



Coronavirus - COVID-19

Monitoring the situation internationally - USA



November 6, 2020

This report provides DI's members with a selection of information on essential developments related to the Corona crisis in the US. As for now, reports are also available on the situation in China, United Kingdom, Germany, France and Sweden. For comments and further information about the situation in the US please contact: Louis Funder, US General Manager, +1 202 813 2276, lfk@di.dk

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Situation Summary

The US is currently living through its third wave of COVID19 cases with more than 90,000 new cases reported on a daily basis over the past week – an increase of 50 percent from the average two weeks earlier. Despite the new records and growing outbreaks across the country no new notably restrictions are put in place. US GDP grew at an annualized rate of 33.1 percent in the third quarter of 2020. The rebound was led by the gradual reopening of businesses and revitalized spending activity – also supported by the last funds from the CARES Act. Despite the rebound the overall output is not back at its pre-pandemic level.

The outcome of the 2020 Elections is still not confirmed at this point in time – however Joe Biden is most likely to prevail. In terms of his COVID19 response, Biden is expected to nationalize mask wearing, increase Covid-19 testing, and step up PPE procurement. In terms of financial stimuli he will (most likely) be dependent on negotiating a deal with the republicans in the Senate.

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Macroeconomic Development

In the following is an overview of key indicators for a few main markets for Danish companies. The figures provide an indication of the direction in which the economies are moving during the Corona Pandemic. The figures are the most frequently updated macro indicators and are comparable across the chosen countries. The indicators cover both consumers and companies.

Oxford Economics has made a forecast for the economic growth after the spread of the Corona virus in Europe¹.

Real growth in GDP in 2020									
	January	February	March	April	May	June	August	September	October
World	2,5	2,3	0,0	-2,8	-5,1	-5,0	-4,4	-4,4	-4,2
US	1,7	1,6	-0,2	-4,1	-6,1	-6,1	-4,0	-3,7	-3,5
China	6,0	5,4	1,0	-0,2	0,8	2,0	2,5	2,3	2,3
Eurozonen	1,0	0,8	-2,2	-5,1	-7,8	-8,0	-7,8	-7,9	-7,5
- France	1,2	0,9	-3,1	-5,3	-9,8	-10,6	-10,1	-10,1	-9,0
- Germany	0,7	0,5	-2,1	-3,9	-6,1	-6,1	-6,3	-5,8	-5,3
- Sweden	1,2	1,0	-1,9	-4,7	-3,6	-3,6	-4,0	-4,0	-4,0
UK	1,0	1,0	-1,4	-5,1	-8,3	-10,8	-10,9	-9,7	-9,6

Purchasing Managers' Index

The PMI index is a survey asking senior executives at private sector companies. The manufacturing companies are asked on their view on output, new orders, employment, future activity, etc. and services companies on business activity, employment, new business².

¹ Oxford Economics, March 2020

² Further information on PMI: <https://ihsmarkit.com/products/pmi.html>

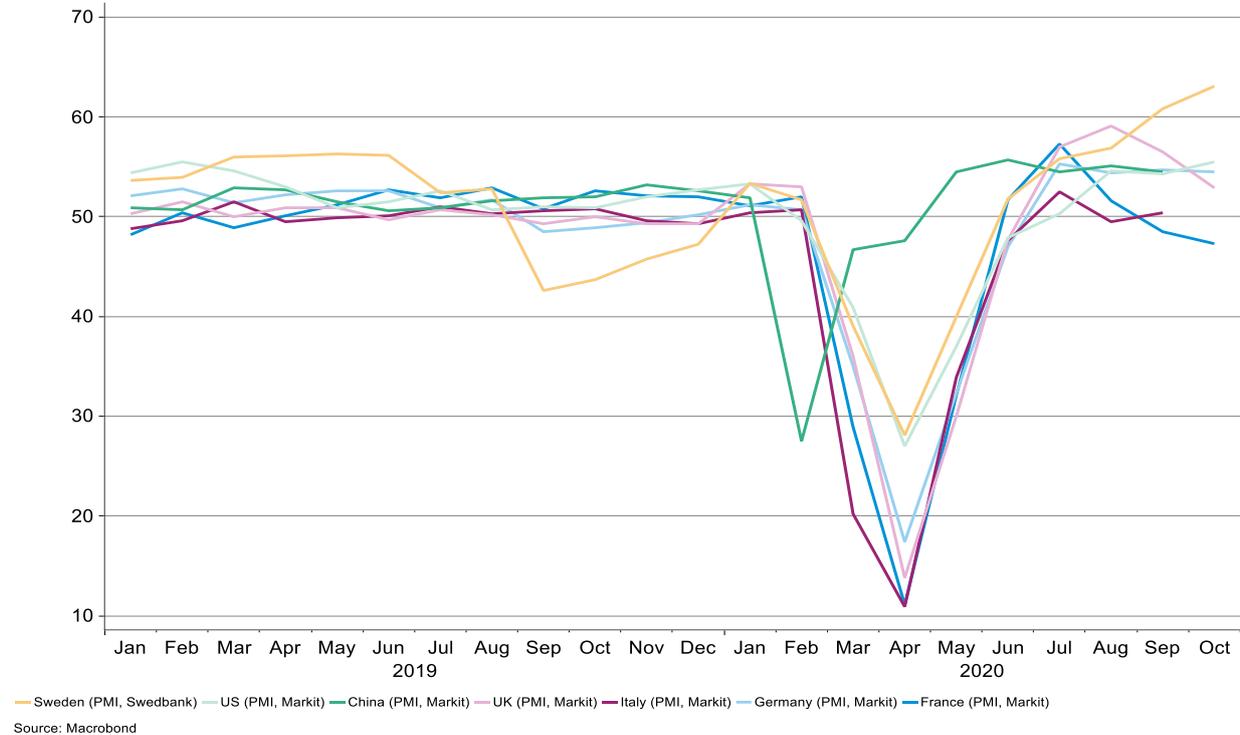
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Purchasing Managers' Index

Index, seasonally



Consumer Confidence

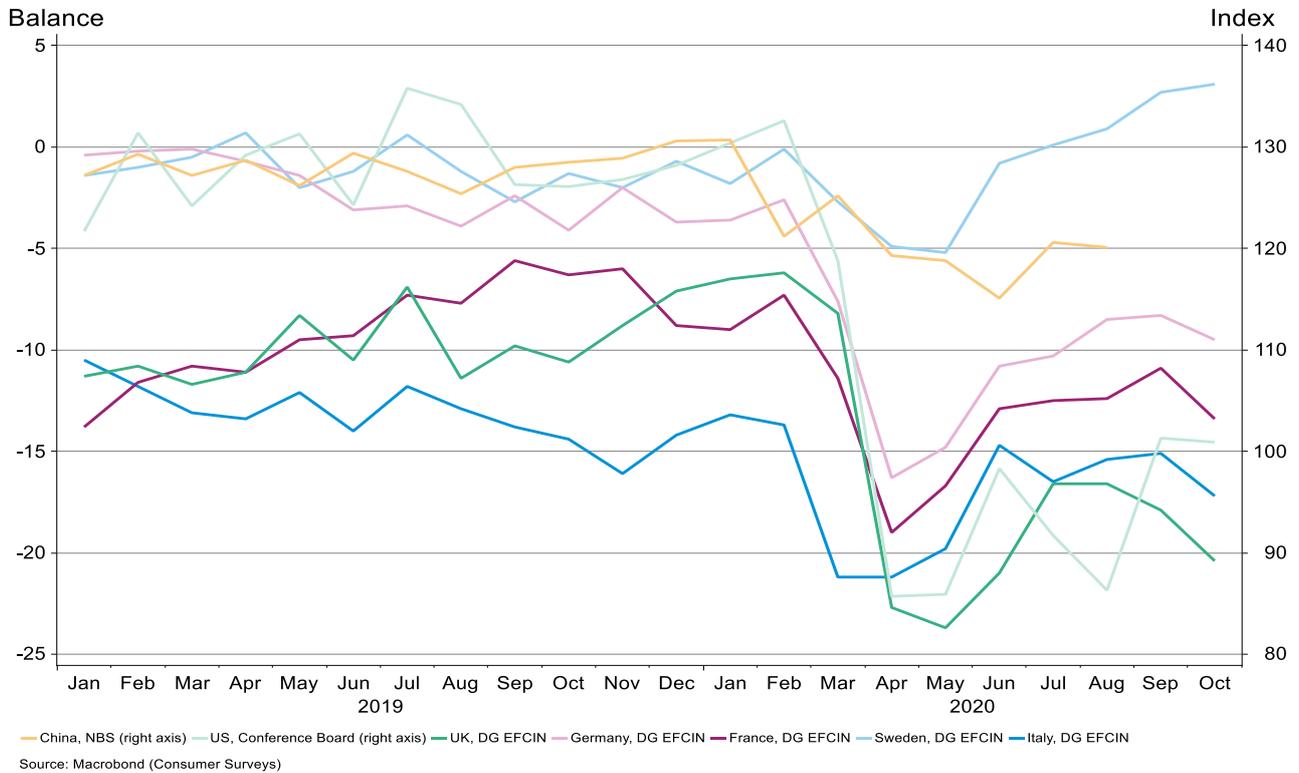
The consumer confidence is a survey among consumers asking their view on both the current and future general economic situation and the household financial situation. Combined with a question on their current purchase on larger goods. It provides information on optimism among consumers which influences the house consumption.

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Consumer confidence



International Stock Markets

The movement in the stock market indexes provides information regarding the investor view of the future expected income of companies. We look at the indexes for most traded stocks (the larger companies) in the main countries.

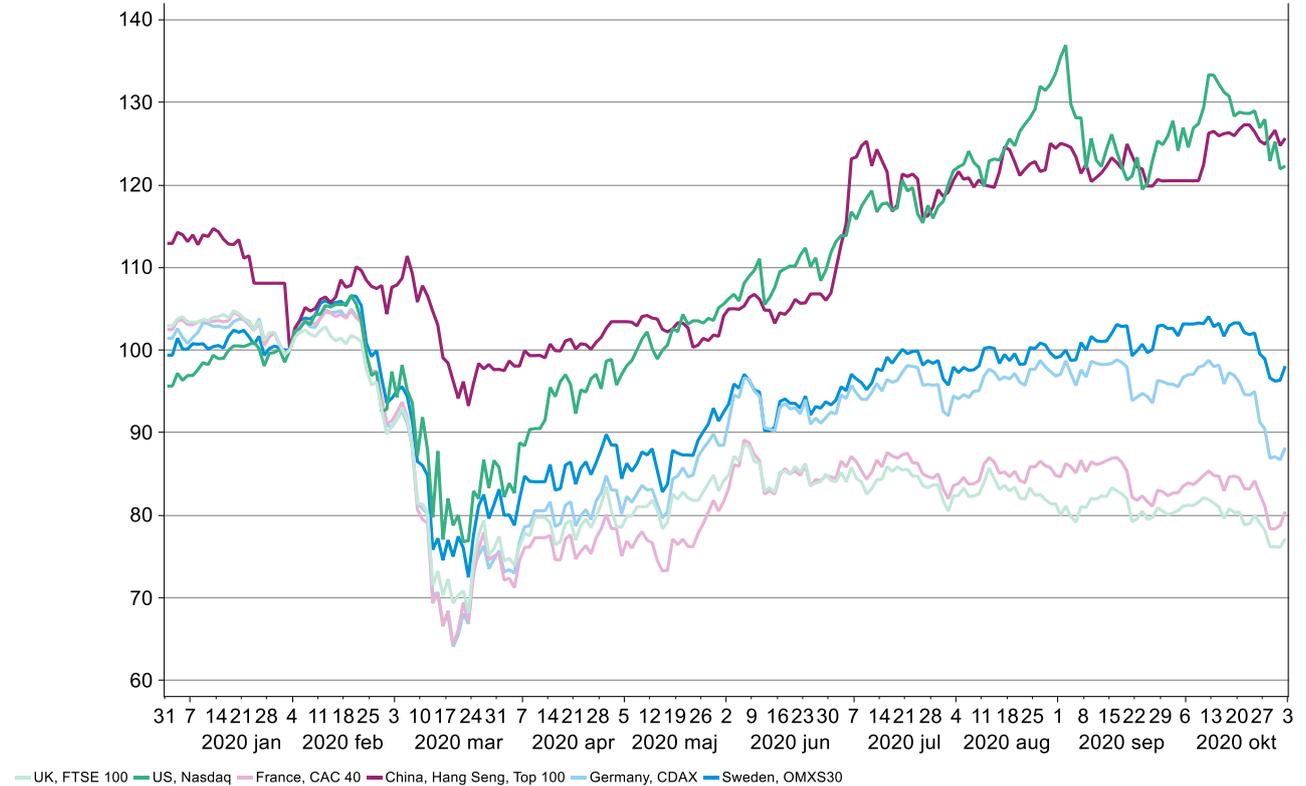
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International stock index

Index (February 3rd = 100)



Source: Macrobond

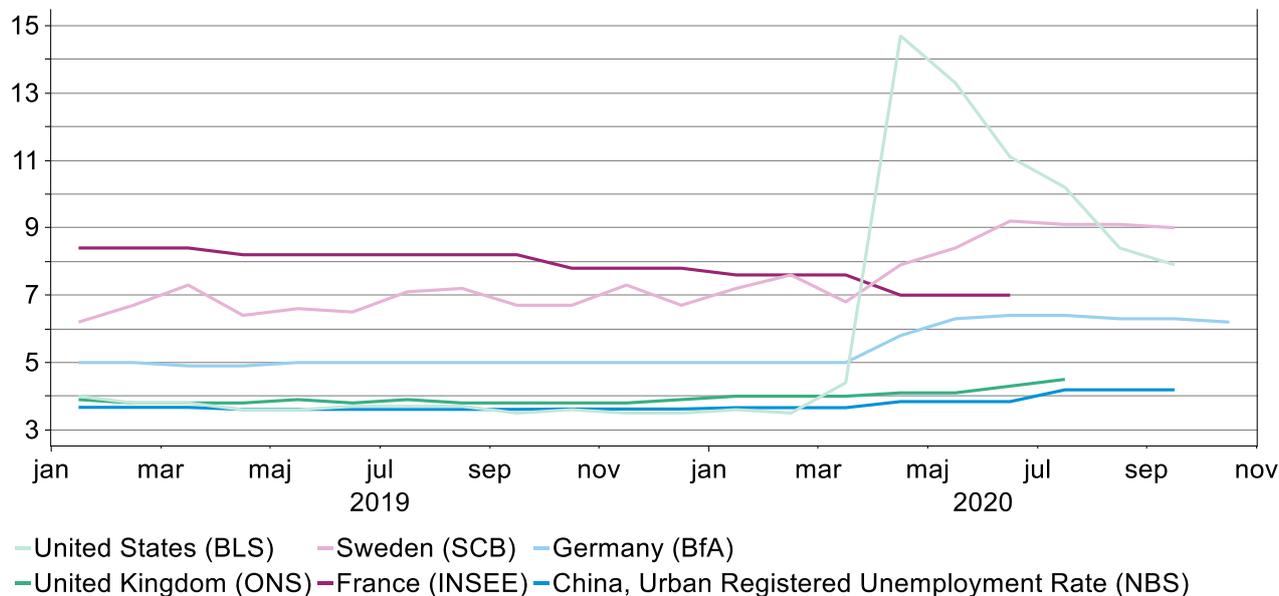
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Unemployment

Percent of labour force, seasonally adjusted



Kilde: Macrobond

Operational Restrictions

- Foreign nationals who within the past 14 days have visited among other the European Schengen Area, China, or United Kingdom may not, as a starting point, enter the United States.
- **BUT** certain business travelers, investors, treaty traders, academics, and students may qualify for national interest exceptions (NIE) which the US Embassy in Copenhagen are now processing. If qualified, business and student travelers who are applying for or have valid visas or ESTA authorization may travel to the United States even as the travel ban remain in effect.
- On June 22, 2020, President Trump issued a Presidential Proclamation titled *Suspending Entry of Immigrants Who Present Risk to the US Labor Market During the Economic Recovery Following the COVID-19 Outbreak*, that suspends entry of certain new immigrants who do not already have an approved immigrant visa. Effective June 24, 2020, the proclamation suspends "entry into the United States of any alien seeking entry pursuant to any of the following nonimmigrant visas" until December 31, 2020, subject to section 3 of the proclamation:
 - "an H-1B or H-2B visa, and any alien accompanying or following to join such alien;"

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- "a J visa, to the extent the alien is participating in an intern, trainee, teacher, camp counselor, au pair, or summer work travel program, and any alien accompanying or following to join such alien;"
- "an L visa, and any alien accompanying or following to join such alien"

Federal Relief Measures

The US Internal Revenue Service (IRS) advice for deducting COVID-19 costs from taxes (March 18, 2020)

- From March 18, The Treasury Department and the Internal Revenue Service are providing special payment relief to businesses in response to the COVID-19 Outbreak.

The Families First Coronavirus Response Act (March 18, 2020)

- The Act gives qualified workers two weeks of paid sick leave at full pay if they are ill, quarantined, or seeking diagnosis or preventive care for the coronavirus. Qualified workers can receive two weeks of paid sick leave at two-thirds pay if they are caring for sick family members.
- Companies receive a tax deduction equal to the full cost associated with the required payment of wages in the absence of employees who, as a result of COVID-19, are sick or who care for sick family members.

Federal Reserve Injection (March 23, 2020)

- The Federal Reserve promised unlimited purchases of US government debt and mortgage-backed securities as well as municipal and corporate bond buys.
- See all the [measures](#) here.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act (March 27, 2020)

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- Read the whole [bill here](#)
- The CARES Act also introduced a number of additional, smaller measures aimed at supporting companies that already have loans with SBA or that are borrowing before September 27, 2020. These are SBA Express Bridge Loans and SBA Debt Relief. See more [here](#).
- KPMG International has created a guideline for accounting and financial reporting relating to the CARES Act. See more [here](#)

Disaster Loan Program for Small Businesses (March 27, 2020)³

- The US Small Business Administration is offering designated states and territories low-interest federal disaster loans, named the **7(a) program**. The program does not currently have a limited time-frame.
- For a full overview [see here](#)

US Federal Reserve Injection – Main Street Lending Program No. 1 (April 9, 2020)

- The Federal Reserve provided up to \$2.3 trillion in loans to support the economy.
- See all the [measures here](#).

Paycheck Protection Program and Health Care Enhancement Act (April 24, 2020)

- The fourth relief package valued at \$484 billion dollars. Up to \$10 million can be borrowed per company to cover labor costs, interest, rent, etc.
- Paycheck Protection Program closed August 8, 2020
- See more [here](#)

US Federal Reserve Injection – Main Street Lending Program No. 2 (April 30, 2020)

³ US Small Business Administration



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- On April 30 - based on the CARES Act - the Federal Reserve continued a series of temporary loan facilities

Four Executive Actions by President Trump (August 8, 2020)

- Extend supplemental unemployment benefits, but at \$400/week, with states bearing 25% of the cost
- Defer FICA payroll taxes through the end of the year for those Americans making less than USD 100K
- Extend a moratorium on evictions and foreclosures where federally backed mortgages are involved.
- Extend the current interest waiver and payment deferral on federally held student loans through Dec 31 2020.

Guides

- DI's American sister organization, US Chamber of Commerce, has developed [this](#) COVID-19 Policy Tracker outlining the variety of policies that States and localities are pursuing a to respond to the coronavirus pandemic.

State and Local Relief Measures

Several States and Local Governments have created their own relief measures.

- KPMG International produces guidelines of State and Local Tax Extensions in response to COVID-19. The latest [guidance](#) is from 26 October.
- For the latest updates on national guard activations, restricted travel and other state-specific resources and actions, see the [National Governors Association webpage](#).