

MARKET INSIGHTS

US Economic Monitor

September 2020

J.P. Morgan

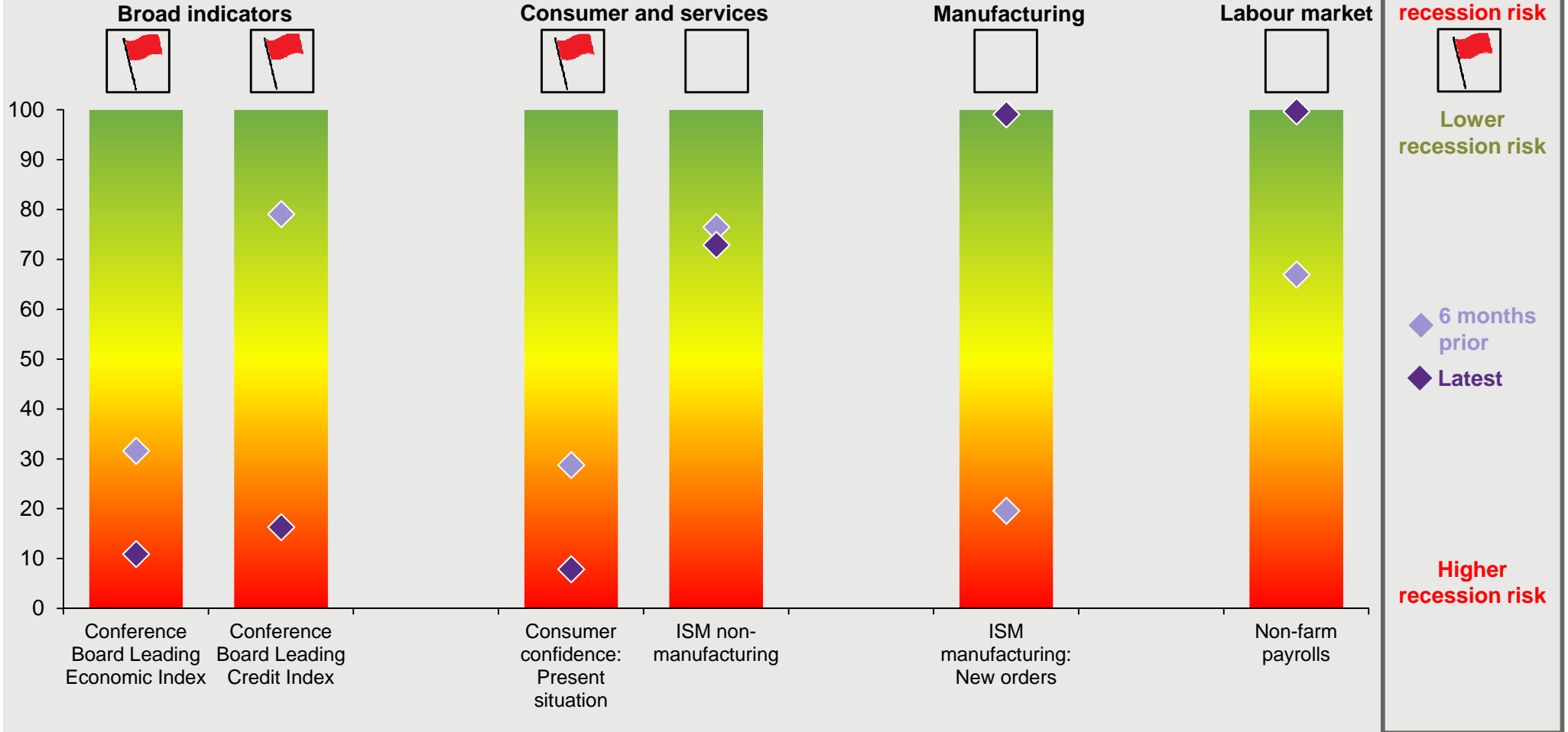
J.P.Morgan
Asset Management

- A simple and easy way to track the current progress of economic growth and areas of vulnerability in the US economy
- Consists of six of the top indicators for US economic activity
- Each indicator has a good level of statistical explanatory power (r-squared) for US real GDP growth, and has historically been a good lead indicator of the economic cycle
- A red 'elevated recession risk flag' is shown when the underlying indicator is at a level consistent with the onset of any of the past three US recessions, as determined by the National Bureau of Economic Research (NBER)
- To gauge areas of vulnerability and excess in the economy, we also track indicators of capacity and household and corporate finances, which can help inform us of the nature of any downturn in the economy

US Economic Monitor

US economic indicators

Percentile rank relative to historic data since 1990

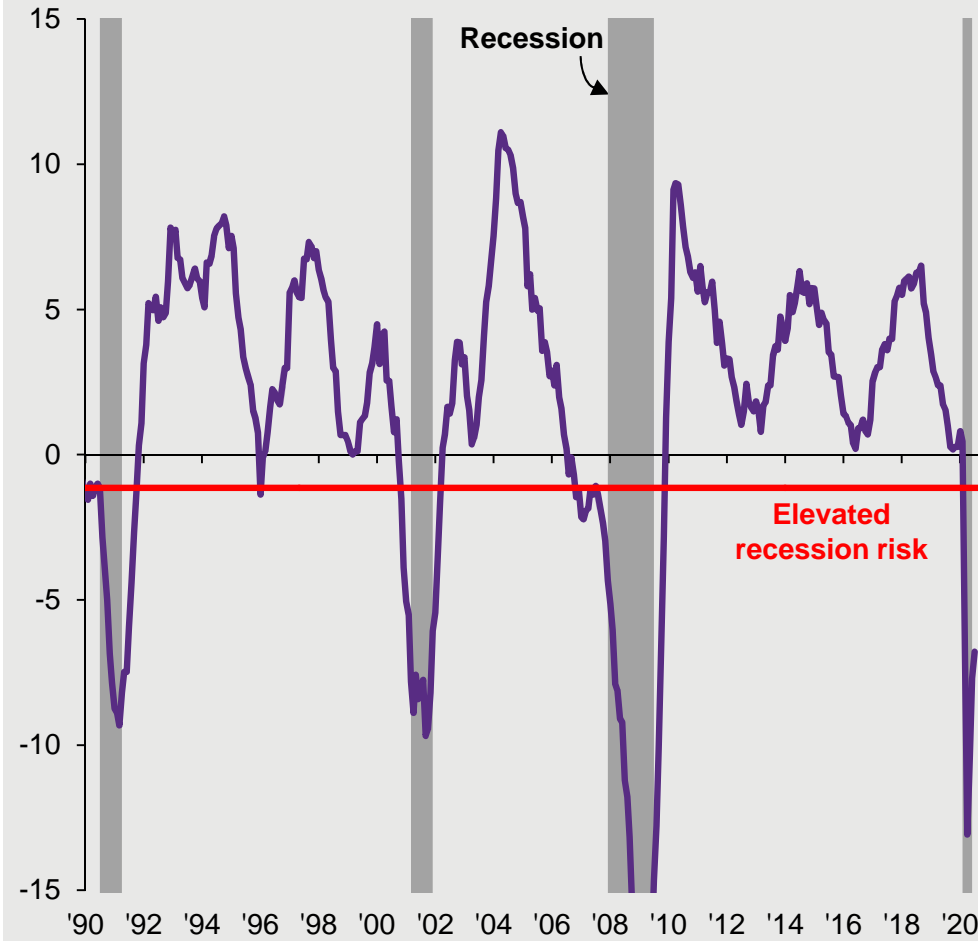


Source: BLS, Conference Board, ISM, Refinitiv Datastream, J.P. Morgan Asset Management. Elevated recession risk flags are shown when the underlying indicator is at a level consistent with the onset of any of the past three US recessions, as determined by NBER. Transformations used for each of the indicators are: % change year on year for the Leading Economic Index and consumer confidence present situation, index level for Leading Credit Index, ISM non-manufacturing and ISM manufacturing new orders, and three-month moving average of monthly absolute change for non-farm payrolls. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US Conference Board indicators

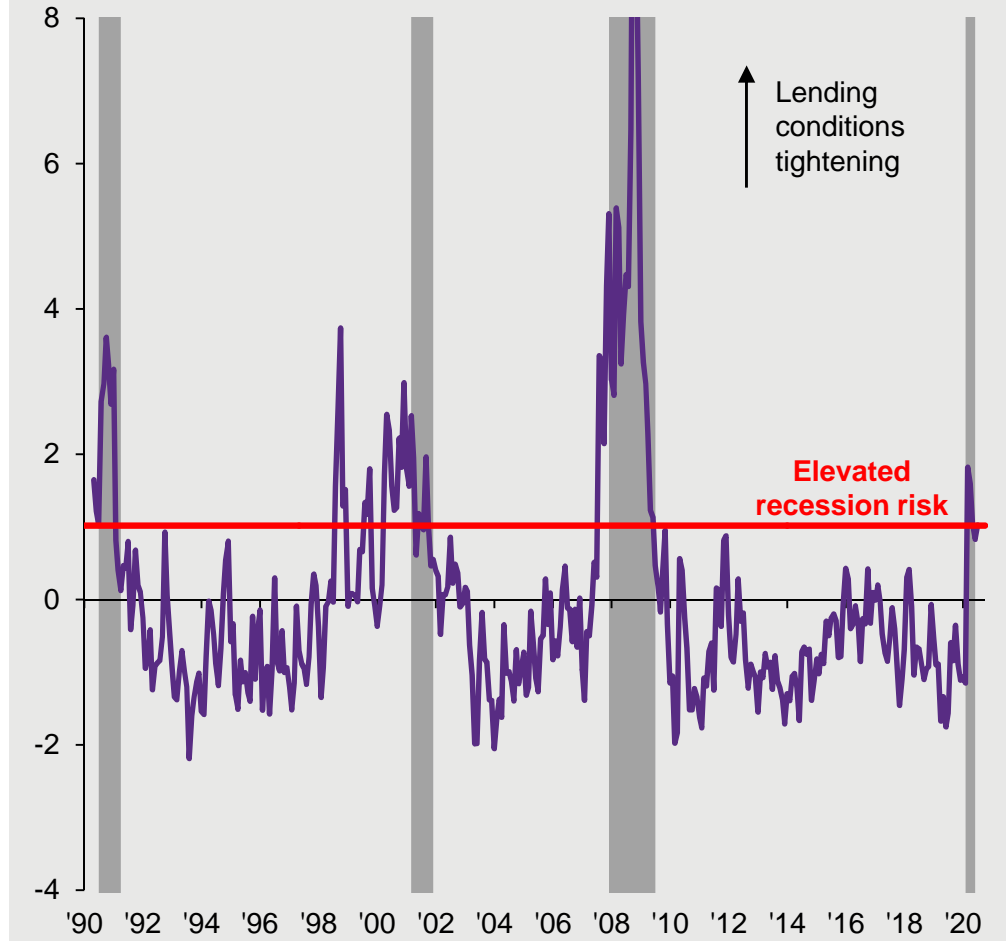
US Leading Economic Index

% change year on year



US Leading Credit Index

Index level

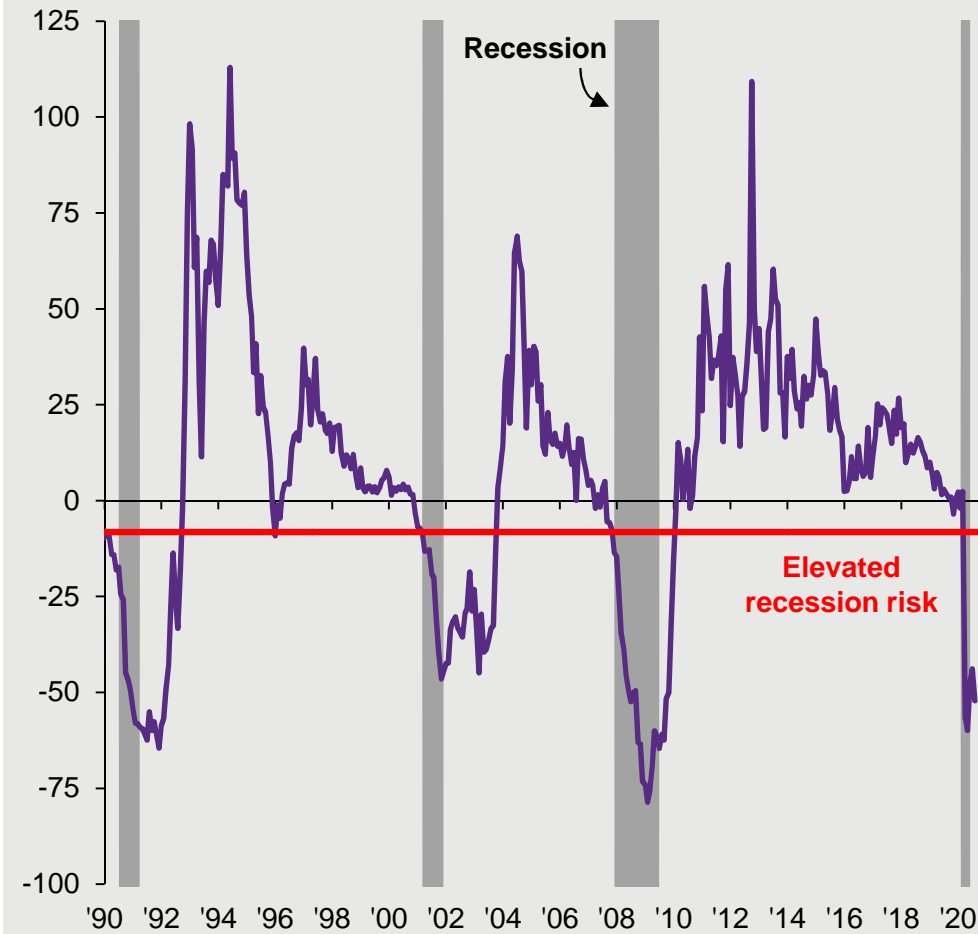


Source: (All charts) Conference Board, Refinitiv Datastream, J.P. Morgan Asset Management. Periods of "recession" are defined using US National Bureau of Economic Research (NBER) business cycle dates. Elevated recession risk line is shown as the highest value for the Leading Economic Index and lowest for the Leading Credit Index, at the start of the past three US recessions, as determined by NBER. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US consumer and services

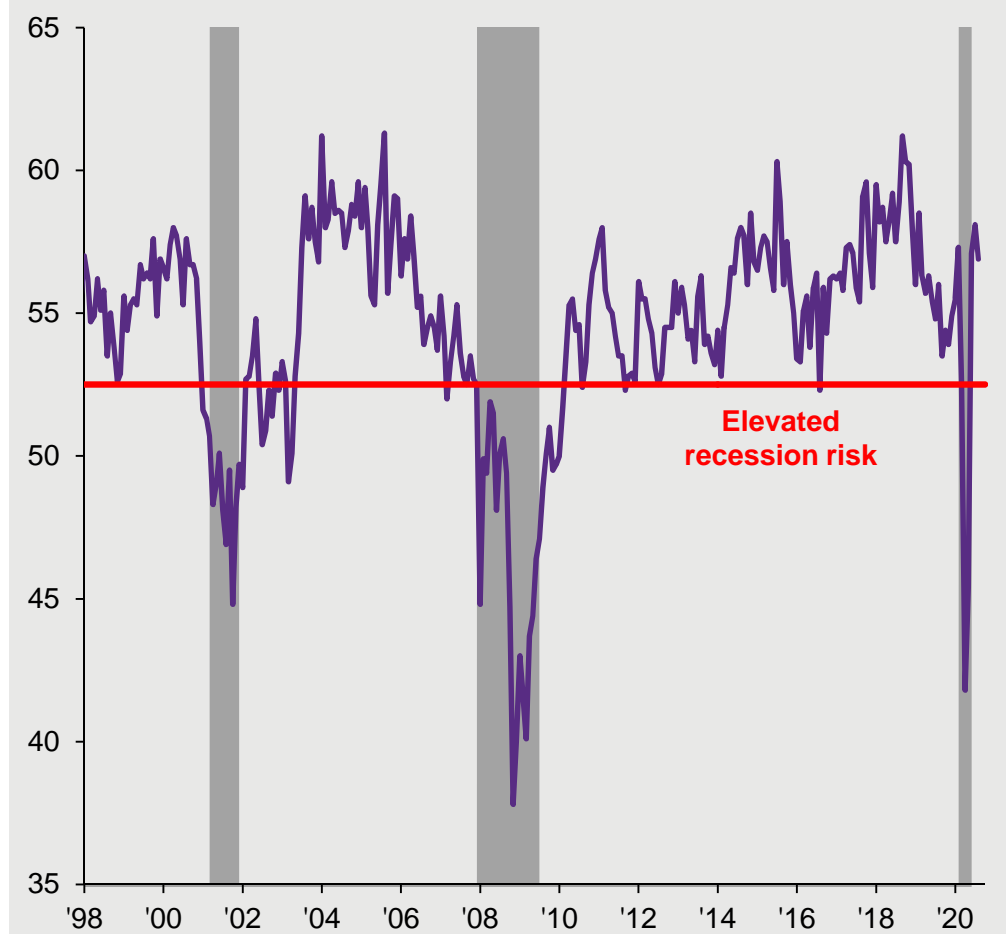
US consumer confidence: Present situation

% change year on year



US ISM non-manufacturing

Index level

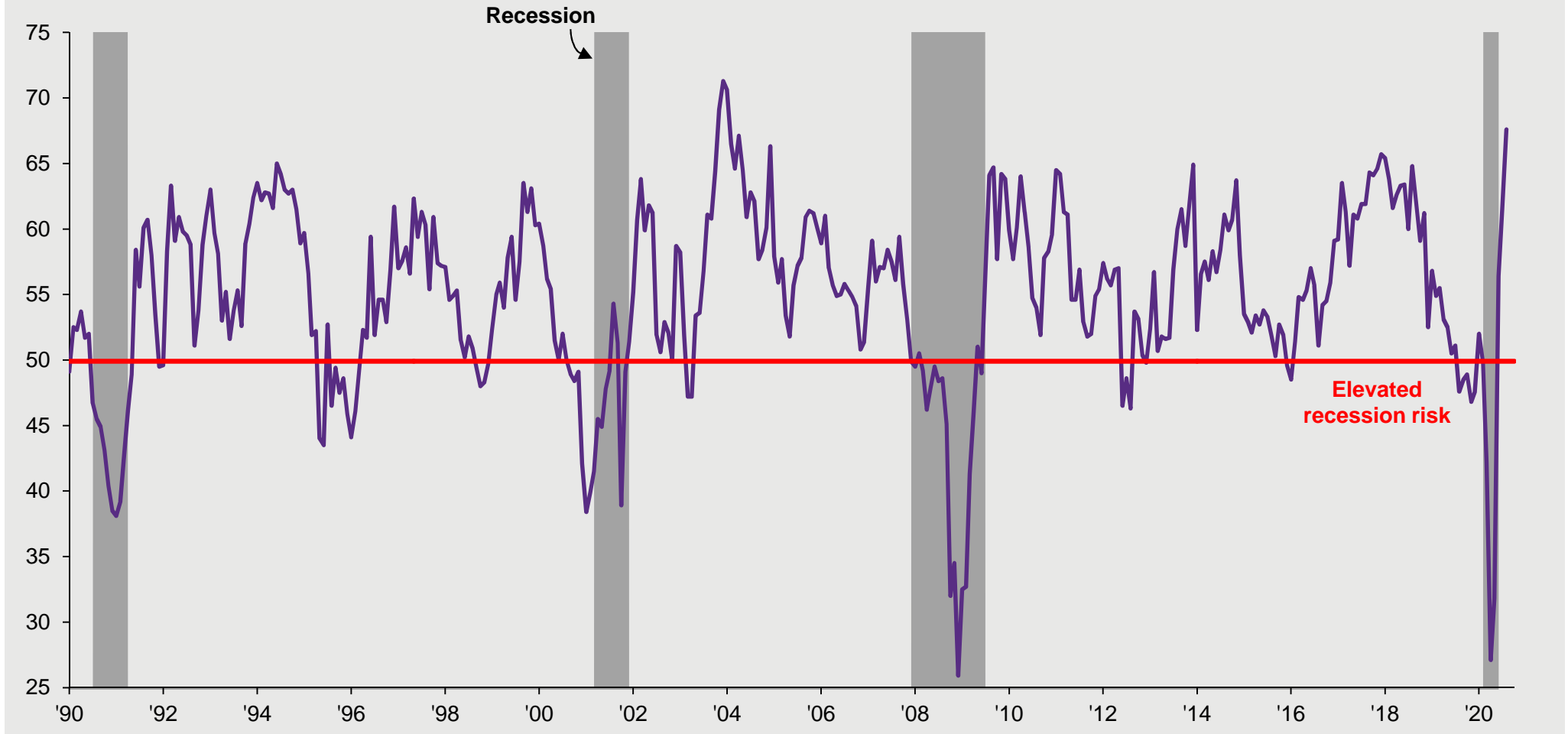


Source: (Left) Conference Board, Refinitiv Datastream, J.P. Morgan Asset Management. (Right) ISM, Refinitiv Datastream, J.P. Morgan Asset Management. Periods of "recession" are defined using US National Bureau of Economic Research (NBER) business cycle dates. Elevated recession risk line is shown as the highest value of the underlying indicator observed at the start of the past three US recessions, as determined by NBER. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US manufacturing

US ISM manufacturing: New orders

Index level

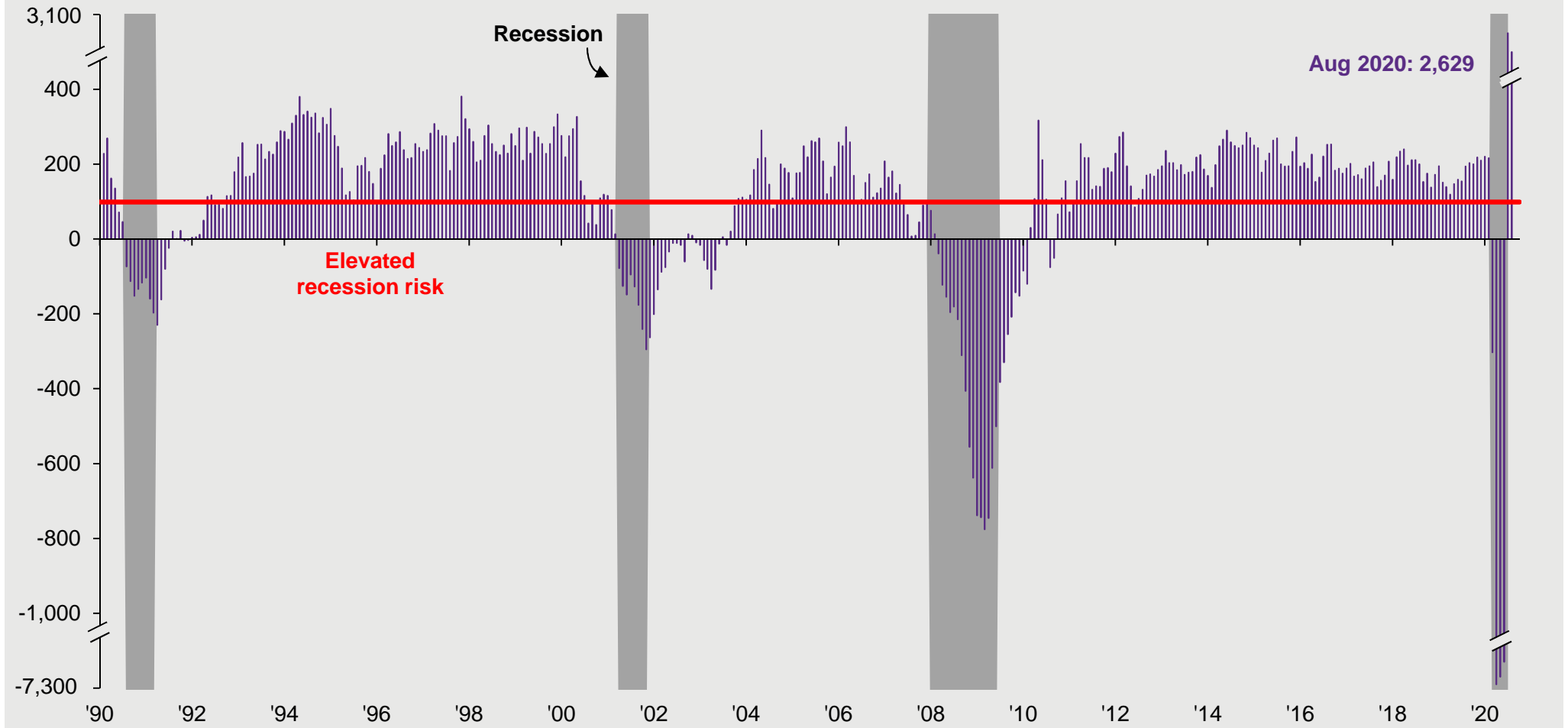


Source: ISM, Refinitiv Datastream, J.P. Morgan Asset Management. Periods of “recession” are defined using US National Bureau of Economic Research (NBER) business cycle dates. Elevated recession risk line is shown as the highest value of the underlying indicator observed at the start of the past three US recessions, as determined by NBER. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US labour market

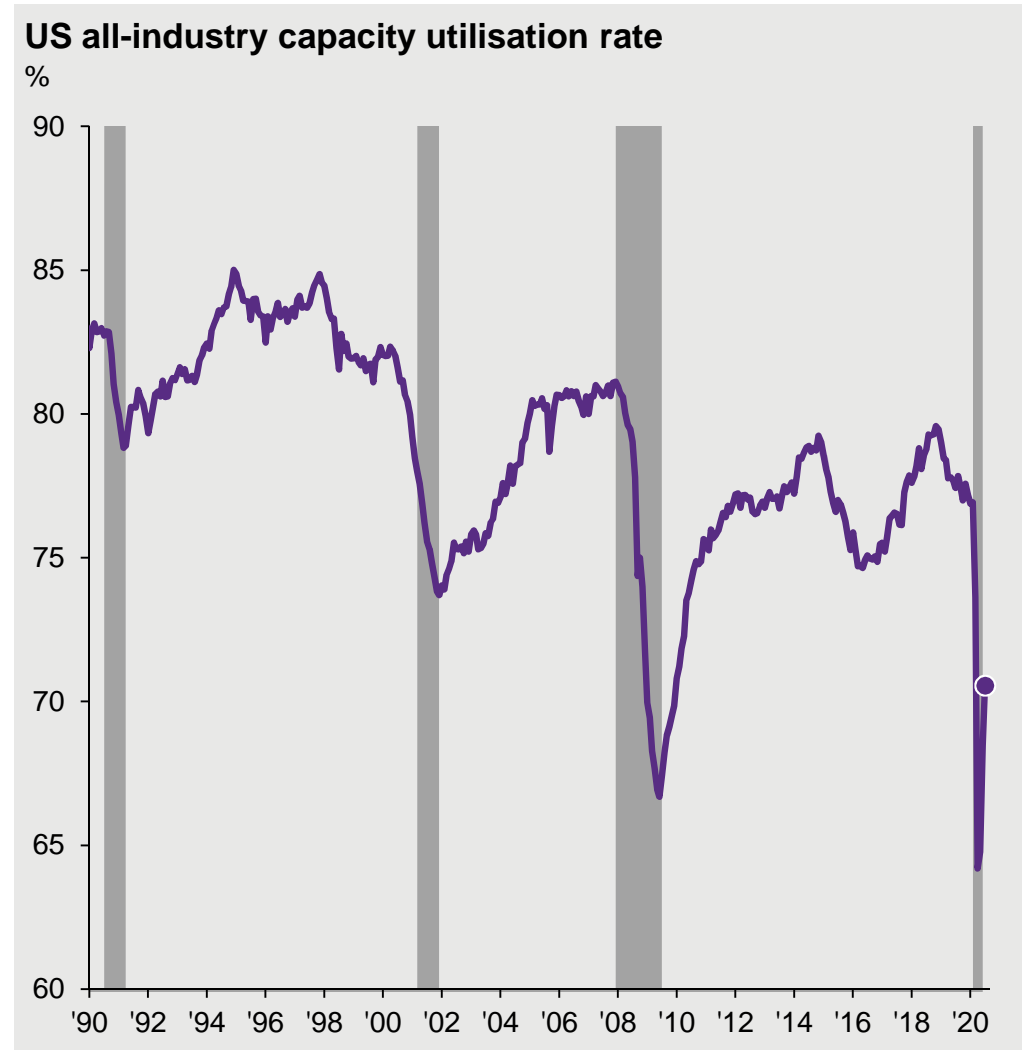
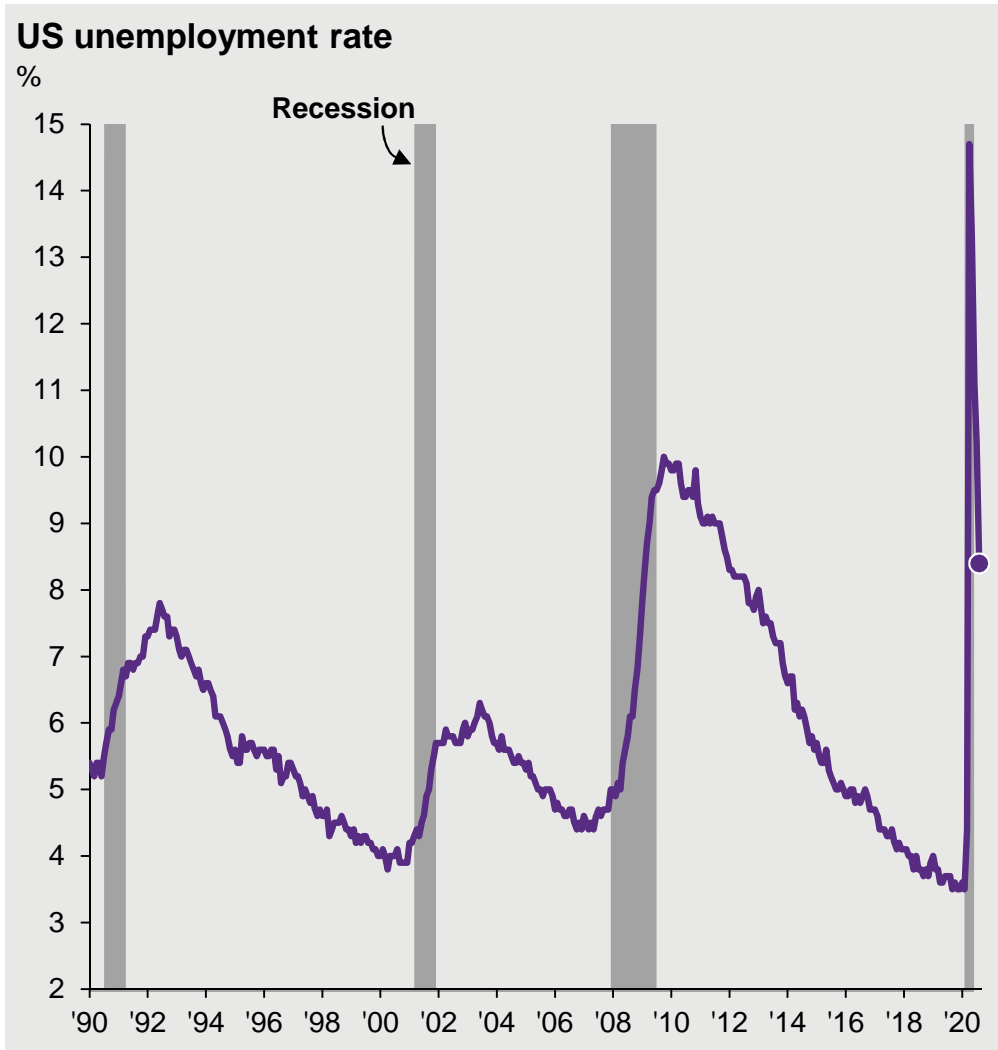
US non-farm payrolls

Monthly change in thousands, three-month moving average



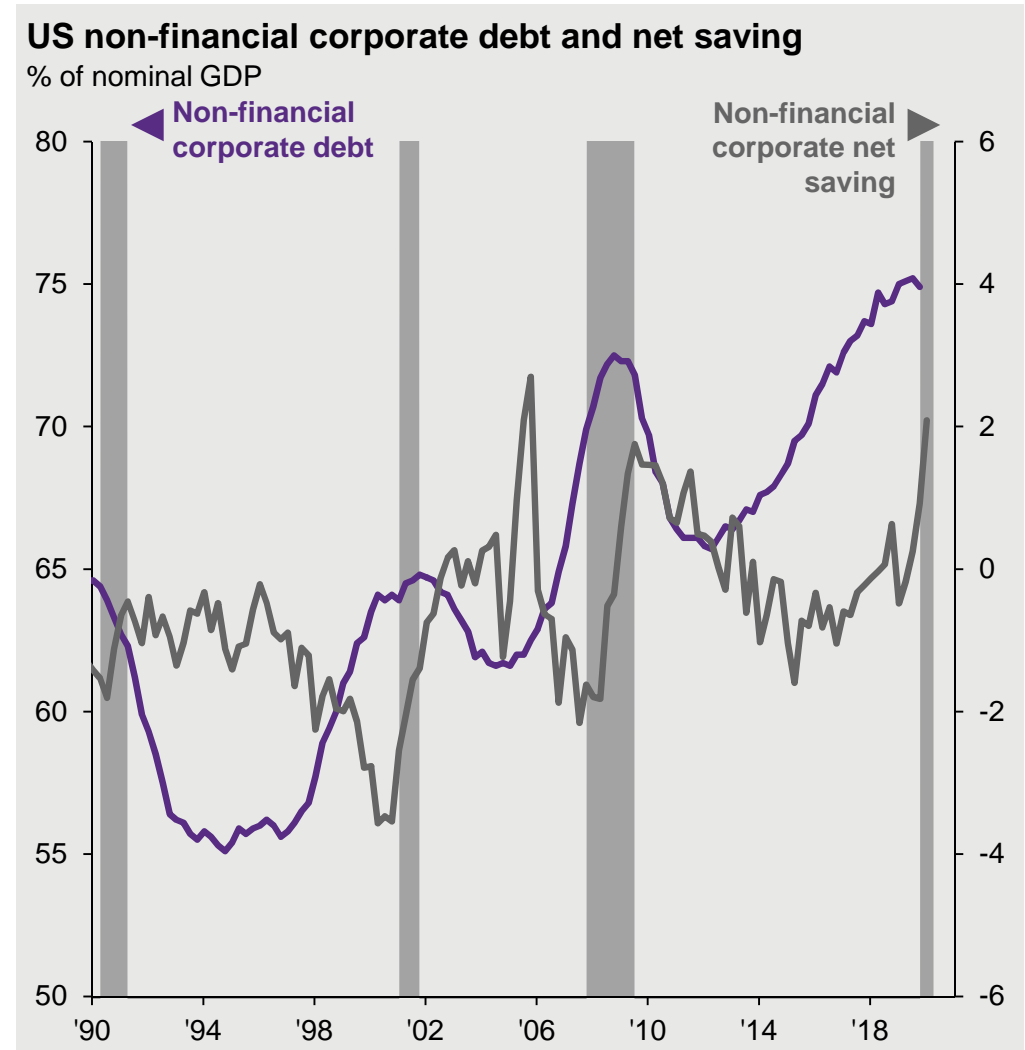
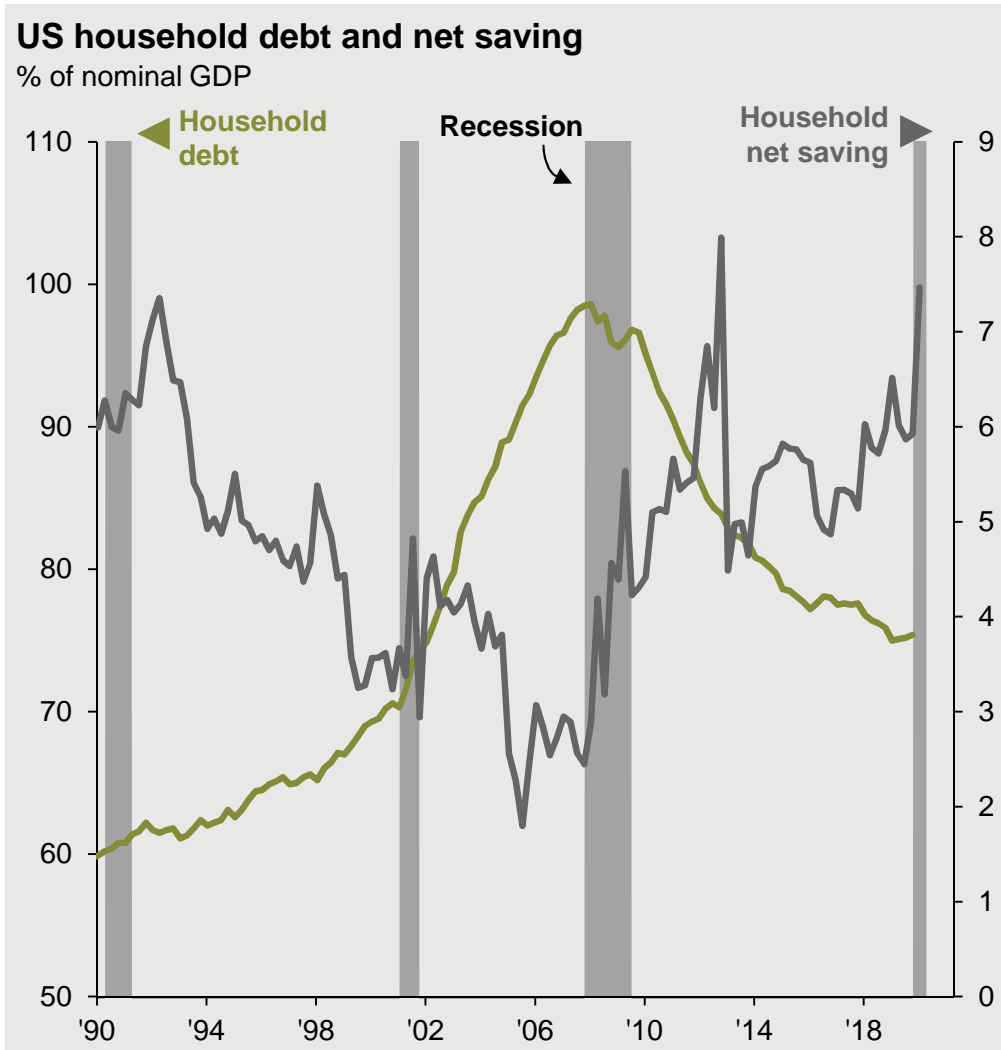
Source: BLS, Refinitiv Datastream, J.P. Morgan Asset Management. Periods of “recession” are defined using US National Bureau of Economic Research (NBER) business cycle dates. Elevated recession risk line is shown as the highest value of the underlying indicator observed at the start of the past three US recessions, as determined by NBER. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US capacity: Labour market and industry



Source: (Left) BLS, Refinitiv Datastream, J.P. Morgan Asset Management. (Right) US Federal Reserve, J.P. Morgan Asset Management. Periods of “recession” are defined using US National Bureau of Economic Research (NBER) business cycle dates. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

US household and corporate finances



Source: (All charts) BEA, Refinitiv Datastream, US Federal Reserve, J.P. Morgan Asset Management. Household net saving is defined as net disposable income minus final consumption expenditure. Non-financial corporate net saving is defined as the difference between gross savings (less net capital transfers paid and excluding foreign earnings retained abroad) and capital expenditures. Non-financial corporate net saving data has been smoothed in 2018 to account for the Tax Cuts and Jobs Act of 2017. Periods of "recession" are defined using US National Bureau of Economic Research (NBER) business cycle dates. Past performance is not a reliable indicator of current and future results. Data as of 31 August 2020.

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Unless otherwise stated, all data as of 31 August 2020 or most recently available.

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