

To What Extent Does the COVID-19 pandemic impact the GDP of the United States?

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COVID-19 is the world's latest pandemic. Nearly every country and every person has been impacted in some way. It has affected our daily lives. As a consequence of our change in behavior, the global economy has been subsequently affected. These consequences are very interesting because a virus' influence on the economy has hardly ever happened and never to this extent. It can be said that this situation will become a historical event. The uniqueness of this situation is what makes it interesting and worthy of study. It is astonishing how a virus was able to influence the economy.

This report will be focusing on the COVID-19 pandemic's influence and impact on the economy, specifically the US economy. It is interesting to see how a virus can have such a large impact on economic activity. This paper will be addressing "To what extent does the COVID-19 pandemic impact the GDP of the United States?"

As aforementioned, this pandemic is a situation affecting the majority of the world, around 200 countries having cases of COVID-19. This includes major countries and businesses. The stakeholders affected are mainly major countries, investors, companies and businesses, suppliers, and consumers. For the past couple of months, the virus has been rapidly spreading throughout the world. As it is a new virus, research about it is still ongoing and many uncertainties surround it. Moreover, due to the fact that at the time of this writing, over 3 million people have been infected with COVID-19 worldwide, economic repercussions have occurred as a result. In the US alone there have been 1.2 million COVID-19 cases, making up more than 30% of the world's total cases. The acts to stop the spreading such as quarantines and lockdowns have consequently altered the economy. Non-essential businesses have been closed down. The general public throughout the world has been advised to remain at home. As a result, human behavioral patterns have been altered. With barely any individuals leaving their homes and participating in trading of goods and economic activity, the economy is forced to a recession.

The outbreak is having a negative impact on the economy. With economical activity being heavily reduced, markets and

economies have had damaging repercussions. Due to the fact that a large majority of workers are trapped in home practicing social distancing, they cannot perform or participate in their jobs. And that is considered an economic problem. Without a sufficient workforce to influence and partake in economic activity, the economy is faced with detrimental consequences. Furthermore, many businesses have come to a halt. Non-essential services are closed or have been closed. The lack of business activity has also had damaging effects on the economy. Many workers as well have been laid off; unemployment rates are rising. These factors created a domino effect which resulted in an economic recession. Some stock markets have gone volatile as another result. Near the beginning of the rise of the pandemic, there were many people panic buying. There was an increase in demand for essential supplies and foods. This caused supply shortages in numerous supermarkets. For as long as this pandemic will last, economic repercussions will continue forth.

The COVID-19 pandemic impacts the GDP of the US to a significant extent due to many businesses shutting down and lockdowns issued because of the high number of cases in the US, affecting consumer trading. In America's case, in the weeks ending March 21, March 28, and April 4, a total of nearly 17 million Americans were victims of unemployment; the unemployment rate reached 13%. This skyrocket in unemployment has never been seen since The Great Depression. These unemployment rates resulted from the US trying to prevent the spread of the virus by keeping people at home. As a consequence, economic output has been greatly reduced. US GDP is, in turn, much lower than it could be. Additionally, due to millions of Americans filing for unemployment benefits, the government must compensate them resulting in more expenditure and less revenue. High amounts of funds to be paid to those unemployed takes away from the amount that could have been spent by the government to help contain and stop the virus from spreading any further.

Closures of business is another factor affecting the US economy. This can go hand-in-hand with unemployment and, in many cases, is the reason for many job layoffs. Non-essential businesses and business activity have come to a halt. Businesses are racking up

losses due to inactivity. Some businesses have attempted to adapt to the situation through the means of the internet. Conducting business activity through online tasks is a solution to continue business operations to a certain extent. However, this does not completely fix the problem. Businesses are still negatively impacted. Deals with suppliers and trading with companies have become much more difficult. Small businesses are heavily impacted as well, as they are struggling to even run the business during these times. Moreover, Without a sufficient enough workplace, businesses are still forced to suffer damage. In addition, the output of goods and services across the nation has been declining. This leads to a loss of gross domestic product (GDP).

One of the biggest factors of this economic recession is the change in behavior of the consumers. The lockdown forces people to remain at home. Buying and selling of goods and consumer spending are much less frequent than before. It is especially worth noting that consumption makes up 70% of the US' GDP. Making up such a large percentage makes it clear that lowered consumer spending is very damaging to the gross domestic product.

The COVID-19 pandemic has had a significant effect on the US economy and the gross domestic product. The US economy contracted by 4.8% in the first quarter. Economic damage is heavy. The fact that US oil prices have dropped down 25% (\$13 a barrel) on its own tells you a lot about the current economic situation. Unemployment rates have spiked. Businesses have been halted, some of which are struggling to operate. The lockdown is preventing high levels of consumer spending. All these factors accumulate to damage the economy. Overall, unemployment, business closures, and a decrease in consumer-spending are all factors damaging the US economy.

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