

7 financial heavyweights have unveiled forecasts for a sudden US recession. Here's what they had to say about the economic damage coronavirus will cause.

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A number of Wall Street firms have said they expect the US to fall into a recession from the shock of the coronavirus pandemic.

- **The National Bureau of Economic Research defines a recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales."**
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- **Here are all the firms that have said the US will fall into a recession - or is already in one- due to coronavirus.**
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As the coronavirus pandemic continues, economists have rushed to update forecasts with dismal outlooks for the US economy.

There's now a consensus that the shock of the coronavirus outbreak will push the US into a recession, ending the longest-ever economic expansion on record.

The National Bureau of Economic Research - the arbiter of any official recession calls - defines one as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales."

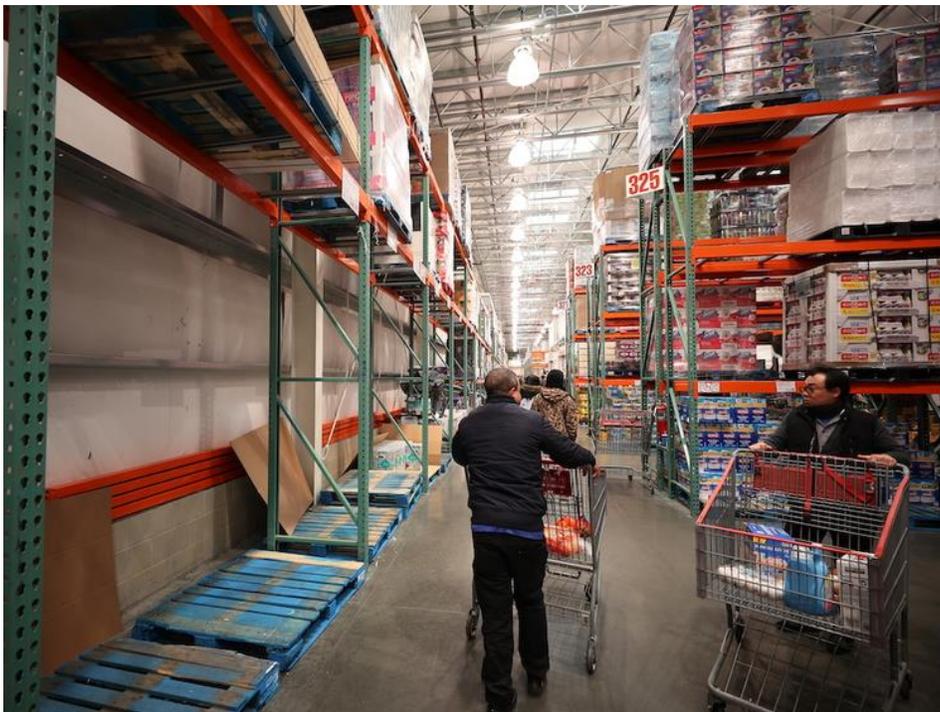
Projections that US gross domestic product would falter have come from firms such as Goldman Sachs, Deutsche Bank, JPMorgan, Bank of America, and more. The labor market is also starting to show distress - on Thursday, data showed that in the week ending March 14, jobless claims rose by 70,000 to 281,000, exceeding economist estimates for an increase to 220,000.

As factories and stores are shuttered, there will likely be huge declines in manufacturing and consumer spending in the near future. Because the US consumer is a cornerstone of economic activity - spending makes up roughly 70% of US GDP - any dip could have a big impact.

Some firms have even gone so far as to say that the US isn't nearing a recession, it's already in one. On Monday, economists at the **UCLA Anderson School of Management said that the US economy has already stopped growing and will likely remain in a recession until October**. Banks have started to make similar calls - in a Thursday note, Bank of America economists led by Michelle Meyer said that the **US has joined the rest of the world in a recession**.

Here's a roundup of all the firms that have said that coronavirus will push - or has already pushed - the US economy into a recession, and their forecasts.

1. Goldman Sachs: US GDP -24% in 2Q, a record drop



Anadolu Agency via Getty Images

After already saying that the **coronavirus outbreak will push the US into a recession**, Goldman Sachs updated its estimates on Friday and now thinks the fallout could be even worse than it previously expected.

The firm on Friday dramatically cut its US economic forecast and is expecting gross domestic product **will decline by 24% in the second quarter of 2020 due to the coronavirus pandemic**. A drop of that size would be a record, nearly two-and-a-half times the largest drop of 10% seen in 1958.

"The sudden stop in US economic activity in response to the virus is unprecedented, and the early data points over the last week strengthen our confidence that a dramatic slowdown is indeed already underway," Goldman Sachs economist Jan Hatzius wrote in a Friday note.

2. Deutsche Bank: "The worst global recession since World War II"



Deutsche Bank predicts that the US economy **will grow by just 0.6% in the first quarter before slipping into a 12.9% contraction.**

The anticipated declines would "substantially exceed anything previously recorded going back to at least World War II," the bank wrote in a note Wednesday,

"We cannot stress enough the degree of uncertainty surrounding these projections," the economists wrote. "These are truly unprecedented events with no adequate historical example with which to precisely anchor our forecast."

3. JPMorgan: "Recession will rock the US and Europe by July"



REUTERS/Rick Wilking

JPMorgan economists expect that **US GDP will shrink by 2% in the first quarter and 3% in the second amid the coronavirus outbreak**. At the same time, eurozone GDP could contract by 1.8% and 3.3% over the same periods, the economists added.

"As we resign ourselves to the inevitability of a large and broad-based shock to global growth, the key issue is whether we can avoid a traditional and longer-lasting recession event," JPMorgan wrote in a March 12 note.

4. Bank of America: "The US economy has fallen into recession"



Justin

Sullivan/Getty Images

"We believe that **the US economy has fallen into recession**, joining the rest of the world, and it is a deep plunge," Bank of America economists led by Michelle Meyer wrote in a note Thursday.

The economists forecast that US gross domestic product will collapse in the second quarter, falling 12% on a seasonally adjusted annual rate basis - the biggest quarterly decline in post-war history - after growing only 0.5% in the first quarter of 2020. For the full year, the bank is forecasting a contraction of 0.8%.

5. Pacific Investment Management Co: "Inevitable recession"



REUTERS/Chris Keane

"In the face of the most serious global health crisis in more than a century, fiscal and monetary policy makers around the world will have to pull out all the stops to prevent what currently looks like an **inevitable recession from turning into a depression**," Joachim Fels, the global economic adviser at Pacific Investment Management Co., wrote in a note to clients Monday.

That could send financial markets from "a drawdown to a meltdown," he added.

6. Morgan Stanley: Base case is a global recession



Juan Medina/Reuters

Morgan Stanley's new **base-case scenario sees global GDP growth mildly contracting in the first half of the year** before rebounding through the end of 2020, the firm wrote in a Tuesday note.

Global growth will hit 0.9% for the full year, making the downturn more pronounced than the recession in 2001 but less severe than the 2008 financial crisis, Morgan Stanley economists said.

7. UBS: Deep US recession by July



Steven Senne/AP

UBS sees a "massive contraction" occurring in the **US economy in the second quarter of 2020 and a deep recession in the first half of the year due to the coronavirus pandemic**, according to a Thursday note.

The firm now thinks that US growth in the first quarter has dropped to -2.1%, and is forecasting an almost 10% contraction in the second quarter of the year.

"Our previous assumptions are invalid and even our downside scenario is becoming too rosy," UBS economist Seth Carpenter wrote. "For now, we assume that the worst of the virus passes in the US by late April, but restrictions continue until the end of May."

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