

**ECONOMIC SUMMARY**

**UNITED STATES**

**GROSS DOMESTIC PRODUCT**

Real gross domestic product (GDP) rose at an annual rate of 6.6% for the second quarter of 2021 according to the second estimate released by the Bureau of Economic Analysis (BEA). This follows an increase of 6.3% in the first quarter. The second quarter GDP increase reflected continued economic recovery, reopening of establishments, and continued government response related to the COVID-19 pandemic. BLS noted, "in the second quarter, government assistance payments in the form of loans to businesses and grants to state and local governments increased, while social benefits to households, such as the direct economic impact payments, declined."

The upward movement in real GDP for the second quarter was mainly attributed to increases in personal consumption expenditures (PCE), nonresidential fixed investment, exports, and state and local government spending but was partly offset by declines in private inventory investment, residential fixed investment, and federal government spending. Moreover, imports increased.

Notably, the increase in PCE was due to increases in services led by food services and accommodations and goods which was led by "other" nondurable goods, notably pharmaceutical products and clothing and footwear. There was also an increase in non-residential fixed investment which revealed increases in equipment led by transportation equipment and intellectual property products led by research and development as well as software. The rise in exports reflected an increase in goods which was led by nonautomotive capital goods and services which was led by travel. Moreover, the decrease in private inventory investment primarily reflected a decrease in retail trade inventories. BEA noted that, "the decrease in federal government spending primarily reflected a decrease in nondefense spending on intermediate goods and services. In the second quarter, nondefense services decreased as the processing and administration of Paycheck Protection Program (PPP) loan applications by banks on behalf of the federal government declined."

Current dollar GDP rose 13.2% at an annual rate, or \$693.2 billion, in the second quarter to a level of \$22.73 trillion.

In the second quarter of 2021, the price index for gross domestic purchases went up 5.8%. In addition, the PCE price index rose 6.5%. With the exception of the food and energy prices, the PCE price index climbed 6.1%.

**UNEMPLOYMENT**

Total nonfarm payroll employment increased by 235,000 in August, as the unemployment rate decreased to 5.2%, according to a report by the U.S. Bureau of Labour Statistics (BLS). BLS mentioned that in August, "notable job gains occurred in professional and business services, transportation and warehousing, private education, manufacturing, and other services. Employment in retail trade declined over the month."

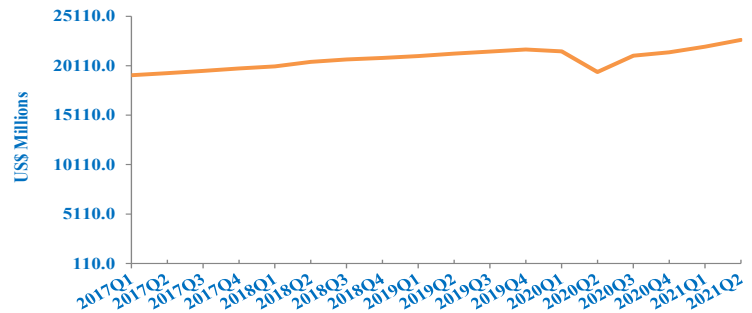
Professional and business services added 74,000 jobs in August 2021. According to BLS, "employment increased by 40,000 in private education, declined by 21,000 in state government education, and changed little in local government education (-6,000)." Employment in transportation and warehousing rose 53,000 while manufacturing increased by 37,000 over the month. Other services added 37,000, financial activities (+16,000) and information (+17,000). Additionally, employment in mining increased by 6,000 jobs. Employment in retail trade decreased in August by 29,000 jobs. However, leisure and hospitality employment remained unchanged over the month. Whereas employment in other major industries, including construction, wholesale trade, and health care were little changed in August.

Notably, the number of persons on temporary layoff stood at 1.3 million in August. The number of permanent job losers fell by 443,000 to 2.5 million. While the number of long-term unemployed (those jobless for 27 weeks or more) declined by 246,000 to 3.2 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in August stood at 2.1 million.

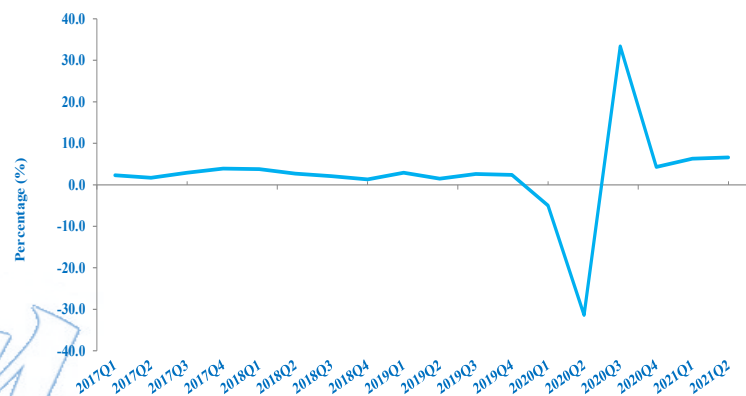
The labour force participation rate for August stood at 61.7%, while the employment population ratio rose to at 58.5%. Nonetheless, persons employed part-time for economic reasons stood at 4.5 million in August. Based on BLS assessment, "these individuals, who would have preferred full-time employment, were working part-time because their hours had been reduced or they were unable to find full-time jobs."

In August, a total of 1.6 million individuals were slightly attached to the labour force. These persons were not in the labour force, wanted and were available for work, and had looked for a job in the last year. Of the marginally attached, 392,000 persons were classified as discouraged workers in August, a decrease of 115,000 over the month. These persons are not currently seeking work as they believe no jobs are available for them.

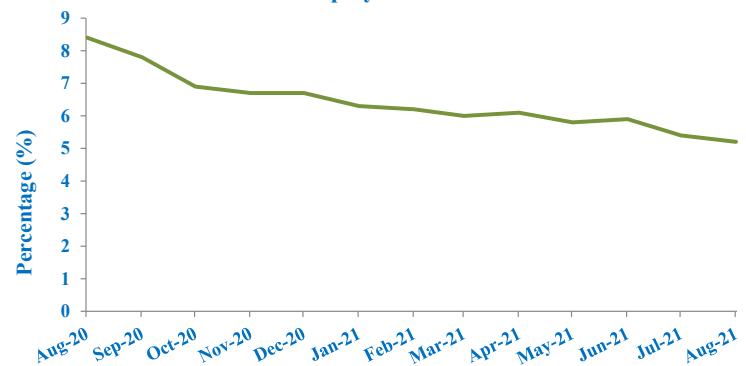
**Total GDP**



**Percentage Change in GDP by Quarter**



**Unemployment Rate**



Labour Force in Thousands	Jan-Mar	Apr-Jun	Jul-Sep	Oct - Dec
	Q1	Q2	Q3	Q4
2016	430,276	431,893	434,138	435,687
2017	437,341	438,955	440,624	442,216
2018	443,964	445,945	447,653	449,152
2019	450,503	451,747	453,350	455,201
2020	455,597	400,995	422,580	427,857
2021	430,065	435,168		



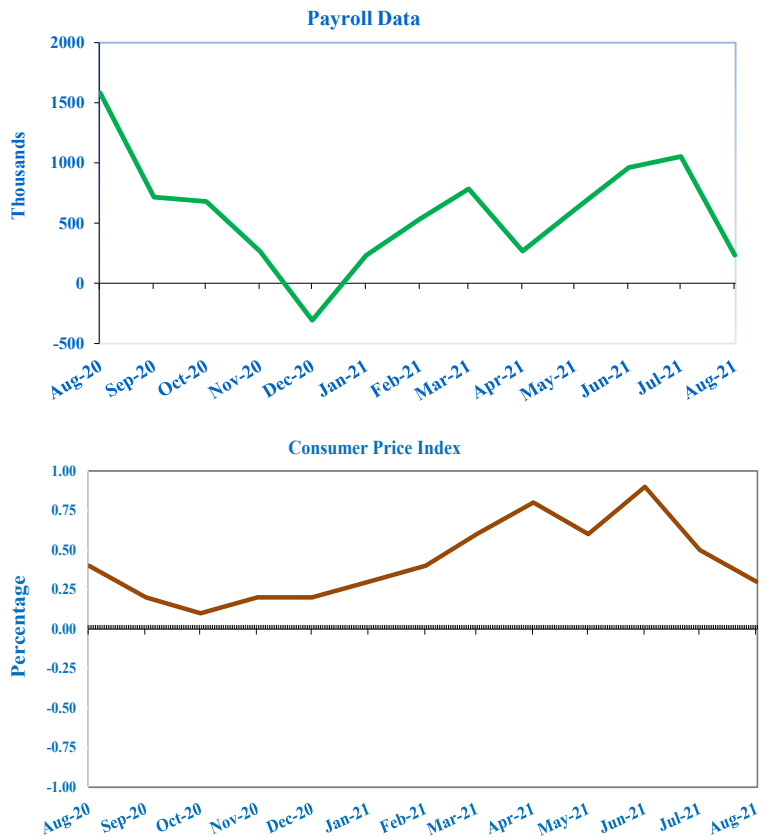
## CONSUMER PRICE INDEX

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.3% for August 2021, on a seasonally adjusted basis, according to U.S. Bureau of Labour Statistics (BLS). The all-items index rose 5.3% before seasonal adjustment over the last year.

The all-items less food and energy index climbed 0.1% in August. The index for household furnishings and operations rose 1.3% while the shelter index increased by 0.2%. The indexes for new vehicles, medical care, and recreation rose 1.2%, 0.2%, and 0.5%, respectively in August. The prices for personal care, communication, and apparel all increased in August while the indexes for airline fares, used cars and trucks and motor vehicle insurance fell 9.1%, 1.5%, and 2.8%, respectively.

The index for food rose 0.4% in August, while the index for food at home increased 0.4%. The non-alcoholic beverages index increased 1.0% in August. The index for meats, poultry, fish, and eggs rose 0.7% in August as the beef index rose 1.7%. The food away from home index rose 0.4% while the index for other food at home increased by 0.6% over the month. The index for fruits and vegetables climbed 0.2% in August. The index for dairy and related products fell 1.0%. Whereas the index for cereals and bakery products remained unchanged.

The index for energy rose 2.0% in August. A 2.8% increase was recorded in the gasoline index. Meanwhile, the index for natural gas increased 1.6% and the electricity index increased 1.0% in August.



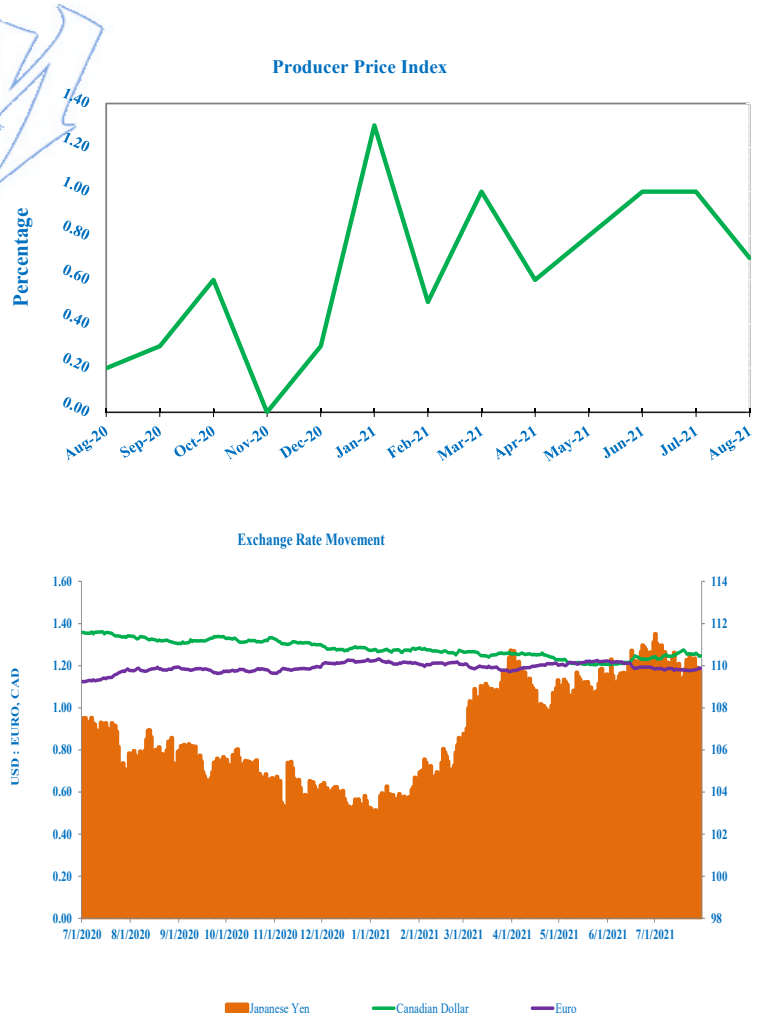
## PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.7% in August 2021, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 1.0% in July 2021 and increased 0.1% in June 2021. On an unadjusted basis, "the final demand index rose 8.3% for the 12 months ended in August, the largest advance since 12-month data were first calculated in November 2010," BLS indicated.

Prices for final demand less foods, energy, and trade services climbed 0.3% in the month of August after increasing 0.9 percent in July.

Prices for final demand services increased 0.7% in August. This was mainly attributable to the index for final demand trade services which rose 1.5%. There was an increase of 0.1% in prices for final demand services less trade, transportation, and warehousing. The prices for final demand transportation and warehousing services climbed 2.8% in August.

An increase of 1.0% was observed in prices for final demand goods in August. This performance stemmed from an increase of 2.9% in the index for final demand foods. The prices for final demand energy rose 0.4%, while prices for final demand less foods and energy increased 0.6%.



## U.S. Dollar

For August 2021, the EUR/USD pair closed at \$1.1809 versus \$1.1870 at the start of the month, a 0.51% decrease. According to FX empire, "U.S. dollar tries to gain some ground against Euro. Foreign exchange market traders will take a look at the final reading of Euro Area Manufacturing PMI report for August which is expected to show that Manufacturing PMI declined. While In the U.S., traders will focus on ADP Employment Change report which is projected to show that private businesses added 613,000 jobs in August. The final reading of U.S. Manufacturing PMI report is projected to show that Manufacturing PMI declined. Traders should be prepared for volatility."



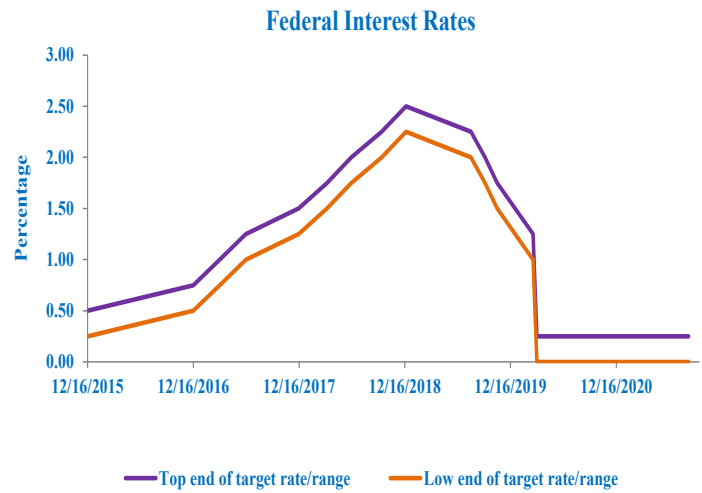
## FEDERAL RESERVE MINUTES

On September 22, 2021, the Federal Reserve held its benchmark interest rate at 0 and 0.25% after the Federal Open Market Committee concluded its two-day meeting. This target range is expected to be maintained until labor market conditions have reached levels consistent with the Committee’s assessments.

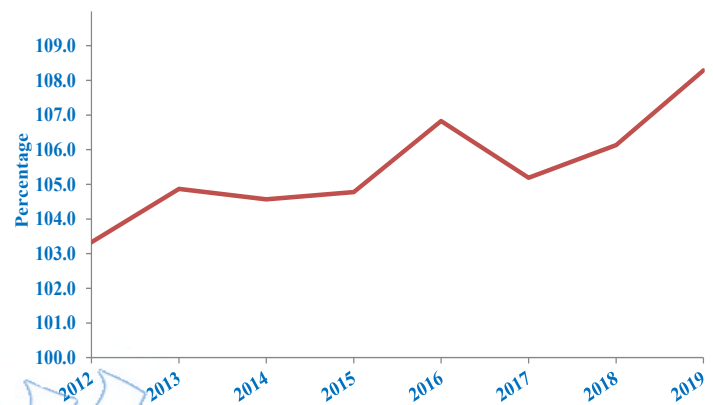
FOMC highlighted advancements in vaccines, and strong policy backing, indicators of economic activity, and employment have continued to improve. The industries most impacted by the pandemic have improved but have not entirely recovered. Inflation has trended upwards, owing primarily to transitory causes, while overall financial conditions remain accommodative, which is due in part to the support of policy measures to stimulate the economy and the supply of credit to US households and businesses.

The Federal Reserve cites, “the path of the economy will depend on the course of the virus. Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain.” The Committee’s long-term aim is to maintain maximum employment and inflation at 2%, and it aims to keep monetary policy accommodative until these goals are reached.

Furthermore, the Federal Reserve intends to increase its holdings of Treasury securities by at least \$80 billion a month and agency mortgage-backed securities by at least \$40 billion per month until significant additional progress is made toward the Committee’s maximum employment and price stability goals. Furthermore, these asset purchases promote smooth market functioning and accommodative financial conditions, thus facilitating the flow of credit to households and businesses. The Committee will continue to monitor the implications of incoming information for the economic outlook and is prepared to adjust the stance of monetary policy if risks emerge that could impede the attainment of the Committee’s goals.

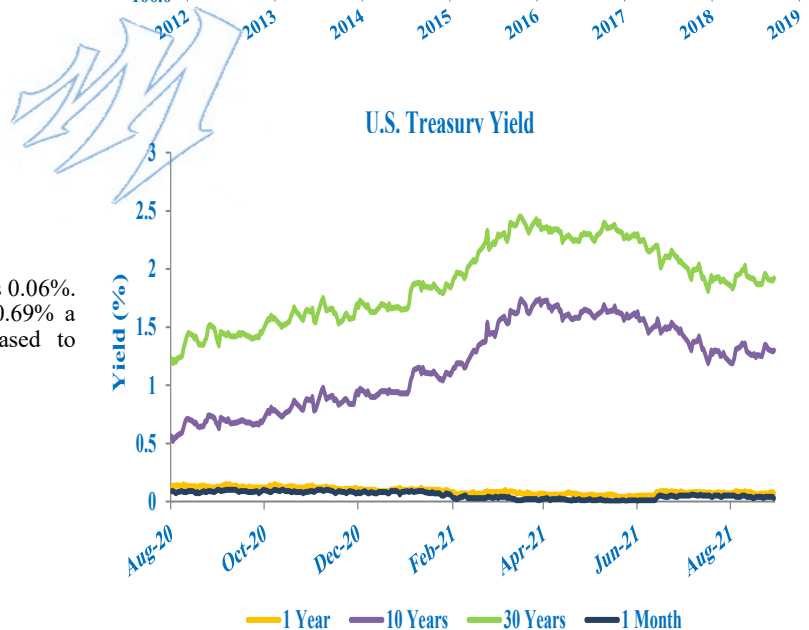


## Debt to GDP (Percentage)



## U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate decreased to 0.04% from July’s 0.06%. The 5-year rate rose to 0.77% in August 2021 relative to 0.69% a month earlier. The 10-year rate (also constant maturity) increased to 1.30%, from July’s 1.24% and decreased from June’s 1.45%.



## GOVERNMENT DEBT/DEFICIT

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to \$2.7 trillion for the first eleven months of the fiscal year 2021.

Furthermore, for the first eleven months of fiscal year 2021, CBO estimates receipts to amount to \$3,586 billion, \$539 billion more than in the similar period in 2020.

However, based on CBO estimates for the first eleven months of fiscal year 2021, outlays are estimated to total \$6,299 billion, a \$245 billion increase relative to the same period last year.

Budget Totals, October-August, Billions of Dollars			
	Actual, FY2020	Preliminary, FY 2021	Estimated Change
Receipts	3,047	3,586	539
Outlays	6,054	6,299	245
Deficit (-)	-3,007	-2,713	295

