Goldman Sachs | Economics Research

22 November 2019 | 6:11PM EST

US Economics Analyst

2020 US Outlook: On Firmer Ground

- Following a sharp tightening in financial conditions late last year, the economy entered 2019 on a shaky footing. The Fed's first pivot away from rate hikes in January provided relief, but by May the return of the trade war put markets on recession watch and the Fed soon pivoted again to rate cuts. With a trade agreement now likely and the Fed's mid-cycle adjustment complete, these two dueling themes of 2019 appear set to fade as we head into 2020.
- We expect growth to accelerate modestly to an above-consensus pace of 2¼-2½%, for several reasons. First, the drag from the trade war should fade absent further escalation. Second, easier financial conditions should provide a boost that is already becoming evident in the housing data. Third, we expect the strength in consumer spending to outlast the weakness in business investment. Fourth, the drag from the inventory adjustment is probably nearing an end.
- Solid growth should mean another year of above-trend job gains. We expect the unemployment rate to fall to levels last seen during the Korean War, bringing a further pickup in wage growth to 3.5%. Inflation is likely to rise more gently, falling just short of 2% if recent tariffs on consumer goods are rolled back.
- The Fed leadership has set a high bar for policy moves in either direction, and we expect the funds rate to remain unchanged in 2020. The FOMC is scheduled to conclude its framework review around mid-year, with adoption of some form of average inflation targeting the most likely outcome.
- Markets sounded the recession alarm this year, and the average forecaster now sees a 33% chance of recession over the next year. In contrast, our new recession model—which adjusts for structural changes in the economy that have weakened the signal from classic predictors such as a flat yield curve and a low unemployment rate—suggests just a 20% probability. Despite the record age of the expansion, the usual late-cycle problems—inflationary overheating and financial imbalances—do not look threatening.
- The market is already shifting its spotlight to the 2020 elections. The prospects for post-election policy changes will depend on who wins control of both the White House and Congress. We think that a unified Democratic government control would likely lead to an increase in the corporate tax rate.

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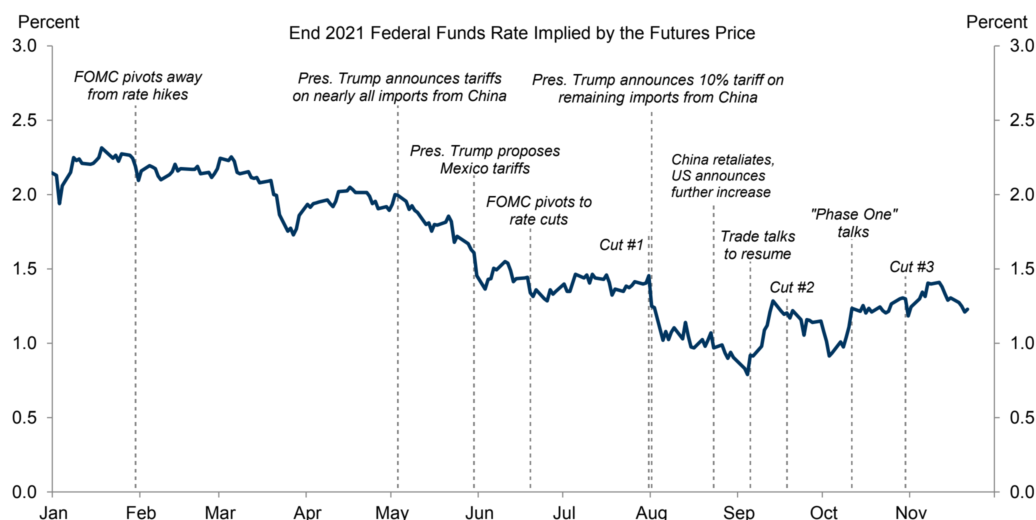
2020 US Outlook: On Firmer Ground

The US economy entered 2019 on a shaky footing. While some deceleration this year was widely expected as the fiscal boost faded, the sharp tightening in financial conditions last winter sparked fears of a sharper slowdown. The Fed responded by pivoting away from rate hikes in January, and much of the tightening reversed by the spring. But May brought a new risk with the return of the trade war. As the US and China traded tariff rounds, markets went on recession watch and business sentiment deteriorated. GDP growth slowed to 2% by Q2, and the Fed has helped to keep it there since with a second pivot to a series of three rate cuts, compared with its own forecast of three hikes and our forecast of four hikes as of a year ago. The rates rollercoaster of the last year has left 2019 growth at roughly the expected final destination, but via a course of much easier than expected monetary policy.

Exhibit 1: The Fed's Pivots and the Trade War Put Rates on a Rollercoaster in 2019



Source: Bloomberg, Goldman Sachs Global Investment Research

These two dueling themes of 2019—trade war risks and easier monetary policy in response—appear set to fade as we head into 2020. Hints of a trade deal are emerging, and the Fed leadership has set a high bar for further cuts. As the drag from the trade war fades and the boost from easier financial conditions builds, growth is likely to pick up modestly as the economy returns to firmer ground.

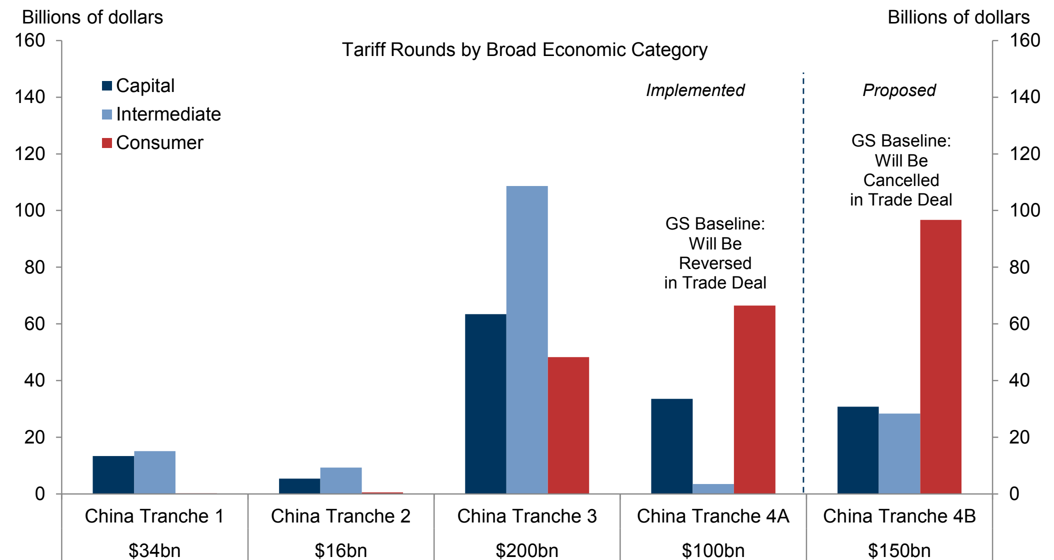
The 2020 Growth Outlook: A Modest Acceleration

We see four reasons to expect growth to accelerate in 2020.

First, we expect the drag from the trade war to fade gradually. Although much could still go wrong, we now expect a "Phase 1" agreement to be signed in coming weeks that removes the US threat of a 15% tariff on roughly $150bn in imports from China currently scheduled for December 15 (Tranche 4B). The agreement is also more likely than not to include a rollback of the 15% tariff on roughly $100bn of imports from China

that was imposed on September 1 (Tranche 4A), in exchange for increased Chinese purchases of agricultural goods and other concessions related to currency and market access for US financial firms.

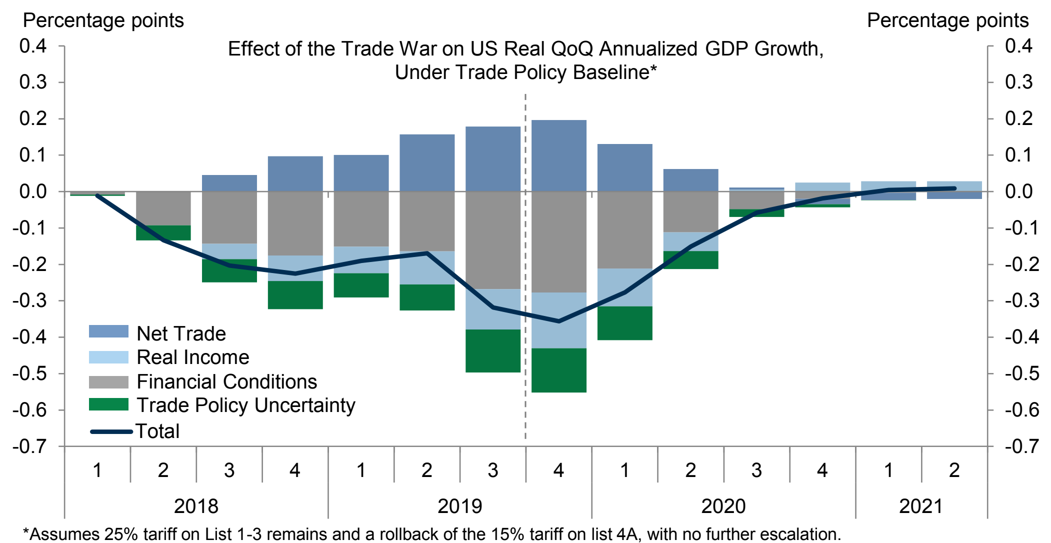
Exhibit 2: We Expect a Trade Deal That Removes the Threat of Further Tariffs and Rolls Back Round 4A



Source: Goldman Sachs Global Investment Research

We estimate that the trade war is currently shaving about 0.3-0.4pp off of US growth. This estimate, shown in Exhibit 3, includes the tax-like effect of tariffs on real incomes, the tightening in financial conditions around tariff announcements, the boost to net trade from a reduction in imports from China of tariff-affected goods, and a modest allowance for the effect of uncertainty on investment. By the end of 2020 we expect the net effect on growth to fade fully.

Exhibit 3: The Growth Drag from the Trade War Should Fade over the Course of 2020

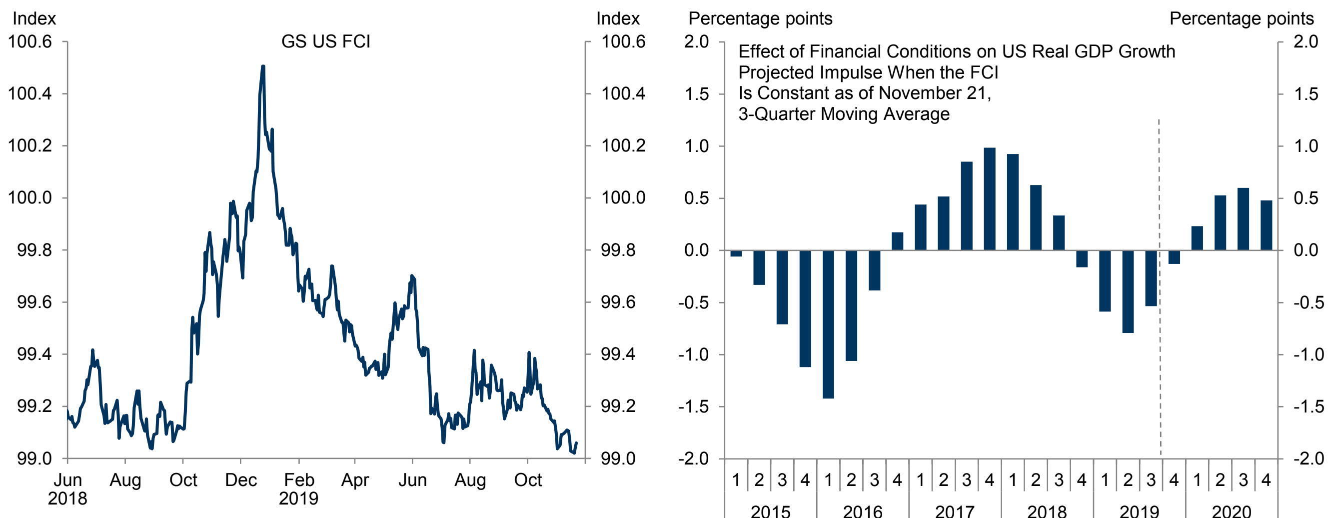


Source: Goldman Sachs Global Investment Research

Second, driven by both the better trade news and easier monetary policy, the sharp tightening in financial conditions in late 2018 has now fully reversed. Exhibit 4 shows that the growth impulse from financial conditions is likely to move up from about -½pp at the start of 2019 to +½pp in early 2020 (assuming markets stay around current levels).

This boost is already becoming evident in the housing data. The sharp drop in mortgage rates—an important aspect of the FCI easing—has reinvigorated the housing recovery after a slowdown in 2018 and early 2019. The structural outlook for housing is also strong, as the level of building activity remains well below demographic demand and the homeowner vacancy rate has now fallen to a 38-year low in seasonally adjusted terms.

Exhibit 4: The FCI Growth Impulse Is Turning Positive



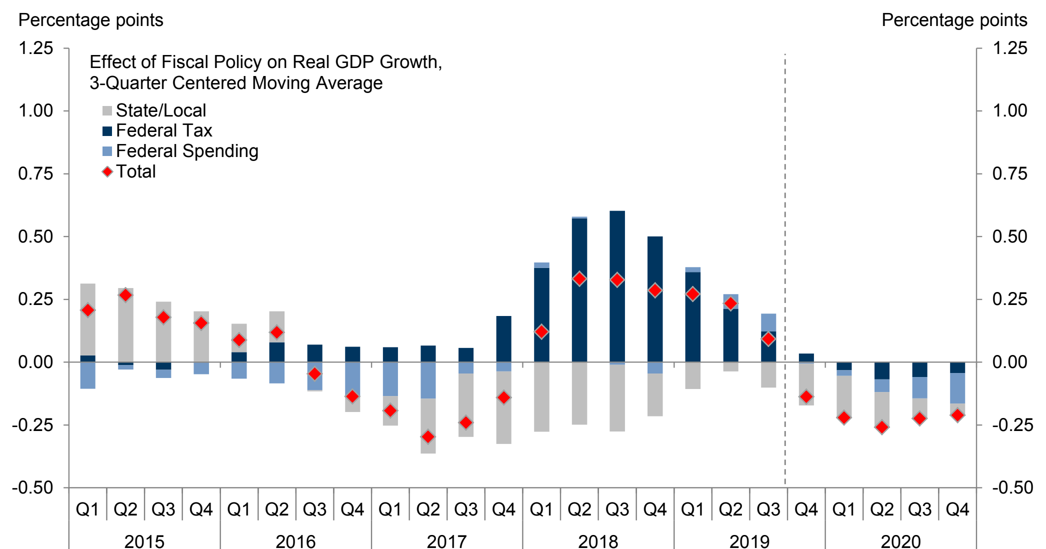
Source: Goldman Sachs Global Investment Research

Third, we expect the strength in consumer spending to outlast the weakness in business investment, in line with the historical lead-lag pattern. Healthy consumer confidence and solid gains in disposable income growth and household wealth should keep consumption growing at a roughly 2.5% pace next year. Meanwhile, some of the recent weakness in business investment—especially in the energy and aircraft categories—is likely to prove temporary.

Fourth, the drag on goods-sector output from the inventory adjustment is probably nearing an end. Since Q1, when inventory investment as a share of real GDP hit its highest level since mid-2015, the monthly numbers have slowed steadily and the inventory components of both the ISM and the Markit PMI have fallen below 50.

Leaning in the other direction, the fiscal impulse is likely to decline modestly in 2020, as shown in Exhibit 5. We expect a moderate increase in state and local spending, but see further stimulus at the federal level as unlikely.

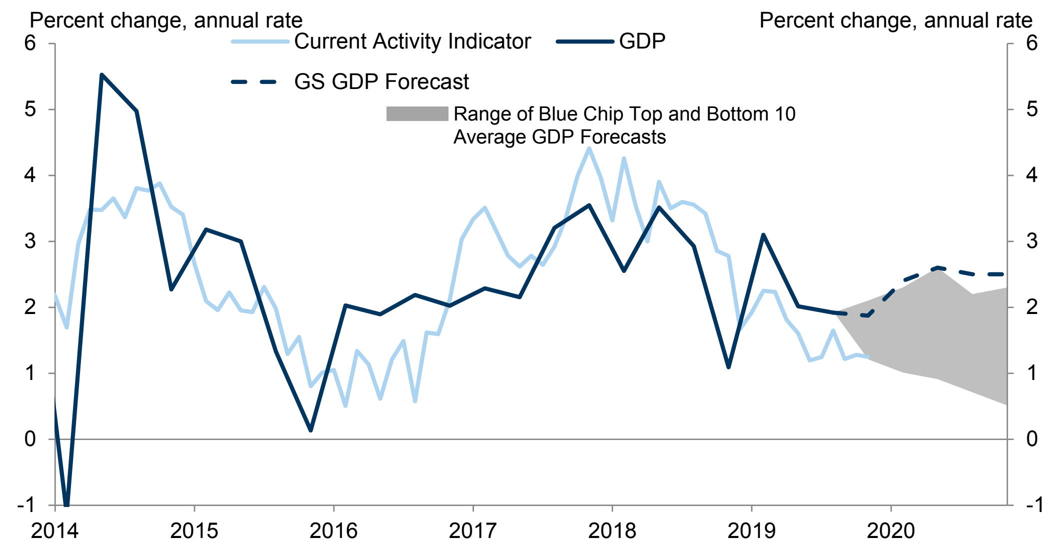
Exhibit 5: The Fading Fiscal Impulse Leans in the Opposite Direction



Source: Goldman Sachs Global Investment Research

Together, these factors point to a modest growth acceleration to 2¼-2½% in 2020, above the consensus forecast shown in Exhibit 6. Why might others have a more subdued view of the outlook? We recently showed that consensus forecasts fail to account for almost half of the implied growth impact from changes in financial conditions. We also suspect that other forecasters might put more weight than we think is warranted on recent downward momentum, the weakness in the manufacturing sector, and the sharp decline in the "soft" data, which appear to have exaggerated the swing in underlying growth.

Exhibit 6: We Expect Growth to Accelerate to 2¼-2½% in 2020, Above Consensus Expectations

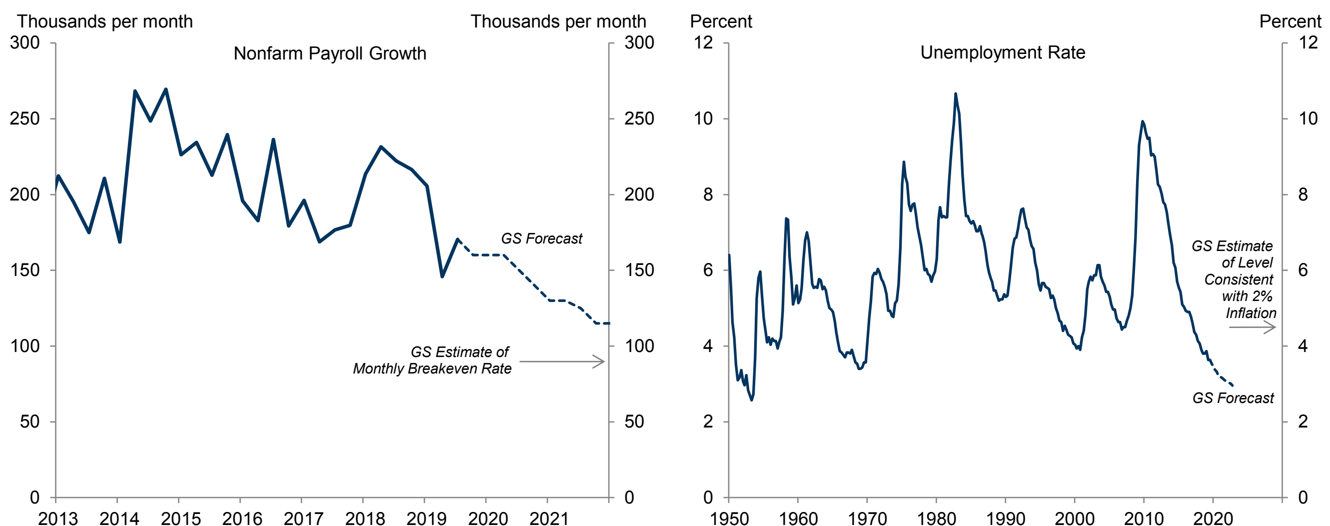


Source: Department of Commerce, Goldman Sachs Global Investment Research

A Tighter Labor Market but Less Concern about an Inflation Overshoot

A year of above-trend growth should mean another year of solid job creation. We expect payroll growth to remain well above the roughly 100k breakeven rate, as shown in Exhibit 7, despite some natural deceleration as labor supply constraints tighten. We have nudged up our forecast of labor force participation slightly and now expect it to move sideways, reflecting both cyclical forces and policy changes that have reduced the share of prime-age workers out of the labor force due to disability. Accounting for both factors leaves our unemployment rate forecast at 3¼% by end-2020, the lowest rate since the Korean War.

Exhibit 7: Above-Trend Job Creation Is Likely to Push the Unemployment Rate to New Lows in 2020

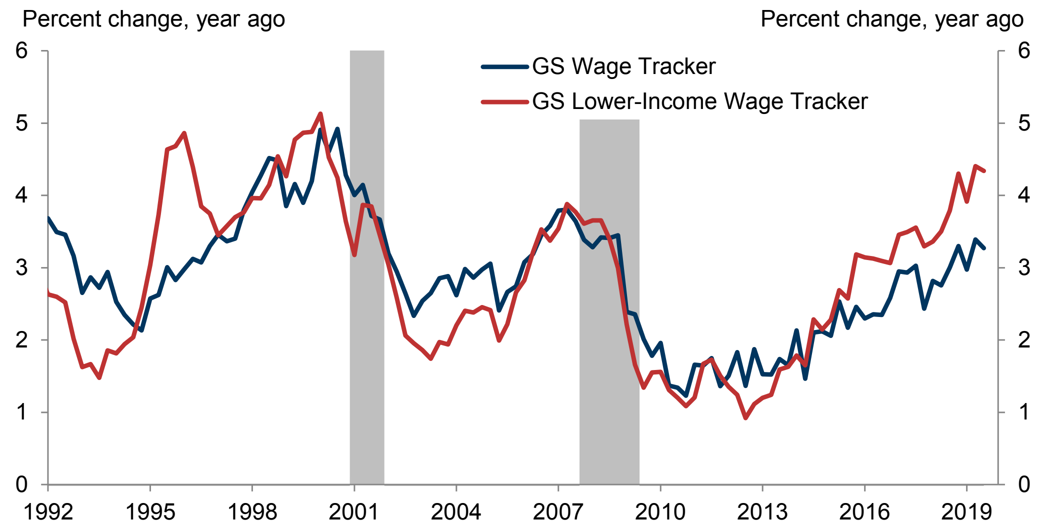


Source: Department of Labor, Goldman Sachs Global Investment Research

Wage growth should continue to rise to about 3.5% by end-2020 as the labor market

tightens further. Exhibit 8 shows that our wage growth tracker has risen to 3.3% over the last year, and wage growth at the more cyclically-sensitive lower end of the income distribution has been even stronger. Further acceleration would take wage growth above the pace of just over 3% that we think is consistent with 2% inflation and trend productivity growth, resulting in a combination of reduced profit margins and higher inflation.

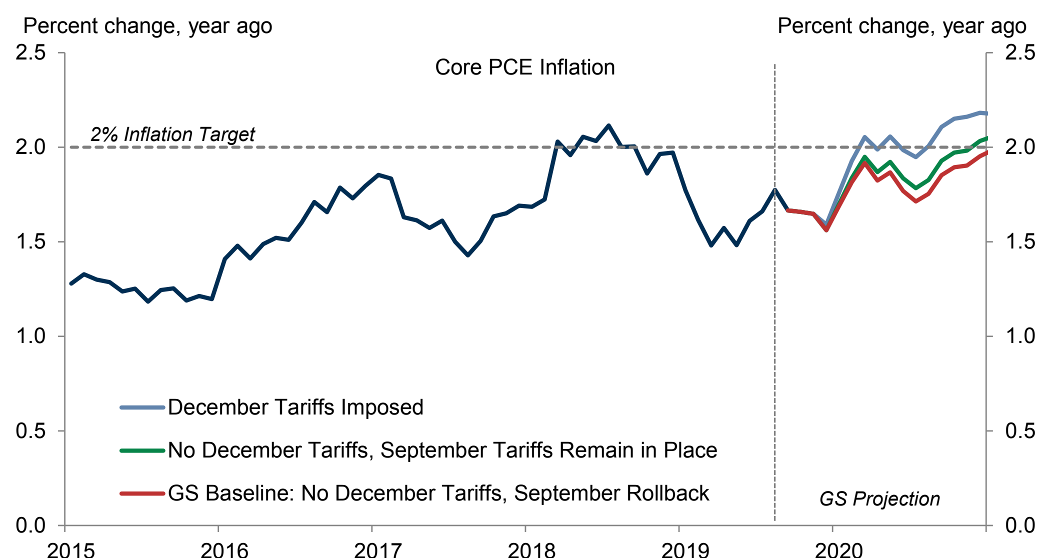
Exhibit 8: Wage Growth Should Continue to Rise Gradually, Especially at the Lower End



Source: Goldman Sachs Global Investment Research

Firmer unit labor cost growth is likely to boost inflation in labor-intensive services categories, pushing core PCE to just shy of the 2% target in 2020. The red line in Exhibit 9 shows our forecast path under our baseline trade policy scenario. We see less risk of a substantial overshoot of 2% than a year ago, for several reasons. First, while tariff effects on consumer prices have proven a bit larger than anticipated, tariff rates on consumer goods from China now look more likely to fall than rise. Second, capacity constraints and supply bottlenecks look softer than a year ago. Third, the risks from non-cyclical influences on inflation such as possible policy and measurement changes remain tilted to the downside.

Exhibit 9: We Expect Core PCE Inflation to Fall Just Short of 2% Under Our Baseline for Trade Policy



Source: Department of Commerce, Goldman Sachs Global Investment Research

The Fed in 2020: A High Bar for Rate Changes

The Fed made two major pivots in 2019. The first pivot came in January when the FOMC dropped its hiking bias with the funds rate still short of the Committee's estimate of neutral. The immediate trigger was the sharp tightening in financial conditions last winter, but a deeper shift was also taking place. In last year's Outlook we wrote, "the question of when the hiking cycle ends largely comes down to when Fed officials can be confident that the overshoot of full employment already under way is at least not growing further, the same principle that determined the endpoint in the last few hiking cycles ... the FOMC is likely to judge it prudent to continue tightening gradually, for fear of having to tighten more abruptly down the road. This has been the Committee's guiding principle for the last couple of years." The move away from that long-standing principle of preemption has proven to be more than just a short-term pivot and has placed a much greater burden on realized inflation to justify rate hikes.

The second pivot came in June when the FOMC signaled that it would cut rates in response to downside risks from the trade war and the weaker global economy. While the Committee has been divided over the wisdom of these "insurance cuts," it ultimately stuck closely to a script drawn from two 75bp "mid-cycle adjustments" in the 1990s.

At the conclusion of the adjustment in October, Chair Powell set a high bar for policy moves in either direction. The new mantra is that monetary policy is "in a good place" and further cuts would require a "material reassessment of the outlook." In the other direction, Powell said, the FOMC "would need to see a really significant move up in inflation that's persistent before we even consider raising rates to address inflation concerns."

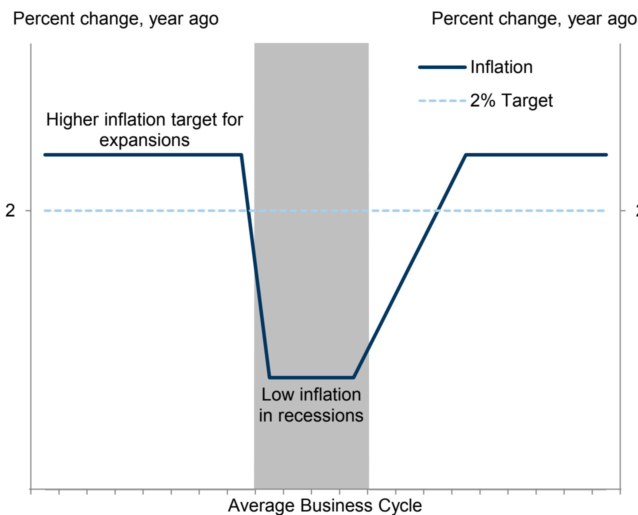
We therefore expect the funds rate to remain unchanged in 2020 in an environment of solid growth, modestly below target inflation, and reduced risk from trade policy.

With rates on hold, the most interesting monetary policy development might be the conclusion of the Fed's framework review around mid-year. The framework review seeks to address the twin goals of strengthening the Fed's ability to fight future recessions and keeping inflation expectations well anchored. The review is split into two parts, monetary policy strategy and monetary policy tools.

On the strategy side, we expect the Fed to adopt average inflation targeting, despite some doubts about its effectiveness. This could mean either simply aiming somewhat above 2% in expansions to balance low inflation in recessions, or tracking below-target misses and building in a proportionate easing bias later, as illustrated in Exhibits 10 and 11. While this tweak to the framework introduces some downside risk to our call, Fed officials would probably not implement this new regime mechanically, so inflation at 2% would not be a sufficient reason to cut further barring a renewed bout of weakness in economic activity or a sizable tightening in financial conditions.

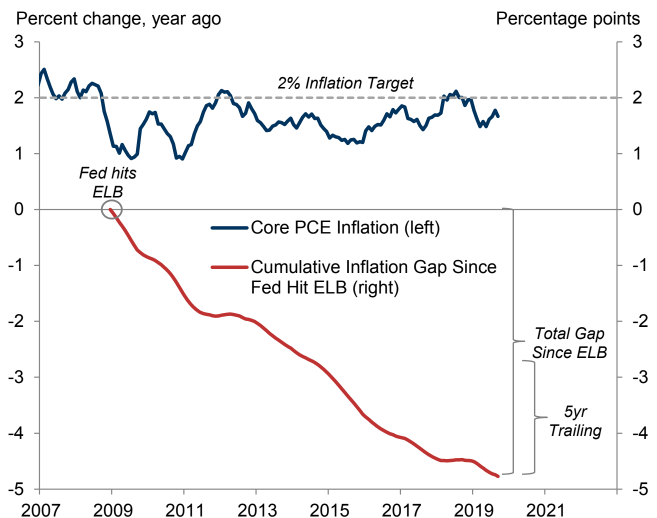
On the tools side, one new proposal that has won sympathy on the FOMC is yield curve control. In contrast to its implementation elsewhere, yield curve control as Fed officials envision it would progress gradually out the curve to cap shorter-term interest rates, essentially a form of forward guidance backed up by asset purchases if necessary. Fed officials continue to firmly reject negative interest rates.

Exhibit 10: Average Inflation Targeting Could Mean Simply Aiming Somewhat Above 2% in Expansions ...



Source: Goldman Sachs Global Investment Research

Exhibit 11: ... Or Tracking Inflation Misses and Building in a Proportionate Easing Bias



Source: Department of Commerce, Goldman Sachs Global Investment Research

Finally, on balance sheet policy, the Fed's current bill purchase program to boost the level of reserves is scheduled to last at least into 2020Q2. After that, the balance sheet is likely to grow at a more moderate pace to meet growth in demand for the Fed's liabilities. We expect the FOMC to eventually shorten the target composition of its portfolio, but Powell has indicated that decision is some ways off.

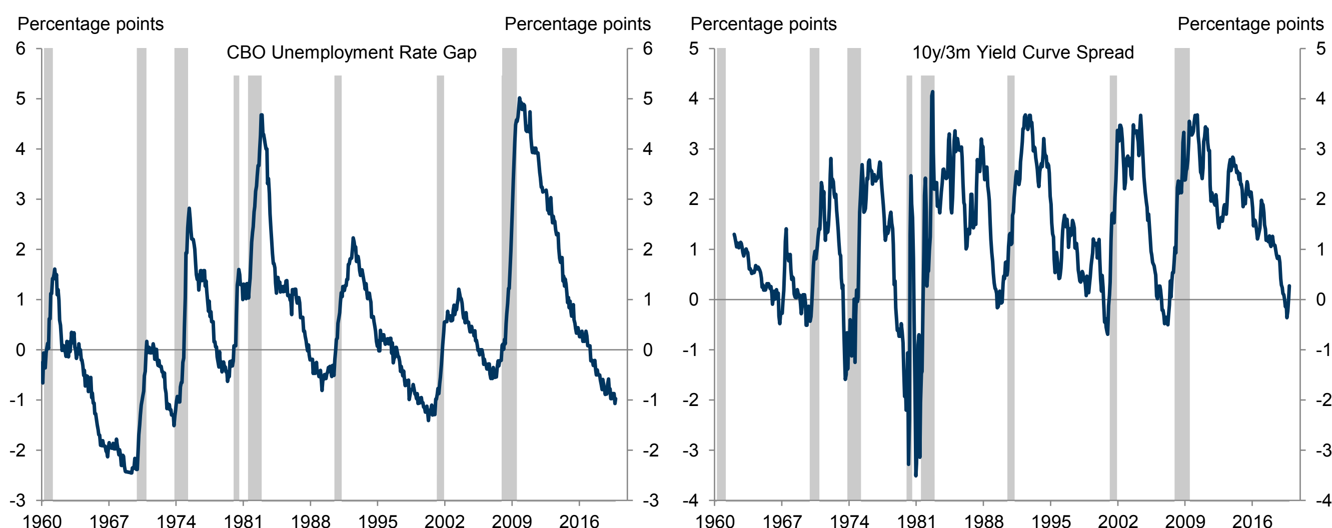
No End in Sight

Financial markets sounded the recession alarm this year, largely due to trade war fears. While those particular fears have diminished, a recent Bloomberg survey shows that the median economic forecaster still sees a 33% probability that the US economy will enter recession in the next 12 months. This is likely in part because many forecasters rely on recession models that include two classic recession predictors that look worrisome at present, the low unemployment rate and the flat yield curve, as shown in Exhibit 12.

Earlier this year, we looked back at a century of US recessions to better understand what causes recessions and how worried we should be today. One key lesson we drew is that several common historical causes of recessions have become less threatening today as a result of structural changes in the economy. In particular, the textbook cause of postwar US recessions—inflationary overheating followed by aggressive monetary policy tightening—is less threatening today because better central banking has anchored inflation expectations on the 2% target and flattened the Phillips curve.

This taming of inflation has weakened the signal from both of those two classic recession predictors. A low unemployment rate is now less likely to trigger a major inflation problem and rapid rate hikes. And the decline in the term premium—a consequence of lower inflation volatility and the greater hedge value of nominal bonds in modern recessions driven by disinflationary demand shocks rather than the inflationary supply shocks of past decades—makes a flat or inverted yield curve both more frequent and less meaningful than in the past.

Exhibit 12: Structural Changes in the Economy Have Weakened the Signal from Classic Recession Predictors



Source: Congressional Budget Office, Department of Labor, Haver Analytics, Goldman Sachs Global Investment Research

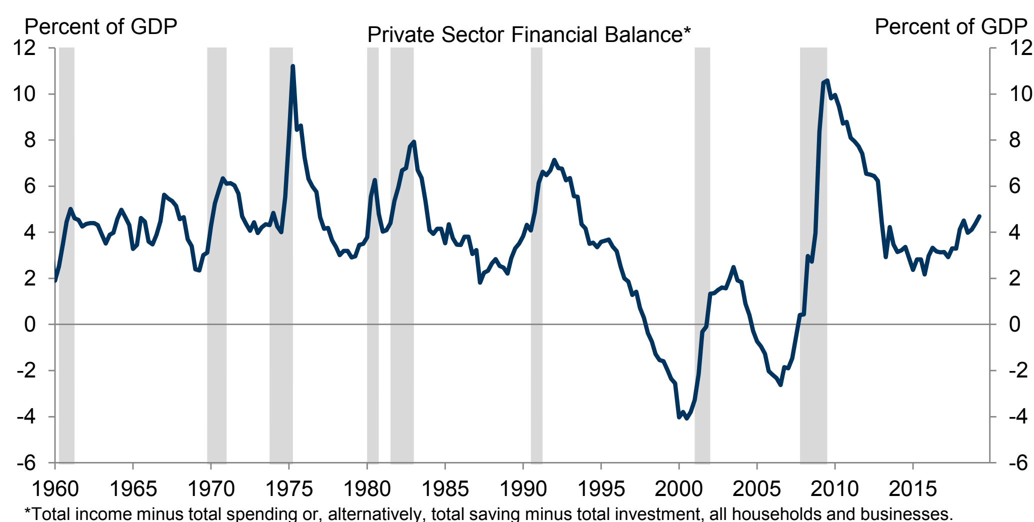
A second key lesson of our historical study is that the risk posed by financial shocks has risen in recent decades as financial wealth has grown relative to income and global financial markets have become more interconnected. While this calls for closely monitoring macro risks from financial excess such as stretched valuations and sectoral imbalances, so far those risks look only moderate.

We have found that private sector financial deficits are a particularly useful measure of

financial risk for predicting recessions and financial crises both in the US and abroad. When the private sector runs a deficit—which often happens in response to major asset price booms such as the 1990s equity bubble and the 2000s housing bubble—this means that households and firms rely on ongoing net debt accumulation to fund the current level of spending. And demand then becomes very vulnerable to an asset price downturn or a tightening of credit availability, which can feed on itself in a vicious circle of weaker demand, output, employment, profits, asset prices, and in the extreme a financial crisis.

At present, however, we are far away from this type of situation. Exhibit 13 shows that the private sector is still running a healthy financial surplus roughly in line with the long-term average. A further breakdown shows healthy balances for the household sector and most segments of the business sector.

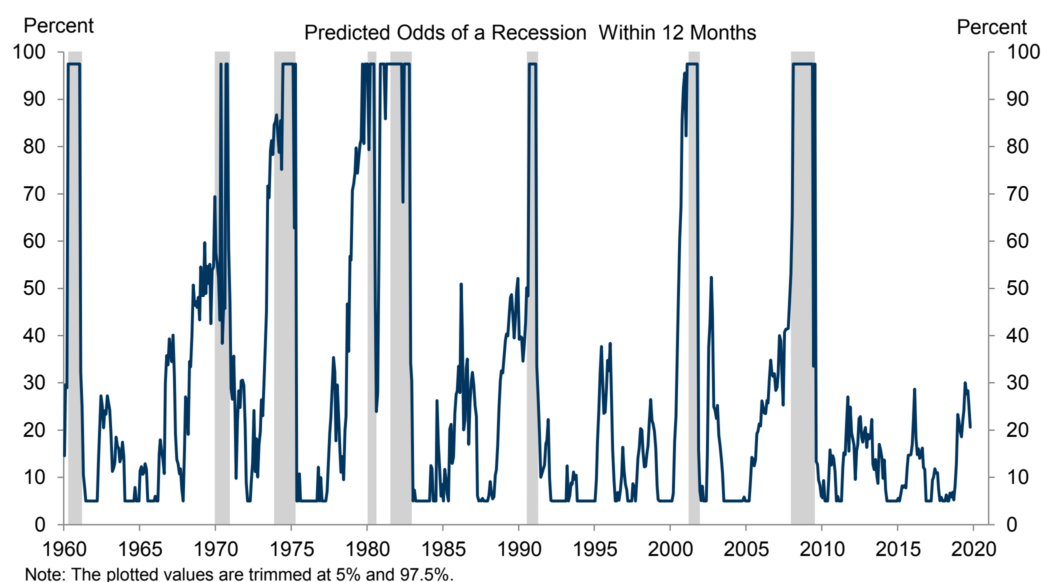
Exhibit 13: The Private Sector Continues to Run a Healthy Financial Surplus Deep into the Expansion



Source: Federal Reserve, Goldman Sachs Global Investment Research

We recently introduced a new recession forecasting model that accounts for these historical lessons and structural changes in the economy. Our new model includes overheating risk directly via core inflation, not indirectly via the unemployment rate. It includes the yield curve but focuses on the short-end (0-6 quarter) spread, which should be less affected by the term premium than longer-term measures. It includes the private sector financial balance. And perhaps most importantly, it accounts for structural changes in the economy and the reduced frequency of recessions by weighting recent history more heavily. Exhibit 14 shows that our model currently puts recession risk over the next year at just 20%.

Exhibit 14: Our Model Indicates a 20% Chance of Recession in the Next Year, Below the Consensus Odds



Source: Goldman Sachs Global Investment Research

The current expansion is now the longest in US business cycle records dating to the 1850s, and some recession fears may simply reflect an instinctive sense that its time is nearly up. This has not been an unreasonable thought historically, as the two usual late-cycle risks—inflationary overheating and financial imbalances—often did grow over time. But so far both risks look limited.

While we see relatively low odds of recession, we are somewhat more worried about the consequences when one eventually comes, for three reasons. First, high corporate leverage could compound the effects of a future recession or a freeze-up in credit markets. Second, high federal government debt and deficits could limit the willingness of policymakers to deliver fiscal stimulus. Third, the monetary policy response might also be constrained if a future recession begins with interest rates at a low initial level.

Shifting the Spotlight: The 2020 Elections

If the trade war fades and the Fed remains on hold as we expect, the election on November 3 is likely to be the single biggest event for financial markets in 2020.

Our analysis of historical presidential election results suggests that incumbency and the state of the economy provide advantages to President Trump, though it is in the quarters just before the election that economic conditions matter most. Despite these advantages, President Trump's net negative approval rating makes the White House a close call, as prediction markets currently imply.

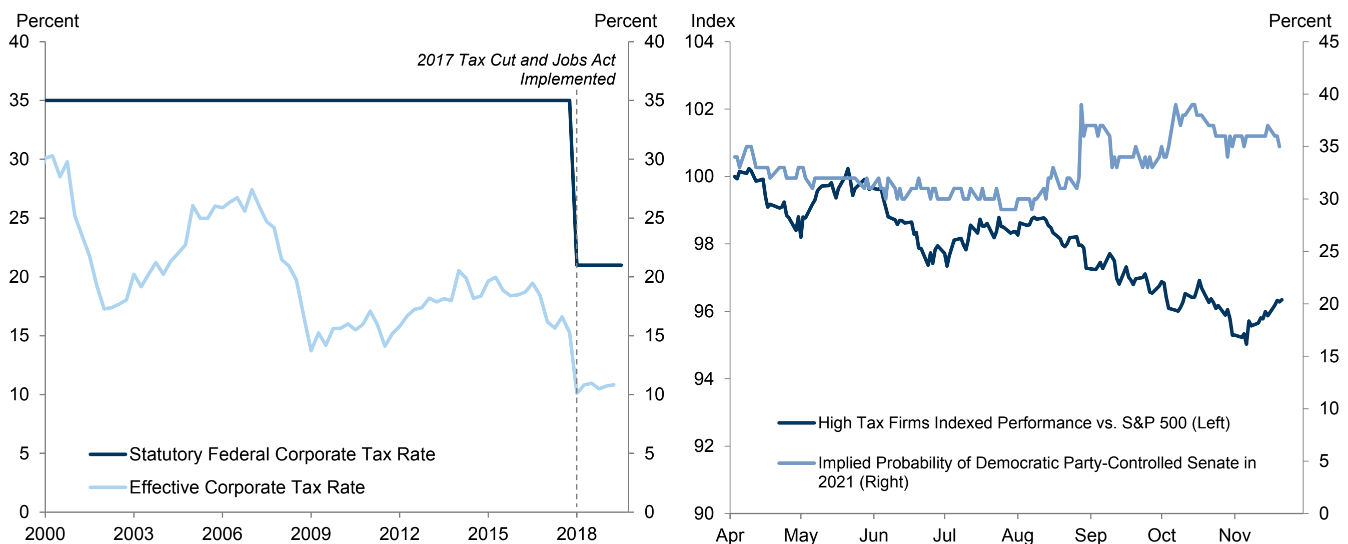
The prospects for policy change and the impact on financial markets depend on who wins control of Congress too. Prediction markets currently imply a 36% probability of a Democratic majority in the Senate. In light of the fact that outcomes of competitive Senate seats and presidential elections are correlated, this is probably also close to the

implied probability of unified Democratic control.

All four of the Democratic frontrunners in the prediction markets—Senator Warren, former Vice President Biden, Mayor Buttigieg, and Senator Sanders—have proposed at least a partial repeal of the 2017 Tax Cut and Jobs Act (TCJA), which cut the statutory federal corporate income tax rate from 35% to 21%. And if Democrats gain even a small majority in the Senate, we would expect an increase in the corporate tax rate. Our portfolio strategists have estimated that full repeal would reduce S&P 500 earnings in 2021 by 11%.

Several other campaign proposals are also relevant to markets. Health policy changes such as Medicare expansion and pharmaceutical pricing proposals would be possible under unified Democratic control, but the full-fledged "Medicare for all" legislation is unlikely to pass. Incremental energy policy changes including restrictions on fracking on federal land are also possible, but neither a full fracking ban nor a carbon tax is likely to receive the required votes even under unified Democratic control. Antitrust scrutiny could also increase via the gradual turnover in personnel, but reforming the antitrust laws would be a substantial legislative undertaking requiring 60 votes and therefore bipartisan support. In short, even under unified Democratic control the constraints on post-election policy changes are tighter than widely appreciated. Policy priorities under a second term for President Trump are less clear, but we would not expect a return to tariff escalation.

Exhibit 15: Unified Democratic Government Would Likely Lead to an Increase in Corporate Tax Rates



Source: Compustat, OECD, PredictIt, Goldman Sachs Global Investment Research

David Mericle

Jan Hatzius

The US Economic and Financial Outlook

Forecast Changes

Our Q4 GDP tracking estimate remained at +1.9% this week. Our past-quarter Q3 GDP tracking estimate increased by one-tenth to +2.1% this week, compared to +1.9% as originally reported, following the preliminary quarterly services survey.

THE US ECONOMIC AND FINANCIAL OUTLOOK
(% change on previous period, annualized, except where noted)

	2017	2018	2019 (f)	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
OUTPUT AND SPENDING															
Real GDP	2.37	2.93	2.29	2.27	2.39	2.09	1.84	3.10	2.01	1.92	1.88	2.40	2.60	2.50	2.50
Real GDP (Q4/Q4)	2.80	2.52	2.23	2.50	2.29	2.00	1.75	--	--	--	--	--	--	--	--
Consumer Expenditure	2.6	3.0	2.6	2.6	2.4	2.2	1.9	1.1	4.6	2.9	2.3	2.1	2.7	2.6	2.6
Residential Fixed Investment	3.5	-1.5	-1.6	3.8	3.6	3.0	2.2	-1.1	-2.9	5.1	4.2	5.0	4.0	4.0	2.0
Business Fixed Investment	4.4	6.4	2.2	1.9	4.1	3.6	2.9	4.4	-1.0	-3.0	1.3	3.0	3.5	3.9	3.9
Structures	4.7	4.1	-5.1	-5.5	1.1	2.0	1.7	4.0	-11.1	-15.3	-9.7	-2.0	-2.0	0.0	0.0
Equipment	4.7	6.8	1.7	2.2	4.0	3.4	2.7	-0.1	0.8	-3.8	1.9	3.0	4.0	4.0	4.0
Intellectual Property Products	3.6	7.4	8.1	6.2	6.0	4.7	3.7	10.9	3.6	6.6	7.5	6.0	6.0	6.0	6.0
Federal Government	0.8	2.9	3.5	2.5	0.2	0.0	0.0	2.2	8.3	3.4	2.5	2.5	2.5	0.0	0.0
State & Local Government	0.6	1.0	1.6	1.5	1.5	1.2	1.0	3.4	2.7	1.1	1.4	1.5	1.5	1.5	1.5
Net Exports ($bn, '09)	-850	-920	-970	-992	-1,033	-1,068	-1,079	-944	-981	-986	-970	-970	-988	-1000	-1009
Inventory Investment ($bn, '09)	32	48	73	48	55	55	55	116	69	69	38	40	45	50	55
Industrial Production, Mfg.	2.0	2.3	-0.1	0.7	1.6	1.3	0.9	-1.9	-3.2	1.0	0.3	0.7	1.3	1.6	1.7
HOUSING MARKET															
Housing Starts (units, thous)	1,209	1,250	1,278	1,381	1,391	--	--	1,213	1,256	1,282	1,360	1,358	1,400	1,380	1,387
New Home Sales (units, thous)	617	615	675	708	735	--	--	669	661	691	680	689	708	714	720
Existing Home Sales (units, thous)	5,531	5,341	5,343	5,478	5,532	--	--	5,207	5,287	5,433	5,446	5,459	5,472	5,485	5,498
Case-Shiller Home Prices (%yoy)*	6.2	4.1	3.6	3.4	2.9	3.1	3.4	3.0	3.0	3.3	3.6	3.8	3.9	3.6	3.4
INFLATION (% ch, yr/yr)															
Consumer Price Index (CPI)	2.1	2.4	1.7	1.9	2.2	2.3	2.3	1.6	1.8	1.8	1.7	2.0	1.8	1.8	2.1
Core CPI	1.8	2.1	2.2	2.3	2.4	2.4	2.5	2.1	2.1	2.3	2.3	2.2	2.4	2.2	2.3
Core PCE**	1.6	2.0	1.6	1.8	2.0	2.1	2.2	1.6	1.6	1.7	1.6	1.8	1.8	1.8	1.9
LABOR MARKET															
Unemployment Rate (%)	4.4	3.9	3.7	3.3	3.1	3.0	3.0	3.9	3.6	3.6	3.5	3.4	3.4	3.3	3.2
U6 Underemployment Rate (%)	8.5	7.7	7.2	6.6	6.3	6.2	6.1	7.5	7.2	7.0	6.9	6.8	6.7	6.6	6.4
Payrolls (thous, monthly rate)	180	221	170	153	125	113	100	206	146	170	160	160	160	150	140
GOVERNMENT FINANCE															
Federal Budget (FY, $bn)	-666	-779	-950	-1,025	-1,050	-1,200	-1,250	--	--	--	--	--	--	--	--
FINANCIAL INDICATORS															
FF Target Range (Bottom-Top, %)^	1.25-1.5	2.25-2.5	1.5-1.75	1.5-1.75	2.0-2.25	2.5-2.75	2.5-2.75	2.25-2.5	2.25-2.5	1.75-2.0	1.5-1.75	1.5-1.75	1.5-1.75	1.5-1.75	1.5-1.75
10-Year Treasury Note^	2.40	2.69	1.90	2.25	2.30	2.35	2.35	2.41	2.00	1.68	1.90	2.00	2.05	2.15	2.25
Euro (€/$)^	1.20	1.15	1.10	1.15	1.17	1.20	1.22	1.12	1.14	1.09	1.10	1.12	1.13	1.14	1.15
Yen ($/¥)^	113	110	109	105	104	102	101	111	108	108	109	109	107	106	105

* Weighted average of metro-level HPIs for 381 metro cities where the weights are dollar values of housing stock reported in the American Community Survey.
** PCE = Personal consumption expenditures. ^ Denotes end of period.
Note: Published figures in bold.

Source: Goldman Sachs Global Investment Research

Economic Releases

Date		Time (EST)	Indicator	Estimate GS	Estimate Consensus	Last Report
Mon	**Nov 25**	10:30	Dallas Fed Mfg. Survey (Nov)	n.a.	-3.8	-5.1
Tue	**Nov 26**	**8:30**	**Advanced Goods Trade Balance (Oct)**	**-$70.0bn**	**-$71.0bn**	**-$70.5bn**
		8:30	Wholesale Inventories—Prel (Oct)	n.a.	n.a.	-0.4%
		9:00	FHFA House Price Index (Sep)	n.a.	+0.3%	+0.2%
		9:00	**S&P/Case Shiller Home Price Index (Sep)**	**+0.5%**	**+0.2%**	**-0.16%**
		10:00	Richmond Fed Survey (Nov)	n.a.	6	8
		10:00	**New Home Sales (Oct)**	**+0.5%**	**+1.0%**	**-0.7%**
		10:00	**Consumer Confidence (Nov)**	**126.5**	**127.0**	**125.9**
Wed	**Nov 27**	**8:30**	**Real GDP— Q3 Annualized (Second)**	**+2.1%**	**+1.9%**	**+1.9%**
		8:30	**Personal Consumption (Q3)**	**+3.0%**	**+2.8%**	**+2.9%**
		8:30	**Durable Goods Orders (Oct)**	**-2.0%**	**-0.7%**	**-1.2%**
		8:30	**Durable Goods Orders Ex-Transport (Oct)**	**-0.5%**	**+0.2%**	**-0.4%**
		8:30	**Core Capital Goods Orders (Oct)**	**-0.3%**	**Flat**	**-0.6%**
		8:30	**Core Capital Goods Shipments (Oct)**	**-0.3%**	**Flat**	**+0.7%**
		8:30	**Initial Jobless Claims**	**225,000**	**220,000**	**227,000**
		8:30	Continuing Claims	n.a.	1,690,000	1,695,000
		9:45	**Chicago PMI**	**47.7**	**47.0**	**43.2**
		10:00	**Personal Income (Oct)**	**+0.4%**	**+0.3%**	**+0.3%**
		10:00	**Personal Spending (Oct)**	**+0.3%**	**+0.3%**	**+0.2%**
		10:00	**PCE Price Index (Oct)**	**+0.23%**	**+0.3%**	**Flat**
		10:00	**Core PCE Price Index (Oct)**	**+0.13%**	**+0.1%**	**Flat**
		10:00	**Pending Home Sales (Oct)**	**-0.5%**	**-0.3%**	**+1.5%**
		14:00	Fed's Beige Book			

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Jan Hatzius, Alec Phillips, David Mericle, Spencer Hill, CFA, Daan Struyven, David Choi, Blake Taylor and Ronnie Walker, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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