

MAY 2021

THE LOGISTICAL LOWDOWN MONTHLY

Economic Insights for the Logistics Professional

This is an interactive PDF. Hover over a statistic if you would like more detail.
*Not all data is updated monthly, the latest published data is reflected.

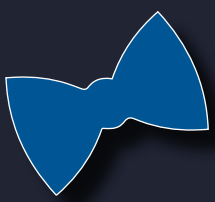


Commentary provided by the “Bowtie Economist,” Elliot Eisenberg, Ph.D., internationally acclaimed economist and public speaker who has been featured in Bloomberg, Business Week, Bureau of National Affairs, Forbes, Fortune, and many other publications. Click on the bowties for related posts from the Bowtie Economist's blog, ECON70.com

US MARKET

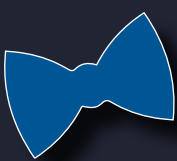
ECONOMIST INSIGHT

In a somewhat surprising turnaround from late 2020 predictions, 21Q1 GDP came in at 6.4%, easily double what had been predicted as recently as late last year. Consumer spending, after a somewhat tepid February, roared back in March, buoyed by increasing vaccination rates, business re-openings, job growth, and the latest round of stimulus checks. I expect the pace of GDP growth to accelerate further over the next six months, with Q2 growth approaching 8.5% as households unleash their pent-up demand for a wide range of goods and services and spend some of their forced savings. As for the second half of 2021, GDP growth is likely to exceed 8% in 21Q3 and 7% in 21Q4.



ECONOMIST INSIGHT

Signs of inflation are starting to appear, with the CPI rising by 2.6% in March 2021. The economy is seeing both “base” inflation (increases compared to the pandemic-suppressed base of 2020), along with “bottleneck” inflation (related to disruptions in supply chains). However, the Fed has made it patently clear that they see this as a temporary problem and do not foresee a permanent increase in the inflation rate. That said, I strongly suspect interest rates are going to be quite volatile between now and the fall until uncertainty around the timing of the Fed's next moves are resolved.



ECONOMIST INSIGHT

As manufacturers scramble to work around supply-chain disruptions, inventories were drawn down this past quarter and I expect them to work hard to rebuild them over the next six months. Housing demand is not likely to slow anytime soon, despite record high prices and rising input costs. 21Q1 car sales were excellent but are likely to drop meaningfully as plants slow or shutdown entirely due to semi-conductor shortages. While production and shipping bottlenecks will likely persist, they are unlikely to get much worse. I also expect demand to rotate from goods to services, where supply constraints are not as severe.



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Data courtesy of the Georgia Center of Innovation for Logistics

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