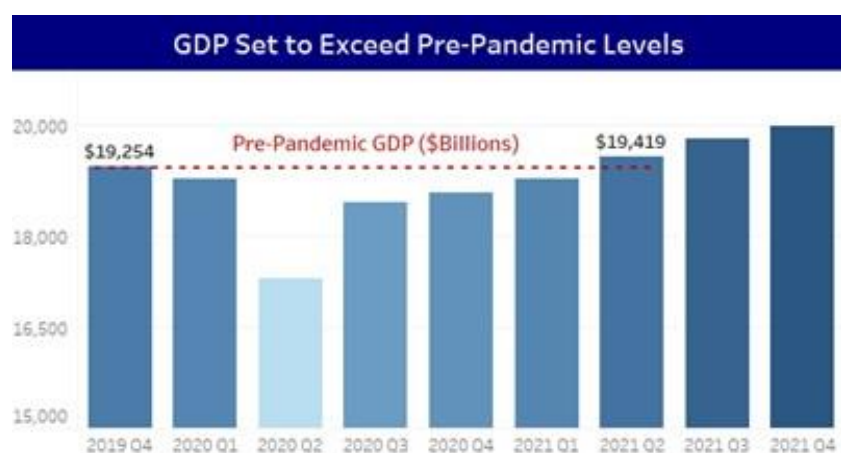


Economy Nears Return to Pre-Pandemic Levels

The recession caused by COVID-19 and the subsequent recovery have been unique compared to previous economic contractions. Most importantly, the rebound has been stronger and quicker compared to previous recessions.

What's happening? The size of the economy should match its size prior to COVID-19 in the coming days. At the end of 2019, before COVID-19, the economy was about \$19.3 trillion in total. By the end of the second quarter of 2020 it had contracted to \$17.3 trillion. In the next couple of weeks, either before the end of the first quarter or early in the second quarter, the economy should surpass that \$19.3 trillion level.



A recovery of a year to the previous peak is rapid. By comparison, it took from the end of 2007 to the middle of 2011 for the economy to get back to where it had been prior to the 2007-2009 Great Recession. That is 3-and-a-half years compared to a year.

Even more encouraging is that the economy's size should surpass where it would have been had the COVID-19 recession never struck by late this year. That means it will be larger than the track we were on in less than a year-and-a-half. That is remarkable given how far we fell less than a year ago.

However, growth will have to remain above the previous trend for some time to make up the lost output during the recession and recovery.

Big picture. The causes of this strong recovery are many. The economy was in solid shape pre-COVID. The recession was caused by the virus, not something that occurred in the economy. The strong footing the economy was on, and that the COVID recession did not expose any bubbles or imbalances in the economy, put it in a good place to recover once the virus subsides. The enormous government response on from both the fiscal and monetary sides has also contributed greatly.

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

