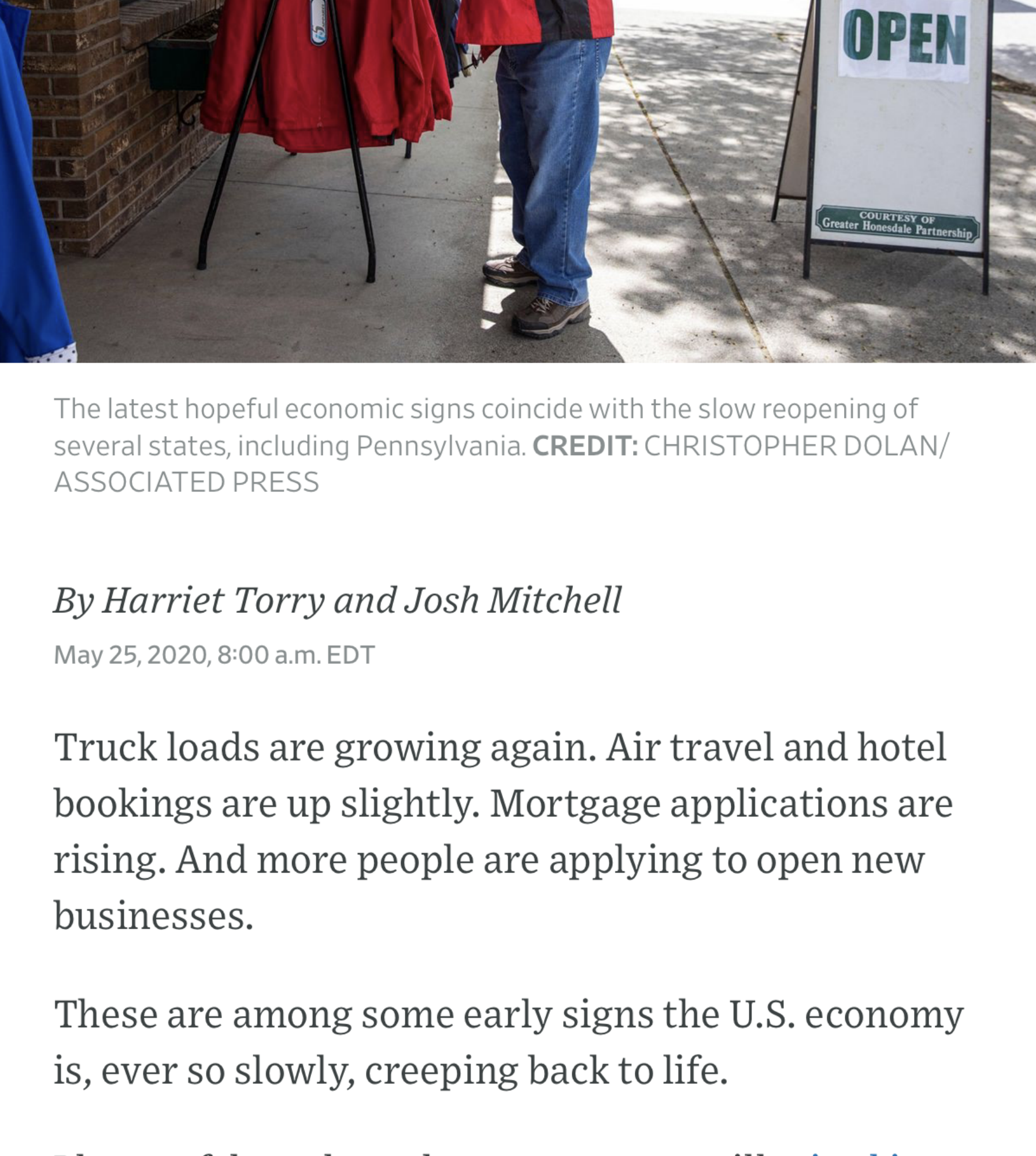


# For Economy, Worst of Coronavirus Shutdowns May Be Over

Recovering air travel, hotel bookings and mortgage applications are among the early signs the U.S. economy is slowly creeping back to life



The latest hopeful economic signs coincide with the slow reopening of several states, including Pennsylvania. CREDIT: CHRISTOPHER DOLAN/ASSOCIATED PRESS

By Harriet Torry and Josh Mitchell

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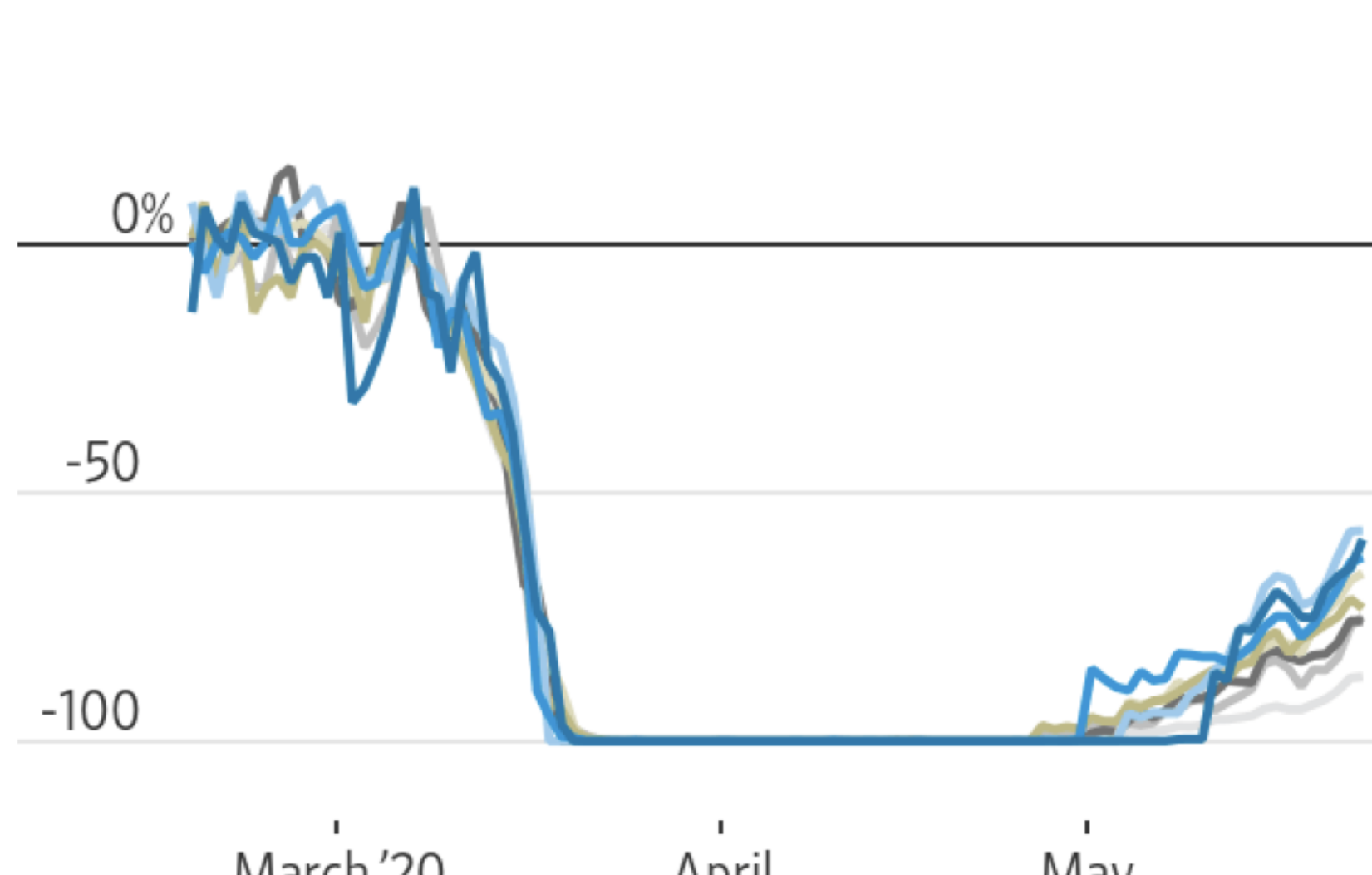
Truck loads are growing again. Air travel and hotel bookings are up slightly. Mortgage applications are rising. And more people are applying to open new businesses.

These are among some early signs the U.S. economy is, ever so slowly, creeping back to life.

Plenty of data show the country was still **mired in a severe downturn** in April and May, with overall business activity falling and layoffs rising—though more slowly than in the early weeks of the coronavirus crisis. Current projections have the **economy contracting by 6% to 7%** this year and **unemployment lingering in double-digit percentages** for a while. But, for the first time since the pandemic forced widespread U.S. business closures in March, it appears conditions in some corners of the economy aren't getting worse, and might even be improving.

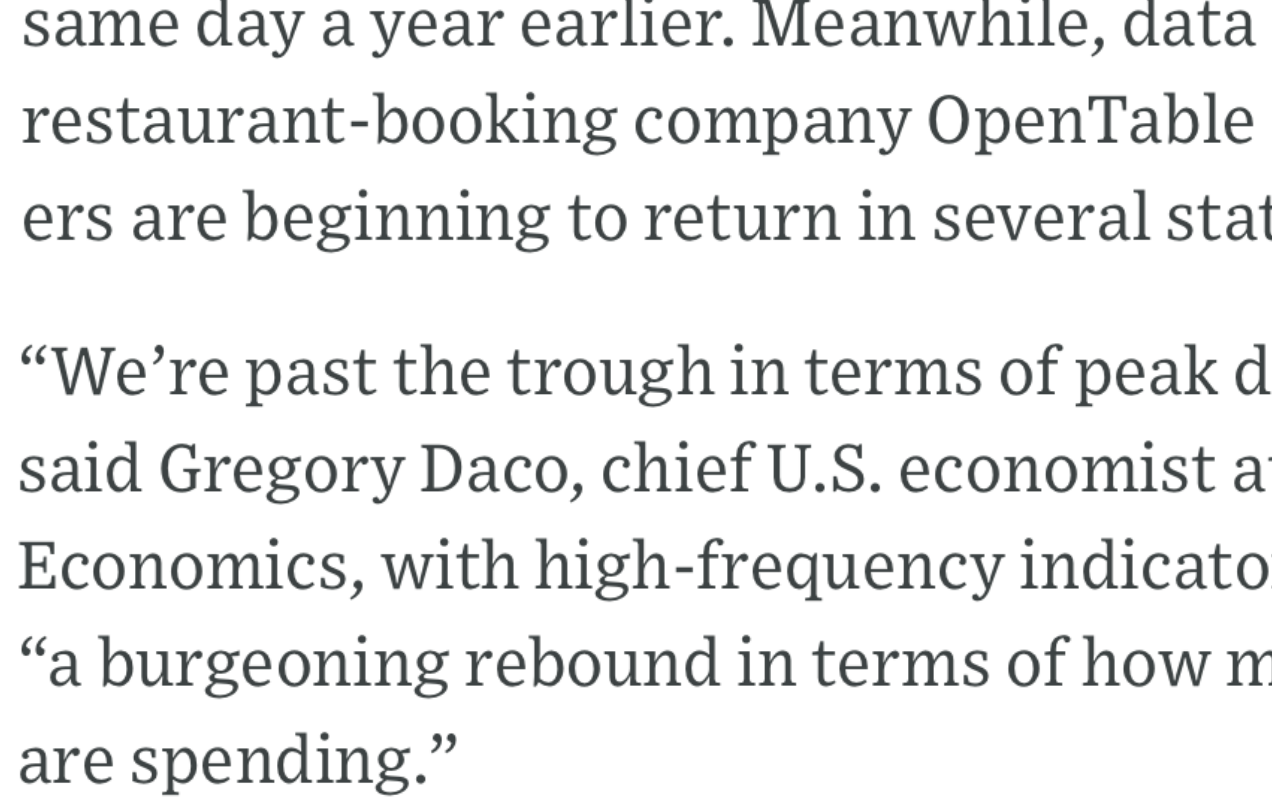
"If this is the only wave [of coronavirus], it looks like we've bottomed out and the normalization process has begun," said Beth Ann Bovino, U.S. chief economist at S&P Global Ratings.

## Daily number of passengers screened at U.S. TSA airport checkpoints



Source: Transportation Security Administration

## Seated diners at restaurants on the OpenTable network, change from one year earlier



Source: OpenTable

Spending on hotels, restaurants, airlines and other industries hurt by social distancing remains low, but appears to be picking up. The number of travelers passing through Transportation Security Administration security screening checkpoints fell to 87,534 on April 14, 96% below the same day a year earlier. But by May 22, the figure had more than tripled to 348,673, although that is still down 88% from the same day a year earlier. Meanwhile, data from online restaurant-booking company OpenTable shows diners are beginning to return in several states.

"We're past the trough in terms of peak damage," said Gregory Daco, chief U.S. economist at Oxford Economics, with high-frequency indicators showing "a burgeoning rebound in terms of how much people are spending."

"You can see that turn in the data, which is encouraging," he said, "but you have to be cautious that we're rebounding from extremely depressed levels."

The shipping industry illustrates the trend. The numbers remain low by historical standards but suggest the carriers have turned a corner.

Truckstop.com, which measures demand in trucking's spot market, says its weekly index has improved for four straight weeks and that available loads were up 27% in the week ended May 18.

DAT Solutions LLC, which matches freight shipments to available trucks, says its index for available loads rose 22% the week ended May 10 from the previous week.

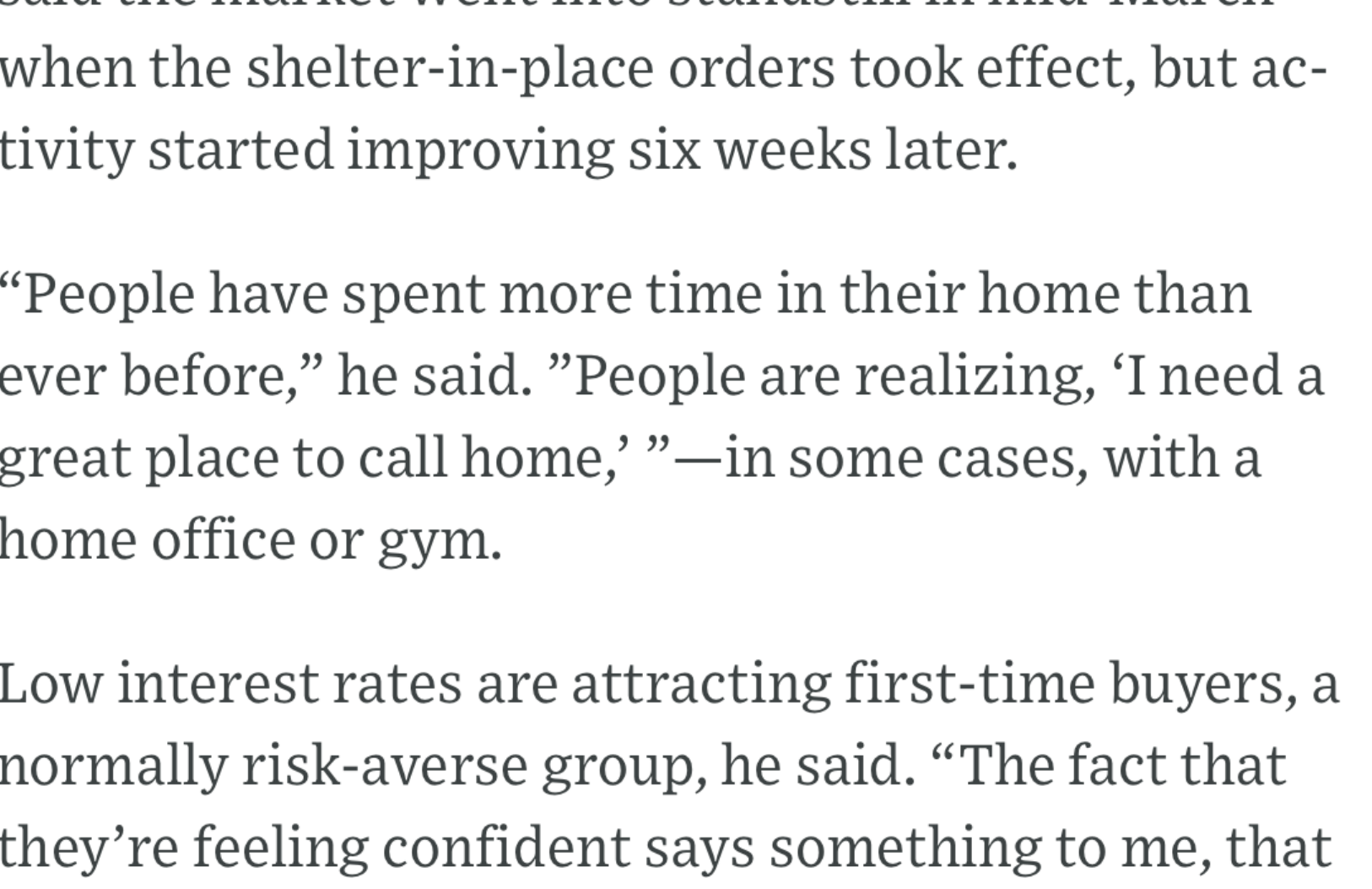
Old Dominion Freight Line Inc., one of the largest truckers in the U.S., said its volumes fell sharply at the start of April, but Chief Executive Greg Gantt said in an earnings call that demand "has remained fairly steady since then."

"We'd like to think that the worst is behind us," Mr. Gantt said.

It is a view echoed by the Trump administration. White House economic adviser Kevin Hassett said Sunday that there are **nascent signs the U.S. economy has begun to recover** from the damage done from shutdowns caused by the coronavirus pandemic, even though he said the unemployment rate could move above 20% **in May**.

"I think we're very, very close to an inflection point in terms of business activity, and probably about a month away in terms of employment," he said on CNN's "State of the Union."

## Mortgage Bankers Association weekly mortgage applications purchase index



Note: March 16, 1990=100

Source: MBA

The beginning of April **marked a trough for real-estate activity**, according to data from ShowingTime, a real-estate software provider. With cities across the U.S. shut down, property showings scheduled throughout the country—a measure of buyer demand—were down nearly 50% in mid-April but picked up this month. Showing activity, measured as a rolling weekly average in 100 top markets, was up 27% as of May 23, according to ShowingTime. Meanwhile, Mortgage Bankers Association data shows a recent rebound **in mortgage applications**.

Justin Fichelson, a San Francisco real-estate agent, said the market went into standstill in mid-March when the shelter-in-place orders took effect, but activity started improving six weeks later.

"People have spent more time in their home than ever before," he said. "People are realizing, 'I need a great place to call home,'"—in some cases, with a home office or gym.

Low interest rates are attracting first-time buyers, a normally risk-averse group, he said. "The fact that they're feeling confident says something to me, that they see [the virus-related shutdowns] as a short-term issue," Mr. Fichelson said.

U.S. auto makers **resumed limited work** at most of their factories last week, although they faced **supply-chain disruptions**.

Much of the pickup in activity reflects states' decisions to **start opening up segments of their economies** that had been shut down to prevent the **spread of infection**, including Florida, Georgia and Ohio. This is expected to boost consumer spending as Americans venture out to restaurants and shops.

Still, the economic outlook remains highly uncertain. The latest hopeful signs coincide with a surge in emergency spending from Congress, **a decline in the daily number of newly reported Covid-19 cases** in the U.S. and the slow reopening of several states—all factors that could prove temporary.

The effects of government aid such as enhanced unemployment benefits could ease in coming months. **Federal Reserve officials warn** conditions could deteriorate again if a second outbreak emerges as more Americans come out of their homes and return to a more normal life.

Rehiring, in turn, will depend on how quickly states reopen, whether consumers feel comfortable venturing out and whether a second wave of the virus hits.

About 2.4 million Americans applied for first-time jobless benefits in the week through May 16, down from the record of nearly seven million who applied in the last week of March, Labor Department data show. The number of people receiving benefits in the week ended May 9—a proxy for overall levels of unemployment—increased to 25.1 million from 22.5 million a week earlier.

Job losses often persist for months after a recovery begins. The 2007-09 recession ended in June 2009, according to the National Bureau of Economic Research. But the unemployment rate didn't peak until months later, at 10% in October 2009, and remained above 9% for nearly another two years.

New York Fed President John Williams said Thursday that April's unemployment rate of 14.7%—the highest since the Great Depression—was "a figure I hoped that I would never see in my lifetime, and one that is sure to get worse before it gets better."

For economic activity overall, however, "we're seeing some positive signals in household spending, in the real-estate market, and in the stock market," said University of Chicago economist Constantine Yannelis, who worked in the Obama administration Treasury Department. "But I don't think we can predict whether those are going to continue and this is going to be a V-shaped recovery or this is going to be a sustained, prolonged depression. Really, the answer to that is going to come from the health situation."

Paul Page contributed to this article.