

A light-colored world map with a grid overlay, serving as the background for the text.

Economic Outlook for the US

Project LINK Meeting

New York, 22 Oct 2013

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United Nations

Main messages

1. The US economy: one more year of subdued growth

- Weak growth for 2013 (1.5%)!
- Possible pickup in 2014 if no policy mistake

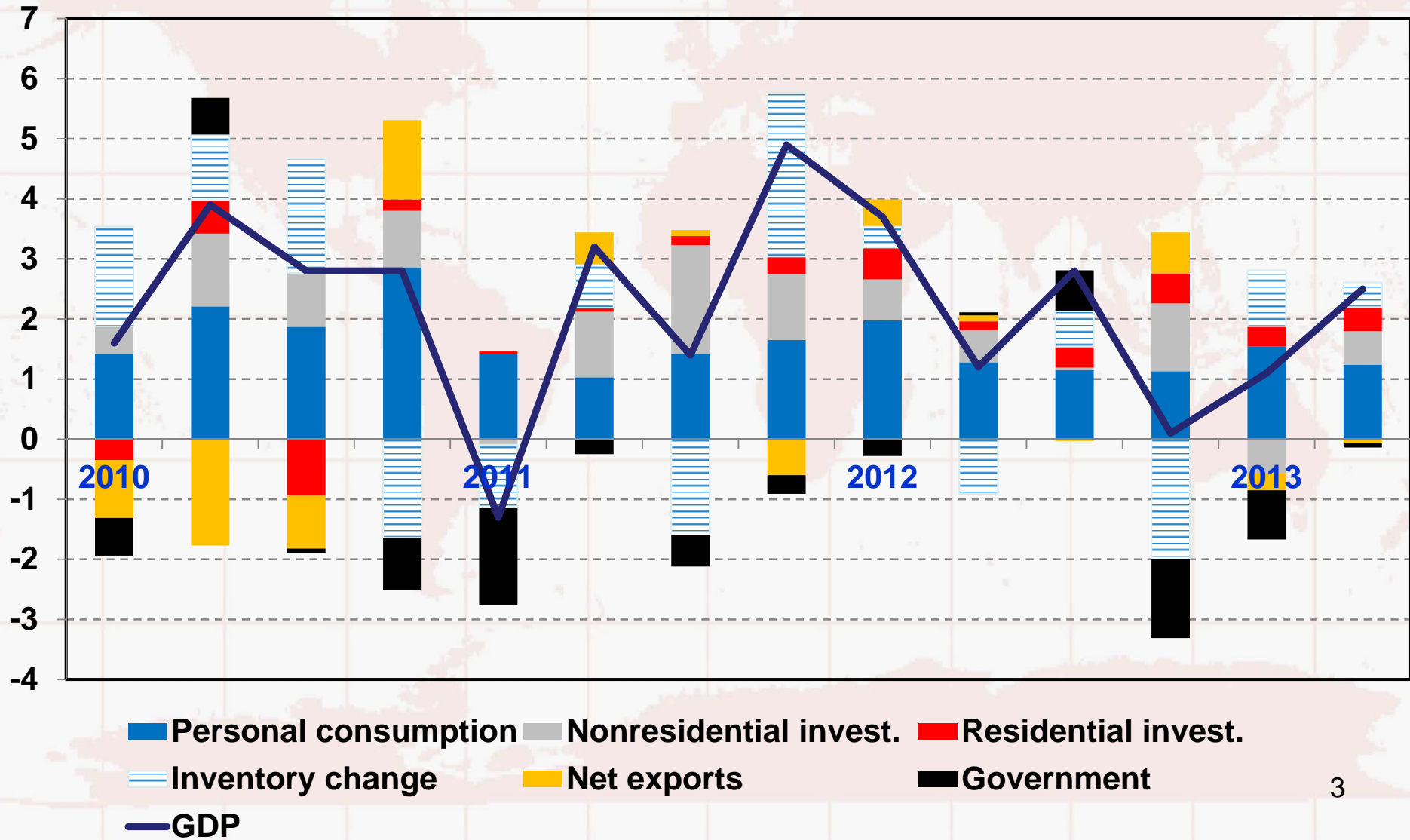
2. Risk the very short run

- Policy mistake
 - Fiscal
 - Monetary

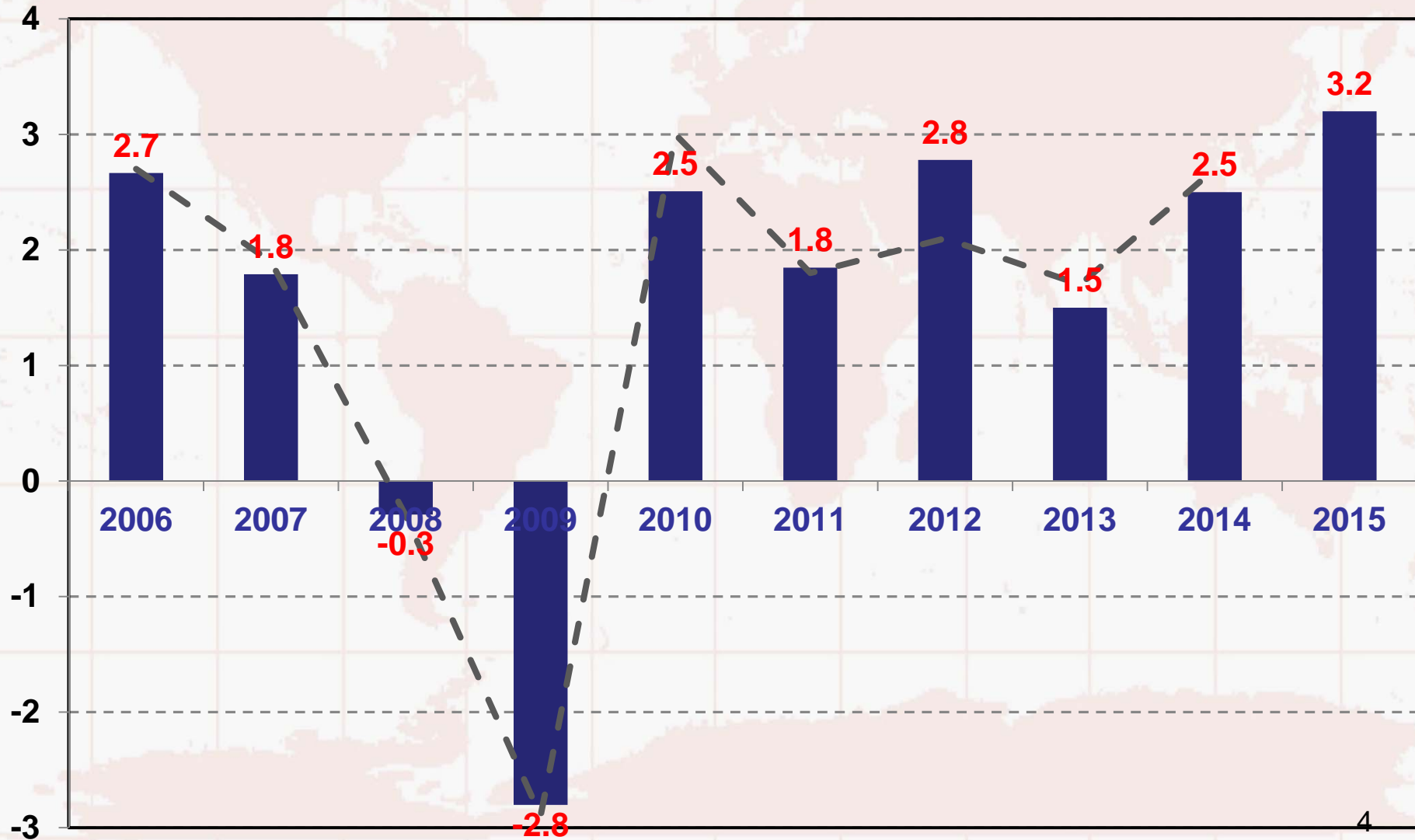
3. Risk in longer run

- Slower productivity
- Poor job growth

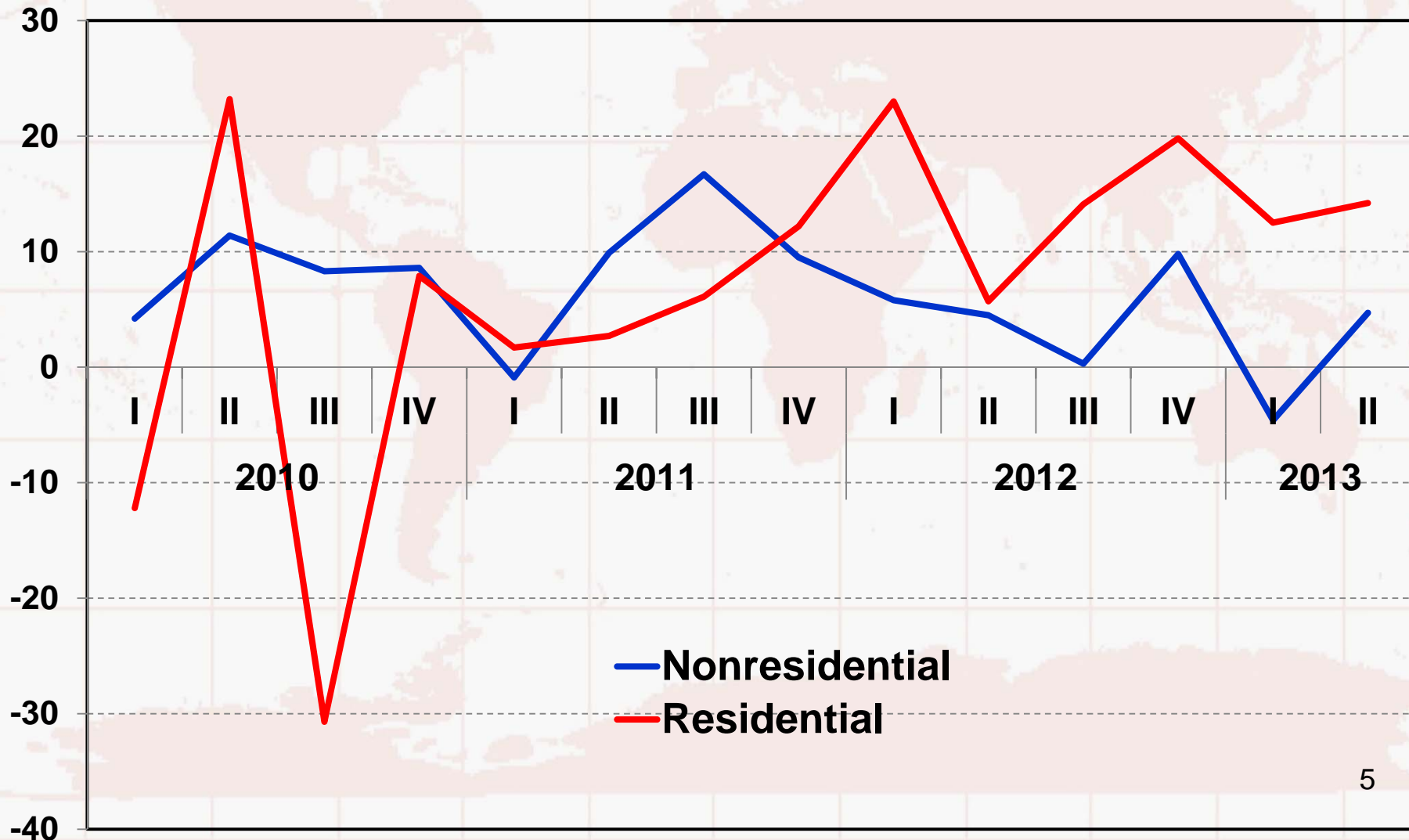
Recent growth pattern



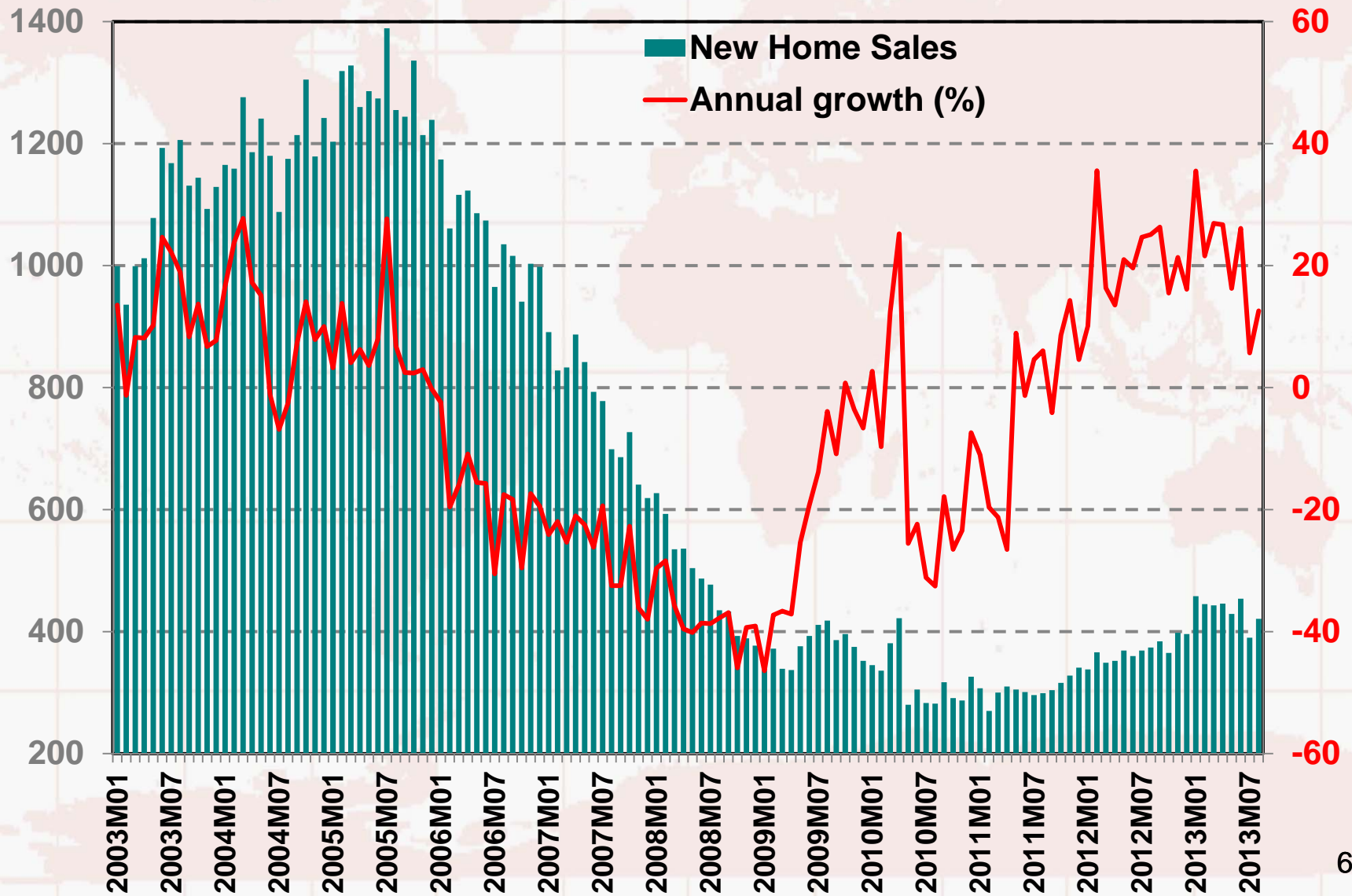
Outlook for US GDP growth

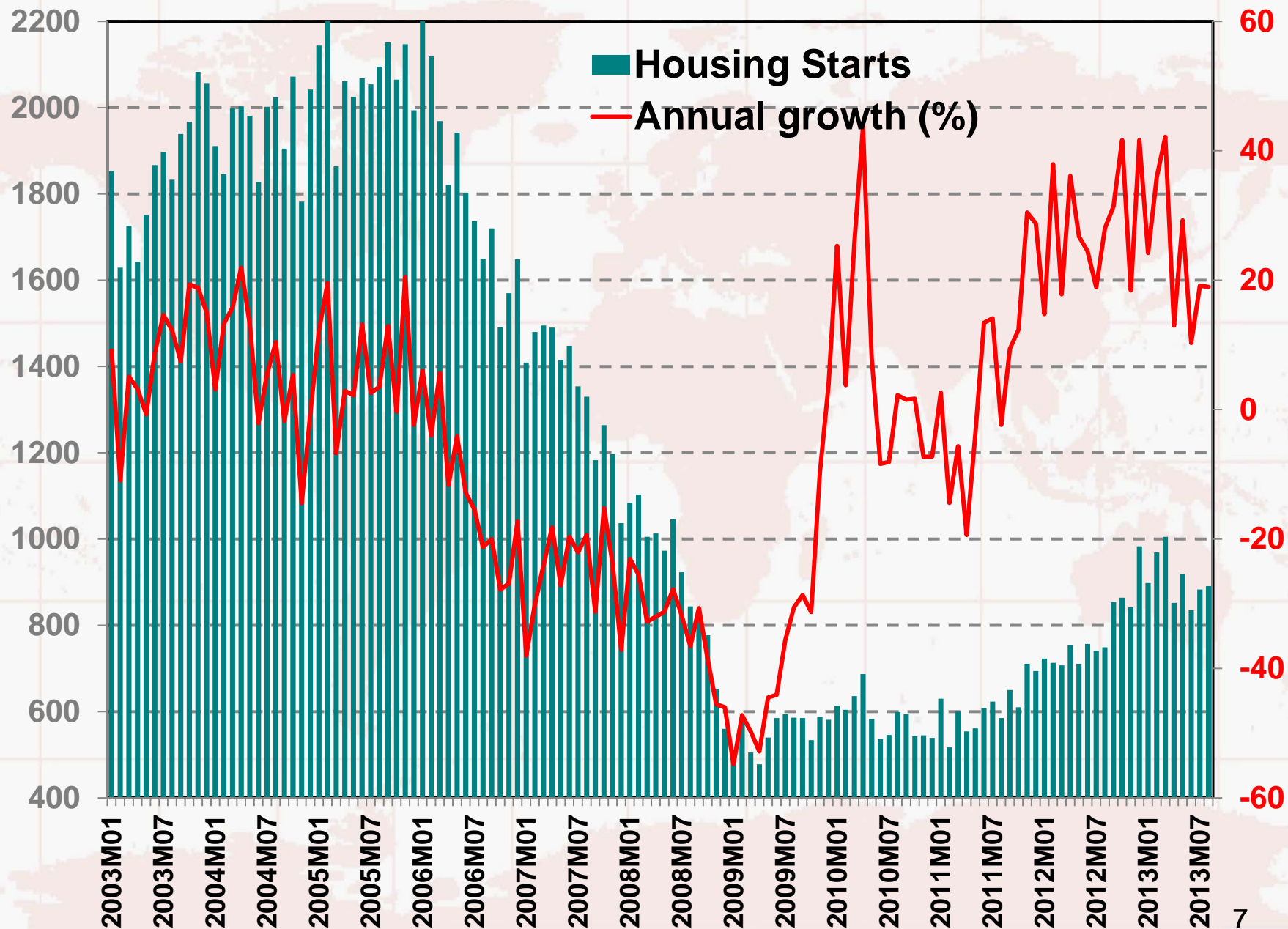


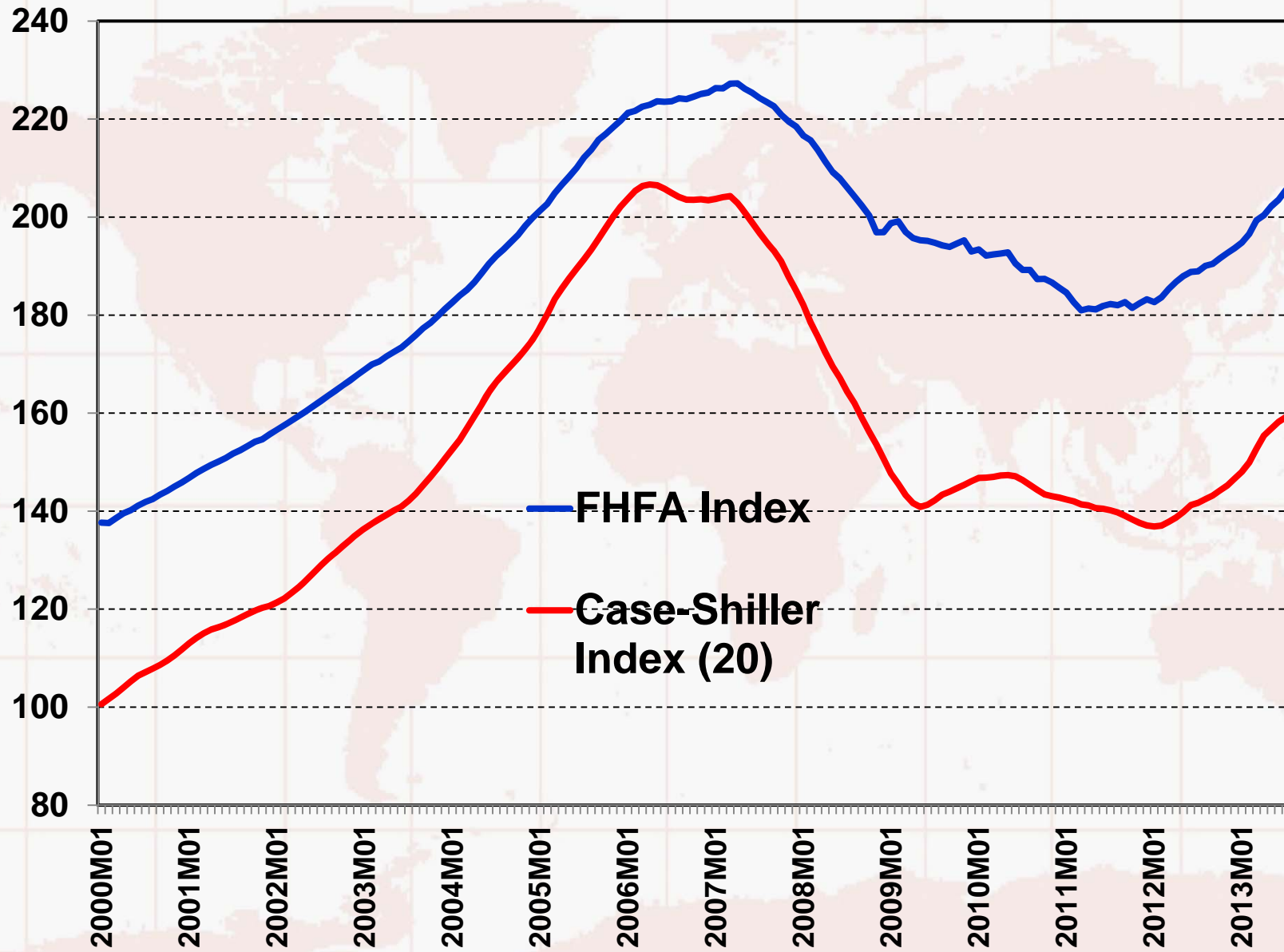
- Residential investment resumed growth when NR investment slow down



Housing sector out of trough

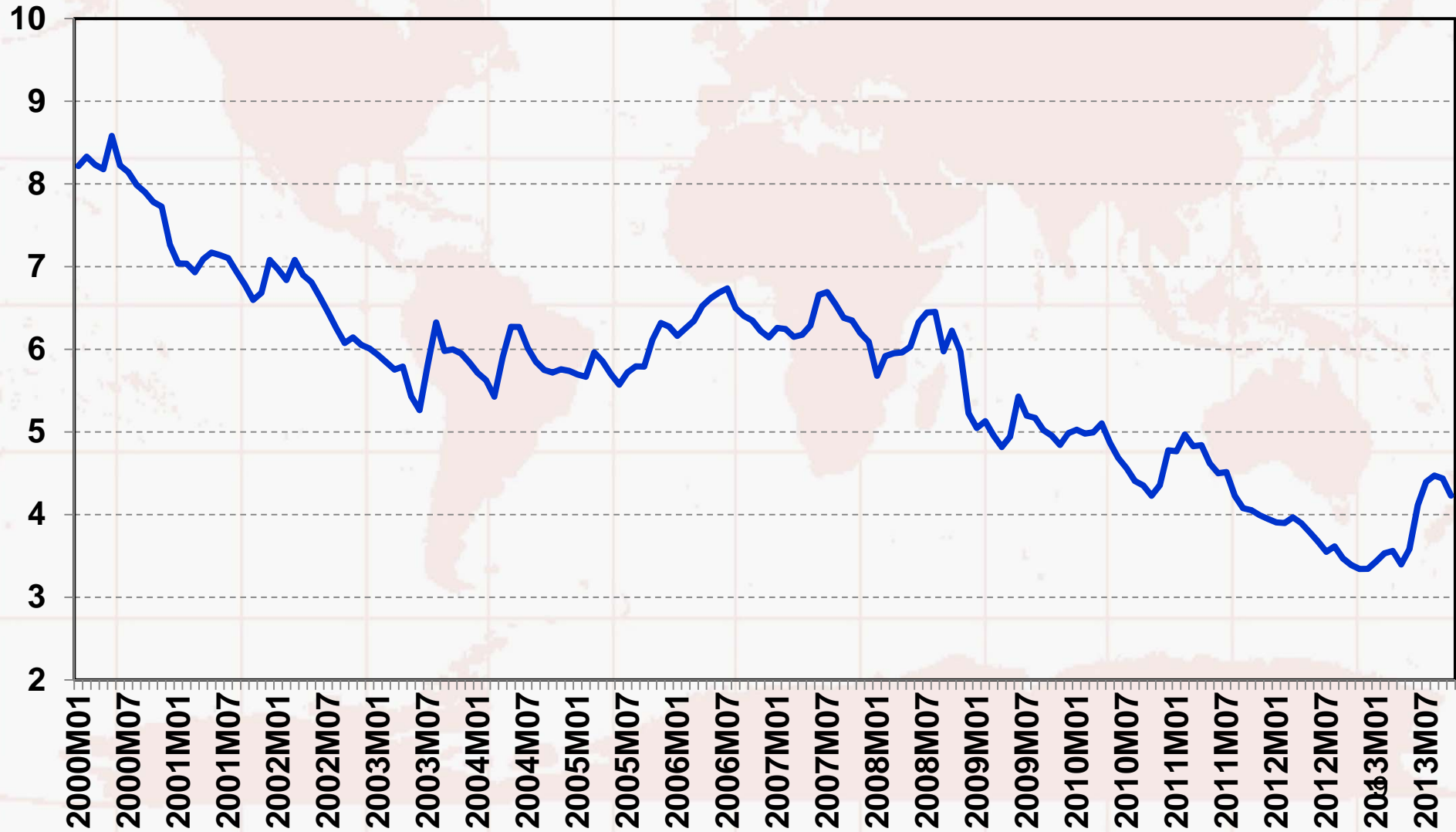




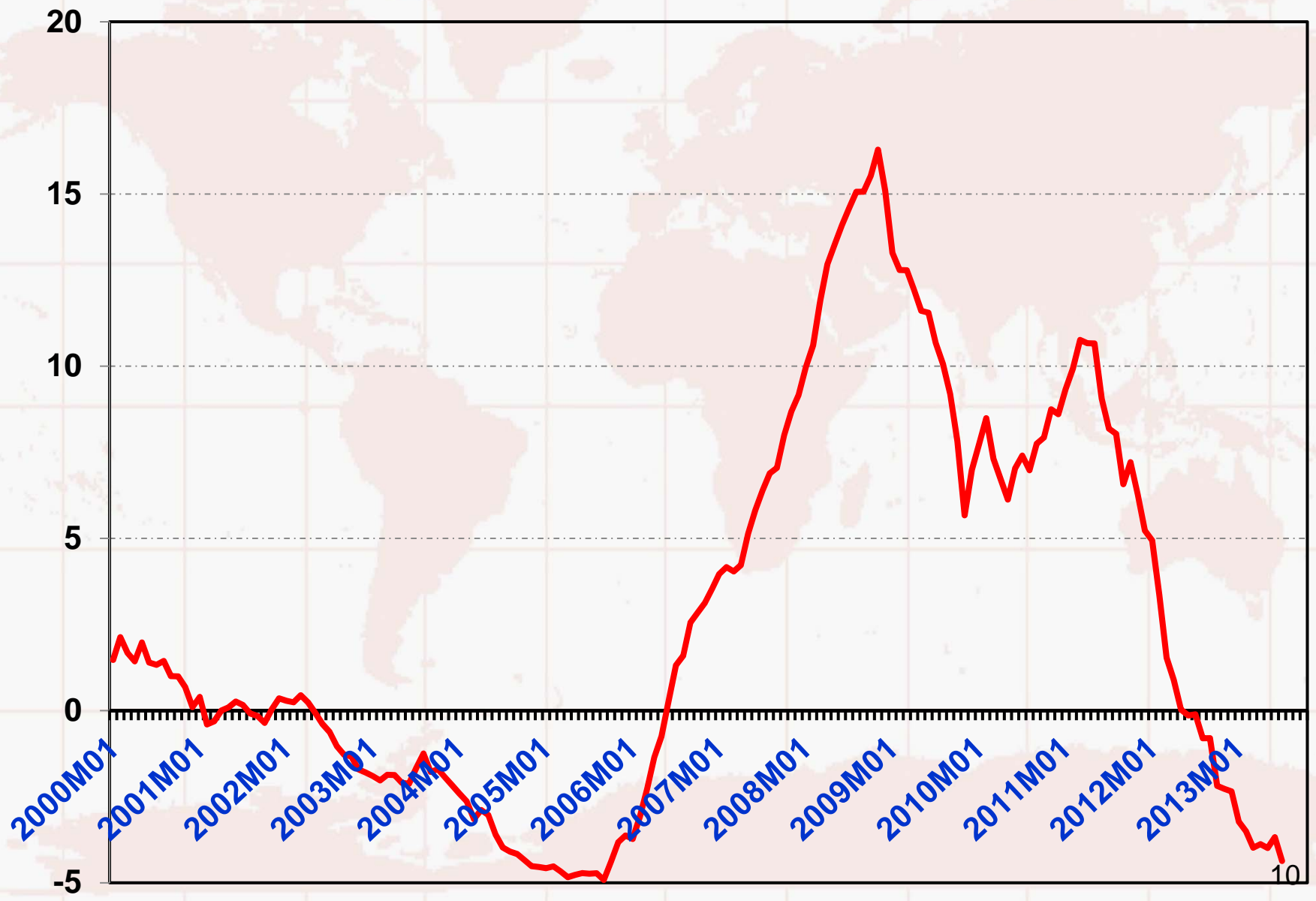


But may face hurdle:

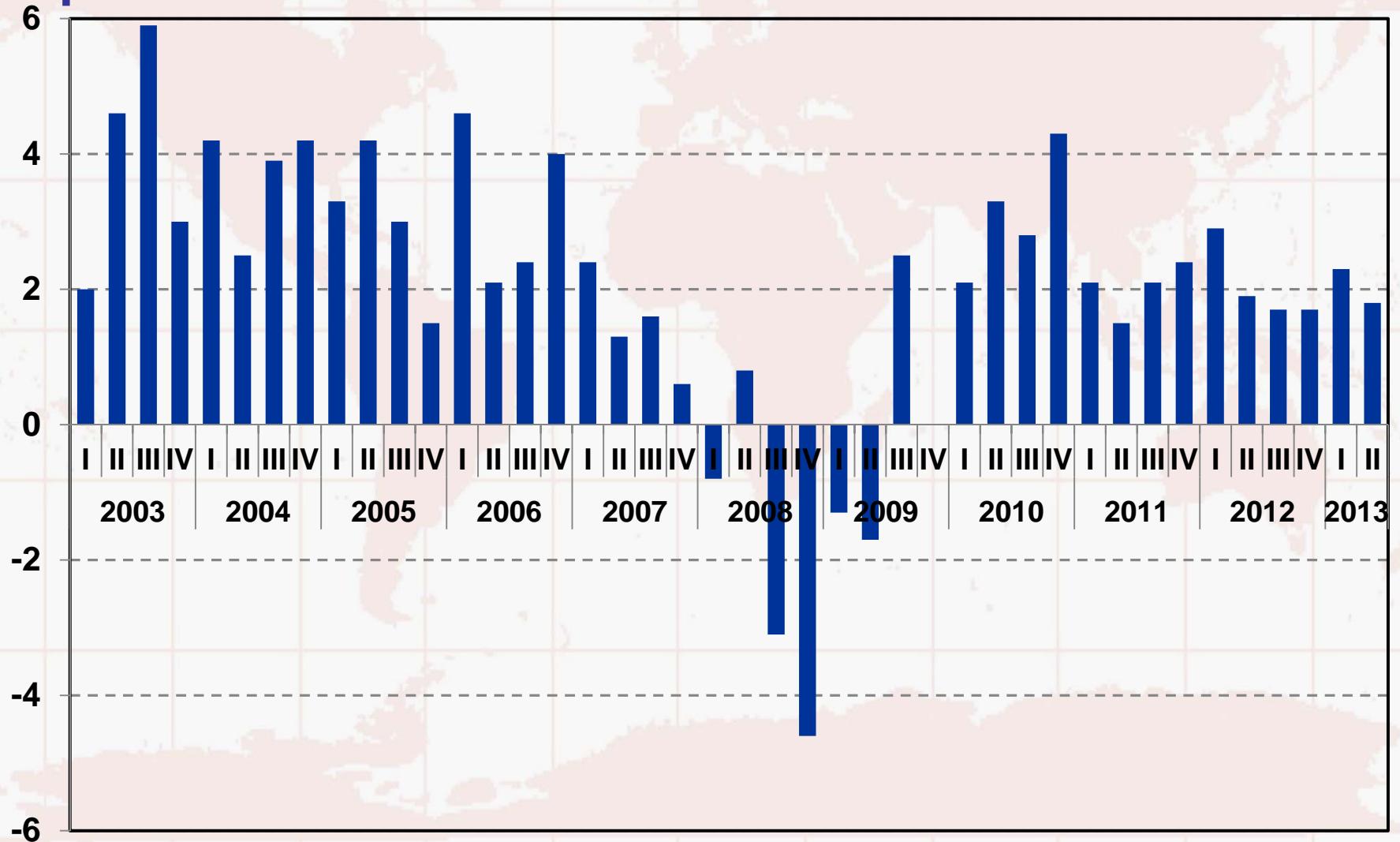
Mortgage rate (30-Yr)



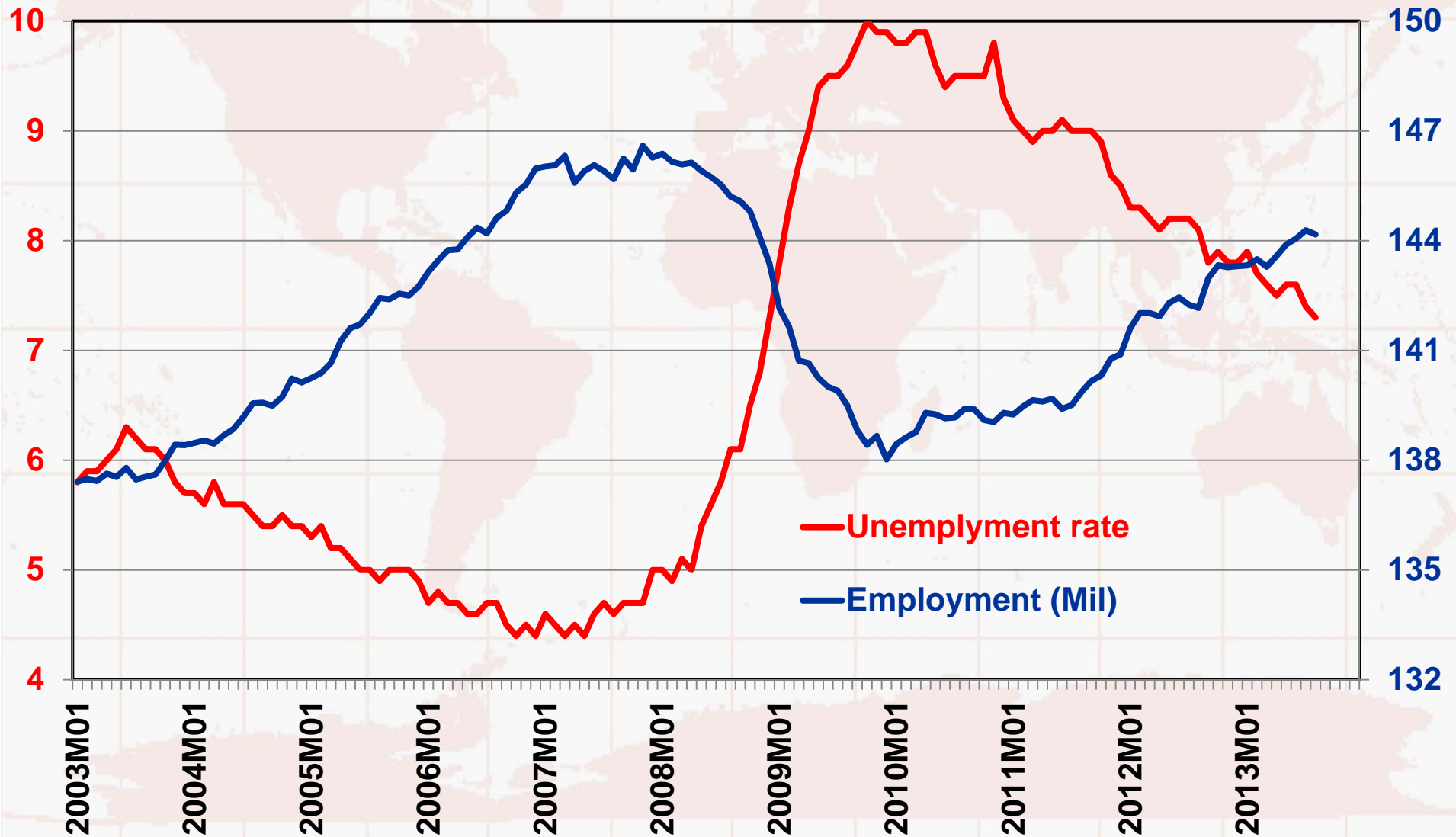
"real" mortgage rate



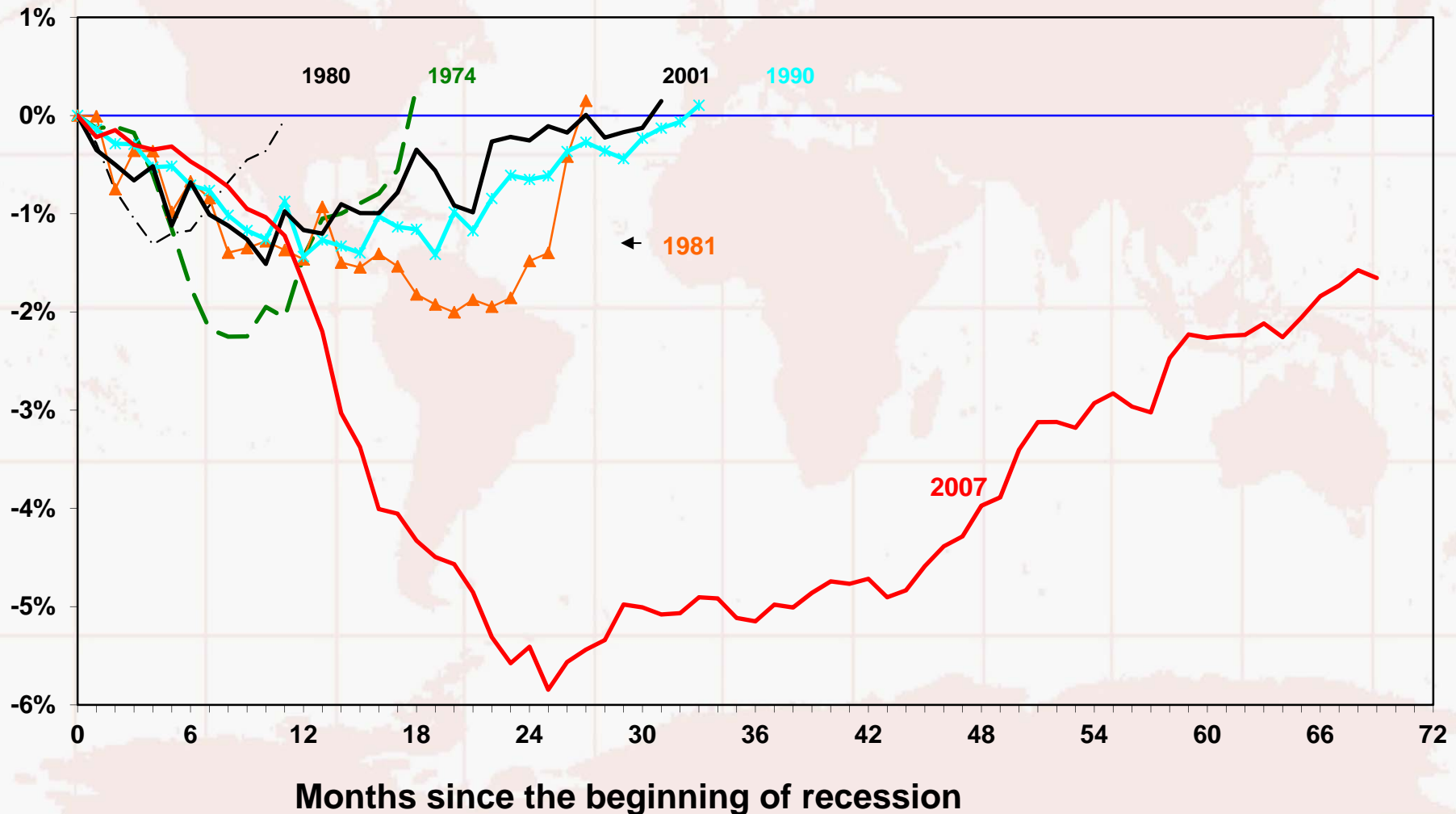
Private consumption growth remains tepid



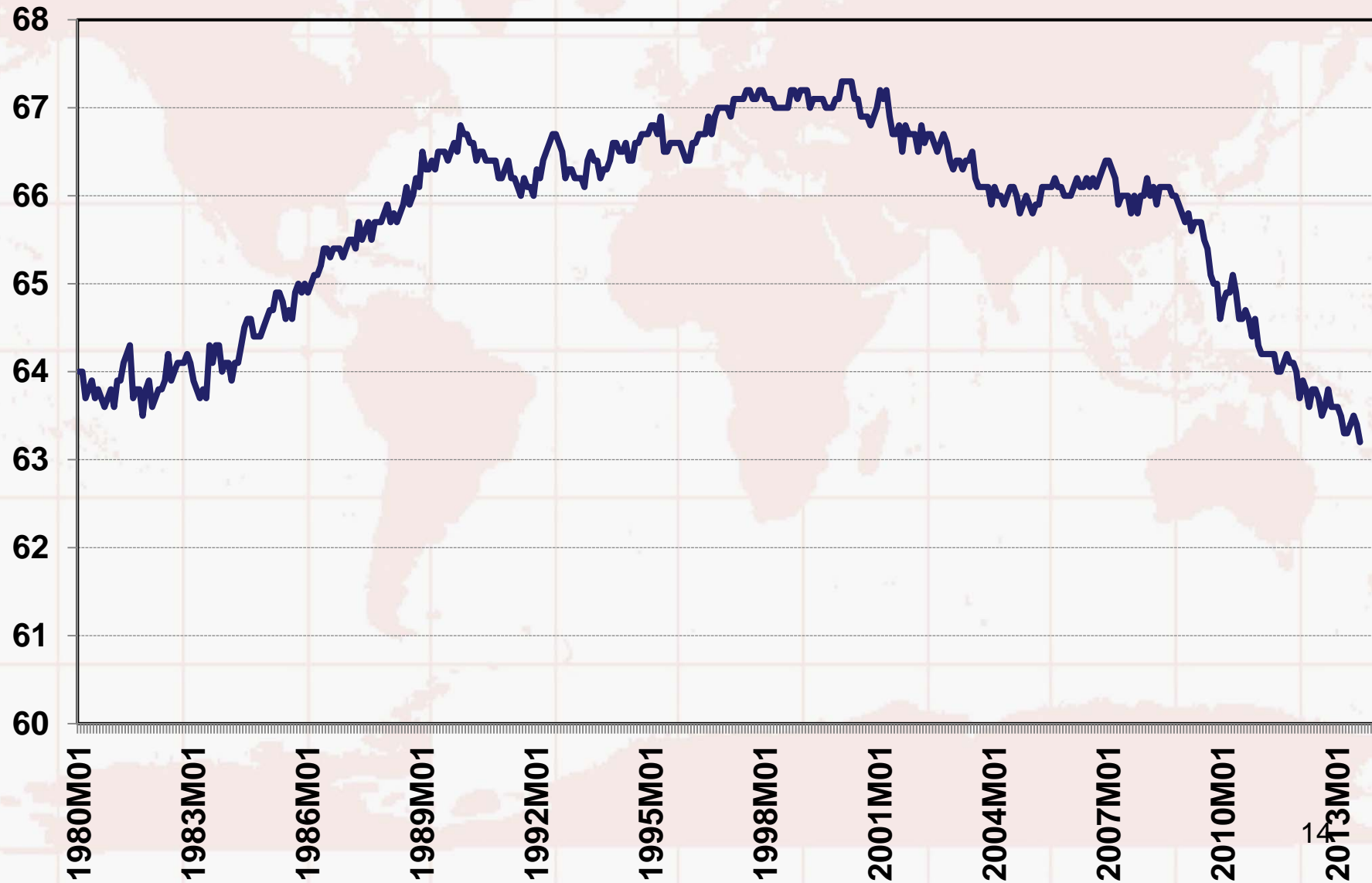
Some improvements in employment



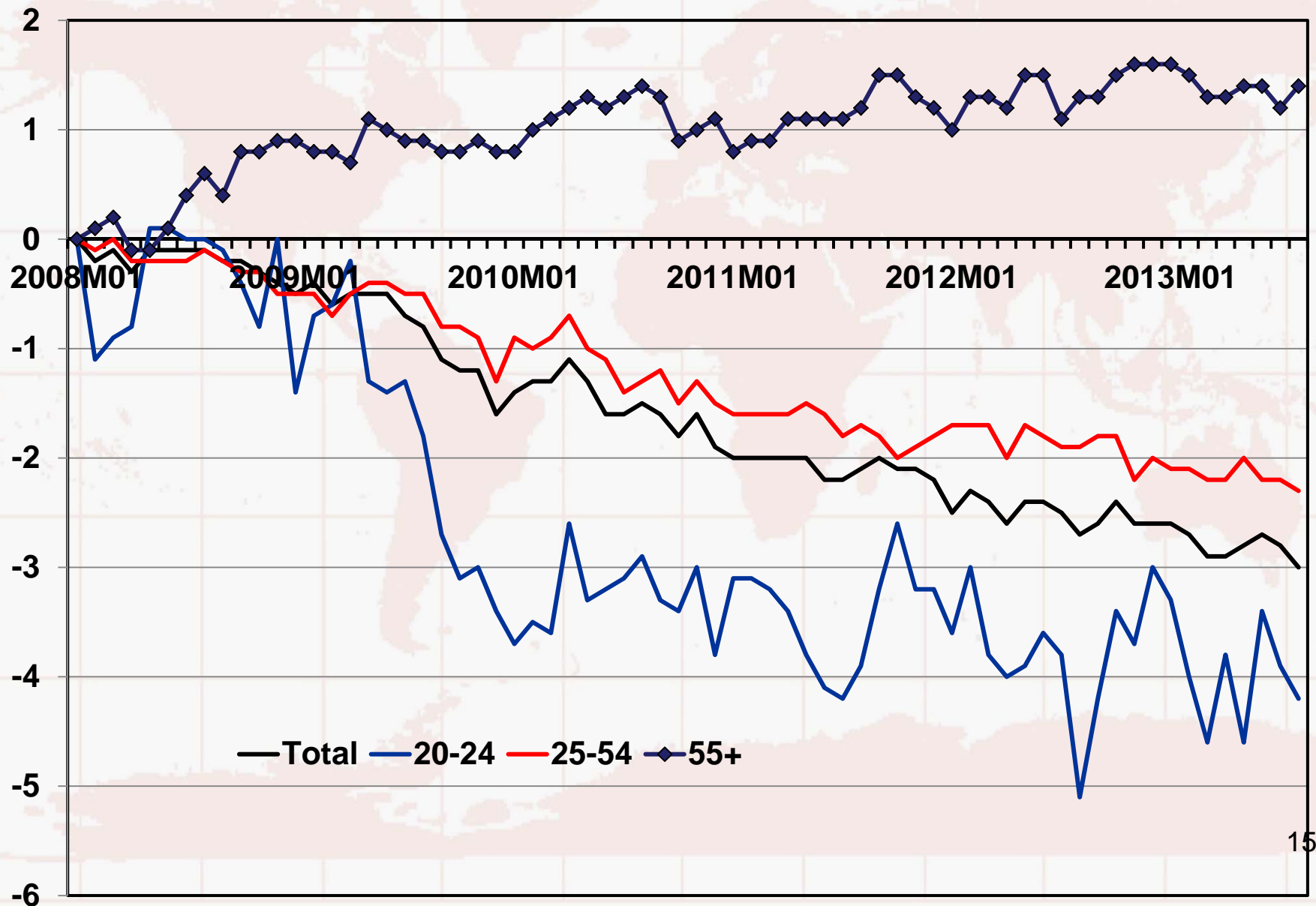
The worst jobs loss after WWII: cyclical or structural?



- Participation ratio started to decline in 2000



- But structure is not simple:



Summary of outlook:

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------------------------|------|------|------|------|------|-------------------|
| GDP | 2.5 | 1.8 | 2.8 | 1.5 | 2.5 | 3.2 |
| Private Consumption | 2.0 | 2.5 | 2.2 | 1.9 | 2.5 | 2.7 |
| Nonresidential Investment | 2.5 | 7.6 | 7.3 | 2.4 | 5.0 | 6.7 |
| Residential Investment | -2.5 | 0.5 | 12.9 | 13.5 | 15.5 | 16.7 |
| Exports (G&S) | 11.5 | 7.1 | 3.5 | 2.2 | 4.8 | 5.2 |
| Imports (G&S) | 12.8 | 4.9 | 2.2 | 1.5 | 5.5 | 5.3 |
| Federal Gov't | 4.3 | -2.6 | -1.4 | -4.9 | 0.3 | -0.6 |
| S/L Gov't | -2.7 | -3.6 | -0.7 | -0.4 | 0.1 | 0.6 |
| CPI | 1.6 | 3.1 | 2.1 | 1.5 | 1.6 | 1.7 |
| Unemployment Rate | 9.6 | 8.9 | 8.1 | 7.5 | 7.1 | ¹⁶ 6.5 |

