

Impacts of Covid on Trade

- TRB Trade and Transportation Committee
Midyear Meeting July 13, 2021
- Scudder Smith, Principal Consultant, WSP

Impacts of Covid on Trade

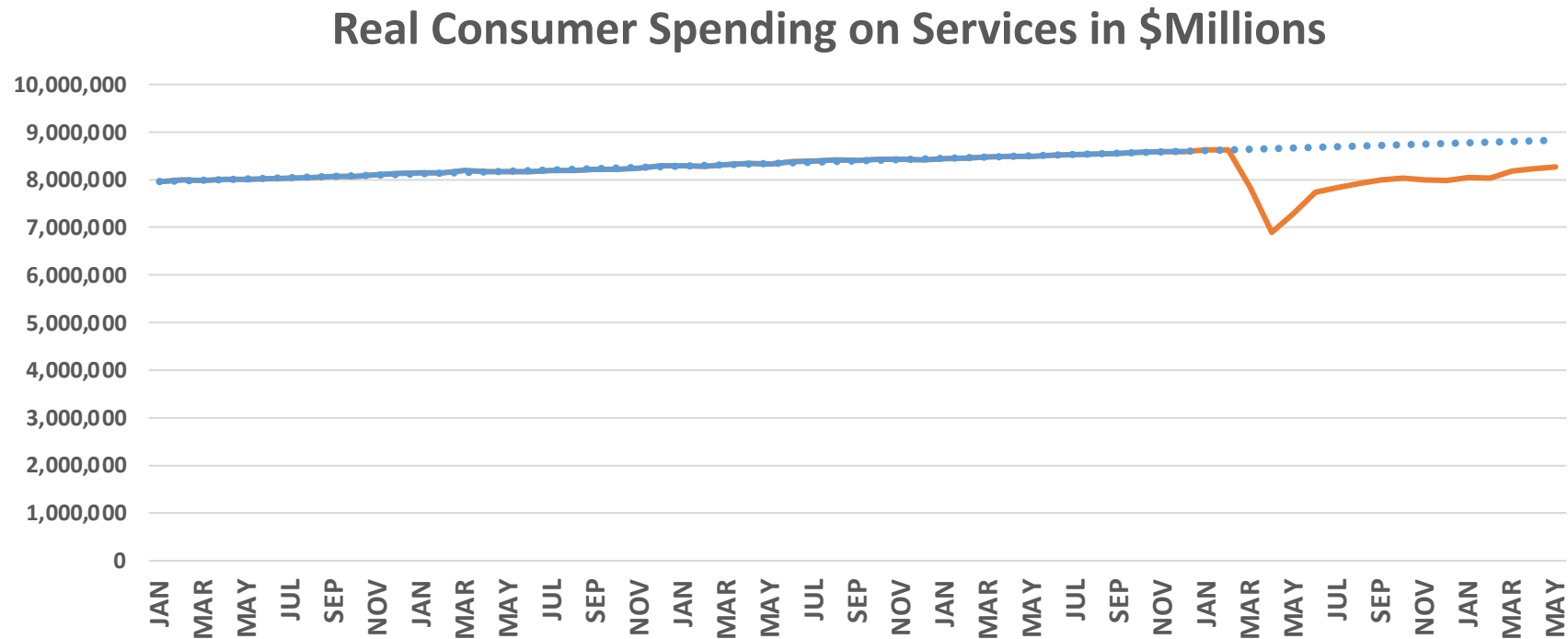
- Types of Impacts
 - Direct Products and Materials
 - Demand by GDP categories
 - Supply Chains

Impacts of Covid on Trade: Demand Indicators

- U.S. Import Demand
 - Consumer Spending
 - Investment in Equipment
 - Private Fixed Investment in Structures
 - Inventories

Impacts of Covid on Trade: Consumer Spending

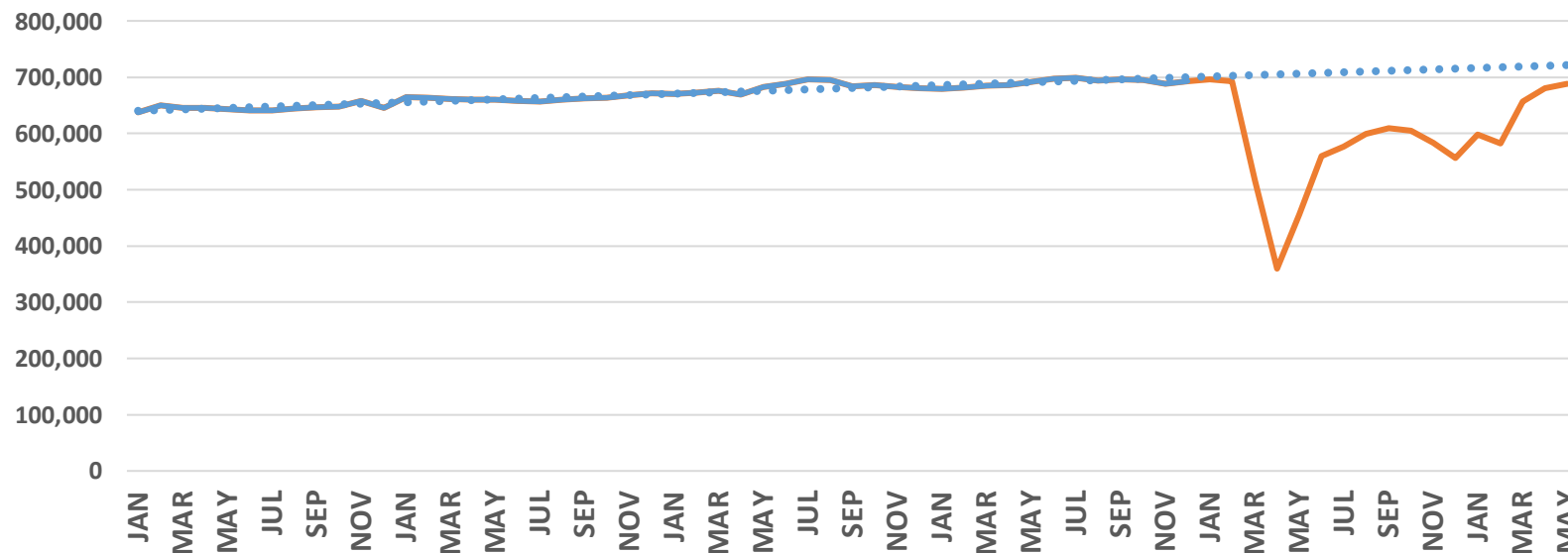
- The economic impact has been concentrated in services
- Spending plunged to a low in April 2020 and remained well below the trend



Impacts of Covid on Trade: Consumer Spending

- The economic impact has been concentrated in services
- Spending on purchased meals and beverages dropped by nearly half from January to April 2020 and remained well below the trend until May 2021.

Real Consumer Spending on Purchased Meals and Beverages
in \$Millions



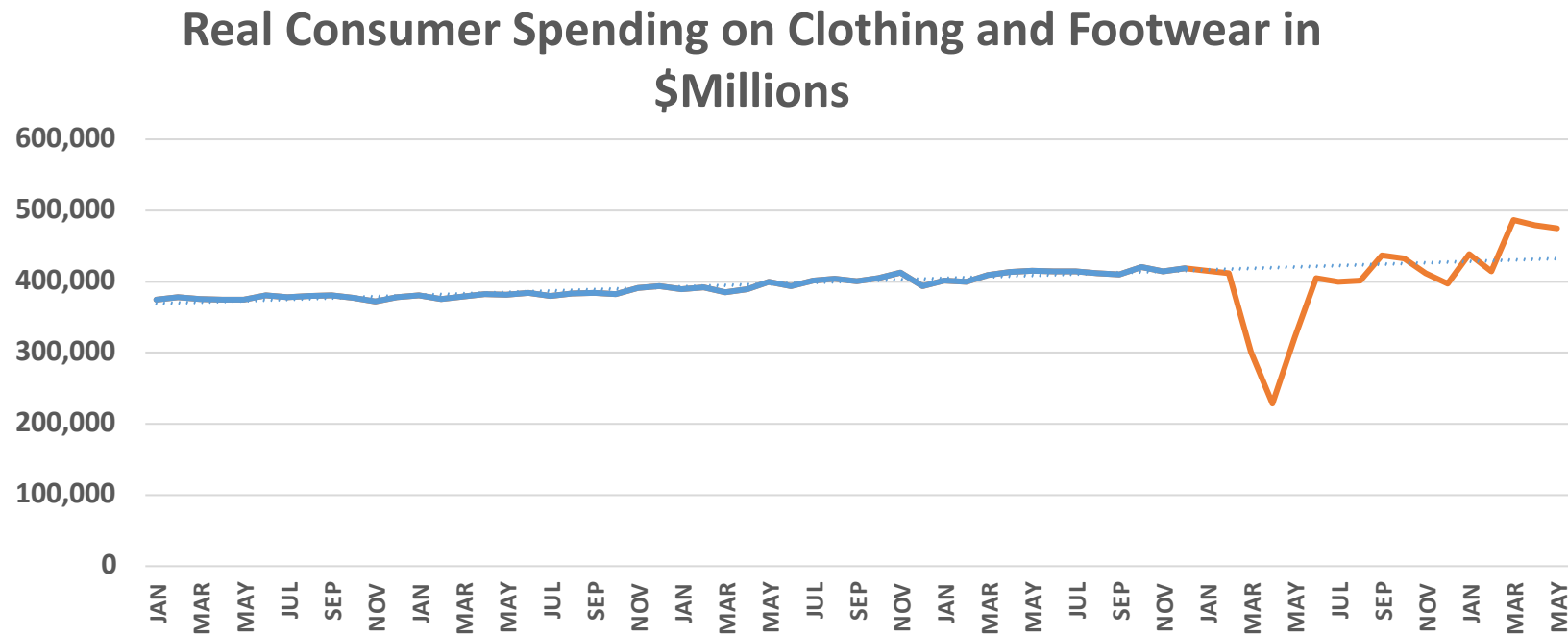
Impacts of Covid on Trade: Consumer Spending

- The impact on aggregate goods spending was short-lived
- Spending on goods dropped to a low in April 2020 but has since grown above the trend



Impacts of Covid on Trade: Consumer Spending

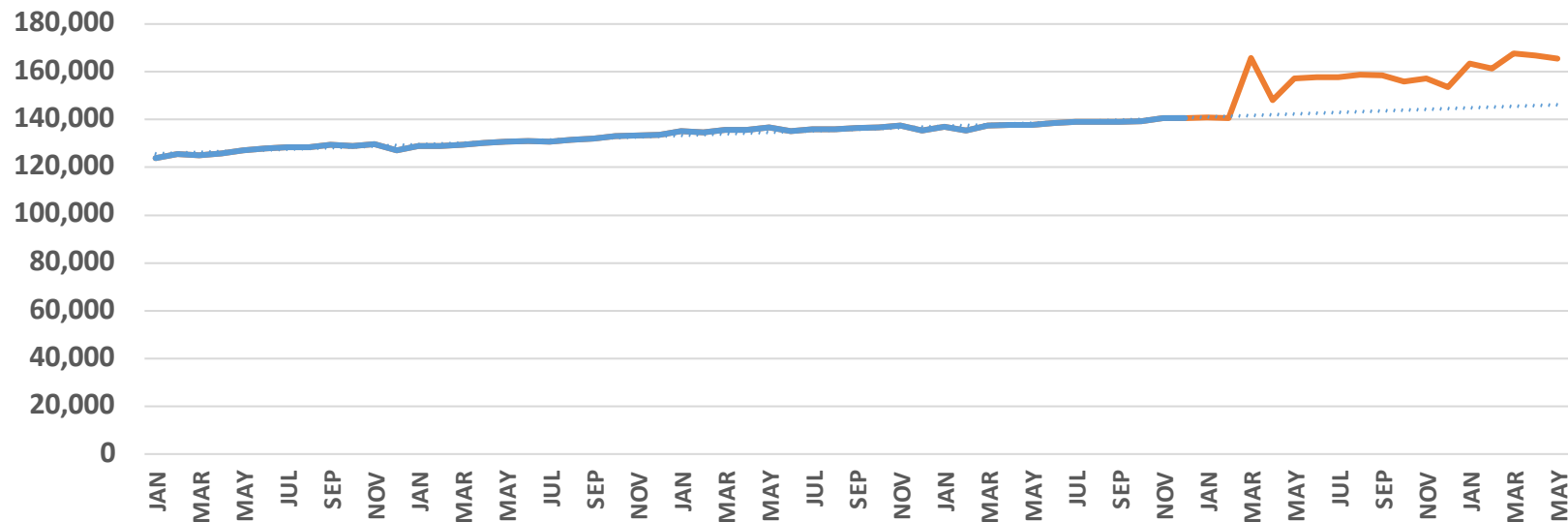
- Growth on goods spending declined for some major categories
- Spending on clothing and footwear plunged in the first 2 quarters of 2020



Impacts of Covid on Trade: Consumer Spending

- Growth in spending in some nondurable goods categories increased
- Spending on alcoholic beverages spiked in March 2020 and has continued well above the trend since then (with a caveat about spending in services)

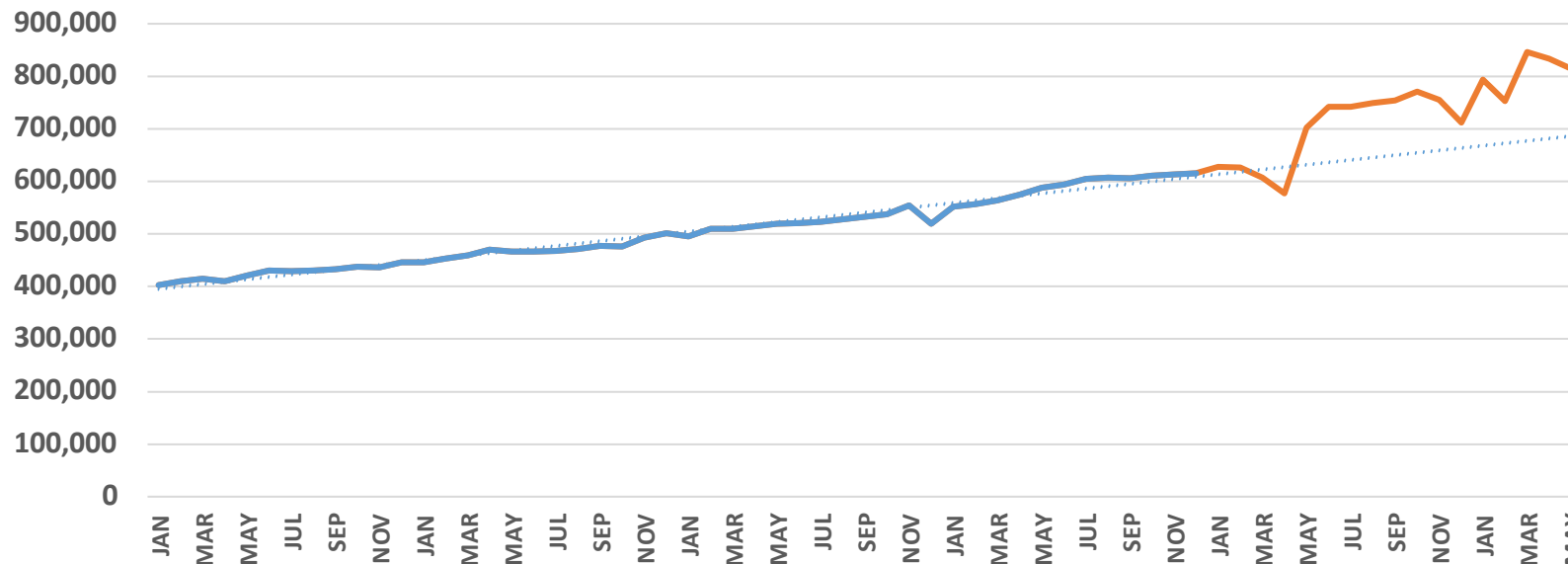
Real Consumer Spending on Alcoholic Beverages in \$Millions



Impacts of Covid on Trade: Consumer Spending

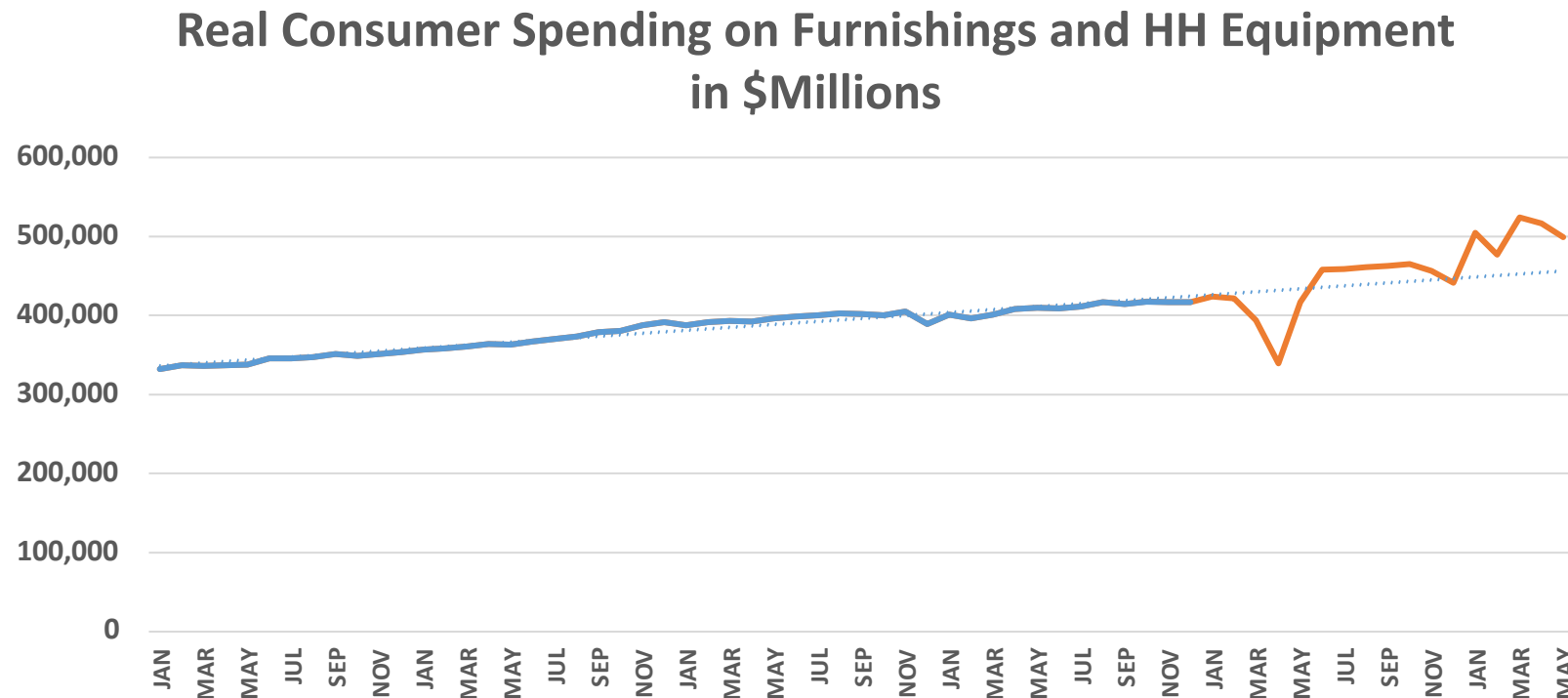
- Goods spending in some durable categories has accelerated
- Spending on recreational goods and vehicles dropped in April 2020 but has since grown to new highs

Real Consumer Spending on Recreational Goods and Vehicles in \$Millions



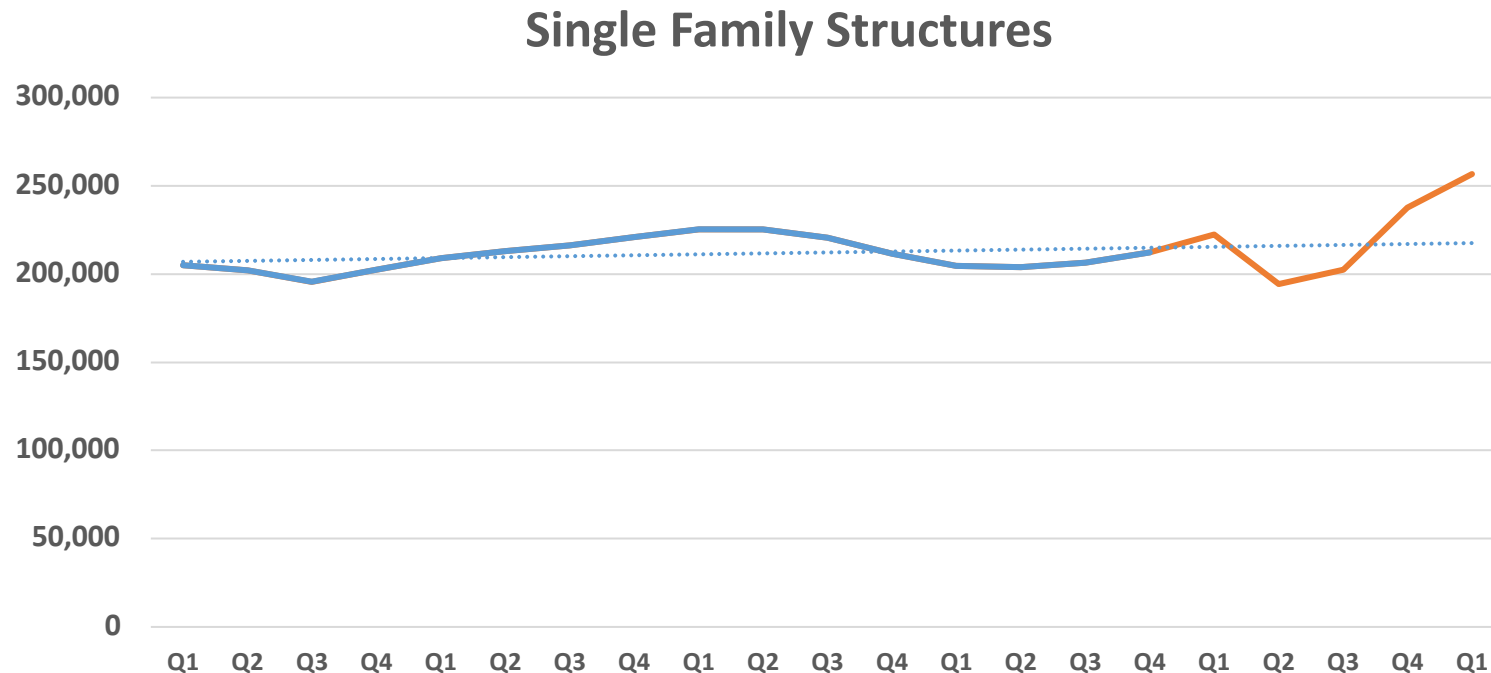
Impacts of Covid on Trade: Consumer Spending

- Goods spending in some durable categories has accelerated
- Spending on furnishings and household equipment also dropped in April 2020 but has also grown to new highs (includes audio-visual as well as computers)



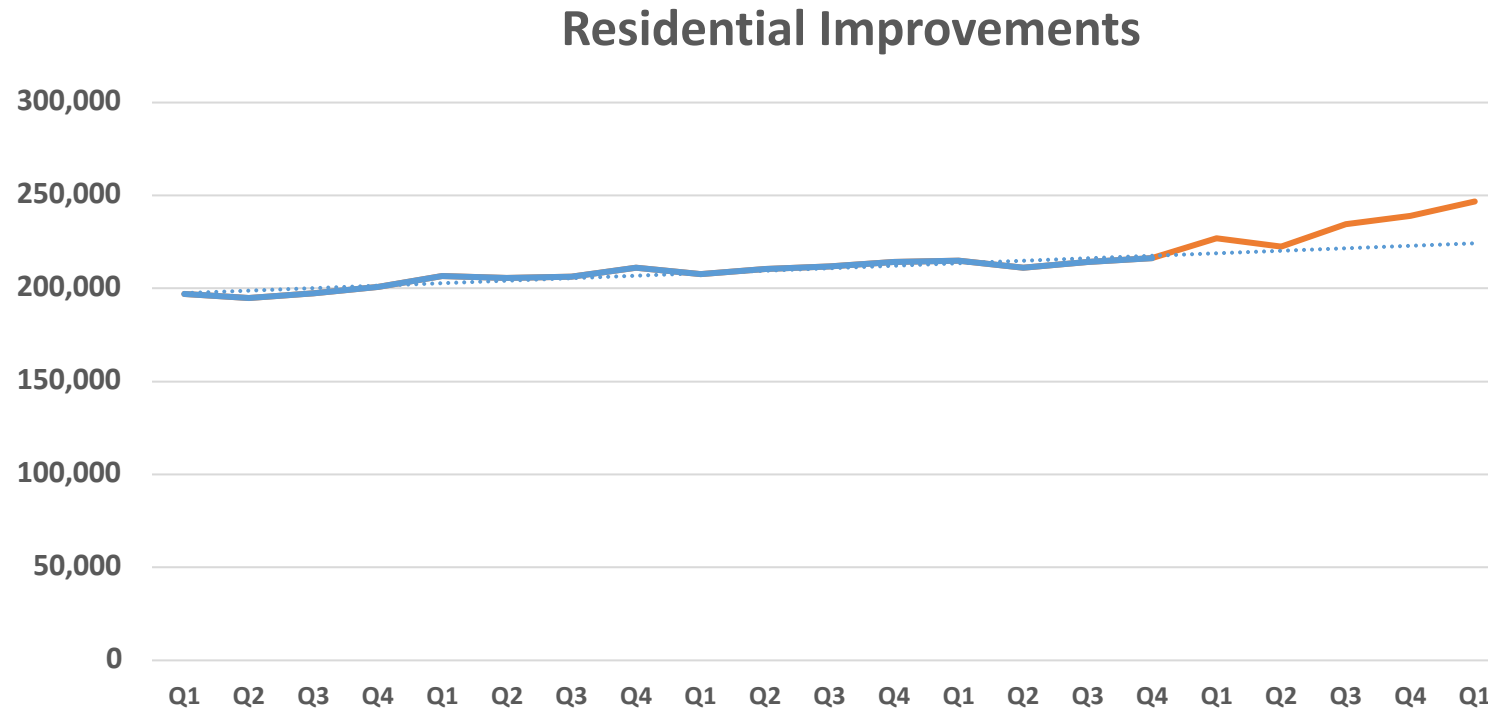
Impacts of Covid on Trade: Investment in Structures

- Investment in structures is a critical determinant of demand for many traded goods (e.g. lumber)
- Investment in single family structures dropped in 2020 Q2 and Q3 but rebounded sharply in Q4 and 2021 Q1



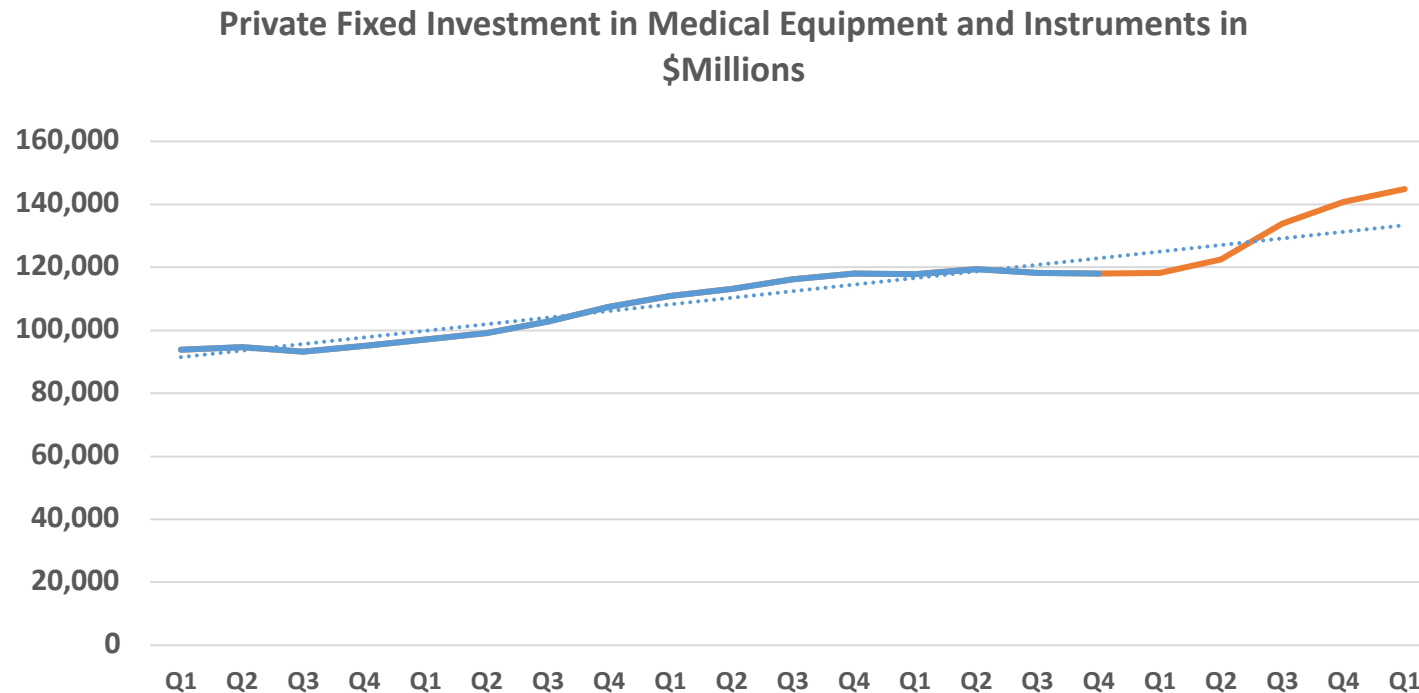
Impacts of Covid on Trade: Investment in Structures

- Investment in structures is a critical determinant of demand for many traded goods (e.g. lumber)
- Spending on residential improvements has grown above the trend over the course of the pandemic, rising to a new high in 2021 Q1



Impacts of Covid on Trade: Investment

- Private fixed investment in equipment is an important determinant of demand for many traded goods
- Investment in medical equipment and instruments began to accelerate in 2020 Q2 and continued to climb through 2021 Q1



Impacts of Covid on Trade: Investment

- Private fixed investment in equipment is an important determinant of demand for many traded goods
- Private fixed investment in computers and peripherals is in addition to consumer spending on these products. After a small decline in 2020 Q1, investment has grown rapidly through 2021 Q1.

Private Fixed Investment in Computers and Peripherals in \$Millions

