US Economics Analyst

Fiscal Policy: The Next Round

- As Congress returns to Washington—the Senate returns May 4th, the House plans to return a week later, on May 11th—attention has already turned to another package of policies to address the economic effects of COVID-19.
- However, after four rounds of legislation over the last two months, there appears to be less agreement on what a fifth round of policy measures should include and, to a lesser extent, whether further fiscal intervention will even be necessary. Despite this, we expect that Congress will enact additional measures by mid-year.
- Fiscal aid to state and local governments appears to top the list of priorities. We estimate that states will run a cumulative shortfall over the next two years of roughly $450bn (around 1% of GDP over that period). Measures that Congress has passed to date and rainy day funds are likely to cover less than half that amount, and we expect Congress to provide another $200bn to shore up state and local budgets.
- Congress recently renewed funding for the Paycheck Protection Program (PPP) for small businesses, but we do not expect further funding. There are other options to assist small businesses without increasing PPP funding, however, including extending the period to incur forgivable expenses under PPP beyond 8 weeks. In addition, businesses will soon be able to obtain loans via the Fed's Main Street Lending Program (MSLP), and there is potential for a broader wage subsidy program.
- We expect Congress will extend both the extra $600/week benefit payment expiring July 31 as well as the expanded duration and eligibility requirements, which are scheduled to expire at year-end. Additionally, while another round of payments to individuals has fallen out of the headlines, we continue to expect that Congress will approve some type of additional tax benefit for individuals this year. President Trump has once again suggested a payroll tax cut, while many members of Congress appear open to additional rebate checks.
- Overall, we expect Congress to approve fiscal measures adding another $550bn (2.6% of GDP) in 2020, taking total discretionary fiscal policy measures to $3.1 trillion (15.2% of GDP) this year.

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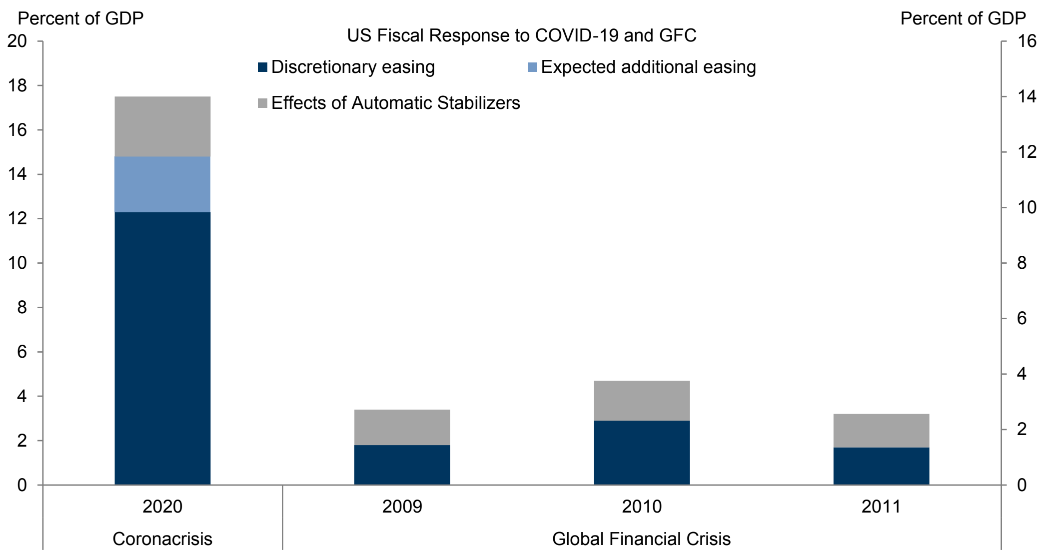
The fiscal response to COVID-19 in the United States has been swift and powerful. In two months, Congress has enacted discretionary fiscal easing measures worth \$2.6trn (12.6% of GDP) for 2020 alone, already eclipsing the response to the Global Financial Crisis (GFC) from 2009-11 (Exhibit 1). Incorporating the effects of automatic stabilizers, the response is even more striking.

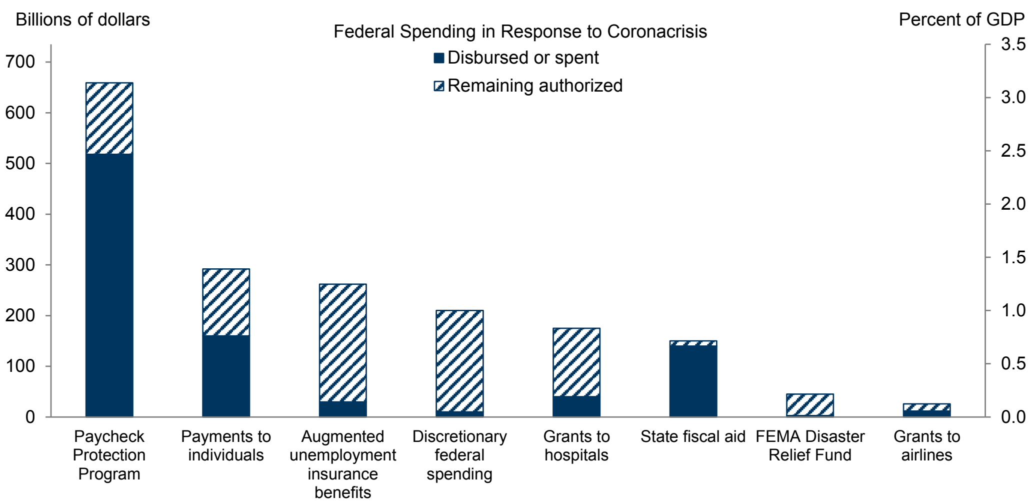
Exhibit 1: The Fiscal Response in 2020 Has Been Swift and Powerful



Source: Congressional Budget Office, IMF, Goldman Sachs Global Investment Research

A huge amount of this stimulus has already hit the intended targets. Of the \$2.6trn in discretionary easing for 2020 that Congress has passed to date, we estimate \$1.8trn of that is spending or transfers that will show up as payments by the Treasury (or, in the case of the PPP lending program, initially by banks). Of this, we believe that about half — \$910bn (4.3% of GDP)—has already been spent or disbursed (Exhibit 2).

Exhibit 2: Much of the Spending Planned for 2020 Already Happened in April



Source: Treasury, Small Business Administration, Department of Health and Human Services, Goldman Sachs Global Investment Research

Among the major categories of payments are:

- **Payments to individuals: $160bn out of $292bn**. Treasury began to deposit economic impact payments (stimulus checks) in taxpayer accounts starting in mid-April. Treasury reported that as of April 17 it had made 90 million payments amounting to $160bn, and daily tax refund data suggests that stimulus payments have slowed since that date. Another $110bn in payments will likely occur over the next several weeks, and about $20bn will be paid out in early 2021 as a tax refund.
- **Federal unemployment insurance expansion: approximately $30bn out of $262bn**. The CARES Act adds an additional $600 benefit to weekly unemployment insurance payments, broadens eligibility, and extends the benefit period. Due to processing delays, benefits paid have lagged continuing jobless claims. Individuals received $48bn in unemployment insurance benefits in April, roughly $30bn of which we estimate is new federal benefits and $18bn is standard benefits.
- **Paycheck Protection Program: $518bn out of $698bn.** Congress appropriated an additional $321bn for the PPP after the first round of funding ran dry, of which roughly $175bn has been disbursed over the last week.
- **State fiscal aid: $140bn out of $150bn.** The CARES Act created a $150bn fund to compensate states for public COVID-related expenses. Nearly all of the funds have been paid to states, but this will not necessarily translate into immediate state spending.
- **Hospitals: $40bn out of $150bn**. The CARES Act provided $100bn in relief for hospitals, and the "Phase 3.5" legislation added $75bn more. It appears that $40bn has already made its way to hospitals. Much of the remainder has been earmarked for costs related to the uninsured, and might be paid more slowly. Nevertheless, payments just in April already exceeded the amount CBO expected to be paid in

FY2020.

- **Airline grants: $12bn out of $26bn.** Several airlines have taken advantage of direct grants to cover payroll conditional upon avoiding layoffs or furloughs and accepting restrictions on stock buybacks and dividends.
- **FEMA disaster relief fund: $3bn out of $45bn.** The Federal Emergency Management Agency (FEMA) has an additional $45bn in spending authority in response to COVID-19. However, emergency spending has been modest in response to the crisis so far at around $3bn.
- **Discretionary federal spending: Less than $10bn out of $210bn.** The CARES Act included a number of smaller spending provisions, many of which look likely to take a bit longer before they increase federal outlays.

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What's Still on the Agenda

With the Senate returning this week and the House coming back into session next week, the focus will turn to the next round of fiscal legislation. Unlike the four earlier rounds of fiscal legislation enacted over the last two months, which Congress passed relatively quickly, we expect this fifth round to take a bit longer, and the focus could change as the underlying health and economic situation Congress is trying address evolves.

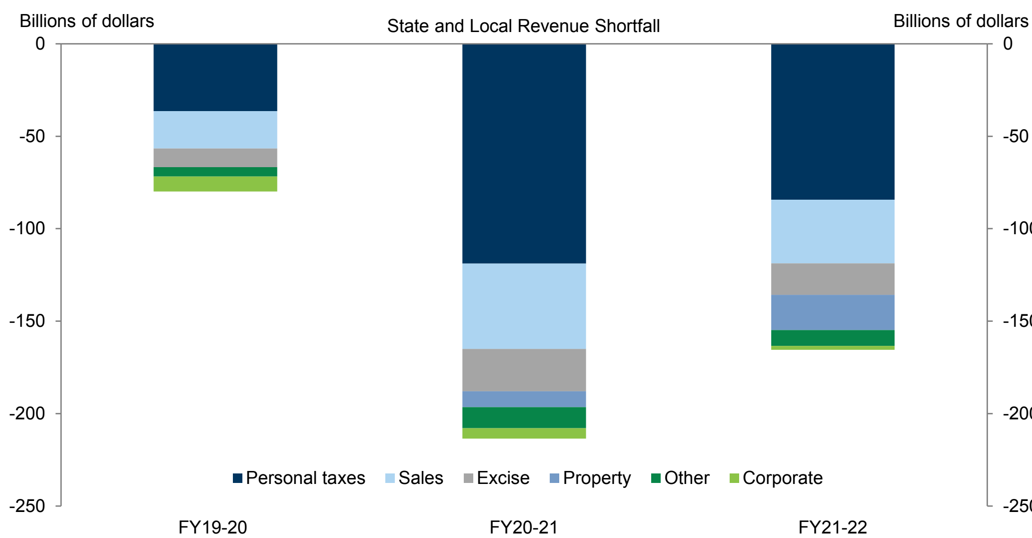
Fiscal assistance for state and local governments is likely to be the centerpiece of the next round. "Phase 2" and "Phase 3" legislation already included substantial fiscal aid to states. The "Phase 2" legislation increased the share of Medicaid spending the federal government will reimburse by 6.2pp, to around two-thirds. This should provide around $50bn (0.2% of GDP) at an annual rate. The increase lasts as long as the public health crisis declaration is in effect.

The "Phase 3" legislation provided three primary sources of additional funding to state and local governments: a "relief fund" of $150bn to defray costs associated with COVID-19 response, $30bn in grants to cover education costs, and a package of smaller grant programs to municipal entities for airports, transit, law enforcement, community development and housing assistance, totaling a bit less than $50bn. Along with the Medicaid funding, this would take total grants to state, local and other municipal entities to around $275bn, or 1.3% of GDP.

However, these funds are likely to be insufficient to offset the decline in state and local revenues, for two reasons. First, some of the funding is restricted. For example, the $150bn relief fund is meant to cover incremental spending in 2020 related to the COVID-19 health response. It prohibits states from using the funds to offset revenue shortfalls and only covers costs that were not accounted for in a states' most recently approved budget. That said, it is unclear how strictly the Treasury will enforce this requirement. For example, Treasury guidance indicates that state and local governments may presume that payroll costs for public safety and public health employees are eligible; pay and benefits for state and local first responders, for example, likely run around $90bn per year. Congress might modify this requirement in the next round of legislation.

Second, even with the fiscal aid to date, the state and local shortfall looks likely to be greater. If we assume that state and local governments are able to use the education and Medicaid funds as well as half of the relief fund, this would offset around $150bn (0.7% of GDP) of the revenue shortfall state and local governments face. However, the fiscal gap looks likely to be substantially wider.

Exhibit 3: State and Local Governments Face Substantial Revenue Shortfalls

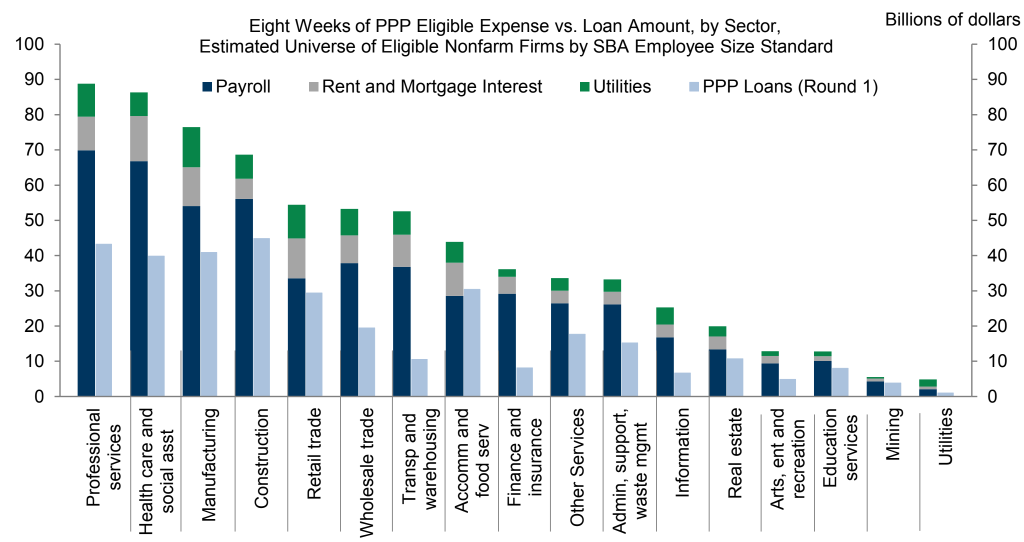


Source: Goldman Sachs Global Investment Research

A bottom-up analysis of the different components of revenue suggests that, over the next two years (i.e., through the state fiscal year that ends June 2022) state and local governments will face a shortfall of roughly $450bn (around 1% of GDP over that period) with nearly half of this concentrated in the fiscal year that starts for most states in July (Exhibit 3). The main source of the shortfall is likely to be income tax receipts, which are the most sensitive to swings the economy, though sales taxes are also likely to contribute. The shortfall will primarily affect state governments, as local governments are much more reliant on property taxes, which are driven by house prices and respond with a lag of 2-3 years.

Additional aid for businesses is possible, but more PPP funding looks unlikely. After two rounds of funding for the Payroll Protection Program (PPP), Congress has provided nearly $700bn in funding for that program. We estimate that the eligible businesses have expenses eligible for loan forgiveness of around $750bn (Exhibit 4). While it would not be surprising for renewed reports that funding for program has once again run dry, we expect that after this round nearly all eligible expenses will have been covered. In light of this, and the recent political scrutiny of the program, we do not expect additional rounds of funding for the PPP.

Exhibit 4: PPP-Eligible Expenses Are Likely Mostly Covered After the Second Funding Round



Source: Department of Commerce, Department of Labor, Small Business Administration, Treasury, Goldman Sachs Global Investment Research

That said, political pressure to do more for affected businesses is likely, particularly in June, when borrowers will have exhausted the proceeds from loans disbursed in April that were intended to cover 8 weeks of payroll expenses. In place of further PPP funding, we see three other possibilities. First, the 8-week term for forgivable expenses could be extended. This would reduce the incentive for businesses that have shut down to continue paying employees, but this would be less of an issue if Congress extended the term in late May or June, when most borrowers' 8-week period is coming to a close. Some members of Congress have indicated this could come under consideration.

Second, the Fed announced that it will broaden its Main Street Lending Program (MSLP) by opening it to businesses with up to 15,000 employees or up to $5bn in annual revenue and by providing a new loan option for more highly-levered borrowers. While this program provides loans, not grants, it could provide some relief to companies at the larger end of eligibility for the PPP. Fed Chair Powell indicated on April 29 that the program will become operational "fairly quickly", which likely means before any businesses have finished their 8-week term under the PPP in early June.

Third, there is interest among lawmakers in both political parties in a program that would subsidize employers to retain employees. Congress included a version of this, known as the "employee retention credit" in the CARES Act it passed in March, which provides a 50% tax credit for employee wages, up to $10,000 per employee, if business was partially or fully suspended as a result of lockdown orders, or if revenues declined by more than 50%. Several members of Congress, from both parties, have proposed various forms of wage subsidies that would go beyond this. For example, Republican Senator Josh Hawley has proposed an advance refundable tax rebate equal to 80% of employer payroll costs up to the US median wage level. Democratic Senators Sanders, Warner, Jones and Blumenthal have proposed a similar concept. Such proposals, similar to Germany's Kurzarbeit scheme, have already been adopted in several countries including Austria, Australia, Denmark, France, the UK, and New Zealand. The main obstacle in the US, of course, is likely to be cost. However, considering that private sector wages total roughly $660bn per month in the US, and that small businesses who were granted PPP eligibility already account for nearly 60% of total employment, providing a partial subsidy for all wages of affected firms might not cost any more than a full subsidy for wages of virtually all small businesses, as PPP does.

Congress is likely to extend unemployment benefits several times, we believe. Congress often extends enhanced unemployment benefits several times during and following recessions, and this seems likely again this time. The extra $600/week unemployment benefit payment provided through the CARES Act expires July 31. We expect Congress to extend this through the end of CY2020, but to lower it to $300/week, at a cost of around $100bn (0.5% of GDP). We expect that this would reduce benefit payments from greater than 100% of average earnings to a bit less than 100% of average earnings. We expect that there will be some opposition to extending even a reduced amount, but we also believe that it will be difficult for Congress to let the extra payment expire entirely when the unemployment rate is in double digits. House Speaker Pelosi has already proposed extending it through September, while a group of 53 House Democrats has already cosponsored legislation to extend the benefit through year-end. Beyond the extra payment amount, we also expect Congress to renew the duration and broadening of eligibility requirements enacted in the CARES Act ("Phase 3"), which expire at year end. In the past, Congress has continued an extended duration of unemployment benefits for a few years into the recovery, and we expect the same will occur this time.

Additional safety net benefits are also on the table. The American Recovery and Reinvestment Act (ARRA) that Congress passed during the financial crisis provided a 14% increase in the Supplemental Nutrition Assistance Program (SNAP) maximum benefit. Many Democratic lawmakers have been pushing for an increase in SNAP benefits in the next round of fiscal legislation. The program paid around $7bn in benefits in April, up from an average of $5.2bn per month in Q1, so an increase along the lines of what Congress passed in 2009 would likely increase payments by $10-15bn at an annual rate.

Further payments to individuals seem more likely than not. While we think it is a close call, the fact that many congressional Democrats have signaled support for another round of payments to individuals suggests that the policy will likely have significant traction in upcoming negotiations. White House officials have described it as under "serious consideration", while President Trump has once again raised the idea of a payroll tax holiday for workers. While another round of payments or some other form of tax relief for individuals does not appear to be a top political priority for either party, it seems potentially acceptable to both. With an election in the fall, we think some additional tax benefits to consumers is more likely than not. The last round was estimated to cost $270bn (1.3% of GDP) in 2020, and we expect the next round would be similar. We are also assuming another $150bn (0.7% of GDP) in 2021 in tax reductions for individuals.

Further business tax incentives are becoming a focus. The CARES Act included several business tax provisions, listed in the Appendix table. More are on the table. An area of focus is full expensing of business equipment, which is currently in effect as a result of the Tax Cut and Jobs Act of 2017 (TCJA) but begins to phase down after 2022 and expires in 2026. A number of Republican lawmakers have raised this, and House Ways and Means Committee Chairman Neal has indicated he is open to this.

Infrastructure is likely to be addressed in some way, but a trillion-dollar program still looks far off. While President Trump has mentioned a $2 trillion program and Speaker Pelosi has put forth a $750 package, we expect that Congress will approve a more incremental boost to infrastructure funding this year. Those larger figures generally refer to long-term (5-year or 10-year) plans and we expect that they could only get broad support if there were a new financing mechanism approved to fund them, which has proven too controversial in the past. However, with the 5-year surface transportation program expiring September 30, 2020 Congress might take the opportunity to add some debt-financed funding outside of the usual fiscal constraints. This might total as much as $100bn, but we expect that it would not result in a noticeable spending increase until 2021 and that it would take several years to spend out.

Relief for mortgage servicers is an open question, but one that Congress will likely leave the Fed, Treasury, and federal regulators to address. The CARES Act requires lenders to provide affected borrowers with up to one year of mortgage payment forbearance. As of April 30, 3.9 million loans with $841 billion in unpaid principal have gone into forbearance, representing 7.3% of active loans. However, mortgage servicers must continue to advance principal and interest payments during this period. Data from Black Knight indicate that loans in forbearance backed by Fannie Mae, Freddie Mac, the FHA and the VA require $3.2bn of principal and interest per month, with another $1.5bn per month from bank portfolio and private label loans. The Federal Housing Finance Agency, which regulates Fannie and Freddie, has limited advances on GSE-backed loans to four months. Fed Chair Powell has indicated that the Fed is "watching carefully the situation with the mortgage servicers". Overall, the situation appears manageable without legislative intervention, given the federal backing of the vast majority of loans in forbearance and the Fed's ample capacity to provide liquidity if necessary.

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Appendix: Measures Enacted to Date and Expectations for Further Actions

	FY2020	FY2021	FY2022	FY2023	CY2020	CY2021	CY2022	CY2023
Phase 1								
Total	**8**	-	-	-	8	-	-	-
Phase 2								
Food stamps (SNAP)	10	11	-	-	15	6	-	-
Paid sick leave	90	16	-	-	106	-	-	-
State fiscal aid (Medicaid)	29	21	-	-	40	11	-	-
Other	5	9	1	-	7	7	1	-
Total	**134**	**57**	**1**	**-**	**168**	**23**	**1**	-
Phase 3								
Payroll Protection Program (PPP)	377	-	-	-	377	-	-	-
Unemployment insurance: broadended eligibility	30	5	-	-	35	-	-	-
Unemployment insurance: extended duration	12	39	-	-	51	-	-	-
Unemployment insurance: extra $600/wk benefit	175	1	-	-	176	-	-	-
Recovery rebates	269	23	-	-	269	23	-	-
Other individual tax provisions	18	6	-3	-2	21	3	-3	-2
Employee retention tax credits	51	5	-	-	51	5	-	-
Deferral of payroll taxes	211	141	-171	-169	352	-171	-169	-
Net operating loss carryback	80	9	-3	-4	89	0	-3	-4
Passthrough losses	74	66	-2	-1	111	29	-2	-1
Other business tax provisions	10	2	-	-	12	-	-	-
Medicare policies	18	12	3	-	27	3	3	-
Airline grants	24	2	-	-	26	-	-	-
State fiscal aid (Relief Fund)	150	-	-	-	150	-	-	-
Hospital relief fund*	90	10	-	-	100	-	-	-
Discretionary federal spending	90	60	40	16	105	55	34	16
Other	8	-5	-	8	7	-4		8
Total	**1687**	**376**	**-129**	**-152**	**1959**	**-57**	**-140**	**17**
"Phase 3.5"								
Additional Payroll Protection Program (PPP) funding	321	-	-	-	321	-	-	-
Other Small Business Administration (SBA) programs	62	-	-	-	62	-	-	-
Additional hospital relief funding and other health spending	52	42	4	1	78	16	4	1
Total	**435**	**42**	**4**	**1**	**461**	**16**	**4**	**1**
Total, enacted to date ($bn)	**2264**	**475**	**-124**	**-151**	**2596**	**-18**	**-135**	**18**
Total, enacted to date (% of GDP)	**10.9**	**2.2**	**-0.5**	**-0.6**	**12.6**	**-0.1**	**-0.6**	**0.1**
Phase 4 (GS Expectations)								
State fiscal aid	100	100	-	-	150	50	-	-
Unemployment insurance: broadended eligibility	-	15	16	13	-	19	15	13
Unemployment insurance: extended duration	-	80	95	94	-	104	95	94
Unemployment insurance: extra $300/wk benefit through Dec. 2020	57	58	-	-	115	-	-	-
Payments to individuals	270	150	-	-	270	150	-	-
Additional federal spending	-	150	200	-	-	175	175	-
Infrastructure	-	25	35	40	-	25	35	40
Total	**427**	**578**	**346**	**147**	**535**	**523**	**320**	**147**
Total, enacted and expected ($bn)	**2691**	**1053**	**222**	**-4**	**3131**	**506**	**185**	**165**
Total, enacted and expected (% of GDP)	**13.0**	**4.9**	**1.0**	**0.0**	**15.2**	**2.3**	**0.8**	**0.7**

* We have adjusted CBO's initial estimate to assume a greater portion of funds paid in 2020

Source: Goldman Sachs Global Investment Research

The US Economic and Financial Outlook

THE US ECONOMIC AND FINANCIAL OUTLOOK

(% change on previous period, annualized, except where noted)

	2018	2019	2020 (f)	2021 (f)	2022 (f)	2023 (f)	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
OUTPUT AND SPENDING														
Real GDP (Advance Release)	--	--	--	--	--	--	**-4.8**	*-19.0*	*9.0*	*12.0*	*7.5*	*6.0*	*5.0*	*3.5*
Real GDP	**2.9**	**2.3**	*-6.0*	*5.5*	*3.5*	*2.0*	*-8.2*	*-34.0*	*19.0*	*12.0*	*7.5*	*6.0*	*5.0*	*3.5*
Real GDP (annual=Q4/Q4, quarterly=yoy)	**2.5**	**2.3**	*-5.2*	*5.5*	*2.8*	*1.7*	*-0.6*	*-10.8*	*-7.4*	*-5.2*	*-1.4*	*11.0*	*7.6*	*5.5*
Consumer Expenditure	**3.0**	**2.6**	*-4.9*	*4.3*	*4.1*	*2.2*	**-7.6**	*-28.0*	*14.0*	*7.0*	*6.0*	*6.0*	*5.0*	*4.0*
Residential Fixed Investment	**-1.5**	**-1.5**	*-1.1*	*9.1*	*5.5*	*2.3*	**21.0**	*-45.0*	*25.0*	*15.0*	*15.0*	*12.0*	*10.0*	*5.0*
Business Fixed Investment	**6.4**	**2.1**	*-8.2*	*6.4*	*5.0*	*3.9*	**-8.6**	*-37.6*	*20.8*	*15.0*	*8.8*	*6.1*	*5.7*	*5.3*
Structures	**4.1**	**-4.3**	*-13.5*	*4.4*	*3.1*	*2.7*	**-9.7**	*-45.0*	*15.0*	*15.0*	*10.0*	*5.0*	*3.0*	*3.0*
Equipment	**6.8**	**1.3**	*-11.0*	*5.3*	*4.2*	*2.7*	**-15.3**	*-40.0*	*20.0*	*15.0*	*7.0*	*5.0*	*5.0*	*5.0*
Intellectual Property Products	**7.4**	**7.5**	*-1.5*	*8.7*	*7.0*	*5.7*	**0.4**	*-30.0*	*25.0*	*15.0*	*10.0*	*8.0*	*8.0*	*7.0*
Federal Government	**2.9**	**3.5**	*4.0*	*2.6*	*0.1*	*0.0*	**1.7**	*6.0*	*6.0*	*3.0*	*3.0*	*1.0*	*0.0*	*0.0*
State & Local Government	**1.0**	**1.6**	*2.7*	*3.0*	*1.2*	*1.0*	**0.1**	*6.0*	*6.0*	*3.0*	*3.0*	*1.5*	*1.5*	*1.5*
Net Exports ($bn, ’09)	**-920**	**-954**	*-1,075*	*-1,273*	*-1,228*	*-1,246*	**-817**	*-1037*	*-1188*	*-1257*	*-1307*	*-1303*	*-1253*	*-1227*
Inventory Investment ($bn, ’09)	**48**	**67**	*-179*	*119*	*75*	*60*	**-16**	*-450*	*-200*	*-50*	*50*	*150*	*150*	*125*
Industrial Production, Mfg.	**2.3**	**-0.2**	*-10.1*	*7.6*	*4.9*	*1.2*	**-8.9**	*-42.2*	*8.7*	*16.2*	*14.2*	*12.6*	*9.0*	*5.6*
HOUSING MARKET														
Housing Starts (units, thous)	**1,250**	**1,298**	*1,290*	*1,500*	*1,578*	--	**1,466**	*1,130*	*1,218*	*1,344*	*1,477*	*1,420*	*1,492*	*1,610*
New Home Sales (units, thous)	**615**	**684**	*639*	*770*	*832*	--	**715**	*534*	*626*	*683*	*752*	*739*	*763*	*825*
Existing Home Sales (units, thous)	**5,334**	**5,330**	*4,904*	*5,519*	*5,615*	--	**5,483**	*4,092*	*4,802*	*5,240*	*5,393*	*5,547*	*5,561*	*5,576*
Case-Shiller Home Prices (%yoy)*	**4.1**	**3.2**	*-2.1*	*2.3*	*1.9*	*2.0*	*2.8*	*-0.5*	*-1.6*	*-2.1*	*-1.0*	*0.1*	*1.2*	*2.3*
INFLATION (% ch, yr/yr)														
Consumer Price Index (CPI)	**2.4**	**1.8**	*0.7*	*1.7*	*2.0*	*2.2*	**2.1**	*0.2*	*0.1*	*0.4*	*0.6*	*2.2*	*2.3*	*1.9*
Core CPI	**2.1**	**2.2**	*1.7*	*1.7*	*2.0*	*2.2*	**2.2**	*1.6*	*1.4*	*1.5*	*1.4*	*1.8*	*1.8*	*1.7*
Core PCE**	**2.0**	**1.6**	*1.4*	*1.4*	*1.7*	*2.0*	**1.8**	*1.3*	*1.2*	*1.2*	*1.2*	*1.5*	*1.5*	*1.5*
LABOR MARKET														
Unemployment Rate (%)	**3.9**	**3.7**	*10.1*	*7.2*	*5.4*	*4.5*	**3.8**	*12.3*	*14.9*	*9.5*	*8.1*	*7.5*	*6.9*	*6.4*
U6 Underemployment Rate (%)	**7.7**	**7.2**	*20.4*	*12.7*	*9.7*	*8.0*	**7.5**	*25.9*	*28.9*	*19.0*	*15.1*	*12.8*	*11.4*	*11.3*
Payrolls (thous, monthly rate)	**193**	**178**	*-1,380*	*883*	*338*	*238*	**-71**	*-8,000*	*-1,600*	*4,150*	*1,300*	*900*	*700*	*630*
GOVERNMENT FINANCE														
Federal Budget (FY, $bn)	**-779**	**-984**	*-4,000*	*-2,400*	*-1,650*	*-1,400*	--	--	--	--	--	--	--	--
FINANCIAL INDICATORS														
FF Target Range (Bottom-Top, %)^	**2.25-2.5**	**1.5-1.75**	*0-0.25*	*0-0.25*	*0-0.25*	*0.25-0.5*	**0-0.25**	*0-0.25*	*0-0.25*	*0-0.25*	*0-0.25*	*0-0.25*	*0-0.25*	*0-0.25*
10-Year Treasury Note^	**2.69**	**1.92**	*0.75*	*1.35*	*1.75*	*1.90*	**0.70**	*0.40*	*0.55*	*0.75*	*0.90*	*1.05*	*1.20*	*1.35*
Euro (€/$)^	**1.15**	**1.12**	*1.13*	*1.17*	*1.20*	*1.22*	**1.10**	*1.08*	*1.10*	*1.13*	*1.14*	*1.15*	*1.16*	*1.17*
Yen ($/¥)^	**110**	**109**	*105*	*104*	*102*	*101*	**108**	*102*	*105*	*105*	*105*	*105*	*104*	*104*

* 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

	Time		Estimate		
	(EST)	Indicator	GS	Consensus	Last Report
May 05	**8:30**	**Trade Balance (Mar)**	**-$44.9bn**	**-$44.2bn**	**-$39.9bn**
	10:00	**ISM Nonmanufacturing Index (Apr)**	**38.0**	**37.8**	**52.5**
May 06	**8:15**	**ADP Employment Change (Apr)**	**-19,000,000**	**-20,500,000**	**-27,000**
May 07	**8:30**	**Nonfarm Productivity (Q1 prelim)**	**-5.7%**	**-5.5%**	**+1.2%**
		Unit Labor Costs	**4.5%**	**3.8%**	**+0.9%**
	8:30	**Initial Jobless Claims**	**2,800,000**	**3,000,000**	**3,839,000**
	8:30	Continuing Claims	n.a.	19,600,000	17,992,000
	15:00	Consumer Credit (Mar)	n.a.	+$20.7bn	+$22.3bn
May 08	**8:30**	**Nonfarm Payrolls (Apr)**	**-24,000,000**	**-21,300,000**	**-701,000**
	8:30	**Private Payrolls (Apr)**	**-24,000,000**	**-21,700,000**	**-713,000**
	8:30	**Unemployment Rate (Apr)**	**14.0%**	**16.0%**	**4.4%**
	8:30	**Average Hourly Earnings (Apr)**	**+1.0%**	**+0.3%**	**+0.4%**

Source: Goldman Sachs Global Investment Research

Disclosure Appendix

Reg AC

We, Jan Hatzius, Alec Phillips, David Mericle, Spencer Hill, CFA, Daan Struyven, David Choi, Joseph Briggs, 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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