United States

Outlook

	Average 10-14	2015	2016	2017	2018	2019	2020	2021	Forecasts 2022
GDP growth (%)	2.1	2.7	1.7	2.3	2.9	2.3	-3.4	5.7	3.5
CPI inflation (%)*	2.0	0.1	1.3	2.1	2.4	1.8	1.2	4.7	5,9
Fiscal balance (% of GDP)	-8.8	-4.7	-5.4	-4.3	-6.2	-6.4	-15.4	-10.8(e)	-6.9
Public debt (% of GDP)	99.7	103.9	106.9	105.2	107.0	108.6	132.8	133.3(e)	130.7
Reference rate (%)*	0.3	0.3	0.5	1.1	2.0	2.3	0.5	0.3	0,9
Exchange rate (USD/EUR)*	1.3	1.1	1.1	1.1	1.2	1.1	1.1	1.2	1.1
Current balance (% of GDP)	-2.5	-2.3	-2.2	-1.9	-2.1	-2.2	-2.8	-3.5(e)	-3.5
External debt (% of GDP)	96.2	96.6	95.0	95.7	94.5	95.0	99.4	100.3(e)	99.4

Notes: * Annual average. (e): estimate.
Source: CaixaBank Research, based on data from the BEA, BLS, IMF and Oxford Economics (via Refinitiv).

- **The US economy grew solidly in 2021, by 5.7%, after the severe contraction suffered in 2020 (–3.4%) with the outbreak of the pandemic.** As such, US GDP had already reached pre-pandemic levels in Q2 of 2021. All in all, the most recent data show a "more to less" pattern in economic activity, as it has been affected by the deterioration of the COVID-19 infection curve, the persistence of inflationary pressures, and labour and supply shortages. All elements that constitute a significant risk for economic growth in 2022.

- **In 2022, we believe that the GDP flash estimate will be around 3.5%.** US growth will be supported by the reopening of more services as the health risk diminishes; still significant levels of spending by consumers, given the forced saving that occurred during the pandemic, and an increase in inventories in an environment of supply disruptions. These elements will more than offset the less expansive bias of economic policies (monetary and fiscal).
  At monetary level, with the labour market probably close to levels compatible with full employment (the unemployment rate was 3.9% in December 2021) and inflation at high levels (7.0% in December 2021), the Fed seems determined to begin the cycle of raising official rates this March, and does not rule out consecutive increases in the next meetings this year. Likewise, the Fed will not only finish tapering in March, but is already starting to discuss when and how to reduce its balance sheet, which could occur sooner and more quickly than in the past.
  In the fiscal ambit, the end of the massive COVID-19 aid programmes will mean a substantial decrease in fiscal support for the economy. The approved infrastructure plan and Biden's more social plan (Build Back Better), which could be approved with significant cuts compared to the original, will have a limited pull capacity in the short term.

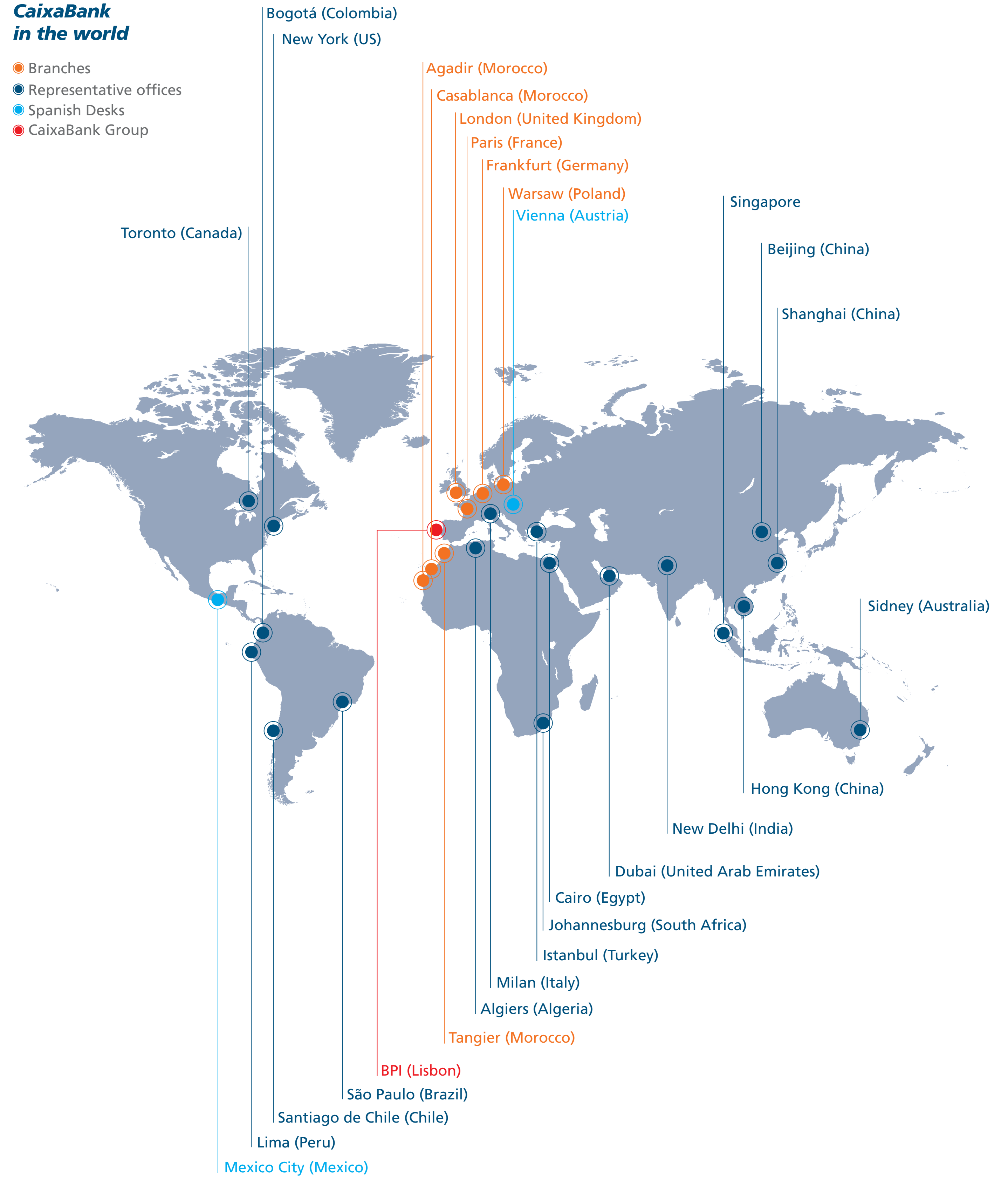
Risks

- **The persistence of a pandemic environment remains the main risk,** both for the US and global economies.

- **Maintaining high inflation rates for longer than expected is also a very significant risk.** This would not only lead to a deterioration in the purchasing power of citizens, but would also undermine economic growth rates. It is also a risk that depends, to a large extent, on the continuation of global bottlenecks and imbalances in the domestic labour market, as well as on the evolution of energy prices.

Closing date of this edition: 3 February 2022

CaixaBank in the world



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