

# U.S. Economic Outlook for Nov. 27, 2020

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

Production	2019				2020				2021				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2018	2019	2020	2021
Real GDP (chain-weighted)	2.9	1.5	2.6	2.4	-5.0	-31.4	33.1	5.0	1.0	4.8	4.3	3.2	3.0	2.2	-3.5	4.0
Final Sales	2.7	2.5	2.7	3.2	-3.6	-28.1	25.6	4.5	0.8	4.8	4.3	3.3	2.8	2.2	-2.8	3.4
Final Domestic Demand	2.1	3.2	2.6	1.6	-4.6	-27.1	29.4	5.1	0.9	4.8	4.3	3.3	3.0	2.3	-2.7	4.0
Consumer Spending	1.8	3.7	2.7	1.6	-6.9	-33.2	40.6	6.0	0.6	5.4	5.0	3.7	2.7	2.4	-3.7	4.8
Durables	1.0	12.7	6.3	3.1	-12.5	-1.7	82.9	8.0	2.0	5.0	4.0	3.1	6.8	4.8	7.0	11.3
Nondurables	3.3	5.3	3.1	-0.7	7.1	-15.0	30.6	6.4	1.0	4.0	4.0	3.0	2.7	3.1	3.0	5.2
Services	1.5	1.9	2.0	2.0	-9.8	-41.8	37.6	5.1	0.0	6.0	5.5	4.0	2.1	1.8	-7.3	3.5
Government Spending	2.5	5.0	2.1	2.4	1.3	2.5	-4.9	-2.6	1.0	3.1	2.6	2.4	1.8	2.3	1.0	0.3
Business Investment	4.2	0.0	1.9	-0.3	-6.7	-27.2	21.8	6.6	1.8	4.4	3.4	2.4	6.9	2.9	-4.5	3.5
Non-residential Construction	8.2	1.6	3.6	-5.3	-3.7	-33.6	-15.8	-6.0	1.0	4.0	3.0	2.0	3.6	-0.6	-10.8	-4.5
Equipment	2.0	-3.8	-1.7	-1.7	-15.2	-35.9	66.6	14.0	2.0	4.0	3.0	2.0	8.0	2.1	-5.7	7.9
Intellectual Property	4.5	4.1	5.3	4.6	2.4	-11.4	6.0	4.0	2.0	5.0	4.0	3.0	7.8	6.4	1.1	2.8
Residential Construction	-1.7	-2.1	4.6	5.8	19.0	-35.6	62.3	22.0	3.0	4.0	4.0	3.0	-0.6	-1.7	5.2	9.4
Exports	1.8	-4.5	0.8	3.4	-9.5	-64.4	60.5	1.2	2.0	3.0	2.5	2.2	3.0	-0.1	-13.9	0.8
Imports	-2.1	1.7	0.5	7.5	-15.0	-54.1	93.1	6.0	2.0	4.0	3.0	2.5	4.1	1.1	-10.5	6.1
Inventory Change <small>2012\$ blns : a.r.</small>	101.7	49.4	44.0	-1.1	-80.9	-287.0	-4.3	20.0	30.0	34.0	35.0	35.0	51.5	45.3	-86.9	33.5
Contrib. to GDP Growth <small>ppts : a.r.</small>	0.2	-1.0	-0.1	-0.8	-1.3	-3.5	6.5	0.5	0.2	0.1	0.0	0.0	0.2	0.0	-0.7	0.7
Net Exports <small>2012\$ blns : a.r.</small>	-907.4	-951.4	-950.2	-861.5	-788.0	-775.1	-1016.4	-1057.1	1062.4	-1078.3	1089.1	-1097.6	-877.7	-917.6	-909.1	-1081.8
Contrib. to GDP Growth <small>ppts : a.r.</small>	0.5	-0.8	0.0	1.5	1.1	0.6	-3.2	-0.9	-0.1	-0.3	-0.2	-0.2	-0.3	-0.2	0.0	-0.9
Nominal GDP <small>\$ blns : a.r.</small>	21,115	21,330	21,540	21,747	21,561	19,520	21,157	21,487	21,631	21,969	22,318	22,603	20,612	21,433	20,931	22,130
Growth <small>q/q % chng : a.r.</small>	4.0	4.1	4.0	3.9	-3.4	-32.8	38.0	6.4	2.7	6.4	6.5	5.2	5.5	4.0	-2.3	5.7
Real GDP <small>y/y % chng</small>	2.3	2.0	2.1	2.3	0.3	-9.0	-2.9	-2.3	-0.8	10.3	3.8	3.4				
<b>Inflation</b> <small>q/q % chng : a.r.</small>																
GDP Price Index	1.2	2.5	1.5	1.4	1.4	-1.8	3.6	1.3	1.7	1.5	2.1	1.9	2.4	1.8	1.1	1.6
Core PCE Deflator	1.2	2.2	1.9	1.3	1.6	-0.8	3.5	1.4	1.6	1.2	2.2	1.9	2.0	1.7	1.4	1.7
CPI All Items	0.9	3.0	1.8	2.4	1.2	-3.5	5.2	1.8	1.9	1.6	2.4	2.2	2.4	1.8	1.2	2.0
Ex. Food and Energy	2.2	2.2	2.8	2.0	2.0	-1.6	4.4	1.7	1.9	1.4	2.5	2.2	2.1	2.2	1.7	1.9
Food Prices	3.4	1.6	1.0	1.9	2.9	10.5	1.1	1.3	1.7	2.0	2.0	2.0	1.4	1.9	3.5	2.2
Energy Prices	-15.4	15.4	-6.7	7.5	-10.2	-45.0	27.4	4.8	2.4	2.4	2.4	2.4	7.4	-2.1	-8.6	1.5
Services	2.7	2.6	2.9	3.1	2.8	-1.0	3.3	1.6	2.0	2.0	2.0	2.0	2.8	2.7	2.1	1.9
CPI All Items <small>y/y % chng</small>	1.6	1.8	1.8	2.0	2.1	0.4	1.3	1.1	1.3	2.6	1.9	2.0				
Ex. Food and Energy <small>y/y % chng</small>	2.1	2.1	2.3	2.3	2.2	1.3	1.7	1.6	1.6	2.3	1.9	2.0				
Core PCE Deflator <small>y/y % chng</small>	1.7	1.7	1.7	1.8	1.8	1.0	1.4	1.4	1.4	1.9	1.6	1.7				
Fed Funds Rate <small>% : qtr. avg.</small>	2.38	2.38	2.13	1.63	1.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	1.83	2.13	0.38	0.13
90-Day T-Bill <small>% : qtr. avg.</small>	2.44	2.35	2.02	1.61	1.13	0.14	0.11	0.10	0.10	0.10	0.10	0.10	1.97	2.10	0.35	0.10
3-Month Libor <small>% : qtr. avg.</small>	2.70	2.51	2.20	1.94	1.53	0.66	0.25	0.20	0.20	0.20	0.20	0.20	2.30	2.34	0.65	0.20
10-Year Bond Yield <small>% : qtr. avg.</small>	2.65	2.33	1.79	1.79	1.38	0.69	0.65	0.90	1.05	1.10	1.15	1.25	2.91	2.14	0.90	1.15
10-Yr BBB Corp Spread <small>ppts : qtr. avg.</small>	1.94	1.82	1.79	1.67	2.16	2.78	1.93	1.78	1.80	1.81	1.83	1.85	1.59	1.80	2.16	1.82
<b>Foreign Trade</b> <small>\$ blns : a.r.</small>																
Current Account Balance	-506	-511	-486	-417	-446	-682	-835	-856	-859	-875	-887	-898	-450	-480	-705	-880
Share of GDP	-2.4	-2.4	-2.3	-1.9	-2.1	-3.5	-3.9	-4.0	-4.0	-4.0	-4.0	-4.0	-2.2	-2.2	-3.4	-4.0
Merchandise Balance	-865	-898	-885	-810	-767	-877	-967	-1001	-1011	-1030	-1044	-1057	-880	-864	-903	-1035
Non-Merchandise Balance	358	388	398	393	321	195	132	145	152	154	157	159	431	384	198	156
Yen <small>¥/US\$ : qtr. avg.</small>	110	110	107	109	109	108	106	105	105	106	106	107	110	109	107	106
Euro <small>US\$/€ : qtr. avg.</small>	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.18	1.19	1.20	1.21	1.22	1.18	1.12	1.14	1.20
Pound <small>US\$/£ : qtr. avg.</small>	1.30	1.29	1.23	1.29	1.28	1.24	1.29	1.31	1.31	1.31	1.32	1.33	1.34	1.28	1.28	1.32
Trade-Wt. Dollar (broad) <small>Jan '97=100</small>	114.5	115.4	116.5	116.4	117.8	122.2	117.7	114.9	113.5	112.8	112.1	114.4	112.0	115.7	118.2	112.4
WTI Spot <small>US\$/bbl : qtr. avg.</small>	54.9	59.8	56.4	56.9	45.8	27.8	40.9	39.4	42.0	43.0	45.0	50.0	64.8	57.0	38.5	45.0
Henry Hub Spot <small>U.S./mmbtu : qtr. avg.</small>	2.9	2.6	2.4	2.4	1.9	1.7	2.0	2.6	2.5	2.5	2.4	2.7	3.2	2.6	2.0	2.5
<b>Incomes</b> <small>y/y % chng</small>																
Pre-Tax Profits with IVA and CCA	-1.1	1.7	-0.5	1.3	-6.7	-19.3	3.3	2.2	16.8	32.2	5.7	5.2	6.1	0.3	-5.1	13.9
Personal Income	4.7	4.1	3.5	3.5	3.2	10.7	7.1	4.6	4.0	-2.5	1.0	3.6	5.3	3.9	6.4	1.5
Real Disposable Income	3.2	2.1	1.8	1.6	1.4	12.2	6.9	4.4	3.8	-5.3	-0.6	1.8	3.6	2.2	6.2	-0.2
Savings Rate <small>% : quarterly avg.</small>	8.4	7.3	7.2	7.3	9.6	26.0	16.1	13.4	12.9	12.3	11.9	7.8	7.5	16.5	12.6	
<b>Other Indicators</b> <small>quarterly avg. (mlns are a.r.)</small>																
Unemployment Rate <small>percent</small>	3.9	3.6	3.6	3.5	3.8	13.0	8.8	6.8	6.6	6.2	5.8	5.5	3.9	3.7	8.1	6.0
Housing Starts <small>mlns</small>	1.20	1.26	1.29	1.43	1.48	1.08	1.44	1.50	1.38	1.34	1.35	1.35	1.25	1.30	1.38	1.36
Existing Home Sales <small>mlns</small>	5.20	5.29	5.41	5.42	5.48	4.31	6.14	6.52	5.57	5.51	5.52	5.53	5.33	5.33	5.61	5.53
Home Prices (Case-Shiller) <small>y/y % chng</small>	2.9	2.3	2.1	2.5	3.4	3.6	5.4	5.7	4.7	4.3	2.8	2.1	5.7	2.4	4.5	3.4
Motor Vehicle Sales <small>mlns</small>	17.0	17.1	17.1	17.1	15.2	11.4	15.4	16.0	15.5	15.5	15.7	15.8	17.3	17.1	14.5	15.6
Civilian Employment <small>q/q % chng : a.r.</small>	0.3	0.4	2.4	2.0	-2.2	-42.1	27.2	12.4	3.9	4.1	3.8	2.5	1.6	1.1	-6.1	4.1
Industrial Production <small>q/q % chng : a.r.</small>	-1.9	-2.3	1.1	0.4	-6.8	-42.8	41.4	4.8	1.3	4.5	4.3	2.8	3.9	0.9	-7.1	3.5
CBO Budget Deficit <small>% of GDP</small>													-3.9	-4.6	-14.9	-13.8

Shaded values represent forecasts

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