

Durable Goods During the Pandemic

Durable goods are defined as a good that does not wear quickly and last more than 3 years. Due to covid-19 the unemployment rate rose dramatically, and we are currently in a recession. During this time as we studied macroeconomics in this class I predicted sales of durable good would decrease drastically. Durable goods are investments because they are goods that will last more than 3 years. For example, a mattress or a TV is a durable good. A good mattress that last more than 3 years ranges from 600+ and a TV for a 50" starts at about 400+. Amidst the pandemic I imagined people would be more concerned about making ends meet rather than making a purchase for a new grill or car. However, orders for durable goods rose up and surpassed economists' predictions. Mattress companies have sold out of a lot of their stock during this time. The US population are home more often than they ever been and in result are improving their surroundings. Adding, despite durable goods being higher than expected it is still lower because of Covid.

Covid-19 is still among us in the U.S. and various parts of the world. During this time studying economics is a perfect time to understand the changing economy. Currently the unemployment rose to about 14% in April when just in March it was a little over 4%. In result, of businesses closing and people need to quarantine we are now in a "Covid" recession. I expected during this time people would be purchasing inferior goods which is goods that is more affordable people tend to purchase these goods when income drops. For example, McDonald's is a perfect example of an inferior good we tend to purchase more as income drops due to the low cost. Whereas, a normal good could be seen as a sushi or steak. What I did not expect was the rate of durable goods being ordered. The Commerce Department reported that order for goods that are meant to last 3 or more years rose to 7.3% in June , and it also rose 15.1% in May.

The US population has been home more than we have thought we would be especially as working functioning adults. We seem to be going through a shift from what we typically would purchase prior to Covid. We would eat out, go to the movies, dancing, clubbing, bar etc. Now that we are home and a lot of businesses closed until the health department says otherwise are faced on what to do and what to spend our money on. Personally, when I learned I was going to be working from home indefinitely one of the first purchases I made was a durable good which is a desk. During this time since a lot of us could not spend their money on vacations we chose durable goods.

What I found the most interesting during this time is a lot of local mattress stores that seem to be on every corner were out of stock of a ton of mattresses and back ordered. Adding, it's not just mattresses, but grills, beds, pools, trampolines, etc. At first, I was leading to conclude people were buying more of things items because we needed to find at home things to do during this time. However, I learned it was because a lot of companies shut down during Covid for a period which mean stock was limited. People learned that some items may not be available for a period of time, thus their began a demand for that good. This helps explain why durable goods sold more than expected.

Concluding, during the current pandemic durable goods orders climbed. The increase purchase of durable goods is a combination of things. The increase due to a low supply and high demand because the public learned certain goods may not be available for a period. The population is at home more and used earnings on durable goods rather than purchases that would have been done prior to Covid such as a vacation. As we move forward during this strange time it will be interesting to see how the economy further responds and what will change in result.

Work Cited

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