monthly survey of business and academic economists, forecasters slashed their projections for economic growth and job creation in the first quarter, amid a surge in coronavirus cases.

A number of economists said they expect coronavirus caseloads to remain high in the first quarter of 2021 because vaccines will take time to be distributed across the U.S.

“Real-time data point to a slow entry into 2021 with the health situation worsening, employment softening and spending moderating,” said Gregory Daco, chief U.S. economist at Oxford Economics.

On average, economists expect the economy to expand at a 1.9% annual rate from January to March, down from 3.3% growth in November’s survey. Economists forecast the labor market will add just under 295,000 new jobs a month in the first quarter, down from over 440,000 a month in the November survey.

But economists overwhelmingly expect the potential rollout of coronavirus vaccines will be a boon for the economy in the second quarter, with 62.5% of

those surveyed expecting it to add more than 0.5 percentage point to the annualized growth rate in the April-to-June period.

More than 90% expect the rollout of coronavirus vaccines will cause hiring to accelerate in the second quarter. Less than half said they expect hiring to accelerate in the first quarter because of the shots.

“The warmer weather next spring, along with fresh optimism that the nightmare of Covid-19 is ending, should produce a burst in consumer and business spending in the second quarter,” said **Bernard Baumohl, chief global economist at the Economic Outlook Group.**

As a result, economists now expect the annualized pace of gross domestic product growth will top 4% in the second and third quarters of next year. On average, they see 4.2% growth in the second quarter, up from 3.6% in last month’s survey, and 4.3% in the third quarter, compared with an earlier forecast of 3.6%.

The economy’s bounceback will depend on how quickly vaccines are distributed, according to forecasters. More than half of those surveyed said a speedy deployment of vaccines, once approved in the U.S., represents the biggest potential boost for the economy over the next year.

Economists put slightly better-than-even odds, or 57%, for a fresh fiscal stimulus package this year. Some economists think such a package is more likely to come in the first quarter of 2021.

Still, the renewed virus surge and lockdown measures in many cities and states are expected to hurt the labor market in this quarter, according to the latest survey. On average, economists now expect employers will add some 363,000 jobs a month this quarter, down from an estimate of 558,000 in last month’s survey.

That would imply an expected gain of about 235,000 jobs in the Labor Department’s employment report for December, a further slowdown from 245,000 new jobs in November, which was already the weakest pace of the recovery so far.

###