

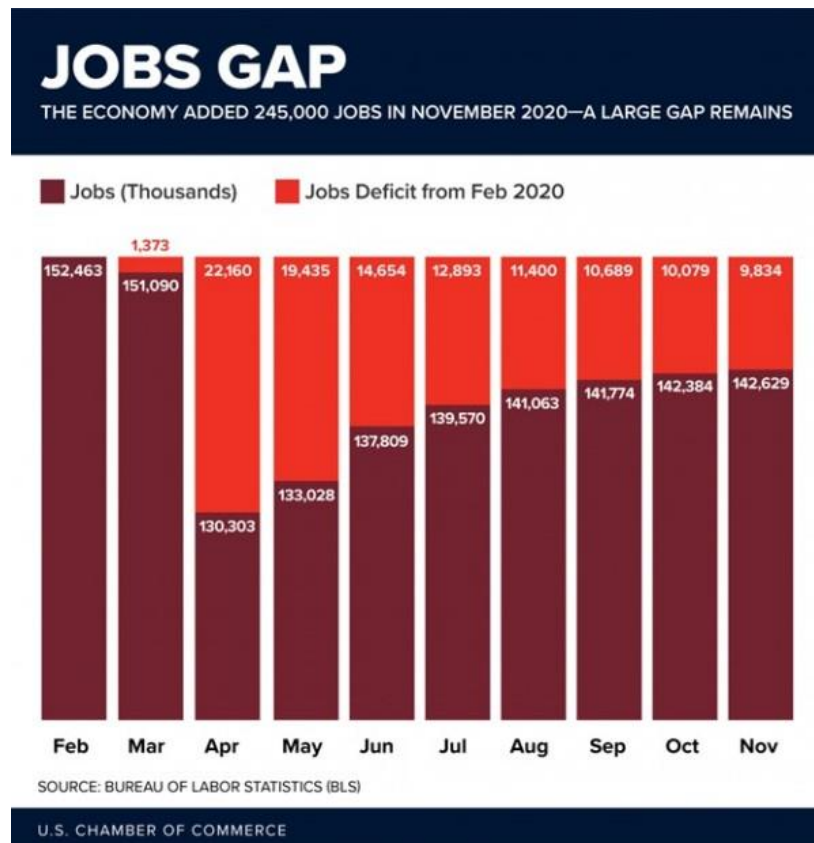
## A Look Back at the 2020 Economy

The economy had a wild ride in 2020. It is worth a look back at a year that will certainly be one for the economic history books.

**What happened?** It is easy to forget that the economy was in good shape at the beginning of 2020. The labor market had added 214,000 jobs in January and 251,000 in February. Had it not been for the COVID-19 virus, the economy would have continued to grow.

Once COVID-19 hit our shores though, it sent the economy into a tailspin from which it has yet to fully recover. The virus forced us into “The Great Pause” from mid-March until June.

**From tracking at near 2% growth in late March**, the economy dropped rapidly. In March and April, more than 22.1 million Americans lost their jobs. Just two weeks of suspended economic activity (from mid-March to the end of the month) was enough to cause the economy to contract by 5% in the first quarter. The continuation of that suspension in April, May, and into June caused the economy to contract more than 31% in the second quarter.



**But the economy roared back in a big way** by a combination of lower virus case rates, the end of government-mandated closures, and the willingness of people to resume more of their normal

routine. It grew more than 33% in the third quarter, which is a testament to the incredible resiliency of the U.S. economy.

**An uneven recovery:** Some industries have [more than recovered](#), especially those whose products are more in demand during a pandemic. Others that cannot operate fully, or at all, in a socially distanced manner. This split-recovery has become known as the [“K-shaped” recovery](#).

**Looking ahead:** Keep in mind the outlook for 2021 is strong because the pandemic will end this year. Vaccines will drive down cases and allow those business at the bottom of the “K” to finally begin to recover.

[Read my full piece](#) with more charts at Above the Fold.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce