Economic Rebound Despite Lingering Disruptions

Nate Kauffman, Federal Reserve Bank of Kansas City
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Outlook Themes

• Economic activity has rebounded from the depths of a year ago.
• The recovery, though uneven, has occurred amid significant disruption and uncertainty.
• The pandemic, along with labor shortages, supply chain disruptions and inflationary pressures continue to shape the outlook.
After contracting sharply a year ago, economic activity has rebounded.

Sources: BEA, BLS and Haver Analytics.
Globally, economic growth is poised to be relatively strong in 2021 and 2022.

Many jobs have returned, but several industries remain well below their pre-pandemic level of employment.

Sources: BLS, Haver Analytics.
Employment in Nebraska has also recovered significantly.

Sources: BLS, Haver Analytics.
Consumer confidence improved in the first half of the year and household demand has remained strong.

Sources: University of Michigan, BEA, Haver Analytics.
Trade to and from the U.S. has also strengthened notably despite changes in the value of the dollar.

**U.S. Exports**

- Total (left)
- Food & Ag Products (right)
- Energy Products (right)

**U.S. Imports & Value of Dollar**

- Total Imports (left)
- Value of U.S. Dollar (right)*

* Real Broad Trade-Weighted U.S. Dollar Index

**Sources:** Wiser Trade, Haver Analytics, Federal Reserve Board of Governors.
Business investment has continued to expand despite concerns about supply chain disruptions and freight costs.

**ISM Manufacturing Indices**

- **Headline**
- **New Orders**
- **Backlog of Orders**
- **Customer Inventories**

**World Container Index**

Sources: ISM, Haver Analytics, Drewry (Bloomberg).
Business contacts have also pointed to challenges associated with labor shortages.

Worker Availability

Ratio of unemployed to job openings

- United States
- Nebraska

Note: Worker availability is calculated by dividing the number of unemployed by the number job openings.
Sources: BLS, Haver Analytics, staff calculations.
Pandemic related disruptions, labor shortages, and re-openings have affected inflationary pressures.

Sources: BLS, Haver Analytics.
The Federal Reserve has provided extraordinary monetary policy accommodation to stimulate economic activity.

Source: Federal Reserve Bank of New York, Board of Governors, Federal Reserve Bank of St. Louis, and Haver Analytics.
The pandemic has had broad and severe economic effects, but agriculture has been a surprising bright spot.

U.S. GDP and Farm Income

Percent change

Real GDP  Real Net Farm Income


Concluding Thoughts

• Economic activity appears well positioned to strengthen further despite the presence of key risks.
  • Labor shortages
  • Supply chain disruptions
  • Inflation

• Many questions will remain about the persistence of structural changes, with implications for Federal Reserve policy.