

# U.S. Economic Outlook for Jan. 15, 2021

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

	2020				2021				2022							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2019	2020	2021	2022
<b>Production</b>	<b>q/q % chng : a.r.</b>															
Real GDP (chain-weighted)	-5.0	-31.4	33.4	<b>4.9</b>	<b>1.0</b>	<b>7.0</b>	<b>5.0</b>	<b>3.5</b>	<b>3.4</b>	<b>2.7</b>	<b>2.4</b>	<b>2.2</b>	2.2	-3.5	4.5	3.5
Final Sales	-3.6	-28.1	25.9	<b>3.9</b>	<b>0.8</b>	<b>6.9</b>	<b>5.0</b>	<b>3.5</b>	<b>3.4</b>	<b>2.7</b>	<b>2.4</b>	<b>2.3</b>	2.2	-2.8	3.8	3.5
Final Domestic Demand	-4.6	-27.1	29.8	<b>4.8</b>	<b>0.8</b>	<b>7.1</b>	<b>5.2</b>	<b>3.5</b>	<b>3.4</b>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>	2.3	-2.7	4.6	3.6
Consumer Spending	-6.9	-33.2	41.0	<b>3.8</b>	<b>0.4</b>	<b>8.3</b>	<b>5.8</b>	<b>3.7</b>	<b>3.6</b>	<b>3.0</b>	<b>2.6</b>	<b>2.4</b>	2.4	-3.8	5.1	3.8
Durables	-12.5	-1.7	82.7	<b>2.0</b>	<b>1.0</b>	<b>6.0</b>	<b>4.5</b>	<b>3.0</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>2.5</b>	4.8	6.5	10.1	3.3
Nondurables	7.1	-15.0	31.1	<b>4.0</b>	<b>1.0</b>	<b>5.0</b>	<b>4.5</b>	<b>3.0</b>	<b>2.8</b>	<b>2.7</b>	<b>2.7</b>	<b>2.6</b>	3.1	2.9	5.1	3.1
Services	-9.8	-41.8	38.0	<b>4.0</b>	<b>0.0</b>	<b>10.0</b>	<b>6.5</b>	<b>4.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.5</b>	<b>2.3</b>	1.8	-7.3	4.2	4.2
Government Spending	1.3	2.5	-4.8	<b>1.1</b>	<b>1.3</b>	<b>3.9</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	2.3	1.2	1.3	2.4
Business Investment	-6.7	-27.2	22.9	<b>9.2</b>	<b>1.8</b>	<b>6.2</b>	<b>6.2</b>	<b>4.0</b>	<b>3.4</b>	<b>3.0</b>	<b>2.5</b>	<b>2.4</b>	2.9	-4.2	4.9	3.7
Non-residential Construction	-3.7	-33.6	-17.4	<b>-8.0</b>	<b>1.0</b>	<b>7.0</b>	<b>9.0</b>	<b>6.0</b>	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.0</b>	-0.6	-11.1	-3.7	5.1
Equipment	-15.2	-35.9	68.2	<b>18.0</b>	<b>2.0</b>	<b>6.0</b>	<b>6.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.5</b>	<b>2.0</b>	<b>2.0</b>	2.1	-5.4	9.6	3.5
Intellectual Property	2.4	-11.4	8.4	<b>7.0</b>	<b>2.0</b>	<b>6.0</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	6.4	1.5	4.0	3.4
Residential Construction	19.0	-35.6	63.0	<b>28.0</b>	<b>3.0</b>	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.8</b>	<b>2.7</b>	-1.7	5.6	10.6	3.2
Exports	-9.5	-64.4	59.6	<b>18.2</b>	<b>0.5</b>	<b>4.3</b>	<b>4.3</b>	<b>3.5</b>	<b>3.0</b>	<b>2.5</b>	<b>2.0</b>	<b>1.9</b>	-0.1	-13.1	3.8	3.1
Imports	-15.0	-54.1	93.1	<b>19.4</b>	<b>1.0</b>	<b>6.3</b>	<b>5.7</b>	<b>3.4</b>	<b>3.0</b>	<b>3.0</b>	<b>2.5</b>	<b>2.5</b>	1.1	-9.8	9.0	3.5
Inventory Change	<b>2012\$ blns : a.r.</b>															
Contrib. to GDP Growth	<b>ppts : a.r.</b>															
Net Exports	-788.0	-775.1	-1019.0	<b>-1070.7</b>	<b>-1076.2</b>	<b>-1103.7</b>	<b>-1127.1</b>	<b>-1135.9</b>	<b>-1144.4</b>	<b>-1155.9</b>	<b>-1166.0</b>	<b>-1176.9</b>	-917.6	-913.2	-1110.7	-1160.8
Contrib. to GDP Growth	<b>ppts : a.r.</b>															
Nominal GDP	<b>\$ blns : a.r.</b>															
Growth	<b>q/q % chng : a.r.</b>															
Real GDP	<b>y/y % chng</b>															
<b>Inflation</b>	<b>q/q % chng : a.r.</b>															
GDP Price Index	1.4	-1.8	3.5	<b>1.6</b>	<b>2.7</b>	<b>1.7</b>	<b>2.2</b>	<b>1.9</b>	<b>1.8</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	1.8	1.1	2.0	1.9
Core PCE Deflator	1.6	-0.8	3.4	<b>1.1</b>	<b>1.4</b>	<b>1.2</b>	<b>2.5</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>2.0</b>	<b>2.1</b>	1.7	1.4	1.6	1.9
CPI All Items	1.2	-3.5	5.2	2.2	<b>3.6</b>	<b>1.7</b>	<b>2.6</b>	<b>2.2</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>	<b>2.3</b>	1.8	1.3	2.5	2.2
Ex. Food and Energy	2.0	-1.6	4.4	1.8	<b>1.9</b>	<b>1.5</b>	<b>2.7</b>	<b>2.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.2</b>	<b>2.3</b>	2.2	1.7	2.0	2.1
Food Prices	2.9	10.5	1.1	1.1	<b>2.2</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	1.9	3.4	2.3	2.0
Energy Prices	-10.2	-45.0	27.4	10.9	<b>28.1</b>	<b>3.8</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	-2.1	-8.3	8.8	2.5
Services	2.8	-1.0	3.3	1.8	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	2.7	2.1	1.9	2.0
CPI All Items	<b>y/y % chng</b>															
Ex. Food and Energy	<b>y/y % chng</b>															
Core PCE Deflator	<b>y/y % chng</b>															
<b>Financial</b>	<b>% : quarterly avg.</b>															
Fed Funds Rate	1.13	0.13	0.13	0.13	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	<b>0.13</b>	2.13	0.38	<b>0.13</b>	<b>0.13</b>
90-Day T-Bill	1.13	0.14	0.11	0.09	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	2.10	0.37	<b>0.10</b>	<b>0.10</b>
3-Month Libor	1.53	0.66	0.25	0.22	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	<b>0.25</b>	2.34	0.67	<b>0.25</b>	<b>0.25</b>
10-Year Bond Yield	1.38	0.69	0.65	0.86	<b>1.10</b>	<b>1.15</b>	<b>1.20</b>	<b>1.25</b>	<b>1.30</b>	<b>1.35</b>	<b>1.40</b>	<b>1.50</b>	2.14	0.89	<b>1.20</b>	<b>1.40</b>
10-Year BBB Corporate Spread	<b>ppts</b>															
Foreign Trade	<b>\$ blns : a.r.</b>															
Current Account Balance	-446	-645	-714	<b>-733</b>	<b>-740</b>	<b>-769</b>	<b>-791</b>	<b>-800</b>	<b>-805</b>	<b>-819</b>	<b>-832</b>	<b>-844</b>	-480	-635	-775	-825
Share of GDP	-2.1	-3.3	-3.4	<b>-3.4</b>	<b>-3.4</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	<b>-3.5</b>	-2.2	-3.0	-3.5	-3.5
Merchandise Balance	-767	-878	-982	<b>-1012</b>	<b>-1021</b>	<b>-1048</b>	<b>-1073</b>	<b>-1087</b>	<b>-1100</b>	<b>-1116</b>	<b>-1130</b>	<b>-1145</b>	-864	-910	-1057	-1123
Non-Merchandise Balance	321	233	268	<b>279</b>	<b>281</b>	<b>279</b>	<b>283</b>	<b>287</b>	<b>295</b>	<b>297</b>	<b>298</b>	<b>301</b>	384	275	282	298
Yen	<b>¥/US\$ : qtr. avg.</b>															
Euro	<b>US\$/€ : qtr. avg.</b>															
Pound	<b>US\$/£ : qtr. avg.</b>															
Trade-Wt, Dollar (broad)	<b>Jan. '97 = 100</b>															
WTI Spot	<b>US\$/bbl : qtr. avg.</b>															
Henry Hub Spot	<b>US\$/mmbtu : qtr. avg.</b>															
<b>Incomes</b>	<b>y/y % chng</b>															
Pre-Tax Profits w/IVA,CCA	-6.7	-19.3	3.5	<b>2.4</b>	<b>17.4</b>	<b>33.6</b>	<b>6.8</b>	<b>6.3</b>	<b>6.7</b>	<b>5.7</b>	<b>4.9</b>	<b>4.6</b>	0.3	-5.0	14.9	5.5
Personal Income	3.2	10.7	7.1	<b>4.2</b>	<b>7.1</b>	<b>-2.2</b>	<b>1.6</b>	<b>4.5</b>	<b>1.7</b>	<b>4.2</b>	<b>4.0</b>	<b>3.9</b>	3.9	6.3	2.6	3.5
Real Disposable Income	1.4	12.2	6.8	<b>4.0</b>	<b>6.4</b>	<b>-5.4</b>	<b>-0.5</b>	<b>2.2</b>	<b>-0.2</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	2.2	6.1	0.5	1.5
Savings Rate	<b>% : quarterly avg.</b>															
<b>Other Indicators</b>	<b>quarterly avg.</b>															
Unemployment Rate	<b>percent</b>															
Housing Starts	<b>mlns : a.r.</b>															
Existing Home Sales	<b>mlns : a.r.</b>															
Home Prices (Case-Shiller)	<b>y/y % chng</b>															
Motor Vehicle Sales	<b>mlns : a.r.</b>															
Civilian Employment Growth	<b>q/q % chng : a.r.</b>															
Industrial Production	<b>q/q % chng : a.r.</b>															
CBO Budget Deficit	<b>% of GDP</b>															

Bolded values represent forecasts

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