

## Notes on the April Bloomberg Economists Survey

Each month, Bloomberg surveys 70 of the nation's economists on their economic and interest rate outlook. The most recent April survey was conducted April 3-9.

It's probably not wise to put too much stock in this month's "guesses." Obviously, much will depend on the path of COVID-19. Still, it's interesting to see what top economists are thinking now that government support has kicked in.

### GDP (year-over-year, seasonally adjusted)

#### Gross Domestic Product (YOY%)

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
0.9%	-6.7%	-4.2%	-3.2%	-1.2%	6.4%	4.8%

Source: Bloomberg.

- U.S. GDP growth is not expected to be positive again until next spring.
- There's an enormous range of forecasts with an average high/low difference of 14.2 percentage points over the next six quarters.
- For all of 2020, the survey indicates the U.S. economy will contract by -3.3% before expanding +3.4% in 2021 and +2.3% in 2022.
- Consumer spending (annualized) is expected to drop -25.1% in Q2 2020 before rebounding +8.6% in Q3 and +5.5% in Q4.
- Private investment (annualized) is expected to drop -31.7% in Q2 and -3.5% in Q3, before rebounding +8.3% in Q4 and +10.2% in Q1 2021.
- Global GDP is expected to contract by -1.5% in 2020 before rebounding +3.9% in 2021.
- Side note: Yesterday, the IMF released its updated 2020 forecast showing global growth of -3%. Three months earlier, the IMF had forecasted +3.3% global growth for 2020.

### Unemployment

#### Unemployment Rate

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
12.6%	9.3%	8.1%	7.3%	6.9%	6.5%

Source: Bloomberg.

- Economists expect a cautious and gradual restart of the economy, not the sharp "V-shaped" recovery many had imagined weeks ago.
- Like the GDP forecast, the range of opinion on employment is all over the place. Bloomberg Economics sees the unemployment rate at 3.4% a year from now, while Raymond James sees it at 14.8%.

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## Inflation

### Inflation - Core PCE

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
1.7%	1.4%	1.2%	1.2%	1.2%	1.4%	1.5%

Source: Bloomberg.

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### Inflation - Overall CPI

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
2.1%	0.7%	0.8%	0.9%	1.2%	2.2%	2.1%

Source: Bloomberg.

- Energy costs will depress overall inflation until global growth picks up.
- Core inflation will likely remain well below the Fed's 2.0% target for the foreseeable future as cautious businesses and individuals replenish depleted savings.

*The Fed would only consider raising the overnight rate to slow economic growth and inflation expectations.*

### Overnight fed funds target rate

- The overnight target range is currently 0.00% to 0.25%.
- The median forecast indicates no change in the overnight rate until Q1 2022.
- Expect one quarter-point hike sometime in 2022
- The Fed would only consider raising the overnight rate to slow economic growth and inflation expectations.

### 2-year Treasury note yield

Current	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
0.23%	0.30%	0.35%	0.40%	0.50%	0.60%	0.70%	0.78%	0.80%	0.85%	0.93%

Source: Bloomberg.

### 10-year Treasury note yield

Current	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
0.73%	0.70%	0.80%	0.90%	1.00%	1.04%	1.17%	1.32%	1.40%	1.50%	1.55%

Source: Bloomberg.

## Market Indications as of 2:30 P.M. Central Time

DOW	UP 525 to 23,915 (HIGH: 29,551)
NASDAQ	UP 319 to 8,511 (HIGH: 9,817)
S&P 500	UP 72 to 2,834 (HIGH: 3,386)
1-Yr T-bill	current yield 0.22%; opening yield 0.23%
2-Yr T-note	current yield 0.22%; opening yield 0.25%
5-Yr T-note	current yield 0.42%; opening yield 0.45%
10-Yr T-note	current yield 0.74%; opening yield 0.77%
30-Yr T-bond	current yield 1.41%; opening yield 1.41%

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