



United States

Real GDP Growth (% y-o-y)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Consume	5.1	2.7	2.7	2.8	3.3	3.4	2.9	2.3	-0.6	-1.9	2.0	2.2	2	2	2
Govt	2.0	3.8	4.7	2.2	1.4	0.3	1.4	1.3	2.6	1.7	0.7	-2.1	-2	-2	-2
Invest	7.4	-1.9	-4.2	3.5	7.4	6.5	2.4	-1.9	-7.1	-18.7	2.6	6.6	8	9	6
Final DD	4.9	2.2	1.9	2.8	3.5	3.3	2.5	1.5	-1.0	-3.7	1.8	1.9	2	2	2
Stocks*	0.0	-1.0	0.5	0.1	0.5	-0.1	0.1	-0.2	-0.4	-0.9	1.6	-0.2	0	0	0
Net X *	-0.9	-0.2	-0.7	-0.5	-0.7	-0.3	-0.1	0.6	1.2	1.0	-0.5	0.1	1	0	0
GDP	4.1	1.1	1.8	2.5	3.5	3.1	2.7	1.9	-0.3	-3.6	3.0	1.9	2	3	2

* Stocks are contribution to growth

Real Incomes (% y-o-y)

CPI	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9	3.8	-0.3	1.6	3.1	2	2	2
Wages	3.9	3.8	2.9	2.7	2.1	2.8	3.9	4.0	3.8	3.0	2.4	2.0	2	3	4
Employ	2.2	0.0	-1.1	-0.3	1.1	1.7	1.8	1.1	-0.6	-4.4	-0.7	1.2	2	2	1
Real CoE	2.7	1.0	0.2	0.1	0.6	1.1	2.5	2.2	-0.6	-1.1	0.1	0.1	2	3	3

External and Fiscal Balance (% of GDP)

Cur A/c	-4.2	-3.9	-4.3	-4.7	-5.3	-5.9	-6.0	-5.1	-4.7	-2.7	-3.2	-3	-2	-2	-3
Fiscal	1.5	-0.6	-4.0	-5.0	-4.4	-3.3	-2.2	-2.9	-6.6	-11.6	-10.7	-10.0	-9	-6	-5

Themes

- Households may wish to save more in the future if interest rates rise.
- Residential investment spending is very low and is beginning to provide a boost to growth.
- Firms are well placed to increase investment spending and hire staff.
- Firms are increasing inventories at a normal pace so there is no need for an inventory cycle.
- Government is not taking significant fiscal action in 2012 but will need to consolidate in 2013-2014.
- Monetary conditions are very expansionary and will become less supportive through 2012-2014.
- Employment growth is initial source of rising h/hold income. Real wage growth resumes in 2013.
- Inflation will be constrained by competitive pressures and available spare resources, particularly labour.
- A rebound of the dollar may be a downward influence on prices in 2013-2014.
- External deficit narrows due to gains from very low USD but 2012-14 appreciation halts the narrowing.
- Fiscal deficit remains very large in 2012 but narrows in 2013-14 due to growth and fiscal consolidation.
- The USD is very low and could be subject to upwards pressures from a narrowing current account.
- US interest rate differentials remain low in 2012 before normalising and providing support for the USD.
- Real official rates are negative and policy is extremely "accommodative"
- The Federal Reserve is trying to lower long-term bond yields.
- Fed funds may stay near 0% until early 2013, meaning rates rise later than in the other major countries
- Real bond yields are extremely low at -1%, which is unprecedented in recent history
- Despite extremely low policy rates, the curve is not steep. It will steepen prior to policy tightening.
- Bond yields are likely to rise, and probably by more than in other countries
- Until a credible fiscal consolidation programme is enacted, there is a chance of a risk premium