

## ECONOMIC INDICATORS SHOW A RAPID RECOVERY IS UNDERWAY

### Unemployment rate has fallen considerably since the height of pandemic

- In April 2020, the unemployment rate was 14.8%.
- Many economic forecasters, including CBO and the Federal Reserve, did not anticipate unemployment falling below 7% until well into 2021 or 2022.
- However, in October 2020, the unemployment rate fell below 7%. And in November 2020, it dropped to 6.7%, roughly where it was in December 2013.
- The economy took four years to recover to this level after the Great Recession ('08-'09).
- In January 2021, the unemployment rate dropped again down to 6.3%.
- Currently, 18 states have unemployment rates below 5%.

### Economy has seen strong GDP growth & CBO forecasts more GDP growth in 2021

- In Q3 2020, GDP grew by 33.4%. In Q4 2020, GDP grew by 4%.
- CBO [forecasts](#) a 4.6% annual real GDP growth rate for 2021.
- CBO [estimates](#) the U.S. economy is currently on track to reach pre-pandemic economic levels by mid-2021 without any more stimulus spending by Congress.
- CBO [forecasts](#) the so-called output gap—which measures how far from potential an economy is running—will be approximately \$380 billion for 2021.
- An output gap of \$380 billion does not require a \$1.9 trillion spending bill.

### In the aggregate, the average household is in a better financial position than pre-COVID

- As a result of the federal government's enormous transfers of relief money to individuals and families, in 2020:
  - [Personal savings](#) were up by over \$1.6 trillion, reaching record levels.
  - [Total consumer credit](#) was down by over \$100 billion, meaning the amount of debt that Americans owed decreased significantly.
  - [Personal income](#) was up by over \$1 trillion.

### Historically low interest rates continue to provide a stimulative economic effect

- Interest rates remain near historic lows due to Federal Reserve's actions, including purchasing \$120 billion of bonds per month (Treasuries and Agency MBS).
- Low interest rates enable consumers and businesses to obtain low-cost credit to make purchases that will benefit the economy.