



Basis Points – May 28, 2020

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Above the Fold

Why This Recession is Much Different Than 2009

If you've read a paper or searched online news during the pandemic, it's easy to assume the worst. Imagery of global shutdowns and headlines declaring unprecedented shifts in employment and economic conditions certainly feel like we are all of the sudden right back where we were more than a decade ago. And while America's economy is surely experiencing serious challenges and changes, there's a sense of (literal) confidence and supporting data that reveals hope for a relatively swift recovery.

First, consumers are still fairly positive. According to widely used Conference Board data, confidence [stabilized](#) in May at a level nearly 87, about where the index was in late 2014. The gauge had dropped into the 20s during the height of the Great Recession. The housing market, a key source of wealth for many, also remains relatively strong, taking on 5.7% year over year in the first quarter. Jamie Dimon, the outspoken, but well-respected CEO of Chase, also [outlined](#) his “base case” for a moderately rapid recovery, supported by aggressive fiscal and monetary policies — he’s not alone in his views, as Mohamed El-Erian also sees an improving economic landscape.

History has shown an incredible level of adaptation and triumph over even the most severe obstacles we’ve been faced with. In short, it hasn’t been smart to bet against the resilience of the American consumer over time.

Three Things

1. *What Do Amazon and Tesla Have in Common?* – The race to build autonomous vehicles continues to heat up as the world’s most innovative and powerful companies find uses for driverless vehicles. Amazon is looking to expand their reach in the space through a potential acquisition of autonomy tech startup Zoox. No deal has been finalized, but the Zoox purchase would help Amazon move closer toward driverless delivery services.
2. *The Problem With App Prices* – [Research](#) shows that consumers struggle to pay a lot of money for digital apps when compared to more tangible items. Part of the reason is that most apps are free, creating what’s called a zero-dollar price anchor point. When consumers are comparing prices, it’s hard to justify getting too far away from the \$0 level. And since many apps are free but charge you once you increase usage (aka “freemium”), there’s also a reluctance to pay anything upfront.
3. *“Breaking” Down the 2024 Olympics* – Popularized in the 1970s in New York City, breakdancing could become part of the Olympic games. “Breaking” has already been named a provisional sport by the Olympic Committee and its possible addition to the 2024 games in Paris will go to final vote in December.

Did You Know?

The Latest (Fact-Checked) COVID-19 Positives

- The Maryland-based company Novavax started [its first human trial](#) of its experimental COVID-19 vaccine, with initial results expected in July.
- Even though new positive case data can be flawed due to an increase in tests administered, Johns Hopkins University data show an overall [declining trend](#) in new cases since peaking in April.

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