



ECONOMIC SUMMARY

UNITED STATES

GROSS DOMESTIC PRODUCT

Real gross domestic product (GDP) rose at an annual rate of 6.7% for the second quarter of 2021 according to the third 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 13.4% at an annual rate, or \$702.8 billion, in the second quarter to a level of \$22.74 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 194,000 in September, as the unemployment rate decreased to 4.8%, according to a report by the U.S. Bureau of Labour Statistics (BLS). BLS mentioned that in September, "notable job gains occurred in leisure and hospitality, in professional and business services, in retail trade, and in transportation and warehousing. Employment in public education declined over the month."

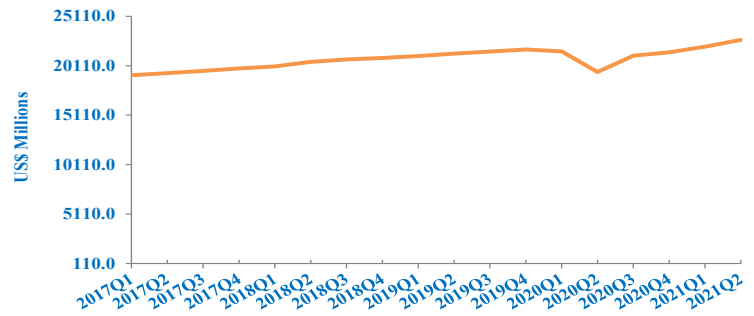
Professional and business services added 60,000 jobs in September 2021. According to BLS, "in September, employment decreased by 144,000 in local government education and by 17,000 in state government education." Leisure and hospitality rose 74,000 while retail trade increased by 56,000 over the month. Transportation and warehousing added 47,000, wholesale trade (+17,000) and information (+32,000). Additionally, employment in mining added 5,000, social assistance added 30,000, manufacturing added 26,000 and construction increased by 22,000 jobs. Employment in health care decreased in September by 18,000 jobs. Whereas employment in employment showed little change in financial activities and in other services were little changed in September.

Notably, the number of persons on temporary layoff stood at 1.1 million in September. The number of permanent job losers fell by 236,000 to 2.3 million. While the number of long-term unemployed (those jobless for 27 weeks or more) declined by 496,000 to 2.7 million. Moreover, the number of unemployed persons who were jobless less than 5 weeks in September stood at 2.2 million.

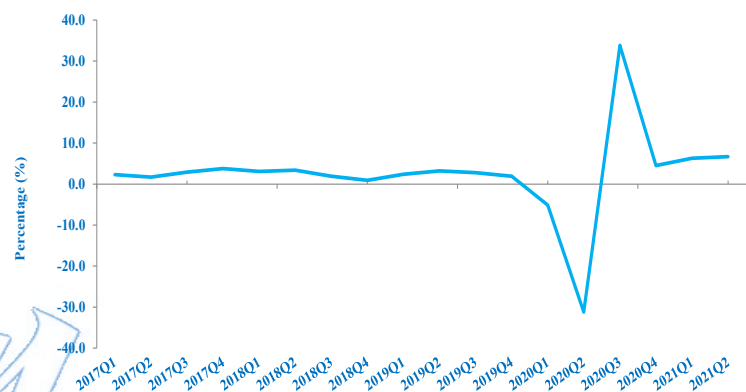
The labour force participation rate for September stood at 61.6%, while the employment-population ratio rose to 58.7%. Nonetheless, persons employed part-time for economic reasons stood at 4.5 million in September. Based on BLS assessment, "these individuals, who would have preferred full-time employment, were working part-time because their hours had been reduced or they were unable to find full-time jobs."

In September, a total of 1.7 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, 450,000 persons were classified as discouraged workers in September, little changed over the month. These persons are not currently seeking work as they believe no jobs are available for them.

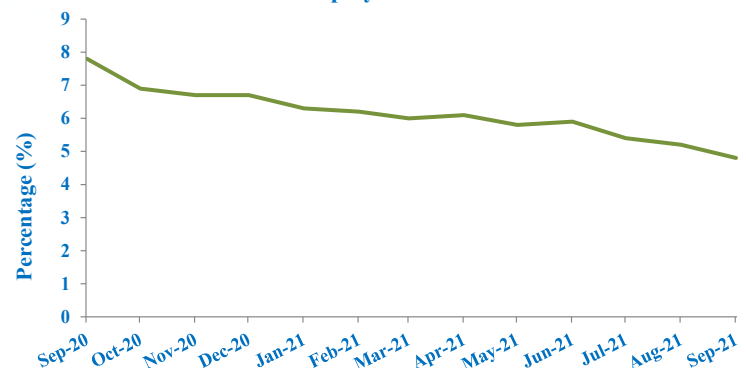
Total GDP



Percentage Change in GDP by Quarter



Unemployment Rate



Labour Force in Thousands	Jan-Mar	Apr-Jun	Jul-Sep	Oct - Dec
Year	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 0.4% for September 2021, on a seasonally adjusted basis, according to U.S. Bureau of Labour Statistics (BLS). The all-items index rose 5.4% before seasonal adjustment over the last year.

The all-items less food and energy index climbed 0.2% in September. The index shelter index increased by 0.4%. The indexes for new vehicles, household furnishings and operations, motor vehicle insurance, communication and education rose 1.3%, 1.0%, 2.1%, 0.4% and 0.4%, respectively in September. The prices for recreation also increased 0.2% over the month of September. However, prices for airline fares, apparel and used cars and trucks declined in September by 6.4%, 1.1% and 0.7%, respectively. Whereas the medical care index stood unchanged in September.

The index for food rose 0.9% in September, while the index for food at home increased 1.2%. The index for meats, poultry, fish, and eggs rose 2.2% in September as the beef index rose 4.8%. The non-alcoholic beverages index increased 1.2% in September. The food away from home index rose 0.5% while the index for other food at home increased by 1.1% over the month. The index for fruits and vegetables climbed 0.6% in September. The index for dairy and related products climbed 0.7% and the index for cereals and bakery products rose 1.1% in September.

The index for energy rose 1.3% in September. A 1.2% increase was recorded in the gasoline index. Meanwhile, the index for natural gas increased 2.7% and the electricity index increased 0.8% in September.

PRODUCER PRICE INDEX

The final demand for the Producer Price Index rose 0.5% in September 2021, seasonally adjusted according to the U.S. Bureau of Labour Statistics. Final demand prices increased 0.7% in August 2021 and increased 1.0% in July 2021. On an unadjusted basis, "the final demand index rose 8.6 percent for the 12 months ended in September, 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 0.1% in the month of September after increasing 0.3% in August.

Prices for final demand services increased 0.2% in September. This was mainly attributable to the index for final demand trade services which rose 0.9%. There was an increase of 0.2% in prices for final demand services less trade, transportation, and warehousing. The prices for final demand transportation and warehousing services declined 4.0% in September.

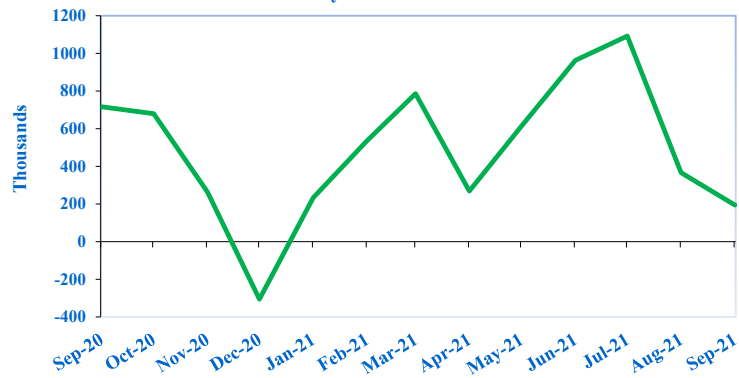
An increase of 1.3% was observed in prices for final demand goods in September. This performance stemmed from an increase of 2.8% in the index for final demand energy. The prices for final demand foods rose 2.0%, while prices for final demand goods less foods and energy increased 0.6%.

U.S. Dollar

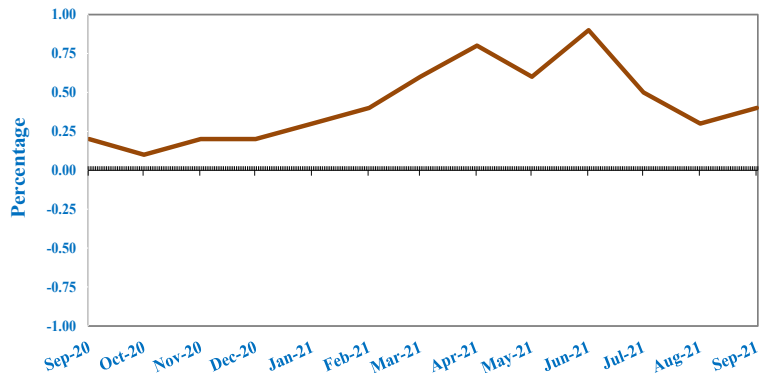
For September 2021, the EUR/USD pair closed at \$1.1580 versus \$1.1839 at the start of the month, a 2.19% decrease. According to FX empire, "as yields rise in the United States, that makes the greenback much more attractive than the Euro, which is what will be driving this pair more than anything else right now."

Looking ahead, "the Euro is trading higher against the U.S. Dollar as investors adjust positions ahead of Thursday's European Central Bank (ECB) monetary policy decision. Traders expect central bank officials to take a dovish stance," as per FX Empire.

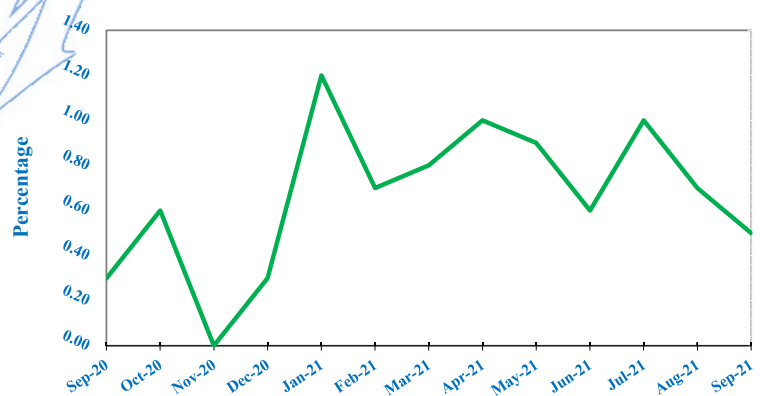
Payroll Data



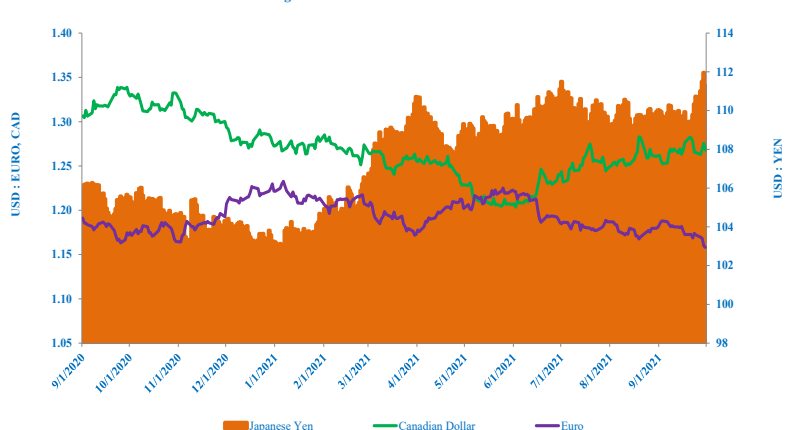
Consumer Price Index



Producer Price Index



Exchange Rate Movement





FEDERAL RESERVE MINUTES

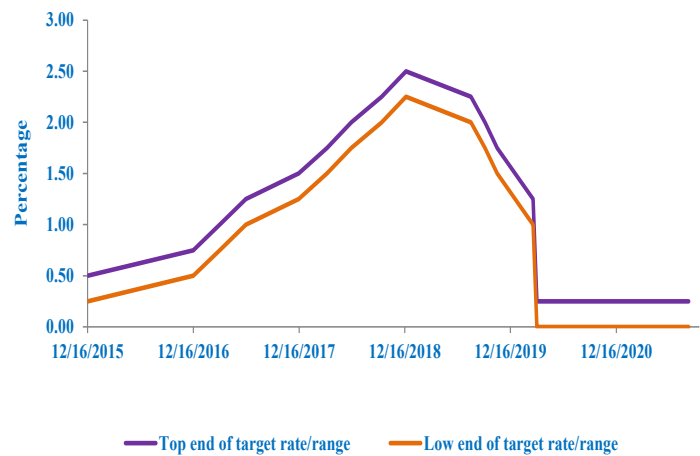
On September 22, 2021, the Federal Reserve held its benchmark interest rate at 0 and 0.25% after the Federal Open Market Committee concluded its two-day meeting. This target range is expected to be maintained until labor market conditions have reached levels consistent with the Committee's assessments.

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.

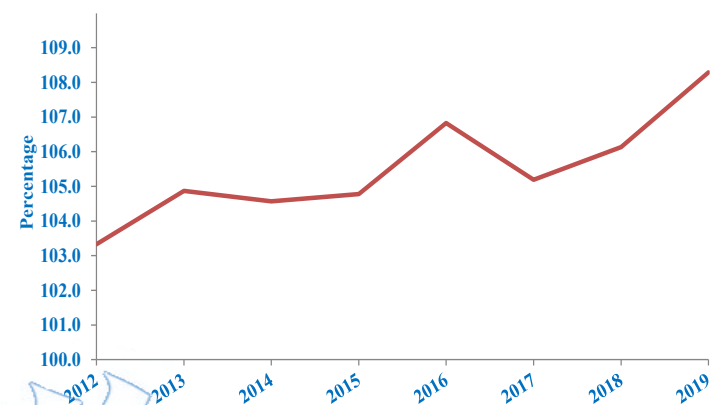
The Federal Reserve cites, "the path of the economy will depend on the course of the virus. Progress on vaccinations will likely continue to reduce the effects of the public health crisis on the economy, but risks to the economic outlook remain." The Committee's long-term aim is to maintain maximum employment 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.

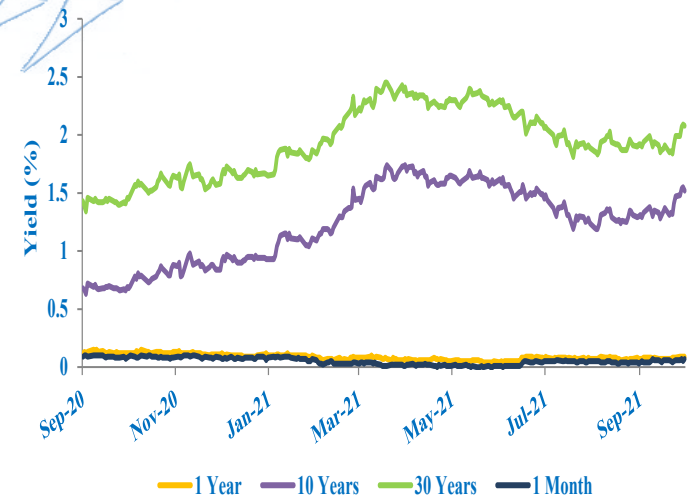
Federal Interest Rates



Debt to GDP (Percentage)



U.S. Treasury Yield



U.S. TREASURY YIELD CURVE

The 3-month Treasury bill rate stood at 0.04% from August's 0.04%. The 5-year rate rose to 0.98% in September 2021 relative to 0.77%, a month earlier. The 10-year rate (also constant maturity) increased to 1.52%, from August's 1.30% and July's 1.24%.

GOVERNMENT DEBT/DEFICIT

The Congressional Budget Office (CBO) indicated that the federal budget deficit amounted to \$2.8 trillion for the fiscal year 2021.

Furthermore, for the fiscal year 2021, CBO estimates receipts to amount to \$4,047 billion, \$627 billion more than in the similar period in 2020.

However, based on CBO estimates for the fiscal year 2021, outlays are estimated to total \$6,817 billion, a \$265 billion increase relative to the same period last year.

Fiscal Year Totals -Billions of Dollars				
	Actual, FY 2019	Actual, FY 2020	Preliminary, FY 2021	Estimated Change
Receipts	3,462	3,420	4,047	627
Outlays	4,447	6,552	6,817	265
Deficit (-)	-984	-3,132	-2,770	362

