US GDP growth rebounds sharply in 3Q20 following the easing of coronavirus containment measures

- Annualized GDP growth rebounded by a record 33.1% in 3Q20, following a record 31.4% plunge in 2Q20.
- Unemployment fell for the sixth consecutive month to 6.9%, the lowest since April.
- Non-farm payrolls rose by 638k in October, the weakest pace of job creation since May.
- Retail sales ex autos surged by 4% y/y in September, reflecting an improvement in consumer sentiment.
- The ISM manufacturing index rose to a nine-month high of 59.3 in Oct. on higher new orders, employment.
- The S&P500 reached an all-time high in Nov. on vaccine, stimulus optimism and reduced political uncertainty.

Chart 1: Real GDP growth

Annualized GDP growth rebounded by a record 33.1% in 3Q20, beating expectations, following a record 31.4% plunge in 2Q20.

Source: Refinitiv

Chart 2: Unemployment rate

Unemployment fell for the sixth consecutive month to 6.9%, the lowest since April, but still high compared to pre-pandemic levels.

Source: Refinitiv

Chart 3: Non-farm payrolls (new jobs)

Non-farm payrolls rose by 638k in October, easing from last month’s 672k in the weakest pace of recovery since May.

Source: Refinitiv

Chart 4: Wage growth

Wage growth edged down to 4.6% in Oct. from 4.7% in Sept., though remains affected by rehiring and compositional effects.

Source: Refinitiv
Core inflation was unchanged in September at 1.7%, while headline inflation rose to 1.4% mostly on higher vehicle prices.  
Source: Refinitiv

Retail sales ex autos surged by 4% y/y in September from 2.2% in August, reflecting an improvement in consumer sentiment.  
Source: Refinitiv

The ISM manufacturing index rose to a nine-month high of 59.3 in October from 55.4 in September on higher new orders, employment, and exports.  
Source: Refinitiv

The fiscal deficit reached a record $3.1 trillion as of Sept. and expected to widen to $3.8 trillion in the fiscal year ending 2021.  
Source: Refinitiv
The policy rate remained unchanged as expected at a range of 0-0.25% as the Fed maintains a loose policy to lessen pandemic effects.

Source: Refinitiv

The US 10-year treasury yield surged to 0.97% as of Nov 10 on positive vaccine news and the end of the US presidential elections.

Source: Refinitiv

Futures markets probabilities continue to point to no further fed policy rate action in 2020 with absolute certainty (100%).

Source: Refinitiv

Federal reserve assets continued to expand, reaching $7.15 trillion in early Nov. as the asset purchase program continues.

Source: Refinitiv

The S&P500 reached an all-time high in November on vaccine and stimulus optimism and reduced political uncertainty.

Source: Refinitiv

The USD rose in Oct. on higher safe-haven demand before easing in Nov as political, stimulus, virus uncertainty eased.

Source: Refinitiv