

HISTORIC DECLINE IN GDP FOR 2D QUARTER 2020

The Fed released its first estimate of GDP for 2d Qtr. 2020, and it is a historic and unprecedented decline of 32.9%. Our country has never experienced such a shock in one quarter.

Since keeping official records starting in 1947, the previous greatest decline in quarterly GDP was a relatively small 10% in 1st Qtr. 1957. During the Great Recession of 2008, the greatest quarterly decline was 8.4%. During the Great Depression in the 1930's, economist estimate the decline in GDP was 29%, but that was over 3.5 years.

As noted in my presentation at the NACTT Seminar in July, this is bad news in and of itself, but it will turn economically catastrophic if GDP doesn't rebound within the next few quarters.

These unprecedented times will require exceptional efforts by all bankruptcy professionals to maximize our bankruptcy system to help businesses and consumers to reorganize and recover while providing creditors with the best outcome given a debtor's financial circumstances.

