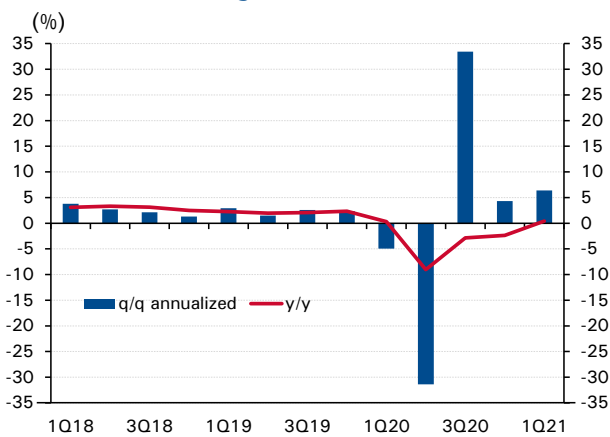


US macroeconomic data shows strong signs of recovery backed by stimulus and vaccine rollout

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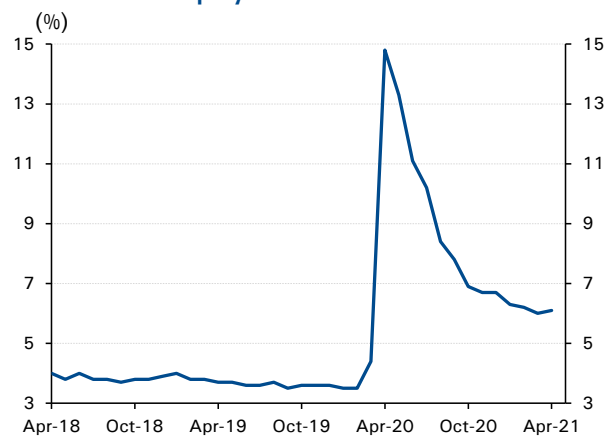
- GDP grew by an annualized 6.4% in 1Q21, in line with expectations following a 4.3% expansion in 4Q20.
- The unemployment rate edged up to 6.1% in April, from a 12-month low of 6% in March.
- Non-farm payrolls rose by 266,000 in April, well below expectations of 1 million, from 770,000 in March.
- Inflation surged to 2.6% in March, the highest since August 2018 on higher fuel, vehicle, and shelter prices.
- Growth in retail sales ex-autos soared to 19.6% y/y in March from 5.7% in February supported by stimulus measures.
- The USD index fell in April as demand for the dollar was curbed by lower US treasury yields, better EU sentiment.

▶ Chart 1: Real GDP growth



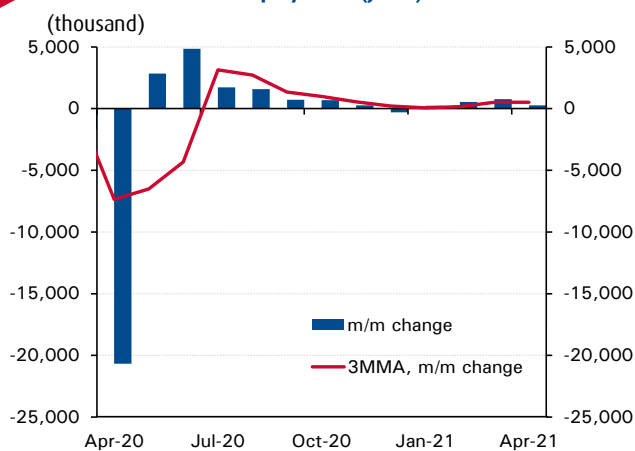
GDP grew by an annualized 6.4% in 1Q21, in line with expectations following a 4.3% expansion in 4Q20.
Source: Refinitiv

▶ Chart 2: Unemployment rate



The unemployment rate edged up to 6.1% in April, from a 12-month low of 6% in March, still well above pre-pandemic levels.
Source: Refinitiv

▶ Chart 3: Non-farm payrolls (jobs)



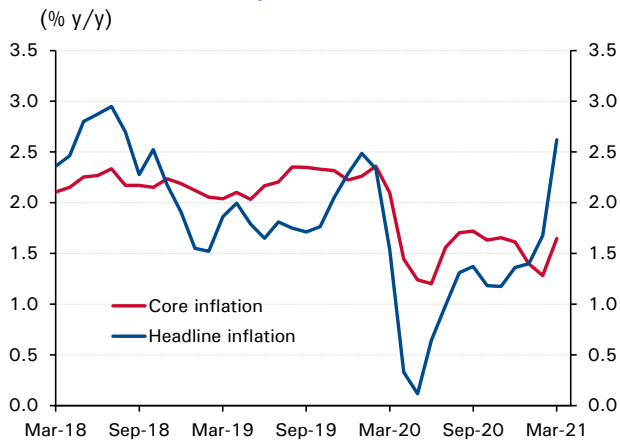
Non-farm payrolls rose by 266,000 in April, well below expectations of 1 million, from 770,000 in March.
Source: Refinitiv

▶ Chart 4: Wage growth



Wage growth fell sharply to 0.3% y/y in April from 4.2% in March largely due to the high base level of April 2020.
Source: Refinitiv

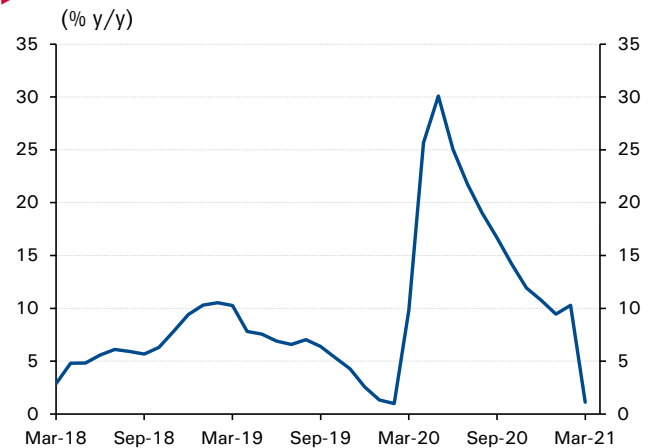
▶ **Chart 5: Consumer price inflation**



Inflation surged to 2.6% in March, the highest since August 2018 on higher fuel, vehicle, and shelter prices.

Source: Refinitiv

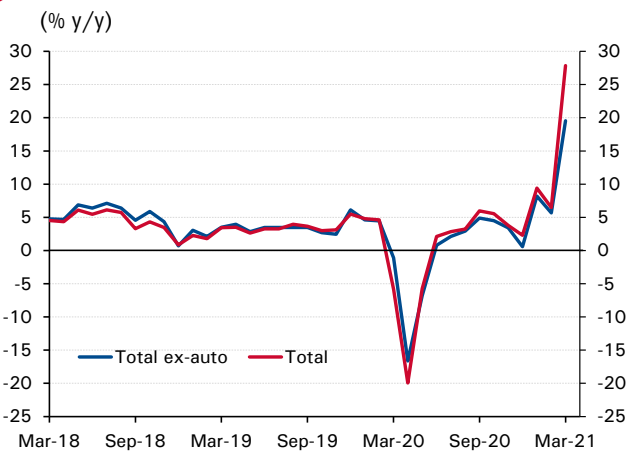
▶ **Chart 6: Commercial and industrial loans**



C&I loan growth fell sharply to a 14-month low of 1.1% in March from 10.3% in Feb. mainly due to the high base levels of 2020.

Source: Refinitiv

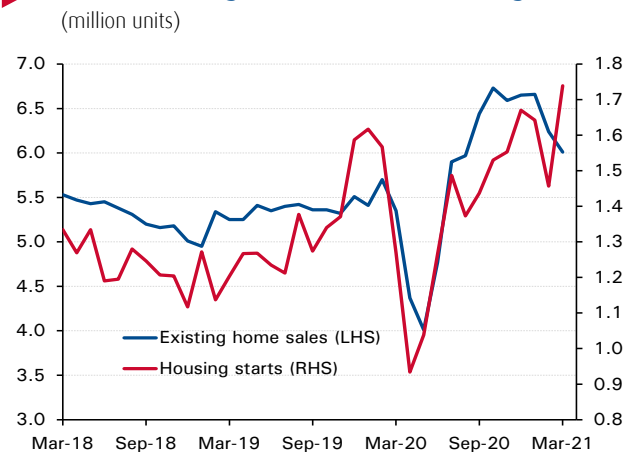
▶ **Chart 7: Retail sales**



Growth in retail sales ex-autos soared to 19.6% y/y in March from 5.7% in February due to stimulus measures.

Source: Refinitiv

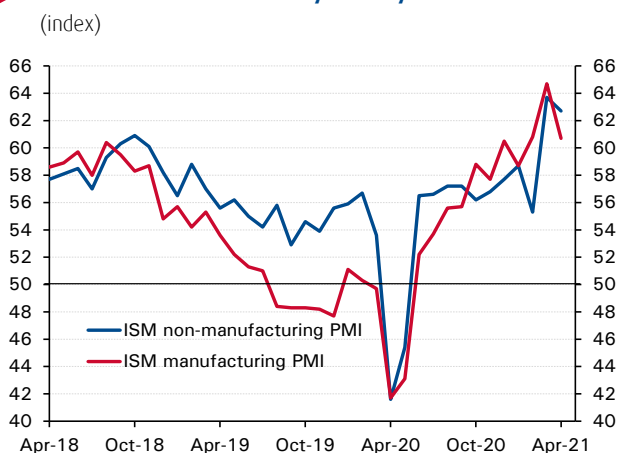
▶ **Chart 8: Existing home sales and housing starts**



Housing starts surged to 1.7 million units (19.4% m/m) in March following a slump in February due to harsh weather.

Source: Refinitiv

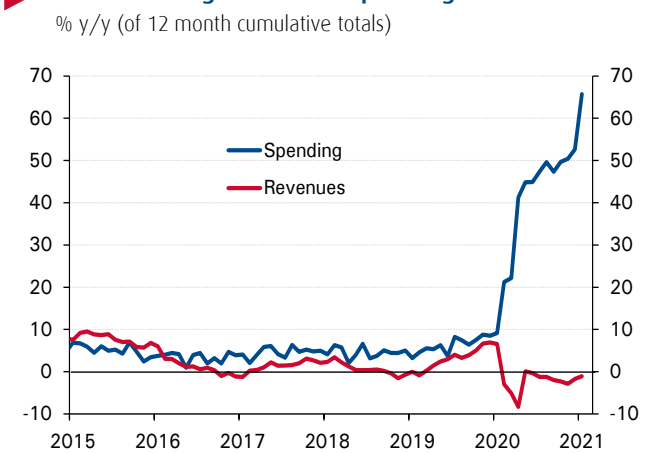
▶ **Chart 9: Business activity surveys**



The ISM manufacturing index fell to 60.7 in April, still high but below expectations as input shortages likely restricted production.

Source: Refinitiv

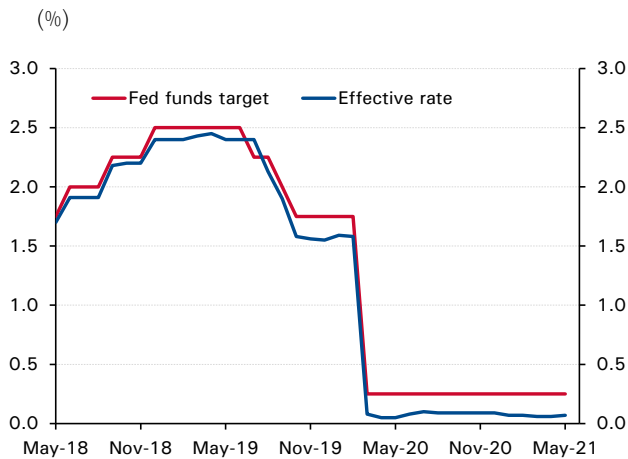
▶ **Chart 10: US government spending and revenues**



The 12-month fiscal deficit reached \$4.1 trillion in March (around 19% of GDP), as public spending surged largely due to stimulus.

Source: Refinitiv

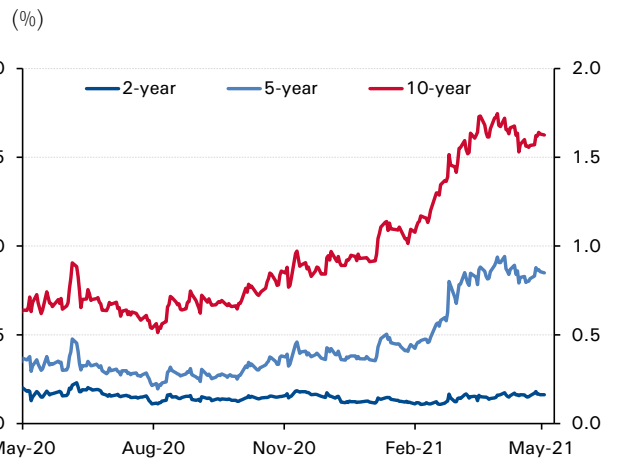
Chart 11: Policy interest rates



The policy rate remained unchanged at a range of 0-0.25% as the Fed continued to adopt an accommodative stance.

Source: Refinitiv

Chart 12: Government bond yields

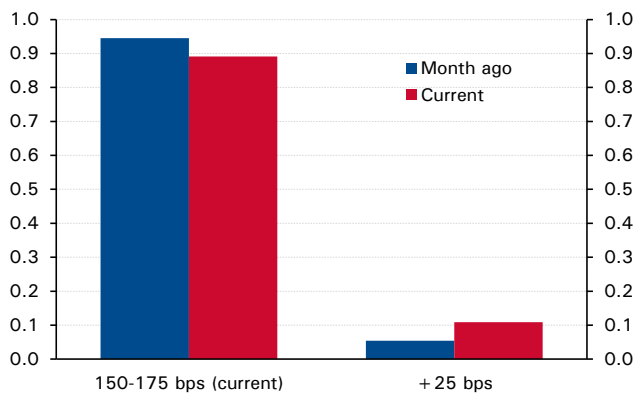


The US 10-year treasury yield has fallen from its 14-month high in March (1.75%) to reach 1.58% as of May 6.

Source: Refinitiv

Chart 13: Fed policy action outlook for 2021

(futures market probability, as of 5 May 2021)

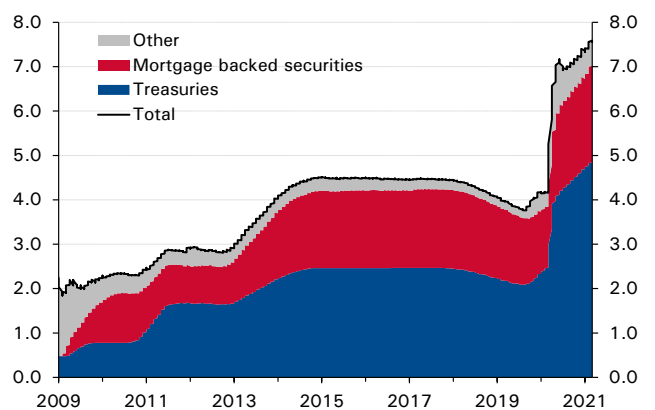


Futures markets probabilities of a rate hike in 2021 have risen from last month in line with recovery/inflation prospects.

Source: Refinitiv

Chart 14: Fed balance sheet size and composition

(total assets, \$trn)



Federal reserve assets continued to expand, reaching \$7.78 trillion in early May on further quantitative easing.

Source: Refinitiv

Chart 15: Stock market

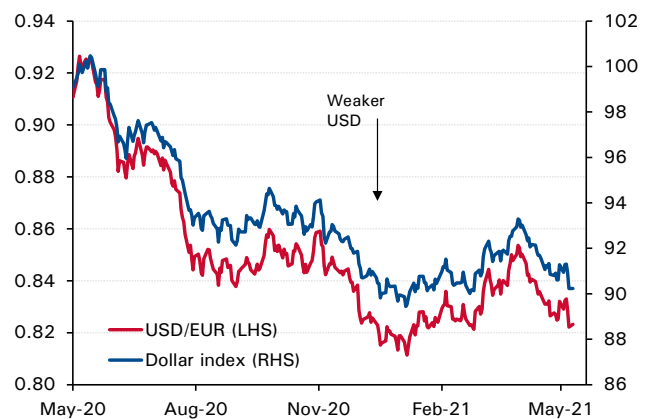
(S&P 500)



The S&P500 rallied to new highs supported by stimulus, Fed dovishness, vaccines, and economic recovery optimism.

Source: Refinitiv

Chart 16: Exchange rates



The USD index fell in April as demand for the dollar was curbed by the decline in US treasury yields and better EU sentiment.

Source: Refinitiv

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