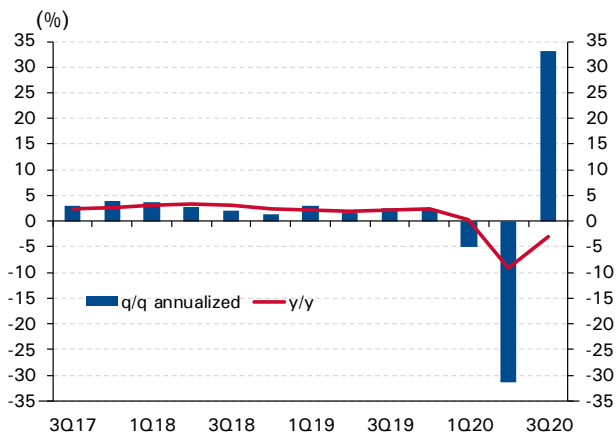


US GDP growth rebounds sharply in 3Q20 following the easing of coronavirus containment measures

- 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.

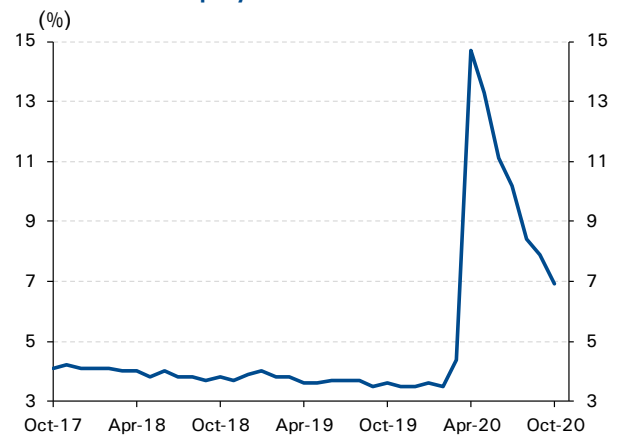
▶ Chart 1: Real GDP growth



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

Source: Refinitiv

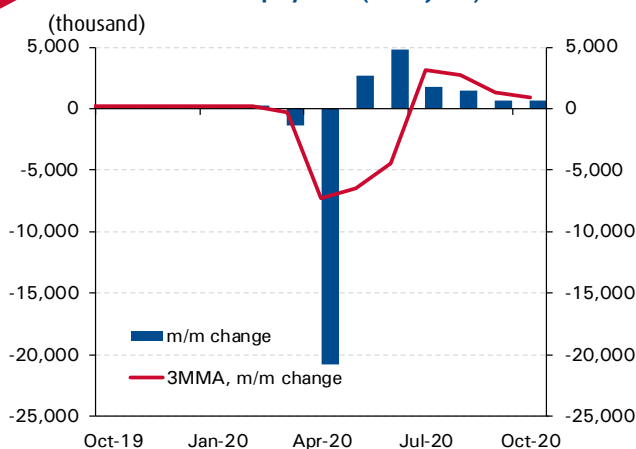
▶ Chart 2: Unemployment rate



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

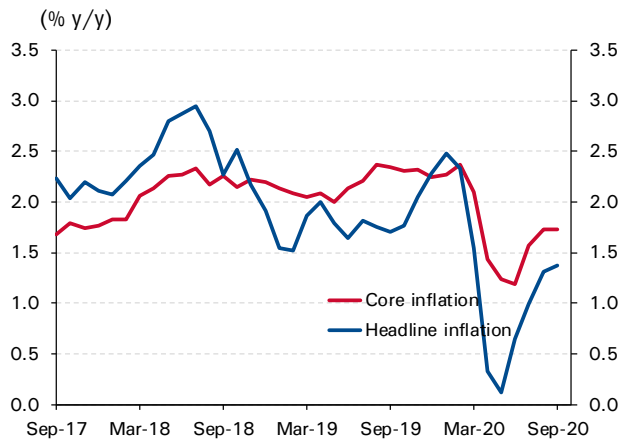
▶ Chart 4: Wage growth



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

Source: Refinitiv

Chart 5: Consumer price inflation



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

Source: Refinitiv

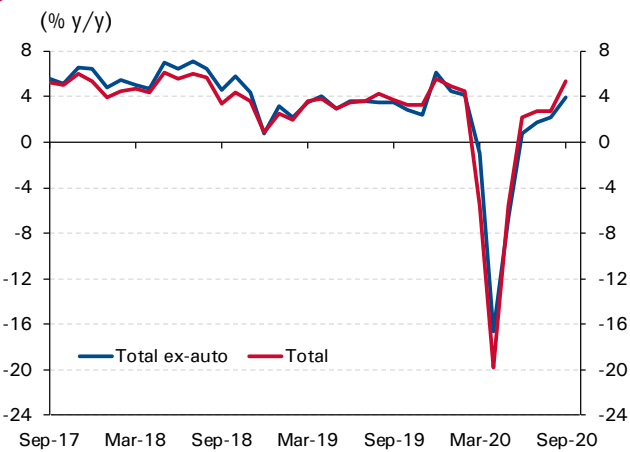
Chart 6: Commercial and industrial loans



C&I loan growth continued to ease further to 17% in September from 19.1% in August on recovering business activity.

Source: Refinitiv

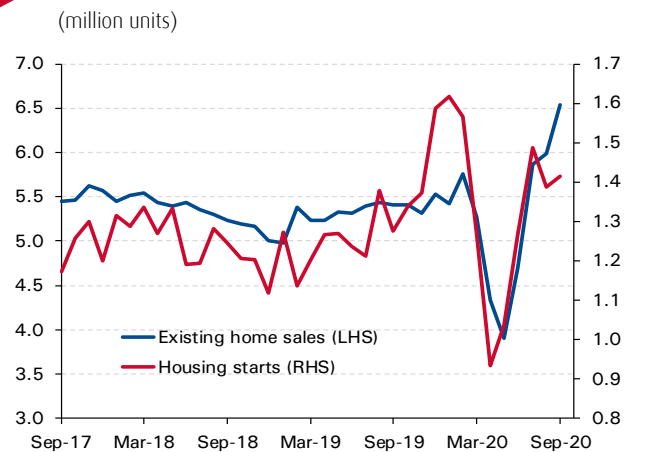
Chart 7: Retail sales



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

Source: Refinitiv

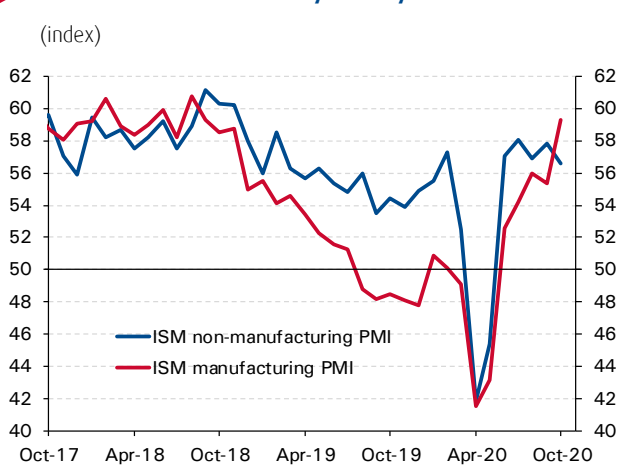
Chart 8: Existing home sales and housing starts



Existing home sales surged by 9.4% m/m to a fourteen year high of 6.5 million units in Sept, helped by record low interest rates.

Source: Refinitiv

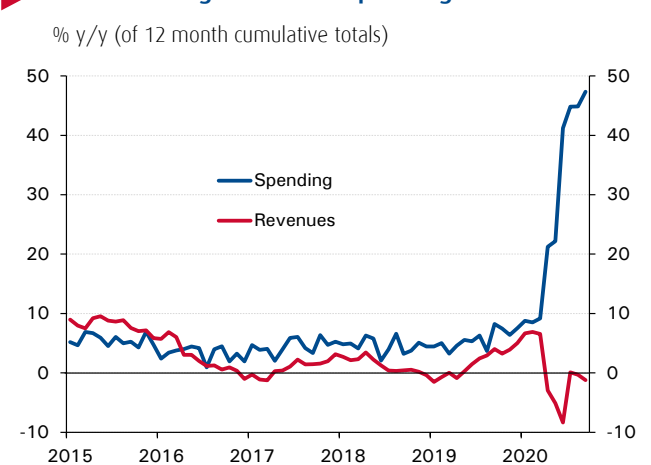
Chart 9: Business activity surveys



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

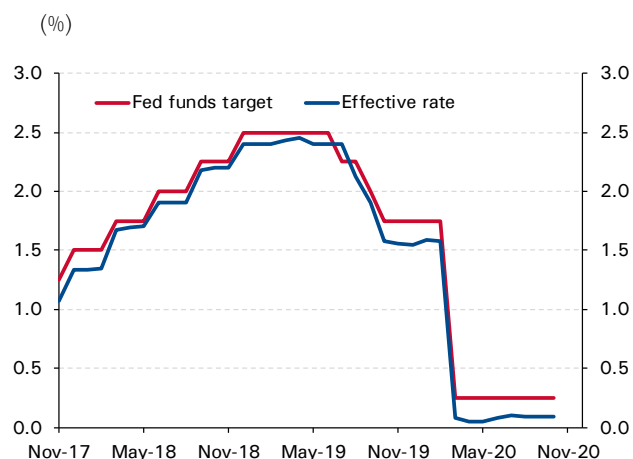
Chart 10: US government spending and revenues



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

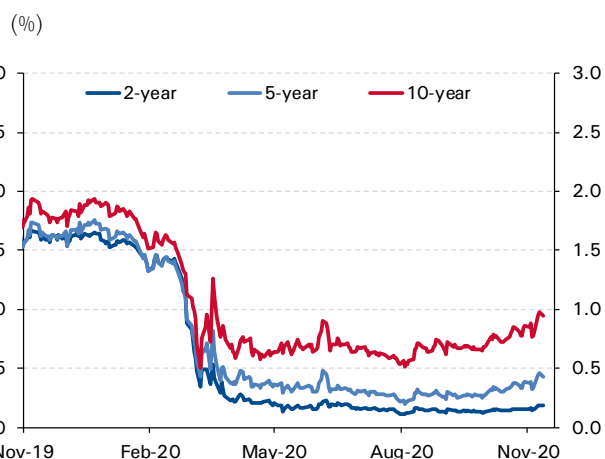
▶ **Chart 11: Policy interest rates**



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

▶ **Chart 12: Government bond yields**

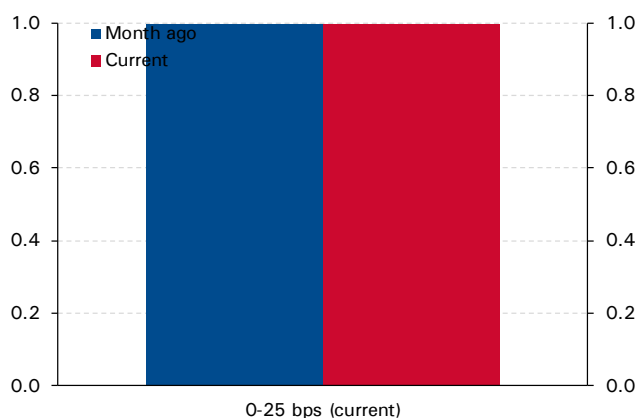


The US 10-year treasury yield surged to 0.97% as of Nov 10 on positive vaccine news and the end of the US presidential elections.

Source: Refinitiv

▶ **Chart 13: Fed policy action outlook for 2020**

(futures market probability, as of 11 November 2020)

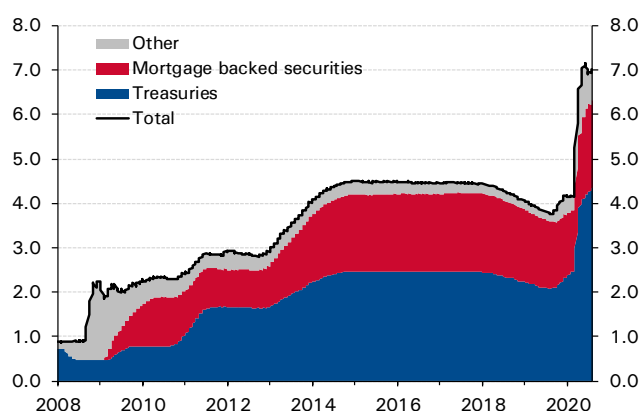


Futures markets probabilities continue to point to no further fed policy rate action in 2020 with absolute certainty (100%).

Source: Refinitiv

▶ **Chart 14: Fed balance sheet size and composition**

(total assets, \$trn)



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

Source: Refinitiv

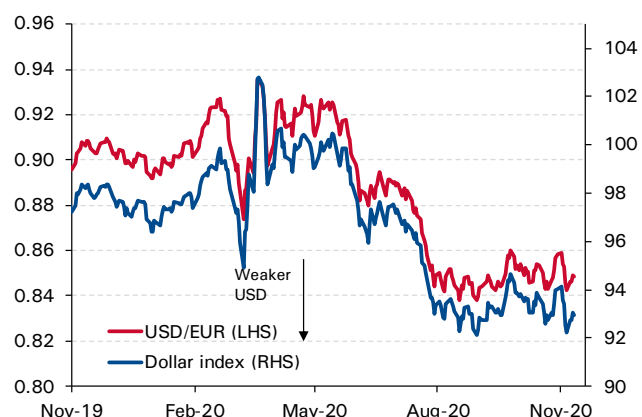
▶ **Chart 15: Stock market**

(S&P 500)



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

▶ **Chart 16: Exchange rates**



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

Source: Refinitiv

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