

## Economic highlights from the week ending on December 31, 2020

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After several months of tense negotiations, Congress compromised on a \$900 billion fiscal relief package, and President Trump signed the bill on Sunday. This latest relief package follows about \$2.7 trillion approved earlier this year. The legislation provides funding for a variety of programs and includes another round of direct household payments, an extension of some emergency unemployment benefits, and additional aid through the Payroll Protection Program. The bill also includes about \$8 billion for vaccine distribution, as the federal government is currently falling well behind its goal to vaccinate 20 million in the US by year-end. Notably, the bill did not include direct funding for state and local governments which had been a sticking point during the months of negotiations.



Overall, the economy has improved significantly from the early stage of the pandemic, but we believe gross domestic product (GDP) remains well below its pre-pandemic peak and the economy has recently lost some momentum along with a resurgence of the virus. According to Bloomberg, the consensus forecast for US gross domestic product growth in 2021 is 3.9%, following an expected 3.5% decline in 2020. We anticipate the US and global economy will continue to face meaningful headwinds from the virus in 2021, especially in the first half of the year. As widespread distribution of a vaccine becomes available, we believe economic growth will begin to accelerate. This latest fiscal relief package, along with the potential for additional fiscal support in 2021, should also provide fuel for the recovery. With the Georgia Senate runoff elections coming up next week, we will soon have clarity on which party will control the Senate, which may have implications for the economy and financial markets. Either way, we believe the incoming Presidential administration will be keenly focused on supporting the economic recovery and accelerating the pace of vaccine distribution in 2021. Nevertheless, the path to recovery may be uneven throughout 2021. Accommodative monetary policy by the Federal Reserve and other global central banks should continue to support the global economy and provide a tailwind for the recovery once pandemic-related restrictions are lifted.



### Next Week

*Construction Spending, ISM Manufacturing, Factory Orders, FOMC Minutes, ISM Services, Consumer Credit, Employment*

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