

# U.S. Economic Outlook for Jan. 8, 2021

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

		2020				2021				2022				2019	2020	2021	2022
		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)		-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>4.0</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	3.9	3.5
Final Domestic Demand		-4.6	-27.1	29.8	<b>5.2</b>	<b>0.9</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	-2.6	4.6	3.6
Consumer Spending		-6.9	-33.2	41.0	<b>4.2</b>	<b>0.6</b>	<b>8.3</b>	<b>5.9</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	5.2	3.9
Durables		-12.5	-1.7	82.7	<b>5.0</b>	<b>2.0</b>	<b>6.0</b>	<b>4.0</b>	<b>3.2</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>2.5</b>	4.8	6.8	10.9	3.3
Nondurables		7.1	-15.0	31.1	<b>3.8</b>	<b>1.0</b>	<b>5.0</b>	<b>4.0</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	5.0	3.1
Services		-9.8	-41.8	38.0	<b>4.0</b>	<b>0.0</b>	<b>10.0</b>	<b>7.0</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>1.5</b>	<b>0.8</b>	<b>3.9</b>	<b>2.6</b>	<b>2.9</b>	<b>2.7</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	2.3	1.3	1.2	2.5
Business Investment		-6.7	-27.2	22.9	<b>9.2</b>	<b>1.8</b>	<b>6.2</b>	<b>5.5</b>	<b>3.4</b>	<b>3.4</b>	<b>3.0</b>	<b>2.5</b>	<b>2.4</b>	2.9	-4.2	4.8	3.6
Non-residential Construction		-3.7	-33.6	-17.4	<b>-8.0</b>	<b>1.0</b>	<b>7.0</b>	<b>8.0</b>	<b>5.0</b>	<b>5.0</b>	<b>4.0</b>	<b>3.0</b>	<b>2.0</b>	-0.6	-11.1	-3.9	4.9
Equipment		-15.2	-35.9	68.2	<b>18.0</b>	<b>2.0</b>	<b>6.0</b>	<b>5.0</b>	<b>3.0</b>	<b>3.0</b>	<b>2.5</b>	<b>2.0</b>	<b>2.0</b>	2.1	-5.4	9.4	3.1
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>20.9</b>	<b>2.0</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	-13.0	4.7	3.1
Imports		-15.0	-54.1	93.1	<b>23.3</b>	<b>2.0</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	-9.6	10.0	3.5
Inventory Change	2012\$ blns : a.r.	-80.9	-287.0	-3.7	<b>40.0</b>	<b>50.0</b>	<b>54.0</b>	<b>55.0</b>	<b>55.0</b>	<b>56.0</b>	<b>56.0</b>	<b>57.0</b>	<b>57.0</b>	45.3	-81.8	53.5	56.5
Contrib. to GDP Growth	ppts : a.r.	-1.3	-3.5	6.6	<b>0.9</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	0.0	-0.7	0.7	0.0
Net Exports	2012\$ blns : a.r.	-788.0	-775.1	-1019.0	<b>-1084.7</b>	<b>-1090.1</b>	<b>-1117.9</b>	<b>-1141.6</b>	<b>-1150.5</b>	<b>-1159.1</b>	<b>-1170.7</b>	<b>-1181.0</b>	<b>-1191.9</b>	-917.6	-916.7	-1125.0	-1175.7
Contrib. to GDP Growth	ppts : a.r.	1.1	0.6	-3.2	<b>-1.4</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	<b>-0.2</b>	-0.2	0.0	-1.1	-0.3
Nominal GDP	\$ blns : a.r.	21,561	19,520	21,170	<b>21,501</b>	<b>21,633</b>	<b>22,086</b>	<b>22,477</b>	<b>22,777</b>	<b>23,072</b>	<b>23,323</b>	<b>23,571</b>	<b>23,816</b>	21,433	20,938	22,243	23,446
Growth	q/q % chng : a.r.	-3.4	-32.8	38.4	<b>6.4</b>	<b>2.5</b>	<b>8.6</b>	<b>7.3</b>	<b>5.4</b>	<b>5.3</b>	<b>4.4</b>	<b>4.3</b>	<b>4.2</b>	4.0	-2.3	6.2	5.4
Real GDP	y/y % chng	0.3	-9.0	-2.8	<b>-2.2</b>	<b>-0.7</b>	<b>10.9</b>	<b>4.5</b>	<b>4.1</b>	<b>4.7</b>	<b>3.6</b>	<b>3.0</b>	<b>2.7</b>				
<b>Inflation</b>	<b>q/q % chng : a.r.</b>																
GDP Price Index		1.4	-1.8	3.5	<b>1.4</b>	<b>1.5</b>	<b>1.6</b>	<b>2.2</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>	1.8	1.1	1.6	1.8
Core PCE Deflator		1.6	-0.8	3.4	<b>1.1</b>	<b>1.3</b>	<b>1.1</b>	<b>2.2</b>	<b>1.9</b>	<b>1.7</b>	<b>1.5</b>	<b>1.9</b>	<b>2.0</b>	1.7	1.4	1.5	1.8
CPI All Items		1.2	-3.5	5.2	<b>1.9</b>	<b>1.8</b>	<b>1.6</b>	<b>2.4</b>	<b>2.2</b>	<b>2.0</b>	<b>1.9</b>	<b>2.1</b>	<b>2.2</b>	1.8	1.2	2.0	2.1
Ex. Food and Energy		2.0	-1.6	4.4	<b>1.8</b>	<b>1.8</b>	<b>1.4</b>	<b>2.5</b>	<b>2.2</b>	<b>1.9</b>	<b>1.8</b>	<b>2.1</b>	<b>2.3</b>	2.2	1.7	1.9	2.0
Food Prices		2.9	10.5	1.1	<b>0.8</b>	<b>1.5</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	2.0	2.0
Energy Prices		-10.2	-45.0	27.4	<b>5.4</b>	<b>2.7</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>	<b>2.0</b>	<b>2.0</b>	-2.1	-8.6	1.7	2.3
Services		2.8	-1.0	3.3	<b>1.9</b>	<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>	2.7	2.1	2.0	2.0
CPI All Items	y/y % chng	2.1	0.4	1.3	<b>1.1</b>	<b>1.3</b>	<b>2.6</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>	<b>2.1</b>				
Ex. Food and Energy	y/y % chng	2.2	1.3	1.7	<b>1.6</b>	<b>1.6</b>	<b>2.3</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>	<b>2.0</b>				
Core PCE Deflator	y/y % chng	1.8	1.0	1.4	<b>1.4</b>	<b>1.3</b>	<b>1.7</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</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>1.00</b>	<b>1.10</b>	<b>1.15</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>1.15</b>	<b>1.40</b>
10-Year BBB Corporate Spread	ppts	2.16	2.78	1.93	1.62	<b>1.47</b>	<b>1.50</b>	<b>1.53</b>	<b>1.56</b>	<b>1.59</b>	<b>1.61</b>	<b>1.64</b>	<b>1.67</b>	1.80	2.12	<b>1.52</b>	<b>1.63</b>
<b>Foreign Trade</b>	<b>\$ blns : a.r.</b>																
Current Account Balance		-446	-645	-714	<b>-756</b>	<b>-775</b>	<b>-804</b>	<b>-826</b>	<b>-836</b>	<b>-845</b>	<b>-857</b>	<b>-872</b>	<b>-884</b>	-480	<b>-640</b>	<b>-810</b>	<b>-865</b>
Share of GDP		-2.1	-3.3	-3.4	<b>-3.5</b>	<b>-3.6</b>	<b>-3.6</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-3.7</b>	<b>-3.7</b>	-2.2	<b>-3.1</b>	<b>-3.6</b>	<b>-3.7</b>
Merchandise Balance		-767	-878	-982	<b>-1023</b>	<b>-1033</b>	<b>-1061</b>	<b>-1086</b>	<b>-1100</b>	<b>-1113</b>	<b>-1129</b>	<b>-1144</b>	<b>-1159</b>	-864	<b>-913</b>	<b>-1070</b>	<b>-1136</b>
Non-Merchandise Balance		321	233	268	<b>267</b>	<b>259</b>	<b>257</b>	<b>260</b>	<b>264</b>	<b>269</b>	<b>272</b>	<b>272</b>	<b>275</b>	384	<b>272</b>	<b>260</b>	<b>272</b>
Yen	¥/US\$ : qtr. avg.	109	108	106	104	<b>104</b>	<b>103</b>	<b>103</b>	<b>103</b>	<b>103</b>	<b>103</b>	<b>104</b>	<b>104</b>	109	107	<b>103</b>	<b>104</b>
Euro	US\$/€ : qtr. avg.	1.10	1.10	1.17	1.19	<b>1.23</b>	<b>1.23</b>	<b>1.24</b>	<b>1.24</b>	<b>1.24</b>	<b>1.24</b>	<b>1.25</b>	<b>1.25</b>	1.12	1.14	<b>1.24</b>	<b>1.25</b>
Pound	US\$/£ : qtr. avg.	1.28	1.24	1.29	1.32	<b>1.36</b>	<b>1.37</b>	<b>1.39</b>	<b>1.40</b>	<b>1.40</b>	<b>1.40</b>	<b>1.41</b>	<b>1.41</b>	1.28	1.28	<b>1.38</b>	<b>1.41</b>
Trade-Wt, Dollar (broad)	Jan. '97 = 100	117.8	122.2	117.7	114.3	<b>111.4</b>	<b>110.9</b>	<b>110.4</b>	<b>109.8</b>	<b>109.7</b>	<b>109.8</b>	<b>109.9</b>	<b>109.9</b>	115.7	118.0	<b>110.6</b>	<b>109.8</b>
WTI Spot	US\$/bbl : qtr. avg.	45.8	27.8	40.9	42.5	<b>45.0</b>	<b>46.0</b>	<b>48.0</b>	<b>49.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	<b>50.0</b>	57.0	39.3	<b>47.0</b>	<b>50.0</b>
Henry Hub Spot	US\$/mmbtu : qtr. avg.	1.9	1.7	2.0	2.5	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	<b>2.7</b>	<b>2.5</b>	<b>2.5</b>	<b>2.4</b>	<b>2.7</b>	2.6	2.0	<b>2.5</b>	<b>2.5</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>17.0</b>	<b>33.1</b>	<b>6.4</b>	<b>5.9</b>	<b>6.7</b>	<b>5.6</b>	<b>4.9</b>	<b>4.6</b>	0.3	<b>-5.0</b>	<b>14.5</b>	<b>5.4</b>
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	<b>6.3</b>	<b>2.6</b>	<b>3.5</b>
Real Disposable Income		1.4	12.2	6.8	<b>4.1</b>	<b>6.9</b>	<b>-4.8</b>	<b>0.1</b>	<b>2.7</b>	<b>-0.1</b>	<b>2.3</b>	<b>2.2</b>	<b>2.1</b>	2.2	<b>6.1</b>	<b>1.1</b>	<b>1.6</b>
Savings Rate	% : quarterly avg.	9.6	26.0	16.0	<b>13.4</b>	<b>16.1</b>	<b>13.0</b>	<b>12.2</b>	<b>11.9</b>	<b>11.6</b>	<b>11.5</b>	<b>11.4</b>	<b>11.3</b>	7.5	<b>16.4</b>	<b>13.3</b>	<b>11.5</b>
<b>Other Indicators</b>	<b>quarterly avg.</b>																
Unemployment Rate	percent	3.8	13.0	8.8	<b>6.7</b>	<b>6.6</b>	<b>6.1</b>	<b>5.6</b>	<b>5.3</b>	<b>5.0</b>	<b>4.8</b>	<b>4.6</b>	<b>4.4</b>	3.7	8.1	<b>5.9</b>	<b>4.7</b>
Housing Starts	mlns : a.r.	1.48	1.08	1.43	<b>1.54</b>	<b>1.50</b>	<b>1.46</b>	<b>1.45</b>	<b>1.40</b>	<b>1.37</b>	<b>1.38</b>	<b>1.38</b>	<b>1.39</b>	1.30	<b>1.38</b>	<b>1.45</b>	<b>1.38</b>
Existing Home Sales	mlns : a.r.	5.48	4.31	6.14	<b>6.68</b>	<b>6.23</b>	<b>6.21</b>	<b>6.22</b>	<b>6.23</b>	<b>6.24</b>	<b>6.25</b>	<b>6.25</b>	<b>6.26</b>	5.33	<b>5.65</b>	<b>6.22</b>	<b>6.25</b>
Home Prices (Case-Shiller)	y/y % chng	3.4	3.6	5.4	<b>8.1</b>	<b>7.9</b>	<b>8.1</b>	<b>6.6</b>	<b>3.7</b>	<b>3.5</b>	<b>3.5</b>	<b>3.4</b>	<b>3.4</b>	2.4	<b>5.2</b>	<b>6.5</b>	<b>3.5</b>
Motor Vehicle Sales	mlns : a.r.	15.2	11.4	15.4	<b>16.2</b>	<b>15.6</b>	<b>15.9</b>	<b>16.4</b>	<b>16.2</b>	<b>16.2</b>	<b>16.3</b>	<b>16.5</b>	<b>16.7</b>	17.1	14.5	<b>16.0</b>	<b>16.4</b>
Civilian Employment Growth	q/q % chng : a.r.	-2.3															

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