U.S. Economic Conditions

October 2020
Outlook themes

- Activity has picked up faster than expected, supported by easing of virus measures and extraordinary policy support.

- Substantial risks remain. Virus could drag out the recovery and activity could suffer as fiscal support fades.

- Monetary policy poised to be accommodative for some time as new framework is put into practice.
U.S. GDP rebounded in third quarter

Sources: BEA, NBER, Wolters Kluwer, Haver Analytics
Recovery is outpacing expectations

Sources: Citigroup, Bluechip, FRB, Haver Analytics
Labor market and retail sales moving in right direction

Unemployment Rate

Real Retail Sales

Sources: BLS, Census Bureau, Haver Analytics
Wide dispersion: Some sectors come out ahead

Sources: BEA, Haver Analytics
Wide dispersion: Some sectors are lagging

Sources: BEA, Haver Analytics
Virus is driving recovery and presents the greatest risk

United States

new daily cases

Spain and France

new daily cases
So far, U.S. numbers driven by geographic spread

April 10, 2020

September 22, 2020

Sources: JHU, Haver Analytics
Policy support also important for recovery, and a risk

Sources: BEA, Haver Analytics
The FOMC’s Forward Guidance

Policy rate and SEP Median

Percent


Sources: FRB, Haver Analytics
The FOMC’s Forward Guidance

Inflation and SEP Median

- Inflation
- Core Inflation
- SEP Forecast

Sources: FRB, Haver Analytics