United States

Outlook

	Average 11-15	2016	2017	2018	2019	2020	2021	Forecasts 2022	Forecasts 2023
GDP growth (%)	2.2	1.7	2.3	2.9	2.3	-3.4	5.7	2.4	1.9
CPI inflation (%)*	1.7	1.3	2.1	2.4	1.8	1.2	4.7	7.0	2.5
Fiscal balance (% of GDP)	-8.1	-5.4	-4.3	-6.2	-6.4	-15.4	-11.8	-4.8	-4.0
Public debt (% of GDP)	100.4	106.9	105.2	107.0	108.6	132.8	128.8	125.6	123.7
Reference rate (%)*	0.3	0.5	1.1	2.0	2.3	0.5	0.3	1.5	3.0
Exchange rate (USD/EUR)*	1.3	1.1	1.1	1.2	1.1	1.1	1.2	1.1	1.1
Current balance (% of GDP)	-2.5	-2.2	-1.9	-2.1	-2.2	-2.8	-3.6	-3.5	-3.2
External debt (% of GDP)	96.3	95.0	95.7	94.5	95.0	99.4	97.4	98.2	98.6

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

- **US GDP growth slowed in Q1 2022, although domestic demand held up.** This notable loss of steam was largely due to a negative contribution from the external sector and private inventory investment. Setting aside these components, the growth rate of domestic demand remained at considerable levels, reflecting the strong performance of business investment and the resilience of private consumption, aided by a well-performing labour market and the excess savings accumulated in recent years, and despite the outbreak of omicron at the start of the year.

- **Overall, real GDP growth is projected to average around 2.5% in 2022.** The growth will be supported by the reopening of more services as the health risk diminishes and still significant levels of spending by consumers, due to forced saving. These elements will offset the negative impact of the tightening of fiscal and monetary policy.

- Specifically, **on the monetary side**, the Fed started the cycle of raising interest rates in March and the markets have already factored in an increase of at least 225 bp by the end of 2022, which would take the official rate range above the estimated long-term level (2.4% according to the Fed's own forecast), i.e. into restrictive territory. **On the fiscal side**, the end of the massive COVID-19 aid programmes will mean a substantial decrease in fiscal support for the economy. The Infrastructure Plan approved in 2021 will have a very limited pull capacity in 2022. Additionally, as things stand, Biden's most social plan (*Build Back Better*) is at a standstill and, if approved, it would be with significant cuts compared to the original plan.

Risks

- Any **worsening of the pandemic** could lead to further restrictions and a more notable slowdown in activity than anticipated.

- **Bottlenecks.** The latest shutdowns in China due to recent outbreaks may increase the pressure on global supply chains, hitting supplies and affecting prices, which are already on the rise.

- **Inflationary pressures and the monetary shift by the Fed in response to those pressures.** Worsening pressures would not only lead to a decline in the purchasing power of citizens, they would also undermine economic growth rates. This risk largely depends on whether the global bottlenecks and imbalances in the domestic labour market are resolved, and energy price trends within the context of the war in Ukraine.

Closing date of this edition: 5 May 2022

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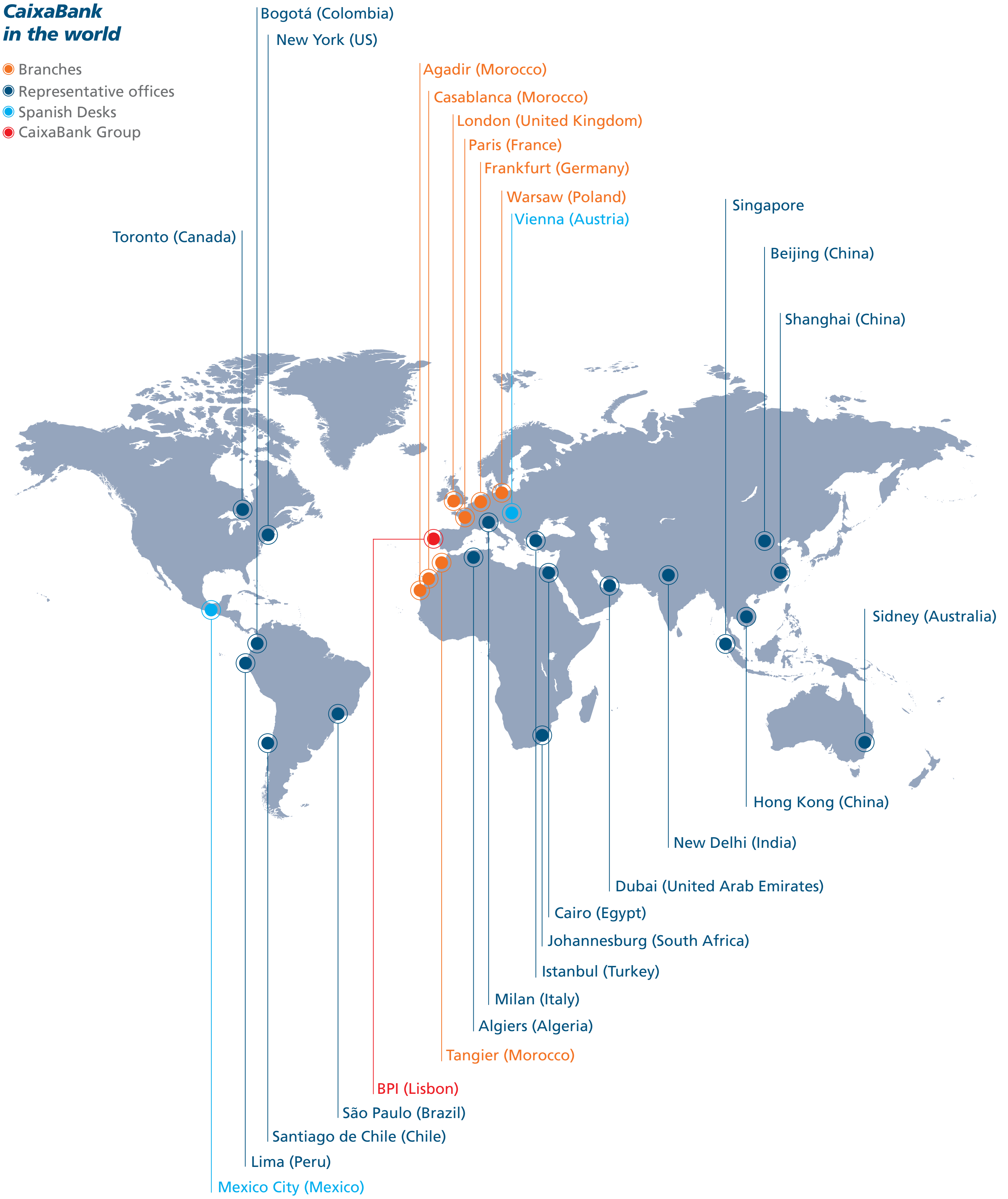

Representative office in New York

75 Rockefeller Plaza, 12th floor
New York
NY 10019

Director: Raul Carmona
Tel. +1 6 463 678 241

CaixaBank