

U.S. Economic Outlook

September 2021

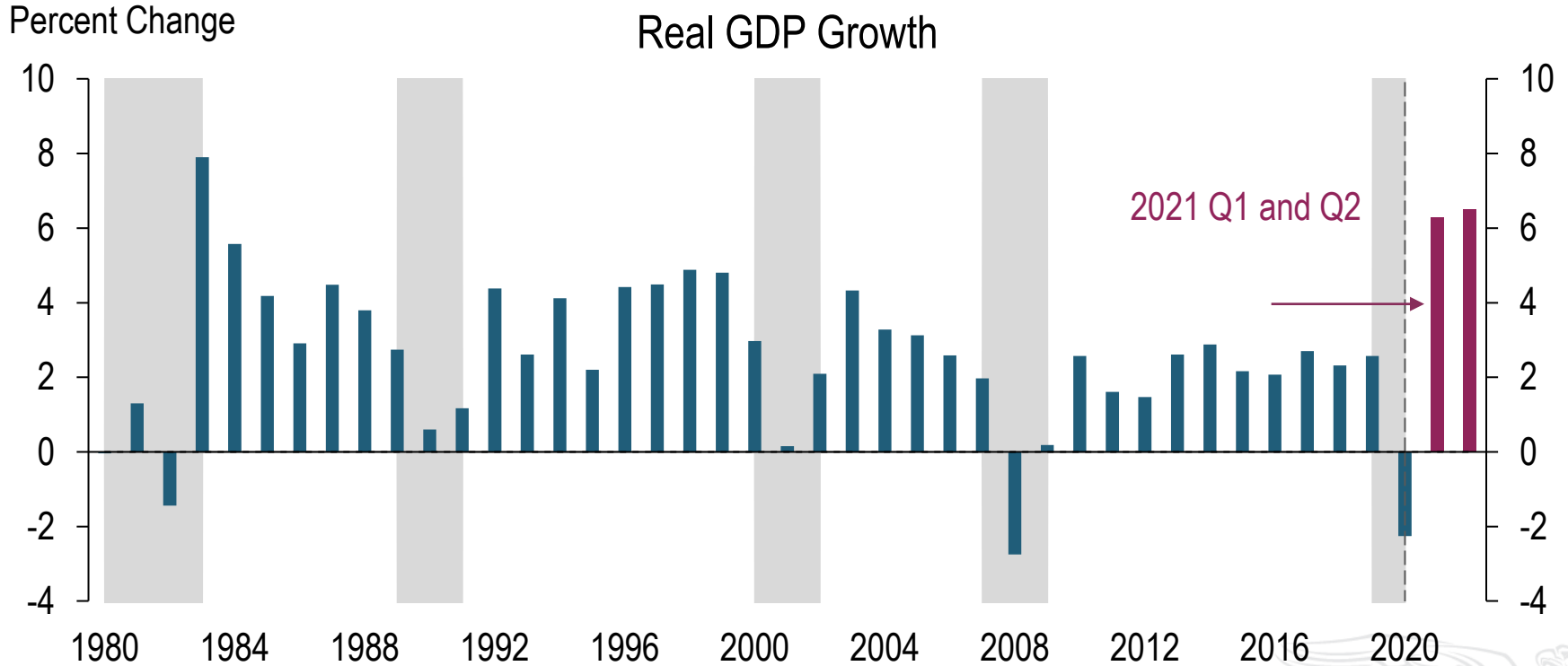


Outlook themes

- National economy saw robust rebound in the first half of this year.
- But the Delta coronavirus strain poses downside risks to growth and upside risks to inflation.
- Going forward, fiscal policy is likely to be a drag on economic growth.

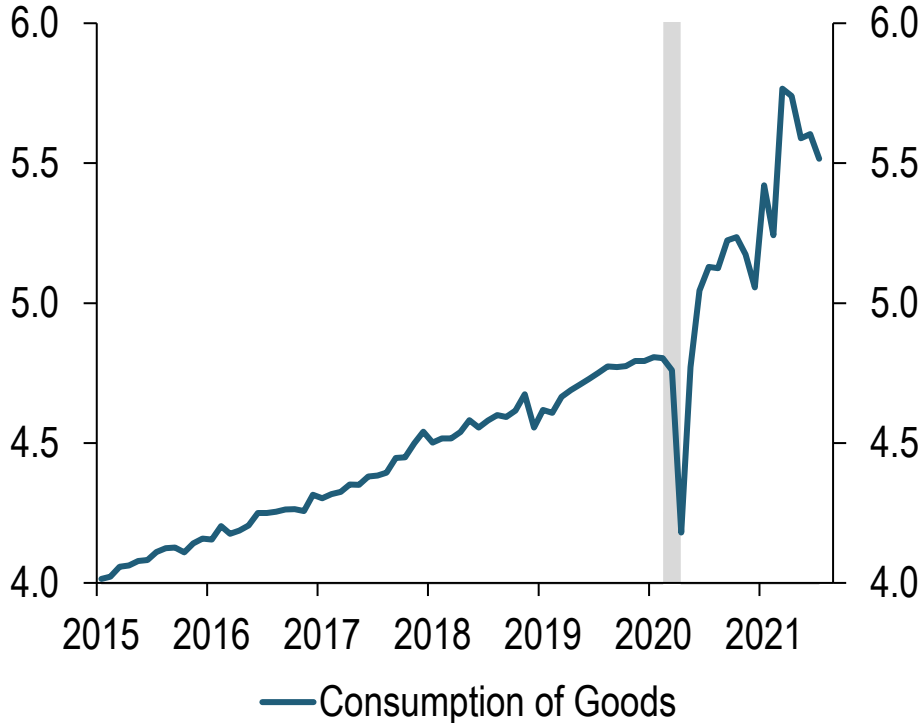


Economy saw robust rebound in H1

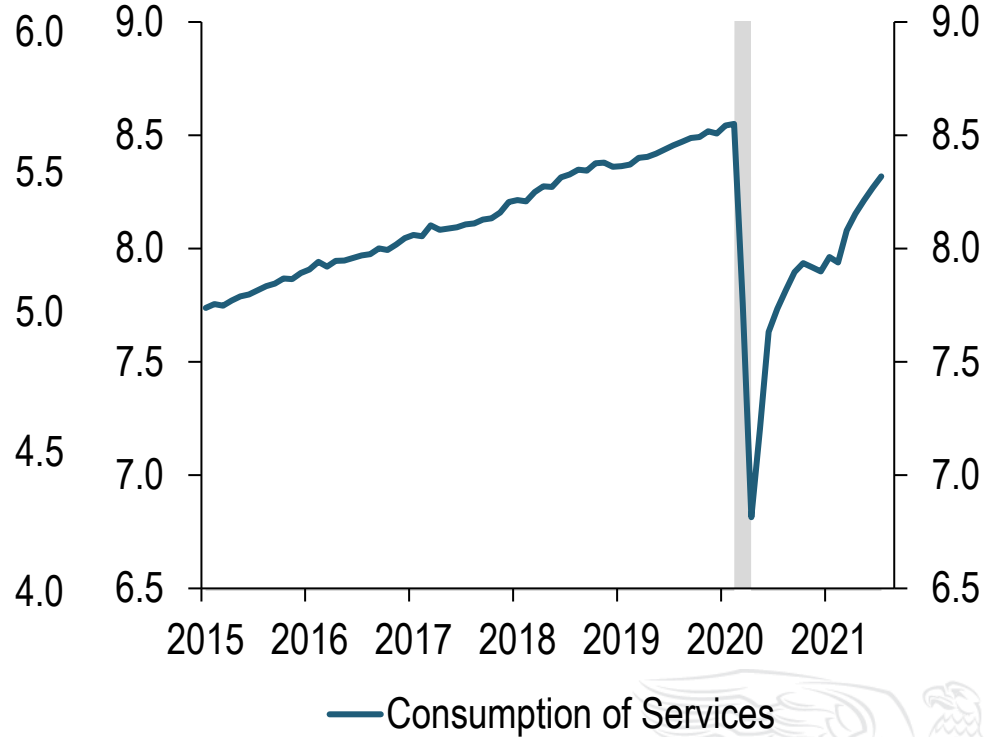


Possible rotation from goods to service consumption

Tn 2012 \$, saar

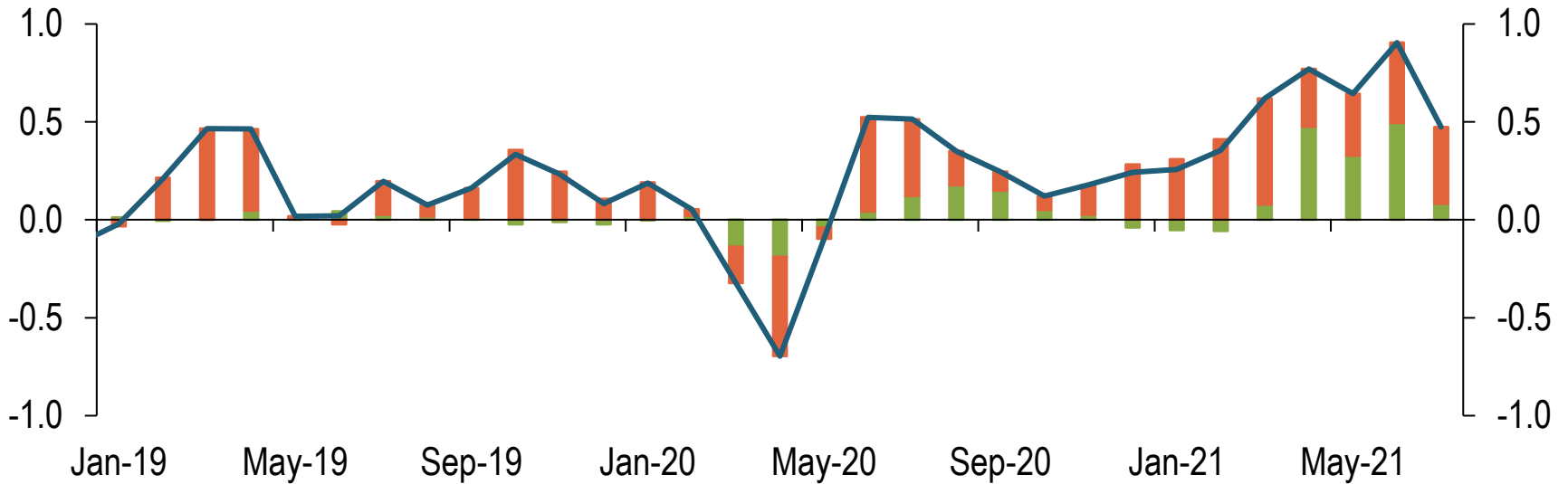


Tn 2012 \$, saar



Inflation remains elevated, but price pressure in pandemic-sensitive sector has pulled back

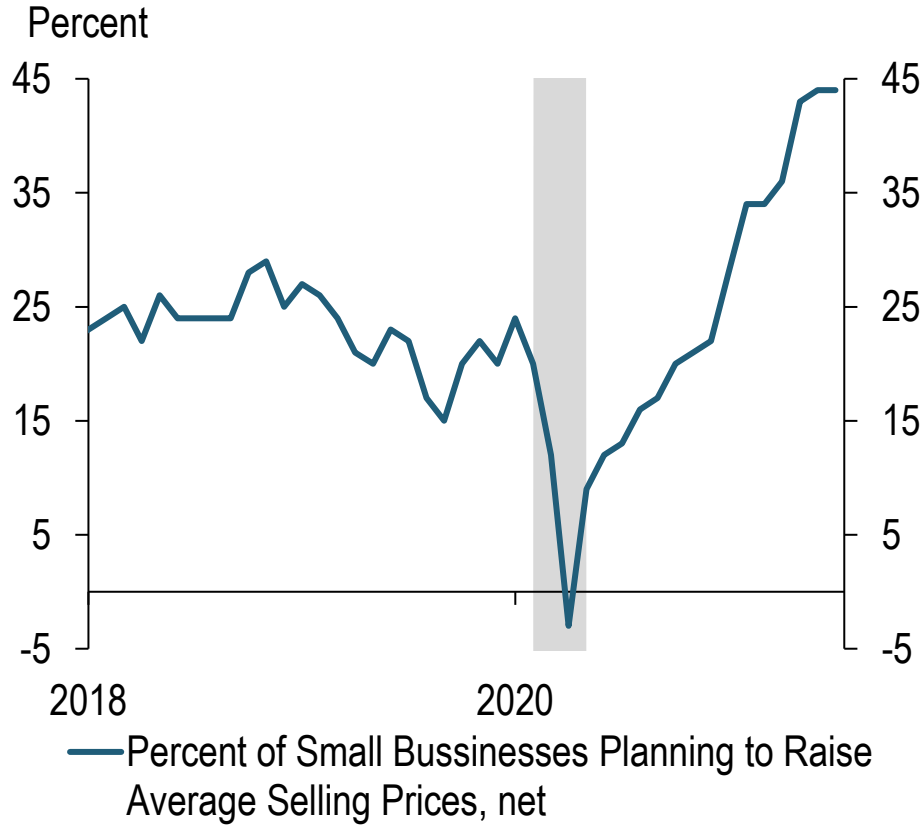
Monthly Percent Change, sa



■ All other Categories
 ■ Used & Rental Cars, Lodging, Airlines, Food away from Home
 — Consumer Price Index



Supply chain bottlenecks appeared to ease somewhat

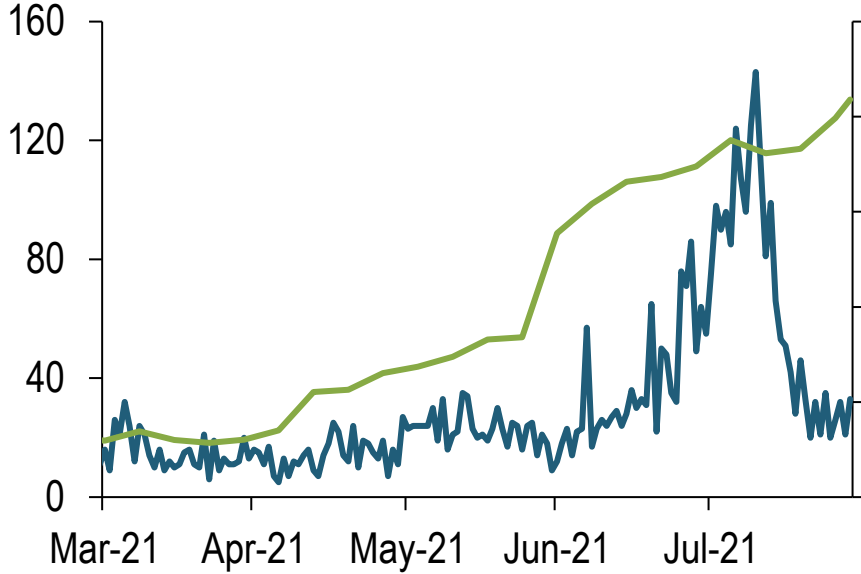


Sources: ISM, NFIB, Haver Analytics



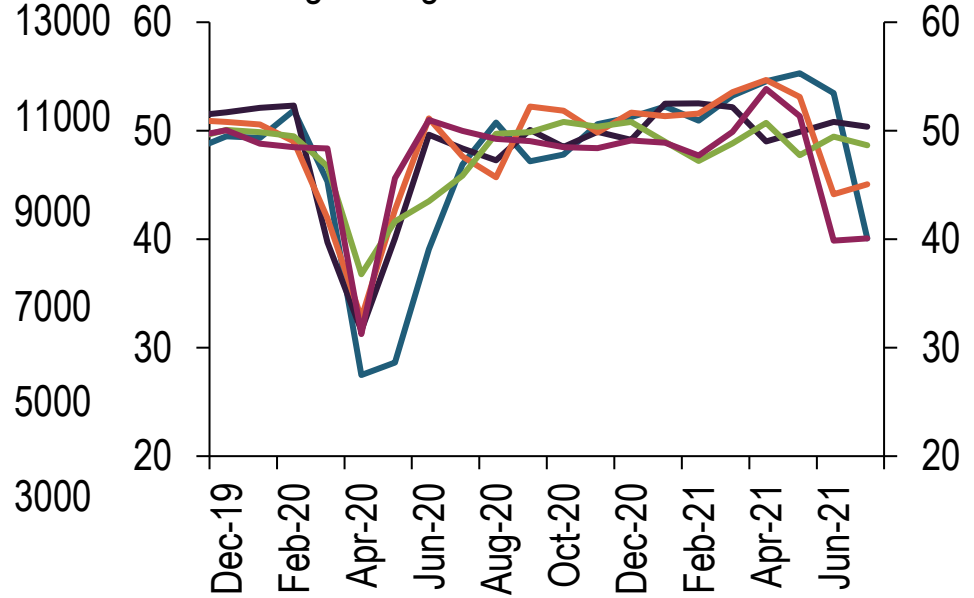
But Delta variant of COVID poses upside risks to inflation

Daily new cases in China



Shipping Cost Index

Purchasing Managers' Index

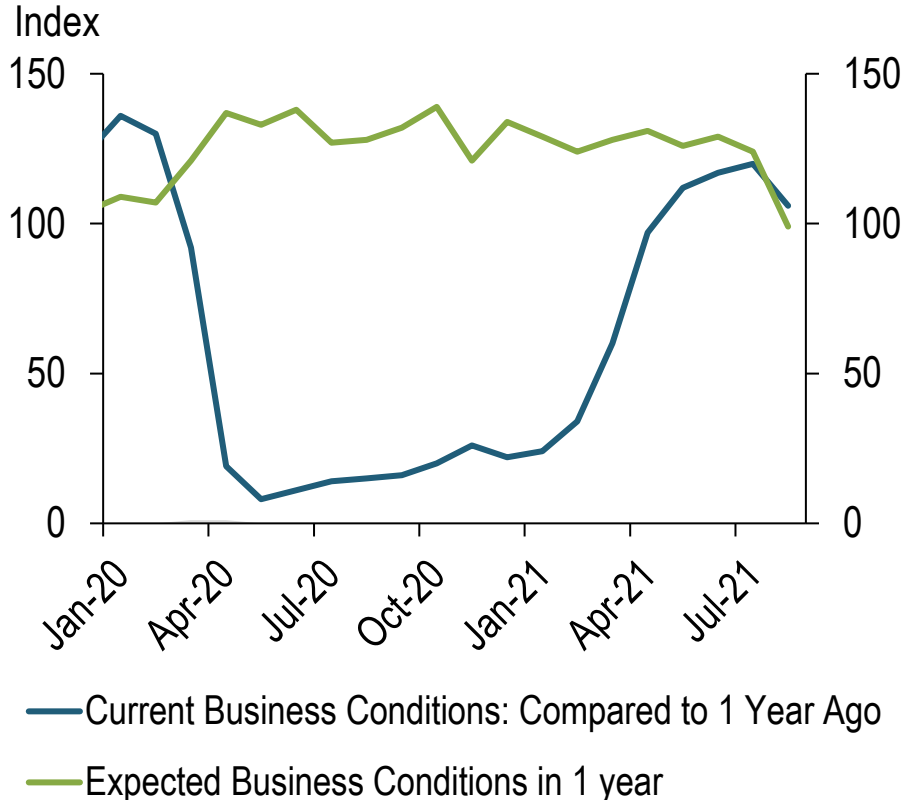


— New Covid-19 Cases per mil (Left)
 — Shanghai to LA (Right)

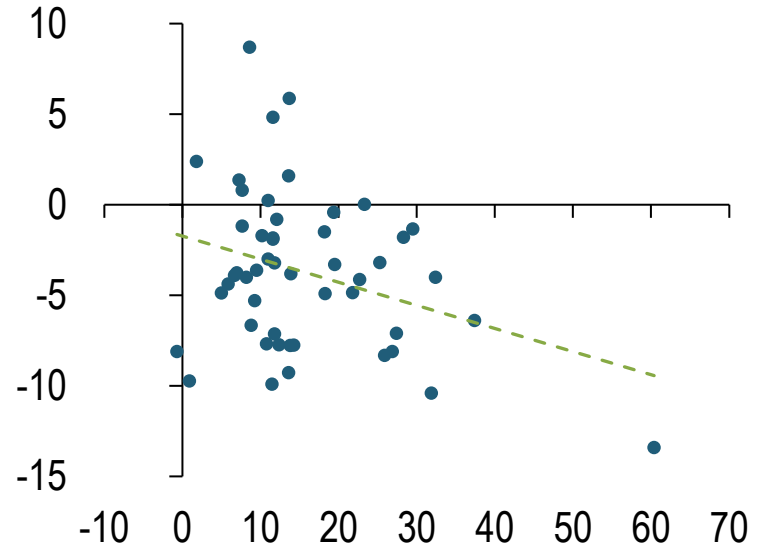
— Indonesia — Philippines — Vietnam
 — Thailand — Malaysia



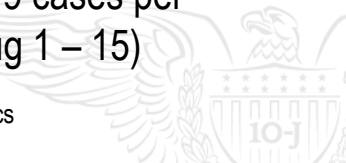
Delta variant of COVID also poses downside risks to growth



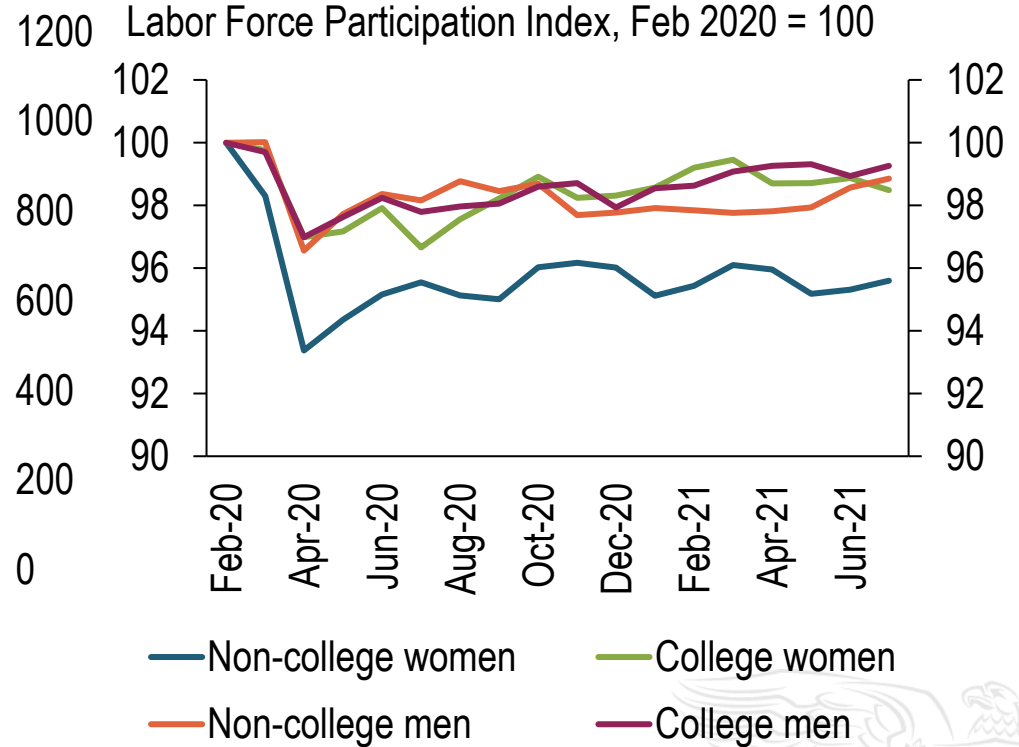
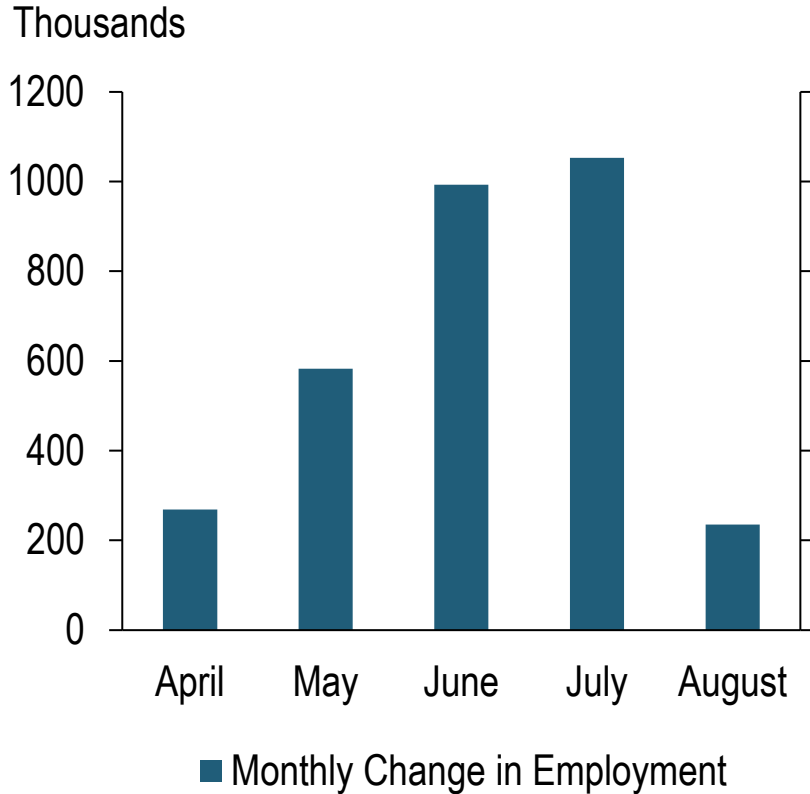
Percent change in hotel & food service spending relative to total spending across states



Percent change in new COVID-19 cases per 100k residents across states (Aug 1 – 15)

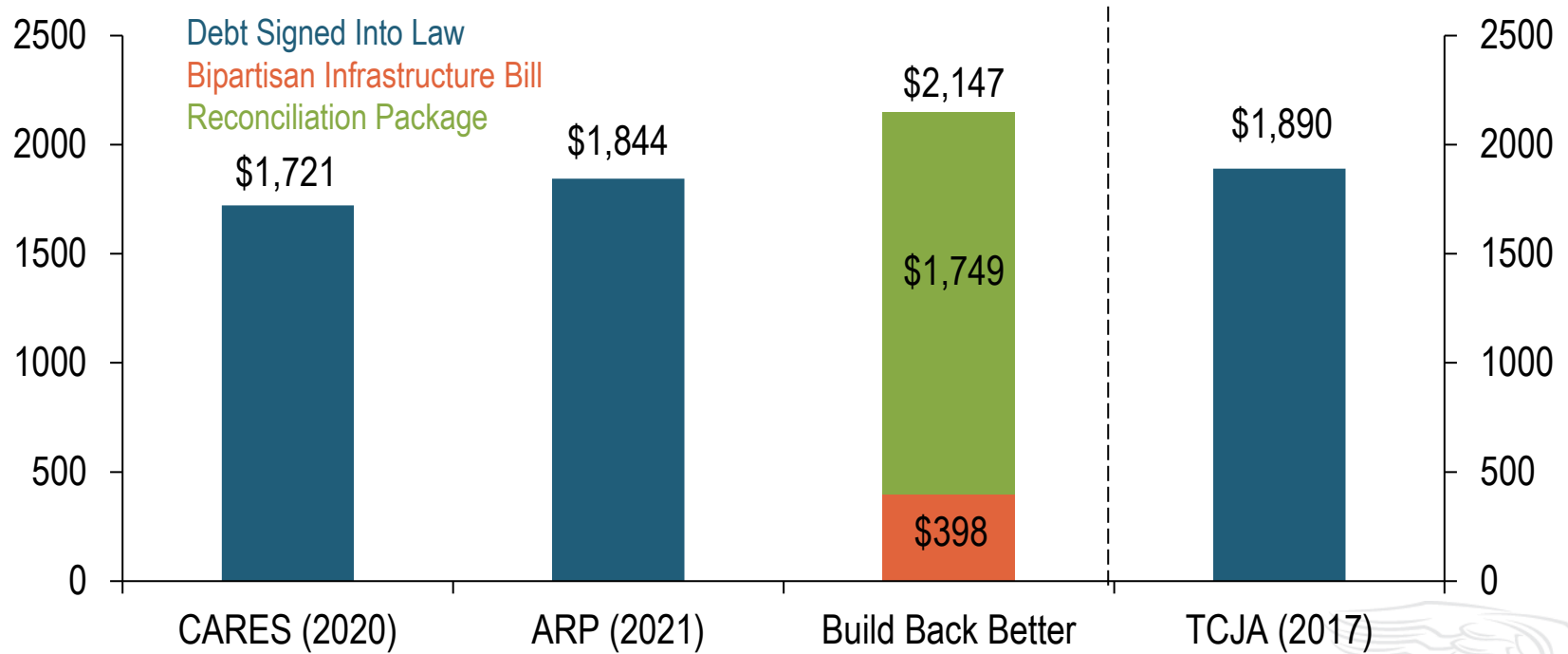


Pandemic disruptions continue to weigh on labor market



Fiscal policy has provided extraordinary support so far

Debt Added Over 10 Years, Billions \$



But fiscal policy no longer contributing to growth

Percentage Points

