

# U.S. Economic Outlook for May 13, 2022

A Publication of BMO Capital Markets Economic Research • Douglas Porter, CFA, Chief Economist, BMO Financial Group

|                              | 2021                      |        |        |        | 2022   |        |        |        | 2023   |        |        |        | 2020  | 2021   | 2022   | 2023   |
|------------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|--------|--------|
|                              | Q1                        | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     | Q4     | Q1     | Q2     | Q3     | Q4     |       |        |        |        |
| <b>Production</b>            | <b>q/q % chng : a.r.</b>  |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Real GDP (chain-weighted)    | 6.3                       | 6.7    | 2.3    | 6.9    | -1.4   | 2.6    | 2.5    | 1.9    | 1.4    | 1.5    | 1.6    | 1.6    | -3.4  | 5.7    | 2.5    | 1.7    |
| Final Sales                  | 9.1                       | 8.1    | 0.1    | 1.5    | -0.6   | 3.0    | 3.2    | 2.4    | 1.7    | 1.7    | 1.5    | 1.6    | -2.9  | 5.3    | 1.7    | 2.1    |
| Final Domestic Demand        | 10.4                      | 8.0    | 1.3    | 1.7    | 2.6    | 2.7    | 3.2    | 2.4    | 1.7    | 1.7    | 1.5    | 1.6    | -2.5  | 6.5    | 2.7    | 2.0    |
| Consumer Spending            | 11.4                      | 12.0   | 2.0    | 2.5    | 2.7    | 2.0    | 3.7    | 2.6    | 2.0    | 1.9    | 1.6    | 1.6    | -3.8  | 7.9    | 3.1    | 2.2    |
| Durables                     | 50.0                      | 11.6   | -24.6  | 2.5    | 4.1    | 1.0    | 3.0    | 2.8    | 1.5    | 1.3    | 1.0    | 1.3    | 7.7   | 18.1   | -0.7   | 1.8    |
| Nondurables                  | 15.9                      | 13.9   | 2.0    | 0.4    | -2.5   | 1.0    | 3.0    | 2.0    | 1.9    | 1.8    | 1.7    | 1.7    | 3.1   | 9.1    | 1.2    | 1.9    |
| Services                     | 3.9                       | 11.5   | 8.2    | 3.3    | 4.3    | 2.6    | 4.0    | 2.8    | 2.2    | 2.0    | 1.7    | 1.6    | -7.5  | 5.8    | 4.5    | 2.4    |
| Government Spending          | 4.2                       | -2.0   | 0.9    | -2.6   | -2.7   | 3.4    | 1.7    | 1.7    | 1.2    | 1.3    | 1.3    | 1.5    | 2.5   | 0.5    | -0.3   | 1.5    |
| Business Investment          | 12.9                      | 9.2    | 1.7    | 2.9    | 9.2    | 6.4    | 4.8    | 4.0    | 2.6    | 2.1    | 1.9    | 1.8    | -5.3  | 7.4    | 5.7    | 3.1    |
| Non-residential Construction | 5.4                       | -3.0   | -4.1   | -8.3   | -0.9   | 3.0    | 4.0    | 3.5    | 3.0    | 2.3    | 2.0    | 1.9    | -12.5 | -8.0   | -1.3   | 2.9    |
| Equipment                    | 14.1                      | 12.1   | -2.3   | 2.8    | 15.3   | 6.0    | 3.0    | 2.3    | 2.1    | 2.0    | 1.9    | 1.8    | -8.3  | 13.1   | 6.3    | 2.4    |
| Intellectual Property        | 15.6                      | 12.5   | 9.1    | 8.9    | 8.1    | 8.0    | 7.0    | 6.0    | 3.0    | 2.0    | 1.9    | 1.8    | 2.8   | 10.1   | 8.3    | 3.9    |
| Residential Construction     | 13.3                      | -11.7  | -7.7   | 2.2    | 2.1    | -2.0   | -5.0   | -7.0   | -6.0   | -3.0   | -1.0   | 1.0    | 6.8   | 9.2    | -2.3   | -4.2   |
| Exports                      | -2.9                      | 7.6    | -5.3   | 22.4   | -5.9   | 4.1    | 3.0    | 3.0    | 2.0    | 2.0    | 1.8    | 1.8    | -13.6 | 4.5    | 3.4    | 2.4    |
| Imports                      | 9.3                       | 7.1    | 4.7    | 17.9   | 17.7   | 2.0    | 3.0    | 2.5    | 2.0    | 1.7    | 1.6    | 1.7    | -8.9  | 14.0   | 9.5    | 2.1    |
| Inventory Change             | 2012\$ blns : a.r.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Contrib. to GDP Growth       | ppts : a.r.               |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Net Exports                  | 2012\$ blns : a.r.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Contrib. to GDP Growth       | ppts : a.r.               |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Nominal GDP                  | \$ blns : a.r.            |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Growth                       | q/q % chng : a.r.         |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Real GDP                     | y/y % chng                |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| <b>Inflation</b>             | <b>q/q % chng : a.r.</b>  |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| GDP Price Index              | 4.3                       | 6.1    | 6.0    | 7.1    | 8.0    | 6.6    | 6.3    | 3.6    | 3.1    | 2.9    | 2.5    | 2.4    | 1.3   | 4.2    | 6.7    | 3.6    |
| Core PCE Deflator            | 2.7                       | 6.1    | 4.7    | 5.0    | 5.2    | 5.5    | 5.2    | 4.2    | 3.5    | 3.5    | 3.4    | 2.9    | 1.4   | 3.3    | 5.1    | 3.9    |
| CPI All Items                | 4.1                       | 8.2    | 6.7    | 7.9    | 9.2    | 9.1    | 6.3    | 3.7    | 3.4    | 3.3    | 2.9    | 2.7    | 1.2   | 4.7    | 7.8    | 4.0    |
| Ex. Food and Energy          | 1.4                       | 7.8    | 5.3    | 5.6    | 6.5    | 5.9    | 5.4    | 4.5    | 3.7    | 3.7    | 3.6    | 3.1    | 1.7   | 3.6    | 5.9    | 4.1    |
| Food Prices                  | 2.4                       | 4.3    | 7.7    | 9.4    | 10.3   | 12.1   | 10.2   | 6.4    | 5.6    | 3.8    | 3.3    | 2.7    | 3.4   | 3.9    | 9.5    | 5.9    |
| Energy Prices                | 49.4                      | 21.9   | 21.4   | 32.2   | 38.9   | 41.4   | 8.9    | -9.9   | -4.6   | -1.4   | -5.2   | -1.8   | -8.4  | 20.8   | 27.0   | -1.0   |
| Services                     | 2.1                       | 5.0    | 3.6    | 4.6    | 6.0    | 7.4    | 5.0    | 4.5    | 3.7    | 3.7    | 3.6    | 3.1    | 2.1   | 2.8    | 5.4    | 4.2    |
| CPI All Items                | y/y % chng                |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Ex. Food and Energy          | y/y % chng                |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Core PCE Deflator            | y/y % chng                |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| <b>Financial</b>             | <b>% : quarterly avg.</b> |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Fed Funds Rate               | 0.13                      | 0.13   | 0.13   | 0.13   | 0.21   | 0.88   | 2.04   | 2.46   | 2.71   | 2.88   | 2.88   | 2.88   | 0.38  | 0.13   | 1.40   | 2.83   |
| 90-Day T-Bill                | 0.05                      | 0.02   | 0.05   | 0.05   | 0.30   | 1.00   | 1.85   | 2.40   | 2.60   | 2.80   | 2.80   | 2.80   | 0.37  | 0.05   | 1.40   | 2.75   |
| 1-Year T-Bill                | 0.08                      | 0.06   | 0.08   | 0.20   | 0.96   | 2.05   | 2.45   | 2.70   | 2.85   | 2.90   | 2.90   | 2.90   | 0.38  | 0.10   | 2.05   | 2.90   |
| 10-Year Bond Yield           | 1.32                      | 1.59   | 1.33   | 1.54   | 1.94   | 2.95   | 3.10   | 3.15   | 3.25   | 3.20   | 3.10   | 3.05   | 0.89  | 1.44   | 2.80   | 3.15   |
| 10-Year BBB Corporate Spread | ppts                      |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| <b>Foreign Trade</b>         | <b>\$ blns : a.r.</b>     |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Current Account Balance      | -750                      | -785   | -879   | -872   | -1,148 | -1,149 | -1,173 | -1,188 | -1,195 | -1,207 | -1,215 | -1,224 | -616  | -822   | -1,165 | -1,210 |
| Share of GDP                 | -3.4                      | -3.5   | -3.8   | -3.6   | -4.7   | -4.6   | -4.6   | -4.6   | -4.6   | -4.6   | -4.6   | -4.5   | -2.9  | -3.6   | -4.6   | -4.6   |
| Merchandise Balance          | -1,068                    | -1,071 | -1,093 | -1,134 | -1,364 | -1,387 | -1,416 | -1,436 | -1,451 | -1,462 | -1,474 | -1,487 | -922  | -1,091 | -1,401 | -1,469 |
| Non-Merchandise Balance      | 318                       | 286    | 213    | 262    | 215    | 237    | 244    | 249    | 256    | 256    | 259    | 263    | 306   | 270    | 236    | 259    |
| Yen                          | ¥/US\$ : qtr. avg.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Euro                         | US\$/€ : qtr. avg.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Pound                        | US\$/£ : qtr. avg.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Trade-Wt, Dollar (broad)     | Jan. '97 = 100            |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| WTI Spot                     | US\$/bbl : qtr. avg.      |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Henry Hub Spot               | US\$/mmbtu : qtr. avg.    |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| <b>Incomes</b>               | <b>y/y % chng</b>         |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Pre-Tax Profits w/IVA,CCA    | 17.6                      | 45.1   | 19.7   | 21.0   | 16.0   | 5.7    | 3.2    | 3.5    | 3.4    | 3.5    | 3.2    | 3.1    | -5.2  | 25.0   | 6.8    | 3.3    |
| Personal Income              | 16.1                      | 1.6    | 5.3    | 7.2    | -3.0   | 4.0    | 4.5    | 5.0    | 4.7    | 4.3    | 4.1    | 4.0    | 6.5   | 7.4    | 2.6    | 4.3    |
| Real Disposable Income       | 15.1                      | -4.3   | -0.9   | -0.2   | -10.9  | -3.4   | -2.7   | -1.1   | -0.3   | 0.4    | 0.9    | 1.0    | 6.2   | 2.2    | -4.7   | 0.5    |
| Savings Rate                 | % : quarterly avg.        |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| <b>Other Indicators</b>      | <b>quarterly avg.</b>     |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Unemployment Rate            | percent                   |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Housing Starts               | mlns : a.r.               |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Existing Home Sales          | mlns : a.r.               |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Home Prices (Case-Shiller)   | y/y % chng                |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Motor Vehicle Sales          | mlns : a.r.               |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Civilian Employment Growth   | q/q % chng : a.r.         |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| Industrial Production        | q/q % chng : a.r.         |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |
| CBO Budget Deficit           | % of GDP                  |        |        |        |        |        |        |        |        |        |        |        |       |        |        |        |

Bolded values represent forecasts

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