

Q: Do you expect the vaccine to allow the economy to return to pre-Covid levels by the 2nd half of the year?

Brian Lockhart: I should start by stating that while I am not an epidemiologist, I did stay at a Holiday Inn Express last night. There are plenty of reasons to be hopeful with the Moderna and Pfizer vaccine as overall they seem to be effective in the limited studies that have been done. It is truly remarkable how quickly companies were able to get a vaccine through human trials and on the market, an unprecedented feat in history.

It has been documented that a strain of COVID-19 in South Africa is demonstrating resistance to current therapeutics and concern that the vaccine may not be effective against that strain. Viruses do mutate, so the risk that another vaccine will have to be developed exists and would definitely alter most forecasts for the economy in the 2nd half of 2021.

Absent another outbreak not mitigated by the vaccine, I agree with Jan Hatzius of Goldman that we could experience a consumption boom later this year as there is a lot of built-up demand to get out and travel and consume entertainment. Just as there have been winners and losers among companies, the same is true for employees. FRB data shows approximately 60% of jobs paying \$100,000 or more can be done remotely, while only 10% of jobs paying \$40,000 or less can be done remotely. This suggests a lot of cash is available for spending when economies open up.

Clint Pekrul, CFA: First off, I think as a country we could be doing a better job of distributing the vaccine. Consider that there is no federally mandated procedure for rolling out the vaccine, which means it is up to the states to administer the coronavirus treatment. This lack of coordination has led to delays. The previous Trump administration had set a goal to vaccinate 20 million people by the beginning of the year, but based on CDC data, roughly only 3 million people had received the vaccine. Perhaps there will be better coordination at the federal level under the Biden administration. The president has promised 100 million vaccinations in his first 100 days in office, but this could prove to be a monumental undertaking. Meanwhile, delays and a lack of coordination at the state level mean that infections are likely to continue to grow. My hope is that by late spring a good portion of the population will have had the opportunity to get vaccinated. If so, then I think the back half of 2021 could begin to resemble a more “normal” economy. We are not going to go back to the way things were (the economy will certainly look different) but we can get unemployment under control and move on from the pandemic.