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What financial observers are saying about the economy amid coronavirus. Hint: It's not upbeat.

BY JEFF GILL
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It's been called an "economic hurricane" and more technically, a "black swan," or an unexpected event that has potentially severe consequences.

Whatever you call it, coronavirus may tip America toward recession.

"The latest readings I'm seeing on business confidence are consistent with a recession, both in the U.S. and globally," said Georgia economist Jeff Humphreys, director of the Simon S. Selig Jr. Center for Economic Growth at the University of Georgia.

Worries over the pandemic spreading and whether public policy responses will be good enough have sent the stock market into a tailspin, closed businesses in areas where the outbreak is worse, triggered worries about quarantines and lack of sick days, canceled events and generally put the economy at serious risk.

"A month ago, I might have thought (there's an) overreaction by the market, overreaction by the economy (to the outbreak)," said Bob Willis of Willis Investment Counsel in Gainesville. "I don't think so anymore. I think it's real. The risks to the economy are real, the risks to the stock market are real, and I think they'll continue to feed off each other."

Strategists at Morgan Stanley said in a report Wednesday, March 11, that conditions have gotten bad enough to prod a deeply divided Washington, D.C., to act, but "we think action may not be imminent and are unsure it will be sufficient."

"This is bad. The worst and fastest stock market correction in our career," said Chris Rupkey, chief financial economist at MUFJ Union. "The economy is doomed to recession if the country stops working and takes the next 30 days off. The stock market knows it. Bet on it."

"A lot of this just has to do with uncertainty," Humphreys said. "There's



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strong for both the nation and Georgia. We were really at the peak of the business cycle when coronavirus hit. The economy was in excellent shape."

The stock market is actually taking a double whammy — coronavirus and Saudi Arabia announcing last week a deep discount in its crude oil prices.

Cruel irony is all over the place: Americans' retirement accounts are being battered, but they are saving at the pump. Travel is cheaper but now vastly restricted by coronavirus concerns.

Overall, and worse yet, fears are deepening among residents.

In an interview last week, Kenya Lara talked about how her East Hall company, Mundus Office Cleaning, has picked up more work.

But she was concerned that the economy might start failing, forcing businesses to cut nonessential services, such as contracting with a cleaning company.

"Hopefully, it won't get that bad," she said.

"It's human nature," Willis said. "We retrieve from our minds pain real fast. I think it's impossible for people not to think about what happened a short 10 years ago. I think it's impossible for them not to think, 'Well, here we go again,' and they jump to conclusions."

Still, economic confidence has eroded.

"There's an old adage ... that the economy and markets are working well until they're not," Willis said. "And I think confidence has turned on a dime."

The Associated Press contributed to this report.

just an awful lot we don't know, and (the crisis) isn't going to be resolved anytime soon — and that creates even more uncertainty."

"I think we're going to see declining economic activity in the second quarter of 2020," he added. "That alone does not make a recession, because you need two quarters of negative (gross domestic product numbers)."

For the past year or so, and long before the coronavirus outbreak, economists had speculated about a recession. At one point, nearly three-fourths of U.S. business economists expected a recession in the U.S. by the end of 2021.

The main risks at the time were an ongoing trade war and tariffs.

"Even without a recession, the economic expansion is going to slow dramatically ... and any meaningful escalation of the trade war will be fatal to this expansion," Humphreys said in August 2019.

Speaking last week on the economy, Humphreys said, "The (economic) data for January and February was quite

