

Economics 442
Macroeconomic Policy
Lecture 5 “News”
9/21/2020

Instructor: Prof. Menzie Chinn
UW Madison
Fall 2020

Stock Market (last year)



SOURCE: TRADINGECONOMICS.COM

Stock Market (last week)



SOURCE: TRADINGECONOMICS.COM

Stock Market: Aggregate Demand

“The chances of Congress agreeing on any stimulus package before January is asymptotically close to zero,” said Tai Wong, head of base and precious metals derivatives trading at BMO.

-- Reuters, 9/21/2020

<https://www.reuters.com/article/us-global-precious/gold-slides-3-on-strong-dollar-stimulus-concerns-silver-tumbles-idUSKCN26C2UV?il=0>

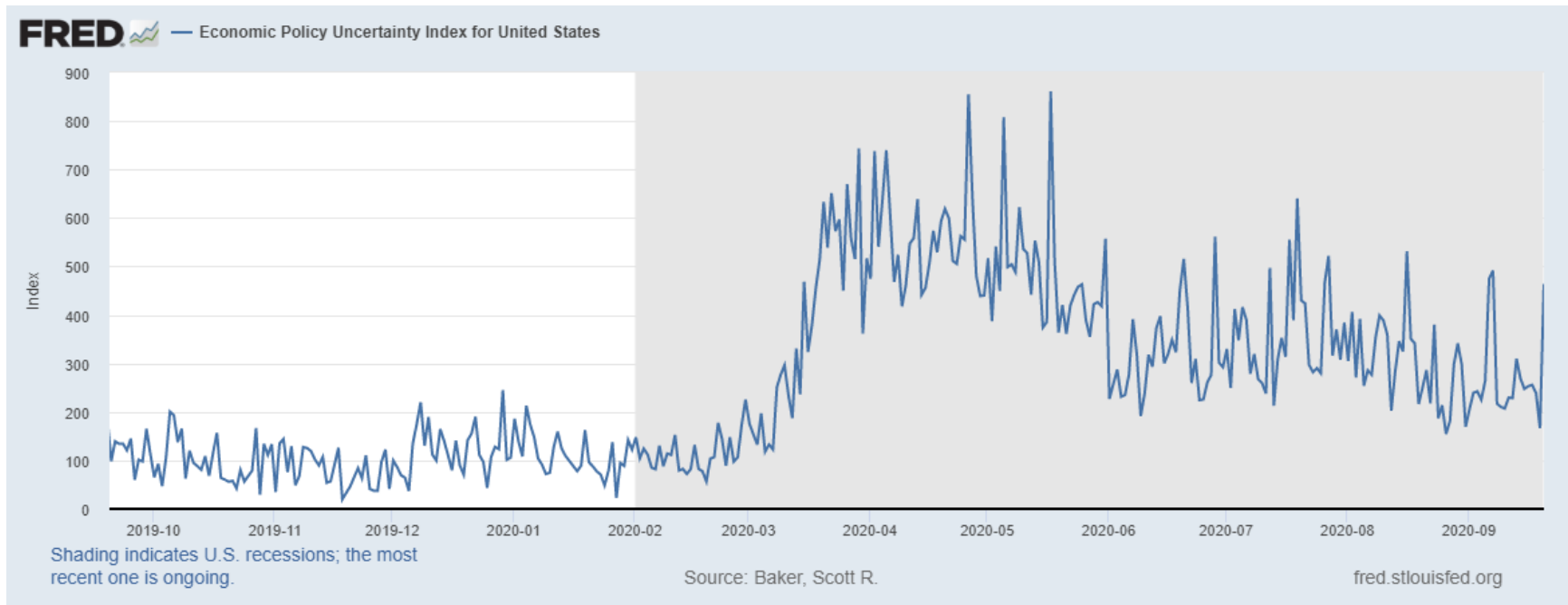
Stock Market: Political Uncertainty

"Sentiment in the US is also worse following Friday evening's death of Supreme Court Associate Justice Ruth Bader Ginsburg," wrote Macquarie global interest rates and currencies strategist Thierry Wizman in a note to clients.

- CNN, 9/21/2020

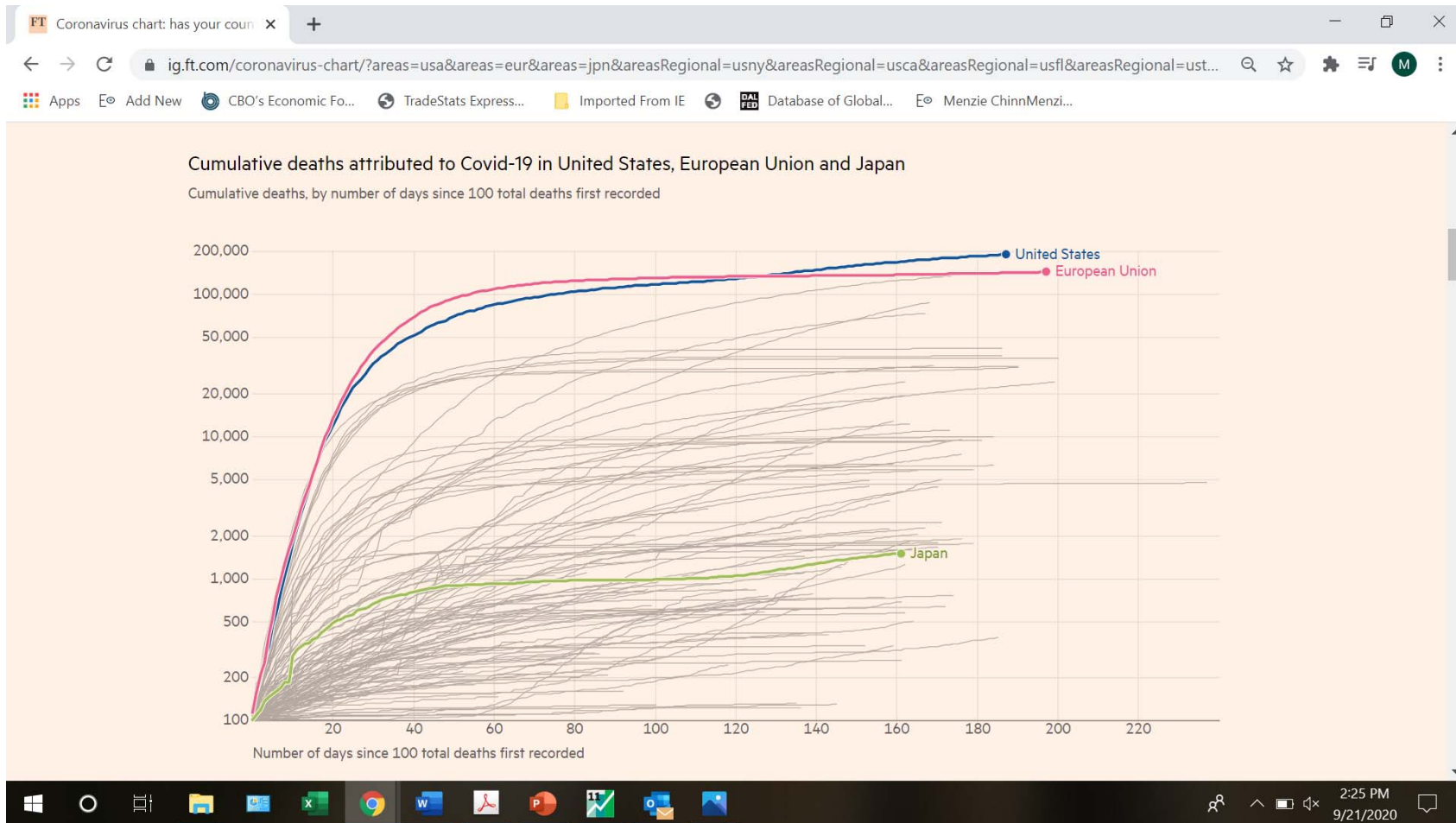
<https://www.cnn.com/2020/09/21/investing/dow-stock-market-today/index.html>

Policy Uncertainty



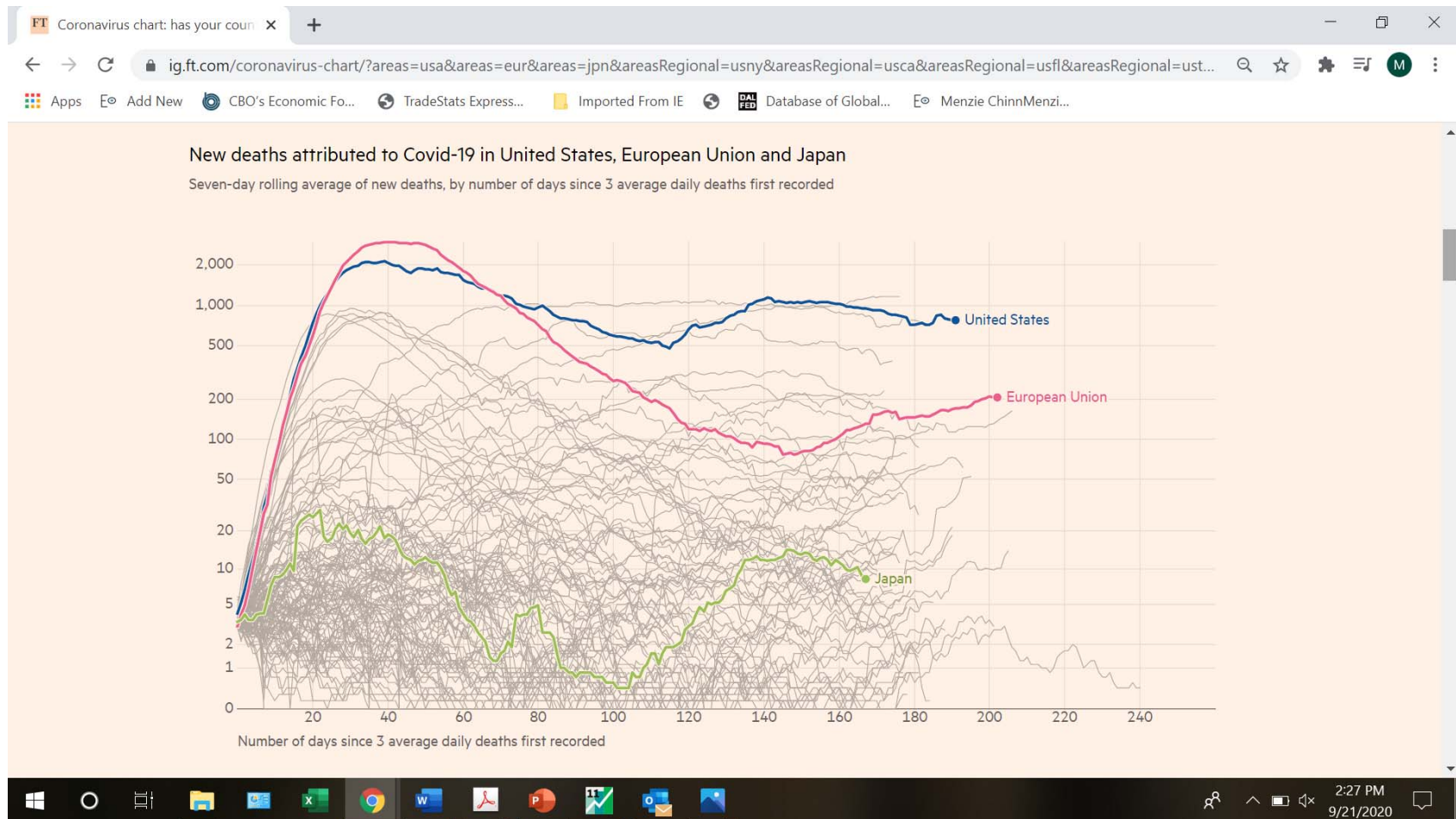
Pandemic & News

Note: Log scale



Pandemic & News

Note: Log scale



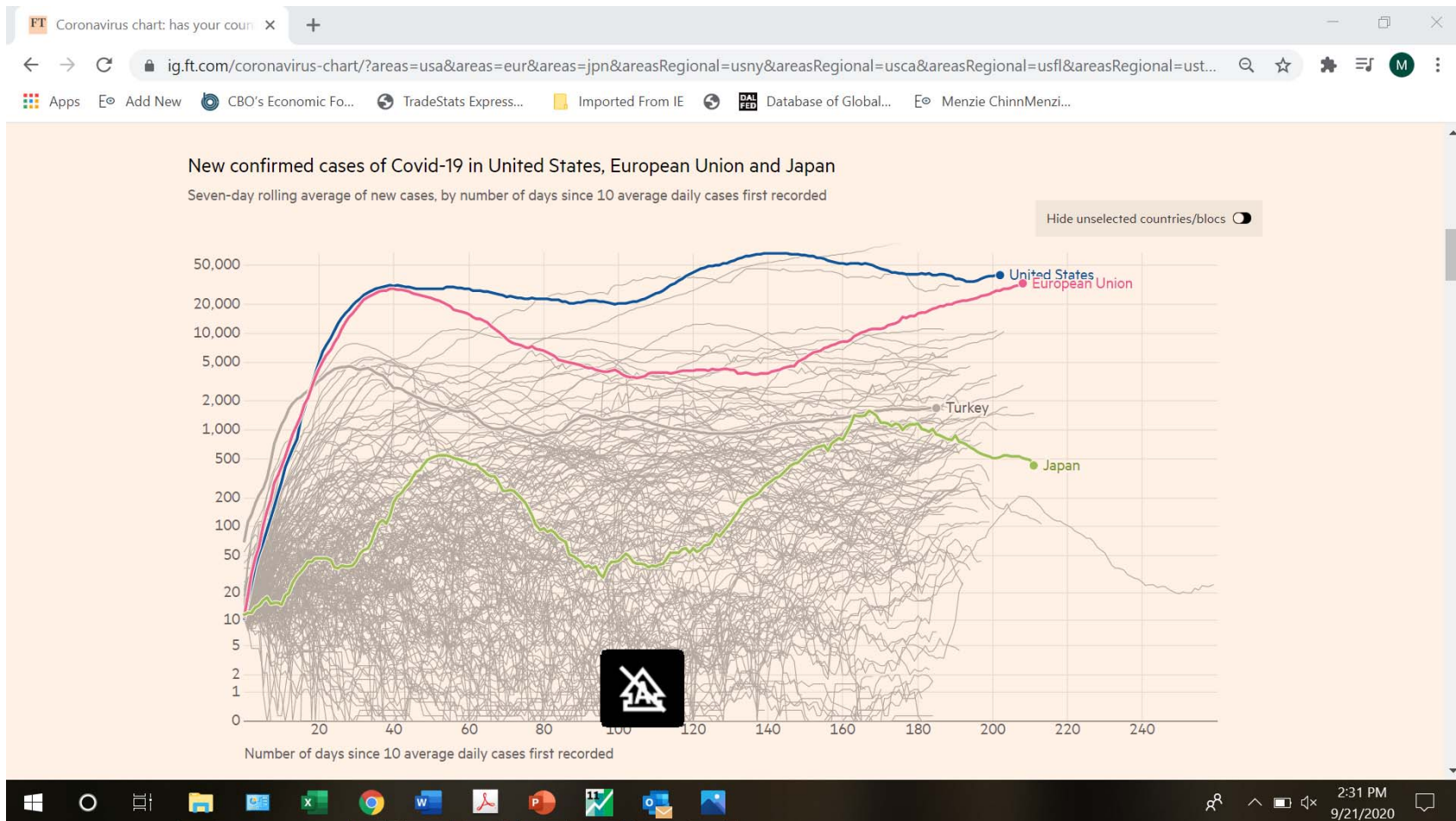
Pandemic & News

Note: NOT on a Log scale



Pandemic & News

Note: Log scale



Hi Frequency Indicators

Figure 30: New job openings down 15% from February



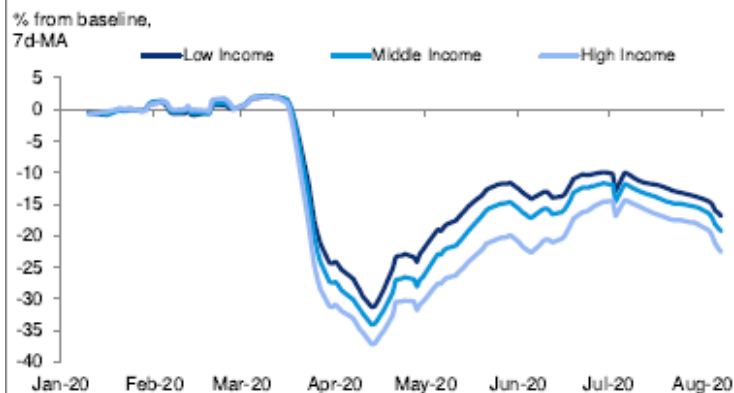
Source : Indeed Hiring Lab, Haver Analytics, Deutsche Bank

Figure 31: Consumer spending fell with recent data



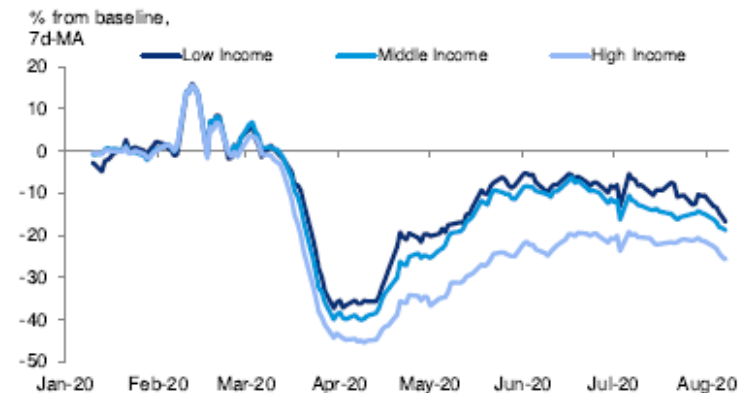
Source : Affinity Solutions via Opportunity Insights, Haver Analytics, Deutsche Bank

Figure 32: Open small businesses down since unemployment benefits expired



Source : Womply via Opportunity Insights, Haver Analytics, Deutsche Bank

Figure 33: Small business revenues down as well



Source : Womply via Opportunity Insights, Haver Analytics, Deutsche Bank