ECONOMIST INTELLIGENCE EIU Viewpoint

One-click report : United States of America

March 1st 2024

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Saved on: March 6th 2024

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One-click report : United States of America

Briefing sheet

United States of America | Summary | Briefing sheet

March 1st 2024

Political and economic outlook

- The US economy, the world's largest, is primarily driven by private consumption, which makes up nearly 70% of GDP. The US is less reliant than other G7 economies on external demand, and its energy independence mostly shelters it from commodity price volatility.
- EIU expects that the November 2024 presidential election will be a rematch between the Democratic incumbent, Joe Biden, and his Republican predecessor, Donald Trump. The race will be close, but we assume that Mr Biden will win. Policy continuity is likely under Mr Biden, but big shifts on trade and foreign policy would be likely under Mr Trump.
- Partisanship and polarisation will weigh on political stability throughout the 2024-28 forecast period. We expect Congress to remain divided, with neither Democrats nor Republicans winning large majorities in 2024. This will hinder policymaking, particularly in contentious areas like climate, social protection, public spending and taxation.
- Competition with China will dominate US foreign policy regardless of the 2024 election results, leading to a disentanglement but not an outright decoupling of US-China supply chains. Mr Bide will continue to support Ukraine in its war with Russia, but financial and military support will dwindle as Congress struggles to pass the required legislation.
- We expect economic growth to ease in 2024, as years of high inflation and a previous steep rise in interest rates will strain household and corporate finances. We do not forecast a contraction in the forecast period, but risks to the economic outlook remain.
- We believe that the Federal Reserve (Fed, the central bank) has ended its tightening cycle, and tha it will begin to ease rates in June 2024. Firmer underlying price pressures point to a higher neutral policy rate, of about 2.5%, in the long run.

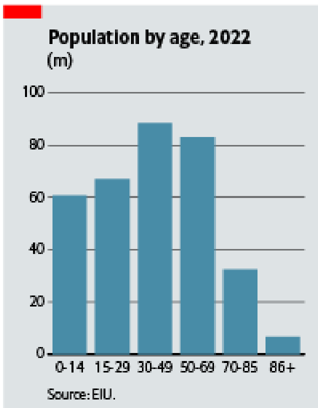
- Downside risks to our forecasts remain high, owing to election uncertainty and still-elevated inflation. If the Fed keeps its policy rate at the current level for longer, debt-servicing costs for firms will remain high, increasing strains in the financial system.

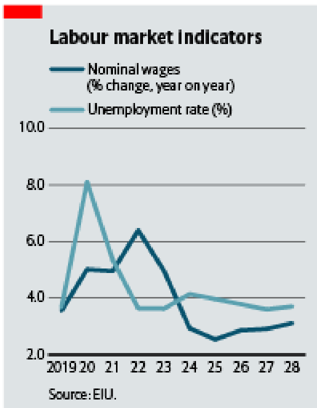
Key indicators

	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028[b]
Real GDP growth (%)	2.5[c]	1.8	1.6	2.0	2.1	2.0
Consumer price inflation (av; %)	4.1	2.5	2.1	2.3	2.3	2.4
Government balance (% of GDP)[d]	-6.3	-6.1	-6.1	-5.9	-5.7	-5.8
Current-account balance (% of GDP)	-3.0[c]	-2.8	-2.8	-2.7	-2.7	-2.5
Short-term interest rate (av; %)[e]	5.1	5.1	4.2	3.2	2.5	2.5
Unemployment rate (%)	3.6	4.1	4.0	3.8	3.6	3.7
Exchange rate US$:€ (av)	1.08	1.10	1.14	1.16	1.17	1.17

[a] Actual. [b] EIU forecasts. [c] EIU estimates. [d] Federal government, financial year (October-September). [e] Rate for firms with AA rating.

Market opportunities





Key changes since February 2nd

- We have revised up Federal debt held by the public to 99.8% of GDP in 2025, from 98.9% previously. This will be primarily owing to higher expected interest costs, and slightly larger fiscal deficits than previously expected.

The month ahead

- February 28th—2023 real GDP (second estimate): The initial estimate of the Bureau of Economic Analysis (BEA) put real GDP growth at 3.3% in the fourth quarter and 2.5% for the full year (above our previous estimate of 2.4%). Barring any major BEA revisions, we will maintain our forecast for GDP growth of 1.8% in 2024, given underlying resilience.
- March 1st—Government funding deadline: A compromise reached in January has delayed the shutdown deadline to March. Several issues must still be resolved, but we believe that lawmakers are more unwilling to accept a shutdown as the election nears. If an annual bill cannot be agreed, another temporary funding stopgap is likely to pass.
- March 8th—Unemployment data (February): Recently strong job gains have kept unemployment at a low 3.7% despite an increase in jobseekers. However, we still expect the labour market to weaken somewhat in 2024, lifting the jobless rate back to an average of 4.1%.
- March 12th—Consumer price index (February): Price increases are likely to prove stubbornly strong given rises in employment, and consumer and government spending. The headline rate, currently 3.1%, will gradually ebb to an average of 2.5% in 2024, but remain above the Fed target of 2%.

Major risks to our forecast

Scenarios, Q4 2023	Probability	Impact	Intensity
Critical infrastructure is damaged by cyber-attacks	Very high	High	20
Worsening US-China ties force a sudden full decoupling in the global economy	High	Very high	20
High interest rates lead to strains in the US financial system	High	High	16
Congressional divisions result in complete policy gridlock	Very high	Moderate	15
High inflation becomes entrenched	Moderate	Very high	15

Note. Scenarios and scores are taken from our Operational Risk product. Risk scenarios are potential developments that might substantially change the business operating environment over the coming two years. Risk intensity is a product of probability and impact, on a 25-point scale.

Source: EIU.

Forecast summary

United States of America | Economy | Forecast | Forecast summary

March 1st 2024

Forecast summary

(% unless otherwise indicated)

	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028[b]
Real GDP growth	2.5	1.8	1.6	2.0	2.1	2.0
Gross fixed investment growth	0.5	2.3	3.5	4.2	3.9	3.7
Industrial production growth	0.2[c]	1.2	3.6	4.0	3.3	3.1
Unemployment rate (av)	3.6[c]	4.1	4.0	3.8	3.6	3.7
Consumer price inflation (av)	4.1[c]	2.5	2.1	2.3	2.3	2.4
Consumer price inflation (end-period)	3.3[c]	2.3	2.2	2.3	2.4	2.1
US$ 3-month commercial paper rate	5.1[c]	5.1	4.2	3.2	2.5	2.5
Fed funds target rate (end-period)	5.4	4.6	3.6	2.6	2.6	2.6
Federal government budget balance (% of GDP)[d]	-6.3[c]	-6.1	-6.1	-5.9	-5.7	-5.8
Exports of goods fob (US$ bn)	2,039	2,125	2,255	2,409	2,586	2,790
Imports of goods fob (US$ bn)	3,118	3,231	3,430	3,637	3,860	4,129
Current-account balance (US$ bn)	-819	-804	-819	-832	-870	-855
Current-account balance (% of GDP)	-3.0	-2.8	-2.8	-2.7	-2.7	-2.5
Exchange rate US$:€ (av)	1.08	1.10	1.14	1.16	1.17	1.17
Exchange rate US$:€ (end-period)	1.08	1.11	1.15	1.16	1.17	1.17
Exchange rate ¥:US$ (av)	140.5	134.5	116.8	107.8	105.3	104.8

[a] EIU estimates. [b] EIU forecasts. [c] Actual. [d] Federal government, financial year (October-September).

Political stability

United States of America | Politics | Forecast | Political stability

March 1st 2024

EIU believes that the deep polarisation of the US electorate will continue to weigh on political stability throughout the 2024-28 forecast period. Barring any major surprises, we expect the 2024 presidential election to be a rematch between the Democratic incumbent, Joe Biden, and his Republican predecessor, Donald Trump. Our forecast is a based on the assumption that Mr Biden will win, but the race will be close and divisive, as it was in 2020. We believe that the 2024 elections will also yield a divided Congress, with neither party likely to win commanding majorities. This will discourage bipartisan compromise even on essential legislation, such as basic spending bills, leading to heighted periods of policy and economic uncertainty. A decisive win for either party, resulting in i taking the presidency and majorities in both houses in Congress, would result in sharper policy shifts.

Trust in election results and the smooth transition of power remain vital to political stability in the US, and both are at risk. In contrast to the 2020 elections, the 2022 mid-terms largely played out without systemic disruption or violence. Voters broadly rejected "election deniers" (who still dispute the 2020 results, without evidence). However, Mr Trump maintains his disproven election fraud claims, which will be a central feature of his 2024 campaign. If Mr Trump loses, as we currently expect, he is likely to contest the results. If he wins, he is likely to appoint officials across the civil service who align with his views. In either case, election denial will return to the fore, in 2024 at leas further undermining public confidence in institutions.

Mr Trump's many legal challenges will also present a risk to political stability. He faces 91 felony charges across four criminal cases (he denies any wrongdoing), which could result in prolonged prison sentences. Court cases are due to be heard throughout 2024, or even into 2025, taking into account appeals and delays. This will add considerable uncertainty to the political outlook. If Mr Trump is convicted of these charges and elected, cases could move to the Supreme Court, which would probably affect his ability to serve as president. (The Court has already agreed to review whether states may disqualify Mr Trump from the presidential ballot over his efforts to overturn the 2020 election results and whether he enjoys blanket immunity for acts committed when he was president.) This could set the scene for a constitutional crisis over the ability of a president to serve while convicted, and lead to widespread public protests from either Democratic or Republican voters.

Election watch

United States of America | Politics | Forecast | Election watch

March 1st 2024

Although neither party will select its official nominee for the November 2024 presidential election until the summer, we believe that the election will be between Mr Biden and Mr Trump. Mr Biden faces no credible challenger for the Democratic nomination, and Mr Trump maintains a commandir lead over his last remaining challenger, the former South Carolina governor, Nikki Haley. During Mr Biden's term Democrats have racked up important victories in competitive national, state and local elections, often on the back of popular opposition to hardline Republican stances on culture war issues, including abortion restrictions. This should translate into some positive momentum for Mr Biden's own re-election campaign. He will also benefit from a resilient US economy (assuming that inflation continues to fall and real wages rise in 2024), a strong legislative track record (including bipartisan legislation) and the divisiveness of Mr Trump (even among Republicans).

However, the election is likely to be extremely close, and the confidence we attach to our forecast of Mr Biden winning is low. Mr Biden has long suffered from poor public approval ratings, and recent polling suggests that he has lost crucial ground in swing states that will decide the election. Anothe risk to our forecast is the potential emergence of a competitive third candidate who manages to attract independent and centrist votes. Such a candidate could come from a third party or from the Republican Party if Mr Trump's popularity falls (for example as a result of his felony charges). It is also possible that Mr Biden could back out of the election, for example due to age or health reasons, but the lack of viable alternatives within the Democratic Party makes this unlikely.

It is too early to forecast the results of the congressional elections. However, deep polarisation acros the electorate suggests that the races will be close and that neither party will win commanding majorities. The current Congress is divided, with Republicans controlling the House of the Representatives (the lower house) and Democrats holding the Senate (the upper house). The parties will each face unique challenges in defending their slim majorities. For example, infighting among House Republicans has stalled the legislative process and risked causing a disruptive government shutdown, which could turn off voters. Meanwhile, Democrats will probably lose a crucial Senate seat in West Virginia, a traditionally conservative state, as the incumbent Democrat will not seek re-election.

International relations

United States of America | Politics | Forecast | International relations

March 1st 2024

The US will aim to retain its international primacy, drawing on its economic, financial and military weight, as well as long-standing international alliances. Its rivalry with China will dominate foreign policy, driving initiatives designed to shore up US technological and industrial competitiveness, anc to deter Chinese military action in Asia. The war in Ukraine has cemented the Biden administration' efforts to revive the US's presence in multilateral institutions and re-engage with diplomatic, securit and economic partners, notably in Europe. The outlook for US financial and military assistance for Ukraine will be shaped by the 2024 presidential election; support would ease slightly under a secon Biden term, but could end abruptly under Mr Trump. The Israel-Hamas war has forced the US to refocus on the Middle East, with the aim of backing Israel while avoiding a protracted regional conflict. The US has been drawn into more direct military engagement in response to attacks by Iran-backed proxies in the region, but will remain focused on avoiding a serious escalation.

If Mr Biden is re-elected in 2024 (as we expect), this high level of international engagement will continue until the end of his second term in 2028, but it would weaken sharply if Mr Trump were to win the presidency. Such a pullback from multilateralism would include international climate policies, owing to Republican scepticism over the urgency to reduce greenhouse gas emissions. Volatility in US international policymaking would erode confidence among allies in the US's reliability as a key partner.

The US will maintain its focus on its longer-term goal of "out-competing" China, regardless of the election outcome. High-level discussions between government officials in 2023 have restored direct military communication; this will help to avoid unintended conflict, but will do little to improve US-China relations. Trade tariffs will remain in place, but Mr Biden will rely primarily on investment restrictions and targeted sanctions to pressure China. He is also trying to take a more collaborative approach, working, where possible, with allies in Europe and the Asia-Pacific region, particularly in support of the US's goals of strengthening supply-chain security in strategic areas like semiconductors, critical minerals and telecommunications. Taiwan will be a constant flash point in US-China relations in the coming years. Although we do not expect China to invade Taiwan over the next five years, in part owing to the likelihood of US intervention, a moderate risk of conflict will remain.

Policy trends

United States of America | Economy | Forecast | Policy trends

March 1st 2024

We expect partisanship and polarisation in Congress to constrain US policy throughout the forecast period, particularly ahead of the 2024 elections. Congress has two pressing priorities. One is to address Mr Biden's proposed national security bill to support Ukraine, Israel, Taiwan and other US allies; a bipartisan bill proposing spending of US$95bn was passed in the Senate in mid-February, but it faces difficulties in passing in the House. Second, Congress has yet to pass 2024 annual appropriations bills. The next funding deadline is in early March, and we believe that another temporary spending stopgap is likely to pass. Budget negotiations will only get more complicated as the elections near, meaning that government shutdown risks will loom throughout 2024.

In the remainder of 2024 the Biden administration will focus on implementing bills passed earlier in its tenure. The CHIPS and Science Act and the Inflation Reduction Act (IRA) have boosted public and private investment in industry, and we expect this reindustrialisation push to continue over the forecast period. Some climate-focused elements of the IRA, including renewable energy subsidies, would be at risk under a future Trump administration. However, incentives for the domestic or regional production of sensitive technologies, including semiconductors, electric-vehicle batteries and other components, will remain central to US industrial policy regardless of the 2024 election results, given the technologies' relevance to US-China competition.

The 2024 election presents other stark policy alternatives: if Mr Biden is re-elected (as we expect), his second term will focus on incremental changes to tax policy, ramping up climate change mitigation efforts and expanding social protections. However, under Mr Trump, policy would focus on limiting the government's footprint, including through agency funding and industry regulation. Regardless of the winner, we expect continued efforts to boost domestic industrial activity in competitive sectors (such as energy, critical minerals and semiconductors).

Fiscal policy

United States of America | Economy | Forecast | Fiscal policy outlook

March 1st 2024

We expect the federal deficit to remain above pre-pandemic levels throughout the forecast period. Despite initial plans to cut spending more aggressively in 2024, the government's failure to reach a new spending agreement means that we now expect only a marginal dip in outlays as a share of GD Receipts will also dip slightly as a share of GDP, keeping the annual deficit largely stable year on year, at 6.1% of GDP. Our forecast assumes modest spending cuts in the second half of 2024 and in 2025, broadly in line with the framework agreed in mid-2023. We expect the deficit to narrow marginally in the remainder of the forecast period, averaging 5.8% of GDP per year in 2026-28, as there is a low likelihood of new tax receipts that would offset rising spending needs.

We expect federal debt as a share of GDP to remain high in 2024-28, averaging 99.3% per year. Bon yields will remain high in the coming years, pushing interest costs from 2.7% of GDP in 2023 to a peak of 4.6% in 2025, before easing to 3.3% in 2028 (still well above pre-pandemic levels). Although the US is capable of meeting its debt obligations, political tensions remain a cause for concern. The debt limit will be reimposed in 2025 and is likely to remain politicised, meaning that down-to-the-wire negotiations remain a high risk.

Monetary policy

United States of America | Economy | Forecast | Monetary policy outlook

March 1st 2024

We expect the Federal Reserve (Fed, the central bank) to keep the policy rate at the current target range of 5.25-5.5% until June 2024 as it waits for conclusive evidence that inflation and consumer inflation expectations are well anchored at about 2%. Monetary tightening thus far has not had a significantly adverse effect on the economy; consumer demand remains resilient, and fixed investment picked up again in 2023. Nonetheless, inflation continues to ease gradually.

We expect the Fed to lower rates only gradually, by 25 basis points per quarter, for fear of repeating the policy swings (and the resulting "stagflation") of the 1970s. If inflation falls faster than we currently expect, the first rate cuts could come earlier, in May 2024. We expect the policy rate to return to neutral (about 2.5%) by end-2026. This neutral rate will be higher than in the past, reflecting new underlying price pressures linked to demographic shifts and supply-chain restructuring.

Global forecast data

United States of America | Economy | Forecast | International assumptions

March 1st 2024

	2023	2024	2025	2026	2027	2028
Economic growth (%)						
Japan GDP	1.8	1.4	1.2	1.3	1.2	1.1
EU27 GDP	0.5	1.0	1.7	1.9	1.8	1.8
Developed economies GDP	1.5	1.4	1.7	1.9	1.9	1.8
World GDP	3.1	3.0	3.2	3.3	3.2	3.2
World trade	-0.3	2.4	3.3	3.5	3.5	3.4
Inflation indicators (% unless otherwise indicated)						
Japan CPI	3.3	2.3	1.4	1.3	1.4	1.2
EU27 CPI	6.1	2.7	2.2	2.1	2.0	2.0
Developed economies CPI	4.5	2.4	1.9	2.0	2.0	2.0
Manufactures (measured in US$)	3.9	3.7	4.6	2.9	2.2	3.0
Oil (Brent; US$/b)	82.6	79.7	75.6	71.2	67.0	63.8
Non-oil commodities (measured in US$)	-15.1	-4.3	1.0	0.8	1.4	2.5
Financial variables						
¥ 2-month private bill rate (%)	0.0	0.1	0.1	0.2	0.2	0.2
€ 3-month rate (%)	3.4	3.6	2.5	1.8	1.8	1.8
US$:€ (av)	1.08	1.10	1.14	1.16	1.17	1.17

Economic growth

United States of America | Economy | Forecast | Economic growth

March 1st 2024

US economic activity remains resilient, with the initial estimate of full-year 2023 GDP growth coming in at 2.5%. Resilient consumer demand remains the primary factor driving US economic activity, but a recovery in private investment (much of which has been supported by recent public investment bills) also contributed to full-year growth.

We expect still-firm real GDP growth of 1.8% in 2024. This partly reflects the higher year-end level o GDP and signs that the outlook for consumer spending is improving. The pace of annual inflation continues to moderate, which should pave the way for monetary easing in the second half of 2024 and help to strengthen households' purchasing power relative to 2022-23. This more optimistic forecast is also linked to a slightly improved outlook for consumer credit. The percentage of consumer loans moving into delinquency has been rising steadily from a low point at end-2021.

However, we believe that this increase may soon level off; credit quality does not appear to be worsening at the same rate as it did in early 2023, and borrowers have recently become more cautious. In sequential terms, we expect economic activity to pick up more noticeably from late 202 as interest rates fall, but annual growth will be more subdued in 2025, at 1.6%, reflecting the high base of comparison.

Growth is forecast to return to about 2% per year for the remainder of the forecast period. This is slightly lower than the pre-pandemic trend, as still-high interest rates will weigh on private consumption. Non-consumption-related drivers of US GDP growth in 2025-28 will primarily includ investment and exports. The Biden administration's industrial policies will gradually filter through the economy, including more than US$2trn in funding and incentives in green technologies, energy infrastructure and semiconductor manufacturing. Exports will also benefit from strong demand fror Europe for US energy commodities, notably liquefied natural gas (LNG), as the region continues to reduce its dependence on Russian energy exports.

Economic growth

%	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028[b]
GDP	2.5	1.8	1.6	2.0	2.1	2.0
Private consumption	2.2	2.0	1.7	2.0	2.1	2.2
Government consumption	4.0	1.6	0.5	0.4	0.4	0.5
Gross fixed investment	0.5	2.3	3.5	4.2	3.9	3.7
Exports of goods & services	2.7	1.8	3.0	3.8	3.9	4.1
Imports of goods & services	-1.7	2.7	3.3	3.9	4.4	4.7
Domestic demand	1.8	2.0	1.7	2.1	2.3	2.2
Agriculture	6.3	1.6	4.1	4.5	2.1	2.0
Industry	-0.9	1.9	2.0	2.1	1.9	2.3
Services	3.2	1.8	1.5	2.0	2.2	1.9

[a] EIU estimates. [b] EIU forecasts.

Inflation

United States of America | Economy | Forecast | Inflation

March 1st 2024

Disinflation is forecast to continue in 2024-25, but at a choppier pace than in 2023, as resilient consumer demand maintains demand-side price pressures and as shipping disruptions in the Red Sea create new supply-side pressures. Overall, we expect consumer price inflation to ease from an annual average of 4.1% in 2023 to 2.5% in 2024 and 2.1% in 2025—the lowest point in our forecast period. We forecast average inflation of 2.3% per year in 2025-28, as slower economic growth will contain domestic demand, but supply-chain diversification will keep input prices high.

Exchange rates

United States of America | Economy | Forecast | Exchange rates

March 1st 2024

In 2024 the US dollar will continue to benefit from its status as a safe-haven currency given uncertainty around the global outlook. The dollar depreciated against the euro in late 2023, but has regained value thus far in 2024. Overall, we expect resilient consumer demand, firm wage growth an investment inflows into the US to continue to support the dollar until the Fed starts to lower its policy rate, which we expect to happen by mid-2024. The US dollar is forecast to return to its pre-2022 level in 2026-27 as the interest-rate differential with major central banks narrows further and safe-haven demand recedes.

External sector

United States of America | Economy | Forecast | External sector

March 1st 2024

The current account will remain in deficit in 2024-28 as the strong US dollar (by historical standards), structural imbalances and the ongoing attractiveness of the US to foreign investors fuel the trade deficit. We forecast that the current-account deficit will narrow modestly as a share of GD over the forecast period, from an estimated 3% in 2023 to 2.5% by 2028. Several factors are behind this, including improved supply-chain conditions relative to the post-pandemic rebound and strong demand for US energy commodities. As Europe ends its reliance on Russian gas, we expect that rising LNG exports to Europe will offset slowing LNG sales to China, especially after the US brings new capacity online in 2024. The government's efforts to increase competition with China and boos supply-chain security in key areas (including semiconductors and critical minerals) will also result ir slower import growth.

Country forecast overview: Business environment rankings

United States of America | Business | Business environment | Rankings overview

January 8th 2024

Value of index[a]		Global rank[b]		Regional rank[c]	
2019-23	**2024-28**	**2019-23**	**2024-28**	**2019-23**	**2024-28**
8.23	8.40	5	3	1	1

[a] Out of 10. [b] Out of 82 countries. [c] Out of 7 countries: Canada, France, Germany, Italy, Japan, the UK and the US.

- The US's score in our business environment ranking improves in 2024-28, in part as macroeconomic risks will diminish later in the forecast period. The US remains a top performer in our global ranking, in third place.

Business environment at a glance

United States of America | Business | Business environment | Business environment at a glance

January 8th 2024

Policy towards private enterprise and competition

2024-25: Regulatory reform is concentrated on efforts to reduce fuel emissions and other environmental protections. The Biden administration works to bolster domestic production of critical components, including semiconductors.

2026-28: Policymakers generally encourage entrepreneurship and competition, with a focus on the technology sector. Momentum builds to create clearer standards for artificial intelligence applications.

Policy towards foreign investment

2024-25: Foreign investments in politically sensitive sectors and from some countries (mainly China remain under heavy scrutiny. Policy otherwise remains welcoming, but significant emphasis is put o local components in industry.

2026-28: Policy remains largely unrestrictive, apart from national security. Near- and friendshoring efforts remain a priority.

Foreign trade and exchange controls

2024-25: Trade policy continues to assume environmental and national security dimensions, including in strategic sectors like electric vehicles. US-China tensions remain high, with a focus on non-tariff barriers.

2026-28: The US retains a more protectionist stance amid ongoing geopolitical tensions, but rivalry with China will drive some attempts at deepening trade ties with other countries.

Taxes

2024-25: Further tax reform remains unlikely, amid a divided Congress and partisan tensions ahead of the 2024 elections.

2026-28: Attention turns to containing public spending, with some federal government department facing cuts in real terms.

Financing

2024-25: Financial regulators focus on efforts to ensure lending continuity and confidence amid an economic slowdown. The Federal Reserve (Fed, the central bank) only begins easing policy graduall from June 2024.

2026-28: The Fed returns its policy rate to a neutral level of 2.5% by end-2026, where it will remain i 2027-28.

The labour market

2024-25: Some immigration policies are tightened amid increasingly popular concerns about illegal crossings at the southern US border. Status of "dreamers" (workers and those who entered the US illegally as minors) remains ambiguous.

2026-28: Immigration remains a highly partisan issue; comprehensive reforms fail to advance through Congress.

Infrastructure

2024-25: The infrastructure spending bill (2021) and the Inflation Reduction Act (2022) continue to fuel public investment, including in physical infrastructure, high-speed internet connectivity and some clean energy sectors.

2026-28: Government finances limit further spending increases, including on infrastructure. Consequently, investment proves insufficient to ease the backlog of necessary repairs and improvements.

Technological readiness

2024-25: The US's leading technology firms are subject to tighter regulation on content, algorithms and user safety.

2026-28: Regulation of artificial intelligence (AI) takes root. Driverless taxis, trucks and cars start tc go on sale.

Market opportunities: Social indicators and living standards

United States of America | Business | Market opportunities | Social indicators and living standards

July 17th 2023

Social indicators and living standards

	2022		2027	
	US	**USMCA (av)[a]**	**US**	**USMCA (av)[a]**
Health				
Healthcare spending (% of GDP)	17.8	16.7	19.4	18.1
Healthcare spending (US$ per head)	13,398	–	17,440	–
Infant mortality rate (per 1,000 live births)	5.2	6.7	4.9	6.5
Physicians (per 1,000 population)	2.7	2.7	2.8	2.9
Food and beverages				
Food, beverages & tobacco (% of household spending)	8.9	10.5	8.6	10.2
Meat consumption (kg per person)	132.0	114.0	139.0	120.0
Milk consumption (litres per person)	298.0	244.0	323.0	262.0
Coffee & tea consumption (kg per person)	5.5	4.5	6.0	4.9
Consumer goods in use (per 1,000 population)				
Passenger cars	367	383	315	360
Telephone main lines	279	260	230	225
Mobile phone subscribers	1,090	1,060	1,100	1,080
Television sets	951	857	1,086	982
Personal computers	849	751	874	777
Households				
No. of households (m)	131.7	175.1	136.4	181.0
No. of people per household (av)	2.6	2.9	2.5	2.9
Income and income distribution				
Median household income (US$)	100,330	90,510	121,490	109,090
Average monthly wage (US$)	6,310	4,790	7,220	5,440
Gini index	39.70[b]	–	–	–

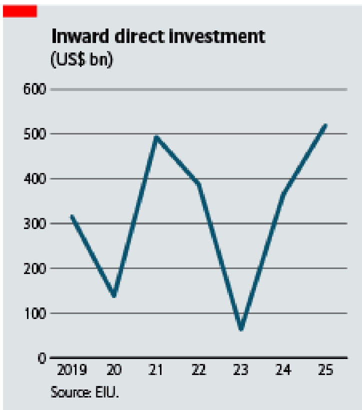
[a] Canada, Mexico and US. [b] Latest available year.

Sources: UN Statistics Division; World Bank; Food and Agriculture Organisation; Euromonitor; World Health Organisatior national statistical offices; International Telecommunication Union; EIU estimates and forecasts.

Global position

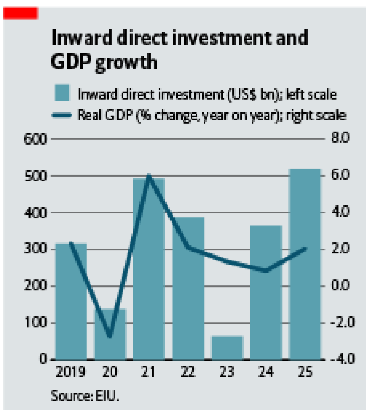
United States of America | Regulation | Global position

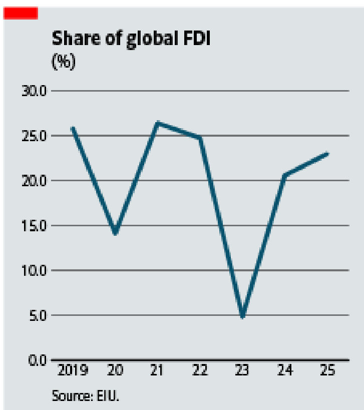
July 1st 2023



The US has long benefited from a number of attributes that make investing in the country highly attractive. These have included the large size of its domestic market, a generally accommodating an transparent investment climate, and liberal policy towards private enterprise. It also has enjoyed a well-functioning labour market, strong management capabilities, deep capital markets and good (bu ageing) infrastructure. With consumer spending accounting for 70% of real GDP, the US is less reliant on external demand than many key economies.

Domestic and geopolitical tensions will play a key role in shaping the US regulatory climate in the coming years. Congress will likely remain in gridlock, reflecting a deepening polarisation of the US electorate. Meanwhile, the outcome of the 2024 presidential election will be highly consequential, leading to a potential upheaval of policy if power shifts from the Democrats to the Republicans. Th US-China rivalry will play a greater role in dictating trade and investment policy, regardless of the election results. That will raise compliance risks for firms exposed to China. However, it also may create opportunities for the US to deepen its ties with Western allies, potentially counterbalancing tensions over the US's increasingly protectionist policies, which have complicated doing business in the country.





Regulatory/market assessment

United States of America | Regulation | Regulatory/market assessment

July 1st 2023

- The mid-term elections in November 2022 resulted in a sharply divided government, with Democrats and Republicans each controlling a chamber of Congress with slim majorities. Prospects for legislative compromise will be minimal, particularly as neither party will want to cec ground ahead of the next presidential and congressional elections in November 2024.
- Prior to the mid-terms, lawmakers passed bipartisan legislation in July 2022 to boost US competitiveness vis-à-vis China, particularly in the technology sector. The new CHIPS and Scienc Act channels large-scale investments into US innovation and technology manufacturing, includin for advanced semiconductors.
- The more controversial Inflation Reduction Act, which Republicans opposed, passed in August 2022 via a party-line vote. It dedicates close to US$400bn in subsidies to develop green technologies, while making more limited improvements to healthcare accessibility and raising some corporate taxes.
- Following the collapse of several mid-sized US banks in early 2023, federal regulators moved quickly to shore up market confidence by providing additional liquidity in exchange for eligible assets. This has helped to neutralise contagion risks, although concerns about oversight of the US banking system will remain high.
- The US labour market has recovered quickly from the coronavirus (covid-19) shock, with the unemployment rate hovering at record lows since mid-2022. Recent labour shortages will ease as more Americans return to the workforce and as firms cut back on hiring amid slowing demand an high interest rates. However, the retirement of "baby boomers" will still weigh on the labour force participation rate for years to come.
- In October 2022 the administration of the president, Joe Biden, issued new regulations restricting the export to China of goods containing US-made technology in the fields of semiconductor manufacturing, supercomputing and artificial intelligence. This marked a significant ratcheting u of US efforts to contain China's technology sector.

Regulatory/market watch

United States of America | Regulation | Regulatory/market watch

July 1st 2023

- Congressional gridlock will mean that the president, Joe Biden, will have to rely on executive actions to implement his remaining policy agenda ahead of the next presidential election in November 2024. Any changes made, including in healthcare and climate policy, will be vulnerable to being overturned by court challenges or a future Republican administration.

- The Biden administration's efforts to introduce a mechanism for screening US investments into China will likely be narrow in focus, concentrating on advanced technology and involving limited notification (rather than pre-approval) requirements. However, there is a high risk that these restrictions will become more onerous over the longer term, as the US-China rivalry intensifies an national security and economic policy increasingly blurs.
- Mr Biden's re-election campaign will likely revive his previous calls for raising taxes on large corporations and high-income households. However, even if he wins another term in office, passin these reforms would require large Democratic majorities in Congress, which remains an unlikely outcome of the 2024 elections.
- The US has not implemented the provisions of the OECD global tax deal, which looks to combat tax dodging by large corporations and remains vehemently opposed by Republicans. If the situation does not change even as other major tax jurisdictions (particularly in Europe) enact the agreement, US companies with international operations could face higher compliance costs.
- In July 2023 federal regulators unveiled new draft guidelines for evaluating mergers, representing the Biden administration's latest attempt at updating competition laws to account for market changes, particularly in the technology sector. After a 60-day public comment period, it is unclear when the guidelines will be finalised.
- Despite disagreements over new US subsidies, US-EU co-operation on trade policy will likely deepen over the coming years in overlapping areas of strategic importance. These will include shared efforts to reduce reliance on China and to strengthen supply chains, particularly for raw materials critical for the green transition.

Long-term outlook: The long-term outlook

United States of America | Economy | Long-term outlook | Long-term outlook

July 17th 2023

	2023-30	2031-50	2023-50
Population and labour force (% change; annual av)			
Total population	0.50	0.32	0.37
Working-age population	0.13	0.14	0.14
Working-age minus total population	-0.37	-0.18	-0.24
Labour force	0.25	0.18	0.20
Growth and productivity (% change; annual av)			
Growth of real GDP per head	1.1	1.2	1.2
Growth of real GDP	1.6	1.5	1.6
Labour productivity growth	1.4	1.3	1.4
Growth of capital stock	2.3	2.3	2.3
Total factor productivity growth	0.6	0.6	0.6

US GDP growth will slow, but remain firm for a mature OECD country

Initial conditions: EIU forecasts that the US economy will grow by an annual average of 1.6% in real terms between 2023 and 2050. This is significantly slower than the 3.4% achieved during the 1980s and 1990s, but is still a respectable rate of expansion for a mature OECD economy, particularly as population growth will slow compared with previous decades.

The US benefits from several advantages that will support its long-term growth prospects. The regulatory burden is low, helping to create conditions in which firms are free to invest and innovate. Labour laws are unusually light, meaning that firms can hire and fire workers with ease as business conditions change. The US is a world leader in the development of information and communication technology (ICT), which it has used to reap significant efficiency gains. We expect further improvements in the use of ICT, particularly as the US-China rivalry adds further impetus to domestic technological innovation. However, the US's position as a global technology leader means that US firms will pay much of the research and development (R&D) costs of technological leaps, while other countries will import the latest technology more cheaply (although at a lag). Demograph will make a declining, but still positive, contribution to growth as the labour force continues to expand. The high standard of living in the US, which helps to attract foreign talent, means that political leaders have the option of loosening immigration laws to expand the workforce.

Demographic trends will largely continue to work in the US's favour

Demographic trends: Compared with many other OECD countries, the demographic situation is favourable. Despite recent government rhetoric, the US will remain more open to immigration than its peers, and the country is host to millions of undocumented immigrants who play an active part i the economy. The prospect of comprehensive reform to legalise these migrants remains slim, owing to a long-standing stalemate in Congress on the issue. However, the ageing of the population and th increasing scarcity of labour may make this a political imperative in the future. With high levels of immigration and a high birth rate (for a developed country), annual population growth is forecast to average almost 0.4% between 2023 and 2050—faster than most other OECD economies. Growth of the working-age population (15-64 years) is projected to fall below 0.2% in 2023-50, from an annual average of 0.6% in 2003-22. The labour force participation rate has been slowing for most of the pas decade, plateauing at about 63% in recent years. The coronavirus pandemic prompted an exodus from the labour market, but this will continue to improve gradually over the medium term.

US-China competition will increasingly shape the external environment

External conditions: There has been a fundamental shift in US-China relations since the start of the bilateral trade war in 2017. There is now consensus among US officials and lawmakers that China is strategic adversary, rather than a partner. The Biden administration has not continued its predecessor's reflexive use of trade tariffs, given the negative effect that these have on US firms. Instead, it has increasingly restricted investment from China, erected non-tariff barriers including investment restrictions and red tape, and applied sanctions on specific individuals or entities in China. This gradual decoupling between the world's two largest economies will continue to exert strain on multinational firms in the US, particularly those that rely heavily on global supply chains. One risk that is difficult to model into the forecast is the US's political relations with the rest of the world. In 2023-50 rapid growth in the emerging world will change the shape of the global economy, with China and India becoming more significant, and traditional US allies exerting less influence than before. Tensions will persist as emerging economies—particularly China, but also India and, eventually, Indonesia—demand a greater role on the world stage. These realignments will happen sooner if the US pursues the course outlined by the former president, Donald Trump, of a focus on domestic prosperity and weaker engagement overseas.

Political polarisation is a long-term cause for concern

Institutions and policy trends: Despite some serious shortcomings (for example, excessive lobbying power and gerrymandering of congressional constituencies), the US is a vibrant democracy in which the rule of law is entrenched. Business benefits from this sound political and legal framework. The separation of powers between the executive, the legislature and the judiciary, coupled with a strong constitution, provides security against abuse of power. Nonetheless, Mr Trump's ability to hold the presidency and maintain involvement in his network of business interests shows that US institution can be bent to the will of an individual, if that individual is bold enough to challenge them. Mr Trump's success amplifying baseless claims of voter fraud following his defeat in the 2020 election, which gained credibility in the Republican Party and spurred a violent attack on Congress by his supporters in 2021, is equally troubling. Concerns about the effectiveness of Congress will remain high over the forecast period. In the face of deepening partisan tensions, both Democrats and Republicans have attempted to push major legislation through Congress strictly along party lines. This is increasingly likely to become the norm in the coming years. Public opinion polling on economic and social issues is also increasingly falling on partisan lines, which will make it difficult for future administrations to legislate with the entire country in mind.

Productivity enhancements via tech innovation will stay below potential

Long-term performance: Real GDP growth per person will remain fairly stable, averaging 1.2% a yea in 2023-50. The number of people of working age will continue to rise, but at a slower rate than the total population. The proportion of the total population made up of working-age people will, therefore, decline. Labour productivity growth will fluctuate little, averaging 1.4% in 2023-50, as growth in capital stock remains constant at 2.3% during that period. This highlights the potential fo additional investments in productivity-enhancing technologies such as automation to boost labour productivity growth over the longer term.

Real GDP growth is projected to average 1.6% per year in 2023-50. The US will be one of the fastest-growing developed economies, but emerging-market economies will expand far more quickly. Not only are their demographic profiles more favourable, but they also have significant potential for catching up in areas ranging from institutional quality, regulatory efficiency, education and application of advanced technologies. The US's advantage in this race will be an affinity for entrepreneurialism and the legal framework to support it.

Income and market size

	2022	2030	2050
Income and market size			
Population (m)	332.1	352.2	375.4
GDP (US$ bn at market exchange rates)	25,462.7	34,680.1	68,578.5
GDP per head (US$ at market exchange rates)	75,270	98,480	182,690
Private consumption (US$ bn)	17,357.2	23,379.1	42,371.6
Private consumption per head (US$)	51,310	66,390	112,870
GDP (US$ bn at PPP)	25,462.7	34,680.1	68,578.5
GDP per head (US$ at PPP)	75,270	98,480	182,690
Exports of goods & services (US$ bn)	2,975.8	4,498.8	9,176.0
Imports of goods & services (US$ bn)	3,950.9	5,193.3	9,250.0
Memorandum items			
GDP per head (at PPP; index, US=100)	100.0	99.7	97.4
Share of world population (%)	4.3	4.2	4.0
Share of world GDP (% at market exchange rates)	25.6	23.3	17.5
Share of world GDP (% at PPP)	15.8	14.5	11.8
Share of world exports of goods & services (%)	9.6	9.5	6.5

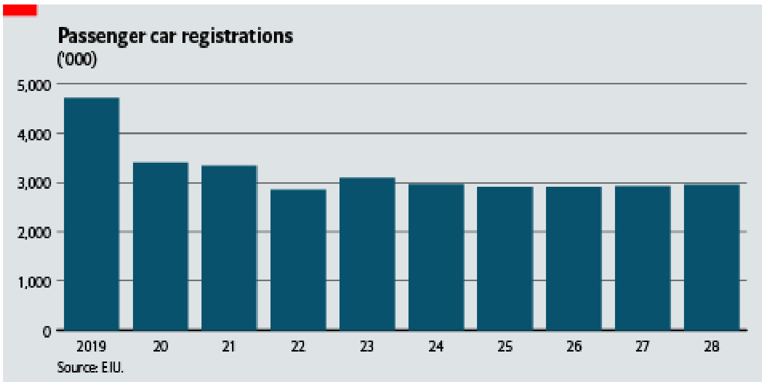
Automotive

United States of America | Automotive | Overview

January 29th 2024

- The US is the world's second-largest vehicle producer and market, after China. Its automotive industry is closely integrated with those of Mexico and Canada, to such an extent that some US-made vehicles cross the borders several times during assembly.
- The industry is currently in a state of considerable flux and uncertainty, caused by, among other factors, the rapid but inconsistent shift to electric vehicles (EVs) and rising input costs, exemplifie by a six-week strike in autumn 2023 by the United Auto Workers (UAW) union against three Detroit-based carmakers—General Motors (GM), Ford and Chrysler.
- On the demand side the outlook is clouded by the softening US economy, which is likely to remai weak in early 2024, and a jump in financing charges over the past two years. The Federal Reserve (Fed, the central bank) has increased its benchmark interest rate nine times since March 2022, pushing the rate from 0.25% to between 5.25% and 5.5% in January 2024. However, EIU expects rates to start dropping around the middle of this year, with as many as three cuts by December.

- After topping 17m units for five consecutive years before the pandemic, the new-car market contracted in 2020, and the recovery has been weak and uneven. In 2021 and 2022 dealer inventories—and therefore sales—were constrained by microchip shortages and other supply-chai disruptions. Prices of new and used vehicles rose sharply, boosting the margins of carmakers and dealers.
- Pent-up demand and rising inventory levels, leading to lower prices, have continued to boost sales despite high interest rates. Total vehicle sales ended 2023 on a strong note, with 1.6m units in December, the highest for any month of the year, according to the US Bureau of Economic Analysis (BEA). For the year as a whole, sales reached 16m units, up by 12.4% from 2022 and the highest since 2019.



- Continuing supply-chain adjustments, rising material prices and a shortage of labour are among the factors likely to maintain the upward spiral in costs. Although inventory levels have improved markedly, vehicle production continues to lag demand, with dealers selling many vehicles before they even arrive at their showrooms. Transaction prices hit record levels in mid-2023, but have moderated in recent months as vehicles have become more readily available.
- Despite the unexpectedly strong uptick in 2023, we forecast that new-vehicle sales will wane in th first half of 2024. Supplies will no longer be an issue, but the slowing economy and high financing charges will take a toll on demand. Light commercial vehicle (LCV) sales will also slow. Sales of EVs will continue to outpace the overall market, though at a slower rate than in earlier years.
- The passenger-car market will remain weak over our five-year forecast period (2024-28). We expec new-car sales to shrink by 4.2% in 2024 and another 1.9% in 2025, with only marginal annual growth in 2026-28. We expect new commercial vehicle (CV) sales to dip by 3.5% in 2024, but to recover in subsequent years as interest rates drop.

Consumer goods

United States of America | Consumer goods | Overview

November 8th 2023

- The consumer sector is a major driver of the US economy. Household consumption accounts for more than two-thirds of GDP, and 20% of businesses in the country (2.8m in total) are retailers.

Consumption held up well in 2023, in part owing to the robust labour market.

- An expected slowdown in inflation in 2024 will boost real growth in retail sales, but slow growth i nominal terms. Benefits from slower prices growth will be partly offset by consumers being left with lower savings and high debts. EIU expects the job market to slow, as high interest rates will start affecting consumers, which will add to the challenges and cloud the consumer outlook for next year.
- Consumer spending growth will slow in 2024, before a gradual lowering of interest rates aids a recovery in the second half of the forecast period. Long-standing income inequality, together with the ongoing inflation and macroeconomic headwinds, suggests that the best market opportunitie will be at the lower and upper ends of the consumer scale. The luxury market, which fared well during the pandemic, will continue to lose many entry-level shoppers.
- Supermarkets and other retailers have been able to pass on their own cost increases to their customers, buoying sales and profits. However, slower consumer spending in 2024 will increase risks, especially for retailers with a large share of discretionary items. Price wars are likely to result in further market consolidation and will favour major national discount chains and online retailer Discounters have fared better than others in 2023, and that trend is likely to continue into 2024.
- Employment in retail has been trending downwards for some time. Even though jobs in the retail and hospitality sectors have recovered to pre-pandemic levels owing to strong consumer spending and a recovery in tourism after 2020, and labour shortages have pushed up wages, these trends ar unlikely to last. Retailers will continue to invest in automation and adoption of artificial intelligence (AI).

Energy

United States of America | Energy | Overview

January 16th 2024

- The US is the world’s leading producer and consumer of oil and gas. It accounts for about 20% of the world’s oil and gas production and consumption.
- EIU forecasts that domestic crude oil production will rise to new records in 2024-25 as high price drive investment in downstream activity. Gas production will also grow in the next few years as bottlenecks in the midstream and downstream ease as a result of the completion of different projects.
- US oil and gas producers and exporters have been favoured by European countries seeking to diversify away from Russian energy supplies and increase their energy security. The US has become, and over the next few years will continue to be, Europe’s largest energy supplier.
- We expect energy consumption in the US to decline in 2024, mainly pulled down by a sharp contraction in coal demand. Energy consumption will decline slowly over the forecast period (2024-33) as efficiency gains offset increases in consumption, driven by economic growth.

- As the US moves away from fossil fuels, consumption of petroleum products will decline in 2024-33, despite average annual economic growth of 1.8%. Oil, natural gas and coal combined will account for about 77% of energy consumption in 2033, down from 82% in 2023.
- Unit 3 at Vogtle power plant, the first new US nuclear reactor since 2016, was connected to the grid in July 2023. Construction of the reactor started in 2009.
- Natural gas is the largest source of power generation, and will remain the largest during our forecast period. Coal is currently the third-largest source of electricity (constituting about 17%, 1 percentage point less than nuclear), but will fall to sixth place in 2033, behind natural gas, nuclear, wind, solar and hydro.
- We expect that renewables deployment will speed up in the second half of the forecast period, an that the reduction in coal-fired power will accelerate.

Energy: key indicators

	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]	2033[c]
GDP (US$ bn at market exchange rates)	25,744	27,501	28,441	29,524	30,814	32,182	33,651	40,479
Real GDP (% change, year on year)	1.9	2.4	1.0	1.7	2.0	2.0	2.1	1.8
Population (m)	338.3	340.0	341.8	343.6	345.4	347.1	348.8	357.0
Population (% change, year on year)	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Gross domestic energy consumption (ktoe)	2,146,230[b]	2,147,490[c]	2,137,191	2,123,398	2,109,022	2,101,076	2,090,214	2,041,75
Gross domestic energy consumption (% change, year on year)	0.3[b]	0.1[c]	-0.5	-0.6	-0.7	-0.4	-0.5	-0.6

Note. Forecasts for all dates are available via EIU's data tool.

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Sources: EIU; © OECD/IEA 2024 IEA statistics, www.iea.org/data-and-statistics, licence: www.iea.org/t&c.

Financial services

United States of America | Finance | Overview | Financial services | Overview

December 13th 2023

- The US financial services industry remains a world leader in nearly every activity, despite the country being the epicentre of the global financial crisis in 2007-08 and a hotspot of the covid-19 pandemic. Banks and other financial firms suffered reduced profitability during the pandemic anc the recession-racked conditions of 2020, but their performance improved with a return to economic expansion in 2021-23. EIU expects tougher conditions in the coming years as interest rates remain high to choke a spike in inflation and cool economic activity. Elevated rates and widened interest margins have bolstered margins across the industry, but have also led to a drop i business activity. The impact of high rates will recede as policy and market rates decline in 2024-25.

- The US has the world's deepest and most liquid debt markets, and the largest equity and insuranc markets. Financial services are an important part of the US economy, accounting for 7.5% of gross output in 2022, according to the Bureau of Economic Analysis. This is up from 7.2% a decade earlier. The industry employed more than 6.7m people at end-2022 (4.4% of the nonfarm workforce, up slightly from 4.3% a decade before), according to the Bureau of Labour Statistics.
- We expect economic growth to slow to 0.9% in 2024 as years of high inflation and a steep rise in interest rates strain household and corporate finances. A technical recession—let alone a full one-lies outside our forecast, reflecting underlying resilience. The economy will strengthen later in ou forecast period, to average real, inflation-adjusted expansion of 2% in 2025-28.
- We expect that the November 2024 presidential election will be a rematch between the Democratic incumbent, Joe Biden, and his Republican predecessor, Donald Trump. Our baseline assumption is that Mr Biden will win, but the race will be extremely close and we attach a low leve of confidence to this forecast.
- Partisanship and polarisation will weigh on political stability throughout the 2024-28 forecast period. We expect Congress to remain divided, with neither Democrats nor Republicans winning large majorities in 2024. This will hinder policymaking.
- US banks reported pre-tax profits of US$331bn in 2022, 5.8% below the record earnings recorded in 2021, according to the Federal Deposit Insurance Corporation (FDIC, the bank-deposit guarantee agency). Net interest income rose sharply, by 20% year on year, as policy interest rate rises widened lending margins. However, banks had to set aside greater amounts of net income fo provisions against future loan defaults. Banks remained consistently profitable across the first three quarters of 2023.
- In July 2023 the Federal Reserve (Fed, the central bank), alongside other US regulators, proposed rules—called "the Basel III endgame"—that would require large US banks to hold higher and more standardised levels of capital to ward against credit and operational risks. Industry leaders opposed the measures, which are subject to public comment until January 2024. The proposals ar likely to be modified to some extent and be adopted later that year.
- Public appetite for personal investment products is large, as consumers save for retirement pensions, higher education and healthcare costs, all of which are largely self-funded in the US. Several provisions of the tax code—including the 401k rule, 529 plans and health savings account —allow Americans to save pre-tax earnings for these future expenses. Millions of consumers therefore have first-hand exposure to financial markets, with movements in these markets affectin their economic wellbeing, and in some cases their political views.
- The personal and corporate sectors will continue to support high levels of debt in absolute terms. Tax cuts and spending increases under Mr Trump drove an increase in the federal government's budget deficit, and therefore the national debt. The Biden administration's stimulus package and its infrastructure and environmental initiatives are adding to public debt.

- We believe that the Fed has ended its tightening cycle, but that it will cut rates (moderately) only by the third quarter of 2024. Firmer underlying price pressures point to a higher neutral policy rat of about 2.5%, in the long run.

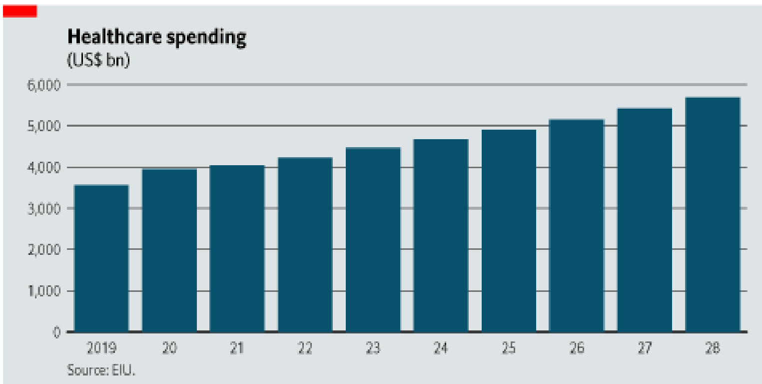
Healthcare

United States of America | Healthcare | Spending

December 16th 2023

Overview

- EIU estimates that the US will have spent 16.3% of its GDP on healthcare in 2023—more than any other country. This share has fallen from a peak of 18.8% at the height of the covid-19 pandemic ir 2020, but is still up from 12.5% in 2000. Heavy spending is driven by investment in cutting-edge care, high pharmaceutical prices, administ-rative costs caused by market fragmentation, an ageing population and incentive structures that encourage overtreatment.
- Although US healthcare spending expanded by 10.8% in 2020, amid the pandemic, OECD data suggest that it contracted in real terms in 2021-22, by 2.5% a year on average, as healthcare budget struggled with high inflation. We estimate that healthcare spending has recovered some ground ir 2023 and will average 2.6% a year in real terms (or 5% a year in nominal US dollar terms) over the 2024-28 forecast period. This will leave total healthcare spending at 16.9% of GDP by 2028, highe than before the pandemic.
- Significant reforms to the US healthcare system over the past decade have expanded public spending, but further progress will depend on which party wins the 2024 election. Few legislative initiatives are likely before then, with Congress split between a Democrat-led Senate (the upper house) and a Republican-led House of Representatives (the lower house).
- The president, Joe Biden, has reversed moves by his predecessor, Donald Trump, to weaken the 2010 Affordable Care Act (ACA), also known as Obamacare, which seeks to support access to healthcare insurance. A record 16.3m Americans signed up for insurance under the ACA in 2023, more than double the number of sign-ups during the first open enrolment in 2014. However, Mr Trump raised new questions over the ACA's future in November 2023 by vowing to "terminate" the scheme if he is re-elected in 2024. He added that he would implement alternative options, but gave no details.



- Mr Biden's Inflation Reduction Act, approved by Congress in August 2022, includes the most sweeping reforms to healthcare policy since the passage of the ACA by allowing the public health fund for the elderly, Medicare, to negotiate pharmaceutical prices. The first negotiations began in August 2023, with ten drugs selected for conditions such as for heart failure, blood clots, diabetes and arthritis. The resulting prices will come into effect in 2026, with negotiations set to cover 60 medicines over the next four years.

Funding sources

- The US healthcare system is built around private health insurance, often bought with the help of government or corporate subsidies. The main conduits of public spending are ACA subsidies, Medicare and Medicaid (the public scheme for low-income families). Under the ACA, insurance was made compulsory through the "individual mandate" and corporate mandates.
- As a result of the ACA, government or compulsory healthcare spending accounted for 85% of tota US health spending in 2023, a similar share to west European countries and up from less than 50% in 2013. According to US Census data, the ACA has also spurred a rapid expansion in health insurance coverage (both public and private), from 257m Americans in 2010 to 304m in 2022, or 92.1% of the population.
- Despite efforts by Republicans to overturn the individual mandate, it was upheld by a Supreme Court ruling in July 2021. However, the federal tax penalty for individuals' non-compliance was

removed in December 2018. Employers still face a tax penalty of up to US$360 per month per employee if they fail to offer affordable health insurance to their workers.

Healthcare expenditure

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]
Healthcare spending (US$ bn)	3,564.6	3,950.9	4,047.5	4,234.4	4,466.0	4,671.0	4,903.9	5,163.7	5,427.7	5,700.1
Healthcare spending (US$ per head)	10,662.2	11,760.8	12,010.5	12,517.2	13,135.3	13,665.3	14,272.0	14,951.4	15,637.3	16,341.
Healthcare spending (% of GDP)	16.6	18.5	17.2	16.4	16.3	16.5	16.6	16.8	16.9	16.9
Spending by source										
Public/compulsory spending (US$ bn)	2,948.7	3,340.9	3,385.3	3,589.5	3,792.6[a]	3,963.8	4,167.7	4,391.1	4,622.1	4,857.0
Public/compulsory spending (% of total)	82.7	84.6	83.6	84.8	84.9[a]	84.9	85.0	85.0	85.2	85.2
Government schemes (% of public spending)	31.9	39.5	36.4	38.0	37.0	37.0	37.0	37.0	37.0	37.0
Social security funds (% of public spending)	68.1	60.5	63.6	62.0	63.0	63.0	63.0	63.0	63.0	63.0
Private healthcare spending (US$ bn)	615.9	610.0	662.2	644.9	673.3[a]	707.2	736.2	772.6	805.6	843.1
Private healthcare spending (% of total)	17.3	15.4	16.4	15.2	15.1[a]	15.1	15.0	15.0	14.8	14.8
Out of pocket (% of private spending)	65.5	64.3	65.4	65.1	64.9	65.1	65.0	65.0	65.1	65.0
Voluntary insurance (% of private spending)	34.5	35.7	34.6	34.9	35.1	34.9	35.0	35.0	34.9	35.0
External healthcare spending (US$ bn)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Sources: US Bureau of the Census; UN; OECD; World Bank; EIU.

- Under the ACA, individual policies are sold via state-based ”marketplaces” to allow people to compare cover options. The 2023 ACA enrolment period set a new record with more than

16m individuals buying policies between November 1st 2022 and January 15th 2023, up by 13% from the previous year. This includes 3.1m who had no previous ACA coverage. Enrolment for 202 coverage opened on November 1st and will close on January 15th.

- Health insurance premiums should cost no more than 9.5% of an employee's income, with employers liable for 60% of the cost. According to the Kaiser Family Foundation, the 320 insurers participating in the ACA marketplace in 2024 have proposed a median premium increase of 6%. For the first time, insurers have to include mental health facilities, substance use disorder treatment centres and rural emergency hospitals in their provider networks.

Private health insurance

- About 67% of Americans were covered by private insurance in 2022 and 37.2% by public programmes, up from 36.8% in 2021, according to the Census Bureau. We forecast that private health spending will expand more slowly than public spending in 2024-28, with annual growth rates averaging 4.6% and 5.1% respectively.
- The five biggest health insurers by market share are Kaiser Permanente, Anthem, Health Care Service Corp, UnitedHealth and Centene, which together represent about 40% of the insured population. Centene leads the market for Medicaid managed care, with almost 28m members as a end-September 2023 (including 15.2m Medicaid members) and a 10% share of the market. Managed-care companies aim to improve the efficiency and quality of health insurance plans.
- The insurance sector has been consolidating and diversifying in recent years, notably with CVS's purchase of Aetna in 2018. However, in 2017 regulators blocked two major deals—Aetna's attempt to buy Humana and Anthem's proposed merger with Cigna—amid competition concerns: In December 2023 Cigna and Humana were widely reported to have walked away from merger talks that would have attracted close regulatory scrutiny from the Biden administration.

Telecommunications

United States of America | Telecommunications | Overview

February 20th 2024

- EIU forecasts that mobile subscriptions will expand by an annual average of 2.6% over the 2024-2 forecast period and the number of internet users by about 1% a year, reflecting the already high level of market penetration. The number of fixed broadband subscriptions will grow from an estimated 38.3 per 100 people in 2023 to 43.1 in 2028, spurred by government infrastructure spending to support uptake in rural communities, but limited by an otherwise saturated market.
- The current Democratic administration, led by Joe Biden, has unveiled numerous initiatives designed to bridge the digital divide. A US$1.2trn infrastructure bill passed in 2021 allocates up t US$65bn to improving broadband connectivity across the country, with one-third of the sum targeted specifically at affordability and subsidies. In June 2023 the administration announced a new US$42.45bn plan through the Broadband Equity Access and Deployment (BEAD) programm

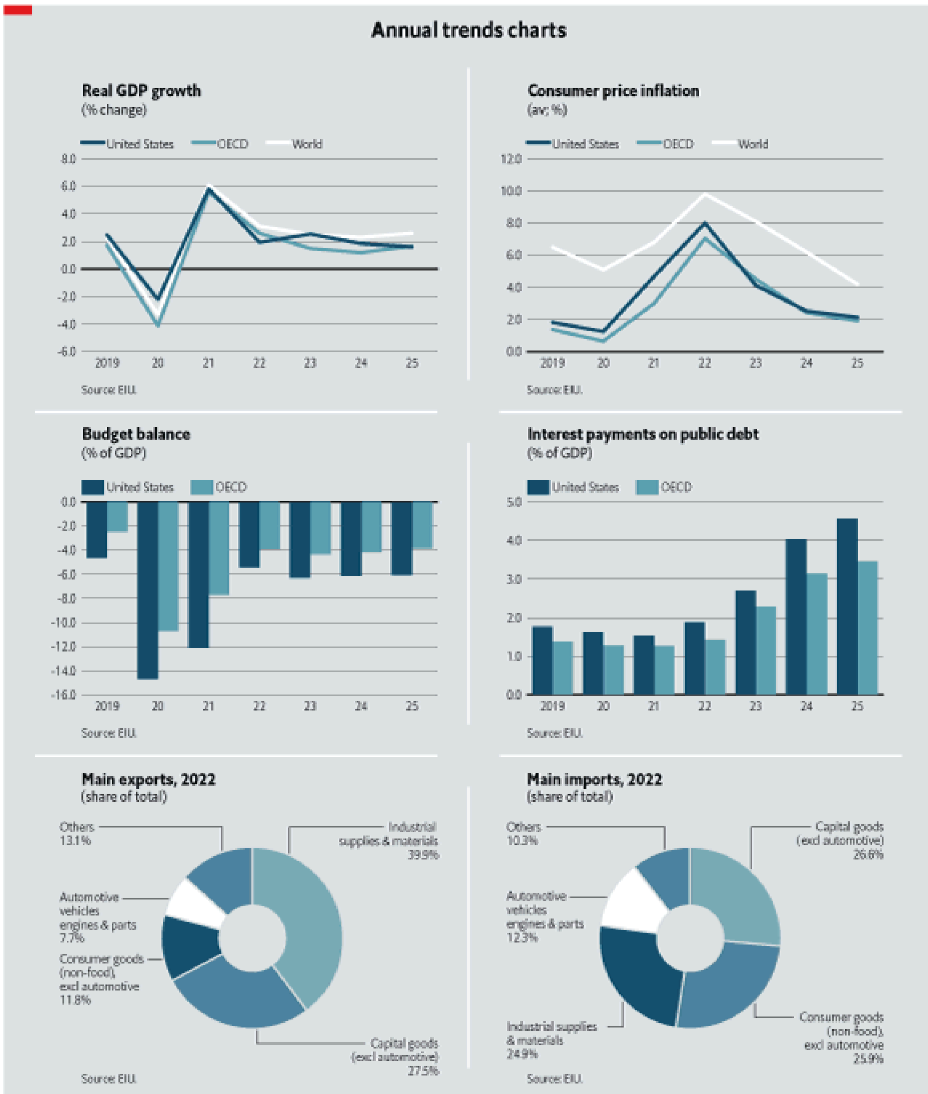
which also aims to provide a boost for small broadband providers seeking to compete with entrenched operators.

- As control of Congress is split—the Democrats hold sway in the Senate (the upper house) and Republicans have a narrow majority in the House of Representatives (the lower house)—we do no expect any significant new legislation until after the next presidential and legislative elections, in November 2024. This means that the executive branch will have to use its legal authority to deal with new tech challenges but will be at the mercy of the judiciary, notably the conservative-dominated Supreme Court.
- In one such move by the executive branch, the Democratic-controlled Federal Communications Commission (FCC) voted in early October 2023 to move ahead with a proposal to restore net neutrality rules that were repealed under the former Republican president, Donald Trump. The rules would bar broadband providers from slowing or blocking internet services depending on the fees that customers pay. Following public consultations, a final vote is expected later in 2024.
- Artificial intelligence (AI) is taking on a greater importance, both technologically and politically. The executive branch announced a new executive order on AI in October 2023, after it had set up voluntary guidelines in July 2023. It also launched its own AI Safety Institute in October 2023. In January 2024 the Federal Trade Commission launched an inquiry into generative AI investments and partnerships.
- Technology has become a crucial area of competition between the US and China, with important implications for government policy, national security and industrial policy. In August 2022 Mr Biden signed into law the CHIPS and Science Act, which earmarks US$52bn to subsidise domesti semiconductor production. US companies have also lobbied firmly against tighter regulation by highlighting the risk that China will overtake the US in terms of innovation.
- However, bringing chip manufacturing back to the US is a difficult proposition, as TSMC has already delayed the opening of its two fabs in Arizona, and Intel has done the same with its plant in Ohio.
- In November 2021 Mr Biden signed the Secure Equipment Act, which blocks the use of equipmen from two Chinese vendors, Huawei and ZTE. The FCC has begun to reimburse operators which use Chinese equipment and has revoked the licences held by China Telecom, a state-run mobile services provider. The Biden administration has also stopped approving most licences for US companies to export items to Huawei.

Data and charts: Annual trends charts

United States of America | Economy | Charts and tables | Annual trends charts

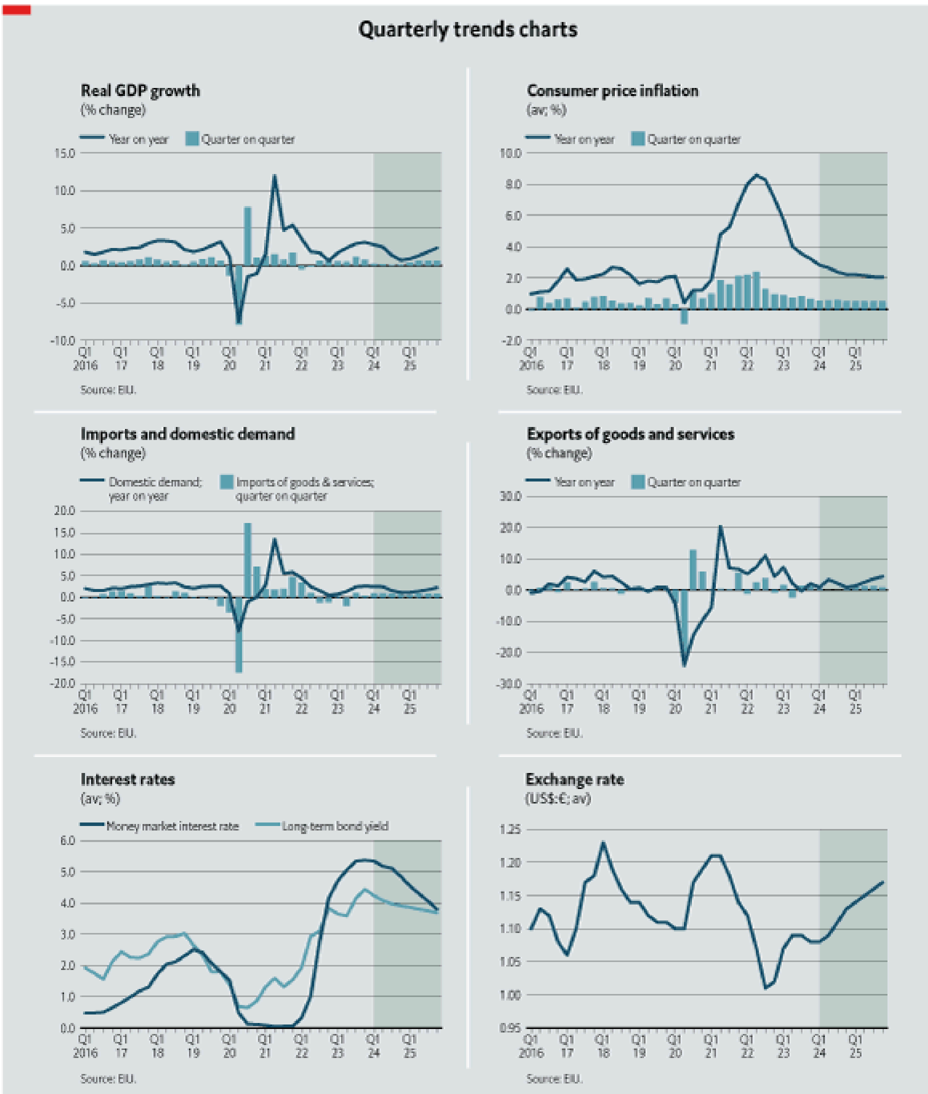
March 1st 2024



Data and charts: Quarterly trends charts

United States of America | Economy | Charts and tables | Quarterly trends charts

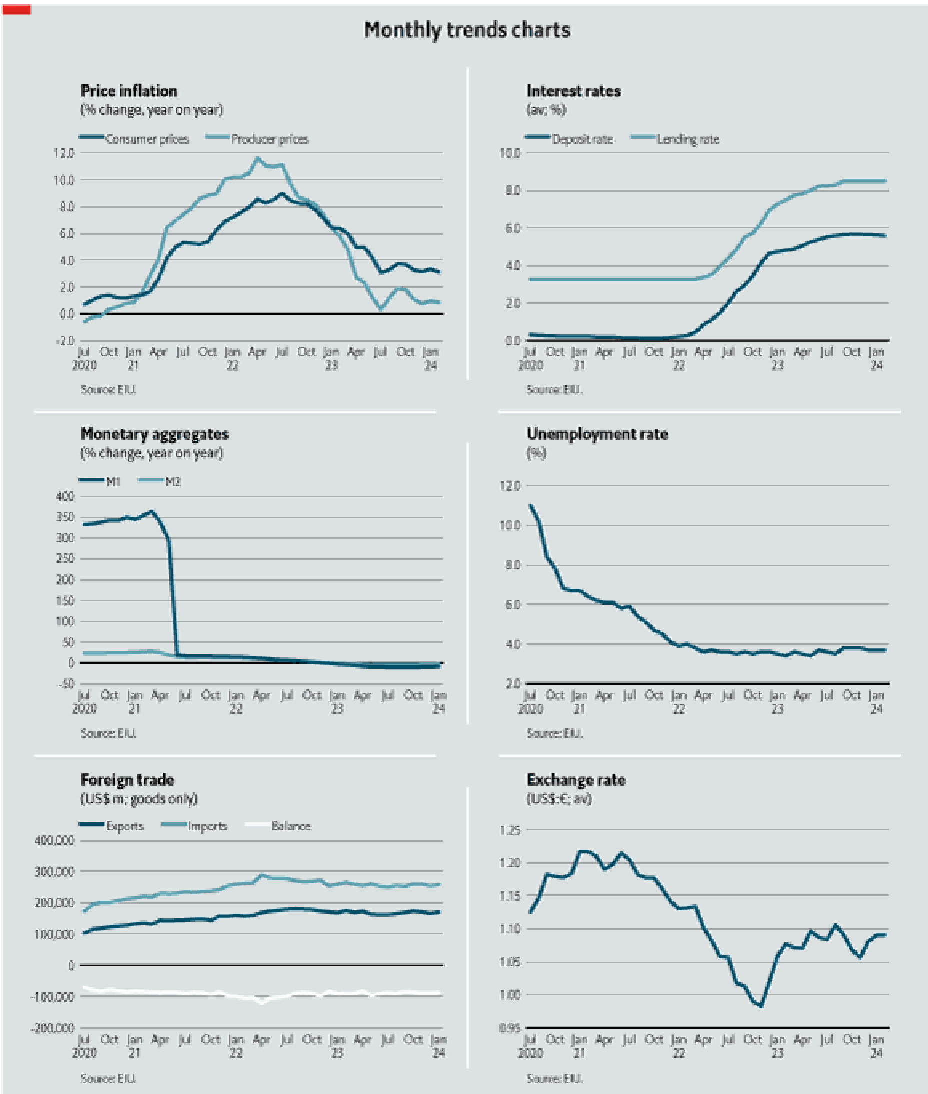
March 1st 2024



Data and charts: Monthly trends charts

United States of America | Economy | Charts and tables | Monthly trends charts

March 1st 2024



Data summary: Gross domestic product, current market prices

United States of America | Economy | Charts and tables | GDP at current market prices

January 8th 2024

Gross domestic product, at current market prices

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]
Expenditure on GDP (US$ bn at current market prices)										
GDP	21,521	21,323	23,594	25,744	27,497	28,491	29,540	30,817	32,173	33,632
Private consumption	14,418	14,206	16,043	17,512	18,639	19,330	20,084	20,946	21,876	22,902
Government consumption	3,790	3,995	4,193	4,447	4,810	5,001	5,142	5,284	5,426	5,582
Gross fixed investment	3,820	3,786	4,205	4,599	4,730	4,871	5,105	5,390	5,686	5,987
Exports of goods & services	2,538	2,150	2,550	2,995	3,084	3,204	3,380	3,592	3,820	4,076
Imports of goods & services	3,117	2,777	3,408	3,966	3,828	3,956	4,183	4,406	4,649	4,927
Stockbuilding	72	-38	12	157	61	41	12	12	12	12
Domestic demand	22,100	21,949	24,452	26,715	28,241	29,243	30,342	31,631	33,001	34,483
Economic structure (% of GDP at current market prices)										
Private consumption	67.0	66.6	68.0	68.0	67.8	67.8	68.0	68.0	68.0	68.1
Government consumption	17.6	18.7	17.8	17.3	17.5	17.6	17.4	17.1	16.9	16.6
Gross fixed investment	17.8	17.8	17.8	17.9	17.2	17.1	17.3	17.5	17.7	17.8
Stockbuilding	0.3	-0.2	0.0	0.6	0.2	0.1	0.0	0.0	0.0	0.0
Exports of goods & services	11.8	10.1	10.8	11.6	11.2	11.2	11.4	11.7	11.9	12.1
Imports of goods & services	14.5	13.0	14.4	15.4	13.9	13.9	14.2	14.3	14.4	14.7
Memorandum items										
Personal savings ratio (%)	7.4	15.4	11.4	3.3	4.4	4.7	5.3	5.6	5.8	5.9
National savings ratio (%)	16.0	14.8	14.3	14.7	14.6	14.7	14.9	15.1	15.2	15.5

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Data summary: Gross domestic product, at constant prices

United States of America | Economy | Charts and tables | GDP at constant prices

January 8th 2024

Gross domestic product, at constant prices

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028'
Real expenditure on GDP (US$ bn at chained 2005 market prices)										
GDP	20,692	20,234	21,408	21,822	22,353	22,638	23,007	23,459	23,922	24,42
Private consumption	13,928	13,577	14,718	15,091	15,428	15,635	15,908	16,218	16,550	16,92
Government consumption	3,601	3,716	3,705	3,670	3,814	3,870	3,897	3,915	3,929	3,947
Gross fixed investment	3,708	3,630	3,887	3,939	3,977	4,035	4,166	4,333	4,504	4,672
Exports of goods & services	2,469	2,145	2,281	2,440	2,501	2,539	2,609	2,706	2,810	2,924
Imports of goods & services	3,086	2,808	3,215	3,491	3,441	3,505	3,614	3,755	3,912	4,080
Stockbuilding	71	-30	13	128	50	33	10	10	10	10
Domestic demand	21,309	20,893	22,323	22,829	23,268	23,572	23,980	24,476	24,992	25,54
Real expenditure on GDP (% change)										
GDP	2.5	-2.2	5.8	1.9	2.4	1.3	1.6	2.0	2.0	2.1
Private consumption	2.0	-2.5	8.4	2.5	2.2	1.3	1.7	1.9	2.0	2.2
Government consumption	3.9	3.2	-0.3	-0.9	3.9	1.5	0.7	0.4	0.4	0.5
Gross fixed investment	2.7	-2.1	7.1	1.3	0.9	1.5	3.2	4.0	3.9	3.7
Exports of goods & services	0.5	-13.1	6.3	7.0	2.5	1.5	2.8	3.7	3.8	4.1
Imports of goods & services	1.2	-9.0	14.5	8.6	-1.4	1.9	3.1	3.9	4.2	4.3
Stockbuilding (% contribution to GDP growth)	0.1	-0.5	0.2	0.5	-0.4	-0.1	-0.1	0.0	0.0	0.0
Domestic demand	2.5	-2.0	6.8	2.3	1.9	1.3	1.7	2.1	2.1	2.2
Real contribution to GDP growth (% points)										
Private consumption	1.4	-1.7	5.6	1.7	1.5	0.9	1.2	1.3	1.4	1.5
Government consumption	0.7	0.6	-0.1	-0.2	0.7	0.3	0.1	0.1	0.1	0.1
Gross fixed investment	0.5	-0.4	1.3	0.2	0.2	0.3	0.6	0.7	0.7	0.7
External balance	-0.1	-0.2	-1.3	-0.5	0.5	-0.1	-0.2	-0.2	-0.2	-0.2
Memorandum items										
Oil production ('000 b/d)[d]	17,160	16,560	16,760	17,880	19,303[a]	18,984	18,895	19,084	19,084	19,08
Real personal disposable income (% change)	3.1	6.4	3.2	-6.0	3.1	1.5	2.2	2.2	2.2	2.2

[a] Actual. [b] EIU estimates. [c] EIU forecasts. [d] Includes crude oil and natural gas liquids.

Data summary: Gross domestic product by sector of origin

United States of America | Economy | Charts and tables | GDP by sector of origin

January 8th 2024

Gross domestic product by sector of origin

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]
Origin of GDP (US$ bn at chained 2005 prices)										
GDP at market prices	20,704	20,244	21,433	21,919	22,452	22,738	23,110	23,563	24,029	24,53
Agriculture	171	174	184	170	152	157	162	170	176	182
Industry	3,733	3,622	3,722	3,669	3,547	3,624	3,699	3,784	3,873	3,981
Services	16,800	16,449	17,527	18,080	18,753	18,957	19,248	19,609	19,980	20,37
Origin of GDP (real % change)										
Agriculture	-7.0	1.5	5.8	-7.5	-10.6	3.5	3.1	4.9	3.4	3.5
Industry	1.9	-3.0	2.8	-1.4	-3.3	2.2	2.1	2.3	2.4	2.8
Services	2.7	-2.1	6.6	3.2	3.7	1.1	1.5	1.9	1.9	2.0
Origin of GDP (% of GDP at market prices)										
Agriculture	0.8	0.9	0.9	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Industry	18.0	17.9	17.4	16.7	15.8	15.9	16.0	16.1	16.1	16.2
Services	81.1	81.3	81.8	82.5	83.5	83.4	83.3	83.2	83.1	83.0
Memorandum item										
Industrial production (% change)	-0.7	-7.2	4.4	3.4	0.4	1.7	3.6	4.0	3.3	3.1

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Data summary: Growth and productivity

United States of America | Economy | Charts and tables | Growth and productivity

January 8th 2024

Growth and productivity

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]
Growth and productivity (%)										
Labour productivity growth	1.3	4.2	2.5	-1.7	1.4	1.9	1.2	1.8	1.7	1.9
Total factor productivity growth	0.7	0.2	2.5	-1.5	0.9	0.8	0.5	0.8	0.7	0.9
Growth of capital stock	3.9	2.5	3.5	3.0	2.5	2.3	2.5	2.8	3.1	3.2
Growth of potential GDP	2.0	1.9	1.8	1.9	2.4	1.8	1.4	1.8	1.8	2.1
Growth of real GDP	2.5	-2.2	5.8	1.9	2.4	1.3	1.6	2.0	2.0	2.1
Growth of real GDP per head	1.8	-2.7	5.5	1.5	1.9	0.7	1.1	1.4	1.5	1.6

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Data summary: Economic structure, income and market size

United States of America | Economy | Charts and tables | Economic structure, income and market size

January 8th 2024

Economic structure, income and market size

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028'
Population, income and market size										
Population (m)	334.3	335.9	337.0	338.3	340.0	341.8	343.6	345.4	347.1	348.8
GDP (US$ bn)	21,521	21,323	23,594	25,744	27,497	28,491	29,540	30,817	32,173	33,63
GDP per head (US$)	64,374	63,472	70,013	76,101	80,875	83,352	85,970	89,230	92,691	96,42
Private consumption (US$ bn)	14,418	14,206	16,043	17,512	18,639	19,330	20,084	20,946	21,876	22,90
Private consumption per head (US$)	43,125	42,288	47,606	51,765	54,822	56,552	58,450	60,647	63,027	65,66
GDP (US$ bn at PPP)	21,521	21,323	23,594	25,744	27,497	28,491	29,540	30,817	32,173	33,63
GDP per head (US$ at PPP)	64,374	63,472	70,013	76,101	80,875	83,352	85,970	89,230	92,691	96,42
Personal disposable income (US$ bn)	16,157	17,373	18,664	18,702	20,082	20,865	21,781	22,775	23,811	24,92
Growth of real disposable income (%)	3.1	6.4	3.1	-5.9	3.1	1.5	2.2	2.2	2.2	2.2
Memorandum items										
Share of world population (%)	4.38	4.37	4.34	4.32	4.35	4.37	4.39	4.28	4.27	4.25
Share of world GDP (% at market exchange rates)	24.79	25.19	24.56	25.84	26.39	26.08	25.24	24.76	24.56	24.54
Share of world GDP (% at PPP)	15.97	16.03	16.10	15.86	15.79	15.56	15.29	15.12	14.95	14.83
Share of world goods exports (%)	8.99	8.40	8.15	8.68	9.26	9.30	9.20	9.25	9.39	9.55

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Data summary: Fiscal indicators

United States of America | Economy | Charts and tables | Fiscal indicators

January 8th 2024

Fiscal indicators

	2019[a]	2020[a]	2021[a]	2022[a]	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028
Fiscal indicators (% of GDP; financial year, 12 months to September of year shown)										
Federal government expenditure	20.9	30.8	29.7	24.8	22.7	22.0	21.7	21.8	21.9	22.0
Interest	1.8	1.6	1.5	1.6	2.8[c]	4.1	4.7	4.3	3.8	3.4
Non-interest	19.1	29.1	28.2	23.2	19.9[c]	17.8	17.0	17.5	18.2	18.6
Federal government revenue	16.3	16.1	17.6	19.3	16.5	15.8	15.7	16.1	16.2	16.3
Federal government budget balance	-4.6	-14.7	-12.1	-5.4	-6.3	-6.2	-6.0	-5.8	-5.7	-5.8
Primary balance	-2.9	-13.1	-10.6	-3.8	-3.5[c]	-2.1	-1.3	-1.5	-2.0	-2.4
Federal government debt	106.6	126.3	123.8	121.9	120.7	122.2	123.4	123.6	123.6	123.5
Federal government debt held by public	79.0	98.7	97.2	98.1	96.5	98.2	99.7	100.2	100.8	101.3

[a] Actual. [b] EIU forecasts. [c] EIU estimates.

Data summary: Monetary indicators

United States of America | Economy | Charts and tables | Monetary indicators

January 8th 2024

Monetary indicators

	2019[a]	2020[a]	2021[a]	2022[a]	2023[a]	2024[b]	2025[b]	2026[b]	2027[b]	2028
Monetary indicators										
Exchange rate ¥:US$ (av)	109	107	110	131	142	140	116	108	105	105
Exchange rate US$:€ (av)	1.12	1.14	1.18	1.05	1.08	1.10	1.16	1.18	1.20	1.20
Exchange rate US$:€ (year-end)	1.11	1.19	1.14	1.02	1.08	1.13	1.17	1.18	1.20	1.20
Nominal effective exchange rate (av; 2010=100)	117.6	116.3	112.0	123.9	123.5	122.4	119.2	117.8	117.4	117.4
Real effective exchange rate (av; 2010=100), CPI-based	116.5	118.0	115.6	126.6	126.6[c]	125.1	121.8	120.5	120.2	120.5
US$ prime lending rate (av; %)	5.3	3.5	3.3	4.9	8.2	8.2	7.1	6.2	6.0	6.0
US$ 3-month certificate of deposit rate (av; %)	2.3	0.7	0.2	2.4	5.4	5.4	4.5	3.5	2.8	2.8
US$ 3-month commercial paper rate (av; %)	2.4	0.6	0.1	2.1	5.1	5.2	4.2	3.2	2.5	2.5
US$ 10-year government bond yield	2.1	0.9	1.4	3.0	4.0	4.1	3.8	3.5	3.4	3.3

(av; %)

[a] Actual. [b] EIU forecasts. [c] EIU estimates.

Data summary: Employment, wages and prices

United States of America | Economy | Charts and tables | Employment, wages and prices

January 8th 2024

Employment, wages and prices

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028
The labour market (av)										
Labour force (m)	163.5	160.8	161.2	164.3	165.9	166.2	166.4	166.2	166.4	166.6
Labour force (% change)	0.9	-1.7	0.3	1.9	1.0	0.2	0.1	-0.1	0.1	0.1
Employment (m)	157.5	147.8	152.6	158.3	159.9	159.0	159.6	159.9	160.4	160.7
Employment (% change)	1.1	-6.2	3.2	3.7	1.0	-0.6	0.4	0.2	0.3	0.2
Unemployment (m)	6.0	12.9	8.6	6.0	6.0	7.2	6.8	6.3	6.0	5.9
Unemployment rate (%)	3.7	8.1	5.4	3.6	3.6	4.3	4.1	3.8	3.6	3.6
Wage and price inflation (% except labour costs per hour)										
Implicit GDP deflator	1.7	1.3	4.6	7.0	4.3	2.3	2.0	2.3	2.4	2.4
Consumer prices (av)	1.8	1.3	4.7	8.0	4.1	2.4	2.1	2.3	2.4	2.4
Producer prices (av)	1.7	0.2	7.0	9.5	2.3	2.2	1.9	2.2	2.0	2.0
GDP deflator (av)	1.7	1.3	4.6	7.0	4.3	2.3	2.0	2.3	2.4	2.4
Private consumption deflator (av)	1.4	1.1	4.2	6.5	4.1	2.3	2.1	2.3	2.4	2.4
Government consumption deflator (av)	1.6	2.2	5.3	7.0	4.1	2.5	2.1	2.3	2.3	2.4
Fixed investment deflator (av)	1.4	1.2	3.7	7.9	1.9	1.5	1.5	1.5	1.5	1.5
Average nominal wages	3.6	5.0	4.9	6.4	4.6	2.4	2.5	2.9	3.0	3.1
Average real wages	1.8	3.8	-0.3	-1.9	0.5	0.0	0.4	0.6	0.6	0.7
Unit labour costs[d]	1.7	2.9	3.0	5.8	3.8	1.2	1.9	1.7	1.9	1.8
Labour costs per hour (US$)	23.5	24.7	25.9	27.6	28.8	29.5	30.3	31.2	32.1	33.1

[a] Actual. [b] EIU estimates. [c] EIU forecasts. [d] Business sector.

Data summary: Current account and terms of trade

United States of America | Economy | Charts and tables | Current account and terms of trade

January 8th 2024

Current account and terms of trade

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028[c]
Current account (US$ bn)										
Current-account balance	-441.8	-597.1	-831.4	-971.6	-774.4	-729.4	-722.2	-746.3	-798.2	-774.3
Current-account balance (% of GDP)	-2.1	-2.8	-3.5	-3.8	-2.8	-2.6	-2.4	-2.4	-2.5	-2.3
Goods: exports fob	1,655.1	1,433.9	1,765.9	2,089.9	2,129.4	2,229.9	2,363.8	2,501.1	2,659.5	2,839.8
Goods: imports fob	-2,512.4	-2,346.7	-2,849.4	-3,272.9	-3,108.2	-3,204.1	-3,390.3	-3,585.0	-3,788.2	-4,017.
Trade balance	-857.3	-912.9	-1,083.5	-1,183.0	-978.8	-974.2	-1,026.6	-1,083.9	-1,128.8	-1,177.
Services: credit	891.2	726.3	801.1	928.5	977.3	993.8	1,042.0	1,099.0	1,149.2	1,202.6
Services: debit	-593.3	-466.3	-559.2	-696.7	-736.4	-760.5	-804.6	-852.2	-898.8	-943.8
Services balance	297.9	260.0	241.9	231.8	240.9	233.4	237.4	246.7	250.4	258.9
Primary income: credit	1,139.3	957.9	1,077.2	1,217.9	1,333.8	1,414.0	1,440.9	1,447.9	1,436.2	1,484.2
Primary income: debit	-891.9	-776.9	-927.3	-1,069.3	-1,189.8	-1,215.6	-1,180.1	-1,154.8	-1,144.8	-1,119.
Primary income balance	247.4	181.0	149.9	148.6	144.0	198.4	260.9	293.1	291.4	364.8
Secondary income: credit	156.7	167.2	174.9	188.4	201.2	208.5	216.2	225.5	235.4	246.1
Secondary income: debit	-286.5	-292.4	-314.7	-357.4	-381.7	-395.5	-410.0	-427.8	-446.6	-466.9
Secondary income balance	-129.8	-125.2	-139.8	-169.0	-180.5	-187.0	-193.9	-202.3	-211.2	-220.7
Terms of trade										
Export price index (US$-based; 2010=100)	102.2	99.4	113.2	127.9	126.3	129.2	132.9	136.3	139.6	143.2
Export prices (% change)	-0.9	-2.8	14.0	13.0	-1.3	2.3	2.9	2.5	2.4	2.6
Import price index (US$-based; 2010=100)	99.0	96.5	105.1	114.0	110.0	111.4	114.4	115.7	116.9	118.7
Import prices (% change)	-1.3	-2.5	8.8	8.5	-3.4	1.3	2.6	1.2	1.0	1.5

Terms of trade (2010=100)	103.3	102.9	107.8	112.3	114.8	115.9	116.2	117.8	119.4	120.7
Memorandum item										
Export market growth (%)	-0.5[b]	-7.0[b]	12.3[b]	4.4[b]	0.2	1.9	2.8	2.8	2.9	3.1

[a] Actual. [b] EIU estimates. [c] EIU forecasts.

Data summary: Foreign direct investment

United States of America | Economy | Charts and tables | Foreign direct investment

January 8th 2024

Foreign direct investment

	2019[a]	2020[a]	2021[a]	2022[a]	2023[b]	2024[c]	2025[c]	2026[c]	2027[c]	2028
Foreign direct investment (US$ bn)										
Inward FDI flows[d]	316.0	138.4	493.0	388.1	423.0	478.7	559.2	520.6	615.9	826.6
Inward FDI flows (% of GDP)	1.5	0.6	2.1	1.5	1.5	1.7	1.9	1.7	1.9	2.5
Inward FDI flows (% of gross fixed investment)	8.3	3.7	11.7	8.4	8.9	9.8	11.0	9.7	10.8	13.8
Outward FDI flows[d]	-114.9	-286.7	-394.0	-426.3	-396.8	-379.5	-469.4	-522.0	-545.6	-570.
Net FDI flows	201.1	-148.3	99.0	-38.2	26.3	99.3	89.8	-1.3	70.2	256.1
Stock of inward FDI flows	4,399	4,613	5,038	5,255	5,678	6,157	6,716	7,236	7,852	8,679
Stock of inward FDI flows per head (US$)	13,158	13,732	14,950	15,533	16,700	18,011	19,545	20,953	22,623	24,88
Stock of inward FDI flows (% of GDP)	20.4	21.6	21.4	20.4	20.6	21.6	22.7	23.5	24.4	25.8
Memorandum items										
Share of world inward FDI flows (%)[d]	25.84	11.43	36.84	26.38	27.00	29.50	33.15	29.59	33.54	43.05
Share of world inward FDI stock (%)[d]	12.86	13.62	13.46	12.77	12.96	13.57	14.23	14.71	15.29	16.16

[a] Actual. [b] EIU estimates. [c] EIU forecasts. [d] Valued at historic cost.

Political structure

United States of America | Summary | Political structure

March 1st 2024

Official name

United States of America

Form of state

Federal republic

Legal system

Based on the constitution of 1787

Federal legislature

Bicameral: Senate (the upper house) of 100 members directly elected on a plurality (first-past-the-post) system for a six-year term, with one-third of its seats up for election every two years; House of Representatives (the lower house) of 435 members directly elected on a plurality basis for a two-yea term. The Senate has the power to confirm or reject presidential appointments, including the cabine and to ratify treaties; the House of Representatives has the sole right to initiate revenue bills, but th Senate may amend or reject them

Electoral system

Universal direct suffrage from the age of 18

National elections

The last elections were held on November 8th 2022 (entire House and one-third of the Senate); the next elections will be held on November 5th 2024 (presidential; entire House and one-third of the Senate)

Head of state

Executive president elected by popular vote via an electoral college of 538 members, for a maximum of two four-year terms. On January 20th 2021 the president-elect, Joe Biden, succeeded the incumbent, Donald Trump, with Kamala Harris as his vice-president

State legislatures

Each of the 50 states except Nebraska, which has a unicameral system, has a bicameral legislature that essentially follows the model of the federal legislature. The states have certain fiscal and legal rights. Some states now limit the number of terms that their elected representatives can serve

National government

The administration is appointed by and responsible to the president; its senior officials are subject t confirmation by the Senate

Cabinet secretaries

Agriculture: Tom Vilsack

Attorney-general: Merrick Garland

Commerce: Gina Raimondo

Defence: Lloyd Austin

Education: Miguel Cardona

Energy: Jennifer Granholm

Health & human services: Xavier Becerra

Homeland security: Alejandro Mayorkas

Housing & urban development: Marcia Fudge

Interior: Deb Haaland

Labour (nominee): Julie Su

State: Antony Blinken

Transport: Pete Buttigieg

Treasury: Janet Yellen

Veterans' affairs: Denis McDonough

Other offices with cabinet rank

Environmental Protection Agency: Michael Regan

Office of Management & Budget: Shalanda Young

US trade representative: Katherine Tai

White House chief of staff: Jeffrey Zients

Chairman of the Federal Reserve

Jerome Powell

Basic data

United States of America | Summary | Basic data

March 1st 2024

Land area

9,161,923 sq km

Population

333.3m (July 2022; US Census Bureau estimate)

Main urban centres (incl suburbs)

Population in millions (July 2022; US Census Bureau estimates)

New York: 8.3

Los Angeles: 3.8

Chicago: 2.7

Dallas-Fort Worth: 2.3

Houston: 2.3

Philadelphia: 1.6

Washington DC: 0.7

Miami: 0.4

Climate

Mainly temperate; subtropical in the South

Weather in Washington, DC (altitude 22 metres)

Hottest month, July, 21-31°C; coldest month, January, -3-6°C; driest month, February, 69 mm averag rainfall; wettest month, August, 99 mm average rainfall

Language

English

Measures

Previous UK (imperial) system, except

US gallon = 0.833 UK gallon

US bushel = 0.969 UK bushel

US short ton = 2,000 lb

Currency

Dollar (US$) = 100 cents

Average exchange rate in 2023: US$1.08:€1

Time

Hours behind GMT

Eastern zone: 5

Central zone: 6

Mountain zone: 7

Pacific zone: 8

Hawaii: 10

Alaska: Hyder: 8

Aleutian Islands west of 169.30°W: 10

St Lawrence Island: 10

Rest of Alaska: 9

Fiscal year

The federal government fiscal year, for example for 2024, runs from October 1st 2023 to September 30th 2024. State and local fiscal years can differ

Public holidays

New Year's Day (January 1st); Martin Luther King Day (January 15th); Washington's Birthday (February 19th); Memorial Day (May 27th); Juneteenth (June 19th); Independence Day (July 4th); Labour Day (September 2nd); Columbus Day/US Indigenous People's Day (October 14th); Veterans Day (November 11th); Thanksgiving (November 28th); Christmas Day (December 25th)


UNITED STATES OF AMERICA
CANADA
MEXICO
Pacific Ocean
Atlantic Ocean
Gulf of Mexico
HAWAII
Kauai
Wahiawa
Oahu
Honolulu*
Maui
Hilo
Hawaii
0 km
200
ALASKA
Fairbanks
Anchorage
Juneau*
0 km
500
1,000
WASHINGTON
Seattle
Olympia*
Spokane
OREGON
Portland
Salem*
IDAHO
Boise*
MONTANA
Helena*
WYOMING
Cheyenne*
NORTH DAKOTA
Bismarck*
SOUTH DAKOTA
Pierre*
NEBRASKA
Lincoln*
CALIFORNIA
Oakland
Sacramento*
San Francisco
Los Angeles
San Diego
NEVADA
Carson City*
Las Vegas
UTAH
Salt Lake City*
COLORADO
Denver*
ARIZONA
Phoenix*
Tucson
NEW MEXICO
Santa Fe*
Albuquerque
El Paso
KANSAS
Topeka*
Wichita
Kansas City
OKLAHOMA
Oklahoma City*
Tulsa
TEXAS
Fort Worth
Dallas
Austin*
San Antonio
Houston
MINNESOTA
Minneapolis
St Paul*
IOWA
Des Moines*
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St Louis
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Little Rock*
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MICHIGAN
Lansing*
Detroit
OHIO
Columbus*
Cleveland
Cincinnati
KENTUCKY
Louisville
Frankfort*
TENNESSEE
Nashville*
Memphis
MISSISSIPPI
Jackson*
ALABAMA
Birmingham
Montgomery*
GEORGIA
Atlanta*
Savannah
FLORIDA
Tallahassee*
Jacksonville
Orlando
Tampa
Miami
SOUTH CAROLINA
Columbia*
Charleston
NORTH CAROLINA
Greensboro
Raleigh*
Charlotte
VIRGINIA
Richmond*
Norfolk
W. VIRGINIA
Charleston*
WASHINGTON, D.C.
MARYLAND
Annapolis*
Baltimore
DELAWARE
Dover*
NEW JERSEY
Trenton*
PENNSYLVANIA
Harrisburg*
Pittsburg
Philadelphia
NEW YORK
New York
Albany*
Rochester
Buffalo
CONNECTICUT
Hartford*
RHODE ISLAND
Providence*
MASSACHUSETTS
Boston*
NEW HAMPSHIRE
Concord*
VERMONT
Montpelier*
MAINE
Augusta*
Lake Superior
Lake Michigan
Lake Huron
Lake Erie
Lake Ontario
International boundary
State boundary
Main airport
Capital
Major city
Major town
State capital
0 km
250
500
750
1,000
0 miles
250
500
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EIU

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For further information please contact our customer services team on eiu_enquiries@eiu.com.

London

Economist Intelligence
The Adelphi
1-11 John Adam Street
London, WC2N 6HT
United Kingdom
Tel: +44 (0) 20 7576 8181
E-mail: london@eiu.com

New York

Economist Intelligence
900 Third Avenue
16th Floor
New York, NY 10022
United States
Tel:+1 212 541 0500
E-mail: americas@eiu.com

Hong Kong

Economist Intelligence
1301 Cityplaza Four
12 Taikoo Wan Road
Taikoo Shing
Hong Kong
Tel: +852 2585 3888
E-mail: asia@eiu.com

Gurugram

Economist Intelligence
Skootr Spaces, Unit No. 1,
12th Floor, Tower B, Building No. 9
DLF Cyber City, Phase - III
Gurugram - 122002
Haryana
India
Tel: +91 124 6409486
E-mail: asia@eiu.com

Dubai

Economist Intelligence
PO Box No - 450056
Office No - 1301A
Aurora Tower
Dubai Media City
Dubai
United Arab Emirates
Tel: +971 4 463 147
E-mail: mea@eiu.com

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"0 or 0.0" means nil or negligible; "n/a" means not available; "-" means not applicable