

United States



Outlook

	Average 11-15	2016	2017	2018	2019	2020	2021	Forecasts	
								2022	2023
GDP growth (%)	2.1	1.7	2.3	2.9	2.3	-3.4	5.7	1.6	1.1
CPI inflation (%)*	1.7	1.3	2.1	2.4	1.8	1.2	4.7	8.0	3.4
Fiscal balance (% of GDP)	-7.2	-5.4	-4.3	-6.2	-6.4	-15.4	-11.8	-4.8	-4.0
Public debt (% of GDP)	102	107	105	107	109	133	129	126	124
Reference rate (%)*	0.3	0.5	1.1	2.0	2.3	0.5	0.3	3.5	3.0
Exchange rate (USD/EUR)*	1.3	1.1	1.1	1.2	1.1	1.1	1.2	1.0	1.1
Current balance (% of GDP)	-2.4	-2.2	-1.9	-2.1	-2.2	-2.8	-3.6	-3.5	-3.2
External debt (% of GDP)	97	95	96	95	95	99	97	99	100

Note: * Annual average.

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

- **Fears of a possible recession in the US economy have intensified in recent months, a risk that has emerged with the second consecutive fall in GDP in Q2.** Once again, poor GDP performance was largely due to the negative contribution from private inventory investment, a highly volatile component that should make a positive contribution in the quarters that lie ahead. However, private consumption, the most important component with strong momentum, has remained resilient. In the same vein, some of the monthly indicators followed by the National Bureau of Economic Research to determine whether the US has entered a recession show that, while the economy is slowing down considerably, it is not yet in a recession.
- **The US economy will grow moderately in 2022 and 2023.** Specifically, by around 1.5% and 1.0% respectively. The rapid cycle of interest rate hikes started by the Fed, the loss of household purchasing power due to high inflation, the end of support measures and greater general uncertainty are the factors that are weakening activity. Nevertheless, private consumption will maintain some of the resilience it has shown thus far thanks to the savings accumulated in 2020-2021, the recovery of the labour market and the relatively strong financial position of households. Additionally, although we do not believe that the US economy will enter a recession, if it ultimately does so, it is unlikely to be a very deep or prolonged recession.

As regards **monetary policy**, with the interest rate rises that occurred up to the summer, the **rates are now in restrictive territory** (official rate range 3.00%-3.25%). The financial markets expect the hikes to continue until the start of 2023, when it will stand at around 4.5%, and the downward cycle to begin in the second half of the year. At CaixaBank Research, we anticipate that the Fed may start to lower interest rates at the end of 2023.

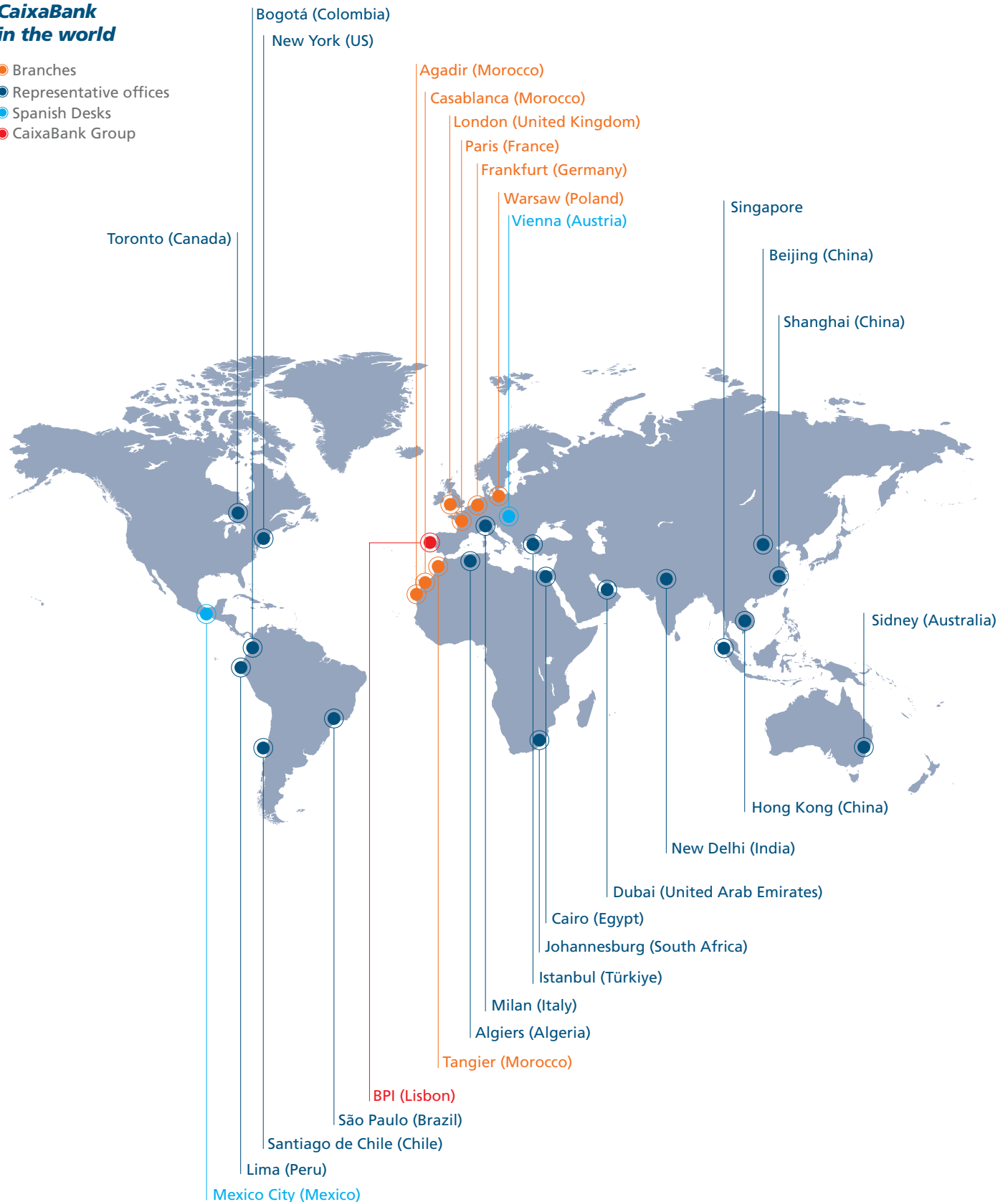
Risks

The risks to the economy remain significant and revolve around:

- **The unfolding of the pandemic**, with new strains escaping immunity. This would also make it more difficult to resolve the problems with **global supply chains**, especially given China's zero-COVID policy.
- **Inflationary pressures and the notable monetary shift by the Fed in response to those pressures** pose a risk to economic growth in the US.
- **The energy crisis**, due to the war in Ukraine. This will hit the US through increased inflationary pressures and also through the effects of the sharp slowdown in the EU and the UK (the main trading and investment partners of the US).

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