GROSSMAN YANAK & FORD LLP
Certified Public Accountants and Consultants

United States Economic Outlook

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Grossman Yanak & Ford LLP
Business Valuation & Litigation Support Services

Federal Reserve – Current Economic Conditions Commentary

The Federal Reserve publishes a report (known as the *Beige Book*) eight times per year that summarizes current economic conditions throughout the 12 Federal Reserve Districts in the United States. The last edition of 2020 was released on December 2, 2020. In the publication, it was noted that:[1]

- Most Federal Reserve Districts have characterized economic expansion as modest or moderate since the prior *Beige Book* period.
- However, four Districts described little or no growth, and five narratives noted that activity remained below pre-Pandemic levels for at least some sectors.
- Moreover, Philadelphia and three of the four Midwestern Districts observed that activity began to slow in early November as COVID-19 cases surged.'
- Reports tended to indicate higher-than-average growth of manufacturing, distribution and logistics, homebuilding, and existing home sales, although not without disruptions.
- Banking contacts in numerous Districts reported some deterioration of loan portfolios, particularly for commercial lending into the retail and leisure and hospitality sectors.
- An increase in delinquencies in 2021 is more widely anticipated.
- Most Districts reported that firms' outlooks remained positive; however, optimism has waned – many contacts cited concerns over the recent Pandemic wave, mandated restrictions (recent and prospective), and the looming expiration dates for unemployment benefits and for moratoriums on evictions and foreclosures.

Employment and Wages

In terms of Employment and Wages, the December 2020 *Beige Book* reported an increase in hiring:

"Nearly all Districts reported that employment rose, but for most, the pace was slow, at best, and the recovery remained incomplete. Firms that were hiring continued to report difficulties in attracting and retaining workers. Many contacts noted that the sharp rise in COVID-19 cases had precipitated more school and plant closings and renewed fears of infection, which have further aggravated labor supply problems, including absenteeism and attrition. Providing for childcare and virtual schooling needs was widely cited as a significant and growing issue for the workforce, especially for women – prompting some firms to extend greater accommodations for flexible work schedules. In several Districts, firms feared that employment levels would fall over the winter before recovering further. Despite hiring difficulties, firms in most Districts reported that wages grew at a slight or modest pace overall. However, many noted greater pressure to raise rates for low-skilled workers, especially in outlying areas. Staffing firms described greater placement success with competitive rates, and one firm instituted a minimum wage rate for its industrial clients."[2]

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[1] *Beige Book* – December 2, 2020, Board of Governors of the Federal Reserve System.
[2] Ibid.

Federal Open Market Committee – Monetary Policy Commentary

The Federal Open Market Committee (FOMC or "the Committee") acts as the monetary policy-making body of the Federal Reserve System and makes all decisions regarding open market operations, which affect the federal funds rate (rate at which depository institutions lend to each other), the size of the Federal Reserve's asset holdings, and public communication regarding the likely course of future monetary policy.[3] Information received by the FOMC since they last met in December indicated that:[4]

- The COVID-19 Pandemic is causing tremendous human and economic hardship across the United States and around the world.
- Economic activity and employment have continued to recover but remain well below their levels at the beginning of the year.
- Weaker demand and earlier declines in oil prices have been holding down consumer price inflation.
- Overall financial conditions remain accommodative, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.
- The path of the economy will depend significantly on the course of the virus.
- The ongoing public health crisis will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.

Moreover, the FOMC noted:

"The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. With inflation running persistently below this longer-run goal, the Committee will aim to achieve inflation moderately above 2 percent for some time so that inflation averages 2 percent over time and longer-term inflation expectations remain well anchored at 2 percent. The Committee expects to maintain an accommodative stance of monetary policy until these outcomes are achieved. The Committee decided to keep the target range for the federal funds rate at 0 to 1/4 percent and expects it will be appropriate to maintain this target range until labor market conditions have reached levels consistent with the Committee's assessments of maximum employment and inflation has risen to 2 percent and is on track to moderately exceed 2 percent for some time. In addition, the Federal Reserve will continue to increase its holdings of Treasury securities by at least $80 billion per month and of agency mortgage-backed securities by at least $40 billion per month until substantial further progress has been made toward the Committee's maximum employment and price stability goals. These asset purchases help foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses."[5]

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[3] Structure of the Federal Reserve System, Federal Open Market Committee.
[4] Board of Governors of the Federal Reserve System Press Release, December 16, 2020.
[5] Ibid.

The FOMC further noted:

"In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments."[6]

Coronavirus

On January 21, 2020, the United States reported its first case of the novel coronavirus in Washington State.[7] Since then, nearly 28 million Americans have contracted the virus.[8] The virus has also brought the steady growth of the U.S. economy to a screeching halt. Coronavirus has caused the temporary (and in some cases permanent) closure of non-life-sustaining businesses across the country. As a result, the United States has seen a record total number of unemployment claims north of 28 million.[9]

The economic impact of the novel coronavirus has been rapid and has created significant uncertainty relating the future health of the domestic economy. As such, the United States and its economy are in unprecedented times. The federal government has worked to pass several relief programs for both individuals and businesses. To help stimulate the economy, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) passed in March 2020, gave taxpayers a check of up to $1,200 ($2,400 for those filing jointly), with an additional $500 for each qualifying child.[10]

In late April 2020, President Trump signed legislation providing $484 billion in relief to help small businesses and support hospitals and COVID-19 testing amid the coronavirus Pandemic. The measure included an additional $310 billion in funding for the Paycheck Protection Program (PPP), $60 billion of which was reserved for community banks and small lenders; $75 billion for hospitals; $25 billion to support testing efforts; and $60 billion for emergency disaster loans and grants.[11]

The November 3, 2020, U.S. Presidential election saw Democratic challenger Joe Biden defeat incumbent Republican, Donald Trump. However, the U.S. response to the coronavirus Pandemic, including possible stimulus, moving forward would hinge on the results of the U.S. Senate race in the State of Georgia, to be decided via run-off elections in January 2021.

As of the date of publication, the U.S. economy continues to be plagued by the virus with no sign of recovery in sight. In a survey released by the National Association for Business Economics in late August 2020, two-thirds of the economists polled said they thought the U.S. economy remains in recession. Nearly half said they did not expect it to return to pre-Pandemic levels until mid-2022.[12]

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[6] Ibid.

[7] Timeline: How Coronavirus got started. ABC News. Schumaker, Erin. July 28, 2020.

[8] CDC Report: Cases in the U.S.

[9] American initial jobless claims rocket above 1 million again. CNN Business. Anneken Tappe. August 20, 2020.

[10] White House And Senate Reach Agreement On Stimulus Checks. *Forbes*. Jim Wang. March 25, 2020.

[11] Trump signs $484 billion coronavirus relief package. *The Hill*. Chalfant, Morgan. April 24, 2020.

[12] As virus rages, US economy struggles to sustain a recovery. NBC News. August 28, 2020.

Current Employment Conditions

The Bureau of Labor Statistics (BLS) reported that the unemployment rate remained unchanged at 6.7 percent in December 2020.[13] Total nonfarm payroll employment dropped by 140,000 in December 2020, with declines in leisure, hospitality and private education that were partially offset by gains in professional and business services, retail trade and construction.[14]

In December 2020, the unemployment rate and the number of unemployed persons remained unchanged at 6.7 percent and 10.7 million, respectively. The number of unemployed persons who were on temporary layoff increased by 277,000 to 3.0 million, and the number of unemployed persons who were jobless less than five weeks increased by 449,000 to 2.9 million in December 2020. Despite declines, the jobless rate and the number of unemployed are up by 3.5 percentage points and 5.7 million, respectively, since February 2020.[15]

The BLS also noted:[16]

- In December 2020, employment in leisure and hospitality declined by 498,000, with three-quarters of the decrease in food services and drinking places (-372,000). Employment also fell in the amusements, gambling, and recreation industry (-92,000) and in the accommodation industry (-24,000). Since February, employment in leisure and hospitality is down by 3.9 million, or 23.2 percent.
- Employment in private education decreased by 63,000 in December 2020. Employment in the industry is down by 450,000 since February 2020.
- Government employment declined by 45,000 in December 2020. Employment in the component of local government that excludes education declined by 32,000, and state government education lost 20,000 jobs. Federal government employment increased by 6,000. Since February 2020, government employment overall is down by 1.3 million.
- In December 2020, employment in professional and business services increased by 161,000, with a large gain in temporary help services (+68,000). Job growth also occurred in computer systems design and related services (+20,000), other professional and technical services (+11,000), management of companies and enterprises (+11,000), and business support services (+7,000). Employment in professional and business services is down by 858,000 since February 2020.
- Retail trade added 121,000 jobs in December 2020, with nearly half of the growth occurring in the component of general merchandise stores that includes warehouse clubs and supercenters (+59,000). Job gains also occurred in non-store retailers (+14,000), automobile dealers (+13,000), health and personal care stores (+10,000), and food and beverage stores (+8,000). Employment in retail trade is 411,000 lower than in February 2020.

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[13] The Employment Situation – December 2020. Bureau of Labor Statistics. News Release, January 8, 2021.
[14] Ibid.
[15] Ibid.
[16] Ibid.

- Construction added 51,000 jobs in December 2020, but employment in the industry is 226,000 below its February 2020 level. In December 2020, employment rose in residential specialty trade contractors (+14,000) and residential building (+9,000), two industries that have gained back the jobs lost in March and April 2020. In December 2020, employment also increased in nonresidential specialty trade contractors (+18,000) and in heavy and civil engineering construction (+15,000).
- Employment in transportation and warehousing rose by 47,000 in December 2020, largely due to jobs filled by couriers and messengers (+37,000). While employment in transportation and warehousing overall is 89,000 lower than in February 2020, employment in couriers and messengers has increased by 222,000 over the same period. In December 2020, employment also grew in warehousing and storage (+8,000) and in truck transportation (+7,000), while transit and ground passenger transportation lost 9,000 jobs.
- In December 2020, health care added 39,000 jobs. Employment growth in hospitals (+32,000) and ambulatory health care services (+21,000) was partially offset by declines in nursing care facilities (-6,000) and community care facilities for the elderly (-5,000). Health care employment is 502,000 lower than in February 2020.
- In December 2020, manufacturing employment increased by 38,000, with gains in motor vehicles and parts (+7,000), plastics and rubber products (+7,000), and nonmetallic mineral products (+6,000). By contrast, miscellaneous nondurable goods manufacturing lost 11,000 jobs over the month. Despite gains over the past 8 months, employment in manufacturing is 543,000 below its February 2020 level.

The table below contains historical unemployment rates for the United States. The unemployment rate since March 2018 has been between 3.5% and 4.0%, with the exception of March 2020 through December 2020, indicating the economy is at or near full employment. The rising unemployment rate starting in March 2020 is due to the coronavirus and its effects.

UNITED STATES UNEMPLOYMENT RATE

	Jan	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**
2016	4.9%	4.9%	5.0%	5.0%	4.7%	4.9%	4.9%	4.9%	5.0%	4.9%	4.6%	4.7%
2017	4.8%	4.7%	4.5%	4.4%	4.3%	4.3%	4.3%	4.4%	4.2%	4.1%	4.1%	4.1%
2018	4.1%	4.1%	4.0%	3.9%	3.8%	4.0%	3.9%	3.8%	3.7%	3.8%	3.7%	3.9%
2019	4.0%	3.8%	3.8%	3.6%	3.6%	3.7%	3.7%	3.7%	3.5%	3.6%	3.5%	3.5%
2020	3.6%	3.5%	4.4%	14.7%	13.3%	11.1%	10.2%	8.4%	7.8%	6.9%	6.7%	6.7%

Source: YCharts.com

Current Interest Rates and Market Implied Inflation Compensation

The yields in the following exhibit were reported by the Federal Reserve for constant maturity treasuries (nominal and inflation-indexed) as of December 31, 2020. Taking the difference between nominal yield and inflation-indexed yields provides a market-based estimate for inflation compensation over each maturity period.

MARKET IMPLIED INFLATION					
	5 Year	7 Year	10 Year	20 Year	30 Year
Nominal Treasuries	0.36%	0.65%	0.93%	1.45%	1.65%
Treasury Inflation Protected Securities	-1.59%	-1.31%	-1.06%	-0.61%	-0.37%
Market Implied Inflation	**1.95%**	**1.96%**	**1.99%**	**2.06%**	**2.02%**
Source: Board of Governors of the Federal Reserve System, Data as of 12/31/2020					

Economic Forecast – Major Indicators

Gross Domestic Product (GDP) and Inflation

On December 16, 2020, the Federal Reserve released its economic projections for real GDP growth, the unemployment rate, personal consumption expenditures inflation, and the federal funds rate. The projections reflect the individual projections of the Federal Reserve Board members and Federal Reserve Bank presidents under what each individual considered appropriate monetary policy to be moving forward.[17] The following table contains the median forecasts of the participating individuals.

FEDERAL RESERVE ECONOMIC PROJECTIONS (MEDIAN)				
	2021	2022	2023	Longer-Run
Change in Real GDP	4.2%	3.2%	2.4%	1.8%
Unemployment Rate	5.0%	4.2%	3.7%	4.1%
PCE Inflation	1.8%	1.9%	2.0%	2.0%
Federal Funds	0.1%	0.1%	0.1%	2.5%
Source: Board of Governors of the Federal Reserve System, December 16, 2020				

[17] Economic Projections. Board of Governors of the Federal Reserve System. December 16, 2020.

Real GDP growth is expected to slow starting in 2021. Personal Consumption Expenditures (PCE) inflation is expected to increase year over year to 2022, while the unemployment rate is expected to decline year over year to 2022, and the federal funds rate is expected to remain constant until 2022. These forecasts suggest that in the long term, the economy will experience a slowing of growth and an increase in inflation.

Long-term real GDP growth for the next 10 years is expected to average 1.8 percent, representing moderate expected real growth. The median projections of Federal Reserve data suggest longer-run PCE inflation is expected to be approximately 2.0 percent, consistent with the FOMC's inflation target.

The Bureau of Economic Analysis (BEA), an agency of the Department of Commerce, produces economic account statistics that enable government and business decision-makers, researchers, and the American public to follow and understand the performance of the nation's economy.[18] In a December 22, 2020 release, the BEA notes real GDP increased at an annual rate of 33.4 percent in the third quarter of 2020, compared to a decrease of 31.4 percent in the second quarter of 2020.[19] The upward revision primarily reflected larger increases in personal consumption expenditures and nonresidential fixed investment.[20]

Industrial Production and Manufacturing

The Institute for Supply Management's (ISM) Purchasing Managers Index (PMI) can be used as an indication as to whether or not the manufacturing sector of the economy is expanding or contracting.[21] A PMI above 50.0 indicates that the manufacturing economy is generally expanding, while a reading below 50.0 indicates that it is generally contracting.[22] The PMI increased 3.2 points to 60.7 in December 2020, compared to November 2020.[23] This figure indicates expansion in the overall economy for the eighth month in a row after a contraction in April 2020, which ended a period of 131 consecutive months of growth.[24]

In the report, Timothy R. Fiore, Chair of the Institute for Supply Management, stated:

"The manufacturing economy continued its recovery in December. Survey Committee members reported that their companies and suppliers continue to operate in reconfigured factories, but absenteeism, short-term shutdowns to sanitize facilities and difficulties in returning and hiring workers are causing strains that are limiting manufacturing growth potential. However, panel sentiment remains optimistic (three positive comments for every cautious comment), an improvement compared to November."[25]

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[18] U.S. Bureau of Economic Analysis. Who We Are.
[19] Gross Domestic Product (Third Estimate), Corporate Profits (Revised), and GDP by Industry, Third Quarter 2020. U.S. Bureau of Economic Analysis. December 22, 2020.
[20] Ibid.
[21] December 2020 ISM Report On Business. Institute for Supply Management. January 1, 2021.
[22] Ibid.
[23] Ibid.
[24] Ibid.
[25] Ibid.

Consumer Confidence

The backbone of the U.S. economy is its consumer base. Consumers influence the economic outlook immensely through their spending and savings decisions. As such, measures of consumer confidence and sentiment may provide valuable information in discerning the expected outlook of the economy. The University of Michigan's December 2020 *Surveys of Consumers* reported the following results:

UNIVERSITY OF MICHIGAN SURVEYS OF CONSUMERS					
	Dec-20	**Nov-20**	**Dec-19**	**M-M Change**	**Y-Y Change**
Index of Consumer Sentiment	80.7	76.9	99.3	4.9%	-18.7%
Current Economic Conditions Index	90.0	87.0	115.5	3.4%	-22.1%
Index of Consumer Expectations	74.6	70.5	88.9	5.8%	-16.1%
Source: University of Michigan, Surveys of Consumers, Final Results for December 2020					

The above metrics indicate an increase in consumer confidence when compared to November 2020 and a decrease in consumer confidence when compared to December 2019.

Surveys of Consumers chief economist, Richard Curtin, noted the following key points for the December 2020 results:[26]

- The Sentiment Index slipped in late December 2020, although it remained higher than last month despite the ongoing surge in COVID infections and deaths. The improvement was due to a large and rapid partisan shift, with Democrats becoming much more positive, and Republicans much more negative. The largest change was in long-term business prospects, as twice as many Democrats as three months ago expected a continuous expansion over the next five years (54%, up from 27%), while that same favorable expectation was nearly cut in half among Republicans (32%, down from 60%). Based on past trends, it can be anticipated that the partisan gap in levels of optimism will persist, but what is of critical importance for economic forecasts, is that trends over time will likely remain quite similar across political parties. Moreover, as has been true recently, trends among Independents, whose expectations are less susceptible to partisanship, will continue to be the bellwether of change.
- The Pandemic has had a much greater relative impact on assessments of the overall economy than on assessments of consumers' current personal financial situations. Trends in how consumers evaluate their own finances and how they assess changes in the national economy have followed a close association over the past half century. Since

[26] *Surveys of Consumers*. University of Michigan. Final Results for December 2020. Commentary *by Surveys of Consumers* chief economist, Richard Curtin. December 23, 2020.

the start of the Pandemic, however, a huge divide has grown across households in how they assess their own personal finances: the finances of those that continue to be employed and working at home have remained positive, while those who have lost jobs and incomes have been quite negative. Growing inequalities have also been due to rising home and stock prices. In contrast, nearly everyone has reported negative assessments of current conditions in the national economy. This gap signifies the Pandemic nature of the current downturn; the second largest gap occurred in the downturn surrounding 9/11. While the rollout of the vaccine has been greeted as the beginning of the end, the end of the Pandemic is still on the distant horizon in terms of a return of normalcy for consumer behavior, even among the most favored households. Precautionary motives will continue to shape both economic and personal behavior.

- When asked about what news they had recently heard, in each of the past nine months at least 60 percent of consumers made negative references to unemployment. When directly asked about expected changes in the national unemployment rate, consumers were nearly evenly divided between anticipated increases and expected decreases during the year ahead. These expectations have moderated over the past six months as consumers have reluctantly accepted the fact that the COVID virus will persist much longer than they had initially anticipated. Importantly, the partisan shift had only a very small impact on overall employment expectations.
- The year-ahead expected inflation rate fell to 2.5% in December 2020, between last month's 2.8% and last year's 2.3%. The December 2020 figure was the lowest since 2.1% in April 2020, and well below the average of 3.1% from May to August 2020. Long-term inflation expectations remained unchanged from last month at 2.5%, but above last December's 2.2%.

Housing and Construction

In December 2020, the Dodge Momentum Index rose 9.2 percent from the November 2020 reading of 123.3.[27] The Momentum Index, issued by Dodge Data & Analytics (Dodge) is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which have been shown to lead construction spending for nonresidential buildings by a full year. The December 2020 increase for the Momentum Index reflected a 0.3 percent increase by its institutional component and a 14.0 percent increase by its commercial component.[28]

Dodge Data & Analytics opined, "The gain in the commercial component of the Momentum Index was heartening even though the increase was mostly the result of a sizeable increase in warehouse planning. The warehouse sector has been one of the few areas of construction that has flourished during the Pandemic thanks to increased demand for online shopping. For the full year of 2020, the Dodge Momentum Index lost 4.8% from 2019. The institutional component of the Momentum Index dropped 13.5%, while the commercial component increased 0.8%."[29]

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[27] Dodge Momentum Index Ends 2020 on a High Note. Dodge Data & Analytics. January 8, 2021.
[28] Ibid.
[29] Ibid.

In December, 11 projects each with a value of $100 million or more entered planning. The leading commercial projects were the $450 million 50 Allen Plaza office tower in Atlanta, GA, and the $426 million Orion Center office project in Albuquerque, NM. The leading institutional projects were two lab projects associated with the Gateway Innovation Center in Somerville, MA valued at $385 million and $300 million.

Interest Rates

In September 2020, the Federal Reserve pledged to keep interest rates near zero until 2023.[30] As of December 31, 2020, the prime interest rate is 3.25 percent.[31] The prime rate is posted by a majority of the top 25 (by assets in domestic offices) insured U.S. chartered commercial banks and is one of the several base rates used by banks to price short-term business loans.[32] While the Federal Reserve does not control the prime rate, many banks base their prime rates partly on the target level of the federal funds rate (the rate that banks charge each other for short-term loans) as established by the FOMC.[33]

In public markets, asset prices continually change with changes in future expectations. Thus, the impact on publicly traded equity valuations is focused not necessarily on the trend of lower future interest rates, but rather, whether or not the current expectations are higher or lower than previous estimates. The anticipated impact of interest rate expectations on the expected overall cost of capital and equity valuations cannot be readily discerned, as other variables necessary to make such a generalization are unknown.

However, in analyzing changes in the expected level of the S&P 500 Index, we can discern if economic conditions have evolved in a way that will generally suggest higher or lower equity values.

Coronavirus wreaked havoc on the stock market in the first quarter of 2020. The S&P 500 recorded its worst start to a year since the recession in 2008, down 20 percent after the first three months of 2020.[34] Similarly, the Dow Jones Industrial Average (DJIA) recorded its worst first quarter of a year in its history, experiencing a 23 percent drop from the start of the year.[35]

The second quarter of 2020 was a different story, however. The DJIA ended the second quarter with a 17.8% gain. That is the average's biggest quarterly rally since the first quarter of 1987, when it shot up 21.6%. The S&P 500 had its biggest one-quarter surge since the fourth quarter of 1998, increasing nearly 20%.[36]

The stock market continued its forward momentum from the second quarter of 2020 into the third quarter, as the stock market recorded its best back-to-back quarters since 2009.[37] The S&P 500 grew 8.5 percent in the third quarter, while the DJIA increased by 7.6 percent.[38]

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[30] Federal Reserve Says It Will Keep Interest Rates Near Zero Until 2023. *Forbes*. Klebnikov, Sergei. September 16, 2020.
[31] Select Interest Rates, Bank Prime Loan. Board of Governors of the Federal Reserve System.
[32] Ibid.
[33] "What is the prime rate, and does the Federal Reserve set the prime rate?" Board of Governors of the Federal Reserve System, Current FAQs.
[34] Stock Market News for Apr 1, 2020. Yahoo Finance. Zacks Equity Research. April 1, 2020.
[35] Ibid.
[36] Dow rallies more than 200 points to close out its best quarter since 1987. CNBC. Imbert, Fred. June 29, 2020.
[37] U.S. stocks end third quarter on a high note, despite rocky September. *Washington Post*. September 30, 2020.
[38] Ibid.

The last quarter of 2020 also treated the stocks well. Owing in part to electronic car manufacturer Tesla, which was added to the S&P in December 2020 and saw a 740 percent increase for the year, the S&P 500 ended 2020 at an all-time high, up 16 percent for the year. This achievement marks back-back banner years for the index, as it increased over 28 percent in 2019. The DJIA followed suit, ending the year up almost 7 percent for 2020. The biggest mover of the three major indices, however, was the NASDAQ, which climbed more than 40 percent over 2020, thanks to a big year for tech.[39]

Economic Outlook Conclusion

The health of the U.S. economy as of the end of 2020 is still uncertain as the country continues to struggle through the impact of the Coronavirus Pandemic. The change in Presidential administrations is also cause for economic uncertainty. However, the positive expected impact of the COVID-19 vaccine on the horizon has given a boost to the market and brought Americans hope for a brighter future. Therefore, as we turn the corner into 2021, the current economic outlook is slightly negative due to the still unforeseen total economic consequences of the Coronavirus Pandemic.

[39] Stock market news live updated: S&P 500 powers to a record closing high on the final day of 2020, ending the year with a 16% rise. Yahoo Finance. Emily McCormick. December 31, 2020.